

Fusion Gold Announces Termination of Definitive Agreement and New Letter Agreement with Battery Minerals

Vancouver, British Columbia--(Newsfile Corp. - December 9, 2019) - Fusion Gold Ltd. (TSXV: FML.P) ("**Fusion**" or the "**Company**"), has terminated its previously announced binding scheme implementation agreement dated October 11, 2019 (the "**Definitive Agreement**") with Battery Mineral Resources Limited, an Australian incorporated entity ("**Battery Limited**") and a support agreement also dated October 11, 2019 with Weston Energy LLC. ("**Weston**") and, as a result, has received an expense reimbursement fee of C\$150,000.

The Definitive Agreement was terminated as a result of Battery Limited commencing a voluntary administration process under the *Corporations Act, 2001* (Cth) (Australia). The assets of Battery Limited have now been acquired by Battery Mineral Resources Corp. ("**New Battery**"), a new entity incorporated under the laws of British Columbia by Weston. Further to the termination of the Definitive Agreement, New Battery, Weston and Fusion have entered into a new letter agreement dated December 5, 2019 (the "**Letter Agreement**") in respect of a transaction substantially similar to that contemplated by the Definitive Agreement.

New Battery will carry on the same business as that previously carried on by Battery Limited, namely, the exploration and development of cobalt prospects in Canada, as well as other minerals critical to the lithium-ion battery market and energy storage sector.

The Letter Agreement sets out the principal terms upon which Fusion will acquire all of the issued and outstanding securities of New Battery (together with the related transactions and corporate procedures set out in the Letter Agreement, the "**Transaction**"), which, although are substantially similar to those announced by news releases dated September 3, 2019 and October 11, 2019 are, for completeness, set forth in detail below.

Fusion, after giving effect to the completion of the Transaction, is referred to in this News Release as the "**Resulting Issuer**".

As previously disclosed, Fusion is a "capital pool company" that completed its initial public offering in September 2018. The common shares of Fusion (the "**Fusion Shares**") are listed for trading on the TSX Venture Exchange (the "**TSXV**" or the "**Exchange**") under the stock symbol "FML.P". It is intended that the Transaction, when completed, will constitute the "qualifying transaction" of Fusion for the purposes of Policy 2.4 - *Capital Pool Companies* of the TSXV.

On closing of the Transaction, Fusion will change its name to "Battery Mineral Resources Inc." or such other similar name as New Battery may direct and which is acceptable to the Exchange and other applicable regulatory authorities.

From and upon completion of the Transaction, the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") will be listed under the trading symbol "BMR". Fusion and New Battery anticipate that, on closing of the Transaction, the Resulting Issuer will meet the TSXV's initial listing requirements for a Tier 1 or Tier 2 mining issuer.

The Letter Agreement was negotiated at arm's length. The terms and conditions outlined in the Letter Agreement are binding on the parties, and the Letter Agreement is expected to be superseded by a definitive agreement to be negotiated between Fusion, Weston and New Battery and entered into on or before December 19, 2019.

About New Battery

New Battery is a private company incorporated under the laws of British Columbia for the purposes of acquiring the assets of Battery Limited.

On or about November 10, 2019, Battery Limited commenced a voluntary administration process under the *Corporations Act, 2001* (Cth) (Australia). On or about December 5, 2019, New Battery acquired the assets of Battery Limited by way of the transfer of the issued and outstanding securities of the Battery Limited subsidiaries (the "**Shares**" and the "**Assets**", respectively) pursuant to the terms of a share sale agreement dated December 2, 2019 among New Battery, Weston and Battery Limited (the "**Share Sale Agreement**").

New Battery's principal property will be its Cobalt District Project, a significant aggregation of mineral exploration rights in Ontario and Québec comprising multiple target areas, with New Battery's focus being on the McAra and Gowganda prospects in Ontario, and the Fabré prospect in Québec. With historical exploration in the district having been primarily focused on silver, it is believed that the Cobalt District Project is underexplored for cobalt. New Battery intends to continue exploration and drilling activities at identified cobalt occurrences throughout the project area with the goal of defining additional mineral resources.

A technical report in respect of the Cobalt District Project will be filed in connection with the Transaction, which will include 2019 drilling results, and an update of the mineral resource estimate for the McAra prospect.

New Battery's head and registered office is located at 744 West Hastings St, Suite 400, Vancouver, BC V6C 1A5.

About Weston

Weston is a limited liability company formed under the laws of Delaware as an investment platform to acquire energy and natural resources assets. Weston's outstanding voting securities are owned by Yorktown Partners LLC and other investors. Yorktown Partners LLC is a private equity investment group based in New York City, which has deployed over US\$8 billion in energy related investments over the past 23 years. Weston currently holds all of the common shares of New Battery.

Following its exchange of New Battery Shares for Resulting Issuer Shares upon completion of the Transaction and completion of the Concurrent Financing (as described below) and the purchase of Fusion Shares under the Share Purchase Agreements (as described below), Weston is expected to be a "Control Person" (as that term is defined under TSXV policies) of the Resulting Issuer as it will own more than 20% of the Resulting Issuer Shares then outstanding.

Structure of the Transaction

Fusion and New Battery currently intend to effect the Transaction by way of a direct share exchange, pursuant to which Fusion will acquire all of the issued and outstanding securities of New Battery from the New Battery security holders in consideration for securities of Fusion, and New Battery will become a wholly-owned subsidiary of Fusion. Fusion and New Battery have agreed to cooperate with each other in structuring the Transaction in an efficient manner and the final Transaction structure may differ from that presented above following receipt of final tax, securities, corporate law and other advice.

The parties will negotiate in good faith to enter into a more detailed and definitive share exchange among each of the New Battery shareholders, Weston, Fusion and New Battery (the "**New Definitive Agreement**") in respect of the Transaction. The New Definitive Agreement will include customary terms and conditions (including representations and warranties regarding the Shares and Assets, covenants, conditions, and other provisions consistent with this Agreement) for a transaction of the nature of the Transaction and will include: (i) a covenant by each of Fusion, Weston and New Battery not to complete the Transaction unless the transactions contemplated by the Share Purchase Agreements (as defined below) have been completed or will be completed concurrently with the completion of the Transaction; and (ii) a guarantee by Weston of the obligations of New Battery.

The parties agreed to use commercially reasonable efforts to enter into the New Definitive Agreement on or before December 19, 2019.

Terms of the Transaction

In connection with the Transaction, Fusion intends to consolidate its common shares on a 2:1 basis (the "**Share Consolidation**").

Completion of the Transaction is subject to the satisfaction of certain conditions, including but not limited to: (i) receipt of all requisite regulatory approvals, orders, notices and consents to implement the Transaction including those of the Exchange; (ii) completion of the Concurrent Financing; and (iii) Fusion having affected the name change referred to above and the Consolidation.

Each of Fusion, Weston and New Battery has agreed to not, directly or indirectly, make, solicit, initiate, discuss, entertain, encourage, promote or facilitate any alternative transactions or enter into any agreement, arrangement or understanding related to any proposal with respect to any alternative transaction.

Subject to satisfaction or waiver of the conditions to the Transaction, Fusion and New Battery anticipate that the Transaction will be completed on or before March 15, 2020.

Each of Fusion and New Battery will bear its own costs in respect of the proposed Transaction, except that New Battery will pay all regulatory fees including those related to sponsorship, if applicable.

In the event the Transaction is not consummated for any reason other than as a result of Fusion exercising its right to terminate the Letter Agreement as a result of its due diligence review of New Battery, or the failure of Fusion to fulfill a material condition or obligation under the Letter Agreement or the New Definitive Agreement, New Battery has agreed to pay, or cause to be paid, to Fusion, C\$150,000, as an expense reimbursement.

Share Purchase Agreements

Concurrently with execution and delivery of the New Definitive Agreement, Weston will enter into share purchase agreements (the "**Share Purchase Agreements**") with David DeWitt and January Vandale (together, the "**Fusion Vendors**"). Under the Share Purchase Agreements, the Fusion Vendors will agree to sell and transfer to Weston, concurrently with the completion of the Transaction, an aggregate of 3,200,000 outstanding common shares of Fusion (prior to giving effect to the Consolidation) at a price of C\$0.08 per share. Those shares are currently held in escrow pursuant to an escrow agreement, dated June 19, 2018, among Fusion, the Fusion Vendors and Odyssey Trust Company of Canada as escrow agent.

Concurrent Financing

In connection with the Transaction, New Battery proposes to complete a "best efforts" private placement of: (i) flow-through common shares of New Battery; and (ii) common shares of New Battery, in each case, at a price to be determined in the context of market conditions but to, collectively, raise gross proceeds of at least C\$5 million. Shares issued under the private placement which shall be immediately exchanged for one post-Consolidation common share of Fusion upon closing of the Transaction (together, the "**Concurrent Financing**").

The net proceeds of the Concurrent Financing will be used by the Resulting Issuer for continued mineral exploration activities across its mineral properties, including drilling and resource development and general operating expenses. Finders' fees or commissions in cash or securities may be paid in connection with the Concurrent Financing.

The Resulting Issuer

Subject to finalization of the terms of the Concurrent Financing, after giving effect to the (i) Consolidation, (ii) the Concurrent Financing; and (iii) the issuance of common shares to Weston and others in connection with the organization of New Battery (including the acquisition of the Assets), it is anticipated that there will be an aggregate of approximately 100 million shares issued in the Resulting Issuer.

Directors, Management and Insiders

Upon completion of the Transaction, it is expected that the management of the Resulting Issuer will consist of Lazaros Nikeas, Ronald Phillips, Jack Cartmel, Peter Doyle, and Dr. Henry Sandri. It is anticipated that the board of directors of the Resulting Issuer will consist of Lazaros Nikeas, Dr. Stephen Dunmead, John Kiernan, and one additional New Battery nominee. All directors and officers of Fusion will resign at the closing of the Transaction.

The following individuals are expected to be directors or senior officers of the Resulting Issuer:

Lazaros Nikeas - Chief Executive Officer and Director

Mr. Nikeas is the current Chief Executive Officer of New Battery and was appointed to the board of directors of New Battery (the "**Battery Board**") on December 2, 2019. He is currently a principal investment manager for Weston, a portfolio company of New York private equity group, Yorktown Partners LLC. Prior to this, he was a Partner of Traxys Capital Partners, a private equity vehicle focused on mining, chemicals and industrial investments in partnership with The Carlyle Group. Before moving into private equity, he served as the Head of Corporate Finance Advisory for Materials, Mining and Chemicals for North America for BNP Paribas for five years. Other investment banking roles included Partner in Mergers & Acquisitions Advisory at Hill Street Capital for eight years and as a Corporate Finance Analyst at Morgan Stanley, where he began his career. Altogether, he has advised on over US\$25 billion of mergers and acquisitions transactions. Mr. Nikeas holds a Bachelor of Arts from Amherst College in Massachusetts, U.S.

Ronald Phillips - Vice President, Business Development

Mr. Phillips is currently a principal at Weston. Mr. Phillips has 20 plus years of experience investing in energy and materials, including as the fund manager for the US\$600 million DKR Capital Event Driven Fund between 2002 and 2008. Prior to his role at DKR, Mr. Phillips co-managed the Weiss, Peck & Greer Merger Arbitrage Fund and he was a Vice President at ING Barings Furman Selz.

After attaining his Bachelor's degree from Brown University and his J.D. from Stanford Law School, Mr. Phillips served as a Captain in the U.S. Army Judge Advocate's General Corp., primarily serving at the Pentagon as an assistant to the Department of Defense General Counsel, and spent two years at Wachtell, Lipton, Rosen & Katz as an Antitrust Associate.

Jack Cartmel - Chief Financial Officer

Mr. Cartmel is the current Chief Financial Officer of New Battery. Mr. Cartmel is a Chartered Professional Accountant with over 15 years of experience in the mining industry, as well as extensive experience in mergers and acquisitions, public and prospectus offerings, public company accounting and disclosure, as well as financial and risk management. Mr. Cartmel was also a senior manager of Financial Reporting and Internal Audit for Monument Mining Ltd., a mid-size gold producer in Asia listed on the Toronto Stock Exchange. He has also worked as Manager of Finance for White Tiger Gold Limited (formerly Century Mining Corporation), a mid-sized gold producer. Mr. Cartmel obtained a Bachelor of Business Administration degree from Capilano University.

Peter Doyle - VP, Exploration

Mr. Doyle is the current Vice-President Exploration of New Battery. He is a geologist with 40 years of experience in all aspects of mineral exploration, from regional reconnaissance to project evaluation and development. He has a successful track record in discovery and assessment of numerous mineral deposits in a variety of geological terrains throughout Canada, the United States, South America, Asia, and Australia. Mr. Doyle was previously Vice-President Exploration and Business Development of Troy Resources Limited. Prior to joining Troy Resources Limited in 2005, Mr. Doyle was regional geologist with Gold Fields Australasia Pty Ltd ("**Gold Fields Australasia**"), responsible for project generation, property assessments and exploration management in Australia, China, Mongolia, Papua New Guinea, the Philippines and the Australasian region. Mr. Doyle was involved in the identification, motivation and completion of acquisition of Western Mining Corporation Ltd.'s gold assets (St Ives and Agnew) by Gold Fields Australasia and played a key role in Gold Fields Australasia's participation in Sino Gold Limited, Zijin Mining Group Co. Ltd and Avoca Resources Limited's strategic equity financings. Between 1992 and 1995, Mr. Doyle was project manager for P.T. Freeport Indonesia Company, supervising the regional exploration in the Central Highlands of Irian Jaya that resulted in the delineation of the Wabu gold deposit.

Mr. Doyle holds a Bachelor of Science (Hons) degree in Geology from Laurentian University in Sudbury, Ontario, Canada. Mr. Doyle is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a member of the Canadian Institute of Mining

and Metallurgy, Society of Economic Geologists, Geological Association of Australia, Prospectors and Developers Association of Canada, and the Geological Association of Canada.

Henry Sandri - VP Technical Development

Dr. Sandri is Technical Advisor of New Battery. Dr. Sandri is a mineral economist and a seasoned executive in the mineral resource industry, with over 35 years' experience in finance, planning, business development, and executive management. He has worked with cobalt, copper, nickel and related metals on six continents over the past three decades. Dr. Sandri is the former Vice-President of Inco Ltd. and President and Chief Operations Officer of Duluth Metals Ltd. In addition, Dr. Sandri has held senior management positions in management, finance, planning, and operations with Select Resources, Burlington Northern Inc., Inco Ltd. and Inco Exploration Technical Services, Behre Dolbear & Company and K&M Engineering and Consulting Corporation.

His early career included positions at The World Bank, The American Iron & Steel Institute and Booz Allen & Hamilton Inc. He is a former Adjunct Professor of Economics and Finance at the Colorado School of Mines and an Adjunct Professor of Energy Resources and Natural Resource Economics at the Virginia Polytechnic Institute and State University. Dr. Sandri obtained his Bachelor of Science degree in Foreign Service (International Trade & Transportation) from Georgetown University in 1974, a Master of Arts degree in Applied Economics from The American University in 1978 and a Ph.D. in Mineral Economics from the Colorado School of Mines in 1991.

John Kiernan - Director

Mr. Kiernan was appointed to the Battery Board effective December 5, 2019. He is a Mining Engineer with over 30 years of mine operating, engineering, consulting, corporate and finance experience, including a cumulative four years as an underground miner and operating foreman. Mr. Kiernan is currently COO of Ascot Resources and prior to that, VP Project Development for Magellan Minerals (acquired by Anfield Gold Corp), and a Director of Northern Superior Resources Inc. Previously, Mr. Kiernan was Manager Project Evaluation for QuadraFNX / KGHM International, Mining Analyst for PI Financial Corp and VP Mining/ Mine Manager for Roca Mines Inc. From 1987 to 2006, Mr. Kiernan held various senior engineering positions with Strathcona Mineral Services, Inco Ltd., Wardrop and MRDI/ AMEC. Mr. Kiernan holds B.Sc. in Mining Engineering from Queen's University and an MBA from Laurentian University.

Dr. Stephen Dunmead - Director

Dr. Dunmead was appointed to the Battery Board effective December 5, 2019. He is currently an industrial consultant, he is an independent director for Eden Innovations Ltd., a clean tech and nanomaterials company listed on the ASX, and serves on the Audit Committee and Compensation Committee of New Battery. He is a senior global business executive with over 30 years of strong operational leadership experience in the advanced materials and specialty chemicals industries. Previously, he served as Chief Operating Officer at SWM International ("**SWM**") where he was responsible for over 3,000 employees across 20 sites of SWM's global operations in North and South America, Europe and Asia, accounting for US\$0.8 billion of revenue and US\$180 million in EBITDA. At SWM International he led the business into the high growth and high margin filtration and medical sectors. Prior to SWM, Dr. Dunmead spent 15 years at OM Group ("**OMG**") where he had responsibility for six businesses with more than 6,500 employees across 32 sites. During his time at OMG, he led their cobalt business for more than ten years, was Chairman of the Board for OMG's joint venture in the Democratic Republic of Congo for ten years and was Chairman of the Cobalt Development Institute (now the Cobalt Institute) for seven years.

Dr. Dunmead started his career as a research engineer at the Lawrence Livermore National Laboratory in California. He later joined the Dow Chemical Company where he held a variety of research and business development positions. He has a Ph.D. in materials science and engineering from the University of California at Davis, as well as a Masters of Science and Bachelor of Science degree in ceramic engineering from The Ohio State University.

Transaction Negotiated at Arm's-Length

The Transaction will not constitute a Non-Arm's Length Qualifying Transaction (as such term is defined in the policies of the TSXV). No person who or which is a Non-Arm's Length Party of Fusion has any direct or indirect beneficial interest in New Battery or its assets (including the Cobalt District Project) prior to giving effect to the Transaction and no such persons are also insiders of New Battery. Similarly, there is no known relationship between or among any person who or which is a Non Arm's-Length Party of Fusion and any person who or which is a Non-Arm's Length Party to New Battery.

Sponsorship

Sponsorship of a "Qualifying Transaction" of a capital pool company is required by the TSXV unless exempt therefrom in accordance with the TSXV's policies or a waiver is obtained. In the absence of an available exemption from the sponsorship requirements, Fusion intends to make an application to the TSXV for a waiver from sponsorship requirements. There is no assurance that if applied for, a waiver will be granted.

Filing Statement

In connection with the Transaction and pursuant to the requirements of the TSXV, Fusion will file a filing statement on its issuer profile on SEDAR (www.sedar.com), which will contain details regarding the Transaction, Fusion, New Battery and the Resulting Issuer.

Trading Halt

In accordance with the policies of the Exchange, the Fusion Shares are currently halted from trading and will remain so until such time as the Exchange determines, which, depending on the policies of the Exchange, may not occur until completion of the Transaction.

Cautionary Note

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

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

For further information, please contact:

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Forward Looking Information

This press release contains forward-looking statements and information that are based on the beliefs of management and reflect Fusion's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information.

The forward-looking statements and information in this press release include information relating to the business plans of Fusion, NewBattery and the Resulting Issuer, the Concurrent Financing and the use of proceeds thereof, the pro forma capital structure of the Resulting Issuer, and the Transaction (including TSXV approval and the closing of the Transaction).

Such statements and information reflect the current view of Fusion. Risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks:

- there is no assurance that the Concurrent Financing will be completed or as to the actual gross proceeds to be raised in connection with the Concurrent Financing;*
- there is no assurance that Fusion and NewBattery will obtain all requisite approvals for the Transaction, including the approval of the NewBattery shareholders, the Fusion shareholders (if required), or the approval of the TSXV for the Transaction (which may be conditional upon amendments to the terms of the Transaction);*
- following completion of the Transaction, the Resulting Issuer may require additional financing from time to time in order to continue its operations. Financing may not be available when needed or on terms and conditions acceptable to the Resulting Issuer;*
- new laws or regulations could adversely affect the Resulting Issuer's business and results of operations; and*
- the stock markets have experienced volatility that often has been unrelated to the performance of companies. These fluctuations may adversely affect the price of the Resulting Issuer's securities, regardless of its operating performance.*

There are a number of important factors that could cause the Resulting Issuer's actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, among others: limited business history of NewBattery; the risk that future exploration results do not meet expectations, disruptions or changes in the credit or security markets; results of operation activities; unanticipated costs and expenses, fluctuations in commodity prices, and general market and industry conditions.

Fusion cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other

uncertainties and potential events. Fusion has assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

The forward-looking information contained in this press release represents the expectations of Fusion as of the date of this press release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward looking information and should not rely upon this information as of any other date. While Fusion may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.

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