Fusion Gold Ltd
(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED

Three and six months ended June 30, 2018 and 2017

Reader's Note

These unaudited condensed interim financial statements of Fusion Gold Ltd have been prepared by management and have not been reviewed by the Company's auditors.

FUSION GOLD LTD.

(CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018 AND DECEMBER 31, 2017
(Expressed in Canadian dollars - Unaudited)

	Note	June 30, 2018 $	December 31, 2017 $
ASSETS			
Cash		**187,021**	5,824
Deferred financing fees	**5**	**21,178**	-
Accounts receivable		**694**	-
Total assets		**208,893**	5,824
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**6**	**2,802**	3,494
Long-term			
Note payable	**6**	**40,000**	40,000
Total liabilities		**42,802**	43,494
SHAREHOLDERS' EQUITY			
Share capital	**4**	**210,000**	1
Deficit		**(43,909)**	(37,671)
Total shareholders' equity		**166,091**	(37,670)
Total liabilities and shareholders' equity		**208,893**	5,824

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 9)

Approved by the Board of Directors on September 11, 2018

"January Vandale" ***"David De Witt"***

Director ***Director***

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

FUSION GOLD LTD.
(CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Expressed in Canadian dollars - Unaudited)

	Note	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Operating and Administrative Expenses					
Professional fees		**1,937**	-	**5,663**	-
Other general and administrative fees		**229**	57	**575**	64
Net loss and comprehensive loss for the period		**2,166**	57	**6,238**	64
Net loss per share					
Basic and diluted		**0.00**	57.00	**0.00**	64.00
Weighted average number of common shares outstanding (basic and diluted)	**4**	**4,200,000**	1	**3,318,232**	1

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

FUSION GOLD LTD.
(CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Expressed in Canadian dollars - Unaudited)

	Note	Share capital (Number of shares – fully paid)	Share capital $	Deficit $	Total $
Balance, December 31, 2016		1	1	(34,127)	(34,126)
Net loss for the period		-	-	(64)	(64)
Balance, June 30, 2017		**1**	**1**	**(34,191)**	**(34,190)**
Balance, December 31, 2017		1	1	(37,671)	(37,670)
Private placement	**4**	4,200,000	210,000	-	210,000
Share repurchase	**4**	(1)	(1)	-	(1)
Net loss for the period		-	-	(6,238)	(6,238)
Balance, June 30, 2018		**4,200,000**	**210,000**	**(43,909)**	**166,091**

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

FUSION GOLD LTD.
(CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Expressed in Canadian dollars - Unaudited)

	Note	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Cash flows provided by (used in)					
Operating Activities					
Net loss		**(2,166)**	(57)	(6,238)	(64)
Changes in non-cash working capital:					
Accounts payable and accrued		**(63)**	45	(692)	45
Accounts receivable		**2,531**	-	(694)	-
		2,468	45	(1,386)	45
Financing activities					
Proceeds received from private placement	**4**	**-**	-	210,000	-
Financing fees	**5**	**(8,678)**	-	(21,178)	-
Share repurchase	**4**	**-**	-	(1)	-
		(8,678)	-	188,821	-
Increase (decrease) in cash for the period		**(8,376)**	(12)	181,197	(19)
Cash - beginning of period		**195,397**	6,316	5,824	6,323
Cash - end of period		**187,021**	6,304	187,021	6,304

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

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.

On May 14, 2018, the Company filed a preliminary prospectus in relation to the offering of 2,000,000 common shares of the Company ("the Offering"). The preliminary prospectus set forth the Company's intention to offer 2,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $200,000. Should the Offering close, the Company will pay the agent a cash commission of 10% of the gross proceeds of the Offering and will pay a corporate finance fee consisting of $10,000 cash and all reasonable out-of-pocket costs up to $15,000. In addition, the Company would 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.

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 condensed interim 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, has working capital of $184,913 (December 31, 2017 - $2,330) and has an accumulated deficit of $43,909 as at June 30, 2018 (December 31, 2017 - $37,671).

The condensed interim 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 condensed interim 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 condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", using accounting policies consistent 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"). These condensed interim financial statements do not include all the necessary annual disclosures in accordance with IFRS, and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2017.

The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual financial statements for the year ended December 31, 2017.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value. The condensed interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

Changes in accounting standards

Effective January 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers and the amendments to IFRS 2, Share-Based Payments. The adoption of IFRS 15 and the amendments to IFRS 2 did not have an impact on the Company's 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 condensed interim 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 are consistent with those applied in the audited annual financial statements for the year ended December 31, 2017.

4. 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:

On February 7, 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. No costs were incurred in connection with this share issuance. Also, on February 7, 2018, the Company repurchased the one share previously outstanding at face value and at the same time reduced its issued and outstanding common shares accordingly by one share. As at June 30, 2018, there were 4,200,000 common shares of the Company outstanding.

5. Deferred financing fees

On February 14, 2018, 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") (note 1). During the three months ended March 31, 2018, the Company paid $12,500 to the Agent, representing 50% of the corporate finance fee and a retainer of $7,500 in relation to legal and other out-of-pocket expenses incurred by the Agent. In addition, during the three months ended June 30, 2018, the Company incurred $8,678 in filing fees relating to both the preliminary and final prospectus of the Company (notes 1 and 9). These expenses have currently been recorded as an asset until such time as the IPO closes, at which point they shall be reclassified as a deduction from equity.

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 was outstanding as of June 30, 2018 and December 31, 2017. In addition, during the period from incorporation until December 31, 2017, Pathway paid certain general and administration expenses on behalf of Fusion; no such payments were made by Pathway in the three and six months ended June 30, 2018 (2017 - $nil and $45 respectively). Fusion records this amount as an amount payable to Pathway; as at June 30, 2018 and December 31, 2017, Fusion has an accounts payable balance of $494 owing to Pathway.

Key management personnel consists of officers and directors of the Company. No compensation was paid to key management personnel during the three and six months ended June 30, 2018 or 2017.

7. Financial Instruments

As at June 30, 2018, the Company's financial instruments consist of cash, accounts receivable, accounts payable and the long-term loan. The Company classifies cash and receivables as financial assets measured at amortized cost. The Company classifies accounts payable and the long-term loan as financial liabilities held at amortized cost.

The fair value of these financial instruments is equal to their carrying value unless otherwise noted.

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

(a) Credit risk

The majority of the Company's financial assets is cash. The Company holds all cash balances 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. 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 (note 1).

(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 June 30, 2018; 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.

9. Subsequent Events

On July 9, 2018, the Company filed a final prospectus in relation to the Offering of 2,000,000 common shares of the Company. 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. Should the Offering close, 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 would 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.

On July 11, 2018, the Company received a filing receipt from the British Columbia Securities Commission confirming that the final prospectus had been received and had met the conditions of Multilateral instrument 11-102, under which it was filed.