SOLSTICE GOLD CORP.
FINANCIAL STATEMENTS

For the year ended June 30, 2018
(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Solstice Gold Corp.

We have audited the accompanying consolidated financial statements of Solstice Gold Corp. which comprise the statements of financial position as at June 30, 2018 and 2017 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2018 and the period from incorporation on June 8, 2017 to June 30, 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated 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 entity'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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Solstice Gold Corp. as at June 30, 2018 and 2017 and its financial performance and its cash flows for the year ended June 30, 2018 and the period from incorporation on June 8, 2017 to June 30, 2017, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that at June 30, 2018, the Company had no source of operating revenues, had not yet achieved profitable operations, and expects to incur further losses in the development of its business. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants

Vancouver, Canada
October 26, 2018

SOLSTICE GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		June 30, 2018		June 30, 2017
ASSETS					
Cash		$	**7,038,129**	$	1
Amounts receivable			**144,354**		-
Prepaid expenses			**38,513**		-
			7,220,996		1
Exploration and Evaluation	*4*		**10,176,688**		-
Total Assets		$	**17,397,684**	$	1
LIABILITIES					
Accounts payable and accrued liabilities	*7*	$	**1,343,009**	$	1,063
Flow-through share premium liability	*5*		**45,677**		-
			1,388,686		1,063
Deferred tax liability	*5*		**453,128**		-
Total liabilities			**1,841,814**		1,063
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	*6*		**16,228,970**		1
Reserves	*6*		1,505,632		-
Deficit			(2,178,732)		(1,063)
Total shareholders' equity (deficiency)			**15,555,870**		(1,062)
Total Liabilities and Shareholders' Equity		$	**17,397,684**	$	1

Approved and authorized by the Board on October 25, 2018

"David Adamson"
David Adamson

"Mike Leskovec"
Mike Leskovec

The accompanying notes are an integral part of these financial statements

SOLSTICE GOLD CORP.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes		Year ended June 30, 2018		Period ended June 30, 2017
EXPENSES					
Incorporation fees		$	**-**	$	1,063
Consulting fees	*7*		**125,447**		-
Insurance			**4,925**		-
Management fees	*7*		**558,163**		-
Marketing expenses			**10,215**		-
Office expenses			**41,160**		-
Professional fees			**258,614**		-
Share-based compensation	*6d, 7a*		**917,675**		-
Transfer agent and filing fees			**54,695**		-
Travel			**34,199**		-
			(2,005,093)		(1,063)
OTHER INCOME (LOSS)					
Interest income			**35,762**		-
Loss before income taxes			**(1,969,331)**		(1,063)
Deferred income tax (expense), net	*5*		**(208,338)**		-
Net loss and comprehensive loss for the period		**$**	**(2,177,669)**	**$**	(1,063)
Basic and fully diluted loss per share		**$**	**(0.08)**	**$**	(1,063)
Weighted average number of shares outstanding - basic and fully diluted			**27,436,679**		1

The accompanying notes are an integral part of these financial statements

SOLSTICE GOLD CORP.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Notes		**Year ended June 30, 2018**		Period ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss for the period		$	**(2,177,669)**	$	(1,063)
Items not involving cash:					
Share-based compensation	*6d*		**917,675**		-
Deferred income tax impact on flow through shares			**453,128**		
Flow through share premium liability					-
			(244,790)		
Net changes in non-cash working capital items					
Amounts receivable			**(144,354)**		-
Prepaid expenses			**(38,514)**		-
Accounts payable and accrued liabilities			**788,872**		1,063
Net cash provided by operating activities			**(445,652)**		-
CASH FLOWS FROM INVESTING ACTIVITY					
Exploration and evaluation	*4*		**(1,833,455)**		-
Net cash provided by investing activity			**(1,833,455)**		-
CASH FLOWS FROM FINANCING ACTIVITIES					
Plan of arrangement	*4*		**1,300,000**		-
Issuance of common share			**8,376,400**		1
Share issuance costs			**(359,165)**		-
Net cash provided by financing activities			**9,317,235**		1
Change in cash during the period			**7,038,128**		1
Cash, beginning of period			**1**		-
Cash, end of period		$	**7,038,129**	$	1

Supplemental Information

Fair value of shares issued for property purchase	$	8,604,713	$	-
Fair value of broker warrants	$	102,512	$	-
Fair value of options issued for property purchase	$	485,445	$	-

The accompanying notes are an integral part of these financial statements

SOLSTICE GOLD CORP.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Notes	Share Capital Number	Share Capital Amount	Reserves	Deficit	Total
Balance at June 8, 2017		-	$ -	$ -	$ -	$ -
Shares issued on incorporation		1	1	-	-	1
Net loss for the period		-	-	-	(1,063)	(1,063)
Balance at June 30, 2017		1	$ 1	$ -	$ (1,063)	$ (1,062)
Private placement of flow-through shares	*6*	5,809,333	1,742,800	-	-	1,742,800
Private placement of non-flow through shares	*6*	26,534,400	6,633,600	-	-	6,633,600
Plan of arrangement	*6*	34,418,850	8,604,713	485,445	-	9,090,158
Flow-through shares premium liability	*5*	-	(290,467)	-	-	(290,467)
Share issue cost	*6*	-	(461,677)	102,512	-	(359,165)
Share-based compensation	*6*	-	-	917,675	-	917,675
Net loss for the period		-	-		(2,177,669)	(2,177,669)
Balance at June 30, 2018		66,762,584	$ 16,228,970	$ 1,505,632	$ (2,178,732)	$ 15,555,870

The accompanying notes are an integral part of these financial statements

1. NATURE AND GOING CONCERN

Solstice Gold Corp, formerly Dunnedin Gold Inc., ("Solstice" or the "Company") was incorporated in the Province of British Columbia on June 8, 2017 as a subsidiary of Dunnedin Ventures Inc. and the Company's registered and records office is located at 1020 – 800 West Pender Street, Vancouver, BC V6C 2V6. On September 18, 2017, the Company changed its name to Solstice Gold Corp. The Company is carrying out exploration of mineral resource properties primarily in Nunavut, Canada.

The Company was incorporated on June 8, 2017 and entered into a proposed plan of arrangement (the "Arrangement") with Dunnedin Ventures Inc. ("DVI"), completed January 31, 2018. As part of the Arrangement, certain mineral claims and rights to all minerals, including metalloids, but excluding diamonds, gemstones and all minerals found within kimberlitic rocks on the Kahuna property were transferred to the Company from DVI, together with $1,300,000 in cash, in exchange for the Company's shares, which DVI in turn distributed to its shareholders.

Under the Arrangement, each DVI shareholder received one common share in Solstice for every three DVI shares held. Holders of outstanding DVI options also received one fully vested option of Solstice for every three options held in DVI (vested or unvested). The options are exercisable at a valuation factor multiple above the exercise price of a DVI option immediately before the transaction effective date or court approval date. Holders of outstanding DVI warrants also received one fully vested warrant of Solstice for every three warrants held in DVI (vested or unvested). The warrants are exercisable at a valuation factor multiple above the exercise price of a DVI warrant immediately before the transaction effective date or court approval date. The Arrangement was executed and completed on January 31, 2018. On May 14, 2018, Solstice began trading on the TSX Venture Exchange under the symbol "SGC".

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2018, the Company had no source of operating revenues, had not yet achieved profitable operations, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern (see Note 2).

2. BASIS OF PREPARATION

Statement of compliance

The audited financial statements of the Company for the year ended June 30, 2018 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 25, 2018.

2. BASIS OF PREPARATION *(continued)*

Basis of measurement

These audited financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting except for cash flow information. The statement of cash flows shows the changes in cash arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net loss is therefore adjusted by non-cash items, such as deferred tax expenses (recoveries), stock-based compensation, write-down of exploration and evaluation assets, flow-through share premium, as well as changes from amounts receivable, prepaid expenses, and accounts payable and accrued liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. The cash flows from investing and financing activities are determined by using the direct method.

Critical judgments in applying accounting policies

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PREPARATION – *(continued)*

Significant accounting judgments, estimates, and assumptions - continued

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Basis of measurement

The financial statements have been prepared on a historical cost basis.

b. Foreign currencies

The financial statements for the Company are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company are both Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost are translated by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in the statement of operations or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

All gains and losses on translation of foreign currency transactions are charged to the statement of comprehensive loss. The assets and liabilities of each subsidiary are translated into Canadian dollars using the exchange rate at the reporting date and the operations are translated into Canadian dollars using the average exchange rate for the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss

Financial assets and liabilities are classified into one of the following categories based on the purpose for which they were acquired:

- Financial asset or financial liability at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets; and
- Other financial liabilities

The Company has classified cash as loans and receivables, amounts receivable as loans and receivables and deposits as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset and liability. All transactions related to financial instruments are recorded on a trade date basis.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments *(continued)*

Fair Value

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – fair values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 – fair values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3 – fair values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's carrying values of cash and amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of such instruments.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset or a financial liability and allocates interest income or interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, to the net carrying amount of the financial asset or financial liability.

Impairment of financial assets

Financial assets, other than financial assets at fair value are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments *(continued)*

The carrying amount of all financial assets is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

d. Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at June 30, 2018, the cash and cash equivalents consist of $7,038,129.

e. Exploration and Evaluation

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e. Exploration and Evaluation- *(continued)*

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and the share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into Development Costs. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

f. Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets maybe impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g. Provisions, contingent liabilities and assets

General provisions, contingent liabilities and assets

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Restoration and environmental rehabilitation provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g. General provisions, contingent liabilities and assets *(continued)*

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs to date.

h. Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized in other comprehensive income(loss) or directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, no deferred tax asset is recognized.

i. Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs. Deficit includes all current and prior year losses.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through common shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i. Share Capital *(continued)*

Flow-through common shares- (continued)

Upon issuance of flow-through common shares, the fair value of the common shares is recorded as an increase in share capital. Any difference (premium) between the amounts recognized in share capital and the amount paid by the investor is recognized as a flow-through share premium liability and is reversed into earnings through deferred income tax expense at the time the flow-through expenditures have been incurred, net of share issuance costs.

When flow-through expenditures have been incurred and it is the Company's intent to renounce such expenditures, the Company records the tax effect as a charge to the statement of comprehensive loss and an increase to deferred tax liabilities. To the extent that the Company has deferred tax assets that were not recognized in previous periods, a deferred tax recovery is recorded as an offsetting recovery in profit or loss.

j. Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

k. Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l. Share-based payments *(continued)*

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

m. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

n. Significant accounting judgments and estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recovery of Capitalized Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Application of accounting for Plan of Arrangement

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset requires the Company to make certain judgements as to whether the assets acquired, and liabilities assumed constitute a business as defined in IFRS 3 – Business Combinations. The Plan of Arrangement was considered an acquisition of assets and the Company concluded that Fair Value accounting was appropriate. See note 4.

Determining Fair Value for the assets acquired required significant judgement. The Company determined the Fair Value of the Shares issued as consideration for the acquisition of the Kahuna property was the most reliable measure.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o. Application of new and revised standards

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company expects this standard to have an impact on financial reporting and is currently assessing the extent of the impact of this new standard.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant financial reporting implications.

4. KAHUNA PROPERTY LAND TRANSFER AND RIGHTS AGREEMENT

Letter Agreement between Dunnedin Ventures Inc. and Solstice Gold Corp.

Pursuant to the Arrangement (Note 1), DVI and Solstice entered into the Kahuna Property Land Transfer and Rights Agreement (the "Agreement") which set out the terms to which DVI transferred mineral claims located in Nunavut, Canada (approximately 26 kilometres northeast of Rankin Inlet) to Solstice.

On January 31, 2018, upon execution of the Agreement, DVI transferred to Solstice:

a) 100% title and rights to the Transferred Claims (specifically identified in the Agreement);
b) A 50% undivided interest in and to certain Border Claims (specifically identified in the Agreement); and
c) Ownership of all technical, economic, geological, and other information and data concerning the transferred claims, and the portion of each of the Border Claims over which Solstice has Primary Development Rights ("PDR") (as defined in the Agreement).

In each case, the Agreement is free and clear of any and all mortgages, charges, pledges, liens, licences, privileges, security interests, royalties, encumbrances, claims or rights or interest attaching to or affecting property, whether recorded or unrecorded, and whether arising by agreement, statute or otherwise under applicable laws (each an "Encumbrance"), apart from the gross overriding royalties ("GORs") and the net smelter return royalties ("NSRs").

In consideration for the Transferred Claims and $1,300,000 in cash, Solstice issued 34,418,850 common shares, 6,536,359 warrants and 2,361,659 stock options to DVI.

Upon execution of the Agreement, DVI granted to Solstice PDR in respect of the Transferred Claims and Secondary Development Rights ("SDR") in respect of the Remaining Claims (other than Transferred or Border Claims) and Solstice granted PDR's in respect of the Remaining Claims and SDR's in respect of the Transferred Claims. Border claims are also split into PDR and SDR depending on geographic location.

PDR means the rights of the holder of a mineral claim or other mining right, to amongst other things, conduct exploration, development, and mining on such mineral claims. SDR means having the right to access the mineral claims for the purpose of inspecting the mineral claims and existing work being undertaken on the claims and to propose work to the PDR holder which work may proceed only with the consent of the PDR holder. SDR's terminate on a claim or claims when a PDR holder commences a feasibility study, completes a feasibility study or commences commercial production on the claim or claims.

In all cases of the Agreement, mining rights of DVI shall be limited to diamonds, gemstones and all minerals found within kimberlitic rocks and mining rights of the Company shall be limited to all other minerals and metalloids. Mineral claims & rights under the Agreement may be transferred to third parties provided they are bound by the Agreement.

As is standard in Nunavut the property is subject to annual assessment work on the claims of $463,830. 85% of claims are subject to a 4% NSR, this can be reduced to 2% by a $4 million payment at anytime up until production.

(Expressed in Canadian Dollars)

4. KAHUNA PROPERTY LAND TRANSFER AND RIGHTS AGREEMENT *(continued)*

Letter Agreement between Dunnedin Ventures Inc. and Solstice Gold Corp. *(continued)*

The arrangement between DVI and the Company was deemed to be a purchase of an asset. As such IFRS 2 -Share Based Payments was used to determine fair value of the asset acquired. As the fair value of the assets given up to acquire the asset was more readily available the Company valued the acquisition using the fair value of shares issued of $0.25 a share.

On January 31, 2018, the Arrangement was executed, the fair value of the assets acquired, and liabilities assumed from DVI are as follows:

		Amount
Fair value of Solstice common shares issued	$	8,604,713
Fair value of options issued to DVI option holders		485,445
Cash transferred from DVI		(1,300,000)
Exploration and evaluation costs paid by DVI on behalf of Solstice		544,780
Accounts payable		8,295
Fair value of Kahuna Properties Acquired	$	8,343,233

Net assets acquired		
Cash	$	1,300,000
Mineral property interests		8,343,233
Accounts payable		(8,295)
Exploration and evaluation costs paid by DVI on behalf of Solstice		(544,780)
Net Assets Acquired	$	9,090,158

Consideration provided		
Fair value of 34,418,850 common shares at $0.25 per share	$	8,604,713
Fair value of options issued (1)		485,445
Consideration provided	$	9,090,158

(1) The fair value of the 2,361,659 options issued (Note 6d)

Kahuna Project Property Expansion

In June 2018 Solstice acquired Primary Rights on 3,512Ha of additional highly prospective gold claims on the Kahuna Property from Dunnedin for $300,000. Dunnedin Ventures retains Secondary Rights on the acquired claims. The claims are adjacent to the Essos block.

(Expressed in Canadian Dollars)

4. KAHUNA PROPERTY LAND TRANSFER AND RIGHTS AGREEMENT *(continued)*

Kahuna Property as at June 30, 2018

	Note		Amount
Acquisition			
Plan of arrangement	*1*	$	8,343,233
Exploration			
Geological consulting and assays	*7*		744,658
Aircraft charter			161,010
Exploration support			355,101
Fuel			162,889
Travel			98,093
Property acquisition and maintenance			305,650
Other			6,054
			1,833,455
Balance, June 30, 2018		$	10,176,688

5. FLOW THROUGH SHARE PREMIUM LIABILITY

Flow through share premium liabilities include the liability portion of the flow through shares issued. The following is a continuity schedule of the liability portion of the flow through shares issuances.

		Issued on January 31, 2018
Balance at June 30, 2017	$	-
Liability incurred on flow through shares issued		290,467
Settlement of flow through share liability on incurring expenditures		(244,790)
Balance at June 30, 2018	$	45,677

On January 31, 2018, the Company completed a non-brokered private placement of 5,809,333 flow-through common shares at a price of $0.30 per share for gross proceeds of $1,742,800. A premium of $0.05 per share was received for the flow through shares and the Company.

As at June 30, 2018, the Company has fulfilled 84.3% of its commitment to incur expenditures in relation to flow through share financing and recorded $208,338 as deferred income tax expense, a net flow-through premium liability of $45,677 and an initial deferred tax liability of $453,128.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a. Authorized and outstanding

The Company is authorized to issue an unlimited number of common shares. At June 30, 2018, there are 66,762,584 common shares outstanding for a share capital amount of $16,228,969.

b. Share issuances

On January 31, 2018, concurrent with completion of the Arrangement, Solstice issued 34,418,850 common shares to DVI shareholders as part of the consideration for the Transferred Claims,

On January 31, 2018, concurrent with completion of the Arrangement, Solstice completed a non-brokered private placement financing consisting of both Non-Flow Through Units (the "Units") and Flow-Through Shares (the "Flow-Through Shares") for a gross amount of $8,376,400. In connection with the private placement, 636,722 finders' warrants were issued with an exercise price of $0.30 with an expiry of thirty months. The fair-value of finders' warrants related to this private place amounted to $102,512 using the following inputs into a black-scholes valuation model - expected life of 2.33 years, volatility of 127%, and a risk free rate of 1.84%.

Other share issue costs include $339,914 in broker commissions and $19,251 in legal fees.

Solstice issued a total of 26,534,400 Units at a price of $0.25 per Unit. Each "Unit" consists of one common share and one-half-of-one warrant. Each whole warrant entitles the holder to purchase a further common share of Solstice at a price of $0.35 for a period of thirty months.

Solstice has also issued 5,809,333 Flow-Through Shares at a price of $0.30 per Flow-Through Share.
See note 12 “Subsequent Events” for a summary of shares issued on exercise of warrants after June 30, 2018.

c. Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance as at Incorporation and June 30, 2017	-	-
Received on Plan of Arrangement	6,536,359	$0.25
Issued on private placement	13,267,200	$0.35
Issued to finders on private placement	636,722	$0.30
Exercised	-	-
Expired	-	-
Balance as at June 30, 2018	20,440,281	$ 0.32

(Expressed in Canadian Dollars)

6. SHARE CAPITAL *(continued)*

c. Warrants- *(continued)*

Expiry Date	Number of Warrants		Exercise Price	Weighted Average Remaining Life in Years
September 2, 2018 (Note 12)	2,948,325	**	$0.15	0.18
September 2, 2018 (Note 12)	182,999	**	$0.15	0.18
December 30, 2019	46,666	**	$0.22	1.50
July 17, 2019	2,764,815	**	$0.35	1.05
July 17, 2019	220,831	**	$0.40	1.05
July 27, 2019	372,723	**	$0.25	1.07
July 31, 2020	13,267,200		$0.35	2.09
July 31, 2020	636,722		$0.30	2.09
	20,440,281		$0.32	1.62

All warranted were exercisable as at June 30, 2018

d. Options

On January 31, 2018, concurrent with completion of the Arrangement, an aggregate of 4,890,000 stock options were granted to management, directors and consultants of the Company, exercisable at $0.25 per share for a period of seven years. 50% of the stock options vested on issuance, with the balance vesting in equal six month tranches over a two year period.

On the 19th June, 2018, an aggregate of 400,000 stock options were granted to management, exercisable at $0.25 per share for a period of seven years. 50% of the stock options vested on issuance, with the balance vesting in equal six month tranches over a two year period.

Amount of share-based compensation for the year ended June 30, 2018 was $917,675 (2017 -$nil)

On September 1st, subsequent to year end, a further 1,100,000 stock options were granted to management, exercisable at $0.25 per share for a period of seven years. See note 12.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL *(continued)*

d. Options- *(continued)*

The fair value of the options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	January 31, 2018
Expected dividend yield	0%
Weighted average risk-free interest rate	2.19%
Weighted average expected life	7 year
Weighted average expected volatility	194%
Weighted average fair value of options granted	$0.2476

	June 19, 2018
Expected dividend yield	0%
Weighted average risk-free interest rate	2.08%
Weighted average expected life	7 year
Weighted average expected volatility	195%
Weighted average fair value of options granted	$0.2477

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of options granted. This estimate requires determining the most appropriate inputs for the Black-Scholes model including the expected life of the share option, volatility and dividend yield. As there is insufficient historical share price data of the Company from which to estimate expected future share price volatility, the Company has estimated expected share price volatility based on the historical share price volatility of comparable entities. The expected life of the share option is based on the full term of the instrument as there was not sufficient historical data to suggest a more appropriate term. The risk free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero.

	Number of Options		Weighted Average Exercise Price
Balance as at Incorporation and June 30, 2017	-		-
Issued on Plan of Arrangement	2,361,659	**	$0.17
Granted	5,290,000		$ 0.25
Exercised	-		-
Expired	-		-
Balance as at June 30, 2018	7,651,659		$ 0.225

(Expressed in Canadian Dollars)

6. SHARE CAPITAL *(continued)*

d. Options- *(continued)*

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining Life in Years
November 12, 2019	433,331	**	$0.110	1.37
May 7, 2020	174,999	**	$0.110	1.85
August 4, 2021	66,666	**	$0.150	3.10
September 6, 2021	1,166,663	**	$0.190	3.19
October 4, 2021	50,000	**	$0.190	3.27
December 7, 2018	50,000	**	$0.195	0.44
January 18, 2022	420,000	**	$0.210	3.56
January 15, 2025	4,490,000		$0.250	6.55
June 19, 2020	400,000		$0.250	1.98
June 19, 2025	400,000		$0.250	6.98
	7,651,659		$0.225	5.40

*** Options transferred from DVI as per Plan of Arrangement.*

At June 30, 2018 6,067,857 options were exercisable

7. RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members, and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Key Management and Consulting Agreements

On October 1, 2017 and June 18, 2018, the Company entered into employment and consulting agreements with key management and consultants. Pursuant to which, in the event of a change of control, each of the key managers and consultants would be entitled to up to twenty-four months' worth of compensation plus applicable bonuses and benefits, if such employee/consultant is terminated without just cause (as defined therein) or resigns for Good Reason (as defined therein).

a. Directors and Executive Management Compensation was as follows:

		Year ended June 30, 2018
Cash compensation	$	665,640
Share-based compensation	$	917,675
	$	**1,583,315**

There are no such fees incurred for the period ended June 30, 2017.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS *(continued)*

b. Directors and Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

Payee	Nature of Transactions		Compensation Fees		Owing as at June 30, 2018
Nicmar Capital Corp	Management	$	167,025	$	104,501
Chris Taylor Geological Ltd.	Consulting	$	47,250	$	-
North Face Software Ltd.	Exploration	$	112,000	$	-
		$	**326,275**	**$**	**104,501**

There are no such transaction incurred for the period ended June 30, 2017.

8. INCOME TAXES

Taxation in the Company's operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction. The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

		2018		2017
Loss before income taxes	$	1,969,331	$	1,063
Tax expense/(recovery) based on statutory rates of 27% (2017: 26%)		(532,000)		(276)
Non-deductible expenses		151,000		-
Flow through premium liability		(244,790)		-
Flow through shares		453,128		-
Change in unrecognized deferred tax assets		381,000		276
Deferred tax expense/(recovery)	$	208,338	$	-

Effective June 30, 2018 the Canadian Federal corporate tax rate is 15.00%, and the British Columbia provincial tax rate is 12.00%.

(Expressed in Canadian Dollars)

8. INCOME TAXES *(continued)*

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and other temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	2018	2017
Non-capital losses	$ 303,000	$ 276
Un-deducted financing costs	78,000	-
Unrecognized deferred tax assets	(381,000)	(276)
Deferred tax assets	-	-
Exploration assets	(453,128)	-
Net deferred tax assets/(liabilities)	$ (453,128)	$ -

The total Canadian losses that may be carried forward to reduce taxable income derived in future years are $1,123,000. These losses will be expiring in 2038.

There are no income taxes owing for the Company as at June 30, 2018.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital structure of the Company consists of equity, comprising issued capital, and deficit. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not exposed to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, amounts receivable, and accounts payable approximate carrying value, which is the amount recorded on the statements of financial position.

As at the reporting date the Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, and liquidity risk.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations to the Company. The Company's cash is held with Canadian Chartered Banks. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company plans to have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and commodity and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. As at June 30, 2018, the Company is exposed to minimum market risk.

Interest rate risk

Is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2018, the Company does not have any interest-bearing loans or liabilities outstanding. All receivable and payable balances as at June 30, 2018 are current and as such, are not subject to interest.

11. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector in Canada. The Company operates in a single reportable operating segment.

12. SUBSEQUENT EVENTS

Subsequent to June 30, 2018 2,772,322 warrants were exercised for common shares of the Company. Proceeds of $415,848 were received as a result of these exercises. All remaining warrants with a September 2018 expiry, expired unexercised.

Effective September 1, 2018 the Company announced the appointment of Ian Russell, P. Geo, as the Company's Vice President Exploration. In conjunction with the appointment, the Company issued 1,100,000 stock options exercisable at $0.25 to Mr. Russell.