



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

**Management's Discussion and Analysis**

**For the period ended 30 September 2020**

*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 period ended 30 September 2020. 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 27 November 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](http://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 27 June 2020, the Company forward split its share capital by issuing two (2) new common share without par value for every one (1) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

## FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements that involve a number of known and unknown risks and uncertainties including statements regarding the outlook of 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.Ge. 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 2,500,000 common shares of Fuse to Surge. 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 (see figure), 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. Results from drill holes GB18-31 through to GB18-40 have not been released at the time of the preparation of this MD&A.

### **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 700 ha (see figure). 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 mining claim PAT-49017, 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 patented mining claim PAT-49017 for a strike length of approximately 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.**

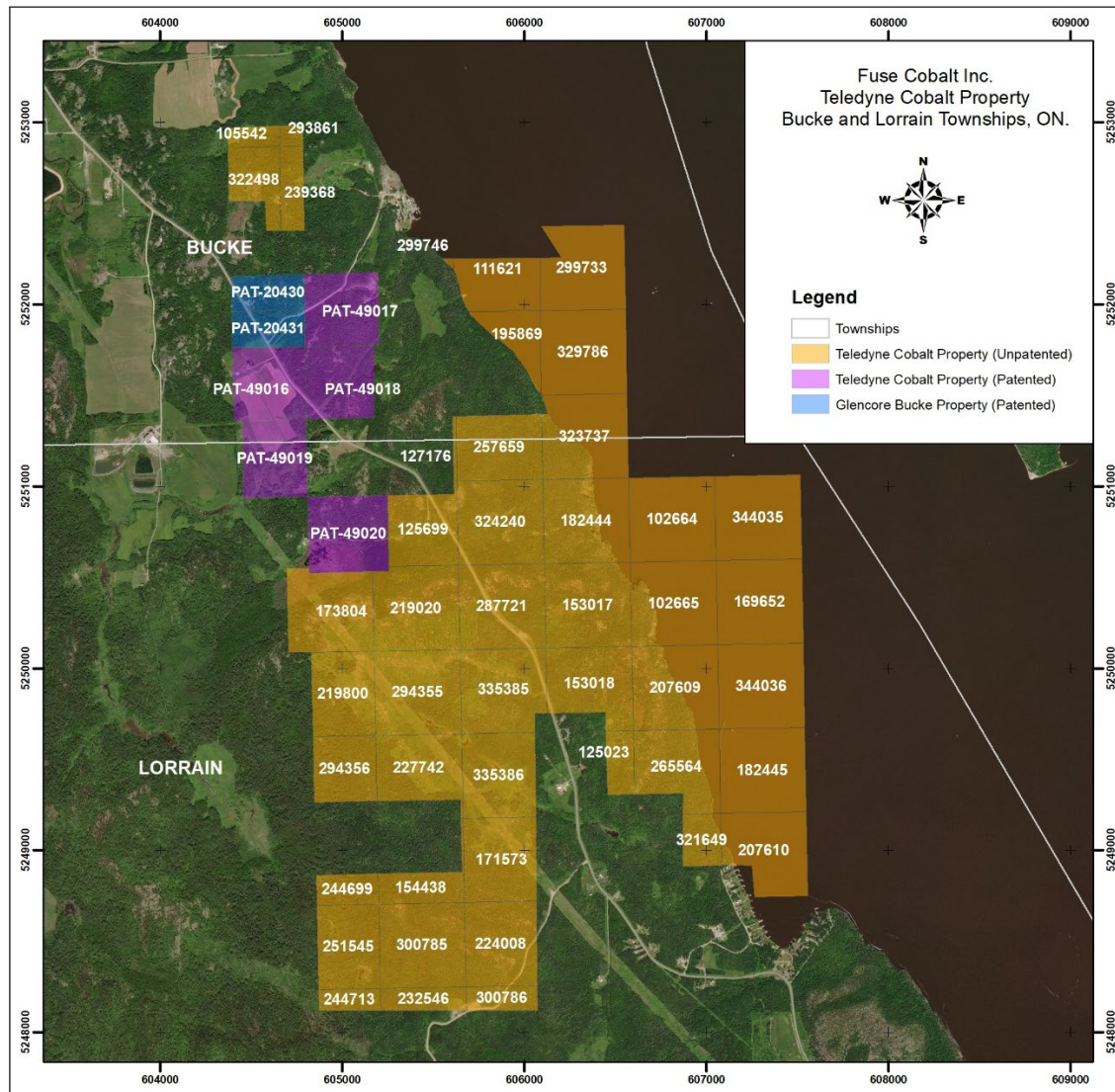
Over \$25 million (inflation-adjusted) of past work has been already been completed on the Teledyne Property. This work has resulted in valuable infrastructure, which includes a 10 ft (3.0 m) by 13 ft (4.0 m) access ramp at a decline of -15 degrees for a length of approximately 2,300 ft (701.0 m) constructed to facilitate underground exploration of the mineralized zone,

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 Buckle, 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 at the time of the preparation of this MD&A.



**Nevada, USA Properties:**

**Teels Marsh Project**

On 24 June 2020, the Company acquired, by staking, 100 placer claims covering 2000 acres (809 hectares) at Teels Marsh, Nevada. The property, called Teels Marsh West is highly prospective for Lithium brines and is located approximately 48 miles northwest of Clayton Valley and the Rockwood Lithium Mine, North America’s only producing brine-based Lithium mine supporting lithium production since 1967. Access to Teels Marsh is via a dirt road, west of Highway 95 and northwest of Highway 360 in Nevada.

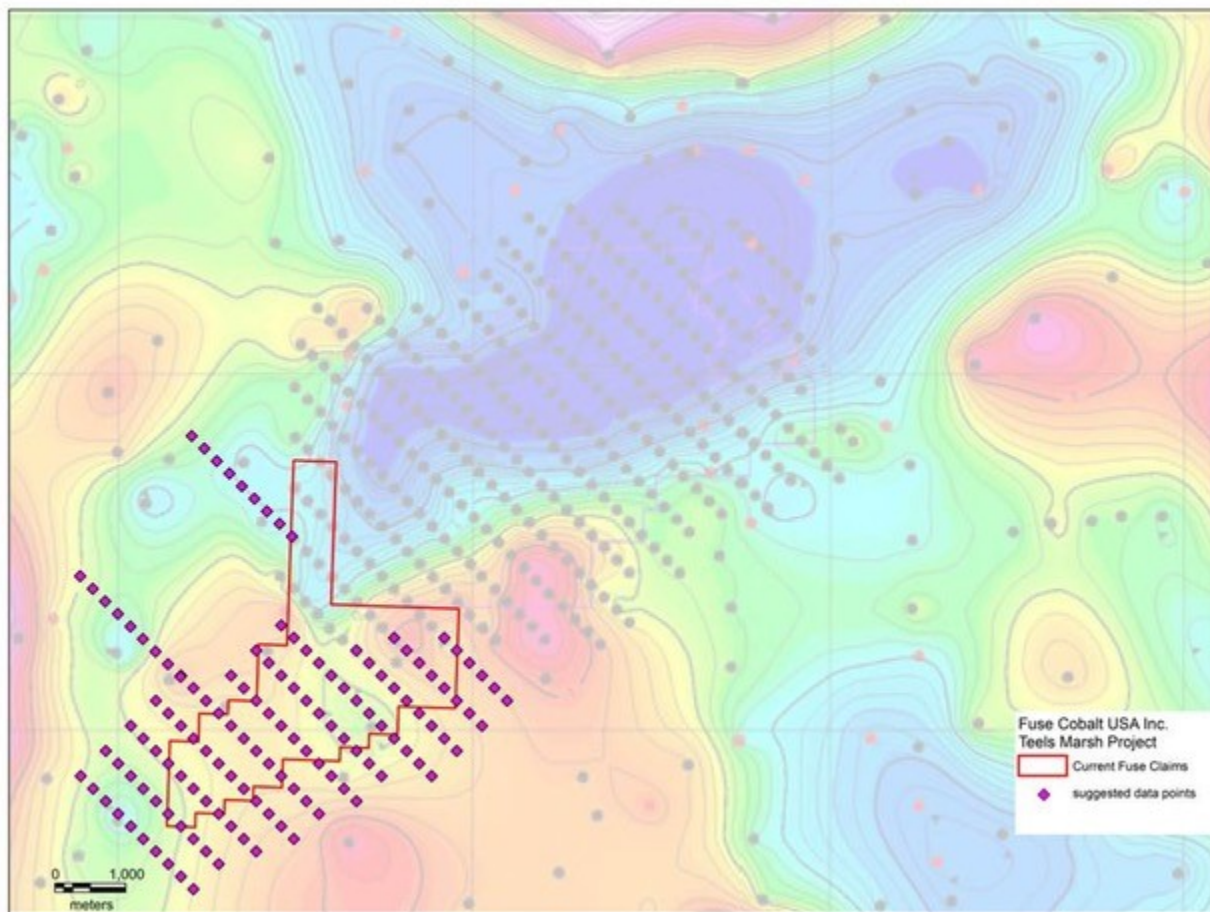
Teels Marsh West is a highly prospective Lithium exploration project, 100% owned without any royalties, located on the western part of a large evaporation pond, or playa (also known as a salar). Structural analysis reveals that Teels Marsh is bounded by faults and is tectonically active. Tectonic activities supply additional local permeability that could be provided by the faults that bound the graben and sub-basins.



In July of 2020, the Company negotiated a reciprocal data sharing agreement with Dajin Lithium Corp.’s Robert Setter, Fuse President & CEO comments “Approaching Dajin about sharing data will allow both of our companies to incorporate the western area of Teels Marsh into the existing basin model. Adding our data set to the existing Dajin exploration model, will save considerable time and money when we look at the development of the lithium brine potential for the Teels Marsh property as a whole. This is a big win for Fuse shareholders as we being to work on our 100 placer claims covering 2000 acres (809 hectares) lithium property in Nevada. As we all know this area has enormous potential given that the property is located approximately 48 miles northwest of Clayton Valley and the Rockwood Lithium Mine, North America’s only producing brine-based Lithium mine supporting lithium production since 1967.”

The initial work will include a gravity survey at Teels Marsh. The goal of this gravity survey is to identify the basin architecture to the southwest of the area covered in the previous Dajin gravity survey and link up the two data sets.

#### Proposed Gravity Survey Locations – Teels Marsh West



Robert Setter continues “This program west of our claim block would allow us see if there might be a potential buried sub-basin to the west which could be an area of accumulated lithium. The remaining data points to lows in the area that we would like to see how they might be interconnected on the property to

advance the project as there are at least two potential sub-basins on the property. Our follow-up work program will include the use of reverse circulation holes to test for lithium bearing clays going down about 200 m which will give a good indication of the lithium content in the clay but also the content of the brine solution. After this work program is completed, we will update and amend an existing draft NI #43-101 on the property for eventual Sedar filing and publication”.

#### About Teels Marsh West:

Shallow auger holes and drill-holes (<60 m) show that unconsolidated basin fill deposits include clays, clastic rocks silts and sands), evaporate deposits, and volcanic ash. With the exception of clays, these rocks represent potential sources of permeability. Volcanic ash beds could host significant zones of permeability, due to the relative proximity of Teels Marsh to young volcanic centers at Mono Craters (near Mono Lake) and Long Valley, California, both located approximately 70 km to the southwest. These ash layers have proven to be the most productive brine sources in Clayton Valley (an active geothermal area).

The Bishop Tuff, which is believed to represent an important zone of permeability at Clayton Valley, (80 km to the SE of the only North American lithium brine deposit which is being mined by Rockwood Lithium Inc.) is likely present in the subsurface at Teels Marsh.

Direct evidence of an active geothermal system in the Teels Marsh area has recently been gathered by researchers at the Nevada Bureau of Mines and Geology, University of Nevada, Reno and the Desert Research Institute. This evidence comes from mapping anomalously high temperatures at a depth of only 2 meters below the basin surface: these temperatures are as high as 35C compared to background temperatures of approximately 16-18C. The temperature anomalies occur in two separate zones, both of which are adjacent to a Quaternary fault on the western margin of Teels Marsh basin. The two temperature anomalies have a combined strike length parallel to the fault of almost 4 km. A USGS geochemical survey conducted in 1976 reported lithium values as high as 850 ppm from samples taken from springs marginal to these fault structures.

#### Historical Exploration Results from Teels Marsh West:

In 2016, Nevada Energy Metals Inc. (TSXV: BFF) collected twenty-seven shallow auger sediment samples from the Teels Marsh West Project area. This initial sampling program was primarily a test of the sampling method to see if it could be used to collect samples beneath low sand dunes and alluvial gravel. Additional samples were collected using a powered auger to reach a maximum depth of 2.9 meters (9.5 ft.) below the surface. The holes were initially drilled with an electric auger and bottom hole samples were collected with a hand tulip style sampler. Sampling was conducted by Pediment Gold LLC of Sparks, Nevada. Samples were collected on site and transported to the ALS Global preparation facility in Elko, Nevada by the Nevada Energy Metals project geologist. Samples were analyzed by ALS using their MEMS41 multi-element package. QA/QC standards and blanks were inserted into the sample stream to assure accuracy.

Lithium values ranged from 8.9 to 104.5 ppm. The two best results (93.2 and 104.5) were obtained downstream of thermal springs on the western part of the property. A general increase in values was noted at the playa margin with lower values in the alluvial fan on the southwestern part of the property. Many of the sites on the alluvial fan did not penetrate to the maximum depth due to boulders. Sampling was supervised by Alan J. Morris CPG who serves as the project geologist and Qualified Person on the Teels Marsh West Project.

The Teels Marsh West project is adjacent to the Dajin Lithium Corp.'s (TSXV: DJI) project and comprises a land position of 3,202 hectares and 403 Placer claims. In 2018, Dajin began to move forward with construction of the engineered roads and drill pads at Teels Marsh valley in preparation for the drilling of

four (4) production sized exploration wells. This area is getting a lot of attention as EV battery production builds up in Nevada and globally.

### **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 previous ended 31 December 2019, the Company recorded an impairment write-down of \$912,739 with respect to the Black Rock Desert property.

### **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 on the Ontario Project and Alan J. Morris, CPG, an independent consulting geologist and a Qualified person on the Nevada, USA Project under the provisions of NI 43-101.

### **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.

	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018
Loss from operations	\$(858,581)	\$(274,041)	\$(267,694)	\$(56,258)	\$(54,691)	\$(94,654)	\$(161,049)	\$(477,244)
Comprehensive Loss for the quarter	\$(858,581)	\$(274,041)	\$(267,694)	\$(969,003)	\$(54,684)	\$(94,647)	\$(161,049)	\$(1,527,750)
Diluted Income (Loss) per share	\$(0.006)	\$(0.003)	\$(0.007)	\$(0.037)	\$(0.001)	\$(0.003)	\$(0.018)	\$(0.091)

### **RESULTS OF OPERATIONS**

#### **For the period ended 30 September 2020 compared to the same period ended 30 September 2019.**

Comprehensive loss for the period ended 30 September 2020 was \$1,400,317 as compared to \$310,390 for the same period in 2019. The increase in comprehensive loss of \$1,089,927 was mainly attributable to the net effect of:

- Increase of \$5,037 in Accounting and audit fees, from \$Nil in 2019 to \$5,037 in 2020.
- Increase of \$28,611 in Consulting fees, from \$156,101 in 2019 to \$184,712 in 2020.
- Increase of \$40,500 in Corporate development, from \$45,000 in 2019 to \$85,500 in 2020.
- Increase of \$400,409 in Marketing and Communications, from \$13,525 in 2019 to \$413,934 in 2020.
- Increase of \$29,061 in Office expenses, from \$16,927 in 2019 to \$45,988 in 2020.

- Decrease of \$41,563 in Salaries and wages, from \$41,563 in 2019 to \$Nil in 2020.
- Increase of \$541,179 in Share-based payments, from \$Nil in 2019 to \$541,179 in 2020.
- Increase of \$85,982 in Transfer agent and regulatory fees, from \$28,067 in 2019 to \$114,049 in 2020.
- Increase of \$3,006 in Travel, lodging and food, from \$Nil in 2019 to \$3,006 in 2020.
- Increase of \$2,088 in Foreign exchange gain, from \$Nil in 2019 to \$2,088 in 2020.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2020 the Company had \$283,649 in cash (31 December 2019: \$34,591). Working capital as at 30 September 2020 was \$302,007 (31 December 2019: Deficit \$84,717).

During the period ended 30 September 2020, the Company had a net increase in cash of \$249,058 compared to (\$5,791 – decrease) in the period ended 30 September 2019. The increase cash in was mainly due to the net effect of proceeds from private placement, options and warrants exercises 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 30 September 2020.

The remuneration of directors and other members of key management for the period ended 30 September 2020 and 2019 are as follows:

	<b>30 September 2020</b>	30 September 2019
	\$	\$
Short-term benefits – consulting and corporate development fees	<b>114,741</b>	219,500
Share-based payments	<b>41,529</b>	-
<b>Total key management personnel compensation</b>	<b>156,270</b>	219,500

**Related party remuneration is summarized as follows:**

Related party expenses are summarized as follows:

	<b>30 September 2020</b>	30 September 2019
	\$	\$
Consulting fees to the new President and Chief Executive Officer ("CEO")	<b>15,541</b>	-
Consulting fees to former President	-	92,000
Consulting fees to Chief Financial Officer ("CFO")	<b>31,500</b>	31,500
Consulting fees to the Corporate Secretary	<b>68,000</b>	96,000
<b>Total related party expenses</b>	<b>114,741</b>	219,500

**Due from/to related parties**

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

	<b>30 September 2020</b>	31 December 2019
	\$	\$
Former President	-	12,000
<b>Total amount due to related parties (Note 7)</b>	<b>-</b>	<b>12,000</b>

**OUTSTANDING SHARE DATA**

The number of common shares outstanding as at 30 September 2020 was 83,146,398 shares (31 December 2019: 27,491,566) and 83,146,398 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

Since 30 September 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.