

Fuse Cobalt Inc.
(formerly LiCo Energy Metals Inc.)

Management's Discussion and Analysis

For the year ended 31 December 2019

The following management discussion and analysis ("MD&A") should be read in conjunction with the financial statements and accompanying notes ("Financial Statements") of Fuse Cobalt Inc. (formerly LiCo Energy Metals Inc.) (the "Company") for the year ended 31 December 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 28 April 2020.

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

Fuse Cobalt Inc. (formerly LiCo Energy Metals Inc.) (the "Company" or "Fuse"), 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. The Company is 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 FUSE, 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 "Fuse" or the "Company" or "we", "us", "our" or similar terms refer to Fuse Cobalt Inc. (formerly LiCo Energy Metals Inc.)

On 17 January 2020, the Company consolidated its share capital by issuing one (1) new common share without par value for every two (2) existing common shares without par value basis.

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 Fuse'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.

Fuse 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:

Fuse 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 could 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 Surge Option Agreement is "non-arms length" and is a related party transaction due to an officer in common between Fuse 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.

On 25 February 2020, the Company negotiated the termination of the Surge Option Agreement. Upon the issuance of 2,500,000 common shares of Fuse to Surge (issued subsequent to year end) Fuse will retain 100% interest in the Glencore Bucke and Teledyne Claims, located near Cobalt, Ontario and Surge will have no further direct rights to the Properties..

Glencore Bucke Project

Fuse 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 Fuse'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, Fuse completed 21 diamond drill holes totalling 1,913.50 m on the Glencore Bucke Property. Fuse'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, Fuse 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 Fuse 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 Fuse) 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.

Teledyne Cobalt Project

In 2016, Fuse 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. In the spring of 2018, Fuse 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 Fuse'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.**

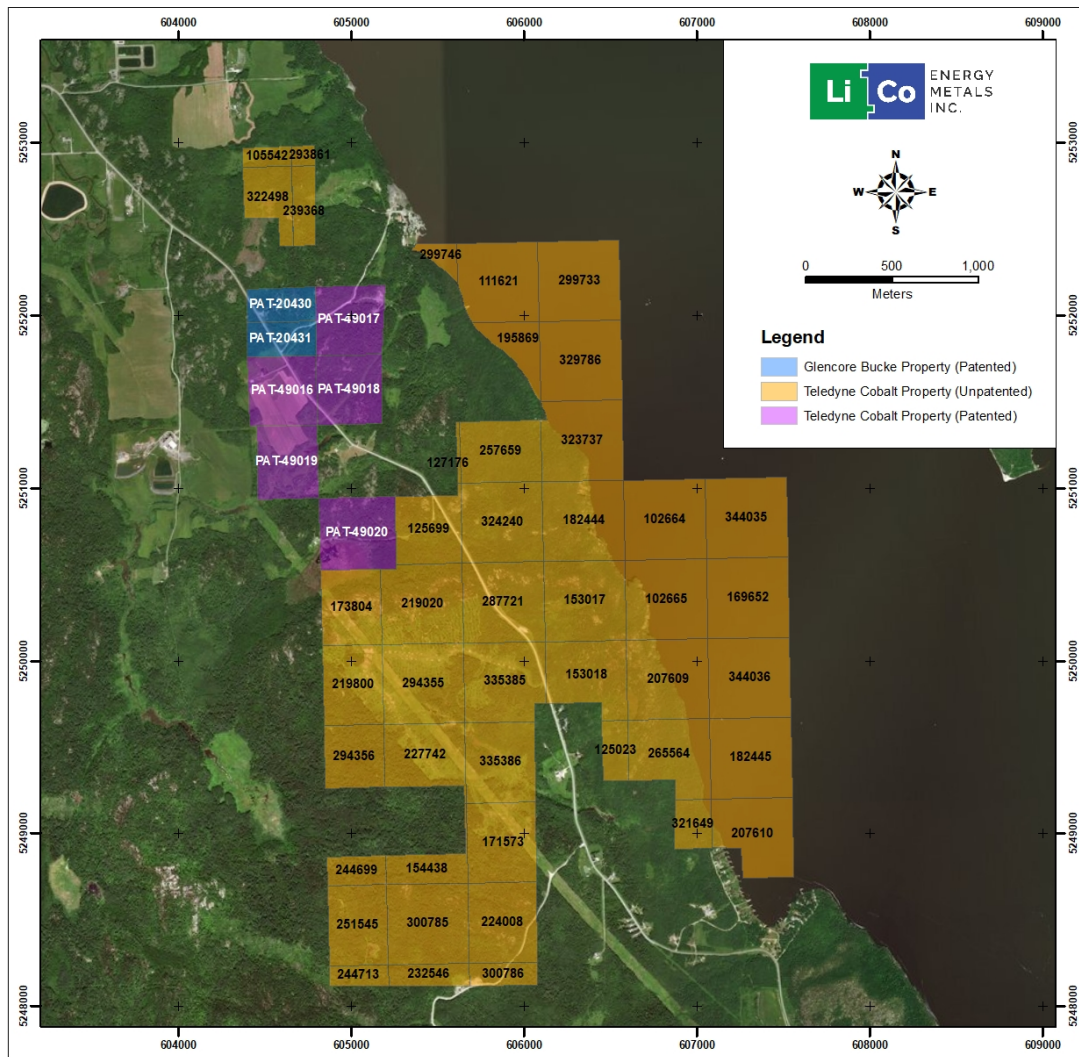
Over \$25 million (inflation-adjusted) of past work has been already been completed on the Teledyne Property. This work has resulted in valuable infrastructure, which includes a development ramp and a modern decline going down 500 ft parallel to the vein.

During the fall of 2017, Fuse completed 11 diamond drill holes totaling 2,204 m on the Teledyne Cobalt Property. Fuse'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, Fuse 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 Fuse 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 as of the date of this MD&A.



Nevada, USA Properties:

Dixie Valley Exploration Project

Fuse 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. 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

Fuse 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 then Company's President and CEO is also the President and CEO of Nevada.

On 30 November 2019, the Company did not pay the annual property sustaining fees and dropped all the claims. During the year ended 31 December 2019, the Company recorded an impairment write-down of \$912,739 with respect to the Dixie Valley property.

Chile Properties:

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 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, Fuse, 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 Toconao. 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 Fuse 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.Geo., an independent consulting geologist and a Qualified Person under the provisions of NI 43-101.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected Annual Financial Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for Fuse 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) | | |
|---|-----------------------------------|-------------|-------------|
| | 2019 | 2018 | 2017 |
| Total revenues | \$ - | \$ - | \$ - |
| General and administrative expenses | - | - | - |
| Income (loss) before other items in total | (366,652) | (1,607,502) | (3,114,585) |
| Net income (loss) | (1,279,383) | (2,658,008) | (6,537,801) |
| Net income (loss) per share – Basic & fully diluted | (0.048) | (0.145) | (0.557) |
| Totals assets | 3,498,354 | 4,466,745 | 5,172,650 |
| Cash dividends declared per share | Nil | Nil | Nil |

Selected Quarterly Financial Information

The following table sets out Fuse'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 2019 | 30 Sep 2019 | 30 Jun 2019 | 31 Mar 2019 | 31 Dec 2018 | 30 Sep 2018 | 30 Jun 2018 | 31 Mar 2018 |
|------------------------------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| Loss from operations | \$(56,258) | \$(54,691) | \$(94,654) | \$(161,049) | \$(477,244) | \$(249,218) | \$(279,172) | \$(601,868) |
| Comprehensive Loss for the quarter | \$(969,003) | \$(54,684) | \$(94,647) | \$(161,049) | \$(1,527,750) | \$(249,218) | \$(279,172) | \$(601,868) |
| Diluted Income (Loss) per share | \$(0.037) | \$(0.001) | \$(0.003) | \$(0.007) | \$(0.091) | \$(0.012) | \$(0.001) | \$(0.034) |

RESULTS OF OPERATIONS

For the year ended 31 December 2019 compared to the year ended 31 December 2018.

Comprehensive loss for the year ended 31 December 2019 was \$1,279,384 as compared to \$2,658,008 for the same period in 2018. The decrease in comprehensive loss of \$1,378,624 was mainly attributable to the net effect of:

- Decrease of \$15,000 in Accounting and audit fees, from \$35,000 in 2018 to \$20,000 in 2019.
- Decrease of \$179,385 in Consulting fees, from \$356,186 in 2018 to \$176,801 in 2019.
- Increase of \$135,000 in Corporate development, from \$180,000 in 2018 to \$45,000 in 2019.

- Decrease of \$17,105 in Legal fees, from \$17,319 in 2018 to \$214 in 2019.
- Decrease of \$540,602 in Marketing and Communications, from \$554,127 in 2018 to \$13,525 in 2019.
- Decrease of \$49,892 in Office expenses, from \$67,664 in 2018 to \$17,772 in 2019.
- Decrease of \$29,593 in Rent, from \$38,593 in 2018 to \$9,000 in 2019.
- Decrease of \$9,219 in Salaries and wages, from \$50,782 in 2018 to \$41,563 in 2019.
- Decrease of \$26,937 in Transfer agent and regulatory fees, from \$69,714 in 2018 to \$42,777 in 2019.
- Decrease of 96,109 in Travel, lodging and food, from \$96,109 in 2018 to \$Nil in 2019.
- Decrease of \$140,326 in Impairment of exploration and evaluation properties, from \$1,053,065 in 2018 to \$912,739 in 2019.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2019 the Company had \$34,591 in cash (2018: \$47,071). Working capital deficit as at 31 December 2019 was \$84,717 (2018: Deficit \$183,928).

During the year ended 31 December 2019, the Company had a net decrease in cash of \$12,480 compared to \$1,243,165 net decrease in cash in year ended 31 December 2018. The decrease cash in was mainly due to the net effect of proceeds from private placement and payment of general and administrative expenses during the year.

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 December 2019.

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

| | 31 December 2019 | 31 December 2018 |
|---|-----------------------------|---------------------|
| | \$ | \$ |
| Short-term benefits – consulting and corporate development fees | 157,200 | 297,595 |
| Share-based payments | - | 32,771 |
| Total key management personnel compensation | 157,200 | 330,366 |

Related party remuneration is summarized as follows:

Related party expenses are summarized as follows:

| Year ended 31 December | 2019 | 2018 |
|--|----------------|-------------|
| | \$ | \$ |
| Shared office expenses to Nevada | - | 11,533 |
| Rent expense to Nevada | - | 14,593 |
| Consulting and corporate development fees to company controlled by Director and former CEO | 46,200 | 108,000 |
| Consulting fees to the President, CEO, and director | 6,000 | 18,000 |
| Consulting fees to Chief Financial Officer ("CFO") | 42,000 | 42,175 |
| Consulting and corporate development fees to the Corporate Secretary | 63,000 | 108,000 |
| Consulting fees to Directors and a former Director | - | 21,420 |
| Share based payments to a Director | - | 32,771 |
| Total related party transactions | 157,200 | 356,492 |

Due from/to related parties

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

| As at 31 December | 2019 | 2018 |
|--|---------------|-------------|
| | \$ | \$ |
| Director and former CEO | - | 4,200 |
| CFO | 14,700 | - |
| Corporate Secretary | 16,800 | - |
| Total amount due to related parties | 31,500 | 4,200 |

OUTSTANDING SHARE DATA

The number of common shares outstanding as at 31 December 2019 was 27,516,813 shares (2018: 18,565,147) and 32,168,283 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"), Fuse 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 Fuse'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 Fuse'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 Fuse'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, Fuse'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. Fuse

attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

Commodity Prices

Fuse 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 Fuse 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 Fuse will be able to attract and retain such personnel at any time. Fuse 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

Fuse'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 Fuse 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 Fuse'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 Fuse'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 Fuse 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 Fuse'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 Fuse'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 Fuse'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. Fuse expects that any decision made by any of such directors and officers involving Fuse 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 Fuse 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

23 January 2020, the Company issued 1,000,000 common shares related to the exercise of stock options for proceeds of \$50,000.

27 January 2020, the Company consolidated its share capital by issuing one (1) new common share without par value for every two (2) existing common shares without par value basis.

On 27 January 2020, the Company granted 700,000 stock options to certain consultants of the Company exercisable at \$0.05 for five years from the date of grant.

6 February 2020, the Company closed a non-brokered private placement of 12,000,000 units at a price of \$0.05 per unit raising gross proceeds of \$600,000. Each unit consists of one common share and one share purchase warrant exercisable

at \$0.05 for five years from closing. Finder's fees of 1,262,500 common shares and 300,000 share purchase warrants were paid in connection with the private placement.

7 February 2020, the Company granted 2,500,000 stock options to certain directors, officers and consultants of the Company exercisable at \$0.05 for five years from the date of grant.

On 21 February 2020, the Company issued 400,000 common shares related to the exercise of stock options for proceeds of \$20,000.

24 February 2020, the Company negotiated the early termination of the Glencore Buck and Teledyne Option Agreement originally entered on 7 May 2018 with Surge, issuing a total of 2,500,000 common shares to Surge (issued shares subsequent to year end).

6 March 2020, the Company changed its name to Fuse Cobalt Inc. from LiCo Energy Metals Inc. The shares commenced trading under the new name and trading symbol "FUSE", effective 10 March 2020.

31 March 2020, the Company closed a non-brokered private placement of 1,600,000 units at a price of \$0.05 per unit raising gross proceeds of \$80,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.065 for five years from closing. Finder's fees of 160,000 common shares and 80,000 share purchase warrants were paid in connection with the private placement.