



Management's Discussion and Analysis

LiCo Energy Metals Inc.
(formerly Wildcat Exploration Ltd.)

For the year ended 31 December 2016

The following management discussion and analysis (“MD&A”) should be read in conjunction with the audited financial statements and accompanying notes (“Financial Statements”) of LiCo Energy Metals Inc. (the “Company”) for the year ended 31 December 2016. 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 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).

DESCRIPTION OF BUSINESS

LiCo Energy Metals Inc. (formerly Wildcat Exploration Ltd. (the "Company") 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 project. The Company is listed on the TSX Venture Exchange ("TSXV") having the symbol LIC, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

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.

FORWARD-LOOKING STATEMENTS

This report 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 Energy Metals Inc. 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:

Teledyne Cobalt Project

LiCo Energy Metals has entered into an option agreement to acquire up to a 100% interest, 2% net smelter royalty of the Teledyne property. The property consists of 5 mining claims and 6 staked crown claims in the Buck and Lorrain Townships, located in the district of Temiskaming, Ontario. The project covers 115.5 hectares of mining and surface rights, with an additional 439.1 hectares of staked crown claims. The property is easily accessible by highway and a well maintained secondary road.

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 adit going down 500 feet parallel to the vein.

The Teledyne property is located within a historic mining camp that dates back to 1903. This was one of the world's largest silver camps in the early 20 th century. Historically, an estimated 18,000,000 kg of silver and 14,000,000 kg of cobalt has been produced here. Even today, this remains a mining-friendly community that packs a skilled workforce, along with other mining and exploration services available locally.

The previous owner, Teledyne Canada Ltd., completed a diamond drilling program consisting of 6 surface drill holes in 1979. Another 22 holes were drilled from the underground to confirm the previous surface drilling in 1980. The initial program supported a development ramp of 2,300 feet to reach the delineated orezone, with the face of the ramp just 70 feet east of the orezone. 4 of the 6 surface drill holes intersected ore grade cobalt (>0.10% Co); individual cobalt grades to 10.6%. Additionally, 18 of the 22 underground drill holes intersected ore grade cobalt (>0.10% Co); individual cobalt grades to 10.2%. The average grade/core width from the 22 holes equalled 0.57% Cobalt/ 1.6 metres core width. This zone remains open to the south with a further 650 metres of potential mineralized strike length on the Teledyne property, and represents an excellent target for a future drilling campaign. Based on the 1979-1980 drilling results, probable and inferred reserves accessible from the current ramp are estimated to be in excess of 100,000 tons at 0.45% Co.

Nevada, USA Properties:

Dixie Valley Exploration Project

LiCo Energy Metals. has entered into an option to acquire 100%, net 2% smelter royalty to acquire 348 of the 910 claims in the Dixie Valley Exploration Project in Churchill County, Nevada. Hot Springs and other active geothermal features are found along a 30 km long fault system on the west side of Dixie Valley. The six Dixie Valley claim blocks cover the majority of the Humboldt Salt Marsh playa located in Dixie Valley, Churchill County, Nevada. There are 910 placer claims in total, covering about 7,363 hectares (28.4 square miles) of playa and alluvial fan. Hot Springs and other active geothermal features are found along a 30 km long fault system on the west side of Dixie Valley. Numerous geologic studies have been conducted on the geothermal system during production drilling and as a test case for geothermal exploration methods. 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.

Geology:

Dixie Valley is located in west central Nevada, about 160 km east northeast of Reno. The entire basin is about 98 km long and up to 16 km wide. Humboldt Salt Marsh, the central playa is about 10 km northeast – southwest and 6 km east – west. The basin is bounded on the west by Stillwater range on the east by the Clan Alpine Range.

The Stillwater and Clan Alpine Ranges are composed of thrust sheets of Triassic and Jurassic age marine sedimentary rocks and Jurassic intrusive complexes that were accreted to the North American continent during the Cretaceous. These rocks have in turn been intruded by Cretaceous and Tertiary stocks and dikes and covered by their volcanic equivalents. In the southern Stillwater Range, an entire Tertiary caldera complex, including the sub-volcanic intrusive body is exposed. At the end of the last ice age, water filled the central part of Dixie Valley to a depth of about 70 meters. Radiocarbon dating of tufa in Dixie Valley and adjacent valleys indicate high water stands at about 12,000 to 14,000 and 45,000 to 50,000 years ago. Hydrogen and oxygen isotope data indicates the vast majority of the water in Dixie Valley is ice age in origin indicating very little modern input into the basin.

These ranges are fault bounded, with the most movement along Stillwater Range (west) side of the valley. Vertical displacement along this fault complex is at least 3,000 meters as evidenced by volcanic rocks exposed near the top of range also being found under 1,500 to 2,000 meters of post-volcanic valley fill. These fault are still very active with earthquakes greater than magnitude 6 occurring in 1915 and 1954.

In the area of the Humboldt Salt Marsh Playa, the valley appears to be about 2,000 meters deep, primarily filled with poorly sorted coarse conglomerate, gravel, sand and silt with volcanic rocks, and tuff beds, and finer sediments in the lower third of the section (Blackwell et al, 2014). Multiple governmental, academic and industrial geophysical studies have been conducted in the valley to help guide geothermal exploration in other basins. However, many of the conclusions of these studies were shown to be incorrect by production drilling so studies continue to find surface exploration methods that hold up better to drill testing.

Dixie Valley is home to a large and long-lived geothermal system that is still active. 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.

Target Model:

Geothermal production wells and re-injection wells provide some subsurface data but the majority of these have targeted the range bounding structures on the western side of the valley that host the hottest water; not the more static and cooler central valley which hosts the lithium target. 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 target model is a lithium brine model based on Clayton Valley, Nevada and several basins in South America. US Geological Survey Open File Report 2013-1006 lays out seven characteristics of Lithium Brine deposits (Bradley et al 2013).

The characteristics are:

1. Arid Climate
2. Closed Basin containing a playa or salar
3. Tectonically driven subsidence
4. Associated igneous or geothermal activity
5. Suitable lithium source rocks
6. One or more adequate aquifers
7. Sufficient time to concentrate brine

The Dixie Valley Project is known to have all seven of these characteristics. 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.

Dixie Valley is arid; the State of Nevada Division of Water Resources website shows a 1.3 meter (4.3 ft.) Net Irrigation Water Requirement (NIWR – the net of evapotranspiration minus effective precipitation) for shallow open water and about 1 meter for low managed pasture grass. Isotopic studies (Blackwell et al 2014) indicate the majority of the water in the basin is of ice-age origin that what little modern precipitation that reaches the valley does not contribute significantly to the ground water. Dixie Valley is a closed fault-bounded basin with the lowest elevation point (1031 m, 3383 ft.) in the Northern Great Basin on the Humboldt Salt Marsh Playa. Age dating and other work at the Dixie Comstock Mine indicate gold mineralization occurred about 500, 000 to 350,000 years ago along a range bounding structure that has been offset at least 100 meters since that time (Vikre, 1995). Faulting dated at about 11.1 to 15 million years before present resulted in at least an ancestral Dixie Valley existing from that time until the present. The basin is tectonically active with visible fault scarps formed during earthquakes in 1915 (Mw ~ 7.2) and 1954 (Mw ~ 6.9). With up to 6 meters of dip-slip offset along some of these scarps, it is clear that Dixie Valley is still subsiding. Given the valley has been a closed basin for at least 500,000 years and probably much, much longer, plenty of time has elapsed for evaporative concentration of lithium bearing geothermal and surface water.

Specific lithium-rich source rocks have not been clearly identified in this basin but Miocene age felsic ashflows are found in the ranges on all sides along with shallow intrusive bodies of similar composition. Geothermal water in the basin contains up to 4.89 ppm Li and stream sediment samples from the Stillwater range show values to 80 ppm li. Geologically recent volcanic ash from the Long Valley Caldera (Bishop Tuff) and Mono craters are expected to be found within catchment area of the basin and within the basin fill sediments. One major productive horizon in the Clayton Valley brine field is thought to be Bishop Tuff deposited and preserved in the basin (Zampirro, 2004).

The conceptual model is as the basin went through multiple wet and dry periods; lithium dissolved by deep circulating geothermal fluids or leached from local rock units by surface and near surface water is concentrated by evaporation beneath the playa. Heavier brines sink into the deeper levels of the basin or flow downward along tilted permeable beds, potentially forming subsurface pools of lithium rich fluids. The process can be likened to an inverted oil field, with the target material being descending fluids caught in gravity traps instead of ascending fluids caught in the tops of

structures. This model is somewhat akin to placer gold deposits wherein large areas of very low grade sources are concentrated into economic grades.

Conclusions:

The Dixie Valley lithium project is a speculative, conceptual exploration play based on solid geologic information and comparison to 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.

Black Rock Desert Exploration Project

LiCo Energy Metals has entered into an option agreement with Nevada Energy Metals Inc. whereby the Company may earn an undivided 70% interest subject to a 3% Net Smelter Return Royalty in the existing Black Rock Desert Lithium Project that consists of 199 placer claims (3,980 acres/1,610 hectares) in southwest Black Rock Desert, Washoe County, Nevada. The Agreement is "non-arms' length" and so constitutes a related party transaction, as the Company's President and CEO is also the President and CEO of Nevada, and is subject to TSX Venture Exchange approval.

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 Exploitation Project

The Purickuta Project consists of 160 hectares and is one of a few "exploitation concessions" granted within the Salar de Atacama, home to approximately 37% of the world's Lithium production. The property is contained within an existing exploitation concession owned by Sociedad Quimica y Minera ("SQM"), and lies approximately 3 km north of the exploitation concession of CORFO (the Chilean Economic Development Agency). About 22 km southeast of the Purickuta Concession, both SQM and Albemarle Corp. have large-scale production facilities within the CORFO concession mentioned above. These two facilities collectively produce over 62,000 tonnes of Lithium Carbonate Equivalent annually and account for 100% of Chile's current lithium output.

Salar de Atacama is a salt flat encompassing 3,000 km², being about 100 km long and 80 km wide. The salar possesses a very high grade of both lithium (1,840mg/l) and potassium (22,630mg/l). It has a high rate of evaporation (3,200mm per year) and extremely low annual rainfall (15mm average per year). These characteristics make Atacama's finished lithium carbonate easier and cheaper to produce than its peer group globally.

Chile's political, social, and economic macroclimate has been stable for decades, making it one of South America's most prosperous nations. Chile is also home to many of the world's largest and highest grade resources of lithium making the country well positioned to be the price setter for lithium in both rising and falling markets.

The Purickuta Project exhibits many highly desirable and key acquisition attributes, including:

1. the appearance of both a low-cost resource definition opportunity and a near term production opportunity;
2. the overall project size fits well within the capability of a junior company seeking to quickly define reserves and establish production facilities;
3. the property is well situated within the Salar de Atacama, the highest-grade lithium salar in the world;
4. within the Salar de Atacama, lithium brines exist within 140 feet of surface resulting in low costs of exploration and extraction;
5. the Purickuta Concession lies relatively near existing pumping and solar evaporation installations;
6. the Purickuta Concession is close to power, labour, communications, transportation and other infrastructure.

Qualified Person Statement

"Project Overview" and "Subsequent Event" sections of this report have been reviewed and approved for technical content by Alan Morris, P. Geo, member of the advisory board of the Company and a Qualified Person under the provisions of NI 43-101.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected Annual Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for LiCo for each of the three most recently completed financial years. These information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes.

	Years Ended 31 December (audited)		
	2016	2015	2014
Total revenues	\$ -	\$ 46,914	\$ 710,187
General and administrative expenses	-	305,734	442,812
Income (loss) before other items in total	(2,025,377)	(265,916)	(328,347)
Net income (loss)	(3,276,129)	(266,113)	(636,049)
Net income (loss) per share – Basic & fully diluted	(0.075)	(0.03)	(0.08)
Totals assets	2,630,224	38,919	565,730
Cash dividends declared per share	Nil	Nil	Nil

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 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Income (Loss) from operations	\$(678,103)	\$(1,229,067)	\$(88,798)	\$(29,409)	\$(98,502)	\$(46,992)	\$(69,059)	\$(51,363)
Loss per share from operations	-	-	-	-	-	\$(0.01)	\$(0.01)	\$(0.01)
Comprehensive Loss for the quarter	\$(1,928,855)	\$(1,229,067)	\$(88,798)	\$(29,409)	\$(85,349)	\$(69,138)	\$(64,488)	\$(47,138)
Diluted Income (Loss) per share	\$(0.075)	\$(0.016)	\$(0.000)	\$(0.000)	\$(0.000)	\$(0.000)	\$(0.000)	\$(0.000)

RESULTS OF OPERATIONS

For the year ended 31 December 2016 compared to the year ended 31 December 2015.

Comprehensive loss for the year ended 31 December 2016 was \$3,276,129 as compared to \$266,113 for the same period in 2015. The increase in comprehensive loss of \$3,010,016 was mainly attributable to the net effect of:

- Decrease of \$46,914 in Outsourced exploration revenue, from \$46,914 in 2015 to \$Nil in 2016.
- Increase of \$7,096 in Outsourced exploration expense, from \$7,096 in 2015 to \$Nil in 2016.
- Increase of \$32,394 in Accounting and audit fees, from \$22,567 in 2015 to \$54,961 in 2016.
- Decrease of \$8,217 in Amortization, from \$8,217 in 2015 to \$Nil in 2016.
- Increase of \$327,304 in Consulting fees, from \$8,646 in 2015 to \$335,950 in 2016.
- Decrease of \$4,577 in Exploration, from \$4,577 in 2015 to \$Nil in 2016.
- Increase of \$31,989 in Legal fees, from \$7,860 in 2015 to \$39,849 in 2016.
- Increase of \$306,478 in Marketing and Communications, from \$32,324 in 2015 to \$338,802 in 2016.
- Increase of \$64,661 in Office expenses, from \$22,600 in 2015 to \$87,261 in 2016.
- Decrease of \$12,551 in Rent, from \$47,657 in 2015 to \$35,106 in 2016.
- Increase of \$980,915 in Share-based payments, from \$Nil in 2015 to \$980,915 in 2016.
- Increase of \$63,684 in Transfer agent and regulatory fees, from \$18,505 in 2015 to \$82,189 in 2016.
- Increase of \$66,517 in Travel, lodging and food, from \$3,827 in 2015 to \$70,344 in 2016.
- Increase of \$5,154 in Foreign exchange loss, from \$Nil in 2015 to \$5,154 in 2016.
- Increase of \$1,245,598 in Realized loss on issuance of units, from \$Nil in 2015 to \$1,245,598 in 2016
- Decrease of \$1,746 in Gain on sale of assets, from \$1,746 in 2015 to \$Nil in 2016.
- Decrease of \$1,843 in Interest and other expense, from \$1,843 in 2015 to \$Nil in 2016.
- Decrease of \$100 in Loss on disposal of marketable securities, from \$100 in 2015 to \$Nil in 2016.
- Decrease of \$128,954 in Write down of resource property, from \$128,954 in 2015 to \$Nil in 2016.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2016 the Company had \$1,145,181 in cash compared to \$35,927 as at 31 December 2015. Working capital was \$1,285,735 compared to \$39,689 deficit as at 31 December 2015.

During the year ended 31 December 2016, the Company had a net increase in cash of \$1,109,254 compared to a net decrease of \$279,288 in year ended 31 December 2015. The increase in was due to the financing through a non-brokered private placements, which was closed on 22 February, 22 July and 16 September 2016, resulting in the issuance of 56,545,363 units for gross proceeds of \$2,859,995.

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

The remuneration of directors and other members of key management for the year ended 31 December 2016 and 2015 are as follows:

	2016	2015
	\$	\$
Short-term benefits – consulting and marketing fees	251,745	-
Share-based payments	299,602	-
Total key management personnel compensation	551,347	-

Related party remuneration are summarized as follows:

Related party expenses are summarized as follows:

Year ended 31 December	2016	2015
	\$	\$
Shared office expenses to NEM	19,114	-
Rent expense to NEM	9,531	-
Consulting fees to Chief Executive Officer ("CEO")	27,500	-
Consulting fees to Chief Financial Officer ("CFO")	30,500	-
Consulting fees to the Corporate Secretary	32,500	-
Consulting fees to Directors	13,500	-
Marketing fees to Xander	147,745	-
Mineral property option agreement payments to NEM and NEMU (capitalized) (Note 6)	277,849	-
Total related party expenses	558,239	-

Due from/to related parties

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

As at 31 December	2016	2015
	\$	\$
Nevada Energy Metals Inc.	11,911	-
Total amount due to related parties (Note 7)	11,911	-

OUTSTANDING SHARE DATA

The number of common shares outstanding was 82,022,474 shares (2015: 7,732,575) as at 31 December 2016 and 105,732,383 as at the date of this MD&A. As a result of the non-brokered private placement financing that closed on 22 February, 22 July and 16 September 2016.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards and interpretations have been issued by the International Accounting Standards Board ("IASB") but are not yet effective

IFRS 2 Share-based payment

IFRS 2, Share-based payment, issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a "net settlement" for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effect date for IFRS 2 is for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is 1 January 2018.

IAS 7 Statement of Cash Flows

The amendments, published on 29 January 2016, are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The effective date for IAS 7 is for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

IAS 12 Income Taxes

The amendments are intended to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The effective date for IAS 12 is for annual periods beginning on or after 1 January 2017.

IAS 28 Investments in associates and joint ventures

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The effective date for IAS 28 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted.

IFRIC 22 foreign Currency Transactions and Advance Consideration

This interpretation clarifies when an entity recognizes a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The effective date for IFRIC 22 is for annual periods beginning on or after 1 January 2018.

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.

SUBSEQUENT EVENTS

- a) On **31 December 2016**, the Company signed a non-binding Letter of Intent (LOI) with Durus Copper Chile Spa, of Santiago, Chile, whereby the Company can earn up to a 60% interest in the Purickuta Lithium Exploitation Concession located within Chile's Salar de Atacama. Subsequent to the year end, the Company entered into an option agreement, dated 16 January 2017, whereby the Company could earn an initial 50% interest in the property and a potential additional 10% interest for an aggregate total of 60% interest in the property upon the formation of a joint venture and after making cash payments totaling USD\$8.4 million, issuing 5 million common shares of the Company, and rendering certain work and development commitments during the term of the option agreement.
- b) On **6 January 2017**, the Company issued 1,500,000 shares pursuant to an option agreement related to the Black Rock Desert property.
- c) On **24 January 2017**, the Company granted 650,000 stock options to consultants.
- d) On **26 January 2017**, the Company announced the appointment of Marcela Matus Hernandez of Santiago, Chile to the technical advisory board of LiCo Energy Metals Inc. Ms. Matus Hernandez is a Chemical Engineer with more than 15 years of experience in Mining and Chemical Processes. Her professional achievements include conceptual engineering, control of chemical processes, development and implementation of pilot testing of research projects, study and characterization of mineral ores. From 2008 – 2015 she held the position of Director of Research and Processes for SQM, Chile leading a staff of 16 professionals. Currently she works as a Principal Process Engineer, developing the area of non-metallic mining in Chile and Argentina for one of the world's leading professional services companies operating in the global markets of water, energy and resources, environment, property and buildings, and transportation.
- e) On **6 February 2017**, plans are currently being finalized to start a comprehensive exploration program at the Purickuta Lithium Project in the Salar de Atacama, Chile. Phase One will consist of preparing digital maps, completing surface mapping and sampling near surface brine locations to a depth of +/- 1.5 meters utilizing an excavator. In addition, Phase Two quotations have been received for both a NanoTEM geophysical survey (helpful in determining non-metallic conductors at shallow depths) and a comprehensive engineering and hydrological study that includes 72hr flow testing, porosity measurements and calculation of potential reserve values.
- f) On **22 February 2017**, Diamond drilling program for the Teledyne Project, located in northern Ontario, all previous drilling data from both surface and underground is being compiled with recommendations for drilling locations to follow. The Company has received drill bids from qualified drilling operators in Ontario. Initially, the first few holes of the program will be oriented to confirm results from historical drilling. Teledyne Canada

Limited completed 36 diamond drill holes previously and the program clearly outlined 2 separate zones of vein systems containing significant cobalt and silver values. The two zones have a strike length of at least 150 meters and 65 meters respectively, and at least one system appears to be an associated extension of the vein system of the former producing Agaunico Mine which is adjacent to the Teledyne.

- g) On **9 March 2017**, the Company issued 2,500,000 shares pursuant to an option agreement related to the Teledyne Cobalt Project.
- h) On **3 April 2017**, the Company issued 5,000,000 shares and 1,320,000 shares as finder's fees pursuant to an option agreement related to the Purickuta property.
- i) Subsequent to the year ended 31 December 2016, the Company issued 13,139,909 common shares related to the exercise of 13,139,909 warrants at exercise prices of \$0.05, \$0.75 and \$0.08 per share.
- j) Subsequent to the year ended 31 December 2016, the Company issued 250,000 common shares related to the exercise of 250,000 options at exercise price of \$0.06 per share.