

SOLSTICE GOLD CORP.
Condensed Interim Financial Statements

Three Months Ended September 30, 2021
(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the three months ended September 30, 2021 have not been reviewed by the Company's auditors.

SOLSTICE GOLD CORP.

Statements of Financial Position
(Expressed in Canadian Dollars)

	<i>Notes</i>	September 30, 2021		June 30, 2021	
ASSETS					
Cash	<i>6e</i>	\$	3,531,802	\$	721,772
Amounts receivable			24,689		37,358
Prepaid expenses			30,588		27,429
			3,587,079		786,559
Exploration and Evaluation	<i>5</i>		16,470,607		15,992,015
Total Assets		\$	20,057,686	\$	16,778,574
LIABILITIES					
Accounts payable and accrued liabilities	<i>6e</i>	\$	3,575,911	\$	166,241
			3,575,911		166,241
CEBA Loan	<i>4</i>		40,000		40,000
Deferred tax liability			470,507		470,507
Total liabilities		\$	4,086,418	\$	676,748
SHAREHOLDERS' EQUITY					
Share capital	<i>6</i>	\$	17,854,089	\$	17,854,089
Reserves	<i>6</i>		2,357,568		2,257,228
Deficit			(4,240,389)		(4,009,491)
Total shareholders' equity			15,971,268		16,101,826
Total Liabilities and Shareholders' Equity		\$	20,057,686	\$	16,778,574

Going concern (Note 1)

Subsequent events (Note 11)

Approved and authorized by the Board on November 29, 2021

"David Adamson"

David Adamson

"Blair Schultz"

Blair Schultz

The accompanying Notes are an integral part of these financial statements

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

		Three Months ended September 30, 2021		Three Months ended September 30, 2020
EXPENSES				
Consulting fees		\$ 43,037	\$	16,000
Insurance		6,549		6,450
Salaries	7	69,995		42,542
Marketing expenses		2,187		882
Office expenses		14,317		3,341
Professional fees		11,598		32,493
Property investigation		-		10,050
Share-based compensation	6d, 7a	83,829		-
Transfer agent and filing fees		887		1,480
Travel		-		2,455
		(232,399)		(115,693)
OTHER INCOME				
Interest income		1,501		3,159
Loss before income taxes		(230,898)		(112,534)
Net loss and comprehensive loss for the period		\$ (230,898)	\$	(112,534)
Basic and fully diluted loss per share		(0.01)	\$	(0.00)
Weighted average number of shares outstanding				
- basic and fully diluted		99,645,120		99,504,572

The accompanying Notes are an integral part of these financial statements

SOLSTICE GOLD CORP.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	<i>Notes</i>	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		\$ (230,898)	\$ (112,534)
Items not involving cash:			
Share-based compensation	<i>6d</i>	83,829	-
Net changes in non-cash working capital items			
Amounts receivable		12,669	9,797
Prepaid expenses		(3,159)	5,866
Accounts payable and accrued liabilities		3,409,670	(17,130)
Net cash used in operating activities		3,272,111	(114,001)
CASH FLOWS FROM INVESTING ACTIVITY			
Exploration and evaluation	<i>5</i>	(462,081)	(170,858)
Net cash used in investing activities		(462,081)	(170,858)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		-	-
Change in cash during the period		2,810,030	(284,859)
Cash, beginning of year		721,772	1,820,423
Cash, end of period		\$ 3,531,802	\$ 1,535,564

Supplemental Information

Stock based compensation capitalized to mineral properties		\$ 16,511	\$ 18,428
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The accompanying Notes are an integral part of these financial statements

SOLSTICE GOLD CORP.
 Statements of Changes in Shareholders' Equity
 (Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves	Deficit	Total
		Number	Amount			
Balance at June 30, 2020		99,504,572	\$ 17,816,589	\$ 2,233,985	\$ (3,592,675)	\$ 16,457,899
Share-based compensation	6d	-	-	18,428	-	18,428
Net loss for the period		-	-	-	(112,534)	(112,534)
Balance September 30, 2020		99,504,572	17,816,589	2,252,413	(3,705,209)	16,363,793
Balance at June 30, 2021		99,804,572	\$ 17,854,089	\$ 2,257,228	\$ (4,009,491)	\$ 16,101,826
Share-based compensation	6d	-	-	100,340	-	100,340
Net loss for the period		-	-	-	(230,898)	(230,898)
Balance at September 30, 2021		99,804,572	\$ 17,854,089	\$ 2,357,568	\$ (4,240,389)	\$ 15,971,268

The accompanying Notes are an integral part of these financial statements

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Solstice Gold Corp, formerly Dunnedin Gold Inc., (“Solstice” or the “Company”) was incorporated in the Province of British Columbia on June 8, 2017. The Company’s registered and records office is located at Suite 1600 925 West Georgia Street Vancouver BC V6C 3L2. On September 18, 2017, the Company changed its name to Solstice Gold Corp. The Company is carrying out exploration of mineral resource properties in Ontario and Nunavut, Canada.

On May 14, 2018, Solstice began trading on the TSX Venture Exchange under the symbol “SGC”.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to meet its obligations. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2021, the Company had no source of operating revenues, had not yet achieved profitable operations, and expects to incur further losses in the development of its business. In addition, the COVID-19 pandemic could have a material adverse impact on the Company’s results of operations, cash flows and liquidity. All of these matters cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements for the three months ended September 30, 2021 were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations (“IFRIC”) in effect at September 30, 2021. The Company has elected to present the statements of operations and comprehensive loss in a single statement.

The condensed interim financial statements of the Company for the three months ended September 30, 2021 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2021.

Basis of measurement

These unaudited condensed interim 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 condensed interim statement of cash flows shows the changes in cash arising during the period from operating activities, investing activities and financing activities.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION *(continued)*

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

Critical judgments in applying accounting policies

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

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

Critical judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended June 30, 2020.

New standards, interpretations and amendments

The following new standards, interpretations and amendments, have been applied in these financial statements:

IFRS 3 – Business Combinations

Effective for annual periods beginning on or after January 1, 2020, the IASB has amended the definition of a business to confirm that a business must include inputs and a process and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. Furthermore, the amendment narrows the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than providing dividends or other economic benefits directly to investors or lowering costs. The Company has considered the amendment and assessed that it will have no material impact on adoption.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

4. CEBA LOAN

The Canada Emergency Business Account (“CEBA”) Loan is an interest free loan to assist with cash flow needs and is provided by the Government of Canada. If this loan is repaid in full by December 31, 2022, 33% of the amount loaned under CEBA is forgiven. The CEBA loan is non-interest bearing and is unsecured. As management intends to repay this loan before December 31, 2022 it has recorded the 33% forgiveness on the \$60,000 borrowed, as government assistance as at June 30, 2021.

5. EXPLORATION AND EVALUATION ASSETS

Qaiqtuq Gold Project (Qaiqtuq, formerly KGP or Kahuna)

Pursuant to a Plan of Arrangement, Kodiak Copper and the Company entered into the Kahuna Property (KGP) Land Transfer and Rights Agreement which set out the terms to which Kodiak transferred mineral claims located in Nunavut, Canada (approximately 26 kilometers northeast of Rankin Inlet) to The Company.

Qaiqtuq is located in the Northern Canadian Territory of Nunavut, between the settlements of Rankin Inlet and Chesterfield Inlet along the western rim of Hudson Bay. The Project comprises of a district scale land package of 886 km² (Primary Rights) adjacent to claims controlled by Agnico Eagle which hosts the world class Meliadine Mine. Solstice has exclusive Secondary rights on an additional 683 km² held as PDRs by Kodiak. Primary Rights include all mineral rights for non-diamond and gemstones excluding and minerals found in kimberlite.

On October 20, 2020 the Company announced it completed its summer 2020 field program at Qaiqtuq. Mapping and sampling on the Qaiqtuq gold project were carried out within a large, 40 km² area of gold-bearing boulders to identify potential source areas as drill targets.

Red Lake Extension Project

On February 2, 2021 the Company announced that it had entered into an option agreement to acquire a 100% interest in the Red Lake Extension project (“RLX”, or the “Project”) consisting of 10 claims (164 units, ~3300 ha) located in the northern part of the Red Lake Gold District. Solstice acquired the Project, from Gravel Ridge Resources Ltd (“Gravel Ridge”). RLX comprises an area of approximately 33 km².

The terms of the original transaction were cash payments totaling \$106,000 over three years and 600,000 common shares of the Company that are to be issued in two stages. Gravel Ridge maintains a 1.5% NSR that can be reduced to 0.5% for combined payments of \$1.5 million at any time prior to commercial production. To date the Company has made the first installment under this agreement by issuing 300,000 common shares and paying \$22,000. As part of the Royalty Portfolio Acquisition disclosed below, all future cash and share payments as well as the NSR were extinguished as part of the transaction. No future option payments are required.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

On March 16, 2021, the Company acquired an additional 2,234 Ha (111 claim units) through staking to cover additional inferred target areas on the Project. The RLX property now covers a total of 5,534 Ha (275 claim units) over an area of greenstone which contains extensive electromagnetic ("EM") conductors.

On April 13, 2021 the Company announced that it had acquired through staking an additional 9,461 Ha (484 claim units) comprising three new projects; Taillon, Moreau and Berens (the New Projects), approximately 30 km north of the RLX project. The Red Lake land holdings are now three times the previous size before the new staking.

Two of the new projects (Taillon, and Berens) have been mapped as greenstone and extensions of the Red Lake greenstone belt by the Ontario Government Survey ("OGS"). The third project (Moreau) was staked to cover nearby EM anomalies. Collectively, the Company now controls approximately 15,175 Ha (759 claim units) with its interests in Red Lake.

Royalty Portfolio

Property Portfolio Acquisition

On September 15, 2021 the Company announced that it had executed a purchase agreement to acquire a portfolio of royalty and property interests from a group of arm's length vendors including Perry English and Gravel Ridge Resources, for a cash purchase price of C\$3.8 million and issuance of 400,000 common shares of the Company. As at September 30, 2021 the Company had made a \$243,000 non-refundable deposit with respect to this acquisition.

The Company completed this Acquisition on October 5, 2021.

Key highlights are summarized below:

Acquisition Details

- The Portfolio consists of royalty and property interests in **86 projects**, including:
- 45 projects that are currently under option to third parties, of which 42 include provision for net smelter return ("**NSR**") royalty interests (subject to exercise of the options)
- 10 stand-alone NSR royalty interests
- 30 additional 100 percent owned properties available for option or sale
- Buyout of our RLX project including its NSR royalty.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral project costs for the three months ended as at September 30, 2021:

<i>Note</i>	As at June 30, 2021	Additions	As at September 30, 2021
<u>Qaiqtua Gold Project (Formerly KGP)</u>			
Acquisition Costs - Plan of Arrangement	\$ 8,343,233	\$ -	8,343,233
Geological expense, salaries, and project management	4,398,215	-	4,398,215
Aircraft charter	914,486	-	914,486
Exploration support	788,733	1,920	790,653
Fuel	200,021	8,500	208,521
Travel	311,601	-	311,601
Staking & property maintenance costs	505,960	6,004	511,964
Other	58,302	-	58,302
	15,520,551	16,424	15,536,975
<u>Red Lake Property</u>			
Acquisition Cost	68,750	29,374	98,124
Aircraft charter	179,917	1,443	181,360
Staking & property maintenance costs	29,750	26,050	55,800
Geological consulting and assays	40,673	94,611	135,284
Exploration support	19,001	10,711	29,712
Travel	7,856	7,436	15,292
Fuel	385	180	565
	346,332	169,805	516,137
<u>Royalty Portfolio</u>			
Acquisition Cost	125,132	292,364	417,496
	125,132	292,364	417,496
Total Acquisition & Exploration costs	\$ 15,992,015	\$478,592	\$ 16,470,607

6. SHARE CAPITAL**a. Authorized and outstanding**

The Company is authorized to issue an unlimited number of common shares. At September 30, 2021, there are 99,804,572 common shares outstanding for a share capital amount of \$17,854,089 (2020- 99,504,572 common shares outstanding for a share capital amount of \$17,816,589).

b. Share issuances

On June 10, 2020 the company closed a private placement for gross proceeds of \$1,198,787. The Company issued a total of 29,969,666 units at a price of \$0.04 per unit. Each unit is comprised of one common share of the

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)**b Share issuances (continued)**

Company and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.06 for a period of 36 months from the closing of the private placement.

On February 9, 2021 the Company issued 300,000 shares to Gravel Ridge in connection with the Red Lake Project option agreement (Note 5). The fair value of the shares issued was \$37,500. (See note 5).

c. Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance as at June 30, 2020	43,873,588	\$0.15
Expired	(13,903,922)	\$0.35
Balance at as at June 30, 2021	29,969,666	\$0.06
Exercised	(13,903,922)	\$0.35
Balance as at September 30, 2021	29,969,666	\$0.06

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining Life in Years
June 10, 2023	29,969,666	\$0.06	1.69
	29,969,666	\$0.06	1.69

All warrants were exercisable as at September 30, 2021.

d. Options

On September 15, 2021, the Company announced that it had granted 2,450,000 options exercisable at \$0.16, to key directors and employees. One third of the options vest immediately, the remaining two thirds vest over two years.

On July 10, 2020 the Company's board of directors approved the issuance of 250,000 employee stock options to a member of management exercisable at \$0.09 per share. The options have a five-year term and vest over a period of eighteen months.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)**d. Options** - (continued)

The amount of share-based compensation related to employee stock options for the period ended September 30, 2021 was \$100,340 (2020 -\$263,745). \$83,829 (2020 -\$124,940) was charged to the Statement of Operations and \$16,511 (2020 -\$138,805) was charged to Exploration and Evaluation Assets.

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

	September 16, 2021
Expected dividend yield	0%
Weighted average risk-free interest rate	0.86%
Weighted average expected life	5 year
Weighted average expected volatility	137%
Weighted average fair value of options granted	\$0.11697

	July 10, 2020
Expected dividend yield	0%
Weighted average risk-free interest rate	0.36%
Weighted average expected life	5 year
Weighted average expected volatility	151%
Weighted average fair value of options granted	\$0.07703

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted.

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of options granted. This estimate requires determining the most appropriate inputs for the Black-Scholes model including the expected life of the share option, volatility and dividend yield.

The expected life of the share option was based on the full term of the instrument as at the time of issuance there was not sufficient historical data to suggest a more appropriate term. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)**d. Options - (continued)**

	<i>Number of Options</i>	<i>Weighted Average Exercise Price</i>
Balance as at June 30, 2020	10,343,329	\$ 0.19
Granted	250,000	\$ 0.09
Cancelled	(200,000)	\$ 0.25
Balance as at June 30, 2021	10,393,329	\$ 0.19
Granted	2,450,000	\$ 0.16
Expired	(1,233,329)	\$ 0.219
Balance as at September 30, 2021	11,610,000	\$ 0.19

Expiry Date	Number of Options	Exercise Price	Weighted Average Remaining Life in Years
October 4, 2021 ¹	50,000 **	\$0.19	0.01
January 18, 2022	420,000 **	\$0.21	0.30
January 15, 2025	4,290,000	\$0.25	3.30
June 10, 2025	2,650,000	\$0.06	3.70
June 19, 2025	400,000	\$0.25	3.72
July 10, 2025	250,000	\$0.06	3.78
September 1, 2025	1,100,000	\$0.25	3.92
September 16, 2025	2,450,000	\$0.16	4.96
	11,610,000	\$0.18	3.70

** Options transferred from Kodiak Copper Corp. as per Plan of Arrangement.

At September 30, 2021 9,914,167 (2020 – 10,370,829) options were exercisable.

e. Financing Transactions In Progress

As of September 30th, the Company had two financings in progress.

On September 15, 2021 the Company announced a Private Placement to issue 25,000,000 shares at \$0.10 a share, for gross proceeds of \$2,500,000, this transaction was closed in early October. As of September 30, 2021 \$1,890,000 of the gross proceeds had been received. These funds are accounted for as cash and a liability until the close of the transaction.

Additionally, subsequent to September 30, 2021 27,344,666 warrants were exercised for total gross proceeds of \$1,640,680. \$1,424,485 of these funds were received as September 30, 2021. These funds are also accounted for as cash and a liability until the close of the transaction.

See note 11 for further details.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

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

Key Management and Consulting Agreements

On June 10, 2020 the Company entered into amended employment and consulting agreements with key management and consultants that materially reduced or eliminated any potential future change in control payments.

a. Directors and Executive Management Compensation was as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020
Salary related compensation	\$ 62,223	\$ 15,075
Project related fees and compensation	11,352	-
Share-based compensation	83,829	-
	\$ 157,404	\$ 15,075

b. Directors and Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence for the year ended September 30, 2021 were as follows:

Payee	Nature of Transactions	Related Party	Amount	Owing as at September 30, 2021
NPT Resources	Consulting Services	President	\$ 36,000	\$ 18,080
			\$ 36,000	\$ 18,080

*NPT Resources is a company controlled by Marty Tunney, the President of the Company

\$11,352 of NPT Resources consulting costs relates to geological evaluation expense and has been included in evaluation and exploration assets.

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence for the period ended September 30, 2020 were as follows:

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (continued)

Payee	Nature of Transactions	Related Party	Amount	Owing as at September 30, 2020
NPT Resources	Consulting Services	President	\$ 30,000	\$ 10,000
			\$ 30,000	\$ 10,000

* NPT Resources is a company controlled by Marty Tunney, the President of the Company.

8. 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.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, deposits, CEBA loan and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

- Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

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Notes to the Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

As at September 30, 2021 and 2020 no financial instruments were measured at fair value. No transfer occurred between the levels during the year.

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

Credit risk

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

Liquidity risk

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and commodity and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. As at September 30, 2021, the Company is exposed to minimum market risk.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In May of 2020 the Company received the \$40,000 interest free Canada Emergency Business Account (CEBA) loan. The program is operated by the Government of Canada. If the loan balance is paid on or before December 31, 2022, there will be loan forgiveness of 25% or \$10,000. As management intends to repay this loan before December 31, 2022 it has recorded the 25% forgiveness on the initial \$40,000 borrowed, as government assistance as at June 30, 2020. In January of 2021, the Company borrowed and additional \$20,000 under the same government program. If \$40,000 of the total \$60,000 borrowed is repaid by December 31, 2022 the Company will be eligible for an additional \$10,000 in loan forgiveness. As management intends to repay the additional \$20,000 before December 31, 2022 it has recorded the \$10,000 forgiveness on the additional \$20,000 borrowed, as government assistance as at June 30, 2021. All receivable and payable balances as at September 30, 2021 are current and as such, are not subject to interest.

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Notes to the Financial Statements

September 30, 2021

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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 Company's operations are within the mineral exploration sector in Canada. The Company operates in a single reportable operating segment.

11. SUBSEQUENT EVENTS

Subsequent to quarter end the Company announced the following events.

CEO Appointment and Grant of Stock Options

On October 19, 2021, the Company announced the appointment of Mike Timmins as the Company's CEO. In conjunction with this appointment, the Company granted Mr. Timmins 1,200,000 stock options that are exercisable at \$0.17 a share that will vest over a two-year period.

Property Portfolio Acquisition

On September 15, 2021 the Company announced that it had executed a purchase agreement to acquire a portfolio of royalty and property interests from a group of arm's length vendors including Perry English and Gravel Ridge Resources, for a cash purchase price of C\$3.8 million and issuance of 400,000 common shares of the Company.

The Company completed this Acquisition on October 5, 2021. See note 5 for more details.

Financing and Warrant Exercise

On October 5, 2021 the Company announced it had completed a non-brokered Private Placement Financing by issuing 25,000,000 shares at \$0.10 each for proceeds of \$2,500,000.

All Shares issued pursuant to the Private Placement are subject to a four-month hold period expiring on February 5, 2022 in accordance with applicable Canadian securities laws and are also subject to the Exchange Hold Period (as defined by the TSX Venture Exchange ("TSXV") rules and policies) and have been given a legend accordingly.

The proceeds from the Private Placement will be used to complete the Property Portfolio Acquisition.

27,344,666 of previously issued Share Purchase Warrants of the Company have been exercised by Directors of the Company subsequent to year end for total proceeds of approximately \$1.64 million. The proceeds of the Warrants exercise will be used in conjunction with the proceeds raised from the Private Placement to cover the cost of the Property Portfolio Acquisition and to the extent that proceeds from such warrant exercises exceed the cost of this acquisition, for general corporate purposes.