

**FORM 2B**  
**LISTING APPLICATION**

**SOLSTICE**  
**G O L D**

**APPLICATION FOR THE LISTING OF THE  
COMMON SHARES OF  
SOLSTICE GOLD CORP.**

**APRIL 30, 2018**

*No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this Application.*

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## ITEM 2. GLOSSARY OF TERMS

In the event of a conflict between a term defined in this glossary and a term defined in the Policy Manual of the TSXV, the TSXV definition will govern.

In this Application, the following capitalized words and terms shall have the following meanings:

<b>Arrangement</b>	The spin out of certain assets of Dunnedin into its wholly-owned subsidiary Solstice pursuant to the Arrangement Agreement.
<b>Arrangement Agreement</b>	The arrangement agreement between Solstice and Dunnedin dated November 23, 2017 pursuant to which the Arrangement was completed.
<b>Audit Committee</b>	The audit committee established by the Solstice Board.
<b>Audit Committee Charter</b>	The charter of the Audit Committee adopted by the Solstice Board.
<b>BCBCA</b>	The <i>Business Corporations Act (British Columbia)</i> and the regulations made thereunder, as promulgated or amended from time to time.
<b>CEO</b>	Chief Executive Officer.
<b>CFO</b>	Chief Financial Officer.
<b>Common Shares</b>	The common shares of Solstice.
<b>Diamond Project</b>	The Kahuna Diamond Project located on the Kahuna Property, wholly-owned by Dunnedin and the subject of the Kahuna Report.
<b>Dunnedin</b>	Dunnedin Ventures Inc.
<b>Dunnedin Shares</b>	The common shares of Dunnedin.
<b>Dunnedin Option</b>	means the 7,085,000 outstanding options to purchase Dunnedin Shares
<b>Dunnedin Warrant</b>	means the 19,609,180 outstanding Dunnedin Share purchase warrants
<b>Encumbrance</b>	Has the meaning ascribed to such term under Item 5 – <i>Description of the Business – General Development of the Business – Two Year History – Transfer and Rights Agreement</i> .
<b>Escrow Agreement</b>	The escrow agreement dated April 25, 2018 between Solstice, the Transfer Agent and certain holders of Options.
<b>FT Shares</b>	The flow-through Common Shares issued in connection with the Private Placement.

<b>Gold Project</b>	The Kahuna Gold Project located on the Kahuna Property, wholly-owned by Solstice and the subject of the Kahuna Report, but which does not include a series of mineral claims referred to as the “Border Claims” under and the Transfer and Rights Agreement.
<b>Kahuna Property</b>	The Kahuna Diamond Property, located near Rankin Inlet, Nunavut.
<b>Kahuna Report</b>	The NI 43-101 technical report prepared by Andrea Diakow, titled “NI 43-101 Technical Report on the Gold Project, Rankin Inlet Are, Nunavut, Canada” with an effective date of January 29, 2018.
<b>Kel-Ex</b>	Kel-Ex Development Ltd.
<b>Kel-Ex Agreement</b>	The right of first refusal agreement pertaining to the Diamond Project dated November 14, 2017 among Dunnedin, Solstice and Kel-Ex, as further amended by the Kel-Ex Tri Party Agreement.
<b>Kel-Ex Tri Party Agreement</b>	The amendment to the Kel-Ex Agreement dated November 14, 2017 among Solstice, Dunnedin and Kel-Ex pursuant to which certain terms of the Kel-Ex Agreement were limited.
<b>Listing</b>	The listing of the Common Shares on the TSXV pursuant to this Listing Application.
<b>Listing Application</b>	This listing application to the TSXV, including the schedules attached hereto.
<b>Listing Date</b>	The date the Common Shares are listed for trading on the TSXV.
<b>MD&amp;A</b>	Management’s discussion and analysis.
<b>Named Executive Officers or NEO</b>	Has the meaning ascribed to such term in Form 51-102F6 – <i>Statement of Executive Compensation</i> .
<b>NSR</b>	Net smelter returns royalty.
<b>NI 43-101</b>	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
<b>NI 52-110</b>	National Instrument 52-110 – <i>Audit Committees</i> .
<b>NI 58-101</b>	National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i> .
<b>Options</b>	The stock options of Solstice.
<b>Plan</b>	Solstice’s fixed incentive stock option plan which was adopted by the Solstice Board effective November 20, 2017.
<b>Posescu Agreement</b>	Royalty agreement dated November 14, 2017 among Dunnedin, Solstice and Sorin Posescu.
<b>Principals</b>	As defined in TSXV Policy 1.1 – Interpretation.

<b>Private Placement</b>	The non-brokered private placement of: (i) 26,534,400 Units at a price of \$0.25 per Unit; and (ii) 5,809,334 FT Shares at a price of \$0.30 per FT Share, for aggregate gross proceeds of \$8,376,400, completed on January 31, 2018.
<b>Private Placement Broker Warrants</b>	Common Share purchase warrants of the Company issued to certain finders as compensation in connection with the Private Placement. Each such warrant entitles the holder thereof to purchase one additional Common Share at a price of \$0.30 per Warrant Share for a period of thirty months from their date of issue.
<b>Private Placement Warrants</b>	The Common Share purchase warrants of the Company issued in connection with the Private Placement. Each such warrant entitles the holder thereof to purchase one additional Common Share at a price of \$0.35 per Warrant Share for a period of thirty months from their date of issue.
<b>securities legislation</b>	The securities legislation of the provinces and territories of Canada, each as now enacted or as amended, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSXV.
<b>SEDAR</b>	System for Electronic Document Analysis and Retrieval at <a href="http://www.sedar.com">www.sedar.com</a> .
<b>Solstice or the Company</b>	Solstice Gold Corp., a corporation incorporated under the laws of the Province of British Columbia.
<b>Solstice Board</b>	The board of directors of Solstice.
<b>Solstice Shareholders</b>	The holders of the Common Shares.
<b>Tax Act</b>	The <i>Income Tax Act</i> (Canada) and the regulations made thereunder, as promulgated or amended from time to time.
<b>Thompson Agreement</b>	Royalty agreement dated November 14, 2017 among Dunnedin, Solstice and Gary R. Thompson.
<b>Transfer Agent</b>	Computershare Investor Services Inc or such other trust company or transfer agent as may be designated by Solstice.
<b>Transfer and Rights Agreement</b>	The transfer and rights agreement dated November 14, 2017 between Dunnedin and Solstice.
<b>TSX</b>	The Toronto Stock Exchange.
<b>TSXV</b>	The TSX Venture Exchange.
<b>Units</b>	The units of the Company issued in connection with the Private Placement. Each such unit consists of one Common Share and one-half of one Private Placement Warrant.
<b>VP</b>	Vice-President.

**Warrant Shares**            The Common Shares issuable upon exercise of the Warrants and Private Placement Broker Warrants.

**Warrants**                    The outstanding Common Share purchase warrants of the Company, including the Private Placement Warrants and Private Placement Broker Warrants.

### **ITEM 3. SUMMARY**

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

#### **Description of Business**

Solstice is a gold mineral exploration and development company. Solstice owns a 100% interest in the Gold Project. Following completion of the Listing, Solstice intends to continue to advance its Gold Project and seek other mining assets. See Item 5 – *Description of the Business – General Development of the Business – Two Year History – Kahuna Property – Exploration* below for information on Solstice’s proposed exploration program on the Gold Project.

#### **Common Shares**

Solstice is seeking to list its common shares on the TSXV. The authorized capital of Solstice consists of an unlimited number of Common Shares. Solstice currently has 66,762,585 Common Shares outstanding, including the Common Shares issued pursuant to the Private Placement. See Item 6 – *Financings – Private Placement*.

#### **Pro forma Use of Funds and Business Objectives**

Upon completion of the Listing, Solstice will have working capital of approximately \$8,000,000. Solstice intends to continue to advance its Gold Project and, if deemed accretive to shareholder value, seek other mining assets.

As further set out in the Kahuna Report, there is a recommended work program for further work on the Gold Project. The total cost of the recommended work program is \$5,427,500.

For further details on the use of proceeds, see Item 6 – *Financings – Private Placement*.

## Solstice Selected Pro Forma Financial Information

The following table sets out selected unaudited pro forma financial information in respect of Solstice as at December 31, 2017, as if the Arrangement had been completed as of December 31, 2017 and should be considered in conjunction with the more complete information contained in the unaudited pro forma balance sheet of Solstice appended as Schedule "E" to this Listing Application.

	Period Ended December 31, 2017
Unaudited prepared by management	
Current assets	\$4,542,001
Mineral property interests	\$965,879
Total assets	\$5,507,880
Total liabilities .	\$996,235
Solstice Shareholders' equity	\$4,511,645

The following table sets out selected *carve-out* financial information in respect of Solstice for the year ended September 30, 2017, and for the three months ended December 31, 2017, and should be read in conjunction with the more complete information provided in the *carve-out* statement of comprehensive loss of Solstice appended as Schedules "C" and "D" to this Listing Application.

	Year Ended September 30, 2017 (Audited)	Three Months Ended December 31, 2017 (Unaudited)
Operating Loss	\$79,236	\$4,849
Net Loss	\$79,236	\$4,849
Net Comprehensive Loss	\$79,236	\$4,849
Loss per Share (basic and diluted)	nil	nil

## Risk Factors

The securities of Solstice should be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature.

There are risks associated with the business of Solstice that should be considered by Solstice Shareholders, including (i) the need for additional capital by Solstice, through financings and the risk that such funds may not be raised; (ii) the speculative nature of exploration and the stage of the Gold Project; (iii) the effect of changes in commodity prices; (iv) regulatory risks that development will not be acceptable for social, environmental or other reasons; (v) reliance on the management of Solstice; (vi) the potential for conflicts of interest; and (vii) other risks associated with Solstice as described in greater detail elsewhere in this Application.

See Item 21 – *Risk Factors*.

## ITEM 4. CORPORATE STRUCTURE

Solstice (formerly Dunnedin Gold Inc.) was incorporated under the BCBCA on June 8, 2017 for the purposes of the Arrangement. Solstice is currently a private company and is a wholly-owned subsidiary of Dunnedin. No material amendments have been made to Solstice's articles or other constating documents since its incorporation. Solstice is a reporting issuer in British Columbia.

Solstice's head and principal business address are all located at Suite 1020, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. Solstice's registered office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

Solstice changed its name from Dunnedin Gold Inc. to Solstice Gold Corp. on September 18, 2017.

Solstice's website is located at [www.solsticegold.com](http://www.solsticegold.com).

### **Intercorporate Relationships**

Solstice currently has no subsidiaries.

## **ITEM 5. DESCRIPTION OF THE BUSINESS**

Solstice owns a 100% interest in the Gold Project. Solstice operates as a gold mineral exploration and development company and will continue to advance its Gold Project and seek other mining assets. See Item 5 – *Description of the Business – General Development of the Business – Two Year History – Kahuna Property – Exploration* below for information on Solstice's proposed exploration program on the Gold Project.

### **General Development of the Business – Two Year History**

Solstice holds no interest in producing or commercial ore deposits. Solstice has no production or other revenue. There is no operating history upon which investors may rely.

### **Transfer and Rights Agreement**

Dunnedin and Solstice entered into the Transfer and Rights Agreement on November 14, 2017, pursuant to which the parties agreed to divide ownership into primary and secondary rights. Each party can independently develop a mine on claims on which it owns primary rights. The parties may co-operate on the future transfer of primary and secondary rights.

Upon execution of the Transfer and Rights Agreement, Dunnedin transferred to Solstice:

- (a) 100% title and rights to the Transferred Claims (as defined in the Transfer and Rights Agreement), which comprise the Gold Project;
- (b) a 50% undivided interest in and to certain Border Claims (as defined in the Transfer and Rights 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 (as defined in the Transfer and Rights Agreement),

in each case 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 and the net smelter return royalties.

In consideration for the Transferred Claims, Solstice issued 34,418,850 Common Shares to shareholders of Dunnedin.

Upon execution of the Transfer and Rights Agreement, Dunnedin granted Solstice Primary Development Rights in respect of the Transferred Claims and Secondary Development Rights (as defined in the Transfer and Rights Agreement) in respect of the Remaining Claims (as defined in the Transfer and Rights Agreement) and Solstice granted Primary Development Rights in respect of the Remaining Claims and Secondary Development Rights in respect of the Transferred Claims. Border Claims are also split into Primary Development Rights and Secondary Development Rights depending on geographic location.

Primary Development Rights 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. Secondary Development Rights 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 (related only to the Secondary Development Rights mineral entitlement) and to propose work to the Primary Development Right holder, which work may proceed only with the consent of the Primary Development Right holder. Secondary Development Rights terminate on a claim or claims when a Primary Development Right holder commences a feasibility study, completes a feasibility study or commences commercial production on the claim or claims.

In all cases of the Transfer and Rights Agreement, mining rights of Dunnedin are limited to diamonds, gemstones and all minerals found within kimberlitic rocks and mining rights of Solstice are limited to all other minerals. Mineral claims and rights under the Transfer and Rights Agreement may be transferred to third parties provided they are bound by the Transfer and Rights Agreement.

### **Kel-Ex**

Dunnedin, Solstice and Kel-Ex entered into the Kel-Ex Agreement, as further amended by the Kel-Ex Tri Party Agreement, on November 14, 2017, wherein the terms of a right of first refusal agreement entered into between Dunnedin and Kel-Ex on December 11, 2015 were amended and restated. Pursuant to the terms of the Kel-Ex Agreement, the parties agreed that the Kel-Ex Agreement shall not be applicable in any respect whatsoever to any of the rights, interests and entitlements in and to Gold Project at the Kahuna Property, which have been transferred and assigned by Dunnedin to Solstice pursuant to the terms of the Transfer and Rights Agreement, or to any additional rights, interests and entitlements that may be acquired by Solstice from Dunnedin under or pursuant to the Transfer and Rights Agreement.

### **Posescu and Thompson Agreements**

Dunnedin, Solstice and Sorin Posescu entered into the Posescu Agreement on November 14, 2017, pursuant to which certain royalty and NSR provisions were transferred to Solstice.

Dunnedin, Solstice and Gary R. Thompson entered into the Thompson Agreement on November 14, 2017, pursuant to which certain royalty and NSR provisions were transferred to Solstice.

Dunnedin and Messrs. Posescu and Thompson entered into an option agreement dated November 4, 2014 and a subsequent agreement dated April 30, 2017, pursuant to which Dunnedin granted Mr. Thompson and Mr. Posescu, respectively, a 2% royalty in diamonds and a 2% NSR on metals and all other products mined from mineral claims within the Diamond Project.

Pursuant to the Posescu Agreement and the Thompson Agreement, respectively, Solstice and Dunnedin agreed, severally but not jointly, to pay each of Messrs. Posescu and Thompson a royalty of 2% received from the sale of Diamonds recovered from the Kahuna Property and a 2% NSR with respect to production of all other products other than diamonds from the Kahuna Property after commencement of commercial production. The NSR's and royalties described herein shall each be calculated and paid to Messrs. Posescu and Thompson, respectively, by Dunnedin in respect of Dunnedin's obligations and by Solstice in respect of Solstice's obligations. Solstice shall not be liable to pay any royalty in respect of products which are mined, produced or otherwise recovered from any part of the Kahuna Property by Dunnedin.

Each of Dunnedin and Solstice are entitled at any time prior to the commencement of commercial production of Diamonds to purchase up to one half of the royalty from either Mr. Posescu or Mr. Thompson for \$2,000,000, provided that the other party (Dunnedin or Solstice, as applicable) hasn't exercised such right.

Each of Dunnedin and Solstice are entitled at any time prior to the commencement of commercial production of Other Products (as defined therein) to purchase up to one half of the NSR from either Mr. Posescu or Mr. Thompson for \$2,000,000, provided that the other party (Dunnedin or Solstice, as applicable) hasn't exercised such right.

### **Arrangement**

On November 23, 2017, Dunnedin and Solstice entered into the Arrangement Agreement. Pursuant to the Arrangement Agreement, Dunnedin and Solstice agreed to effect the Arrangement pursuant to the provisions of Section 291 of the BCBCA on the terms and subject to the conditions contained in the Arrangement Agreement.

The shareholders of Dunnedin approved the Arrangement as an annual general and special meeting on December 22, 2017. Dunnedin was granted a final order from the Supreme Court of Canada approving the Arrangement on December 22, 2017 and completion of the Arrangement occurred on January 31, 2018.

Pursuant to the terms of the Arrangement, Solstice distributed to each shareholder of Dunnedin, as of July 17, 2017, one Common Share for every three Dunnedin Shares held. Furthermore, each Dunnedin Option and Dunnedin Warrant outstanding immediately prior to completion of the Arrangement was deemed to be exchanged for one-third of one fully vested Option or Warrant, as applicable. Upon completion of the Arrangement, Dunnedin transferred \$1,000,000 in cash to Solstice. The parties subsequently agreed to increase this cash contribution to \$1,300,000.

In connection with the Arrangement, Dunnedin reclassified all of its issued and outstanding Dunnedin Shares as "Class B" Dunnedin Shares for tax purposes, such that the Arrangement could be classified as part of a share exchange pursuant to Section 86 of the Tax Act. The "Class B" Dunnedin Shares have the same exact rights as the original Dunnedin Shares.

Pursuant to the Arrangement, Dunnedin now holds a 100% ownership in the Diamond Project and Solstice holds a 100% ownership in the Gold Project. Each of the Diamond Project and Gold Project are located on the Kahuna Property, located near Rankin Inlet, Nunavut.

## **Trends**

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on Solstice's business, financial condition or results of operations as at the date of this Application, except as otherwise disclosed herein or except in the ordinary course of business.

## **Bankruptcies, Receiverships of Similar Proceedings**

There are no bankruptcies, receiverships or similar proceedings against Solstice, nor is Solstice aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by Solstice since incorporation.

## **Social and Environmental Policies**

Solstice has not, as yet, implemented social or environmental policies that are fundamental to its operations, such as policies regarding Solstice's relationship with the environment or with the communities in which it does business. It is anticipated by management and the Solstice Board that, as Solstice matures as a natural resource company, Solstice will undertake the establishment and implementation of, and adherence to, a general policy regarding sustainable development and environmental responsibility, including but not limited to on-site exploration and development activities.

## **Kahuna Property**

Solstice's only material property is the Gold Project at the Kahuna Property. Unless stated otherwise, the information in this section is summarized, compiled or extracted from the Kahuna Report. The Kahuna Report was prepared in accordance with NI 43-101 and has been filed with the securities regulatory authorities in British Columbia. The disclosure in this Listing Application derived from the Kahuna Report has been prepared with the consent of Andrea Diakow, who is a qualified person within the meaning of NI 43-101 and independent of Dunnedin and Solstice.

The Kahuna Report is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Kahuna Report, which is available for review under Solstice's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Kahuna Report is not and shall not be deemed to be incorporated by reference in this Listing Application.

## Project Description and Location

The Project Area is in the Northern Canadian Territory of Nunavut, nestled between the settlements of Rankin Inlet and Chesterfield Inlet along the western rim of Hudson Bay (Figure 1).

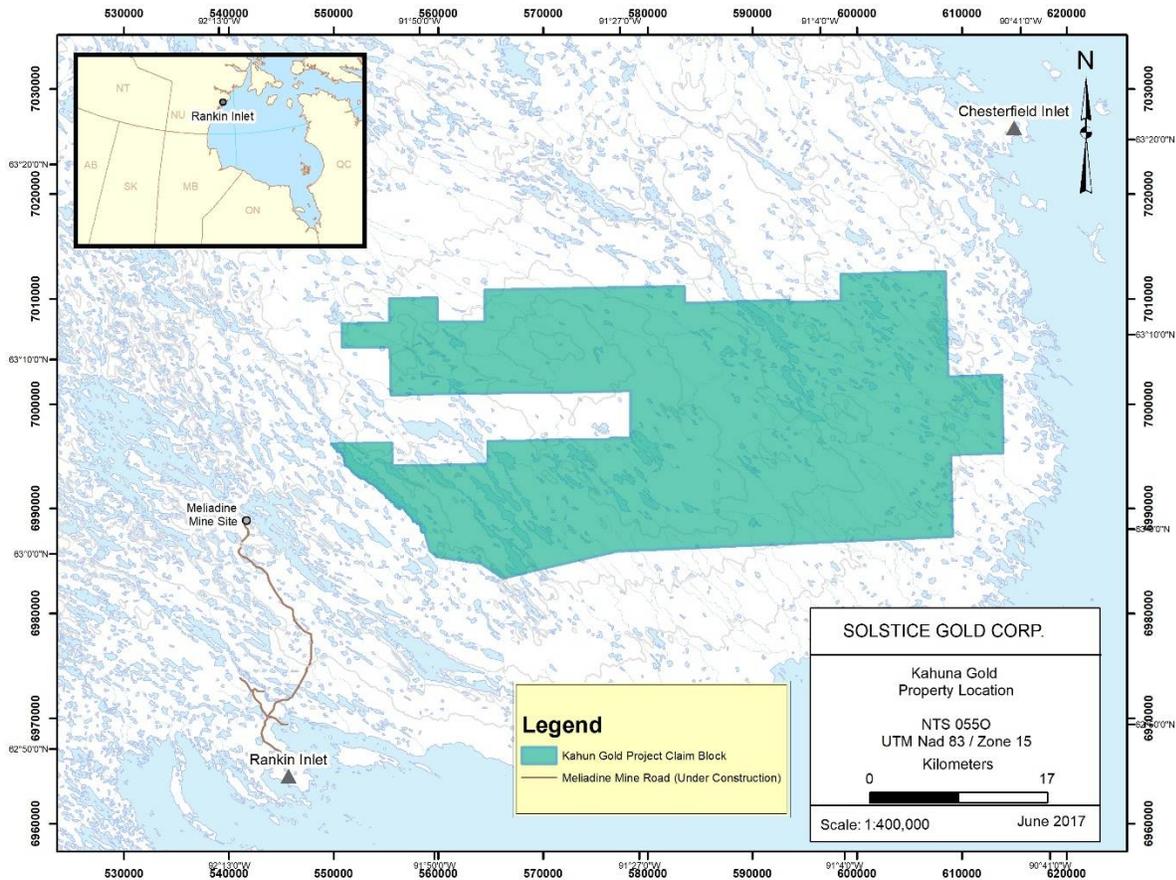


Figure 1: Solstice Gold Corp. Kahuna Gold Project Location Map

The total land package consists of 145 contiguous claims spanning an area of 166,564.1 hectares, 109 of which are active and 36 of which have been recently staked but have not yet been issued (Table 1, Figure 2). Title ownership of these claims are currently divided between Dunnedin, Sorin Posescu and Gary Thompson. See Item 5 – Description of the Business – General Development of the Business – Two Year History – Posescu and Thompson Agreements.



On April 30, 2017 Dunnedin signed a letter agreement with Posescu and Thompson accelerating Dunnedin’s acquisition of the Kahuna Property to receive an undivided 100% interest in the Property, subject to the completion of a spin out of the gold assets/rights under certain terms to Solstice. The details of this agreement include paying the Optionors the remaining share and cash requirements of the underlying agreement in the form of: (i) \$350,000 (paid), and (ii) 4,400,000 common shares (issued).

The underlying NSR from the original agreement remains unchanged.

See Item 5 – Description of the Business – General Development of the Business – Two Year History – Posescu and Thompson Agreements.

As shown in Figure 2, a large portion of the northeastern claims overlap with Inuit Owned Land (IOL) Surface Parcel CI-15. Dunnedin currently holds a Class 1 Land Use License from the Kivalliq Inuit Association (KVL115B02) and a Class A Land Use Permit with AANDC (N2015C0019) for mineral exploration programs.

See Item 5 – Description of the Business – General Development of the Business – Two Year History – Transfer and Rights Agreement.

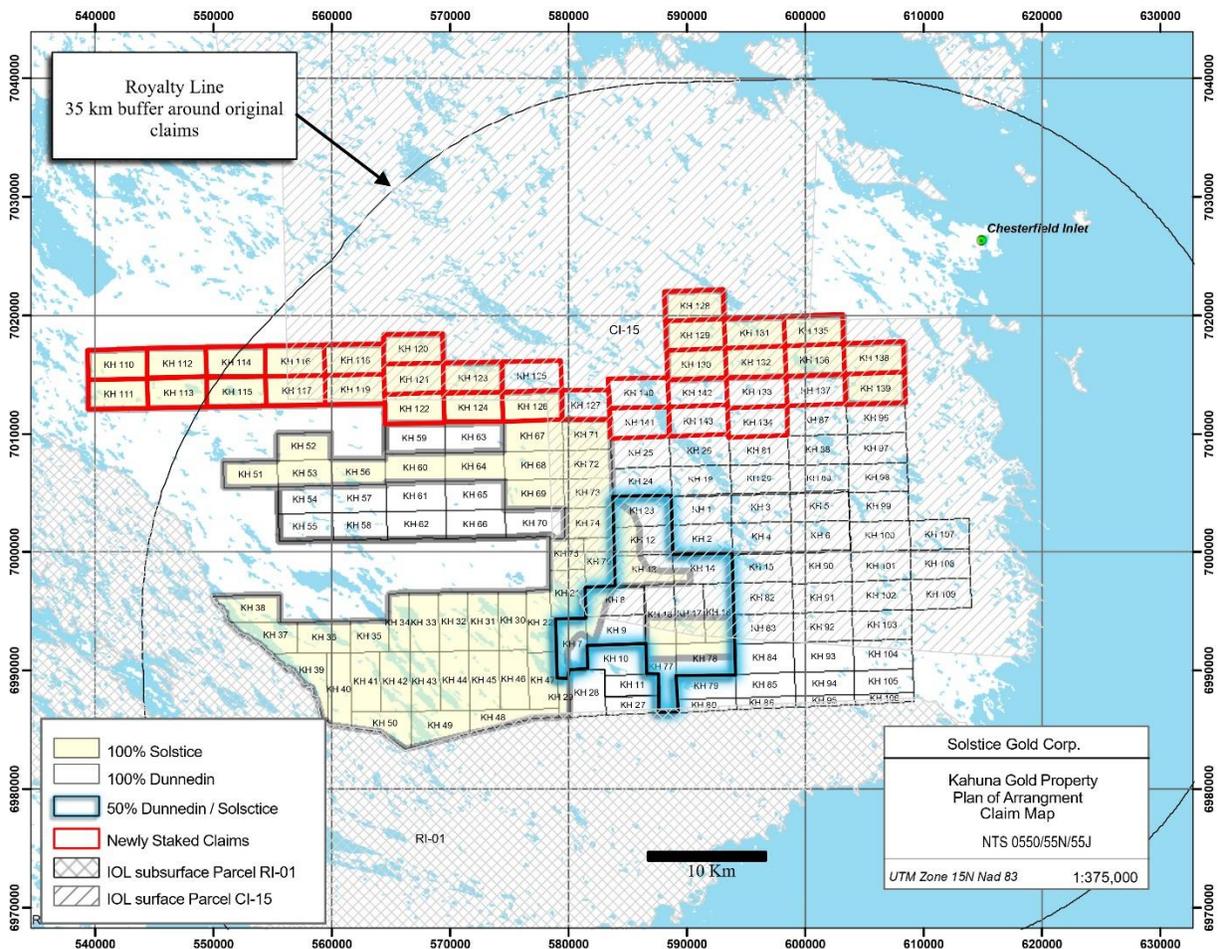


Figure 3: New Division of Claims Proposed in Plan of Arrangement Between Solstice and Dunnedin

NOTE: Claims KH 110, KH 111, KH 112 are located completely outside of the Royalty Line, Claims KH 113, KH 114 and KH 115 are partially within the royalty line.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Project Area is a roughly rectangular shaped land package spanning a diagonal distance of approximately 55 kilometres with the southwest corner of the claim block just under 26 kilometres from the Inuit settlement of Rankin Inlet (Figure 1). Access to Rankin Inlet is via the Rankin Inlet Airport which sees daily flights from Winnipeg, Edmonton via Yellowknife, and Ottawa and Montreal via Iqaluit.

Rankin Inlet has a permanent population of less than 3000 and it is served by air freight at the airport as well as an annual supply sealift once the ice has melted from Hudson Bay. Services are provided by several hotels, restaurants and grocery stores. Basic equipment, tools building supplies can be acquired at local hardware stores within Rankin Inlet however most field supplies including sampling and speciality equipment must be shipped in via air freight. Samples being shipped out of Rankin for analysis must likewise be shipped via air freight or in the summer for less expense but much less efficiency via barge to Churchill, Manitoba ([nunavuttourism.com](http://nunavuttourism.com)).

The Project area has a subarctic climate and is above the treeline with temperatures staying below freezing from late September to early June. The coldest months are December through March with average temperatures between -26oC or -31oC. The warmest months are July and August with average temperatures up to 9oC. The driest month is February with an average of 6mm of precipitation while the wettest month is August which can reach up to 43 mm of precipitation. Daylight hours vary greatly with 4 hours, 48 min of daylight on December 21st and 20 hours, 12 minutes daylight on June 21st. Windspeeds in the Rankin area are fairly high ranging from daily averages of 25 to 60 kilometres per hour throughout the year ([weather.gc.ca](http://weather.gc.ca)).

The physiography of the Rankin area is one of low topographical relief (sea level to 300 metres above sea level) with occasional less recessive ridges and hills (Figure 4). Changes in the relief are largely caused by extensive glacial deposits including moraines, drumlins and glacial wash several tens of kilometres long and 50 to 100 metres in height. During the winter months, the terrain is a land of frozen snow and ice. Once the land has thawed in the summer months, the terrain is a huge expanse of exposed and moss-covered bedrock, glacial fluvial deposits and endless shallow lakes, swamps, rivers and streams, making cross land navigation at times very difficult.



Figure 4: Pictures showing the Physiography of the Kahuna Project Area

## History

The settlement of Rankin Inlet is unique in that while most of the other communities in Nunavut were built for historical or cultural reasons, Rankin was a result of the discovery of the North Rankin Nickel Mine (NRNM). Historically one of Canada's highest grade nickel mines the NRNM was in production from 1957 to 1962 (ReSEDA Atlas, 2016). Ongoing prospecting in Rankin Inlet and outlying areas eventually lead to the discovery of gold at Tonic Lake in 1972, located approximately 12 kilometres south of the Kahuna property claim boundary. Figure 5 depicts the locations of the Meliadine Deposits as well as some of the land packages held at the time relative to Kahuna's current Property Boundary. This discovery and the subsequent exploration by Comaplex Minerals Corp., Rio Algom Inc, Cumberland Resources and WMC International Limited, along this southeast-northwest trend of mineralization eventually led the discovery of the future Meliadine Mine. Currently owned and operated by Agnico Eagle and in Mine Production stage, the Meliadine gold project has 3.4 million ounces of gold in proven and probable reserves ([www.agnicoeagle.com](http://www.agnicoeagle.com)).

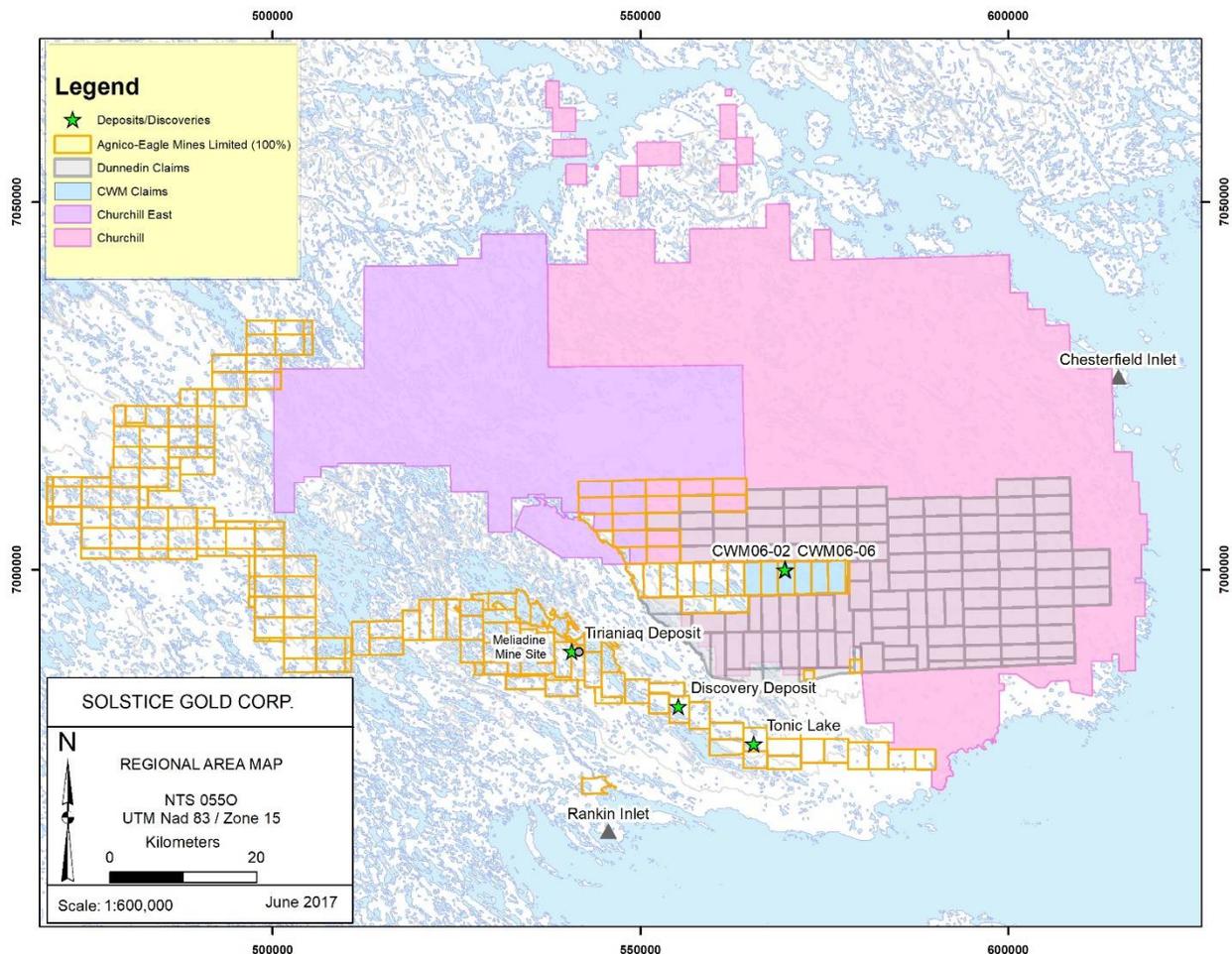


Figure 5: Regional Area Map Showing Current and Historical (now cancelled) Mining Claims

Proximal to the Kahuna Property area are the historical CWM claims (Figure 6). These claims are currently held by Agnico Eagle and would have been acquired as part of their regional land package. The details from the historical exploration on these claims is from Barham, B, 2007. The CMW claims have been prospected since 1990. Focused interest on the area began in 1998 when CWM claims 1-12 were staked as part of the Meliadine West Joint Venture Property between Cumberland Resources and WMC. From 1998 to 2006 prospecting, till sampling and airborne geophysical surveys were conducted that

identified several gold targets. In 2003, Comaplex completed a transaction with WMC that resulted in Comaplex obtaining a 78% interest in the Meliadine West Gold Project. In 2006, Comaplex designed a program to drill test the best of the gold occurrences along the CWM claims (Barham, 2007). In total 13 diamond drill holes were completed and 88 rock samples were collected. The best results were from the Aqpiq occurrence on claim CWM 9 from DDH CWM06-02 returning 9.6 gram per ton gold over 3.2 metres and DDH CWM06-06 returning 8.6 gram per ton gold over 3.2 metres. Historically, Comaplex has collected twenty-eight rock samples from the CWM claims that have assayed greater than ten grams per ton gold. The total historical expenditures reported for these claims from 1999 to 2006 was \$998,640 with at least \$600,000 dedicated to gold exploration.

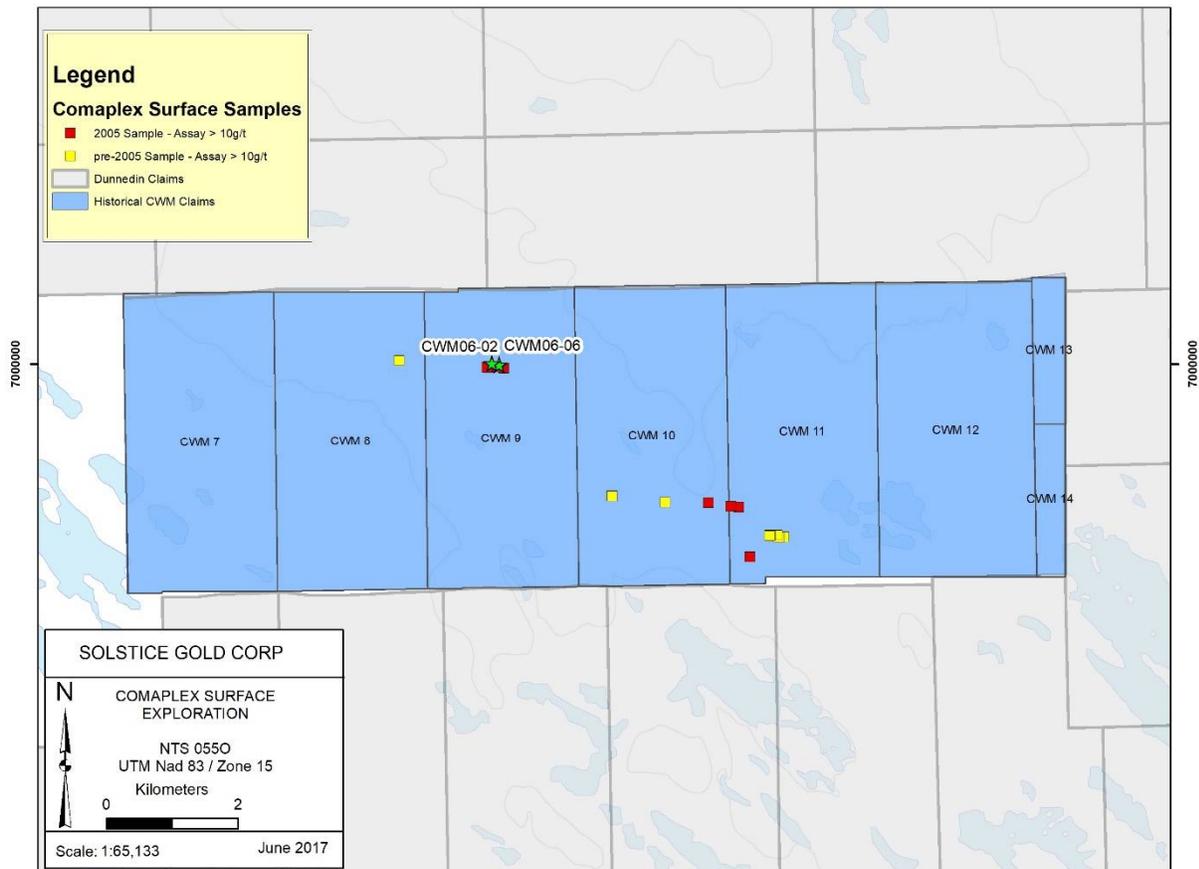


Figure 6: Surface sampling and drilling by Comaplex on the CWM Claims

The former Churchill Diamond Project represented over 7 million acres of claims that, at roughly 20 times the size, enclosed and stretched to the East, West and North of the current Kahuna Property area (Figure 5). At the beginning of 2001, the property ownership included Shear Mineral Ltd, Stornoway Diamond Corporation and BHP Billiton with divided rights to the diamond interests, and Hunter Exploration Group with 100% ownership over the gold and precious metal rights. In 2007, Shear and Stornoway acquired BHP's diamond rights to the Churchill Diamond Project resulting in a 50:50 ownership. From 2001 to 2010, extensive Diamond exploration was conducted in the form of multiple generations of airborne and ground geophysics, over 10,000 till samples, surface rock sampling, prospecting, and over 200 drill holes. In 2008, most of the Claims forming the block known as Churchill East were cancelled. Several smaller packages were dropped between 2008 and 2016 but the majority of the remaining claims were cancelled either in 2012 or 2014.

In 2004, Apex Geosciences Ltd. was contracted by Shear Mineral and Hunter Exploration group to provide a technical evaluation and report of the Gold Potential on the Churchill Property. In 2004, several drill holes were sampled or resampled for gold analysis resulting in 23 samples from five drill holes, three of which are located within the present day Property claim boundary (see Figure 10 below for collars located on Kahuna Property). Of the samples collected, four assayed greater than 150 parts per billion gold including 3 samples greater than 500 parts per billion gold and two samples greater than 2000 parts per billion gold. From the 2000 till samples collected in 2002 and 2003, 945 were analysed for gold and multi-element geochemistry with approximately 300 samples located within the current Dunnedin Claim Boundary (Figure 7).

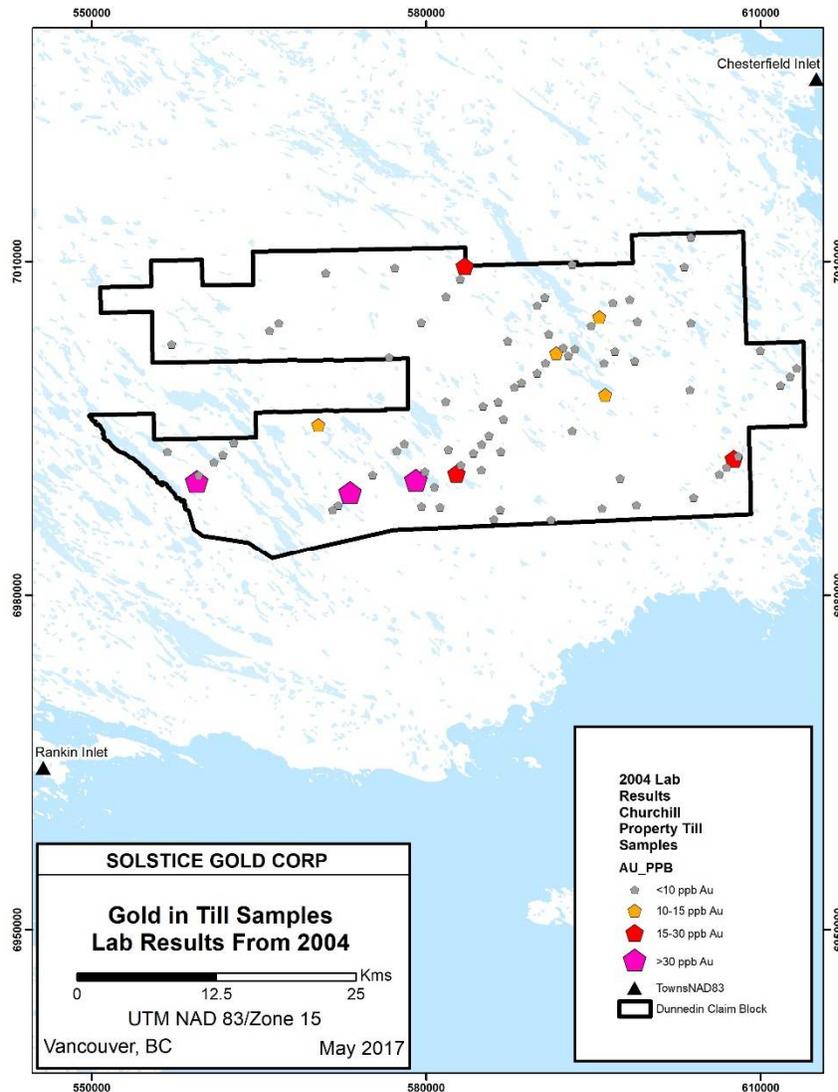


Figure 7: Gold in Till Samples, Lab Results from 2004

The 2004 report also indicated just under 5000 till samples were collected in 2004 covering much of the Churchill and Churchill East claim blocks, and that 1155 of these samples were to be analyzed for gold and multi-element geochemistry. Dunnedin has only been able to acquire geochemical results for 338 of these samples (Figure 8). Samples assaying > 25 ppb are in the 80th percentile of the data and are considered anomalous. Till samples were processed for indicator mineral recovery and subsequently processed for gold analysis. Maynes et al (2005) describes the processing method as follows:

“Till samples collected by APEX and/or the Churchill Joint Venture, once analyzed for diamond indicator minerals, are analyzed for gold using a 30 gram fire-assay for gold and a 0.5 gram ICP analysis for multi-element (30 element) geochemistry. More specifically, the fine (>0.25mm) fraction is dried, pulverized and analyzed. The mortar method and the ring and puck method were both used randomly for pulverizing the fine fraction of the till samples to ensure quality control such that one method did not preferentially yield significantly higher or lower gold results over the other. Mr. D. Besserer frequently visited the SRC.”

It is noted by the author that the fine fraction is most likely < 0.25mm and not > 0.25mm as noted above. Maynes et al (2005) report that the < 0.25mm and > 1mm fractions created from wet sieving are stored prior to processing for diamond indicator minerals.

It is unknown if remaining samples ultimately analysed for gold. Thousands of surface rock samples have been taken in the Rankin Inlet area since the 1970s with approximately 230 having been collected proximal to the Kahuna Property boundary with over half of these from the CWM claims (Figure 9). In total, 97 mineralized historical rock and grab samples returning between 0.05 to 2.52 grams per ton gold are located on the Kahuna Property.

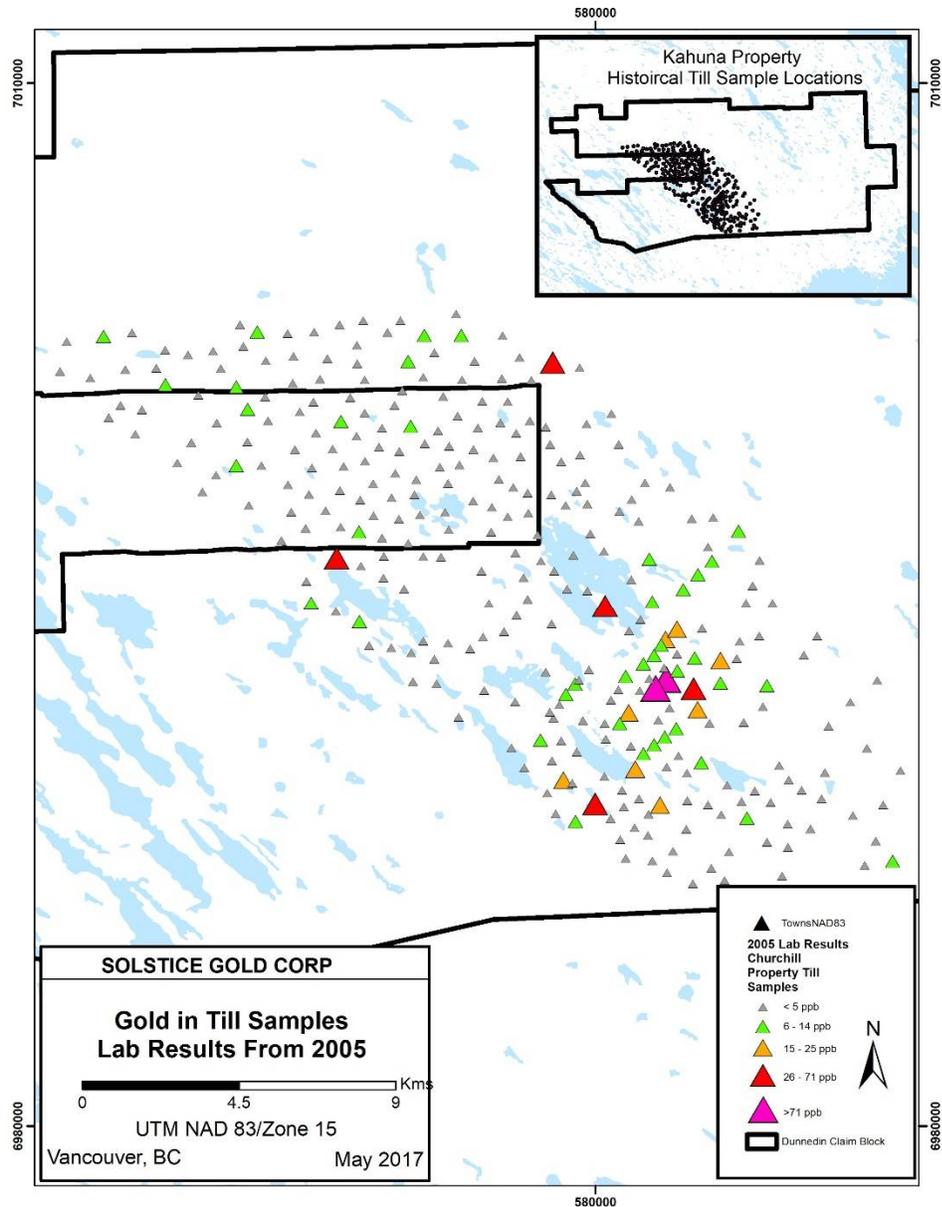


Figure 8: Gold in Till Samples, Lab Results from 2005

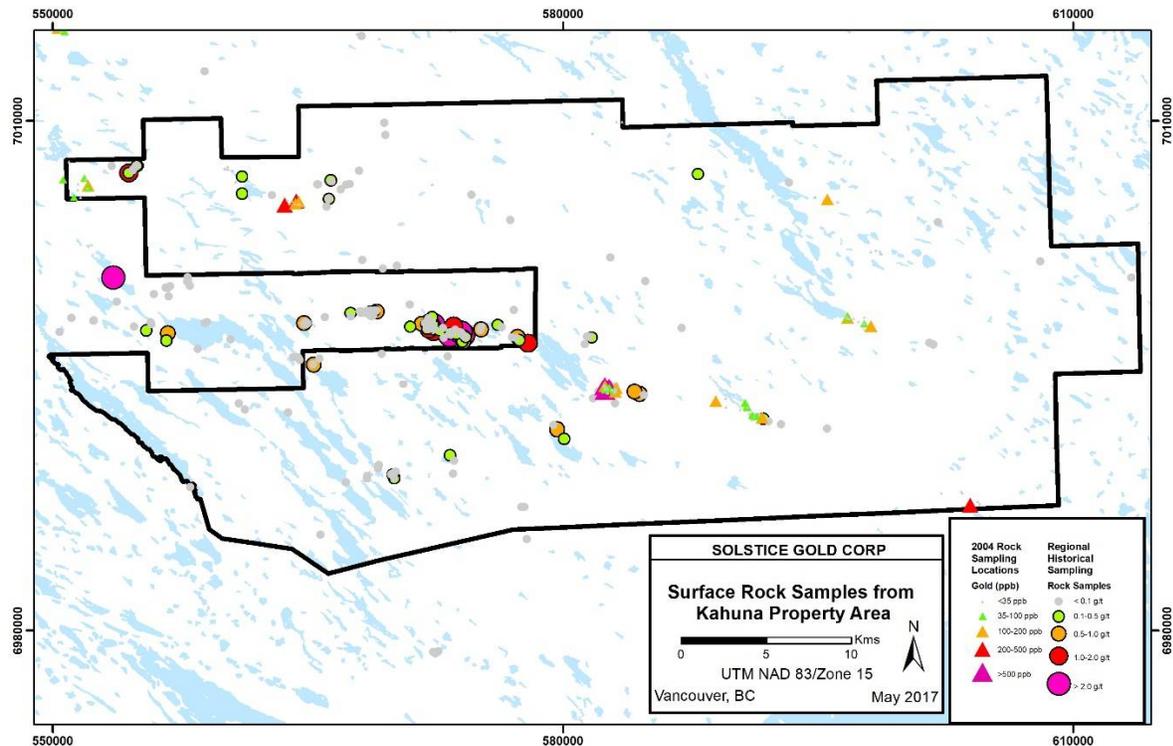


Figure 9: Historical Rock Sample on the Kahuna Property and Proximal CWM Claims

The reported amount of expenditure for gold exploration in 2004 was \$250,000. The budgeted expenditure for the 1155 samples collected in 2004 was approximately \$25 per sample, so it assumed analysis of the additional 338 samples cost approximately \$8,450. Analysis for the historical rock sampling would have cost approximately \$7000. From the multitude of airborne and geophysical surveys completed, Dunnedin has reinterpreted the Resolve Survey completed for Shear Minerals Ltd. by Fugro Airborne Surveys (described in more detail in Item 9: Exploration). The cost of the initial survey was reported for assessment as \$228,885.62 (Bessemmer et al, 2004).

The project area has several vintages of geophysical surveys which were largely collected for targeting diamond exploration between 2002 and 2009 by Shear and Stornoway. It is important to document these surveys here as the results of the surveys are also directly applicable to gold exploration. A detailed summary of historical geophysical surveying is provided by Apex (2014) the Table 3 provides a history of the surveys on the property.

Table 1: History of Geophysical Surveys

Year	Company	Survey Type	Comments
2002	Shear	Firefly Magnetics	Fixed wing airborne at 150m line spacing
2004	Shear	RESOLVE	Frequency domain heli-borne magnetic and EM. 75m line spacing.
2005	Shear	Aeroquest	AeroTEM time domain heli-borne magnetic and EM at 50m line spacing over specific diamond targets.
2005	Shear	Ground	20m line spacing walking magnetic survey over specific kimberlite dykes
2007	Shear	Ground	Large scale Skidoo-towed ground magnetic survey at 40m line spacing. Over much of the Josephine and Sedna corridors.

2007	Shear	Fugro	High resolution horizontal gradient airborne magnetic survey (MIDAS) between the kahuna and Notch kimberlites at 25m line spacing
2010	Shear	Aeroquest	Airborne Magnetics at 50m line spacing

In 2005, Shear Minerals created the spin-out company, Kaminak Gold Corp. This new company, was formed through the combination of non-diamond assets of the privately held Hunter Exploration Group together with the non-diamond assets of Shear (Kaminak News Release, November 14, 2005).

In 2006, Kaminak released the results from a 5 hole, 459 metre drill program. The most significant results from this program were from KFC-01b which returned 7.06 grams per ton over 0.69 metres at a depth of only 30 metres (Kaminak New Release, June 6, 2006). Drill hole locations and results from all historical holes sampled or re-sampled for gold are shown in Table 4 and Figure 9. A drilling program of this size would have cost, including analysis, at least \$200,000.

*Table 2: Drilling Intercepts of Greater than 100 ppb Gold*

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Gold (g/t)</b>
<b>04KD479-01</b>	20.80	21.10	2.01
<b>04KD479-01</b>	44.45	45.10	2.52
<b>05KD6001-01</b>	19.00	20.00	0.18
<b>05KD6001-01</b>	20.09	21.77	0.22
<b>05KD6001-01</b>	22.17	23.30	0.20
<b>06KCF-01b</b>	26.30	27.05	0.17
<b>06KCF-01b</b>	29.00	29.52	0.21
<b>06KCF-01b</b>	29.52	30.21	7.06
<b>06KCF-01b</b>	32.24	33.24	0.24
<b>06KCF-01b</b>	39.00	40.00	0.12
<b>06KD467-02</b>	32.00	32.62	0.26
<b>06KD467-02</b>	43.60	44.47	0.50

Although the June 2006 news release, states a field exploration program was planned for the summer, a news release from 2009 states that no work had been completed since 2006. No work was submitted for assessment and no news was released regarding a summer 2006 program so it is unlikely it was completed. In 2009, Kaminak Gold sold its interest in the Churchill Gold Project back to Shear Minerals with a back-end deal on future non-diamond exploration completed by Shear Minerals (Kaminak News Release, October 14, 2009).

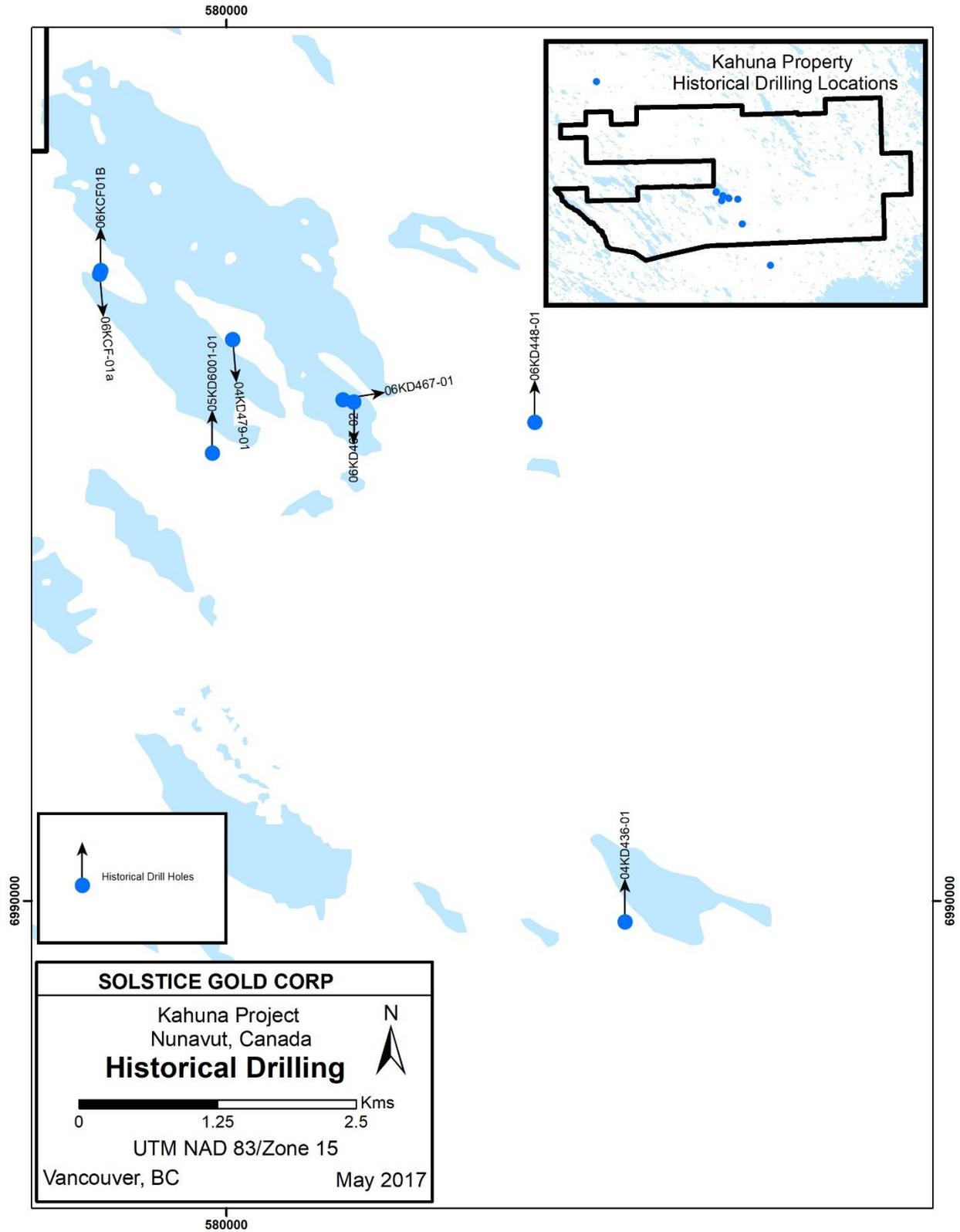


Figure 10: Historical Drill Hole Locations Analyzed for Gold.

In 2016, Dunnedin purchased an extensive Diamond and Gold data set for the Kahuna Property from a private vendor. Much of the previously mentioned gold in till data and historical drill data were included in this data package. Also included were the locations of 710 till samples that had been picked for gold

grains. Plotted relative to the Dunnedin claim block in Figure 11, the majority of the samples that counted more than 50 grains of gold are located on the southwest portion of the Kahuna Property. While the data includes original assay certificates, sample descriptions and geographic locations of samples confirming its origin at what is currently the Kahuna Property, the company that commissioned the data collection and analysis, as well as when these samples were collected is unknown.

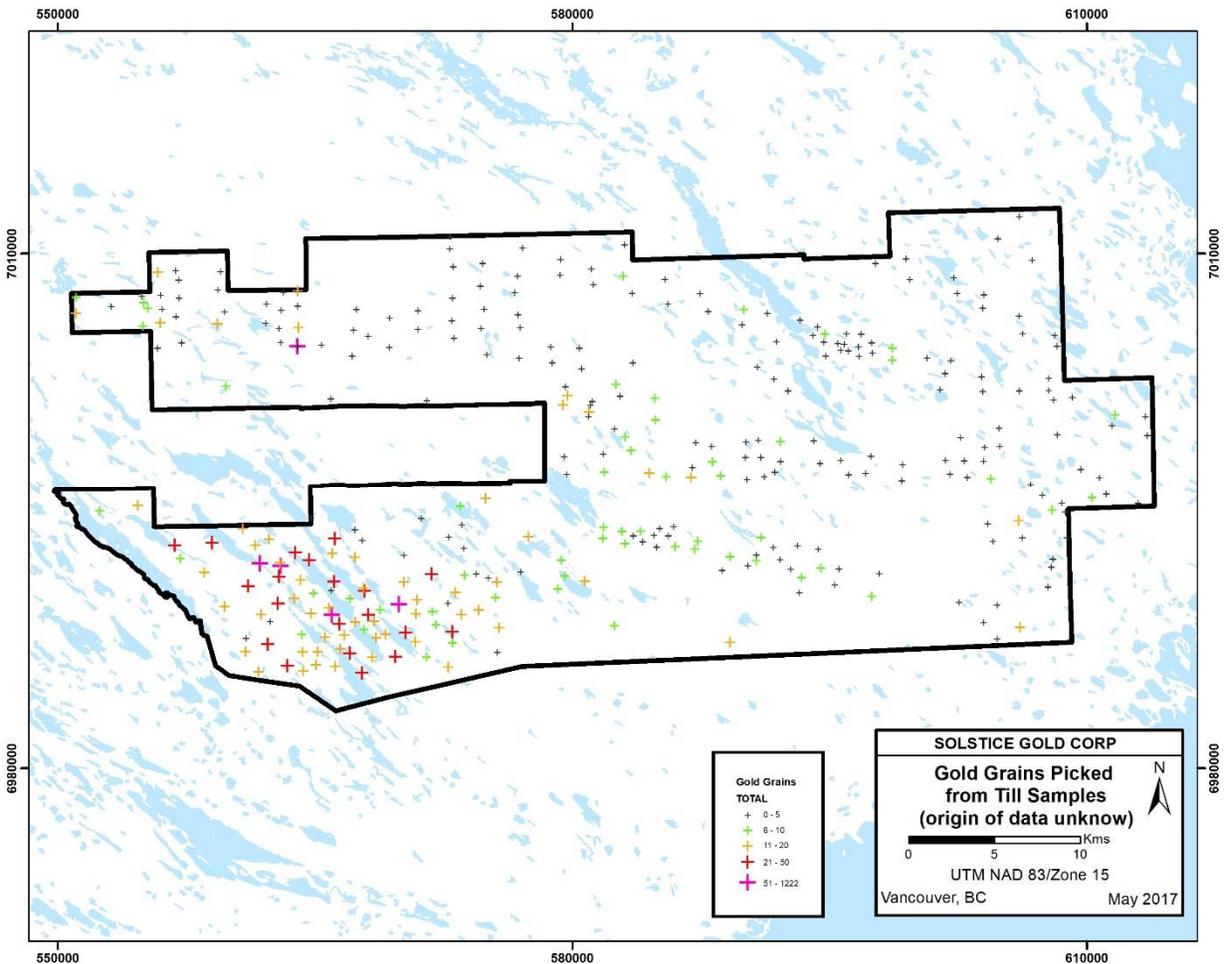


Figure 11: Gold Grains Picked From Till Samples (dataset origin unknown)

### Geological Setting and Mineralization

The Kahuna Gold project lies within the Canadian Shield, situated in the northwest portion of the Churchill Geological Province. Here the Churchill Province has been further divided into the Rae and Hearne Domains and is the later within which the Project Area falls. The Hearne Domain is “comprised of juvenile, theoleite – dominated greenstones belts and associated plutonic and sedimentary rocks.” (Davis et al, 2004) Regional variation within the Hearne domain, reflecting timing of volcanism, sedimentation and deformation have been grouped into several separate morphological belts. Underlying the property area is the Central Hearne Supracrustal Belt, a 700 kilometre long stretch of bedrock extending from northern Saskatchewan to Hudson Bay. Described in detail from Davis et al, 2004, the central Hearne Belt evolved

- Within a relatively short period of time.
- From an early period of dominantly juvenile volcanic activity to an orogenic phase dominated by calc-alkalic plutonism, regional shortenings and deposition of turbidite dominated sedimentary rocks.
- From subsequent events including intrusions of post-deformation granites and deposition of polymictic conglomerates and intrusions of alkaline magmas.

Bedrock geology from Rankin to Chesterfield Inlet has been extensively mapped for the Geological Survey of Canada since the early 1990s with the latest compilation map released in 2006 (Tella et al, 2006). The results of this mapping are shown in Figure 12. Underlying segments of the Archean Ennadai-Rankin Inlet granite-greenstone belt are represented by a package of metasedimentary rocks (Ar-Rs) containing semipelite/psammite with garnet and biotite and +/- aluminosilicates, muscovite, staurolite, plagioclase and quartz (Tell, 1995). Several discontinuous interlayers of silicate iron formation banded on a millimetre to centimetre scale with a total thickness seldom more than a few tens of metres also occur within this unit. These iron formations contain magnetite, garnet, grunerite and hornblende. Structurally this west trending paragneiss belt seems to overlay the large layered quartzofeldspathic gneissic rocks (Ar-RT) to the north however discontinuous layer parallel, ductile high strain zones metres to tens of metres in width are present along the extent of this contact suggesting a major tectonic break between the two units. The quartzo-feldspathic rocks are of tonolite composition with layered to banded honblende-biotite orthognesis. The distinction between the two tonolitic units, Ar-RT and Ar-T, is the inclusion of discontinuous layers of overlying semipelites (Ar-Rs) in Ar-RT. Later intrusions of a biotite-muscovite leucogranite (Ar-Pgm) of uncertain age form large WNW-trending elongate masses. This granite is coarse to medium grained, weathers grey to white and is weakly to well foliated.

Discontinuous folded, ductile high-strain zones which display excellent mylonitic textures are common in the rock packages contained within the Kahuna Property area (Tella, 1993). These high strain textures can occur over distances of hundreds of metres. This complex deformation history suggests several periods of development with injections of metamorphism followed by subsequent folding of ductile strain zones. Weak deformation in the overlying Paleoproterozoic units suggests much of this deformation occurred during the Archean (Tella, 2005).

Large northwest trending brittle faults have been mapped due to their association with geological breaks and pronounced topographic lineaments. Units of both the Archean and Paleoproterozoic seem to be affected by these structures (Tella, 1995).



Pike Fault Zone represents one of several limb-parallel, ductile, high-strain zones that shows apparent dextral sense of displacement associated with this folding.

Geological information procured from field mapping and drilling on the Kahuna property has not yet been sufficient to compile a detailed geology map. However, since banded iron formation has a strong magnetic signature, the surface expression of these units are often readily definable from magnetic geophysical surveys. Work compiled by SRK consultants on the 2004 airborne surveys resulted in the interpretation shown in Figure 13. This interpretation potentially gives a better perspective of the spatial extent of the BIFs within the meta-sedimentary units. (Lee, 2005)

Gold mineralization at the Meliadine Mine Camp occurs in intervals of shearing and quartz veining. While gold has been discovered in most of the rock units, the highest grade zones are associated with the upper and lower Iron Formation units. Mineralization generally has experienced some form of structural control in that “lode” zones are often found in large z folds and fold hinges and the deposits are proximal and running parallel to the 80 kilometre long Pike Fault (www.agnicoeagle.com).

Fundamental analysis of historical sampling relative to known fault zones, rock types and fold axes interpreted from airborne geophysics, suggest the same correlation is occurring at Kahuna. Sampling and surface drilling identified mineralization across several metasedimentary belts similar in style, appearance and strike length to those that host the Meliadine deposits.

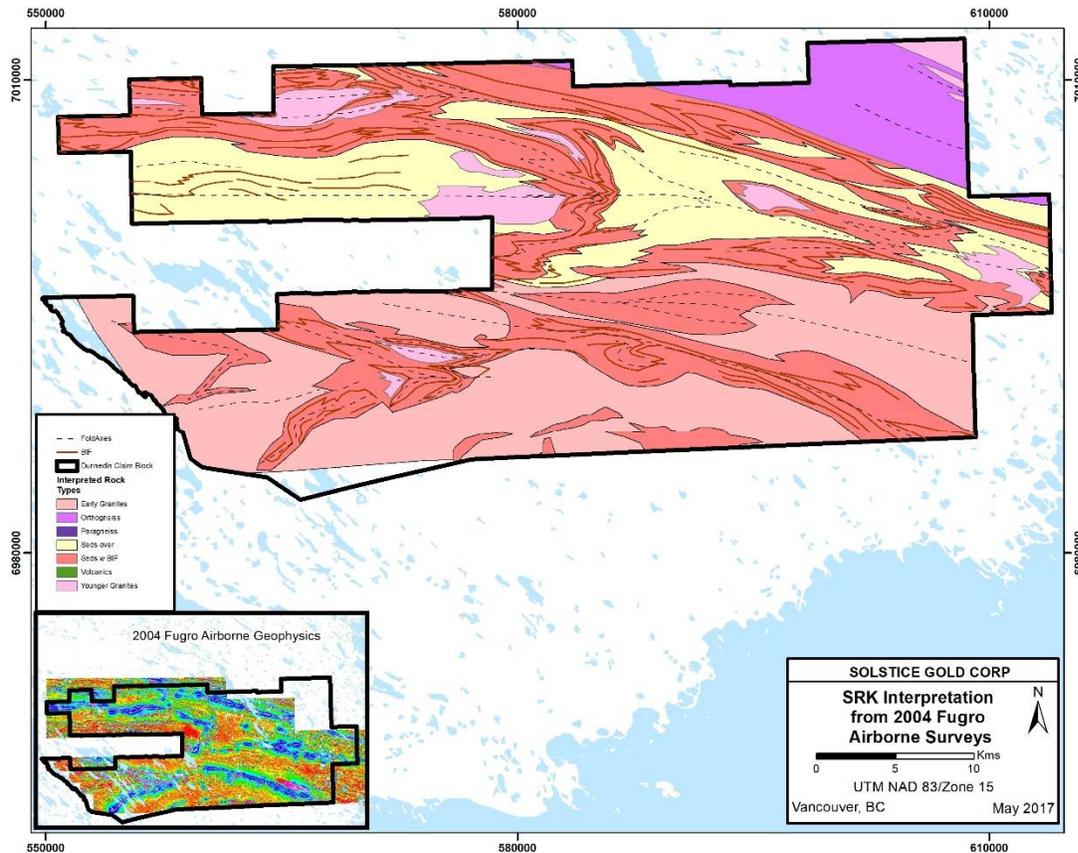


Figure 13: SRK Interpretation of Property Lithology Using Airborne Surveys

## Deposit Types

The Kahuna Property is being investigated for two main types of gold deposit models. Historical drilling and rock sampling of quartz veins within sulphidized iron formations are similar to other iron formation-hosted deposits such as Lupin, a mesothermal lode gold deposit (Bullis et al., 1994). Alternatively, right lateral displaced fault zones interpreted from airborne geophysics that run parallel to the Pyke Fault at Meliadine could create a shear controlled mineralizing environment similar to that at the Tiriganiaq gold deposit at Meliadine (De Mark et al, 2010). Mineralization at Kahuna is interpreted to occur within meta-sedimentary, volcanic and iron formation host rocks as well as within quartz veins. There may be several deposit types on the property including deposits associated with shear zones, re-mobilization of gold mineralization into folded stratigraphy, quartz vein hosted and iron-formation hosted. Exploration program should be executed to identify folded gold bearing stratigraphy (such as suggested by magnetic signatures up-ice from anomalous Till samples). Exploration should also focus on identifying shear zones, quartz vein zones and quartz-sericite alteration zones which are often associated with shear zone hosted gold deposits. Typification of the gold mineralization through visual inspection and detailed sampling of gold in outcrops and drilling core will be the primary focus for exploration programs in order to develop a consensus on the deposit model or models present.

## Exploration

Upon acquiring the rights to the Kahuna Property in 2014, Dunnedin began efforts to compile data from the Property's extensive exploration history using documents found in the public domain such as relevant 43-101 Technical Reports, assessment reports and land use reports. Amongst this data was the Geophysical Resolve Survey completed for Shear Minerals Ltd by Fugro Airbone Surveys (Besserer, D et al, 2004. Prichard, 2004 summarizes the report as follows:

"The purpose of the survey was to detect zones of conductive mineralization and to provide information that could be used to map the geology and structure of the survey area. This was accomplished by using a RESOLVE multi-coil, multi-frequency electromagnetic system, supplemented by a high sensitivity horizontal magnetic gradiometer. The information from these sensors was processed to produce maps that display the magnetic and conductive properties of the survey area. A GPS electronic navigation system ensured accurate positioning of the geophysical data with respect to the base maps."

In addition to the Fugro 2004 Airborne survey, numerous ground geophysical grids and subsequent airborne geophysical were completed by Shear and Stornoway.

This data was re-interpreted by Dunnedin to assist with targeting Banded Iron Formations and meta-sediments. Historical geophysical survey data were merged and re-gridded in Oasis Montaj Software, overlapping surveys were combined to show detailed ground geophysical grids on top of airborne grids. The resultant combined airborne magnetic data was then used as a base map for interpreting folds, faults and fold axis. Using the SRK interpretation by Lee (2005) as a guide, new domains were established which outlined fold limbs, fold hinge domains and faults (Figure 14).

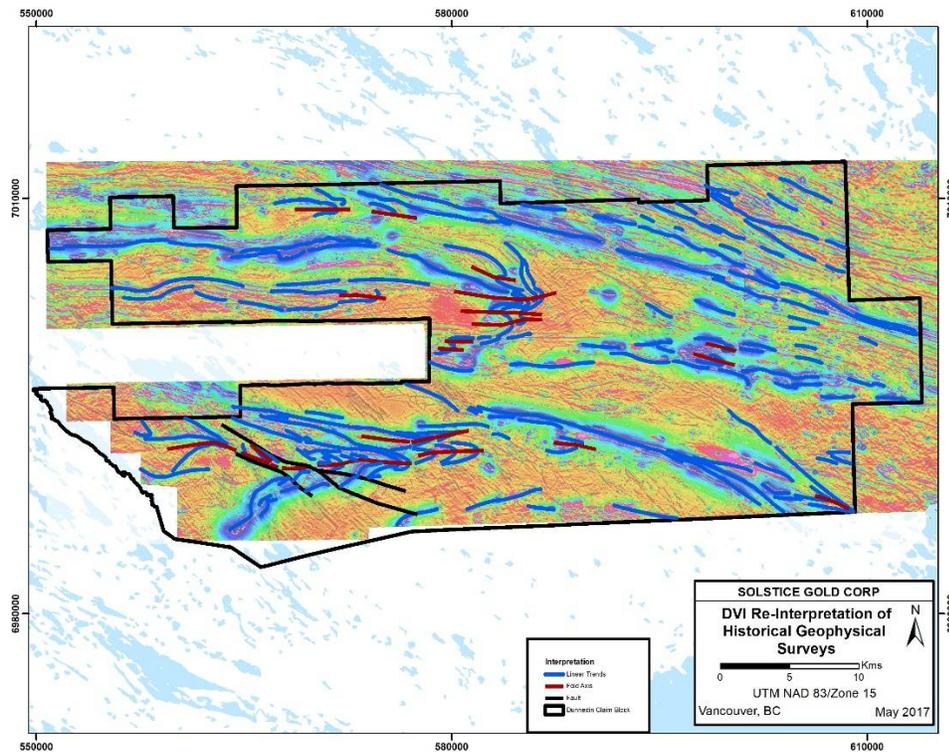


Figure 14: RE-Interpretation of Historical Geophysical Surveys

In the summer of 2015, the author worked alongside Dunnedin crews to prospect the Kahuna Property and collect 123 till samples over an area of approximately 125 square kilometres. Single till sample were collected normal to the local ice direction from several locations within a 25m radius of the sample site. Till samples were collected near surface from frost boils or in their absence, holes were dug into the glacial till by shovel to depths from 0.3m to 0.6m deep. The collected material typically consists of a sandy to gravelly component within a silty to sandy clay rich matrix. This material was placed on a screen and was wet screened at the sample site utilizing a 6 mesh sieve in the field allowing 90% or more of the material measuring less than 3.36mm to pass through the screen. The undersized material passing through the screen was retained. The sieved material was placed in an 18 X 24 inch sized plastic sample bag. A unique sample tag number was placed in each sample bag and the number was transcribed to the plastic sample bag as well. The screened till samples varied in weight from 10.4kg to 22.0kg in size and were closed securely utilizing zip tie straps. At each sample site, sample descriptions were documented recording the samples UTM coordinate location, soil type and description, color, the quality of the sample and general comments of the sample site. Sampling equipment including the sieves and shovels were cleaned at each sample site to prevent cross contamination of samples. Most of these till samples were collected as targets for Diamond exploration however, in knowledge of the property's history of gold exploration, these tills were also processed for gold and multi-element analysis. Results from analysis of heavy mineral concentrates derived from the original till sample Figure 15 below. As shown, several samples analyzed greater than 500 ppb gold (samples plotting above 591ppb are in the 80th percentile and samples plotting above 501 ppb are 0.5 standard deviations above the average both of these ranges are considered anomalous), the majority of which are in the southwest, where historical results have also shown elevated gold in till results. Both historical till results and Dunnedin till results show anomalous values at the 80th percentile of each dataset. Absolute values of gold cannot be directly compared as the collection and processing techniques between the two datasets are not identical. While the historical work analysed a wet-sieved split of the till sample based on size range ( $< 0.25\text{mm}$ ) the Dunnedin till sample results are from heavy mineral concentrates of the entire collected sample.

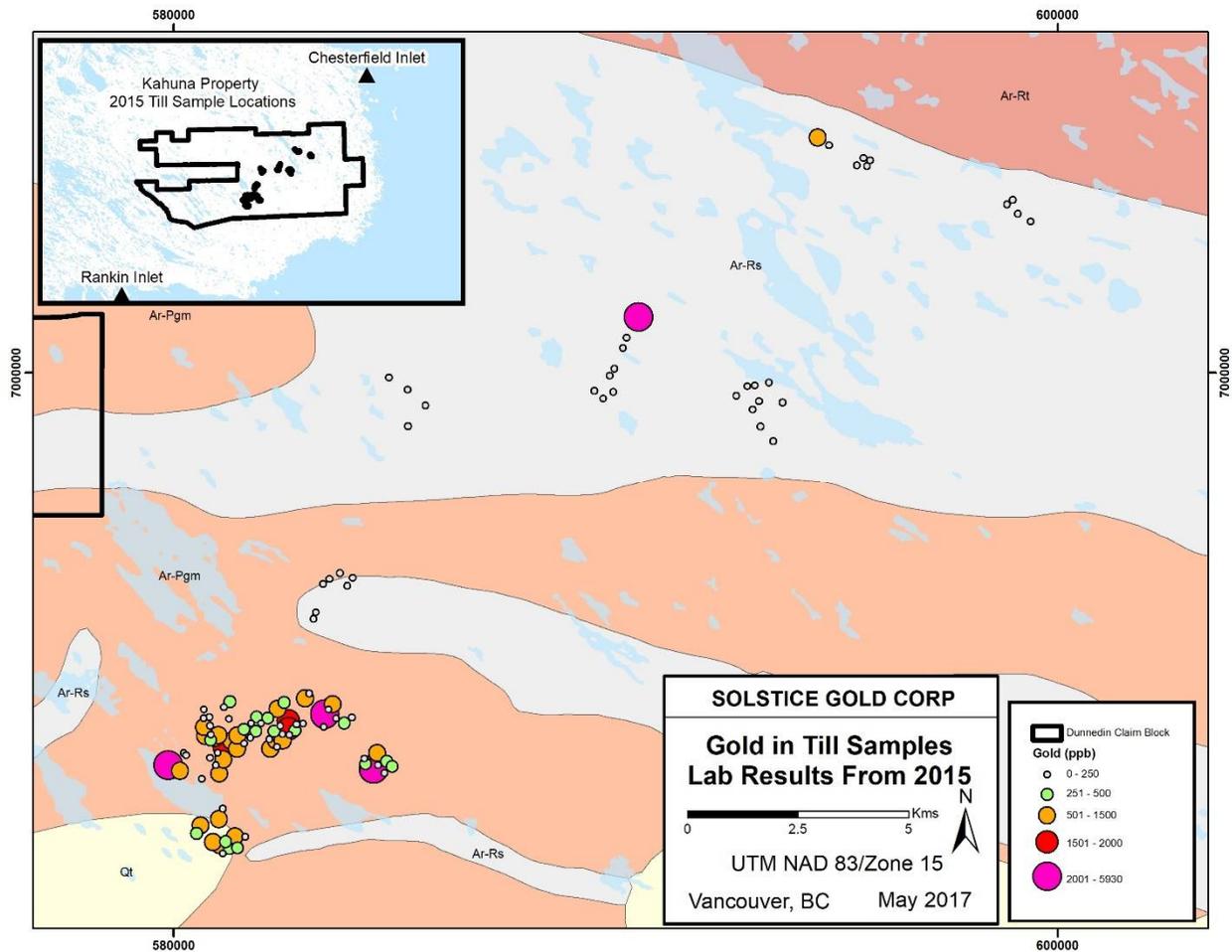


Figure 15: Gold In Till Assay Results from 2015 Field Sampling

In 2016, Dunnedin crews collected an additional 1118 till samples for both diamond indicator minerals and gold. Assay results from the most recent till sampling program are still pending.

Property scale mapping of the Property conducted in 2016 and 2017 focused on differentiating between rock types, gathering structural data and ground truthing bedding, fold and fault orientations interpreted from historical geophysics (Figure 16). Bedrock encountered has been classified as:

- Banded Iron Formation
- Diorite
- Felsic Units
- Gabbro
- Gneiss
- Granite
- Mafic Units
- Schist
- Meta-sediments
- Intrusive Dykes

The primary focus for this mapping was areas of known or interpreted metasedimentary units in order to determine the potential extent of the iron formation intervals and provide targets for future surface sampling and drilling. Results from rock samples collected during this program are still pending.

Simultaneously collected structural measurements from this program demonstrate the regional foliation and folding trends agree with those historically collected in the district. Poles to foliation average at near vertical dips to the northeast and southwest striking west-northwest to east-southeast. Fold hinge measurements predominately follow this orientation with a slight bias of hinge lines dipping to west northwest.

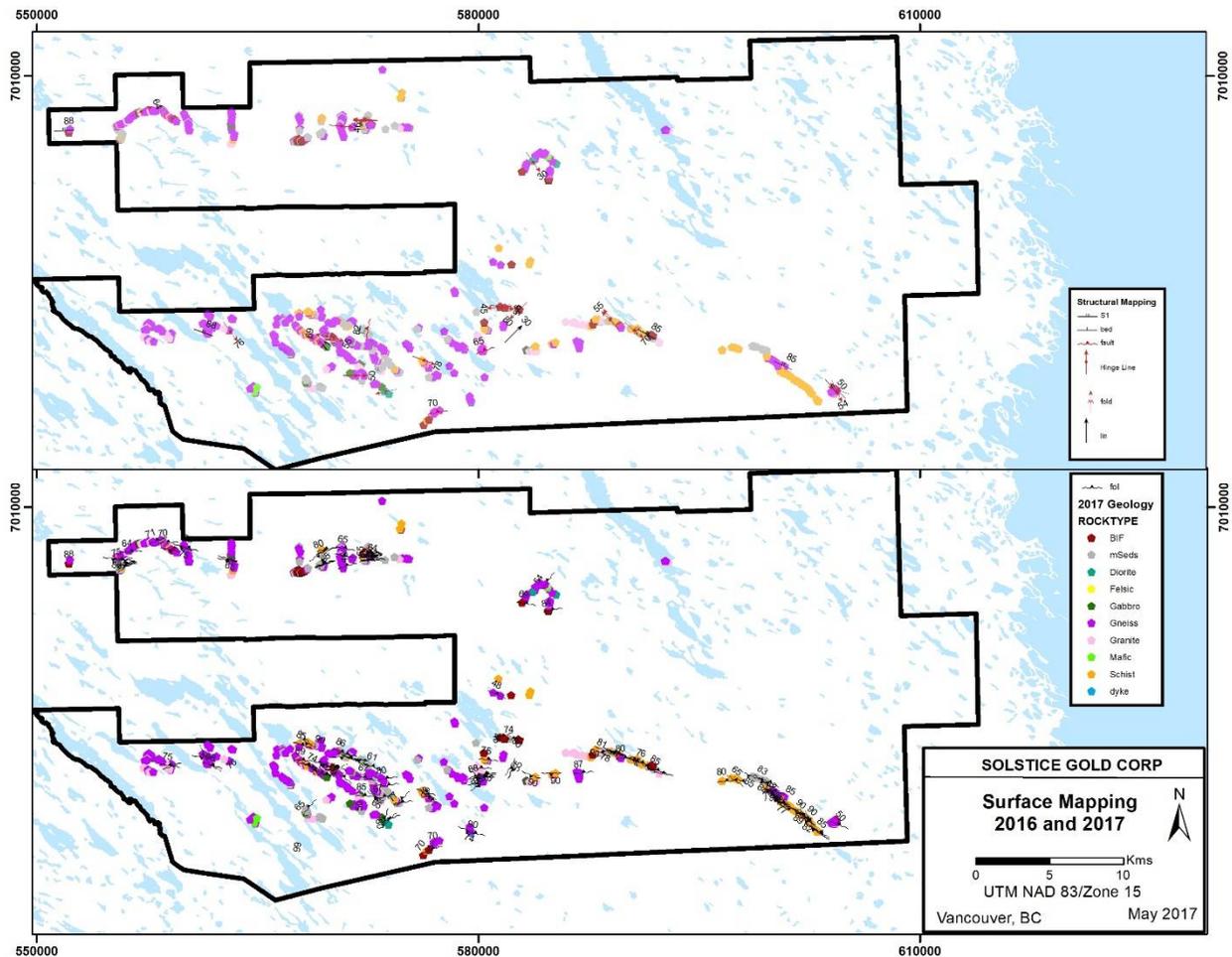


Figure 16: Geological Field Mapping by Dunnedin on the Kahuna Property

## Drilling

Drilling exploration has not been conducted on the Kahuna Property by Dunnedin.

## Sampling Preparation, Analyses and Security

Single Till sample was collected normal to the local ice direction from several locations within a 25m radius of the sample site. Till samples were collected near surface from frost boils or in their absence, holes were dug into the glacial till by shovel to depths from 0.3m to 0.6m deep. The collected material typically consists of a sandy to gravelly component within a silty to sandy clay rich matrix. This material was placed on a screen and was wet screened at the sample site utilizing a 6 mesh sieve in the field allowing 90% or more of the material measuring less than 3.36mm to pass through the screen. The undersized material passing through the screen was retained. The sieved material was placed in an 18 X 24 inch sized plastic sample bag. A unique sample tag number was placed in each sample bag and the

number was transcribed to the plastic sample bag as well. The screened till samples varied in weight from 10.4kg to 22.0kg in size and were closed securely utilizing zip tie straps. At each sample site, sample descriptions were documented recording the samples UTM coordinate location, soil type and description, color, the quality of the sample and general comments of the sample site.

Stock piled till samples in the field were collected by helicopter and were flown back to Rankin Inlet on empty back haul flights daily. Till samples were stored in a secure storage site in Rankin inlet where sample weights were measured. At the end of the program, till samples were catalogued and packed into 1 ton mega bags in preparation for southbound transit via sea lift to Churchill Manitoba, train to Thompson and ground freight to C.F. Minerals Research Ltd. in Kelowna, British Columbia. At CFM, samples were weighed, dried and processed. At CFM a series of heavy magnetic, paramagnetic and nonmagnet fractions are produced by wet sieving, heavy liquid concentrations (Tetrabromoetane and Methylene Iodide) and magnetic separation. The -80 mesh (< 0.177mm) heavy non-magnetic fraction is then sent directly to ActLabs of Ontario, Canada and analyzed using Instrumental Neutron Activation Analysis (INAA), as described from Actlabs' schedule of analyses:

"Samples are encapsulated and irradiated in a nuclear reactor. After a suitable decay, samples are measured for the emitted gamma ray fingerprint. INAA is very good for Au, Co, As, Sb, W, Ta, U, Th, Cs, In, Re, Cl and lower levels of most LREE. With mineral concentrates the nugget effect may require that the entire sample be analyzed to ensure that the few particles of gold which may be present can be measured. With INAA the whole concentrate can be analyzed without grinding the samples. The sample is therefore preserved for other chemical or mineralogical work. Actlabs only irradiates with thermal neutrons so as to avoid low gold values due to self shielding effects from irradiation with epithermal neutrons."

INAA yields total metals results whereas 4-acid digestion are "near" total digestion. Elements reported under the selected package include Ag, As, Au, Ba, Br, Ca, Cd, Ce, Co, Cr, Cs, Cu, Eu, Fe, Hf, Hg, Ir, La, Lu, Mn, Mo, Na, Nd, Ni, Pb, Rb, S, Sb, Sc, Se, Sm, Sr, Ta, Tb, Th, U, W, Yb, and Zn.

### **Data Verification**

Historical data plotted throughout the Kahuna Report was gathered either from the public domain or the sale of data from private vendors. Although the historical data cannot be verified or individually ground truthed, the author has observed no evidence nor has any reason to suspect that the historical data has been inaccurately plotted or reported. The use of this data is as a guide to future exploration only and will re-sampled and verify the data accordingly. Till samples from Dunnedin's 2015 program were successful in confirming a gold anomaly in Till on the southwest portion of the property as suggested by multiple historical surveys. The author was personally able to supervise the collection, storage and transportation of all samples during the 2015 program, as well as verify sample locations and the accurate merging of sample data with these original sample points. The 2016 Till sampling program was completed using the same protocols as 2015, it is in the authors' opinion that the samplers complied with industry standard practices in collection and handing of sample materials. The 2017 rock sampling program was supervised by qualified professionals and it is the Author's opinion that this work was conducted to and exceeded industry standard practices. A total of 34 quality control certified standards and blanks were inserted into the rock sample stream. Standards were obtained from CDN Resource Laboratories from Langley, British Columbia. Field crews would routinely insert one quality control sample for every 25 samples collected.

## Mineral Processing and Metallurgical Testing

Not applicable.

## Mineral Resource Estimate

Not applicable.

## Adjacent Properties

The Meliadine Mine is located approximately 12.5 kilometres from the southwest boundary of the Kahuna Property claim block (Figure 1). Owned by Agnico Eagle, this advanced stage project is currently in the Mine development stage. Current reserves are reported as 3.4 million ounces of gold in proven and probable (14.5 million tonnes at 7.32 g/t) calculated from the two main deposits, Tiriganiaq and Wesmeg, as well as four other deposits (Table 5). Local geology includes Archean age volcanic and sedimentary rocks of the Meliadine greenstone belt which are truncated by Pyke Fault, an 80 kilometre long regional structure. Gold mineralization in five of the six deposits is associated with the sedimentary sequence which contains a series of oxide iron formations - a northern magnetite-rich "upper" oxide iron formation and two southern "lower lean" weakly magnetic iron formations. The sixth deposit is hosted by the Wesmeg mafic volcanics. The deposits are a combination of mesothermal quartz veins associated with the Pyke Fault system as well as quartz lodes or sulphide replacement in the iron formation. While construction of the Mine infrastructure is ongoing, underground delineation drilling is currently underway. ([www.agnicoeagle.com](http://www.agnicoeagle.com))

**Table 3: Meliadine Mine, Mineral Reserves and Resources**

MELIADINE MINE - MINERAL RESERVES								
<u>PROVEN</u>			<u>PROBABLE</u>			<u>PROVEN &amp; PROBABLE</u>		
000 tonnes	g/t	000 oz Au	000 tonnes	g/t	000 oz Au	000 tonnes	g/t	000 oz Au
34	7.31	8	14,495	7.32	3,410	14,529	7.32	3,417

MELIADINE MINE - MINERAL RESOURCES					
<u>MEASURED AND INDICATED</u>			<u>INFERRED</u>		
000 tonnes	g/t	000 oz Au	000 tonnes	g/t	000 oz Au
20,778	4.95	3,306	14,710	7.51	3,552

\*From [www.agnicoeagle.com](http://www.agnicoeagle.com) JUNE 2017

## Other Relevant Data and Information

The major impedances on mineral exploration on the Kahuna Property are related to logistics and climate. Not only is Rankin Inlet a remote community but there is currently no all-season access road to the property itself, necessitating the use of helicopters for transportation to and from Rankin. An extensive network of trails traverse various parts of the project that are used and maintained by local residents for summer ATV and winter snowmobile access. These trails have been made available to past explorers, and now DGI through consultation initiatives, as winter haulage routes. Permitting has been approved for an overland trail from Rankin, however this would be for winter use only. Also of note, a trail is currently being built from Chesterfield Inlet to Josephine lake with construction currently 35 kilometres outside of Chesterfield. The high variability in the weather and winds, particularly during the

winter but even in the summer months, creates challenges for Exploration Activity, particularly when using Helicopters.

With the past producing mines and the impending opening of the Meliadine Mine, Rankin Inlet remains to be a mining friendly jurisdiction. Permitting for mineral exploration with the local agencies is straight forward and can be completed efficiently.

The author knows of no real encumbrances, environmental, geographical, socio-political or otherwise that would prevent mineral exploration by Solstice on the Gold Project.

## **Recommendations**

The Gold Project has a favourable geological and structural domain, with corresponding surface gold mineralization, suggesting the possibility of a major gold deposit within its land package. This potential would be best realized using extensive surface exploration to generate targets followed up by an aggressive diamond drilling program. The recommended program would include two phases carried out over consecutive field seasons (6):

### **Phase I: Surface Mapping, Sampling and Prospecting**

Year one includes a two-step program, Step 1: Generating drill targets in high priority areas and Step 2: Conducting a large property wide exploration program while still generating drill targets in high priority areas. This program must be carried out over the summer months from June to September when the ground surface is clear of snow. Since it is a relatively short window over a large area of land, one to four crews consisting of a Geologist, Assistant and Wildlife Monitor should be assembled. One crew should focus on developing and refining drill targets while the other three crews conduct property wide reconnaissance exploration work. Focus should begin on expanding and in-filling the 2017 mapping and rock sampling program and expanding it property wide. In addition, the Southwest portion of the property where historical till samples have reflected the highest values of gold in till may require additional till sampling to verify historic results and follow-up on pending 2017 Till samples. Using the 2017 rock sampling data and historical geophysical surveys as a guide, crews should begin by targeting and mapping the size, extent and orientation of the iron formations and meta-sedimentary units in this area. Continuing to collect systematic structural measurements of bedding surfaces will assist in identifying areas of folding and faulting, potential controls to mineralization. Surface sampling should coincide with the geological mapping. The priority area is over 30 kilometres in width. Finally, 10 days of mechanical trenching over an area of known mineralization should be completed to determine mineralization styles and gold associations, followed by a 5 to 6 hole, 600 metre reconnaissance drill program. In conjunction with this work, additional airborne remote sensing surveys such as thematic mapping for alteration should be considered.

The Company should investigate methodologies for ground-truthing anomalies in areas of overburden including overburden drilling and geophysics.

To allow direct, rather than geostatistical, comparison with governmental till datasets (GSC and others), the Company should consider sourcing a laboratory that utilizes the same till separation methodologies versus currently used heavy mineral concentration procedures.

At the end of Phase I the Company should assess whether the objectives of Step I have been achieved before deciding to proceed to Phase II.

## Phase II: Exploration Drilling Program

An in-office study of all geochemical data as well as compilation of the geological mapping should be completed prior to the commencement of the drilling program. Data compilation should be ongoing and will require a full time GIS/Database Technician. Drilling can be conducted during the shoulder seasons although the possibility of down time due to inclement weather will be higher. A total of 6000 metres to depths of 100 metres plus is recommended although this number can greatly fluctuate depending on the extent and number of targets generated and results. The Geological crew typically consists of a Geologist, Geologist/Field Assistant and Core Cutter. A facility for the logging and cutting of core will need to be procured. Assuming a daily production rate of 50 metres per day, this program should take at least four months to complete.

**Table 4: Cost Breakdown of Two Phase Field Exploration Program**

<b><i>Phase I</i></b>	
<i>June to September - Surface Exploration (Approximately 10 weeks)</i>	
<i>Field Costs (4 Crews - personnel, travel, helicopter, sampling)</i>	<i>\$1,371,000.00</i>
<i>Drilling</i>	<i>\$240,000.00</i>
<i>Airborne Surveys</i>	<i>\$300,000.00</i>
<i>Total</i>	<b><i>\$1,911,000.00</i></b>
<b><i>Phase II</i></b>	
<i>Field Costs (personnel, travel, helicopter, sampling)</i>	<i>\$1,116,500.00</i>
<i>Drilling (all in costs of \$400 /m)</i>	<i>\$2,400,000.00</i>
<i>Total</i>	<b><i>\$3,516,500.00</i></b>
<i>Phase I and Phase II Total</i>	<b><i>\$5,427,500.00</i></b>

## ITEM 6. FINANCINGS

### Private Placement

In connection with the Arrangement, on January 31, 2018 the Company completed the Private Placement whereby it raised gross proceeds of \$8,376,400 through the issue of 26,534,400 Units and 5,809,334 FT Shares, at an issue price of \$0.30 per FT Share and \$0.25 per Unit. Each Unit was comprised of one Common Share and one-half of one Private Placement Warrant exercisable. Each Private Placement Warrant entitles the holder thereof to purchase one additional Common Share at a price of \$0.35 per Warrant Share for a period of thirty months from the date of issue.

The Private Placement was conducted on a non-brokered basis. Solstice paid cash fee commissions of 6% and Private Placement Broker Warrants of 3% to certain finders in connection with the Private Placement. The Private Placement Broker Warrants entitled the holder thereof to purchase one

additional Common Share at a price of \$0.30 per Warrant Share for a period of thirty months from the date of issue.

In determining the pricing of the Private Placement, the Company took into account a number of factors, including: (a) the valuation of another public company with a similar exploration stage project in the region; (b) the decline in the market price of Dunnedin after the record date for the Amalgamation; (c) the costs that would be associated with staking and establishing the Gold Project were Solstice to establish the project independently; and (d) a third party valuation of the Gold Project that was received from RWE Growth Partners. Taking these considerations into account, the final issue prices were determined in discussions with arms' length brokerage firms who were assisting with completion of the Private Placement. An additional premium was attached to the issue price of the Units on the basis that each Unit included one-half of a Private Placement Warrant. Furthermore, the price differential between the FT Shares and Units was determined by taking into account the additional tax incentives that the FT Shares would receive.

The Company plans to use the net proceeds of the Private Placement, as follows:

Use	Anticipated Use of Proceeds
Working Capital, General & Administrative	\$1,209,985
Canadian listing costs	\$82,500
Gold Project - Exploration	\$1,911,000
Unallocated	\$4,796,515

**While the Company intends to use the proceeds of the Private Placement as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary. See Item 21 – Risk Factors. Depending on the results of preliminary work conducted on the Gold Project, the Company may choose to allocate additional funds to the completion of further exploration work on the Gold Project, as recommended by the Kahuna Report.**

The Company undertook the Private Placement to complete the Arrangement and advance the Gold Project.

The current milestones that the Company has targeted for achievement within the next 12 months from the date of this Listing Application include:

1. complete Listing;
2. complete of target generation work on the Gold Project; and
3. carry out phase 1 exploration program on the Gold Project including drilling of initial targets generated.

#### **ITEM 7. DIVIDENDS AND OTHER DISTRIBUTIONS**

Solstice has not paid dividends since its incorporation. Solstice currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

## ITEM 8. MANAGEMENT'S DISCUSSION AND ANALYSIS

During the three and six month periods ended December 31, 2017, Solstice existed as a wholly-owned subsidiary of Dunnedin and did not prepare standalone management discussion and analysis.

## ITEM 9. DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

Solstice is seeking to list its common shares on the TSXV. The authorized capital of Solstice consists of an unlimited number of common shares. On completion of the Listing: (i) the issued capital of Solstice will be 66,762,585 Common Shares; (ii) 6,100,858 Common Shares will be reserved and available for issuance pursuant to the Plan; and (iii) 7,251,659 Options will be outstanding; and (iv) 20,440,275 Warrants will be outstanding.

## ITEM 10. DESCRIPTION OF SECURITIES TO BE LISTED

Holders of Common Shares are entitled to one vote per Common Share at all meetings of Solstice Shareholders, to receive dividends as and when declared by the Solstice Board and to receive a pro rata share of the assets of Solstice available for distribution to holders of Common Shares in the event of liquidation, dissolution or winding up of Solstice. All rank pari passu, each with the other, as to all benefits which might accrue to the holders of Common Shares.

## ITEM 11. CONSOLIDATED CAPITALIZATION

The following table summarizes Solstice's anticipated consolidated capitalization upon completion of the Listing. The table should be read in conjunction with balance sheet of Solstice for the period ended December 31, 2017, appended as Schedule "B" to the hereto.

Designation of Security	Authorized	Amount Outstanding as of the date of this Listing Application	Anticipated Amount Outstanding as of the Listing Date
Common Shares	Unlimited	66,762,585	66,762,585
Options <sup>(1)</sup>	Fixed 20% of issued and outstanding Common Shares <sup>(1)</sup>	7,251,659	7,251,659
Warrants	N/A	20,440,275	20,440,275

Notes:

(1) See Item 12 – *Stock Option Plan*.

## ITEM 12. STOCK OPTION PLAN

The Solstice Board and its shareholders adopted the Plan, subject to approval by the Solstice Shareholders and the TSXV. The purpose of the Plan is to allow Solstice to grant Options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Solstice. The granting of Options is intended to align the interests of such persons with that of the Solstice Shareholders.

Pursuant to the Arrangement, each Dunnedin Option outstanding immediately before completion of the Arrangement was deemed to be exchange for one-third of one fully-vested Option.

An additional 4,890,000 Options have been granted under the Plan. See below table for details. As the date hereof, there is no current market for the Common Shares. As such, the market value of the Common Shares underlying the Options has not been determined.

Following completion of the Listing, there will be approximately 7,251,659 Options outstanding and approximately 66,762,585 Common Shares outstanding. Accordingly, an aggregate of 13,352,517 Common Shares, representing 20% of the issued and outstanding Common Share as at the Listing Date, are reserved for issuance under the Plan. The Options outstanding on completion of the Listing represent approximately 10.9% of the Common Shares outstanding and approximately 54.3% of the Options available for issuance under the Plan as at the Listing Date.

The full text of the Plan is appended as Schedule “G” hereto.

Upon completion of the Listing, Options will be held by executive officers, directors, employees and consultants of Solstice as set out in the table below:

Name	Title	Number of Options	Option Exercise Price	Option Expiry Date
Christopher Taylor	Senior Consultant and Director	150,000	\$0.11 <sup>(1)</sup>	12/11/2019
		8,333	\$0.11 <sup>(1)</sup>	07/05/2020
		125,000	\$0.19 <sup>(1)</sup>	06/09/2021
		30,000	\$0.21 <sup>(1)</sup>	18/01/2022
		800,000	\$0.25	15/01/2025
Tony Ricci	CFO and Corporate Secretary	125,000	\$0.11 <sup>(1)</sup>	12/11/2019
		8,333	\$0.11 <sup>(1)</sup>	07/05/2020
		66,666	\$0.19 <sup>(1)</sup>	06/09/2021
		30,000	\$0.21 <sup>(1)</sup>	18/01/2022
		400,000	\$0.25	15/01/2025
David Adamson	CEO, Executive Chairman and Director	1,500,000	\$0.25	15/01/2025
Chad Ulansky	Director	50,000	\$0.15 <sup>(1)</sup>	04/08/2021
		75,000	\$0.19 <sup>(1)</sup>	06/09/2021
		30,000	\$0.21 <sup>(1)</sup>	18/01/2022
		75,000	\$0.25	15/01/2025
Michael Leskovec	Director	200,000	\$0.25	15/01/2025
Martin Tunney	President and Director	1,115,000	\$0.25	15/01/2025

Name	Title	Number of Options	Option Exercise Price	Option Expiry Date
Bob Singh	VP Exploration	41,666	\$0.11 <sup>(1)</sup>	12/11/2019
		16,666	\$0.11 <sup>(1)</sup>	7/5/2020
		75,000	\$0.19 <sup>(1)</sup>	6/9/2021
		30,000	\$0.21 <sup>(1)</sup>	18/1/2022
		800,000	\$0.25	15/1/2025

Notes:

- (1) Pursuant to the Arrangement, each Dunnedin Option outstanding immediately before completion of the Arrangement was deemed to be exchange for one-third of one fully-vested Option.

### ITEM 13. PRIOR SALES

The following table sets out the issuance of Common Shares, and securities that are convertible or exchangeable into Common Shares, since incorporation:

Date of issue	Security	Number issued	Price per security
June 8, 2017	Common Share	1	\$0.01
January 15, 2018	Options	4,890,000	\$0.25
January 31, 2018	Common Shares <sup>(1)</sup>	34,418,850	\$0.17
January 31, 2018	Options <sup>(1)</sup>	2,361,659	Various
January 31, 2018	Warrants <sup>(1)</sup>	6,536,353	Various
January 31, 2018	Units <sup>(2)</sup>	26,534,400	\$0.25
January 31, 2018	FT Shares <sup>(2)</sup>	5,809,334	\$0.30
January 31, 2018	Broker Warrants	636,722	\$0.30

Notes:

- (1) See Item 5 – *Description of the Business – General Development of the Business – Two Year History – Arrangement.*  
(2) See Item 6 – *Financings – Private Placement.*

### Trading Price and Volume

The Common Shares are not currently, and have never been, listed on a stock exchange.

**ITEM 14. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

There are no Common Shares currently held in escrow or otherwise subject to escrow restrictions. Pursuant to the terms of the Escrow Agreement, a total of 674,996 Options are subject to escrow. The terms of the Options subject to escrow are as follows:

<b>Number issued</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
433,331 <sup>(1)</sup>	\$0.11	November 12, 2019
174,999 <sup>(1)</sup>	\$0.11	May 7, 2020
66,666 <sup>(2)</sup>	\$0.15	August 4, 2021

Notes:

- (1) To be released from escrow in five equal tranches of 20% over a twelve month period following the Listing Date, with the first release occurring upon the Listing Date, and each subsequent release occurring on the quarterly anniversary of the Listing Date.
- (2) To be released from escrow in five equal tranches of 20% over a four month period following the Listing Date, with the first release occurring upon the Listing Date, and each subsequent release occurring on the monthly anniversary of the Listing Date.

As of the date of this Application, 26,534,400 Common Shares issued under the Private Placement and 5,809,334 FT Shares issued under the Private Placement (as described in Item 6 – *Financings – Private Placement*) are subject to a hold period until June 1, 2018, in accordance with applicable securities legislation.

**ITEM 15. PRINCIPAL SECURITYHOLDERS**

To the knowledge of Solstice’s directors and executive officers, and based on existing information as of the date hereof, no person or company, upon completion of the Listing will, beneficially own, or control or direct, directly or indirectly, voting securities of Solstice carrying 10% or more of the voting rights attached to any class of voting securities of Solstice.

## ITEM 16. DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to each director and executive officer of Solstice, as at the date of Listing.

Name, Jurisdiction of Residence and Position(s) <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>	Date First Appointed as Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Listing <sup>(2)</sup>	Percentage of Common Shares Issued and Outstanding Immediately Following the Completion of the Listing <sup>(3)</sup>
<b>Christopher Taylor</b> North Vancouver, BC  <i>Senior Consultant &amp; Director</i>	Professional Geologist and CEO of Dunnedin.	September 18, 2017	300,616 Common Shares  1,113,333 Options  5,000 Warrants	0.5%
<b>Tony Ricci</b> Burnaby, BC  <i>CFO &amp; Corporate Secretary</i>	President of Nicmar Capital Corp. (formerly Tony M. Ricci Inc.).	June 8, 2017	325,000 Common Shares  630,000 Options  50,000 Warrants	0.5%
<b>David Adamson<sup>(4)</sup></b> Victoria, BC  <i>CEO, Executive Chairman &amp; Director</i>	Economic Geologist PhD	September 18, 2017	1,566,667 Common Shares  1,500,000 Options  700,000 Warrants	2.4%
<b>Chad Ulansky<sup>(4)</sup></b> Kelowna, BC  <i>Director</i>	Professional Geologist.	September 18, 2017	Nil Common Shares  230,000 Options  Nil Warrants	Nil
<b>Michael Leskovec<sup>(4)</sup></b> Toronto, ON  <i>Director</i>	Chief Financial Officer of Nighthawk Gold Corp.	September 18, 2017	60,000 Common Shares  200,000 Options  30,000 Warrants	0.1%
<b>Martin Tunney</b>  Toronto, ON  <i>President &amp; Director</i>	Professional Engineer.	April 4, 2018	360,000 Common Shares  1,115,000 Options  180,000 Warrants	0.5%

Name, Jurisdiction of Residence and Position(s) <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>	Date First Appointed as Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Listing <sup>(2)</sup>	Percentage of Common Shares Issued and Outstanding Immediately Following the Completion of the Listing <sup>(3)</sup>
<b>Bob Singh</b>  Surrey, BC  VP Exploration	Professional Geologist	N/A	33,333 Common Shares  963,333 Options  33,333 Warrants	0.05%

Notes:

- (1) The information as to residence and principal occupation, not being within the knowledge of Solstice, has been furnished by the respective directors and officers individually.
- (2) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Solstice, has been furnished by the respective directors and officers individually based on shareholdings in Solstice as of the date of the Application.
- (3) Assuming 66,762,585 Common Shares are outstanding after completion of the Listing.
- (4) Denotes member of the Audit Committee.

The directors and executive officers of Solstice as a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 2,645,616 Common Shares, representing approximately 4% of the issued Common Shares, assuming no Options are exercised prior to the Listing Date. Directors serve until the earlier of the next annual general meeting or their resignation.

The principal occupations of each of the directors and executive officers of Solstice within the past five years are disclosed in the brief biographies set forth below.

**Christopher Taylor, M. Sc. P.Geo Age: 40 – Senior Consultant & Director.** Economic geologist and explorationist with 15 years of industry and research experience with both mid-tier producer and junior exploration companies. Director of a number of TSXV listed resource companies. Mr. Taylor has entered into a consulting and non-disclosure agreement with Solstice.

**Tony Ricci, CPA, CA, Age: 54 – CFO & Corporate Secretary.** Chartered Professional Accountant with 25+ years for Canadian and US listed public companies. Former Director and CFO of mining companies with a combined market capitalization near \$2 billion including Norsemont Mining, Keegan Resources (currently Asanko Gold Inc), Petaquilla Minerals and Petaquilla Copper. Formerly with KPMG and AMEC Engineering Inc. Mr. Ricci has entered into a consulting and non-disclosure agreement with Solstice.

**David Adamson, M.Sc. Ph.D. Age: 58 – CEO, Executive Chairman & Director.** Mr. Adamson has over 25 years of experience in the mineral deposit industry mainly in Canada and the USA. He has a proven record of creating shareholder value by identifying opportunities, making discoveries and advancing them through the exploration stage to development. Mr. Adamson has provided leadership in public companies at both management and board levels. In 2010 he received the AME BC Colin Spence award for Excellence in Global Mineral Exploration. He has played a key role in five mineral deposits one of which is currently advancing a four million Oz. M&I gold deposit. Mr. Adamson is fully conversant with

complex corporate agreements and negotiations including corporate re-organizations, option and joint venture agreements, stakeholder agreements and all aspects of public financings, having raised well over \$500MM to date. Mr. Adamson has been a member of senior management and board member of several publicly traded companies, prior to which he was senior geologist with Lac Minerals, a major gold producing company which was acquired by Barrick Gold in 1995. Mr. Adamson holds both an MSc and PhD in economic geology. Mr. Adamson has entered into an employment and non-disclosure agreement with Solstice.

**Chad Ulansky, B.Sc. P. Geo, Age: 43 – Director.** Mr. Ulansky is a professional geologist, and is currently President and CEO of Metalex Ventures Ltd. and Cantex Mine Development Corp., as well as serving as director of several public and private mineral exploration companies. Mr. Ulansky has diamond exploration experience that includes the original Ekati diamond discovery and has since spanned fifteen countries on four continents. Mr. Ulansky has not entered into a non-competition or non-disclosure agreement with Solstice.

**Michael Leskovec, CPA, CA Age: 37 – Director.** Mr. Leskovec is a Chartered Professional Accountant with over sixteen years of financial experience with publicly listed companies and capital markets. He currently serves as the Chief Financial Officer of Nighthawk Gold Corp. (TSX listed resource company) and as the Vice-President, Financial Reporting of Northfield Capital Corporation (TSXV listed investment holding company). Mr. Leskovec holds an Honours BAcc from Brock University in Ontario, Canada. Until its sale in 2008, Mr. Leskovec served as an Officer of Gold Eagle Mines Ltd., which was involved in the development of the Bruce Channel deposit in Red Lake, Ontario, and was sold to Goldcorp Inc. for \$1.5 billion. Prior to this, he served as an Audit and Assurance Manager at Smith Nixon LLP, where he managed audit engagements of publicly listed corporations traded on the TSX and TSXV. Mr. Leskovec has not entered into a non-competition or non-disclosure agreement with Solstice.

**Martin Tunney, P. Eng., Age: 45 – President & Director.** Mr. Tunney's 14 years of experience in the mineral industry are very well-rounded. He began as a mining engineer working for Inco and then Newmont in Canada and the Southwestern USA. He started his capital markets experience with Raymond James Investment Banking and later joined CIBC in their Global Mining Team. He has worked on transactions of all sizes including some of the largest gold and base metals transactions of the last decade. He is experienced in all aspects of M&A, financing, streaming and royalties. He spent 4 years at NewCastle Gold starting as Vice President of Technical Service and then Vice President of Corporate Development where he directed the maiden NI 43-101 Resource Report and then the PEA. He has a Bachelor of Arts from Bishop's University and a Bachelor of Applied Science from the University of Toronto. Mr. Tunney has entered into an employment and non-disclosure agreement with Solstice.

**Bob Singh, P. Geo, Age: 50 – VP Exploration.** Exploration Geologist with over 24 years of experience across a wide range of early to advanced stage exploration projects throughout North America. An experienced project manager, bringing a high level of computer science to mineral exploration. Mr. Singh has entered into a consulting and non-disclosure agreement with Solstice.

#### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies**

To the knowledge of Solstice, no director or executive officer as of the date of this Application:

- (a) is, as at the date of this Application, or has been, within ten years before the date of this Application, a director, chief executive officer or chief financial officer of any company (including Solstice) that:

- (i) was the subject, while the director was acting in that capacity as a director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, as at the date of this Application, or has been within 10 years before the date of this Application, a director or executive officer of any company (including Solstice) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or

To the knowledge of Solstice, no director or executive officer as of the date of this Application has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The following table sets out the public company experience for the last five years of each director and executive officer of Solstice as of the date of this Application.

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market(s)	Position(s)	From	To
Christopher Taylor	Dunedin Ventures Inc. Reporting Jurisdictions: BC, AB	TSXV	President/CEO/ VP Exploration	03/2013	Present
	New Carolin Gold Corp. Reporting Jurisdictions: BC, AB	TSXV	Director	05/2016	Present
	Great Bear Resources Ltd. Reporting Jurisdictions: BC, AB, ON	TSXV	President/CEO/ VP Exploration	03/2010	Present
	Desert Star Resources (now renamed Kutcho Copper Corp.) Reporting Jurisdictions: Ceased Reporting	TSXV	Director	10/2013	12/2017
	Planet Ventures Inc. Reporting Jurisdictions: BC, AB	TSXV	President/Director	11/2010	01/2015

	Fanlogic Interactive Inc. Reporting Jurisdictions: BC, AB	TSXV	Geologist	07/2011	10/2014	
Tony Ricci	Georgetown Capital Corp. (now renamed Auryn Resources Inc. Reporting Jurisdictions: BC, AB, ON	TSXV	CEO/Director	10/2010	10/2013	
	Electric Metals Inc. (now renamed Apivio Systems Inc.) Reporting Jurisdictions: Ceased Reporting	TSXV	CEO/Director	06/2010	07/2014	
	Iron Tank Resources Corp. (now renamed Fanlogic Interactive Inc.) Reporting Jurisdictions: BC, AB	TSXV	CEO/Director	12/2010	09/2014	
	Planet Mining Exploration Inc. (now renamed Planet Ventures Inc.) Reporting Jurisdictions: BC, AB	TSXV	CEO/Director	09/2010	01/2015	
	Altair Gold Inc. (now renamed Altair Resources Inc.) Reporting Jurisdictions: BC, AB, ON	TSXV	CFO	01/2006	02/2015	
	CopperBank Resources Corp. Reporting Jurisdictions: BC, AB, ON, NWT, YK	CSE	CFO/Director	05/2015	present	
	Great Bear Resources Ltd. Reporting Jurisdictions: BC, AB, ON	TSXV	Director	09/2010	present	
	Dunedin Ventures Inc. Reporting Jurisdictions: BC, AB	TSXV	CFO/Director	09/2010	present	
	Shelby Ventures Inc. Reporting Jurisdictions: BC, AB, ON, NS	TSXV	CEO/Director	05/2012	present	
	David Adamson	Newcastle Gold Ltd. Reporting Jurisdictions: ON	TSXV	CEO, Director	04/2015	07/2016
		Rubicon Minerals Corporation Reporting Jurisdictions: BC, AB, SK, MB, ON, QC, NB, NS, PE, NL	TSX	Chairman then Deputy Chairman	01/2013	June 2015
		Constantine Metal Resources Ltd. Reporting Jurisdictions: BC, AB, ON	TSXV	Director	05/2006	Present
Dunedin Ventures Inc. Reporting Jurisdictions: BC, AB		TSXV	Director of Company owning more than 10% (Constantine)	08/2013	02/2015	
Rubicon Minerals Corporation Reporting Jurisdictions: BC, AB, SK, MB, ON, QC, NB, NS, PE, NL		TSX	President, CEO	02/2001	01/2013	
Chad Ulansky	Dunedin Ventures Inc. Reporting Jurisdictions: BC, AB	TSXV	Director	07/2016	Present	
	Metalex Ventures Ltd. Reporting Jurisdictions: BC, AB	TSXV	President & CEO	09/2006	02/2017	
	Cantex Mine Development Reporting Jurisdictions: BC, AB	TSXV	President & CEO	05/2003	02/2017	
	Diamante Minerals Inc. Reporting Jurisdictions: BC	OTCBB	Chairman & CEO	10/2014	02/2017	
	Northern Uranium Corp. Reporting Jurisdictions: BC, AB, MB, SK	TSXV	President & CEO	03/2014	02/2017	
	Michael Leskovec	Nighthawk Gold Corp. Reporting Jurisdictions: BC, AB, ON	TSXV	CFO	11/2010	Present
Canadian Orebodies Inc. Reporting Jurisdictions: BC, AB, ON		TSXV	Director	06/2016	Present	
Superior Copper Corporation Reporting Jurisdictions: Ceased Reporting		TSXV	CFO	01/2014	05/2016	
White Pine Resources Inc. (now renamed SBD Capital Corp.) Reporting Jurisdictions: BC, AB, ON		TSXV	CFO	09/2010	02/2016	
Carrie Arran Resources Inc. Reporting Jurisdictions: BC, AB, ON		TSXV	CFO	05/2010	11/2015	

Martin Tunney	NewCastle Gold Ltd. (formerly Castle Mountain Mining Company Limited) Reporting Jurisdictions: Ceased Reporting	TSXV, TSX	VP Tech Services, Corp Dev	10/2012	07/2016
	Great Bear Resources Ltd. Reporting Jurisdictions: BC, AB, ON	TSXV	Director, VP Exploration	04/2015	Present
Bob Singh	Redstar Gold Corp. Reporting Jurisdictions: BC, AB	TSXV	CEO, President, Director	08/2012	03/2014

## Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Solstice will be subject in connection with the operations of Solstice. In particular, certain of the directors and officers of Solstice are involved in managerial or director positions with other mineral exploration and investment companies whose operations may, from time to time, be in direct competition with those of Solstice or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Solstice. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to Solstice, the director will disclose his interest in such contract or agreement and will refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with, the BCBCA.

## ITEM 17. EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Solstice was incorporated on June 8, 2017 and, accordingly, has not yet completed a financial year and has not yet developed a compensation program, other than the employment and consulting agreements described herein. Upon completion of the Listing, Solstice anticipates that it will adopt a compensation program that reflects its stage of development, the main elements of which are expected to be comprised of base salary, option-based awards and annual cash incentives.

### Summary Compensation

Following the completion of the Arrangement, Solstice will establish a Compensation Committee (the “**Compensation Committee**”), which will administer the compensation mechanisms to be implemented by the Solstice Board. The individuals that will be appointed to the Compensation Committee, once formed, will each have direct experience that is relevant to their responsibilities in determining executive compensation for Solstice.

On an annual basis, the Compensation Committee will review the compensation of the Named Executive Officers to ensure that each is being compensated in accordance with the objectives of Solstice’s compensation program, which will be to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with shareholder interests;
- pay for performance;
- support the Solstice’s vision, mission and values; and
- be flexible to recognize the needs of Solstice in different business environments.

Other than the employment and consulting agreements described herein, Solstice does not currently have any compensation policies or mechanisms in place. The compensation policies are anticipated to be comprised of three components; namely, base salary, equity compensation in the form of stock

options, and discretionary performance-based. In addition, Named Executive Officers will be entitled to participate in a benefits program to be implemented by Solstice. A Named Executive Officer's base salary will be intended to remunerate the Named Executive Officer for discharging job responsibilities and will reflect the executive's performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a NEO's compensation, which includes a vesting element to ensure retention, will aim to meet the objectives of the compensation program to be implemented, by both motivating the executive towards increasing share value and enabling the executive to share in the future success of Solstice. Discretionary performance-based bonuses will be considered from time to time to reward those who have achieved exceptional performance and meet the objectives of Solstice's compensation program by rewarding pay for performance. Other benefits will not form a significant part of the remuneration package of any of the Named Executive Officers of Solstice.

The Solstice Board has adopted the Plan, which plan is also subject to approval by the Solstice Shareholders and the TSXV. The Plan will allow for the granting of incentive stock options to its officers, employees and directors.

### **Option-Based Awards**

The purpose of the Plan is to allow Solstice to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Solstice. In determining the number of Options to be granted, the Solstice Board will take into account the number of Options, if any, previously granted, and the exercise price of any outstanding Options to ensure that such grants are in accordance with the policies of the TSXV and to closely align the interests of such person with the interests of shareholders. The Solstice Board will determine the vesting provisions of all stock option grants.

The approximate number of individuals eligible to participate in the Plan, is set out below:

<b>Class of Eligible Participant</b>	<b>Approximate Number of Eligible Participants</b>
<b>Directors of Solstice</b>	4
<b>Executive Officers (including Senior Consultant) of Solstice</b>	4
<b>Employees and Consultants of Solstice</b>	3

See Item 12 – *Stock Option Plan*.

### **Outstanding Option-Based Awards**

See Item 12 – *Stock Option Plan*.

### **Incentive Plan Awards**

Solstice does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its Named Executive Officers.

## **Pension Plan Benefits**

Solstice does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

## **Employment, Consulting and Management Agreements**

Solstice has entered into: (i) employment agreements with David Adamson and Marty Tunney, respectively; and (ii) consulting agreements with Christopher Taylor, Tony Ricci and Bob Singh, respectively.

### *Christopher Taylor, Senior Consultant and Director*

Christopher Taylor was appointed as a Senior Consultant to Solstice under a consulting agreement effective October 1, 2017 which expired on December 31, 2017. The agreement with Mr. Taylor provides for a fee of \$15,000 per month plus applicable taxes during the months of October, November, and December 2017. Pursuant to the Company's stock option plan, 800,000 options are granted to Mr. Taylor and discretionary grants of stock options are as determined by the Board.

If Mr. Taylor resigns as a director of Solstice then one half of the options that have been granted which have not vested shall vest and have an expiry date equal to the earlier of their original expiry date or two years following the date of his resignation.

### *Tony Ricci, Chief Financial Officer and Corporate Secretary*

Tony Ricci was appointed as Chief Financial Officer under a consulting agreement effective October 1, 2017. The agreement with Mr. Ricci provides for a base fee of \$90,000 per annum payable in semi-monthly instalments for 50% of his time, effort and attention to the business and affairs of the Company, and discretionary annual grants of Options and bonus, to be determined by the Solstice Board. Pursuant to the Plan, 400,000 Options are granted to Mr. Ricci. The agreement further provides for the following if there is termination without cause:

- (a) lump sum one-time payment equal to the annual fees of \$90,000;
- (b) lump sum payment equal to 50% of the most recent bonus amount granted;
- (c) benefits shall be maintained for 12 months following termination and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash; and
- (d) any Options granted to Mr. Ricci will immediately vest and will have an expiry date the earlier of two years from termination or the then existing expiry date of the Options.

The Company may terminate the consulting agreement with cause in which case all unvested Options will be cancelled and vested options will expire 45 days following termination. If Mr. Ricci resigns then one half of the Options that have been granted which have not vested shall vest and have an expiry date equal to the earlier of their original expiry date or two years following the date of his resignation. The agreement further provides for the following if there is termination without cause or constructive dismissal within 12 months after a change in control:

- (a) the full amount of the instalments due in respect of Mr. Ricci's annual fees of \$90,000, plus an

amount equal to any accrued vacation pay, reimbursable expenses and, if any, other compensation actually accrued and then payable which has not yet been paid;

- (b) any amount which has been fully earned and is payable under any bonus and if there is no such amount, then the amount paid as an incentive bonus for the immediately preceding year on a pro rata basis for the portion of the year up to the termination date;
- (c) lump sum one-time payment equal to 12 months of Mr. Ricci's annual fee of \$90,000 plus an amount equal to 50% of the most recent bonus granted to Mr. Ricci;
- (d) benefits shall be maintained (other than disability insurance) until the earlier of 12 months from the termination date or the consultant obtaining comparable benefits through other consulting and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash;
- (e) lump sum payment equal to 50% of 12 months of the then-prevailing premiums for Mr. Ricci's disability insurance; and
- (f) all non-vested Options held by Mr. Ricci shall vest as of the termination date and Mr. Ricci shall be entitled to exercise his Options until the earlier of their normal expiry date or two years after the termination date.

In the event of a change of control, regardless of whether there is termination without cause or constructive dismissal, all non-vested options held by Mr. Ricci will vest and in the event that the Common Shares are acquired or exchanged pursuant to the change of control transaction, then such non-vested Options shall be deemed to vest prior to the completion of such transaction to allow Mr. Ricci to participate in the transaction.

*David Adamson, Chief Executive Officer and Executive Chairman*

David Adamson was appointed as Chief Executive Officer and Executive Chairman under an employment agreement effective October 1, 2017. The agreement with Mr. Adamson provides for a base salary of \$250,000 per annum payable in semi-monthly installments, and discretionary annual grants of Options and bonus, to be determined by the Solstice Board. Pursuant to the Plan, 1,500,000 Options are granted to Mr. Adamson with a term of seven years, with 50% of the options vested and the remainder vesting in equal six monthly tranches over a two year period. The agreement further provides for the following if there is termination without cause:

- (a) lump sum one-time payment equal to 1.5 times the base salary of \$250,000;
- (b) lump sum payment equal to 50% of the most recent bonus amount granted;
- (c) benefits shall be maintained for 18 months following termination and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash; and
- (d) any Options granted to Mr. Adamson will immediately vest and will have an expiry date the earlier of two years from termination or the then existing expiry date of the Options.

The Company may terminate the employment agreement with cause in which case all unvested Options will be cancelled and vested options will expire 45 days following termination. If Mr. Adamson resigns

then one half of the Options that have been granted which have not vested shall vest and have an expiry date equal to the earlier of their original expiry date or two years following the date of his resignation. The agreement further provides for the following if there is termination without cause or constructive dismissal within 12 months after a change in control:

- (a) the full amount of the instalments due in respect of Mr. Adamson's annual compensation of \$250,000, plus an amount equal to any accrued vacation pay, reimbursable expenses and, if any, other compensation actually accrued and then payable which has not yet been paid;
- (b) any amount which has been fully earned and is payable under any bonus and if there is no such amount, then the amount paid as an incentive bonus for the immediately preceding year on a pro rata basis for the portion of the year up to the termination date;
- (c) lump sum one-time payment equal to 24 months of Mr. Adamson's annual compensation of \$250,000 plus an amount equal to 50% of the most recent bonus granted to Mr. Adamson;
- (d) benefits shall be maintained (other than disability insurance) until the earlier of 24 months from the termination date or the employee obtaining comparable benefits through other employment and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash;
- (e) lump sum payment equal to 24 months of the then-prevailing premiums for Mr. Adamson's disability insurance; and
- (f) all non-vested Options held by Mr. Adamson shall vest as of the termination date and Mr. Adamson shall be entitled to exercise his Options until the earlier of their normal expiry date or two years after the termination date.

In the event of a change of control, regardless of whether there is termination without cause or constructive dismissal, all non-vested options held by Mr. Adamson will vest and in the event that the Common Shares are acquired or exchanged pursuant to the change of control transaction, then such non-vested Options shall be deemed to vest prior to the completion of such transaction to allow Mr. Adamson to participate in the transaction.

*Marty Tunney, President*

Marty Tunney was appointed as President under an employment agreement effective October 1, 2017. The agreement with Mr. Tunney provides for a base salary of \$210,000 per annum payable in semi-monthly installments, after transitioning to President, and discretionary annual grants of Options and bonus, to be determined by the Solstice Board. Pursuant to the Plan, 1,115,000 Options are granted to Mr. Tunney with a term of seven years, with 50% of the Options vested and the remainder vesting in equal six monthly tranches over a two year period. The agreement further provides for the following if there is termination without cause:

- (a) lump sum one-time payment equal to 1.5 times the annual salary of \$210,000;
- (b) lump sum payment equal to 50% of the most recent bonus amount granted;
- (c) benefits shall be maintained for 18 months following termination and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash; and

- (d) any Options granted to Mr. Tunney will immediately vest and will have an expiry date the earlier of two years from termination or the then existing expiry date of the Options.

The Company may terminate the employment agreement with cause in which case all unvested Options will be cancelled and vested Options will expire 45 days following termination. If Mr. Tunney resigns then one half of the Options that have been granted which have not vested shall vest and have an expiry date equal to the earlier of their original expiry date or two years following the date of his resignation. The agreement further provides for the following if there is termination without cause or constructive dismissal within 12 months after a change in control:

- (a) the full amount of the instalments due in respect of Mr. Tunney's annual compensation of \$210,000, plus an amount equal to any accrued vacation pay, reimbursable expenses and, if any, other compensation actually accrued and then payable which has not yet been paid;
- (b) any amount which has been fully earned and is payable under any bonus and if there is no such amount, then the amount paid as an incentive bonus for the immediately preceding year on a pro rata basis for the portion of the year up to the termination date;
- (c) lump sum one-time payment equal to 24 months of Mr. Tunney's annual compensation of \$210,000 plus an amount equal to 50% of the most recent bonus granted to Mr. Tunney;
- (d) benefits shall be maintained (other than disability insurance) until the earlier of 24 months from the termination date or the employee obtaining comparable benefits through other employment and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash;
- (e) lump sum payment equal to 24 months of the then-prevailing premiums for Mr. Tunney's disability insurance; and
- (f) all non-vested Options held by Mr. Tunney shall vest as of the termination date and Mr. Tunney shall be entitled to exercise his Options until the earlier of their normal expiry date or two years after the termination date.

In the event of a change of control, regardless of whether there is termination without cause or constructive dismissal, all non-vested Options held by Mr. Tunney will vest and in the event that the Common Shares are acquired or exchanged pursuant to the change of control transaction, then such non-vested Options shall be deemed to vest prior to the completion of such transaction to allow Mr. Tunney to participate in the transaction.

*Bob Singh, VP, Exploration*

Bob Singh was appointed as VP of Exploration under a consulting agreement effective October 1, 2017. The agreement with Mr. Singh provides for a base salary of \$147,000 per annum for 70% of his time, effort, and attention to the business and affairs of the Company, and discretionary annual grants of Options and bonus, to be determined by the Board. Pursuant to the Plan, 800,000 Options were granted to Mr. Singh. The agreement further provides for the following if there is termination without cause:

- (a) lump sum one-time payment equal to 1.5 times the annual fee of \$147,000;
- (b) lump sum payment equal to 50% of the most recent bonus amount granted;

- (c) benefits shall be maintained for 18 months following termination and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash; and
- (d) any Options granted to Mr. Singh will immediately vest and will have an expiry date the earlier of two years from termination or the then existing expiry date of the Options.

The Company may terminate the consulting agreement with cause in which case all unvested options will be cancelled and vested Options will expire 45 days following termination. If Mr. Singh resigns then one half of the Options that have been granted which have not vested shall vest and have an expiry date equal to the earlier of their original expiry date or two years following the date of his resignation. The agreement further provides for the following if there is termination without cause or constructive dismissal within 12 months after a change in control:

- (a) the full amount of the instalments due in respect of Mr. Singh's annual compensation of \$147,000, plus an amount equal to any accrued vacation pay, reimbursable expenses and, if any, other compensation actually accrued and then payable which has not yet been paid;
- (b) any amount which has been fully earned and is payable under any bonus and if there is no such amount, then the amount paid as an incentive bonus for the immediately preceding year on a pro rata basis for the portion of the year up to the termination date;
- (c) lump sum one-time payment equal to 24 months of Mr. Singh's annual compensation of \$147,000 plus an amount equal to 50% of the most recent bonus granted to Mr. Singh;
- (d) benefits shall be maintained (other than disability insurance) until the earlier of 24 months from the termination date or the consultant obtaining comparable benefits through other consulting and in the event extension of benefits is prohibited by the Company health plan, the Company will make an equivalent payment in cash;
- (e) lump sum payment equal to 24 months of the then-prevailing premiums for Mr. Singh's disability insurance; and
- (f) all non-vested Options held by Mr. Singh shall vest as of the termination date and Mr. Singh shall be entitled to exercise his Options until the earlier of their normal expiry date or two years after the termination date.

In the event of a change of control, regardless of whether there is termination without cause or constructive dismissal, all non-vested Options held by Mr. Singh will vest and in the event that the Common Shares are acquired or exchanged pursuant to the change of control transaction, then such non-vested Options shall be deemed to vest prior to the completion of such transaction to allow Mr. Singh to participate in the transaction.

#### **Defined Benefit or Actuarial Plan Disclosure**

Solstice has no defined benefit or actuarial plans.

#### **Director Compensation**

Solstice plans to adopt a formal compensation program for directors. The objectives of the director compensation program will be to attract, retain and inspire performance of members of the Solstice

Board of a quality and nature that will enhance Solstice's growth. The compensation will be intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, will be the same as for the executive compensation programs to be implemented by Solstice.

The Plan allows for the granting of Options to its officers, employees and directors. The purpose of granting such Options is to assist Solstice in compensating, attracting, retaining and motivating the Solstice Board and to closely align the personal interests of such persons to that of the Solstice Shareholders.

See Item 12 – *Stock Option Plan*.

### **Outstanding Option-Based Awards**

Pursuant to the Arrangement, each Dunnedin Option outstanding immediately before completion of the Arrangement was deemed to be exchange for one-third of one fully-vested Option.

On January 15, 2018, an additional 4,890,000 Options were granted, all of which are exercisable at a price of \$0.25 until January 15, 2025.

See Item 12 – *Stock Option Plan*.

### **Aggregate Options Exercised and Option Values**

No Options have been exercised since their date of grant.

See Item 12 – *Stock Option Plan*.

## **ITEM 18. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the beginning of the last financial year and as at the date of this Application, no current or former director, officer or employee of Solstice, or any associate or affiliate of such person, is or has been indebted to Solstice with respect to the purchase of securities or otherwise; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Solstice.

## **ITEM 19. AUDIT COMMITTEES AND CORPORATE GOVERNANCE**

### **Audit Committee**

#### *Audit Committee Charter*

Please refer to Schedule "G" appended hereto for the Audit Committee Charter of Solstice.

### *Composition of the Audit Committee*

As at the date of Listing, the Audit Committee will be comprised of the following individuals:

<b>Name</b>	<b>Independent vs Non-Independent<sup>(1)</sup></b>	<b>Financial Literacy<sup>(1)</sup></b>
David Adamson	Non-Independent	Yes
Michael Leskovec	Independent	Yes
Chad Ulansky	Independent	Yes

Note:

(1) As defined by NI 52-110 for determining independence by non-venture issuers.

### *Relevant Education and Experience*

Set out below is a general description of the education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member:

**David Adamson, M.Sc. Ph.D. – Chief Executive Officer and Executive Chairman** – Mr. Adamson has acquired business experience as CEO, President and/or a Director of a number of publicly traded junior mineral exploration companies. Mr. Adamson has acquired the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**Michael Leskovec, CPA, CA – Director** – Mr. Leskovec is a Chartered Professional Accountant with over sixteen years of financial experience with publicly listed companies and capital markets. He currently serves as the Chief Financial Officer of Nighthawk Gold Corp. (TSX listed resource company) and as the Vice-President, Financial Reporting of Northfield Capital Corporation (TSXV listed investment holding company). Mr. Leskovec holds an Honours BAcc from Brock University in Ontario, Canada.

**Chad Ulansky, B.Sc. P. Geo – Director** – Mr. Ulansky is a professional geologist, and is currently President and CEO of Metalex Ventures Ltd. and Cantex Mine Development Corp., as well as serving as director of several public and private mineral exploration companies. Mr. Ulansky has diamond exploration experience that includes the original Ekati diamond discovery and has since spanned fifteen countries on four continents.

### *Audit Committee Oversight*

Since inception, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Solstice Board.

### *Reliance on Exemptions*

Since the commencement of the Company's inception and as at the date of this Application, the Company has not relied on:

1. the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or

2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

Solstice is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

#### *Pre-Approval Policies and Procedures*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter appended hereto as Schedule “H” under Section 4.2 “Non-Audit Services”.

#### *Audit Fees*

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company from inception to the financial year ended June 30, 2017:

	<b>Financial year ended June 30, 2017</b>
Audit fees <sup>(1)</sup>	\$Nil <sup>(5)</sup>
Audit-related fees <sup>(2)</sup>	\$Nil
Tax fees <sup>(3)</sup>	\$Nil
All other fees <sup>(4)</sup>	\$Nil
<b>Total</b>	<b>\$Nil</b>

#### Notes:

- (1) Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.
- (3) Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.
- (4) All Other Fees – aggregate fees billed for professional services which included accounting advice and advice related to relocating employees.
- (5) The Company incurred audit fees of \$10,000 in connection with the preparation of carve-out audited financial statements for the years ended September 30, 2017 and 2016.

#### **Corporate Governance Disclosure**

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. NI 58-101 and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company

at its current stage of development and therefore these guidelines have not been adopted in their entirety.

The Board has approved the establishment of a Corporate Governance and Nomination Committee, and has adopted a charter and corporate governance policy for use by this committee. Once constituted, the Committee will review and implement corporate governance guidelines as the business of the Company progresses and evolves.

Please refer to Schedule "F" appended hereto for the required disclosure under NI 58-101 for Solstice.

#### **ITEM 20. AGENT, SPONSOR OR ADVISOR**

Solstice has not engaged an advisor in connection with its application for Listing. The TSXV has exempted Solstice from the sponsorship requirements of TSXV Policy 2.2.

#### **ITEM 21. RISK FACTORS**

In addition to the other information contained in this Application, the following factors should be considered carefully when considering risk related to Solstice's proposed business.

##### **Nature of the Securities and No Assurance of any Listing**

Common Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of Common Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of Solstice should not constitute a major portion of an investor's portfolio.

##### **Limited Operating History**

Solstice was incorporated on June 8, 2017 and has a limited operating history and no operating revenues.

##### **Dependence on Management**

Solstice is very dependent upon the personal efforts and commitment of its directors and officers. If one or more of Solstice's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of Solstice could result, and Solstice may not be able to replace them readily, if at all. As Solstice's business activity grows, Solstice will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that Solstice will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If Solstice is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on Solstice's future cash flows, earnings, results of operations and financial condition.

### **Solstice's operations are subject to human error**

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Solstice's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Solstice. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Solstice might undertake and legal claims for errors or mistakes by Solstice personnel.

### **Financing Risks**

Additional funding will be required to conduct future exploration programs on the Gold Project and to conduct other exploration programs. If Solstice's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to Solstice are the sale of equity capital, or the offering by Solstice of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause Solstice to reduce or terminate its proposed operations.

### **Conflicts of Interest**

Certain directors and officers of Solstice are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Solstice, including possibly Dunnedin. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Solstice. Directors and officers of Solstice with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### **No History of Earnings**

Solstice has no history of earnings or of a return on investment, and there is no assurance that the Gold Project or any other property or business that Solstice may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. Solstice has no plans to pay dividends for some time in the future. The future dividend policy of Solstice will be determined by the Solstice Board.

### **Exploration and Development**

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Gold Project. There is no certainty that the expenditures to be made by Solstice in the exploration of the Gold Project or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by Solstice will be affected by numerous factors beyond the control of Solstice. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Solstice not receiving an adequate return on invested capital.

## **Environmental Risks and Other Regulatory Requirements**

The current or future operations of Solstice, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Solstice may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which Solstice might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on Solstice and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

## **Dilution**

Issuances of additional securities including, but not limited to, its common stock or some form of convertible debentures, will result in a substantial dilution of the equity interests of any persons who may become Solstice Shareholders.

## **Market for Securities**

There is currently no market through which the Common Shares may be sold and Solstice Shareholders may not be able to resell its Common Shares. There can be no assurance that an active trading market will develop for the Common Shares, or if developed, that such a market will be sustained at the trading price of the Common Shares on the TSXV.

## **Nature of Mineral Exploration and Development**

All of Solstice's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by Solstice or any future development programs will result in a profitable commercial mining operation. There is no assurance that the Solstice's mineral exploration activities will result in any discoveries of

commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of Solstice will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

### **No Operating History**

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Solstice's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Solstice's projects will move beyond the exploration stage and be put into production, achieve commercial production or that Solstice will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Solstice will not suffer significant losses in the near future or that Solstice will ever be profitable.

### **Commodity Prices**

The price of the Common Shares and Solstice's financial results may be significantly adversely affected by a decline in the price of gold and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond Solstice's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on Solstice.

### **Acquisition Strategy**

As part of Solstice's business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, Solstice may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into Solstice. Solstice cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit Solstice.

## **Dividend Policy**

No dividends on Common Shares have been paid by Solstice to date. Solstice anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Solstice does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Solstice Board after taking into account many factors, including Solstice's operating results, financial condition and current and anticipated cash needs.

## **Permitting**

Solstice's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, Solstice must receive permits from appropriate governmental authorities. There can be no assurance that Solstice will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on Solstice, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

## **Land Title**

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which Solstice has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. Solstice has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. Solstice may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Solstice's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Solstice invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although Solstice believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

## **Influence of Third Party Stakeholders**

The mineral properties in which Solstice holds an interest, or the exploration equipment and road or other means of access which Solstice intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Solstice's work programs may be

delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Solstice.

### **Insurance**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and Solstice may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to Solstice's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Solstice expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Solstice expects to carry liability insurance with respect to its mineral exploration operations, but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of Solstice. If Solstice is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect Solstice's future cash flow and overall profitability.

### **Significant Competition for Attractive Mineral Properties**

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Solstice expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Solstice, Solstice may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, Solstice's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to Solstice may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, Solstice's ability to obtain financing on satisfactory terms, if at all.

## **ITEM 22. PROMOTERS**

No person or company is, or has been within the two years preceding the date of this Application, a promoter of the Company or a subsidiary of the Company.

## **ITEM 23. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings material to Solstice or to which Solstice is a party or in respect of which any of its assets or properties are subject, nor are there any such proceedings known to be contemplated.

#### **ITEM 24. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as described herein, no director, executive officer or greater than 10% shareholder of Solstice and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction which in either such case has materially affected or will materially affect Solstice.

#### **ITEM 25. INVESTOR RELATIONS ARRANGEMENTS**

The Company has no investor relations arrangements in place as at the date of this Application.

#### **ITEM 26. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditors of Solstice are BDO Canada LLP, Chartered Professional Accountants at Suite 600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its principal offices at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

#### **ITEM 27. MATERIAL CONTRACTS**

As at the date of this Listing Application, the following agreements and contracts are reasonably regarded as being material to Solstice:

- Arrangement Agreement – see Item 5 – *Description of the Business – General Development of the Business – Two Year History – Arrangement.*
- Transfer and Rights Agreement – see Item 5 – *Description of the Business – General Development of the Business – Two Year History – Transfer and Rights Agreement.*
- Kel-Ex Agreement (as amended) – see Item 5 – *Description of the Business – General Development of the Business – Two Year History – Kel-Ex.*
- Posescu Agreement – see Item 5 – *Description of the Business – General Development of the Business – Two Year History – Posescu and Thompson Agreements.*
- Thompson Agreement – see Item 5 – *Description of the Business – General Development of the Business – Two Year History – Posescu and Thompson Agreement.*

A copy of the Arrangement Agreement is available under Solstice's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **ITEM 28. EXPERTS**

BDO Canada LLP, Chartered Professional Accountants, is the auditor of Solstice and is independent of Solstice within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Andrea Diakow, P.Geo., prepared the Kahuna Report. As of the date of this Application, Ms. Diakow does not own any of the issued and outstanding Common Shares. Ms. Diakow has approved the scientific and technical information about the Kahuna Property contained in this Listing Application.

#### **ITEM 29. OTHER MATERIAL FACTS**

Not Applicable.

#### **ITEM 30. ADDITIONAL INFORMATION – MINING APPLICANTS**

See Item 5 – *Description of the Business – General Development of the Business – Two Year History – Kahuna Property*, and Item 6 – *Financings – Private Placement*.

#### **ITEM 31. EXEMPTIONS**

The TSXV has exempted Solstice from: (i) the sponsorship requirements of TSXV Policy 2.2 (see Item 20 – *Agent, Sponsor or Advisor*).

#### **ITEM 32. FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS**

See Schedules “B”, “C”, “D” and “E” appended hereto.

#### **ITEM 33. SIGNIFICANT ACQUISITIONS**

See Item 5 – *Description of the Business – General Development of the Business – Two Year History – Arrangement*.

**ITEM 34. CERTIFICATES**

**34.1 Certificate of Applicant**

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application.

Dated April 30, 2018.

*"Martin Tunney"*

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Martin Tunney  
President

*"Tony Ricci"*

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Tony Ricci  
Chief Financial Officer and  
Corporate Secretary

**ON BEHALF OF THE BOARD**

*"David Adamson"*

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David Adamson  
Executive Chairman and  
Chief Executive Officer

*"Chad Ulansky"*

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Chad Ulansky  
Director

**34.2 Certificate of Sponsor**

Not Applicable.

### **34.3 Acknowledgement – Personal Information**

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Application for the purposes described in Schedule “A” appended hereto.

*“Tony Ricci”*  
Tony Ricci  
Chief Financial Officer and Corporate Secretary

**SCHEDULE "A"**  
**FORM 2B PERSONAL INFORMATION COLLECTION POLICY**

**Collection, Use and Disclosure**

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

**Questions**

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

**SCHEDULE "B"**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**(FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2017)**

**(see attached)**

**SOLSTICE GOLD CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the six months ended December 31, 2017  
(Unaudited - Expressed in Canadian Dollars)

**SOLSTICE GOLD CORP.**

## Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	December 31, 2017	June 30, 2017
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Cash	\$ 3,209,188	\$ 1
Prepaid	32,813	-
<b>Total Assets</b>	<b>\$ 3,242,001</b>	<b>\$ 1</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ 1,063
Due to Dunedin Ventures Inc. (Notes 1 and 8)	443,160	-
	443,160	1,063
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 6)	1	1
Subscriptions received (Note 6)	3,209,015	-
Deficit	(410,175)	(1,063)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,242,001</b>	<b>\$ 1</b>

Subsequent Events (Notes 1 and 10)

**Approved and authorized by the Board on March 7, 2018**

(Signed) "David Adamson"  
Director

(Signed) "Michael Leskovec"  
Director

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

**SOLSTICE GOLD CORP.**

## Condensed Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended December 31, 2017		For the six months ended December 31, 2017	
<b>EXPENSES</b>				
Consulting fees (Note 8)	\$	112,417	\$	126,284
Management fees (Note 8)		136,269		143,769
Marketing expenses		5,016		5,016
Office expenses		7,847		7,847
Professional fees		49,425		123,696
Transfer agent and filing fees		2,500		2,500
<b>Net loss and comprehensive loss for the period</b>	<b>\$</b>	<b>313,474</b>	<b>\$</b>	<b>409,112</b>
<b>Basic and fully diluted loss per share</b>	<b>\$</b>	<b>313,474</b>	<b>\$</b>	<b>409,112</b>
<b>Weighted average number of shares outstanding</b>				
- basic and fully diluted		1		1

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

**SOLSTICE GOLD CORP.**

## Condensed Interim Statement of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended December 31, 2017	For the six months ended December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (313,474)	\$ (409,112)
Net changes in non-cash working capital items		
Prepaid expenses	(15,313)	(32,813)
Accounts payable and accrued liabilities	328,960	442,097
Net cash provided by operating activities	173	172
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscriptions received	3,209,015	3,209,015
Net cash provided by financing activities	3,209,015	3,209,015
Change in cash during the period	3,209,188	3,209,187
Cash, beginning of period	-	1
Cash, end of period	\$ 3,209,188	\$ 3,209,188

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

**SOLSTICE GOLD CORP.**

## Condensed Interim Statements of Changes in Shareholders' Equity

*(Unaudited - Expressed in Canadian Dollars)*

	Share Capital		Subscriptions received	Deficit	Total
	Number	Amount			
<b>Balance at June 8, 2017</b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued on incorporation	1	1	-	-	1
Net loss for the period	-	-	-	(1,063)	(1,063)
<b>Balance at June 30, 2017</b>	1	\$ 1	\$ -	\$ (1,063)	\$ (1,062)
<b>Balance at June 30, 2017</b>	1	\$ 1	\$ -	\$ (1,063)	\$ (1,062)
Subscriptions received	-	-	3,209,015	-	3,209,015
Net loss for the period	-	-	-	(409,112)	(409,112)
<b>Balance at December 31, 2017</b>	1	\$ 1	\$ 3,209,015	\$ (410,175)	\$ 2,798,841

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

## **SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

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 pursuing opportunities relating to exploration of mineral resource properties primarily in Nunavut, Canada.

The Company was incorporated pursuant to a proposed plan of arrangement (the “Arrangement”) with Dunnedin Ventures Inc. (“DVI”). 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 will be transferred into the Company, together with \$1,000,000 in cash, in exchange for the Company’s shares, which DVI plans to distribute to its shareholders.

Under the Arrangement, each DVI shareholder will receive one common share in Solstice for every three DVI shares held. Holders of outstanding DVI options will also receive one fully vested option of Solstice for every three options held in DVI (vested or unvested). The options will be 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 will also receive one fully vested warrant of Solstice for every three warrants held in DVI (vested or unvested). The warrants will be 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 completed subsequent to period end on January 31, 2018, therefore no shares, options or warrants were issued as at December 31, 2017 (see Notes 4 and 10).

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 and trade on the TSX Venture Exchange. The implementation of the Arrangement will be subject to, among other things, shareholder approval and the ability to continue its operations for its next twelve months. 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 December 31, 2017, the Company had no source of operating revenues, had not yet achieved profitable operations, 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 unaudited condensed interim financial statements of the Company for the six months ended December 31, 2017 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 7, 2018.

**SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

**2. BASIS OF PREPARATION** *(continued)***Basis of measurement**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting on the basis of International Financial Reporting Standards ("IFRS") and interpretations as approved by the International Accounting Standards Board ("IASB") and are presented in Canadian dollars.

These unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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, accretion expense, as well as changes from amounts receivable, prepaid expenses and supplies, 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.

**Significant accounting judgments, estimates, and assumptions**

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 the reported expenses during the year. Actual results could differ from these estimates.

*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.

## **SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited financial statements for the year ended June 30, 2017.

#### **Changes in Accounting Policies**

The Company did not adopt any new accounting policies during the nine months ended December 31, 2017.

#### **New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

##### *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.

##### *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 lessee. The treatment of leases by the lessee 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 lessee. 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.

### **4. KAHUNA PROPERTY LAND TRANSFER AND RIGHTS AGREEMENT**

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

During the period ended December 31, 2017 and pursuant to the proposed 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 would transfer mineral claims located in Nunavut, Canada (approximately 26 kilometres northeast of Rankin Inlet) to Solstice.

**SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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

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

Upon execution of the Agreement, DVI will transfer 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 \$1,000,000 in cash, Solstice will issue approximately 34,418,850 common shares 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 grants 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.

Subsequent to period end on January 31, 2018, the Agreement was executed (see Notes 1 and 10).

**SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

**5. 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.

**6. FINANCIAL INSTRUMENTS**

The fair value of the Company's accounts payable approximate carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instrument, cash, under the fair value hierarchy, is based on level one quoted prices in active markets for identical assets or liabilities.

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 in petty cash. 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, the Company's holdings of cash which will include an influx of \$1 million as at the effective date of the Arrangement, reliance on DVI, and the private placement of \$8,376,400 completed subsequent to period end on January 31, 2018 (see Note 10).

*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 December 31, 2017, the Company is exposed to minimum market risk.

## **SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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### **7. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares. At December 31, 2017, there is 1 common share outstanding for a share capital amount of \$1.

As at December 31, 2017, the Company received gross proceeds of \$3,209,015 in subscription related to its private placement closing subsequent to the period end (see Note 10).

### **8. RELATED PARTY TRANSACTIONS**

During the period, the Company's parent, DVI, paid certain expenses on behalf of the Company. DVI will transfer \$1,000,000 to the Company at the effective date of the Arrangement (see Notes 1, 4 and 10).

#### **Management and Consulting Agreements**

On October 1, 2017, 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).

During the six months ended December 31, 2017, \$143,769 (3 months - December 31, 2017 - \$136,269) in management fees were paid to the Company's officers and/or companies controlled by them, including the Chief Financial Officer and Executive Chairman. During the six months ended December 31, 2017, \$57,250 in consulting fees (3 months - December 31, 2017 - \$57,250) were paid to the Company's officers and directors or companies controlled by them.

### **9. 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.

### **10. SUBSEQUENT EVENTS**

On January 31, 2018, the Company completed the Arrangement and executed the Agreement as contemplated in Notes 1 and 4.

#### **Private Placement**

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.

**SOLSTICE GOLD CORP.**

Notes to the Condensed Interim Financial Statements

December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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**10. SUBSEQUENT EVENTS** *(continued)***Private Placement** *(continued)*

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 5,809,334 Flow-Through Shares at a price of \$0.30 per Flow-Through Share. Solstice Management and Board participated for a total of 6.5% of the financing.

**Stock Options**

Subsequent to period end, 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.

**SCHEDULE "C"**  
**CARVE-OUT AUDITED ANNUAL FINANCIAL STATEMENTS**  
**(SEPTEMBER 30, 2017 AND 2016)**

**(see attached)**

**Carve-out Financial Statements  
Dunedin Ventures Properties to be Distributed to Solstice  
Gold Corp.**

(Expressed in Canadian Dollars)

September 30, 2017 and 2016



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BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## Independent Auditor's Report

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### To the board of directors and shareholders of Solstice Gold Corp.

We have audited the accompanying carve-out financial statements of Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp. (the "Properties"), which comprise the Statements of Financial Position as at September 30, 2017 and 2016, and the statements of operations, cash flows and changes in equity the years then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Carve-out Financial Statements

Management of the Properties 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 carve-out 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 carve-out 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out 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 carve-out 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, if any, made by management, as well as evaluating the overall presentation of the carve-out financial statements.

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

### Opinion

In our opinion, these carve-out financial statements present fairly, in all material respects, the financial position of the Properties as at September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the carve-out financial statements, which indicates that the operation of the Properties incurred accumulated losses of \$207,842 since acquisition and is expected to incur further losses in its development. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that casts significant doubt upon the Properties ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants  
Vancouver, British Columbia  
May 8, 2018

**Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Carve-out Statements of Financial Positions

(Expressed in Canadian dollars)

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	September 30, 2017	September 30, 2016
<b>Assets</b>		
Non-current assets:		
Exploration and evaluation assets (note 4)	\$ 919,798	\$ 118,123
	<b>\$ 919,798</b>	<b>\$ 118,123</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 8,295	\$ 11,300
Total liabilities	<b>8,295</b>	<b>11,300</b>
<b>Equity in Net Assets</b>		
Contributed by Dunnedin Ventures Inc. (note 7)	<b>1,119,345</b>	235,429
Deficit	<b>(207,842)</b>	(128,606)
	<b>911,503</b>	<b>106,823</b>
	<b>\$ 919,798</b>	<b>\$ 118,123</b>

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Subsequent events (note 12)

Approved on Behalf of the Board:

"Claudia Tornquist"  
Claudia Tornquist

"Gary Schellenberg"  
Gary Schellenberg

**Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

## Carve-out Statements of Operations and Deficit

(Expressed in Canadian dollars)

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	Years ended September 30,	
	2017	2016
<b>Expenses</b>		
Consulting fees (note 5)	\$ 10,143	\$ 16,020
Insurance	1,084	1,130
Management fees (note 5)	10,841	14,040
Office and administration	284	3,184
Professional fees	5,603	5,038
Property investigation (note 5)	751	-
Rent	1,603	3,492
Stock based compensation (note 5)	32,881	78,678
Transfer agent and filing	1,951	1,949
Travel, promotion and shareholder information (note 5)	14,095	5,075
<b>Net loss for the year</b>	<b>\$ (79,236)</b>	<b>\$ (128,606)</b>

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The accompanying notes are an integral part of these carve-out financial statements

**Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

## Carve-out Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended September 30,	
	2017	2016
<b>Cash provided by / (used in):</b>		
<b>Operating Activities:</b>		
Net loss for the year	\$ (79,236)	\$ (128,606)
Items not affecting cash:		
Stock based compensation allocated from DVI	32,881	78,678
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(3,005)	-
	<b>(49,360)</b>	<b>(49,928)</b>
<b>Investing Activity:</b>		
Exploration and evaluation assets	<b>(801,675)</b>	<b>(106,823)</b>
<b>Financing Activity:</b>		
Contributed by Dunedin Ventures Inc.	<b>851,035</b>	<b>156,751</b>
<b>Change in cash and cash equivalents for the year</b>	-	-
<b>Cash and cash equivalents, beginning of the year</b>	-	-
<b>Cash and cash equivalents, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental Information:</b>		
<b>Non-cash investing and financing activities:</b>		
Change in exploration and evaluation assets costs included in accounts payable	\$ -	\$ 11,300

The accompanying notes are an integral part of these carve-out financial statements

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

### Carve-out Statements of Changes in Equity

(Expressed in Canadian dollars)

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		<b>Deficit</b>
<b>Balance at September 30, 2015</b>	<b>\$</b>	<b>-</b>
Net loss for the period		(128,606)
<b>Balance at September 30, 2016</b>	<b>\$</b>	<b>(128,606)</b>

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		<b>Deficit</b>
<b>Balance at September 30, 2016</b>	<b>\$</b>	<b>(128,606)</b>
Net loss for the period		(79,236)
<b>Balance at September 30, 2017</b>	<b>\$</b>	<b>(207,842)</b>

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## **Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### **1. PLAN OF ARRANGEMENT**

On January 31, 2018, Dunnedin Ventures Inc. (“DVI”) completed its previously announced plan of arrangement (the “Arrangement”), involving the spin-out of Solstice Gold Corp. (“Solstice”, “the entity”). DVI will transfer 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 (“the Kahuna Gold Property”) and \$1 million in cash to Solstice, in return for shares, which will then be distributed to DVI shareholders by way of the Arrangement.

Under the Arrangement, each DVI shareholder will receive one common share in DGI for every three DVI shares held. DVI rights to all minerals other than diamonds at the Kahuna property will be transferred into Solstice, together with \$1,000,000 in cash.

Holders of outstanding DVI options will also receive one fully vested option of the Solstice for every three options held in DVI. The options will be exercisable at a valuation factor multiple above the exercise price of a DVI option immediately before the effective date. Holders of outstanding DVI warrants will also receive one fully vested warrant of Solstice for every three warrants held in DVI. The warrants will be exercisable at a valuation factor multiple above the exercise price of a DVI warrant immediately before the effective date.

For the full description of the Arrangement, reference should be made to the DVI Information Circular dated November 24, 2017 available on [www.SEDAR.com](http://www.SEDAR.com).

On April 13, 2018 an amendment was made to the Arrangement which increases the cash contribution from DVI to Solstice by \$300,000, for a total contribution of \$1.3 million.

### **2. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

The continuing carve-out entity, Solstice, will be pursuing opportunities related to exploration of mineral resource properties principally in Nunavut, Canada.

The continued exploration and development of the mineral properties and the recoverability of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable reserves, Solstice’s ability to obtain necessary financing to complete the exploration and development of the mineral properties, and upon future profitable production or alternatively upon disposal of the mineral properties on an advantageous basis. The amounts shown as mineral properties represent net acquisition and exploration costs to date and do not necessarily represent present or future values.

The carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Properties will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. While Solstice, as a result of the \$1,000,000 cash transferred as part of the transaction and completion of a private placement concurrent with the completion of the Arrangement for a gross amount of \$8,376,400 (see note 12), will have sufficient cash to continue to finance operations for the next eighteen months, it currently has no revenue generating activities and there can be no assurance that it will be able to secure additional financing in the future in order to conduct its planned work programs on the mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### **2. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN** *(continued)*

they come due all of which raises significant doubt about its ability to continue as a going concern.

The carve-out financial statements do not include adjustments to the carrying amount of assets and liabilities, reported expenses, and financial position classifications that would be required if the going concern assumption was no longer appropriate.

The carve-out financial statements of the Dunedin Ventures Properties to be distributed to Solstice Gold Corp. (the "Properties") for the year ended September 30, 2017 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 8, 2018.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these carve-out financial statements. ("financial statements").

#### **a. Basis of Presentation**

The formation of Solstice is the result of the transfer of assets between entities under common control. These financial statements have been presented using the continuity of interest basis, with balance sheet amounts based on the amounts recorded by DVI.

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards. These carve-out financial statements include all adjustments, of a normal recurring nature, considered necessary by management to fairly present the financial position, results of operations, and cash flows of the Dunedin Ventures Properties to be distributed to Solstice Gold Corp. (the "Properties"). The carve-out financial statements of the Properties reflect the historical assets, liabilities, and expenses directly attributable to the mineral properties to present the financial position, results of operations, and changes in cash flows of the Properties on a stand-alone basis.

The carve-out financial statements present the historical financial position, results of operations, and cash flows as if the Properties had been an independent operation during the periods presented. The statements of loss and deficit for the years ended September 30, 2017 and 2016 include direct expenses of the Properties and an allocation of DVI's general and administrative expenses incurred in each of these periods.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### a. Basis of Presentation *(continued)*

The allocation of general and administrative expenses was calculated on the basis of the ratio of costs incurred on the Properties related to non-diamond exploration activities in the period presented as compared to the total expenditures on the Properties in this period.

The financial information included herein may not necessarily reflect the financial position, results of operations, and changes in cash flows of the mineral properties in the future or what they would have been had it been a separate, stand-alone entity during the periods presented.

The presentation and functional currency of the Properties is the Canadian dollar.

#### b. Critical Judgments and Significant Risks

The preparation of these carve-out 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 carve-out financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

These carve-out financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out 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.

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.

#### *Critical Estimates and Judgements:*

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:

#### *Recovery of Capitalized Exploration and Evaluation Expenditure*

The application of the Properties accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Properties, which may be based on assumptions about future events or circumstances.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### b. Critical Judgments and Significant Risks *(continued)*

##### *Recovery of Capitalized Exploration and Evaluation Expenditure (continued)*

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

##### *Allocation of Costs*

The allocation of general and administrative expenses were calculated on the basis of the ratio of costs incurred on the Properties related to non-diamond exploration activities in the period presented as compared to the total expenditures on the Properties in this period. This allocation required the use of management estimates.

Management cautions readers of these carve-out financial statements that the allocation of these expenses may not reflect the general and administrative expenses expected in future periods.

#### c. Financial instruments

Financial assets and financial liabilities are recognized when the Properties become 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### c. Financial Instruments *(continued)*

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 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.

Accounts payable and accrued liabilities have been classified as other liabilities. Subsequent to initial recognition, other liabilities are recorded at amortized cost.

#### *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.

There are no financial instruments measured at fair value as at the reporting date. The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of such instruments.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### c. Financial Instruments *(continued)*

##### *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.

##### *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. Mineral properties under exploration

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.

Where an option agreement has been entered into 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 acquirer'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 common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable.

When a property 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 Properties currently have no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### e. Impairment of non-financial assets

At each date of the carve-out statement of financial position, the 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.

#### f. Provisions, contingent liabilities and assets

##### *General provisions, contingent liabilities and assets*

Provisions are recognized when there is 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### f. Provisions, contingent liabilities and assets *(continued)*

##### *Restoration and environmental rehabilitation provisions (continued)*

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 that do not yet meet the recognition criteria of an asset are considered contingent assets.

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. There is a requirement 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.

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.

There are no material restoration, rehabilitation and environmental costs to date.

#### g. Income taxes

When applicable, income tax expense comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized in other comprehensive income 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### g. Income taxes (continued)

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 it is not considered probable that a deferred tax asset will be recovered, no deferred tax asset is recognized.

#### h. 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.

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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### h. Share-based payments (continued)

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 cancellation of options is immediately accounted for as an acceleration of vesting, and the amount that otherwise would have been recognized for services received over the remainder of the vesting period is recognized immediately. 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.

#### i. 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 Properties future financial statements:

##### *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. Management 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 lessee. The treatment of leases by the lessee 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 lessee. 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, Management does not expect this standard to have significant financial reporting implications.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION ASSETS

Summary of the mineral exploration and evaluation costs for the year ended September 30, 2017:

	<b>Kahuna Gold Rights (NU, Canada)</b>
Acquisition costs:	
Opening balance, September 30, 2016	\$ 9,758
Additions during the year:	
Staking costs	3,920
Database	70,000
Total acquisition costs	\$ 83,678
Exploration costs:	
Opening balance, September 30, 2016	\$ 108,365
Additions during the year	
Geological consulting (note 5)	246,708
Aircraft charter	34,592
Assays	265,946
Exploration support (note 5)	38,882
Fuel and gas	141,627
Total exploration costs	836,120
<b>Balance, September 30, 2017</b>	<b>\$ 919,798</b>

Summary of the mineral exploration and evaluation costs for the year ended September 30, 2016

	<b>Kahuna Gold Rights (NU, Canada)</b>
Acquisition costs:	
Opening balance, September 30, 2015	\$ -
Additions during the year:	
Staking costs	9,758
Total acquisition costs	\$ 9,758
Exploration costs:	
Opening balance, September 30, 2015	\$ -
Additions during the year	
Geological consulting (note 5)	17,561
Aircraft charter	9,969
Assays	30,273
Exploration support (note 5)	50,562
Total exploration costs	108,365
<b>Balance, September 30, 2016</b>	<b>\$ 118,123</b>

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### Gold Rights on Kahuna Property

On November 4, 2014, DVI signed an option agreement to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. On April 30, 2017, the DVI entered into a Letter of Agreement (“LOA”) where it accelerated its Kahuna option agreement.

The Option Agreement contained a Royalty Agreement clause which stated the following; In accordance with the terms of the Royalty Agreement, the Property is currently subject to two separate two percent (2%) gross overriding royalties on diamonds (each, a “GOR” and together, the “GORs”), and two separate two percent (2%) net smelter return royalties (each, an “NSR” and together, the “NSRs”) on all other minerals derived from the Property. Pursuant to the Royalty Agreement, one percent (1%) of each GOR may be purchased by either of the parties for \$2 million, and one percent (1%) of each NSR may be purchased by either of the parties for \$2 million.

As described below in Note 12, Solstice is responsible for its share of NSRs and GORs related to the properties being transferred.

### 5. RELATED PARTY TRANSACTIONS

Amounts paid and accrued to key management personnel, officers and companies controlled by directors and officers, and a company having a director and an officer in common:

	Year ended September 30,	
	2017	2016
Stock based compensation	\$ 13,617	\$ 37,529
Capitalized to exploration and evaluation assets	\$ 187,415	\$ 26,985
Management fees	\$ 10,841	\$ 14,040
Consulting fees	\$ -	\$ 4,704
Travel, promotion and shareholder information	\$ 1,164	\$ -
Property investigation	\$ 589	\$ -

As at September 30, 2017 \$Nil (2016 – \$Nil) was payable to these companies without terms of interest or repayment.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### 6. INCOME TAXES

Income taxes has been calculated as if the properties to be distributed were a separate legal entity and had filed separate tax returns for the periods presented.

Upon completion of the Arrangement, the assets transferred are expected to have an accounting basis equal to the tax basis. Accordingly, there are no future income tax assets or liabilities to be recognized.

### 7. CONTRIBUTED BY DUNNEDIN VENTURES INC.

Funding of the Properties provided by Dunedin Ventures Inc. is reflected as Contributed by Dunedin Ventures Inc. as follows:

<b>September 30, 2015</b>	<b>\$</b>	<b>-</b>
Contributions		235,429
<b>September 30, 2016</b>	<b>\$</b>	<b>235,429</b>
Contributions		883,916
<b>September 30, 2017</b>	<b>\$</b>	<b>1,119,345</b>

### 8. RESERVES

Share based payments were allocated based on the allocation percentage of exploration costs to the Kahuna gold rights to be distributed.

### 9. FINANCIAL INSTRUMENTS

The Properties examine the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Properties' risk exposures and their corresponding impact on the Properties' financial instruments are summarized below.

**Liquidity risk** is the risk that the Properties cannot meet a demand for cash or fund its obligations as they come due. Given that the Properties' are in the exploration stage and thus generate no cash inflows from operations, liquidity is managed by obtaining financing from external sources. To present, the Properties have been successful in obtaining all of the funds necessary to meet their commitments and continue their exploration programs from advances received.

### 10. CAPITAL DISCLOSURES

The Properties objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating and exploration requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Properties have no debt and is not subject to externally imposed capital requirements. There were no changes in the Properties approach to capital management during the period. The Properties has relied upon the management of DVI to manage its capital.

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### **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 Properties operations are within the mineral exploration sector in Canada.

### **12. SUBSEQUENT EVENTS**

#### **Letter Agreement between Dunedin Ventures Inc. and Solstice Gold Corp.**

Subsequent to the year ended September 30, 2017, DVI and Solstice entered into the Kahuna Property Land Transfer and Rights Agreement (the "Agreement") which sets out the terms to which DVI will transfer mineral claims located in Nunavut to Solstice.

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);
- 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 the Subsidiary has Primary Development Rights (as defined in the Agreement).

in each case 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 GORs and the NSRs.

In consideration for the Transferred Claims, Solstice will issue approximately 34,418,850 common shares to DVI.

Upon execution of the Agreement, DVI grants to Solstice Primary Development Rights ("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 grants PDR's in respect of the Remaining Claims and SDR's in respect of the Transferred Claims. Border claims are also split into PDR & 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.

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Carve-out Financial Statements

For the years ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

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### **12. SUBSEQUENT EVENTS** *(continued)*

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 Solstice shall be limited to all other minerals. Mineral claims & rights under the Agreement may be transferred to third parties provided they are bound by the Agreement.

On January 31, 2018, DVI completed its previously announced plan of arrangement, involving the spinout of DVI's wholly-owned subsidiary - Solstice Gold Corp. Under the terms of the Arrangement, one common share of Solstice was distributed for every three common shares of DVI outstanding as of July 17, 2017, resulting in the issuance of 34,418,850 Solstice shares. In addition, DVI completed a reorganization of its share capital such that all existing common shares of DVI were reclassified as "Class B Common Shares". The Arrangement was approved by the shareholders of DVI, and the Supreme Court of British Columbia, on December 22, 2017.

For additional subsequent events, see Note 1.

**SCHEDULE "D"**  
**CARVE-OUT UNAUDITED FINANCIAL STATEMENTS**  
**(FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2017)**

**(see attached)**

**Condensed Interim Carve-out Financial Statements  
Dunedin Ventures Properties to be Distributed to Solstice  
Gold Corp.**

Three Months Ended December 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

**Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Condensed Interim Carve-out Statements of Financial Positions

(Expressed in Canadian dollars)

(Unaudited)

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	December 31, 2017	September 30, 2017
<b>Assets</b>		
Non-current assets:		
Exploration and evaluation assets (note 4)	\$ 965,879	\$ 919,798
	<b>\$ 965,879</b>	<b>\$ 919,798</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 8,295	\$ 8,295
	<b>8,295</b>	<b>8,295</b>
<b>Equity in Net Assets</b>		
Contributed by Dunnedin Ventures Inc. (note 6)	1,170,275	1,119,345
Deficit	(212,691)	(207,842)
	<b>957,584</b>	<b>911,503</b>
	<b>\$ 965,879</b>	<b>\$ 919,798</b>

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Subsequent events (note 12)

Approved on Behalf of the Board:

"Claudia Tornquist"  
Claudia Tornquist

"Gary Schellenberg"  
Gary Schellenberg

**Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Condensed Interim Carve-out Statements of Operations and Deficit

(Expressed in Canadian dollars)

(Unaudited)

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	Three months ended December 31,	
	2017	2016
<b>Expenses</b>		
Consulting fees	\$ -	\$ 3,660
Insurance	721	371
Management fees (note 5)	-	2,888
Office and administration	-	99
Professional fees	-	352
Property investigation	1,632	-
Rent	2,496	549
Stock based compensation	-	5,688
Transfer agent and filing	-	648
Travel, promotion and shareholder information (note 5)	-	5,611
<b>Net loss for the period</b>	<b>\$ (4,849)</b>	<b>\$ (19,866)</b>

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The accompanying notes are an integral part of these carve-out financial statements

**Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Condensed Interim Carve-out Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended December 31,	
	2017	2016
<b>Cash provided by /(used in):</b>		
<b>Operating Activities:</b>		
Net loss for the period	\$ (4,849)	\$ (19,866)
Items not affecting cash:		
Stock based compensation allocated from DVI	-	5,688
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	-	(2,756)
	<b>(4,849)</b>	<b>(16,634)</b>
<b>Investing Activity:</b>		
Exploration and evaluation assets	<b>(46,081)</b>	<b>(107,422)</b>
<b>Financing Activity:</b>		
Contributed by Dunedin Ventures Inc.	<b>50,930</b>	<b>124,356</b>
<b>Change in cash and cash equivalents for the period</b>	-	-
<b>Cash and cash equivalents, beginning of the period</b>	-	-
<b>Cash and cash equivalents, end of the period</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental Information:</b>		
<b>Non-cash investing and financing activities:</b>		
Change in exploration and evaluation asset costs included in accounts payable	\$ -	\$ -

The accompanying notes are an integral part of these carve-out financial statements

**Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Condensed Interim Carve-out Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

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		<b>Deficit</b>
<b>Balance at September 30, 2016</b>	<b>\$</b>	<b>(128,606)</b>
Net loss for the period		(19,866)
<b>Balance at December 31, 2016</b>	<b>\$</b>	<b>(148,472)</b>

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		<b>Deficit</b>
<b>Balance at September 30, 2017</b>	<b>\$</b>	<b>(207,842)</b>
Net loss for the period		(4,849)
<b>Balance at December 31, 2017</b>	<b>\$</b>	<b>(212,691)</b>

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## **Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### **1. PLAN OF ARRANGEMENT**

On January 31, 2018, Dunnedin Ventures Inc. (“DVI”) completed its previously announced plan of arrangement (the “Arrangement”), involving the spin-out of Solstice Gold Corp. (“Solstice”, “the entity”). DVI will transfer 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 (“Kahuna Gold Property”) and \$1 million in cash to Solstice, in return for shares, which will then be distributed to DVI shareholders by way of the Arrangement.

Under the Arrangement, each DVI shareholder will receive one common share in DGI for every three DVI shares held. DVI rights to all minerals other than diamonds at the Kahuna property will be transferred into Solstice, together with \$1,000,000 in cash.

Holders of outstanding DVI options will also receive one fully vested option of the Solstice for every three options held in DVI. The options will be exercisable at a valuation factor multiple above the exercise price of a DVI option immediately before the effective date. Holders of outstanding DVI warrants will also receive one fully vested warrant of Solstice for every three warrants held in DVI. The warrants will be exercisable at a valuation factor multiple above the exercise price of a DVI warrant immediately before the effective date.

For the full description of the Arrangement, reference should be made to the DVI Information Circular dated November 24, 2017 available on [www.SEDAR.com](http://www.SEDAR.com).

On April 13, 2018 an amendment was made to the Arrangement which increases the cash contribution from DVI to Solstice by \$300,000, for a total contribution of \$1.3 million.

### **2. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

The continuing carve-out entity, Solstice, will be pursuing opportunities related to exploration of mineral resource properties principally in Nunavut, Canada.

The continued exploration and development of the mineral properties and the recoverability of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable reserves, Solstice’s ability to obtain necessary financing to complete the exploration and development of the mineral properties, and upon future profitable production or alternatively upon disposal of the mineral properties on an advantageous basis. The amounts shown as mineral properties represent net acquisition and exploration costs to date and do not necessarily represent present or future values.

The carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Properties will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. While Solstice, as a result of the \$1,000,000 cash transferred as part of the transaction and completion of a private placement concurrent with the completion of the Arrangement for a gross amount of \$8,376,400 (see note 11), will have sufficient cash to continue to finance operations for the next eighteen months, it currently has no revenue generating activities and there can be no assurance that it will be able to secure additional financing in the future in order to conduct its planned work programs on the mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### **2. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN** *(continued)*

they come due all of which raises significant doubt about its ability to continue as a going concern.

The carve-out financial statements do not include adjustments to the carrying amount of assets and liabilities, reported expenses, and financial position classifications that would be required if the going concern assumption was no longer appropriate.

The carve-out financial statements of the Dunedin Ventures Properties to be Distributed to Solstice Gold Corp (the "Properties") for the three months ended December 31, 2017 and 2016 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 19, 2018.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these carve-out financial statements, ("financial statements").

The interim condensed carve-out financial statements do not include all the information or disclosures required in the annual carve-out financial statements and should be read in conjunction with the Properties annual carve-out financial statements as at September 30, 2017.

#### **a. Basis of Presentation**

The formation of Solstice is the result of the transfer of assets between entities under common control. These financial statements have been presented using the continuity of interest basis, with balance sheet amounts based on the amounts recorded by DVI.

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards. These carve-out financial statements include all adjustments, of a normal recurring nature, considered necessary by management to fairly present the financial position, results of operations, and cash flows of the Dunedin Ventures Properties to be distributed to Solstice Gold Corp. (the "Properties"). The carve-out financial statements of the Properties reflect the historical assets, liabilities, and expenses directly attributable to the mineral properties to present the financial position, results of operations, and changes in cash flows of the Properties on a stand-alone basis.

The carve-out financial statements present the historical financial position, results of operations, and cash flows as if the Properties had been an independent operation during the periods presented. The statements of loss and deficit for the three months ended December 31, 2017 and 2016 include direct expenses of the Properties and an allocation of DVI's general and administrative expenses incurred in each of these periods.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### a. Basis of Presentation *(continued)*

The allocation of general and administrative expenses was calculated on the basis of the ratio of costs incurred on the Properties related to non-diamond exploration activities in the period presented as compared to the total expenditures on the Properties in this period.

The financial information included herein may not necessarily reflect the financial position, results of operations, and changes in cash flows of the mineral properties in the future or what they would have been had it been a separate, stand-alone entity during the periods presented.

The presentation and functional currency of the Properties is the Canadian dollar.

#### b. Critical Judgments and Significant Risks

The preparation of these carve-out 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 carve-out financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

These carve-out financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out 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.

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.

#### *Critical Estimates and Judgements:*

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:

#### *Recovery of Capitalized Exploration and Evaluation Expenditure*

The application of the Properties accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Properties, which may be based on assumptions about future events or circumstances.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### b. Critical Judgments and Significant Risks *(continued)*

##### *Recovery of Capitalized Exploration and Evaluation Expenditure (continued)*

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

##### *Allocation of Costs*

The allocation of general and administrative expenses was calculated on the basis of the ratio of costs incurred on the Properties related to non-diamond exploration activities in the period presented as compared to the total expenditures on the Properties in this period. This allocation required the use of management estimates.

Management cautions readers of these financial statements that the allocation of these expenses may not reflect the general and administrative expenses expected in future periods.

#### c. Financial instruments

Financial assets and financial liabilities are recognized when the Properties 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### c. Financial Instruments *(continued)*

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 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.

Accounts payable and accrued liabilities have been classified as other liabilities. Subsequent to initial recognition, other liabilities are recorded at amortized cost.

#### *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.

There are no financial instruments measured at fair value as at the reporting date. The carrying values of 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### c. Financial Instruments *(continued)*

##### *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. Mineral properties under exploration

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.

Where an option agreement has been entered into 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 acquirer'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 common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable.

When a property 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 Properties currently have no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

#### e. Impairment of non-financial assets

At each date of the carve-out statement of financial position, the 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### e. Impairment of non-financial assets *(continued)*

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.

#### f. Provisions, contingent liabilities and assets

##### *General provisions, contingent liabilities and assets*

Provisions are recognized when there is 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 that do not yet meet the recognition criteria of an asset are considered contingent assets.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### f. Provisions, contingent liabilities and assets *(continued)*

##### *Restoration and environmental rehabilitation provisions (continued)*

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. There is a requirement 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.

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 are no material restoration, rehabilitation and environmental costs to date.

#### g. Income taxes

When applicable, income tax expense comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized in other comprehensive income 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 it is not considered probable that a deferred tax asset will be recovered, no deferred tax asset is recognized.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### h. 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.

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 cancellation of options is immediately accounted for as an acceleration of vesting, and the amount that otherwise would have been recognized for services received over the remainder of the vesting period is recognized immediately. 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.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- i. 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 Properties future financial statements:

##### *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. Management 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 lessee. The treatment of leases by the lessee 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 lessee. 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, Management does not expect this standard to have significant financial reporting implications.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 4. EXPLORATION AND EVALUATION ASSETS

Summary of the mineral exploration and evaluation costs for the three months ended December 31, 2017:

	<b>Kahuna Gold Rights (NU, Canada)</b>
Acquisition costs:	
Opening balance, September 30, 2017	\$ 83,678
Additions during the period:	
Staking costs	-
Database	-
Total acquisition costs	\$ 83,678
Exploration costs:	
Opening balance, September 30, 2017	\$ 836,120
Additions during the period:	
Geological consulting (note 5)	27,553
Assays	7,652
Exploration support (note 5)	10,876
Total exploration costs	882,201
<b>Balance, December 31, 2017</b>	<b>\$ 965,879</b>

Summary of the mineral exploration and evaluation costs for the year ended September 30, 2017

	<b>Kahuna Gold Rights (NU, Canada)</b>
Acquisition costs:	
Opening balance, September 30, 2016	\$ 9,758
Additions during the year:	
Staking costs	3,920
Database	70,000
Total acquisition costs	\$ 83,678
Exploration costs:	
Opening balance, September 30, 2016	\$ 108,365
Additions during the year:	
Geological consulting	246,708
Aircraft charter	34,592
Assays	265,946
Exploration support	38,882
Fuel and gas	141,627
Total exploration costs	836,120
<b>Balance, September 30, 2017</b>	<b>\$ 919,798</b>

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### Gold Rights on Kahuna Property

On November 4, 2014, DVI signed an option agreement to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. On April 30, 2017, the DVI entered into a Letter of Agreement (“LOA”) where it accelerated its Kahuna option agreement.

The Option Agreement contained a Royalty Agreement clause which stated the following; In accordance with the terms of the Royalty Agreement, the Property is currently subject to two separate two percent (2%) gross overriding royalties on diamonds (each, a “GOR” and together, the “GORs”), and two separate two percent (2%) net smelter return royalties (each, an “NSR” and together, the “NSRs”) on all other minerals derived from the Property. Pursuant to the Royalty Agreement, one percent (1%) of each GOR may be purchased by either of the parties for \$2 million, and one percent (1%) of each NSR may be purchased by either of the parties for \$2 million.

As described below in Note 11, Solstice is responsible for its share of NSRs and GORs related to the properties being transferred.

### 5. RELATED PARTY TRANSACTIONS

Amounts paid and accrued to key management personnel, officers and companies controlled by directors and officers, and a company having a director and an officer in common:

	Three months ended December 30,	
	2017	2016
Capitalized to exploration and evaluation assets	\$ 24,830	\$ 2,984
Management fees	-	1,348
Travel, promotion and shareholder information	-	861

As at December 31, 2017 \$Nil (September 30, 2017 – \$Nil) was payable to these companies without terms of interest or repayment.

## Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 6. CONTRIBUTED BY DUNNEDIN VENTURES INC.

Funding of the Properties provided by Dunedin Ventures Inc. is reflected as Contributed by Dunedin Ventures Inc. as follows:

<b>September 30, 2015</b>	<b>\$</b>	<b>-</b>
Contributions		235,429
<b>September 30, 2016</b>	<b>\$</b>	<b>235,429</b>
Contributions		883,916
<b>September 30, 2017</b>	<b>\$</b>	<b>1,119,345</b>
Contributions		50,930
<b>December 31, 2017</b>	<b>\$</b>	<b>1,170,275</b>

### 7. RESERVES

Share based payments were allocated based on the allocation percentage of exploration costs to the Kahuna gold rights to be distributed.

### 8. FINANCIAL INSTRUMENTS

The Properties examines the various financial instrument risks it is exposed to and assesses any impact and likelihood of those risks. The Properties' risk exposures and their corresponding impact on the Properties' financial instruments are summarized below.

**Liquidity risk** is the risk that the Properties cannot meet a demand for cash or fund its obligations as they come due. Given that the Properties' are in the exploration stage and thus generate no cash inflows from operations, liquidity is managed by obtaining financing from external sources. To present, the Properties have been successful in obtaining all of the funds necessary to meet their commitments and continue their exploration programs from advances received.

### 9. CAPITAL DISCLOSURES

The Properties objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating and exploration requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Properties have no debt and is not subject to externally imposed capital requirements. There were no changes in the Properties approach to capital management during the period. The Properties has relied upon the management of DVI to manage its capital.

### 10. 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 Properties operations are within the mineral exploration sector in Canada.

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### **11. PLAN OF ARRANGEMENT AND PRIVATE PLACEMENT**

#### **Letter Agreement between Dunedin Ventures Inc. and Solstice Gold Corp.**

During the period ended December 31, 2017, DVI and Solstice entered into the Kahuna Property Land Transfer and Rights Agreement (the "Agreement") which sets out the terms to which DVI will transfer mineral claims located in Nunavut to Solstice.

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

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);
- 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 the Subsidiary has Primary Development Rights (as defined in the Agreement).

in each case 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 GORs and the NSRs.

In consideration for the Transferred Claims, Solstice will issue approximately (103,256,767/3) 34,418,850 common shares to DVI.

Upon execution of the Agreement, DVI grants to Solstice Primary Development Rights ("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 grants PDR's in respect of the Remaining Claims and SDR's in respect of the Transferred Claims. Border claims are also split into PDR & 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 Solstice shall be limited to all other minerals. Mineral claims & rights under the Agreement may be transferred to third parties provided they are bound by the Agreement.

## **Dunedin Ventures Properties to be Distributed to Solstice Gold Corp.**

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### **12. SUBSEQUENT EVENTS**

On January 31, 2018, DVI completed its previously announced plan of arrangement, involving the spinout of DVI's wholly-owned subsidiary - Solstice Gold Corp. Under the terms of the Arrangement, one common share of Solstice was distributed for every three common shares of the DVI outstanding as of July 17, 2017, resulting in the issuance of 34,418,850 Solstice shares. In addition, DVI completed a reorganization of its share capital such that all existing common shares of DVI were reclassified as "Class B Common Shares". The Arrangement was approved by the shareholders of DVI, and the Supreme Court of British Columbia, on December 22, 2017.

For additional subsequent events, see Note 1.

**SCHEDULE "E"**  
**PRO-FORMA UNAUDITED FINANCIAL STATEMENTS**  
**(AS AT DECEMBER 31, 2017)**

**(see attached)**

**SOLSTICE GOLD CORP.**

**PRO-FORMA STATEMENT OF FINANCIAL POSITION AND CHANGES IN  
SHAREHOLDERS' EQUITY**

December 31, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**SOLSTICE GOLD CORP.**

Pro-Forma Statement of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

AS AT DECEMBER 31, 2017

	<b>Dunedin Ventures Properties to be Distributed (as at December 31, 2017)</b>	<b>Solstice Gold Corp. (as at December 31, 2017)</b>	<b>Pro-Forma Adjustments</b>	<b>Note 4</b>	<b>Pro-Forma Consolidated Solstice Gold Corp.</b>
<b>Assets</b>					
<b>Current</b>					
Cash	\$ -	\$ 3,209,188	\$ 1,300,000	A,B	\$ 4,509,188
Prepaid		32,813			32,813
<b>Total current assets</b>	<b>-</b>	<b>3,242,001</b>	<b>1,300,000</b>		<b>4,542,001</b>
<b>Non-current</b>					
Exploration and evaluation assets	965,879	-	-		965,879
<b>Total non-current assets</b>	<b>\$ 965,879</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 965,879</b>
<b>TOTAL ASSETS</b>	<b>\$ 965,879</b>	<b>3,242,001</b>	<b>1,300,000</b>		<b>5,507,880</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 8,295	\$ -	\$ -		\$ 8,295
Due to Dunedin Ventures Inc.		443,160	544,780	C	987,940
	\$ 8,295	\$ 443,160	\$ 544,780		\$ 996,235
<b>Shareholders' Equity</b>					
Shareholders' equity	\$ 957,584	\$ 2,798,841	\$ 755,220	A,B	\$ 4,511,645
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>957,584</b>	<b>2,798,841</b>	<b>755,220</b>		<b>4,511,645</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 965,879</b>	<b>\$ 3,242,001</b>	<b>\$ 1,300,000</b>		<b>\$ 5,507,880</b>

The accompanying notes are an integral part of this unaudited pro forma statement of financial position.

**SOLSTICE GOLD CORP.**

Pro-Forma Statement of Changes in Shareholders' Equity  
 FOR THE PERIOD ENDED DECEMBER 31, 2017  
 (Unaudited – Prepared by Management)  
 (Expressed in Canadian Dollars)

	Number	Amount	Contributed by Dunedin Ventures Inc.	Deficit	Total
<b>Balance at June 8, 2017</b>		- \$	\$ -	\$ -	\$ -
Shares issued on incorporation	1	1	-	-	1
Contributed by Dunedin Ventures Inc.	-	-	-	-	-
Net loss for the period	-	-	-	(1,063)	(1,063)
<b>Balance at June 30, 2017</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ (1,063)</b>	<b>\$ (1,062)</b>
Shares to be issued – Flow-Through	3,256,667	977,000	-	-	977,000
Shares to be issued – Non-Flow-Through	8,928,000	2,232,015	-	-	2,232,015
Contributed by Dunedin Ventures Inc.	-	-	957,584	-	957,584
Contributed by Dunedin Ventures Inc. (Pro-Forma Adjustment)	-	-	755,220	-	755,220
Net loss for the period	-	-	-	(409,112)	(409,112)
<b>Balance at December 31, 2017</b>	<b>12,184,668</b>	<b>\$ 3,209,016</b>	<b>\$ 1,712,804</b>	<b>\$ (410,175)</b>	<b>\$ 4,511,645</b>

The accompanying notes are an integral part of this unaudited pro forma statement of changes in equity.

## **SOLSTICE GOLD CORP.**

Notes to the Pro-Forma Statement of Financial Position and Statement of Equity  
FOR THE PERIOD ENDED DECEMBER 31, 2017  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

### **1. Plan of Arrangement**

On January 31, 2018, Dunnedin Ventures Inc. (“DVI”) completed its previously announced plan of arrangement (the “Arrangement”), involving the spin-out of Solstice Gold Corp. (“Solstice”). DVI will transfer 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 and \$1 million in cash to Solstice, in return for shares, which will then be distributed to DVI shareholders by way of the Arrangement.

Under the Arrangement, each DVI shareholder will receive one common share in DGI for every three DVI shares held. DVI rights to all minerals other than diamonds at the Kahuna property will be transferred into the Company, together with \$1,000,000 in cash.

Holder of outstanding DVI options will also receive one fully vested option of the Solstice for every three options held in DVI. The options will be exercisable at a valuation factor multiple above the exercise price of a DVI option immediately before the effective date. Holders of outstanding DVI warrants will also receive one fully vested warrant of Solstice for every three warrants held in DVI. The warrants will be exercisable at a valuation factor multiple above the exercise price of a DVI warrant immediately before the effective date.

For the full description of the Arrangement, reference should be made to the DVI Information Circular dated November 24, 2017 available on [www.SEDAR.com](http://www.SEDAR.com).

On April 13, 2018 an amendment was made to the Arrangement which increases the cash contribution from DVI to Solstice by \$300,000, for a total contribution of \$1.3 million.

### **2. Basis of Presentation**

This unaudited pro forma statement of financial position gives effect to the Arrangement whereby Dunnedin Ventures Inc. will transfer its interests detailed in the carve-out financial statements to Solstice Gold Corp. for shares in Solstice which gives effect to the Arrangement as if it had taken place on December 31, 2017.

This unaudited pro forma statement of financial position has been prepared for the Arrangement and is expressed in Canadian dollars. The unaudited pro forma statement of financial position has been compiled from and include:

- The unaudited carve-out financial statements of Dunnedin Ventures Properties to be Distributed to Solstice for the three months ended December 31, 2017
- The unaudited statement of financial position of Solstice for six months ended December 31, 2017.

The unaudited pro forma statement of financial position should be read in conjunction with the above financial statements, all of which are contained within the information circular, previously filed by Dunnedin Ventures Inc.

It is management’s opinion that the unaudited pro forma statement of financial position includes all adjustments necessary for fair presentation of the transactions described here in accordance with IFRS applied on a basis consistent with DVI’s accounting policies. This unaudited pro forma statement of financial position is provided for illustrative purposes only and does not purport to represent the financial position that would have resulted had the Arrangement actually occurred at the date indicated. Further, this pro forma statement of financial position is not necessarily indicative of the future financial position of Solstice that may occur as a result of the Arrangement.

### **3. Significant Accounting Policies**

The accounting policies used in the preparation of this unaudited pro forma statement of financial position are those as set out in carve out financial statements of Dunnedin Ventures Properties to be Distributed to Solstice Gold Corp. for the year ended September 30, 2017.

## **SOLSTICE GOLD CORP.**

Notes to the Pro-Forma Statement of Financial Position and Statement of Equity  
FOR THE PERIOD ENDED DECEMBER 31, 2017  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

### **4. Pro-Forma Assumptions and Adjustments**

The pro-forma adjustments to the statement of financial position have been prepared to account for the closing of the Arrangement contemplated by the management information circular, as described below:

- A. Upon completion of the Arrangement, DVI transferred 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 and \$1.3 million in cash to Solstice in return for shares of which will then be distributed to DVI shareholders by way of the Arrangement. Each DVI shareholder will receive one common share of Solstice for every three DVI shares held. Based on the total outstanding common shares in DVI at July 17, 2017 – the record date, the total number of shares to be issued from Solstice will be 34,418,850.
- B. Holders of outstanding DVI options will be issued one fully vested option of the Solstice for every three options held in DVI (vested or unvested). The options will be exercisable at a valuation factor multiple above the exercise price of a DVI option immediately before the effective date. Holders of outstanding DVI warrants will also receive one fully vested warrant of Solstice for every three warrants held in DVI. The warrants will be exercisable at a valuation factor multiple above the exercise price of a DVI warrant immediately before the effective date.
- C. During the period ended December 31, 2017, DVI paid for incurred costs of \$544,780 for exploration and evaluation assets relating to the Solstice properties.

As at December 31, 2017 there were 19,609,180 Warrants and 7,085,000 Options outstanding in DVI. At the three for one issuance ratio, there will be approximately 6,536,394 warrants and 2,361,666 options issued by Solstice upon completion of the Agreement.

- D. The pro-forma effective income tax rate applicable to the consolidated operations is 26%.

### **5. Subsequent Events**

On January 31, 2018, DVI completed its previously announced plan of arrangement, involving the spinout of DVI's wholly-owned subsidiary - Solstice Gold Corp. Under the terms of the Arrangement, one common share of Solstice was distributed for every three common shares of DVI outstanding as of July 17, 2017, resulting in the issuance of 34,418,850 Solstice shares. In addition, DVI completed a reorganization of its share capital such that all existing common shares of DVI were reclassified as "Class B Common Shares". The Arrangement was approved by the shareholders of DVI, and the Supreme Court of British Columbia, on December 22, 2017.

Solstice holds the Company's gold mineralization rights, including 66 full claims and one-half of 12 additional claims covering the Kahuna Project ("Kahuna"). The property interests comprise a district scale land package of 806 square kilometres adjacent to claims controlled by Agnico Eagle Mines Ltd. which host the world class Meliadine Deposits, and exclusive secondary rights on an additional 858 square kilometres. Kahuna is located in Nunavut, Canada approximately 26 kilometres from Rankin Inlet.

## **SOLSTICE GOLD CORP.**

Notes to the Pro-Forma Statement of Financial Position and Statement of Equity  
FOR THE PERIOD ENDED DECEMBER 31, 2017  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

### **5. Subsequent Events** *(continued)*

Concurrent with completion of the Arrangement on January 31, 2018, 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. 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 5,809,334 Flow-Through Shares at a price of \$0.30 per Flow-Through Share. Solstice Management and Board participated for a total of 6.5% of the financing.

The net proceeds from the Solstice financing will be used for gold exploration activities on the Kahuna project and for general corporate purposes. In connection with the financing, Solstice paid finders' fees of \$334,914 and issued 636,722 broker warrants to unrelated parties. Each broker warrant entitles the holder to purchase one common share of Solstice at a price of \$0.30 for a period of thirty months.

Following the spinout of Solstice, mining rights of Dunnedin shall be limited to diamonds, gemstones and all minerals found within kimberlitic rocks and mining rights of Solstice shall be limited to all other minerals. Mineral claims and rights under the agreement between Solstice and Dunnedin may be transferred to third parties provided they are bound by the same agreement.

As per Note 1, an amendment was made to the Arrangement which increases the cash contribution from DVI to Solstice by \$300,000, for a total contribution of \$1.3 million.

**SCHEDULE “F”  
CORPORATE GOVERNANCE DISCLOSURE**

**Board of Directors**

Directors are considered to be “independent” if they have no direct or indirect material relationship with Solstice. A “material relationship” is a relationship which could, in the view of the Solstice Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Solstice Board is composed of four directors, of which Chad Ulansky and Michael Leskovec are considered to be independent. David Adamson and Christopher Taylor are not independent, as they are the Executive Chairman and Senior Consultant, respectively, of Solstice.

**Directorships**

Certain directors of Solstice are directors of other reporting issuers. See Item 16 – *Directors and Executive Officers*.

**Orientation and Continuing Education**

All directors will be expected to pursue educational opportunities as appropriate to enable them to perform their duties as directors. Solstice will make appropriate funding to directors to attend seminars or conferences relevant to their position as directors of Solstice. Included in the mandate will be the requirement to develop, with the assistance of management, an orientation and education program for new recruits to the Solstice Board, where necessary. Solstice’s outside legal counsel will also provide directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.

**Ethical Business Conduct**

The Solstice Board has adopted a written whistle-blower policy (the “**Policy**”) for directors, officers, and employees of Solstice. Directors, officers or employees of Solstice who have concerns or questions about violations of laws, rules or regulations, or of the Policy, are be required to report them to the Chairman of the Company. Following receipt of any complaints, the Chairman of the Comapny will investigate each matter so reported. The Solstice Board will be ultimately responsible for the Policy and monitoring compliance. In addition to the requirements of the Policy, directors are also required to comply with the relevant provisions of the BCBCA regarding conflicts of interests. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to a material transaction is required for review by the Solstice Board, particularly independent directors.

**Nomination of Directors**

The Solstice Board has established a Corporate Governance and Nominating Committee, which has the primary responsibility for identifying prospective Solstice Board members. The Corporate Governance and Nominating Committee will coordinate the search for qualified candidates with input from management and other Solstice Board members, giving careful consideration to the competencies and skills that the Solstice Board as a whole should possess, and the skills and experience of existing Solstice Board members. Other factors will be considered which may include the ability of the individual candidate to contribute on an overall basis, the ability of the individual to contribute sufficient time and

resources to the Solstice Board, as well as the individual's direct experience with public companies in general and mining companies, in particular. The Corporate Governance and Nominating Committee will recommend a nominee and seek full Solstice Board endorsement of the selected candidate.

### **Other Board Committees**

The Solstice Board has established an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee.

### **Assessments**

The Corporate Governance and Nominating Committee will establish and administer a process for assessing the effectiveness of the Solstice Board as a whole, the committees of the Solstice Board, the chairman of the Solstice Board, the committee chairs and individual directors. The Corporate Governance and Nominating Committee will report regularly to the Solstice Board on all of its activities and findings.

**SCHEDULE "G"**  
**SOLSTICE STOCK OPTION PLAN**

**SOLSTICE GOLD CORP.**

**FIXED INCENTIVE STOCK OPTION PLAN**

**NOVEMBER 20, 2017**

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Affiliate" has the meaning ascribed thereto by the Exchange;
- (b) "Board" means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 Directors of the Corporation duly appointed to administer this Plan;
- (c) "Common Shares" means the common shares of the Corporation;
- (d) "Consultant" means an individual who:
  - (i) provides ongoing consulting, technical, management or other services to the Corporation or an Affiliate under a written contract with the Corporation or the Affiliate,
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate,
  - (iii) in the opinion of the Corporation, spends or will spend a reasonable amount of time and attention on the business and affairs of the Corporation or an Affiliate, and
  - (iv) has a relationship with the Corporation or an Affiliate that enables the Consultant to be knowledgeable about the business and affairs of the Corporation or the Affiliate,and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- (e) "Corporation" means SOLSTICE GOLD CORP. and its successor entities;
- (f) "Director" means a director of the Corporation or of an Affiliate;
- (g) "Disinterested Shareholder Approval" has the meaning ascribed thereto by the Exchange in "Policy 4.4 – Incentive Stock Options" of the Exchange's Corporate Finance Manual;
- (h) "Eligible Person" means a Director, Officer, Employee or Consultant, and includes an issuer all the voting securities of which are owned by Eligible Persons;
- (i) "Employee" means an individual who:

- (i) is considered an employee of the Corporation or an Affiliate under the Income Tax Act, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
  - (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source, or
  - (iii) works for the Corporation or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source;
- (j) "Exchange" means the TSX Venture Exchange and any successor entity;
  - (k) "Expiry Date" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
  - (l) "Insider" has the meaning ascribed thereto by the Exchange;
  - (m) "Investor Relations Activities" has the meaning ascribed thereto by the Exchange;
  - (n) "Management Company Employee" means an individual who is employed by a person providing management services to the Corporation or an Affiliate which are required for the ongoing successful operation of the business enterprise of the Corporation or the Affiliate, but excluding a person providing Investor Relations Activities;
  - (o) "Officer" means an officer of the Corporation or of an Affiliate, and includes a Management Company Employee;
  - (p) "Option" means an option to purchase Common Shares pursuant to this Plan;
  - (q) "Other Share Compensation Arrangement" means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
  - (r) "Participant" means an Eligible Person who has been granted an Option; and
  - (s) "Plan" means this Stock Option Plan.

## **1.2 Interpretation**

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## **ARTICLE 2 ESTABLISHMENT OF PLAN**

### **2.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and
- (c) attracting new Directors, Officers, Employees and Consultants.

### **2.2 Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 20% of the outstanding Common Shares at the time of listing of the Common Shares on the Exchange, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,

and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.

- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

### **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

### **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required, and the listing of the Common Shares on the Exchange. Any Options granted under this Plan prior to such approvals being given, and such listing being completed, shall be conditional upon such approvals being given and such listing be completed, and no such Options may be exercised unless and until such approvals are given and such listing is completed.

## **ARTICLE 3 ADMINISTRATION OF PLAN**

### **3.1 Administration**

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
  - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.

- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

### **3.2 Amendment, Suspension and Termination**

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

### **3.3 Compliance with Legislation**

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## **ARTICLE 4 OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

#### **4.2 Option Agreement**

Every Option shall be evidenced by an option agreement executed by the Corporation and the Participant, which shall, if the Participant is an Employee, Consultant or Management Company Employee, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

#### **4.3 Limitation on Grants and Exercises**

- (a) To any one person. The number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.
- (b) To Consultants. The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) To persons conducting Investor Relations Activities. The aggregate number of Common Shares reserved for issuance to all Employees conducting Investor Relations Activities in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) Exercises. Unless the Corporation has received Disinterested Shareholder Approval to do so, the number of Common Shares issued to any person within a 12 month period pursuant to the exercise of Options granted under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the exercise.

### **ARTICLES 5 OPTION TERMS**

#### **5.1 Exercise Price**

- (a) Subject to a minimum exercise price of \$0.05 per Common Share, the exercise price per Common Share for an Option shall not be less than the "Discounted Market Price", as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection (a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety day period shall begin:

- (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
- (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

## **5.2 Expiry Date**

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

## **5.3 Vesting**

- (a) Subject to the subsection (b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period.

## **5.4 Non-Assignability**

Options may not be assigned or transferred.

## **5.5 Ceasing to be Eligible Person**

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) If a Participant ceases to be an Eligible Person other than in the circumstances set out in subsection (a) or (b) herein, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 90 days after such event, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion, on a case-by-case basis and only with the approval of the Exchange, further extend the date of such termination and the resulting period in which

such Option remains exercisable to a date exceeding the date which is after twelve months of such event.

- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of Section 5.5(b).
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion further and subject to the approval of the Exchange where the vesting of the said Participant's options was a requirement of the Exchange's policies, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

## **ARTICLE 6 EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its registered office:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) the originally signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

**ARTICLE 7  
AMENDMENT OF OPTIONS**

**7.1 Consent to Amend**

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

**7.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

**ARTICLE 8  
MISCELLANEOUS**

**8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

**8.2 No Right to Employment**

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

**8.3 Governing Law**

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

**SCHEDULE "H"**  
**AUDIT COMMITTEE CHARTER**

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**THE AUDIT COMMITTEE'S CHARTER**

**1.1 Purpose**

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Company and related financial information, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the committee will maintain effective working relationships with the Board of Directors (the "**Board**"), management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

**1.2 Composition, Procedures and Organization**

1. The Committee shall consist of at least three members of the Board.
2. At least two (2) members of the Committee shall be independent<sup>1</sup>. and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
3. All of the members of the Committee shall be "financially literate"<sup>2</sup>.
4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

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<sup>1</sup> "Independent" member of an audit committee means a member who has no direct or indirect material relationship with the Company. A "material relationship" means a relationship which could, in the view of the Company's board of directors, reasonably interfere with the exercise of a member's independent judgment.

<sup>2</sup> "Financially literate" individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

5. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.
7. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
8. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
  - (c) management representatives may be invited to attend all meetings, except private sessions with the external auditors; and
  - (d) the proceedings of all meetings will be minuted.
9. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
10. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next Annual General Meeting of the Shareholders after his/her election.
11. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

### **1.3 Roles and Responsibilities**

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the

Company's annual and quarterly consolidated financial statements and related financial disclosure;

- (b) establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
- (c) ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
- (d) report regularly to the Board on the fulfilment of its duties and responsibilities.

2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
- (b) review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (c) review the audit plan of the external auditors prior to the commencement of the audit;
- (d) approve in advance provision by the external auditors of services other than auditing;
- (e) review with the external auditors, upon completion of their audit:
  - (i) contents of their report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) cooperation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
  - (viii) the non-audit services provided by the external auditors;
- (f) discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles;
- (g) implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and

- (h) review any significant disagreements between management and the external auditor regarding financial reporting.
3. The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (c) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly financial statements and related financial information, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the annual information form, if required;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Company; and
    - (vi) other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;

- (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review and report on the integrity of the Company's consolidated financial statements;
- (f) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (g) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (h) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (i) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- (j) review and recommend updates to the charter and receive approval of changes from the Board;
- (k) review the minutes of any audit committee of subsidiary companies; and
- (l) perform other functions as requested by the full Board.