

LiCo Energy Metals Inc.: Letter From The President

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Updates on [LiCo Energy Metals Inc.](#)

October 5, 2017

TO OUR SHAREHOLDERS, PARTNERS AND EMPLOYEES;

This year was a big year for our company. We added several new faces to the LiCo Board of Directors, notably Mr. Dwayne Melrose and Mr. Greg Reimer. Dwayne and Greg are seasoned senior executives working for some of the largest companies in their respective industries, mining and energy.

In January, Dwayne joined our team. Dwayne is not only a LiCo Director but also is the Chair of the Company's Technical Advisory Board. In addition to being a seasoned Director of a public mining company, Dwayne has over 30 years' experience in the mining industry where he has been very successful in advancing three significant exploration projects towards production. Under his leadership as President/CEO of [True Gold Mining Inc.](#), True Gold progressed from an exploration company into a fully permitted and financed company in mine construction in just over 3 years.

Greg joined us first as Corporate Advisor in June, and then was recruited to the Board of Directors a couple months later in August. Greg is the former Executive Vice-President (EVP) of BC Hydro's Transmission & Distribution business group, and held the EVP until recently leaving BC Hydro to pursue work in the green energy field. At BC Hydro, Greg was responsible for approximately 2,300 employees who plan, design, build, operate and maintain the systems and assets needed to deliver electricity safely and reliably to BC Hydro's four million customers. In total, Greg was accountable for \$580M in annual capital investments in transmission and distribution infrastructure, and \$325M in annual operating and maintenance expenditures. In his senior executive capacity, Greg brings a wealth of operational experience and strong leadership ability.

We added two significant assets to our portfolio of mining exploration portfolio in 2017.

In January, we also signed an agreement to acquire a majority interest in the Purickuta Lithium Project located in the Salar de Atacama in Chile, the world's most productive lithium brine with over 37% of the world's lithium being produced by only two active producers in the region, lithium giants SQM and Albermarle/Rockwood.

As an update on the Purickuta Lithium Project, we have recently paused our exploration program as we look at ways to better work alongside the local community in the development of this resource. It is a good thing that we have added Greg Reimer to the board, because he has decades of experience negotiating and working with first nations groups at BC Hydro and as the former Deputy Minister of Energy Mines and Petroleum Resources for the Province of British Columbia Canada. He will be invaluable as we engage the local community. Our agreement with the property vendor and our Chilean partner, Durus Copper, has been extended accordingly and management believes that we will be drilling in the near future to prove up this lithium brine resource potential. As this program is paused, we continuing to evaluate other world class lithium assets in the region.

More recently, in September, we acquired a cobalt mining claim from [Glencore plc](#), one of the world's largest miners of cobalt. The Purchase Agreement includes a back-in provision, production royalty and an off-take agreement in favor of Glencore. If all goes as planned, and we have the in-situ value of \$100 million, Glencore has the option to pay us three times our exploration costs to exercise the back-in option. With the offtake agreement, we could be selling all our cobalt produced back to Glencore in the future. It is a property sale, but we have also found a significant future customer which is a huge benefit to LiCo shareholders. This property in the historic cobalt mining region of Cobalt, Ontario Canada, which is not only in an extremely

mining friendly jurisdiction but directly adjoins and compliments our current 11 claims on our Teledyne Cobalt exploration property.

Even though we have just acquired the Glencore property, we began the drilling on both our Glencore and Teledyne Cobalt Properties starting in September and plan to continue drilling into the winter. As of the date of this letter, we have diamond drilled three holes on the Glencore Bucke Property for a total of 200m. This is the beginning of a series of 60-90 m holes that we have prioritized for exploration, and our plan here is to drill another 16-20 holes on this newly acquired property from Glencore. Immediately after this, we will move the drill rigs next door to our adjoining Teledyne property, where we plan to drill several deeper holes at depth of close to 200m each. In total, we plan to drill a minimum of 1,500 m and it could be up to 3,000 m + depending on the results. So far, the initial drilling program has gone to plan with no delays or snags, and the early drill core logged shows visual mineralization, which is what we like to see. This drill program should last until the later part of November.

Management believes that these two property acquisitions are of high quality and with some additional exploration, they will allow us to define a resource in both lithium and cobalt. To this end, we are continuing to carry out exploration programs in each region of the world.

You may ask at this point, why lithium and why cobalt?? The simple answer there is currently 113 lbs of Lithium and 51 lbs of Cobalt in a Tesla Model S. Of course, lithium and cobalt are used for other industrial and manufacturing purposes, but they are an essential component in a lithium ion rechargeable battery, used in all sorts of desirable consumer items such as cars, laptops, cell phones, appliances etc. Electric Vehicles are expected to drive a large part of this increased metal demand (pun intended). Globally EVs are projected to grow from a small number today to 140 million vehicles by the year 2035. China plans to ban the sale and production of gas powered cars by the year 2040, as it grapples with ways to improve overall air quality. Everyone heard that during the Beijing Olympics in 2008, China restricted the operation of all vehicles on certain days based on license plate number in an effort to improve air quality during the games, but did you know that this past week, China has halted every major construction project in an effort to improve air quality? This is not just a China problem, but a global problem and it is only going to get worse. This will certainly lead to rapid adoption of EVs, and with this, an increased demand for these two metals that we at LiCo hold dear to us.

As you can see the future for lithium and cobalt is certainly bright. LiCo management is extremely bullish on the future demand for these two commodities. We plan to continue to explore our properties in Chile, Ontario and Nevada in 2018, but we also look to add new world class mineral property assets to this roster of great LiCo properties in the future.

Thank you for joining us on this journey, and we look forward to a great 2018.

Cheers,

Tim

Tim Fernback

President & CEO

About LiCo Energy Metals: <https://licoenergymetals.com/>

[LiCo Energy Metals Inc.](#) is a Canadian based exploration company whose primary listing is on the TSX Venture Exchange. The Company's focus is directed towards exploration for high value metals integral to the manufacture of lithium ion batteries.

Glencore Bucke Cobalt Project, Cobalt, Ontario: The Company has entered into a property purchase agreement to acquire a 100% interest from Glencore Canada Corporation (subsidiary of [Glencore plc](#)) in the Glencore Bucke Property, situated in Bucke Township, 6 km east-northeast of Cobalt, Ontario, subject to a

back-in provision, production royalty and off-take agreement. Strategically, the Glencore Bucke Property consists of 16.2 hectares and sits along the west boundary of LiCo's Teledyne Cobalt Project. The Property covers the southern extension of the #3 vein that was historically mined on the neighbouring Cobalt Contact Property located to the north of the Glencore Bucke Property. Diamond drilling in 1981 on the Glencore Bucke Property delineated two zones of mineralization measuring 150 m and 70 m in length.

Ontario Teledyne Cobalt Project:

The Company has an option to earn 100% ownership, subject to a royalty, in the Teledyne Project located near Cobalt, Ontario. 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 and 980,000 oz. of silver. A significant portion of the cobalt that was produced at the Agaunico Mine located along structures that extended southward onto property currently under option to LiCo Energy Metals.

Chile Purickuta Lithium Project:

The Purickuta Project is located within Salar de Atacama, a salt flat encompassing 3,000 km², being about 100 km long, 80 km wide and home to approximately 37% of the world's Lithium production. The salar possesses a very high grade of both Lithium (1,840mg/l) and Potassium (22,630mg/l) and is close to power, labour, communications, transportation and other infrastructure. The property of 160 hectares is enveloped by a concession owned by Sociedad Quimica y Minera ("SQM") and lies, significantly, within a few kilometers of the property of CORFO (the Chilean Economic Development Agency) where its leases to both SQM and Albermarle's Rockwood [Lithium Corp.](#) Together these two companies have combined production of over 62,000 tonnes of LCE (Lithium Carbonate Equivalent) annually making up 100% of Chile's current lithium output. The unique characteristics of Salar de Atacama make finished lithium carbonate easier and cheaper to produce than any of its peer group globally.

Purickuta is a smaller exploitation concession rather than a large exploration concession thereby accelerating the task of taking the project to production once a measured reserve can be established. Currently, the Chilean government retains ownership of lithium separate from other minerals and thus production can only proceed upon receipt of a special lithium operation contract known as a "CEOL". In the future, it will be necessary for LiCo and partner to negotiate a production contract with CORFO concurrently with completing any positive feasibility study. "Chile, which has one of the world's most plentiful supplies of lithium, is pushing ahead with new policies to develop those reserves". (Reuters Jan 2, 2017).

Nevada Dixie Valley Lithium Project:

The Company has an option to acquire a 100% interest, subject to a 3% NSR, on a large lithium exploration project at the Humboldt Salt Marsh in Dixie Valley, Nevada. The geologic setting and presence of lithium in active geothermal fluids and surface salts in Dixie Valley match characteristics of producing lithium brine deposits at Clayton Valley, Nevada and in South America.

Nevada Black Rock Desert Lithium Project:

The Company has entered into an option agreement whereby the Company may earn an undivided 100% interest, subject to a 3% NSR, in the Black Rock Desert Lithium Project in southwest Black Rock Desert, Washoe County, Nevada.

The Company is planning an exploration program on a number of its properties over the next several months. The technical content of this news release has been reviewed and approved by Joerg Kleinboeck, P.Geo., an independent consulting geologist and a qualified person as defined in NI 43-101.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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This news release may contain forward-looking statements which include, but are not limited to, comments that involve future events and conditions, which are subject to various risks and uncertainties. Except for statements of historical facts, comments that address resource potential, upcoming work programs, geological interpretations, receipt and security of mineral property titles, availability of funds, and others are forward-looking. Forward-looking statements are not guarantees of future performance and actual results may vary materially from those statements. General business conditions are factors that could cause actual results to vary materially from forward-looking statements.

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