

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia and Alberta and with TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from securities regulatory authorities.*

*This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PRELIMINARY PROSPECTUS

Initial Public Offering

May 14, 2018

### FUSION GOLD LTD.

(a capital pool company)

**\$200,000**

**2,000,000 Common Shares**

**Price: \$0.10 per Common Share**

Fusion Gold Ltd. (the “**Corporation**”) hereby offers on a commercially reasonable efforts basis through its agent, Canaccord Genuity Corp. (the “**Agent**”), 2,000,000 common shares in the capital of the Corporation (the “**Common Shares**”) for sale to the public at a price of \$0.10 per share (the “**Offering**”) for aggregate gross proceeds of \$200,000. The purpose of the Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by TSX Venture Exchange Inc. (the “**Exchange**”) and in the case of a Non Arm’s Length Qualifying Transaction must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “Business of the Corporation” and “Use of Proceeds”.

	Common Shares	Price to Public	Agent’s Commission <sup>(1)</sup>	Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering	2,000,000 <sup>(3)</sup>	\$200,000	\$20,000	\$180,000

Notes:

- (1) A commission of \$20,000, being 10% of the gross proceeds of the Offering will be paid to the Agent. The Agent will also be paid a corporate finance fee of \$10,000 which will be payable at the close of the Offering. The Agent will be reimbursed by the Corporation for its legal fees and expenses of which \$7,500 has been paid, and will be granted the Agent’s Warrant referred to below. See “Plan of Distribution”.
- (2) After the Agent’s commission and before deducting the other expenses of this Offering, which are estimated to be \$70,000 (which includes listing and filing fees, the Agent’s corporate finance fee and legal expenses and the Corporation’s legal and auditing expenses). See “Use of Proceeds”.
- (3) 2,000,000 Common Shares are offered hereunder. See “Plan of Distribution” and “Options to Purchase Securities”.

This Offering is being made on a commercially reasonable efforts basis by the Agent. The Offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement between the Corporation and the Agent. The Offering is subject to an aggregate minimum subscription of 2,000,000 Common Shares for total gross proceeds to the Corporation of \$200,000. If the proceeds are not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and the subscribers, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See “Plan of Distribution”.

Pursuant to the Agency Agreement, the Agent will be granted a non-transferable warrant (the “**Agent’s Warrant**”) to purchase 200,000 Common Shares, or 10% of the number of Common Shares sold pursuant to the Offering at a price of \$0.10 per share expiring 24 months from the date the Common Shares are listed on the Exchange (the “**Listing Date**”). The Agent’s Warrant is qualified for distribution under this prospectus. See “Plan of Distribution”.

This prospectus also qualifies for distribution the Stock Options to be granted to the Directors and Officers of the Corporation to purchase up to a total of 150,000 Common Shares. See “Plan of Distribution”, “Description of The Securities Distributed” and “Options to Purchase Securities”.

### **Market for Securities**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent’s Warrant and the grant of the Stock Options to the directors and officers of the Corporation, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the Commissions and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable Commission(s) grant a discretionary order.

There is currently no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of \$0.034 or 34%. See “Market for Securities” and “Risk Factors”

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

### **Risk Factors**

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation’s business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See “Risk Factors”.**

The Corporation has a limited operating history and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and, in the case of a Non Arm’s Length Qualifying Transaction, Majority of the Minority Approval; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. The Corporation has not commenced the process of identifying potential

acquisitions. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. See "Risk Factors".

The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the Listing Date. The Securities Commissions of British Columbia and Alberta may issue an interim cease trade order against the Corporation's securities if the Common Shares of the Corporation are suspended from trading on the Exchange and will issue an interim cease trade order if the Corporation's Common Shares are delisted from the Exchange. In addition, delisting of the Common Shares may result in the cancellation of the Common Shares of the Corporation owned by Insiders issued prior to this Offering. See "Risk Factors".

Investors must rely solely on the expertise of the Corporation's promoters, directors and officers for any possible return on their investment. The Corporation's promoters, directors, officers and control persons, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly, 4,200,000 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to this Offering and 67.74% after giving effect to the Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".

### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, being 40,000 Common Shares (\$4,000). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus, being 80,000 Common Shares (\$8,000). Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery at the closing of the Offering unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The Agent hereby offers for sale 2,000,000 Common Shares, on a commercially reasonable efforts basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by DuMoulin Black LLP, Vancouver, British Columbia, on behalf of the Corporation and by DLA Piper (Canada) LLP, Calgary, Alberta, on behalf of the Agent.

**Canaccord Genuity Corp.**  
**Centennial Place – East Tower**  
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**Calgary, Alberta T2P 0R3**  
**Telephone: 403-508-3841**

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## GLOSSARY

The following are definitions of certain terms used throughout this document.

**“Affiliate”** means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**“Agency Agreement”** means the agency agreement dated ●, 2018 between the Corporation and the Agent.

**“Agent”** means Canaccord Genuity Corp.

**“Agent’s Warrant”** means the warrant which will be granted to the Agent to purchase up to 200,000 Common Shares, being 10% of the number of Common Shares sold pursuant to this Offering, at a price of \$0.10 per Common Share for a period of 24 months. For details see “Options to Purchase Securities”.

**“Aggregate Pro Group”** means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the Issuer to provide financing, sponsorship or other advisory services.

**“Agreement in Principle”** means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm’s Length Parties to the CPC or the Non Arm’s Length Parties to the Qualifying Transaction.

**“Associate”** when used to indicate a relationship with a Person or Company, means:

- (a) an Issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that Person, including
  - (i) that Person’s spouse or child, or
  - (ii) any relative of the Person or of his or her spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding Company.

**“Closing Date”** means the date the Offering is completed.

**“Commissions”** means the British Columbia Securities Commission and Alberta Securities Commissions, collectively.

**“Common Shares”** or **“Shares”** means the common shares of the Corporation.

**“Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**“Completion of the Qualifying Transaction”** means the date the Final Exchange Bulletin is issued by the Exchange.

**“Control Person”** means any Person or Company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

**“Corporation”** means Fusion Gold Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia).

**“CPC”** means a corporation:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (b) in regard to which the Final Exchange Bulletin has not yet been issued.

**“CPC Filing Statement”** means the Filing Statement of the CPC prepared in accordance with the Exchange Form of Filing Statement (Form 3B2) which provides full, true and plain disclosure of all material facts relating to the CPC and the Target Company.

**“CPC Information Circular”** means the Information Circular of the CPC prepared in accordance with applicable securities laws and the Exchange Form of Information Circular (Form 3B1) which provides full, true and plain disclosure of all material facts relating to the Target Company.

**“CPC Policy”** means Policy 2.4 of the Exchange.

**“Escrow Agent”** means Odyssey Trust Company.

**“Escrow Agreement”** means the escrow agreement dated ●, 2018 among the Corporation, the Escrow Agent and the principal shareholders of the Corporation.

**“Escrow Shares”** means:

- (a) all Seed Shares issued at a price lower than the price of the IPO Shares;
- (b) all Seed Shares, IPO Shares and any securities acquired from treasury after the IPO but before issuance of the Final Exchange Bulletin (other than shares acquired which are subject to Section 11.6 of the CPC Policy and those shares acquired upon exercise of stock options which must be escrowed as provided in Section 7.5 of the CPC Policy) which are, directly or indirectly, beneficially owned or controlled by Non Arm’s Length Parties of the CPC (as determined post IPO);
- (c) all securities acquired by a Control Person in the secondary market prior to Completion of the Qualifying Transaction; and
- (d) all Seed Shares purchased by a member of the Aggregate Pro Group.

**“Exchange”** means TSX Venture Exchange Inc.

**“Final Exchange Bulletin”** means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

**“Insider”** if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of the Company that is an Insider of a subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

**“IPO”** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

**“IPO Shares”** means securities issued by an Issuer from its treasury pursuant to its first prospectus.

**“Issuer”** means a Company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant Company seeking a listing of its securities on the Exchange.

**“Listing Date”** means the date of listing of the Common Shares on the Exchange.

**“Majority of the Minority Approval”** means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm’s Length Parties to the CPC;
- (b) Non Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own Common Shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction at a properly constituted meeting of the common shareholders of the CPC.

**“Member”** has the meaning in Exchange Rule A 1.00.

**“NEX”** means the market on which former Exchange and Toronto Stock Exchange Issuers that do not meet the Exchange requirements for Tier 2 Issuers may continue to trade.

**“Non Arm’s Length Party”** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

**“Non Arm’s Length Parties to the Qualifying Transaction”** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**“Non Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

**“Offering”** means the offering of Common Shares in accordance with the terms of this prospectus.

**“Person”** means a Company or individual.

**“Principal”** means:

- (a) a Person or Company who acted as a promoter of the Issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

- (c) a **20% holder** – a Person or Company that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a **10% holder** – a Person or Company that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more principals will be treated as a principal. (In calculating this percentage, include securities of the entity that may be issued to the principals under outstanding convertible securities in both the principals’ securities of the entity and the total securities of the entity outstanding). Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A principal’s spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Issuer they hold will be subject to escrow requirements.

“**Pro Group**” means:

- (a) subject to subparagraphs (b), (c) and (d) “Pro Group” shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv);
- (b) the Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm’s length to the Member;
- (c) the Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm’s length of the Member;
- (d) the Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
  - (i) the Person is an Affiliate or Associate of the Member acting at arm’s length of the Member;
  - (ii) the Associate or Affiliate has a separate corporate and reporting structure;

- (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
- (iv) the Member maintains a list of such excluded Persons.

**“Qualifying Transaction”** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**“Resulting Issuer”** means the Issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

**“SEDAR”** means System for Electronic Document Analysis and Retrieval.

**“Seed Shares”** means securities issued before an Issuer’s IPO whether the securities are subject to resale restrictions or are free trading.

**“Significant Assets”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

**“Sponsor”** has the meaning specified in Exchange Policy 2.2 - Sponsorship and Sponsorship Requirements.

**“Stock Options”** means the options to purchase up to 150,000 Common Shares at a price of \$0.10 per Common Share for a period of 5 years, granted to the directors and officers of the Corporation. See “Options to Purchase Securities”.

**“Target Company”** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**“Vendors”** means one or all of the beneficial owners, of the Significant Assets (other than a Target Company).

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

**Issuer:** Fusion Gold Ltd.

**Business of the Corporation:** The Corporation is a capital pool company pursuant to the CPC Policy. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Corporation”.

**Offering:** A total of 2,000,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share. In addition, the Corporation will grant the Agent’s Warrant to the Agent to purchase that number of Common Shares equal to 10% of the Common Shares sold pursuant to this Offering (200,000 Common Shares), at a price of \$0.10 per share which will be exercisable for a period of 24 months from the Listing Date. The Corporation also intends to grant the Stock Options to purchase up to 150,000 Common Shares at a price of \$0.10 per share for a period of 5 years to directors and officers under an incentive stock option plan. All of which options are qualified for distribution pursuant to this prospectus. See “Plan of Distribution”.

**Use of Proceeds:** The total net proceeds to the Corporation, including the balance of cash proceeds raised prior to this Offering and the net proceeds of this Offering will be approximately \$302,400. These proceeds will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition, with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of 30% of the gross proceeds realized from the sale of securities issued by the Corporation (\$123,000) may be used for purposes other than evaluating businesses or assets. See “Use of Proceeds”, “Business of the Corporation” and “Risk Factors”.

**Directors and Officers:** January Vandale – Chief Executive Officer, Corporate Secretary, and Director  
Victoria McMillan – Chief Financial Officer  
Christopher Cooper – Director  
David De Witt – Director  
See “Directors, Officers and Promoters”

**Dividend Policy:** It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See “Dividend Policy”.

**Escrowed Shares:**

All of the currently issued and outstanding Common Shares of the Corporation, being 4,200,000 Common Shares, will be deposited in escrow pursuant to the terms of the Escrow Agreement, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

**Risk Factors:**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation has a limited operating history and has no active business or assets other than a minimum amount of cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interests to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution of investment of 34% or \$0.034 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

If the Corporation identifies a suitable business or asset, the Exchange may not approve the transaction as a Qualifying Transaction or management may determine that market conditions make the terms of the acquisition uneconomic. Furthermore, the Corporation may require additional financing to both secure and exploit the business opportunity and there is no guarantee that such financing will be available.

If the Corporation fails to complete a Qualifying Transaction acceptable to the Corporation's shareholders and the Exchange within 24 months of the Listing Date, or if the Corporation fails to comply with the Exchange's listing maintenance requirements, the Common Shares may be suspended from trading or delisted.

An acquisition financed by the issuance of treasury shares could result in a change in the control of the Corporation and may cause the interests of the shareholders in the Corporation to be further diluted.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon the directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See “Business of the Corporation”, “Risk Factors”, and “Conflicts of Interest”.

## THE CORPORATION

### Name and Incorporation

Fusion Gold Ltd. was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 16, 2007. The head office and the registered office of the Corporation are located at Suite 1400 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

### BUSINESS OF THE CORPORATION

#### Preliminary Expenses

The Corporation incurred expenses of \$37,600 from the date of incorporation until December 31, 2017. The Corporation has incurred preliminary expenses of \$22,400 in proceeding with the Offering. A portion of the proceeds of this Offering will be utilized to satisfy certain expenses or costs that relate to this Offering, including the expenses of its auditors, legal counsel, the Agent's legal counsel, the Agent's corporate finance fee and the securities regulatory authorities. Since the date of the Corporation's balance sheet included in this prospectus, the Corporation has incurred \$22,400 for the following categories in the amounts indicated:

Listing fees (plus GST)	\$5,000
Auditor fees (plus GST)	\$3,000
Advance to Agent against its legal fees	\$7,500
Advance to agent against corporate finance fee	\$5,000
General and administrative expenses	\$1,800
Bank charges	\$100
<b>TOTAL</b>	<b>\$22,400</b>

See "Use of Proceeds".

#### Proposed Operations Until Completion of a Qualifying Transaction

The Corporation is a capital pool company pursuant to the CPC Policy. The principal business of the Corporation is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to pursue a Qualifying Transaction in the mining sector, but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Private Placement for Cash" and "Restrictions on Use of Proceeds", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and

evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

### **Method of Financing**

The Corporation may use cash, bank financing, the issuance of treasury shares or public financing of debt or equity, or a combination of the foregoing, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders interest in the Corporation to be further diluted.**

### **Criteria for a Qualifying Transaction**

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to, among other things, the (a) projected rate of return; (b) risk of loss; (c) prospects for growth; (d) skill of the management team; and (e) basic financing considerations, including the costs of the acquisition and the prospect of obtaining debt or equity financing to complete the acquisition.

### **Shareholder Approval of a Qualifying Transaction**

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under the heading "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an Information Circular that complies with applicable corporate and securities laws or a Filing Statement that complies with Exchange requirements. An Information Circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A Filing Statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The Information Circular or Filing Statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2. Upon acceptance by the Exchange, the Corporation must (a) file the Filing Statement on SEDAR at least seven business days prior to closing the Qualifying Transaction, and issue a press release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the Filing Statement is available on SEDAR; or (b) mail the Information Circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a member of the Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the

Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

### **Initial Listing Requirements**

The Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Policies of the Exchange.

### **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer; or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file post-meeting or final documents within the time required. A trading halt may also be imposed if the Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the Listing Date. If the Common Shares of the Corporation are delisted by the Exchange, then within 90 days from the date of such delisting, the

Corporation shall wind up and liquidate its assets pursuant to the *Business Corporations Act* (British Columbia) and shall make a pro rata distribution of its remaining assets to its shareholders, unless the shareholders, pursuant to a majority vote of shareholders, exclusive of the vote of Non Arm's Length Parties to the Corporation, determine to deal with the Corporation or its remaining assets in some other manner. See "Business of the Corporation - Criteria for a Qualifying Transaction, Shareholder Approval of a Qualifying Transaction, Minimum Listing Requirements and Refusal of Qualifying Transaction".

### **Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
  - (iii) Associates of any such Person,
 collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance Company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

The gross proceeds received by the Corporation from the sale of Seed Shares amount to \$210,000. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered under the prospectus will be \$200,000. The Corporation estimates that it will incur approximately \$70,000 (including the Agent's commission of \$20,000) in expenses pertaining to the costs of this Offering prior to Closing, of which \$22,400 has been incurred to date. The Corporation expects the funds available to it on completion of the Offering will be \$302,400.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of the Offering:

<b>PROCEEDS AND EXPENSES</b>	<b>AMOUNT</b>
Cash proceeds raised prior to the Offering <sup>(1)</sup>	\$ 210,000
Cash Proceeds to be raised pursuant to this Offering <sup>(2)</sup>	\$ 200,000
Expenses and costs relating to raising the seed share proceeds <sup>(3)</sup>	\$0
Expenses incurred prior to December 31, 2017	<u>\$ 37,600 <sup>(4)</sup></u>
Estimated expenses and Costs Relating to this Offering (including listing and filing fees, Agent's commission, corporate finance fee and expenses, legal fees and expenses, audit fees and expenses)	\$ 70,000
<b>Estimated Funds available on completion of the Offering</b>	<b><u>\$ 302,400</u></b>
Funds available for identifying and evaluating assets or business prospects <sup>(5)</sup>	\$ 252,400
Estimated general and administrative expenses until Completion of a Qualifying Transaction	<u>\$ 50,000</u>
<b>Total net proceeds</b>	<b><u>\$ 302,400</u></b>

## Notes:

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Warrant, and the directors and officers exercise the Stock Options there will be available to the Corporation a maximum of an additional \$35,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) No issue costs have been allocated toward the issuance of the Seed Shares. See "Financial Statements".
- (4) Amount owed pursuant to a non interest bearing loan to the Corporation.
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$252,400 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

### Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Use of Proceeds - Restrictions on Use of Proceeds", "Private Placements for Cash," and "Prohibited Payments to Non Arm's Length Parties", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services; and
- (h) Agent's fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

#### **Restrictions on Use of Proceeds**

Until Completion of the Qualifying Transaction, not more than 30% of the gross proceeds from the sale of all securities issued by the Corporation (\$123,000) will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Uses of Funds", listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including:
  - (i) office supplies, office rent and related utilities;
  - (ii) printing costs (including the printing of this prospectus and share certificates);
  - (iii) equipment leases; and
  - (iv) fees for legal advice and audit expenses, other than those described above under "Use of Proceeds - Permitted Use of Funds".

No proceeds will be used to acquire or lease a vehicle.

### **Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to a private placement to Non Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

### **Prohibited Payments to Non Arm's Length Parties**

Except as described under "Options to Purchase Securities" and "Use of Proceeds - Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees, loans, advances and bonuses; and
- (b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Agency Agreement and Agent's Compensation**

Pursuant to the Agency Agreement dated as of ●, 2018 between the Corporation and the Agent, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public of 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a

commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay to the Agent a corporate finance fee of \$10,000 and will reimburse the Agent for its legal fees and expenses estimated at \$10,000 plus GST and disbursements.

The Corporation has also agreed to grant to the Agent the non-transferable Agent's Warrant to purchase 200,000 Common Shares, equal to 10% of the Common Shares sold pursuant to this Offering, at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the date the Common Shares of the Corporation are listed on the Exchange. The grant of the Agent's Warrant is qualified under this prospectus. Not more than 50% of the Common Shares which can be acquired by the Agent on exercise of the entire Agent's Warrant may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

The Agent has agreed to use commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no extra cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Other than as described in this prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or corporation in connection with the Offering.

The Offering will be made in accordance with the rules and Policies of the Exchange and with the consent of the Exchange. The closing of the Offering will take place at such time as the Corporation and the Agent may agree, provided that the total subscription has been received.

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The total Offering is 2,000,000 Common Shares for total gross proceeds of \$200,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% of the total Common Shares in the Offering, namely, \$4,000 or 40,000 Common Shares. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% of the total number of Common Shares under the Offering, namely, \$8,000 or 80,000 Common Shares. The funds received from the Offering will be deposited with the Agent, and will not be released until \$200,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period and agreed to by the Agent, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

### **Other Securities to be Distributed**

The Corporation also proposes to grant the Stock Options to purchase 150,000 Common Shares to directors and officers of the Corporation in accordance with the Policies of the Exchange, which options are qualified for distribution under this prospectus. The options will be granted on the Closing Date and will be exercisable at \$0.10 per Share for a period of 5 years.

**Determination of Price**

The Offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent in accordance with the CPC Policy.

**Listing Application**

The Corporation has applied to list its Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

As at the date of the prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

**Subscriptions by and Restrictions on the Agent**

The Agent has advised the Corporation that to the best of its knowledge and belief, none of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation. The maximum aggregate number of Common Shares permitted to be owned directly or indirectly by the Agent, or any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing, is 20% of the issued and outstanding Common Shares exclusive of Common Shares reserved for issuance at a future date.

**Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrant and the grant of the Stock Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the British Columbia Securities Commission and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

**DESCRIPTION OF THE SECURITIES DISTRIBUTED****Common Shares**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which 4,200,000 Common Shares were issued and outstanding as fully paid and non-assessable as at the date of this prospectus. A total of 2,000,000 Common Shares are reserved for issuance pursuant to the Offering. The Corporation has reserved up to 150,000 Common Shares for issuance of the Stock Options, subject to regulatory approval, and up to 200,000 Common Shares for issuance pursuant to the Agent's Warrant. All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable. See "Options to Purchase Securities" and "Plan of Distribution".

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held. The holders of the Common

Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Corporation. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of the Common Shares are entitled to share pro rata in the remaining assets of the Corporation. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

### CAPITALIZATION

Designation of Securities	Amount Authorized	Amount Outstanding as of the date of the most recent balance sheet contained in the prospectus <sup>(1)(2)</sup>	Amount Outstanding at date of the prospectus <sup>(1)(2)</sup>	Amount to be Outstanding if all Common Shares being offered are sold <sup>(3)(4)</sup>
Common Shares	Unlimited	\$210,000 (4,200,000 Common Shares)	\$210,000 (4,200,000 Common Shares)	\$410,000 (6,200,000 Common Shares)

Notes:

- (1) As at the date of the Corporation's most recent balance sheet, the Corporation has not commenced commercial operations and no options have been granted.
- (2) These Common Shares are subject to escrow restrictions. See "Escrowed Securities".
- (3) The Corporation will reserve up to 150,000 Common Shares for issuance under Stock Options, subject to regulatory approval. All such options will expire 5 years from the date of grant. See "Options to Purchase Securities". The Corporation will also grant to the Agent the Agent's Warrant to purchase up to 200,000 Common Shares at a price of \$0.10 per share expiring 24 months from the Listing Date.
- (4) \$410,000 represents the gross proceeds of the Offering and prior sales of Common Shares of the Corporation without the deduction of related expenses or the Agent's commissions, which the Corporation estimates will be approximately \$70,000.

### OPTIONS TO PURCHASE SECURITIES

#### Stock Option Terms

The Stock Options to purchase up to 150,000 Common Shares are to be granted on the Closing Date to directors and officers and are qualified for distribution pursuant to this prospectus.

The Corporation has adopted an incentive stock option plan (the "**Option Plan**") which provides that the board of directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to 10 years from the date of grant. Under the Option Plan, options are required to have an exercise price not less than the closing market price of the Corporation's shares prevailing on the day that the option is granted less applicable discount, if any, permitted by the policies of the Exchange. Pursuant to the Option Plan, the board of directors of the Corporation may from time to time authorize the issue of options to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Option Plan contains no vesting requirements, but permits the board of directors of the Corporation to specify a vesting schedule in its discretion.

**Until the Completion of the Qualifying Transaction, the Option Plan is subject to all the terms and conditions contained in the CPC Policy.** In particular, prior to the Completion of the Qualifying Transaction:

- the persons eligible to receive options under the Option Plan will be limited to directors and officers of the Corporation, and where permitted by securities laws, a technical consultant whose particular industry experience in relation to the business of the Vendors or the Target Company (each as defined in the CPC Policy), as the case may be, is required to evaluate the proposed Qualifying Transaction (as defined in the CPC Policy), or a Company (as defined in the policies of the Exchange), all of whose securities are owned by such director, officer, or technical consultant, and specifically excludes any person providing Investor Relations Activities (as defined in the policies of the Exchange), promotional or market-making services.
- the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the common shares to be outstanding after closing of the Offering and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the common shares to be outstanding after closing of the Offering.
- options granted to an optionee that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer have a maximum term of the greater of 12 months after Completion of the Qualifying Transaction and 90 days after such optionee ceases to become a director, officer, technical consultant or employee of the Resulting Issuer.
- any common shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "*Escrowed Securities*".

#### Options to be Granted to Directors and Officers

Subject to regulatory approval, the Corporation intends to enter into stock option agreements with its directors and officers in respect of the Stock Options, on the Closing Date, as follows:

	Numbers of Common Shares Under Option	Exercise Price Per Common Share	Expiry Date <sup>(1)</sup>
January Vandale	25,000	\$0.10	5 years after Closing Date
Christopher Cooper	25,000	\$0.10	5 years after Closing Date
David De Witt	25,000	\$0.10	5 years after Closing Date
Victoria McMillan	75,000	\$0.10	5 years after Closing Date
<b>Total:</b>	150,000	-	-

All Common Shares acquired pursuant to the exercise of stock options prior to the Completion of the Qualifying Transaction must be deposited in escrow and shall be subject to escrow until the issuance of the Final Exchange Bulletin. See "*Escrowed Securities*". The Stock Options are qualified for distribution under this prospectus. See "*Plan of Distribution*".

#### Agent's Warrant

The Agent will receive the Agent's Warrant, which will entitle the Agent to purchase up to 200,000 Common Shares at a price of \$0.10 per Common Share exercisable for a period of 24 months from the date of closing of the Offering. The Agent's Warrant is qualified for distribution under this prospectus. See "*Plan of Distribution*".

### PRIOR SALES

Since the date of incorporation of the Corporation, 4,200,000 Common Shares have been issued as follows:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
April 16, 2007	1 <sup>(1)</sup>	\$1.00	\$1.00	Cash
February 7, 2018	4,200,000 <sup>(2)</sup>	\$0.05	\$210,000	Cash

Note:

- (1) This Common Share was repurchased by Company February 7, 2018.  
(2) These Common Shares will be held in escrow. See "Escrowed Securities."

### ESCROWED SECURITIES

#### Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 4,200,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share, all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by the Aggregate Pro Group prior to the Offering will be deposited with the Escrow Agent under the Escrow Agreement.

All Common Shares acquired on exercise of stock options (excluding the Agent's Warrant) prior to the Completion of the Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of the Qualifying Transaction by any person or Corporation who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation, which are or may be held in escrow:

Name and Municipality of Residence of Shareholder	Number of Common Shares Owned	Number of Common Shares held in escrow	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Offering
January Vandale Vancouver, BC	3,000,000	3,000,000	71.43%	48.39%
David De Witt Vancouver, BC	1,000,000	1,000,000	23.81%	16.13%
Christopher Cooper Vancouver, BC	100,000	100,000	2.38%	1.61%
Victoria McMillan North Vancouver, BC	100,000	100,000	2.38%	1.61%
<b>Total</b>	<b>4,200,000</b>	<b>4,200,000</b>	<b>100.00%</b>	<b>67.74%</b>

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a "Holding Company"), each Holding Company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a

change of control of the Holding Company, without the consent of the Exchange. Any Holding Company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the Holding Company. In addition, the Exchange may require an undertaking from any control person of the Holding Company not to transfer the shares of that Holding Company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange’s Tier I minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier I Issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier I of the Exchange.

The Exchange’s prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement each Non Arm’s Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Escrow Agent to immediately:

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on NEX, either:
  - (i) cancel all Seed Shares purchased by Non Arm’s Length Parties to the Corporation at a discount from the IPO price in accordance with Section 11.2(a) of the CPC Policy; or
  - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non Arm’s Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

### **Escrowed Securities on Qualifying Transaction**

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are “Value Securities”, then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the “**Value Security Escrow Agreement**”). “Value Securities” are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, then all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a “**Surplus Security Escrow Agreement**”).

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow.

In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 3 year escrow release mechanism with:

- (a) 5% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin and an additional 5% releasable on the first six month anniversary of the Final Exchange Bulletin;
- (b) 10% of the escrowed securities being releasable in six month intervals on each of the 12 and 18 month anniversaries after the Final Exchange Bulletin;
- (c) 15% of the escrowed securities being releasable in six month intervals on each of the 24 and 30 month anniversaries after the Final Exchange Bulletin; and
- (d) 40% of the escrowed securities being releasable on the 36 month anniversary after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18 month escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;
- (b) 20% of the escrowed securities being releasable on the first 6 month anniversary after the Final Exchange Bulletin;
- (c) 30% of the escrowed securities being releasable on the 12 month anniversary after the Final Exchange Bulletin; and
- (d) 40% of the escrowed securities being releasable on the 18 month anniversary after the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the Policies of the Exchange; or
- (b) private placement is announced concurrently with the Agreement in Principle, and:
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,

- (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
- (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

### PRINCIPAL SHAREHOLDERS

The following table lists the holdings of those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares <sup>(1)</sup>	Percentage of Common Shares Owned Before Offering	Common Shares Owned After the Offering	
				Percentage <sup>(2)</sup>	Percentage Assuming Exercise of all Options <sup>(3)</sup>
January Vandale Vancouver, BC	Direct	3,000,000	71.43%	48.39%	46.18%
David De Witt Vancouver, BC	Direct	1,000,000	23.81%	16.13%	15.65%

Notes:

- (1) These Common Shares are all to be held in escrow. See “Escrowed Securities”.
- (2) Before giving effect to the exercise of the Agent’s Warrant or the exercise of the Stock Options and assuming that the above shareholder does not acquire any additional Common Shares under the Offering.
- (3) The figures given in this column assume that the Agent’s Warrant to purchase up to 200,000 common shares and Stock Options to purchase up to 150,000 Common Shares described in “Options” have been fully exercised – which would result in the issued and outstanding Common Shares of the Corporation being increased to 6,550,000 Common Shares. For purposes of this calculation, each director and officer is assumed to have exercised all options held by such director and officer.

### DIRECTORS, OFFICERS AND PROMOTERS

The following are the names and municipalities of residence of the directors, officers and promoters of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years.

#### Name, Address, Occupation and Security Holdings

Name and Municipality of Residence	Position with Corporation	Age	Security Holdings
January Vandale <sup>(1)</sup> Vancouver, BC	Chief Executive Officer, Corporate Secretary and Director	41	3,000,000 Common Shares 25,000 Options
Victoria McMillan Vancouver, BC	Chief Financial Officer	36	100,000 Common Shares 75,000 Options
Christopher Cooper <sup>(1)</sup> Vancouver, BC	Director	47	100,000 Common Shares 25,000 Options
David De Witt <sup>(1)</sup> Vancouver, BC	Director	65	1,000,000 Common Shares 25,000 Options

Notes:

- (1) Member of the Audit Committee. The Corporation does not have a compensation, nominating or corporate governance committee.

All of the directors currently have employment outside of the Corporation. Each of the directors of the Corporation has agreed to devote as much of his time to the business and affairs of the Corporation as necessary to complete the Corporation's Qualifying Transaction. In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high standard of management. The Directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset within twenty-four (24) months of the closing of this offering.

The directors and officers of the Corporation currently own or control, directly or indirectly, 4,200,000 Common Shares or 100% of the issued and outstanding Common Shares and will own 67.74% of the issued and outstanding Common Shares upon completion of the Offering. For particulars of the shareholdings of the directors and officers, see "Principal Shareholders".

The following is a brief description of the background of the directors and officers of the Corporation:

**January Vandale, B.A.Sc., Chief Executive Officer, Corporate Secretary and Director (Age 41)**

January Vandale is an engineer with 10 years experience in areas including project management, project engineering and quality engineering. She holds a B.A.Sc. in Chemical Engineering from the University of British Columbia and is a Professional Engineer with APEG BC. Ms. Vandale previously worked as a Senior Project Manager at SNC Lavalin Operations and Maintenance, where she oversaw all phases of a multi-million dollar portfolio of construction projects in the public sector. In her role at SNC Lavalin, she gained substantial experience in controlling budgets and managing schedules. Prior to joining SNC Lavalin she worked as a Project Engineer at Powertech Labs, a subsidiary of BC Hydro, and worked with major car manufactures like Ford Motor Company and Daimler Chrysler, in testing new products for the hydrogen and natural gas automotive markets. She also held the position of Quality Engineer at Dynetek Industries in Calgary where she worked closely with international regulatory agencies to obtain certification for compressed gas fuel storage cylinders in North America, Japan and Germany.

It is anticipated that Ms. Vandale's involvement with the Corporation will be part-time, approximating 25% of her time, on average.

**Victoria McMillan, Chief Financial Officer (Age 36)**

Victoria McMillan has extensive financial and public company experience. Ms. McMillan currently serves as Chief Financial Officer of Royalty North Partners Ltd. and has held this position since October 2017. Ms. McMillan served as Vice-President Finance of Asanko Gold Inc. (TSX), a mining company with operations in Ghana, from February 2016 to September 2017, and as a Financial Controller at Primero Mining Corp. (TSX), a mining company with operations in Canada and Mexico, from August 2010 until February 2015. Ms. McMillan previously worked at PriceWaterhouseCoopers in various roles, including as Senior Manager.

Ms. McMillan holds a Bachelor of Arts degree in Management Studies, Business Administration and Management from Nottingham University. She is a registered Chartered Accountant in England and Wales and British Columbia.

It is anticipated that Ms. McMillan's involvement with the Corporation will be part-time, approximating 25% of her time, on average.

### **Christopher Cooper, B.A., MBA, Director (Age 47)**

Chris Cooper has over 20 years of experience in management and finance in the oil and gas, mining and technology industries.

Mr. Cooper received his B.A. from Hofstra University and his M.B.A. from Dowling College, both in New York State.

He has been involved in the creation and funding of several oil and gas issuers including Choice Resources Corp., an intermediate oil and gas producer before it was taken over in August 2007 by Buffalo Resources Corp. Mr. Cooper also sits on the board of other junior public companies, including: Counterpath Corporation; Westridge Resources Inc. (CSE); Bullion Gold Resources Corp. (TSX.V); and Planet Mining Exploration Inc. (TSX.V). He has sat on the audit committee of many public companies in several different industry sectors and has a broad comprehensive knowledge of financial reports.

It is anticipated that Mr. Cooper's involvement with the Corporation will be part-time, approximating 25% of his time, on average.

### **David De Witt, Director (Age 65)**

**David De Witt** is a founder and the Chairman of Pathway Capital. David has extensive experience in the areas of corporate and securities law, as well as mergers and acquisitions. David was a director of Peru Copper which was sold to Chinalco for \$860 million in 2007. In addition, he has a proven track record in taking companies from incorporation through initial funding rounds to ultimately an IPO or sale. He also spent 15 years as a practicing lawyer specializing in corporate and securities law, initially with Clark Wilson in Vancouver and thereafter as a founding partner in his own law firm. David holds a Bachelor of Commerce degree and a Bachelor of Law degree from the University of British Columbia. Current positions include Bear Creek Mining (Director) and Sandstorm Gold (Chairman & Director).

It is anticipated that Mr. De Witt's involvement with the Corporation will be part-time, approximating 25% of his time, on average.

### **Other Reporting Issuer Experience**

The following table sets out the directors, officers and promoter(s) of the Corporation that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>	<b>From (MM/YY)</b>	<b>To (MM/YY)</b>
January Vandale	N/A				
Christopher Cooper	Counterpath Corporation	TSX/OTCBB	Director	08/05	Present
	Edge Resources Inc.	TSXV	Director	06/08	04/16
	Northern Sun Exploration Company Inc.	TSXV (now delisted)	Director/Officer	04/03	Present

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From (MM/YY)	To (MM/YY)
	Turnberry Resources Ltd. (now Equinox Gold Corp.)	TSXV	Director	01/11	04/14
	Aroway Energy Inc.	TSXV	Director/Officer	07/10	Present
	Inform Resources Corp.	TSXV	Director/Officer	09/13	05/15
	Westridge Resources Inc.	CSE	Director/Officer	11/15	Present
	Planet Mining Exploration Inc. (now Planet Ventures Inc.)	TSXV	Director	01/16	Present
	Bullion Gold Resources Corp.	TSXV	Director/Officer	08/15	Present
	Magnitude Mining Ltd.	CPC	Director	05/18	Present
David De Witt	Sandstorm Gold Ltd.	TSX	Director/Chairman	04/04	Present
	Bear Creek Mining Corporation	TSX	Director	04/03	Present
	Bluefire Mining Corp.	TSXV	Director/Officer	03/11	06/15
	Sandstorm Metals & Energy Ltd.	TSXV	Director	01/10	06/14
	Turnberry Resources Ltd. (now Equinox Gold Corp.)	TSXV	Director/Officer	01/11	04/14
Victoria McMillan	Primero Mining Corp.	TSX	Financial Controller	08/10	02/15
	Asanko Gold Inc.	TSX	Vice President Finance	02/16	09/17
	Magnitude Mining Ltd.	CPC	Chief Financial Officer	05/18	Present

### Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director, officer, Insider or promoter of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is or has, within the last 10 years, been a director, officer, Insider or promoter of any issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person, except as disclosed below.

Chris Cooper was formerly a director of Copacabana Capital Limited, a financial services company incorporated under the laws of and managed in Bermuda. The British Columbia Securities Commission issued an order on May 9, 2006 and the Alberta Securities Commission issued an order on September 13, 2006 that Copacabana Capital Limited be cease traded due to failure to file certain financial information. Copacabana Capital Limited remains under the cease trade orders as at the date of this Prospectus.

Mr. Cooper is also the President and Chief Executive Officer of Reparo Energy Partners Corp., formerly Northern Sun Exploration Company Inc., a company traded on the TSX-V. On December 23, 2008, trading in the

common shares of this company was halted for failure to maintain a transfer agent but trading of common shares on the TSX-V resumed on December 23, 2008. The British Columbia Securities Commission issued an order on March 11, 2009 and the Alberta Securities Commission issued an order on March 6, 2009 that Reparo Energy Partners Corp. be cease traded due to failure to file certain financial information and it remains under the cease trade orders as at the date of this Prospectus.

Mr. Cooper is also the President and Chief Executive Officer of Aroway Energy Inc., a company traded on the TSX-V. A cease trade order has been issued by the British Columbia Securities Commission on January 4, 2016 against Aroway Energy Inc. for failing to file its annual audited financial statements, interim financial report and related management's discussion and analysis. Aroway Energy Inc. remains under the cease trade order as at the date of this Prospectus.

Mr. DeWitt is an Insider of Colossus Minerals Inc., a company traded on the TSX. The Ontario Securities Commission issued an order on April 29, 2014 that Colossus Minerals Inc. be cease traded due to failure to file certain financial information.

### **Penalties or Sanctions**

None of the directors, officers, Insiders or promoters of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation or a personal holding company of such persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed by a court or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

### **Individual Bankruptcies**

None of the directors, officers, Insiders or promoters of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation or a personal holding company of such persons is or has, during the past 10 years, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### **Indebtedness of Directors and Officers**

None of the directors, officers and promoters of the Corporation or any of their respective Associates or Affiliates has been indebted to the Corporation since the date of the Corporation's incorporation.

### **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers, Insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some or all of the directors, officers, Insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

## EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;
  - (ii) consulting fees;
  - (iii) management contract fees or directors' fees;
  - (iv) finders fees;
  - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). There have been no such reimbursements since incorporation of the Corporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation may also be granted the Stock Options. See "Options to Purchase Securities".

Following the Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its directors and officers. However, no payment, other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction. See "Relationship Between the Corporation and Professional Persons".

## RELATED PARTY TRANSACTIONS

There are no material transactions with the directors, officers, promoters or principal holders of the Corporation's securities, or Associates or Affiliates of such persons, that have occurred since the date of incorporation of the Corporation.

## DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 34% or \$0.034 per Common Share on the basis of there being 6,200,000 Common Shares of the Corporation issued and outstanding following completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised

by this prospectus and from sales of securities prior to the filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Gross proceeds of prior share issues	\$210,000
Gross proceeds of this Offering	\$200,000
Total gross proceeds after this Offering	\$410,000
Offering price per share	\$0.10
Gross proceeds per share after this Offering	\$0.066
Dilution per share to subscriber	\$0.034
Percentage of dilution in relation to offering price	34%

### ELIGIBILITY FOR INVESTMENT

In the opinion of Thorsteinssons LLP, special Canadian tax counsel to the Corporation, based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations to the Tax Act in force on the date hereof, provided the Common Shares are listed on a "designated stock exchange" (as such term is defined in the Tax Act and which currently includes the Exchange) or the Corporation is otherwise a "public corporation" (as such term is defined in the Tax Act) at the particular time, the Common Shares will at that time be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") or tax-free savings accounts ("**TFSAs**" and collectively the "**Tax Deferred Plans**").  **Holders who intend to hold Common Shares in a Tax Deferred Plan should consult their own tax advisors regarding whether such securities are a "qualified investment" at the relevant time for such Tax Deferred Plan.**

**The Common Shares are not currently listed on a designated stock exchange.** It is counsel's understanding that the Corporation has applied to list the Common Shares on the Exchange shortly before the Closing Date, followed by an immediate halt in trading of the Common Shares in order to allow the Corporation to satisfy the conditions of the Exchange and to have the Common Shares listed and posted for trading prior to the issuance of the IPO Shares on the Closing Date. The Corporation must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the IPO Shares on the Closing Date and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the Exchange at the time the IPO Shares are issued on the Closing Date. If the Common Shares are not listed on a designated stock exchange (which currently includes the Exchange) at the time the IPO Shares are issued on the Closing Date and the Corporation is not otherwise a "public corporation" at that time, the Common Shares will not be "qualified investments" under the Tax Act for the Tax Deferred Plans at that time.

Notwithstanding that the Common Shares may be qualified investments for a TFSA, RRSP, RRIF, RDSP or RESP (a "**Registered Plan**"), the holder, the subscriber or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax if such Common Shares are a "prohibited investment" for the purposes of the Tax Act. The Common Shares will generally be a "prohibited investment" for a Registered Plan if the holder, subscriber or annuitant, as the case may be, (a) does not deal at arm's length with the Corporation for the purposes of the Tax Act, or (b) has a "significant interest" (as defined in the Tax Act) in the Corporation.  **Holders, subscribers and annuitants should consult their own tax advisors with respect to whether the Common Shares would be a "prohibited investment" as defined in the Tax Act.**

**RISK FACTORS**

A purchase of Common Shares of the Corporation will be highly speculative and the purchaser's investment and the Corporation are subject to substantial risks, including the following, which list is not exhaustive:

- (a) the Corporation has a limited operating history, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by this Prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "*Conflicts of Interest*";
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of \$0.034 per Common Share or 34% as set forth under "*Dilution*" above;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading

provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;

- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the Listing Date;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and
- (q) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

#### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any actual or pending material legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are or are likely to be subject. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The Corporation is not a "connected issuer" or a "related issuer", as those terms are defined in National Instrument 33-105 *Underwriting Conflict*, of the Agent.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

As of the date hereof, no "professional person" (including the Corporation's auditor, a responsible solicitor or any partner of a responsible solicitor's firm nor any such person) holds any beneficial interest, direct or indirect,

in any securities or properties of the Corporation or an Associate or Affiliate of the Corporation. In addition, no “professional person” is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors and officers have acquired a total of 4,200,000 Common Shares of the Corporation and a total of 150,000 Common Shares have been reserved for stock options to be granted to directors and officers of the Corporation. See “Options to Purchase Securities”.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Charlton & Company, LLP, Chartered Professional Accountants, 1735 – 555 Burrard Street, Vancouver, B.C., V7X 1M9.

The transfer agent and registrar of the Corporation is Odyssey Trust Company, 835 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to subscribers for Common Shares since incorporation except:

- (a) Agency Agreement dated ●, 2018 between the Corporation and the Agent, referred to under “Plan of Distribution”;
- (b) Transfer Agent and Registrar Agreement dated April 4, 2018 between the Corporation and Odyssey Trust Company;
- (c) Incentive Stock Option Plan referred to under “Options to Purchase Securities”; and
- (d) Escrow Agreement dated ●, 2018 between the Corporation, Odyssey Trust Company and the shareholders described above to under “Escrowed Securities”.

Copies of these agreements will be available for inspection at the law office of the Corporation, 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter. Copies of these agreements are also available on the SEDAR at [www.sedar.com](http://www.sedar.com).

### **OTHER MATERIAL FACTS**

To management’s knowledge, there are no other material facts about the Common Shares being distributed under this prospectus that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

### **DIVIDEND POLICY**

To date, the Corporation has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, the financial condition of the Corporation and other factors which the Board of Directors of the Corporation may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

### **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in the provinces of British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**Fusion Gold Ltd**  
**(A Capital Pool Company)**

**FINANCIAL STATEMENTS**

**Year ended December 31, 2017**

p | 604.683.3277  
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SUITE 1735, TWO BENTALL CENTRE  
555 BURNARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9



**charlton & company**  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Directors of  
Fusion Gold Ltd.

We have audited the financial statements of Fusion Gold Ltd., which comprise the statement of financial position as at December 31, 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2017, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Fusion Gold Ltd. at December 31, 2017 and its financial performance and cash flows for the year ended December 31, 2017 in accordance with IFRS.

### Emphasis of Matters

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has incurred losses to date. This condition raises doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

*"Charlton & Company"*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
April 23, 2018

**FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017 AND DECEMBER 31, 2016

(Expressed in Canadian dollars)

	Note	December 31, 2017 \$ (Audited)	December 31, 2016 \$ (Reviewed)
<b>ASSETS</b>			
Cash		5,824	6,323
<b>Total assets</b>		<b>5,824</b>	<b>6,323</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		3,494	449
<b>Long-term</b>			
Notes payable	6	40,000	40,000
<b>Total liabilities</b>		<b>43,494</b>	<b>40,449</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	1	1
Deficit		(37,671)	(34,127)
<b>Total shareholders' equity</b>		<b>(37,670)</b>	<b>(34,126)</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,824</b>	<b>6,323</b>

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 9)

Approved by the Board of Directors on April 23, 2018

*"David DeWitt"**Director**"Christopher Cooper"**Director*

The accompanying notes form an integral part of these financial statements.

**FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

	Note	Year ended December 31, 2017 \$ (Audited)	Year ended December 31, 2016 \$ (Reviewed)
<b>Operating Expenses</b>			
General and administrative expenses	6	3,544	93
<b>Net loss and comprehensive loss for the period</b>		<b>3,544</b>	<b>93</b>
<b>Net loss per share</b>			
Basic and diluted		3,544	93
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	5	<b>1</b>	<b>1</b>

The accompanying notes form an integral part of these financial statements.

**FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

	<b>Share capital (Number of shares – fully paid)</b>	<b>Share capital \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
Balance, December 31, 2015	1	1	(34,034)	(34,033)
Net loss for the period		-	(93)	(93)
<b>Balance, December 31, 2016 (Reviewed)</b>	<b>1</b>	<b>1</b>	<b>(34,127)</b>	<b>(34,126)</b>
Net loss for the period		-	(3,544)	(3,544)
<b>Balance, December 31, 2017 (Audited)</b>	<b>1</b>	<b>1</b>	<b>(37,671)</b>	<b>(37,670)</b>

The accompanying notes form an integral part of these financial statements.

**FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

	Note	For the year ended December 31, 2017 \$ (Audited)	For the year ended December 31, 2016 \$ (Reviewed)
<b>Cash flows provided by (used in)</b>			
<b>Operating Activities</b>			
Net loss		(3,544)	(93)
Changes in non-cash working capital:			
Accounts payable and accrued liabilities	6	3,045	45
		(499)	(48)
<b>Increase (decrease) in cash for the period</b>		<b>(499)</b>	<b>(48)</b>
Cash - beginning of period		6,323	6,371
<b>Cash - end of period</b>		<b>5,824</b>	<b>6,323</b>

The accompanying notes form an integral part of these financial statements.

# **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

## **1. Nature of operations and going concern**

### *Nature of operations*

Fusion Gold Ltd. (the "Company" or "Fusion") was incorporated under the British Columbia Business Corporations Act on April 16, 2007. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction ("QT") and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

### *Going concern*

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has no operations at this time which will generate revenue, and there is no assurance that the Company will identify a QT under the policies of the Exchange. If a QT is not completed, the Company will need to identify other sources of finance to remain as a going concern. These circumstances have resulted in a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. The Company has incurred losses from inception, and has an accumulated deficit of \$37,671 (2016 - \$34,127).

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

## **2. Basis of presentation and significant accounting policies**

### *Statement of Compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

### *Basis of Presentation*

These financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value, as explained in the accounting policies set out below. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

### *Significant accounting policies*

#### *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

### *Financial assets*

The Company adopted IFRS 9 Financial Instruments on January 1, 2017. IFRS 9 replaces the Company's previous application of IAS 39 Financial Instruments: Recognition and Measurement. The Company adopted the standard retrospectively with the date of initial application of January 1, 2016 with no restatement of prior periods. This adoption did not have any impact on the Company's deficit at January 1, 2016.

### *Classification*

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost.

### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through OCI ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

### *Financial liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to

## **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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financial liabilities at FVTPL are presented as follows: the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities, are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### ***Income (loss) per share***

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. For this purpose, the treasury stock method is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the period.

### ***Income Taxes***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A valuation allowance is recorded against any deferred tax asset if it is not probable to be utilized against future taxable profit.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

### ***Share issuance costs***

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

### ***Changes in accounting standards***

There were no new standards effective January 1, 2017 that had any impact on these financial statements or are expected to have a material effect in the future. The following standards and interpretations have been issued but are not yet effective as of December 31, 2017.

### ***Revenue recognition***

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the

## **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 has an effective date of January 1, 2018. The Company has assessed the impact of IFRS 15 and has concluded that it is not expected to have a significant impact on its financial statements.

### ***Share-based Payment***

In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provides guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has assessed the impact of the amendments to IFRS 2 and has concluded that it is not expected to have a significant impact on its financial statements.

### ***Leases***

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has assessed the impact of IFRS 16 and has concluded that it is not expected to have a significant impact on its financial statements.

## **3. Significant Accounting Estimates and Judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgments and estimates have been applied in these financial statements:

### ***Judgments***

The measurement of deferred income tax assets and liabilities.

### ***Estimations***

The evaluation of the Company's ability to continue as a going concern.

## **4. Taxation**

### ***Reconciliation of Effective Tax Rate***

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2017 and 2016 at a rate of 26.00%. The Company had no assessable profit in Canada for all periods disclosed.

The tax expense at statutory rates for the Company can be reconciled to the reported loss for the year per the Statement of Loss and Comprehensive Loss as follows:

## FUSION GOLD LTD.

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

	<b>For the year ended December 31, 2017 \$ (Audited)</b>	For the year ended December 31, 2016 \$ (Reviewed)
Net loss before income taxes	<b>3,544</b>	93
Statutory income tax rate	<b>26.00%</b>	26.00%
Income tax recovery	<b>921</b>	24
Current year loss for which no asset recognized	<b>(921)</b>	(24)
Total income tax expense	-	-

### *Deferred Income Taxes*

As at December 31, 2017, the Company had non-capital tax losses of approximately \$37,671 available for carry-forward to reduce future years' taxable income (2016 - \$34,127). These non-capital losses expire between 2027 and 2037. None of the non-capital losses have been recognized in these financial statements.

## 5. Share Capital and Reserves

### a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

### b) Issued and Outstanding:

The Company issued one share to a Director of the Company for \$1 on the date of incorporation, being April 16, 2007. No other shares have been issued since this date and to December 31, 2017.

## 6. Related party transactions

In 2007, Pathway Capital Ltd ("Pathway"), a company where the shareholder and Director of Fusion, is a shareholder, director, and officer, loaned Fusion \$40,000. This loan is non-interest-bearing, has no fixed repayment date and no covenants attached to it. The full amount is outstanding as of December 31, 2016 and 2017. In addition, during the period from incorporation until December 31, 2017, Pathway paid certain general and administration expenses on behalf of Fusion. In the year ending December 31, 2017, Pathway paid \$45 on behalf of Fusion (2016 - \$45). Fusion records this amount as an amount payable to Pathway; as at December 31, 2017, Fusion has a balance of \$494 owing to Pathway (2016 - \$449).

Key management personnel consists of officers and directors of the Company. No compensation was paid to key management personnel during the years ended December 31, 2017 or 2016.

## 7. Financial Instruments

As at December 31, 2017, the Company's financial instruments consist of cash accounts payable and accrued liabilities, and the long-term loan. The Company classifies cash as loans and receivables and is held at amortized cost. The Company classifies accounts payable and accrued liabilities and the long-term loan as other financial liabilities and these are held at amortized cost.

## **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

All of the Company's financial instruments are considered to be Level 1 within the fair value hierarchy (as discussed below).

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during 2017 or 2016.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

The Company's financial asset is cash. The Company's maximum exposure to credit risk, as at period end, is the carrying value of its financial asset. The Company holds its cash balance with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Post year-end 2017, the Company raised financing of \$210,000 and is in the process of conducting an IPO to raise additional funds (note 9). The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings. Refer to note 1, Nature of Operations and Going Concern.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation and until December 31, 2017; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

## **8. Capital management**

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT. In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses, and obtain shareholder approval for a QT, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, or \$210,000, may be used for purposes other than such identification and evaluation of businesses or assets. These restrictions apply until completion of a QT by the Company as defined under Policy 2.4 of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval to list its shares on the Exchange.

## **FUSION GOLD LTD.**

(CAPITAL POOL COMPANY)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Expressed in Canadian dollars unless otherwise stated

### **9. Subsequent Events**

On February 07, 2018, certain directors and officers of the Company subscribed for 4,200,000 common shares of Fusion at \$0.05 per share, for a total receipt of \$210,000.

Also on February 07, 2018, the Company repurchased the one share issued to a Director of the Company for \$1 on the date of incorporation, April 16, 2007 and cancelled it.

On February 13, 2017, the Company entered into an engagement letter with Canaccord Genuity Corp. (the “Agent”) to act as the exclusive agent on a commercially reasonable efforts basis, with respect to an Initial Public Offering (the “Offering”). The Company has agreed to offer 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company will pay the agent a cash commission of 10% of the gross proceeds of the Offering and will pay corporate finance fee consisting of \$10,000 cash and all reasonable out-of-pocket costs up to \$15,000. In addition, the Company has also agreed to grant non-transferable agent’s warrants to the Agent entitling the Agent to purchase 10% of the number of common shares sold under the Offering at a price of \$0.10 for a period of two years from the date of closing the offering.

**CERTIFICATE OF THE CORPORATION**

Dated: May 14, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Alberta.

**ON BEHALF OF THE BOARD OF DIRECTORS**

"January Vandale "

January Vandale  
Chief Executive Officer, Corporate Secretary  
and Director

"Victoria McMillan

Victoria McMillan  
Chief Financial Officer

"Christopher Cooper"

Christopher Cooper  
Director

"David De Witt"

David De Witt  
Director

