

SOLSTICE GOLD CORP.
Condensed Interim Financial Statements

Three Months Ended September 30, 2022
(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, 2022 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, 2022		June 30, 2022
ASSETS				
Cash	<i>6e</i>	\$	2,928,899	\$ 1,686,252
Amounts receivable			149,370	53,464
Prepaid expenses			43,805	165,948
Marketable securities	<i>11</i>		307,800	296,950
			3,429,874	2,202,614
Exploration and Evaluation	<i>5</i>		21,125,868	19,879,287
Total Assets		\$	24,555,742	\$ 22,081,901
LIABILITIES				
Accounts payable and accrued liabilities		\$	368,309	\$ 281,406
Flow through share premium liability	<i>12</i>		119,816	87,538
			488,125	368,944
CEBA Loan	<i>4</i>		40,000	40,000
Deferred tax liability	<i>12</i>		1,123,721	735,087
Total liabilities		\$	1,651,846	\$ 1,144,031
SHAREHOLDERS' EQUITY				
Share capital	<i>6</i>	\$	26,883,609	\$ 24,537,881
Reserves	<i>6</i>		2,708,426	2,708,426
Accumulated other comprehensive (loss)			(208,138)	(176,688)
Deficit			(6,480,001)	(5,951,749)
Total shareholders' equity			22,903,896	20,937,870
Total Liabilities and Shareholders' Equity		\$	24,555,742	\$ 22,081,901

Going concern (Note 1)

Approved and authorized by the Board on November 29, 2022

"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)

	<i>Notes</i>	Three Months ended September 30, 2022	Three Months ended September 30, 2021
EXPENSES			
Consulting fees		\$ 22,500	\$ 43,037
Insurance		8,413	6,549
Salaries	7	129,793	69,995
Marketing expenses		27,079	2,187
Office expenses		10,052	14,317
Professional fees		25,981	11,598
Share-based compensation	6d, 7a	-	83,829
Transfer agent and filing fees		21,813	887
Travel		8,769	-
		(254,400)	(232,399)
OTHER INCOME			
Interest income		16,451	1,501
Loss before income taxes		(237,949)	(230,898)
Deferred income tax (expense)	12	(290,303)	-
Net loss for the period		\$ (528,252)	\$ (230,898)
Other comprehensive loss			
Change in value of marketable securities	11	(31,450)	-
Comprehensive loss for the period		(559,702)	(230,898)
Basic and fully diluted loss per share		\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding			
- basic and fully diluted		171,961,444	99,645,120

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, 2022	Three Months Ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		\$ (528,252)	\$ (230,898)
Items not involving cash:			
Share-based compensation	<i>6d</i>	-	83,829
Deferred income tax impact on flow through shares		290,304	-
Net changes in non-cash working capital items			
Amounts receivable		(95,906)	12,669
Prepaid expenses		122,143	(3,159)
Accounts payable and accrued liabilities		86,903	3,409,670
Net cash used in operating activities		(124,808)	3,272,111
CASH FLOWS FROM INVESTING ACTIVITY			
Inflows related to royalty portfolio		153,000	-
Exploration and evaluation	<i>5</i>	(1,441,881)	(462,081)
Net cash used in investing activities		(1,288,881)	(462,081)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issuance		2,707,474	-
Share issuance costs		(51,138)	-
Net cash provided by financing activities		2,656,336	-
Change in cash during the period		1,242,647	2,810,030
Cash, beginning of year		1,686,252	721,772
Cash, end of period		\$ 2,928,899	\$ 3,531,802

Supplemental Information

Stock based compensation capitalized to mineral properties

\$ - \$ 16,511

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	AOCI	Deficit	Total
		Number	Amount				
Balance at June 30, 2021		99,804,572	\$ 17,854,089	\$ 2,257,28	\$ -	\$ (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
Balance at June 30, 2022		164,725,679	24,357,881	2,708,426	(176,688)	(5,951,749)	20,937,870
Shares issued in private placement		12,766,667	1,532,000	-	-	-	1,532,000
Flow through shares issued in private placement		8,707,216	1,175,474	-	-	-	1,175,474
Flow through shares premium		-	(130,608)	-	-	-	(130,608)
Share issued costs		-	(51,138)	-	-	-	(51,138)
Fair value adjustment on marketable securities		-	-	-	(31,450)	-	(31,450)
Net loss for the period		-	-	-	-	(528,252)	(528,252)
Balance at September 30, 2022		186,199,562	\$ 26,883,609	\$ 2,708,426	\$ (208,138)	\$ (6,480,001)	\$ 22,903,896

The accompanying Notes are an integral part of these financial statements

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(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, 2022, 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, 2022 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, 2022. 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, 2022 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2022.

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.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(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, 2022.

New standards, interpretations and amendments

The Company monitors guidance for new standards, interpretations and amendments, which have been applied in these financial statements.

There were no new material standards adopted by the Company in the current period.

Future standards not yet adopted

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(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, 2023, 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, 2023 it has recorded the \$20,000 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 Corp. (“Kodiak”) 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 Mines Limited which hosts the world class Meliadine Mine. Solstice has exclusive Secondary Rights on an additional 683 km² held as primary development rights 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, ~3300Ha) 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 maintained a 1.5% NSR that could be reduced to 0.5% for combined payments of \$1.5 million at any time prior to commercial production. The Company made the first installment under this agreement by issuing 300,000 common shares and paying \$22,000. The remaining obligations as well as the NSR were cancelled as part of the Property and Royalty Portfolio Acquisition disclosed below. No future option payments are required.

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.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

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.

Property and Royalty Portfolio

Property Portfolio Acquisition

On October 5, 2021, the Company completed the acquisition of a portfolio of royalty and property interests from a group of arm's length vendors including Perry English and Gravel Ridge, for a cash purchase price of \$3.8 million and issuance of 400,000 common shares of the Company.

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 option agreement including its NSR royalty.

The Company initially recorded the transaction at cost. The Company has allocated the value of the portfolio to the expected future cash and shares expected to be collected under existing option agreements, and applied a discount rate of 40% to these expected cash flows. There may be future value associated with the NSR's acquired or granted on fulfilment of the option agreements, however \$nil value has been allocated to these existing and potential future NSR's at this time. If it becomes apparent that the future cash flows will not support the valuation the Company will record an impairment in the period it becomes evident.

During the 2022 fiscal year the Company related an impairment charge of \$345,837 relating to Option agreements in the portfolio that are in default since acquisition.

Atikokan Gold Project

On January 7, 2022, the Company announced it has closed the previously announced acquisition and option of certain properties in the Hammond Gold Camp of Ontario. The project will be known as our Atikokan Gold Project and consists of 289km² of highly prospective ground in a world class gold camp.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

The acquisitions consist of (i) a Property Sale Agreement dated December 10, 2021 (the "Property Purchase Agreement") with Gravel Ridge and 1544230 Ontario Inc. ("1544230" and together with Gravel Ridge, the "Sellers") to purchase the Sellers' 50% interest in certain mining claims known as the Jackpine Project ("Jackpine"); and (ii) an Option Agreement dated December 10, 2021 (the "Option Agreement" and collectively with the Property Purchase Agreement, the "Agreements") with 1544230 (the "Optionor") to purchase an option (the "Option") to acquire the Optionor's 100% interest in certain mining claims contiguous to Jackpine known as the Nights Sky Project ("Nights Sky" and collectively with Jackpine, the "Claims").

Pursuant to the Property Purchase Agreement, in consideration for Jackpine, Solstice has issued 400,000 common shares to the Sellers (the "Jackpine Payment Shares") and agreed to grant a 1.25% NSR royalty on the Jackpine in favour of the Sellers, 0.75% of which may be repurchased by Solstice for \$500,000 at any time prior to the commencement of commercial production on Jackpine.

Upon acquisition, Solstice owns a 100% interest in Jackpine.

On September 13, 2022 the Company terminated the Nights Sky Option agreement. The property was returned in good standing and the Company will have no future obligations related to Nights Sky.

Raven -Furniss Project

On May 31, 2022 the Company announced that it had entered into an options agreement with Gravel Ridge Resources Ltd., 1544230 Ontario Inc., and 2873454 Ontario Inc. (collectively the "optionors") to purchase the option to acquire the 100% interest in certain mining claims known as the Raven-Furniss project.

In consideration for the grant of the Option, Solstice has agreed to pay the Optionors \$24,200 in cash (paid) and issue 450,000 Common Shares (issued). To exercise the Option, the Company must make the following cash payments to the Optionors: (i) \$24,000 by May 30, 2023; (ii) \$30,000 by May 30, 2024; and (iii) \$45,000 by May 30, 2025. Following exercise of the Option, the Claims will be subject to a 1.5% NSR royalty in favour of the Optionors, 0.75% of which may be repurchased by Solstice for \$1,000,000 any time after the exercise of the Option.

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Notes to the Financial Statements

September 30, 2022

(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, 2022:

	As at June 30, 2022	Additions	Payments Received	As at September 30, 2022
<u>Qaiqtuq Gold Project</u>				
Acquisition costs - Plan of Arrangement	\$ 8,343,233	-	-	8,343,233
Geological expense, salaries, and project management	4,398,215	3,500	-	4,401,715
Aircraft charter	914,486	-	-	914,486
Exploration support	794,899	-	-	794,899
Fuel	213,021	1,500	-	214,521
Travel	311,601	-	-	311,601
Staking and property maintenance costs	514,575	-	-	514,575
Other	58,302	-	-	58,302
	15,548,332	5,000	-	15,553,332
<u>Red Lake Property</u>				
Acquisition cost	\$ 83,598	-	-	83,598
Aircraft charter	385,351	-	-	385,351
Staking and property maintenance costs	95,959	-	-	95,959
Geological consulting and assays	244,368	146,860	-	391,228
Drilling	173,716	1,034,713	-	1,208,429
Share based compensation	21,325	-	-	21,325
Exploration support	73,378	53,095	-	126,473
Travel	35,667	4,127	-	39,794
Fuel	3,129	2,062	-	5,191
Community consultation	-	2,500	-	2,500
	1,116,491	1,243,357	-	2,359,848
<u>Atikokan Gold Project</u>				
Acquisition cost	\$ 144,000	-	-	144,000
Geological consulting and assays	86,873	145,146	-	232,019
Aircraft charter	382,229	-	-	382,229
Exploration support	7,221	11,372	-	18,593
Fuel	496	536	-	1,032
Travel	9,511	13,971	-	23,482
	630,330	171,025	-	801,354
<u>Property and Royalty Portfolio</u>				
Acquisition cost	\$ 2,469,934	-	(195,300)	2,274,634
Geological consulting and assays	45,000	22,500	-	67,500
	2,514,934	22,500	(195,300)	2,342,134
<u>Raven- Furniss Project</u>				
Acquisition cost	\$ 69,200	-	-	69,200
Total exploration and evaluation costs	\$ 19,879,287	1,441,882	(195,300)	21,125,868

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

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

The Company is authorized to issue an unlimited number of common shares. At September 30, 2022, there are 186,199,562 common shares outstanding for a share capital amount of \$26,883,609 (2021- 99,804,572 common shares outstanding for a share capital amount of \$17,854,089).

b. Share issuances

On August 30, 2022 the Company closed a Private Placement financing , for gross proceeds of approximately \$2,707,474 through the issuance of: (i) 12,766,667 units (each, a “HD Unit”) at a price of \$0.12 per HD Unit, each comprised of one common share of the Company (each, a “Common Share”) and one warrant (each, a “Warrant”) exercisable for one Common Share at \$0.17 for 18 months from the Closing Date; and (ii) 8,707,216 units (each, a “NFT Unit”) at a price of \$0.135 per NFT Unit, each comprised of one Common Share qualifying as a flow-through share (each, a “FT Share”) and a half Warrant on the same terms as the Warrants in the HD Units.

Insiders of the Company subscribed for an aggregate of 11,044,167 HD Units and 2,285,184 NFT Units representing approximately \$1.63 million of the gross proceeds of the Offering.

On December 31, 2021, the Company announced the closing of a previously announced private placement financing for gross proceeds of approximately \$2,322,181. The Company issued 10,096,441 flow-through shares, priced at \$0.23 per share. In connection with the offering, the Company paid finders fees in the amount of \$42,986 and 186,896 non-transferable finders warrants, each exercisable for one common share of the Company at \$0.23 for 18 months from the closing date to Leed Jones Gable Inc. and \$1,840 and 8,000 finders warrants to Laurentian Bank Securities Inc. The fair value of the 194,896 total warrants issued was \$19,989. The total cash share issuance costs related to the raise was \$105,004.

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. There were \$12,500 in cash share issuance costs related to the offering.

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Notes to the Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)**c. Warrants**

	Number of Warrants	Weighted Average Exercise Price
Balance as at June 30, 2021	29,969,666	\$0.06
Granted	194,896*	\$0.23
Exercised	(28,344,666)	\$0.06
Balance at as at June 30, 2022	1,819,896	\$0.08
Granted	17,120,274	\$0.17
Balance as at September 30, 2022	18,940,170	\$0.16

*** Broker Warrants**

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining Life in Years
June 10, 2023	1,625,000	\$0.06	0.69
June 30, 2023	194,896	\$0.23	0.75
February 29, 2024	17,120,274	\$0.17	1.42
	18,940,170	\$0.16	1.35

All warrants were exercisable as at September 30, 2022.

d. Options

On April 1, 2022 the Company granted 600,000 options exercisable at \$0.16 to an employee of the Company. The options have a five year term with one third vesting immediately, and the remaining two thirds vesting over two years.

On February 28, 2022, the Company announced the appointment of Lisa Doddridge as a director. In conjunction with this appointment, the Company granted Ms Doddridge 500,000 stock options that are exercisable at \$0.18 a share, and have a five-year term. One third of these options vest immediately, one third vest in one year and the final one third vest after two years. In addition to the above grant another 500,000 options were granted to employees and consultants under the same terms as above.

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, and have a five year term. One third of these options vest immediately, one third vest in one year and the final one third vest after two years.

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

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2022

(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, 2022 was \$Nil (2021 -\$100,340). \$Nil (2021 -\$83,829) was charged to the Statement of Operations and \$Nil (2021 -\$16,511) 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:

	Fiscal 2022
Expected dividend yield	0%
Weighted average risk-free interest rate	0.86%-2.46%
Weighted average expected life	5 year
Weighted average expected volatility	132%-137%
Weighted average fair value of options granted	\$0.12-0.14

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, 2022

(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, 2021	10,393,329	\$ 0.19
Granted	5,250,000	\$ 0.16
Exercised	(30,000)	\$ 0.21
Expired	(1,673,329)	\$ 0.19
Balance as at June 30, 2022	13,940,000	\$ 0.18
Balance as at September 30, 2022	13,940,000	\$ 0.18

Expiry Date	Number of Options	Exercise Price	Weighted Average Remaining Life in Years
January 15, 2025	4,290,000	\$0.25	2.30
June 10, 2025	2,650,000	\$0.06	2.70
June 19, 2025	400,000	\$0.25	2.72
July 10, 2025	250,000	\$0.09	2.78
September 1, 2025	1,100,000	\$0.25	2.92
September 16, 2026	2,450,000	\$0.16	3.96
October 19, 2026	1,200,000	\$0.155	4.05
February 25, 2027	1,000,000	\$0.18	4.41
April 1, 2027	600,000	\$0.16	4.50
	13,940,000	\$0.18	3.13

At September 30, 2022 11,256,666 (2021 – 9,914,167) options were exercisable.

7. RELATED PARTY TRANSACTIONS

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

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7. RELATED PARTY TRANSACTIONS (continued)

Key Management and Consulting Agreements

a. Directors and Executive Management Compensation was as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Salary related compensation	\$ 105,000	\$ 62,223
Project related fees and compensation	-	11,352
Share-based compensation	-	83,829
	\$ 105,000	\$ 157,404

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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9. FINANCIAL INSTRUMENTS (continued)

As at September 30, 2022 and 2021 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, 2022, 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, 2023, there will be loan forgiveness of 25% or \$10,000. As management intends to repay this loan before December 31, 2023 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, 2023 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, 2023 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, 2022 are current and as such, are not subject to interest.

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Notes to the Financial Statements

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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. MARKETABLE SECURITIES

As a result of its Property and Royalty Portfolio Acquisition (note 5), the Company periodically receives shares in optionee company's. These shares are valued using publicly available market quotes on receipt and adjusted at period end dates to fair value at that date. The difference in the value of these shares on receipt as compared to period end dates, is accounted for as Other Comprehensive Income (Loss).

	Period Ended September 30, 2022	Year Ended June 30, 2022
Opening Balance	\$ 296,950	\$ -
Common shares received	\$ 42,300	\$ 473,638
Fair value adjustment through Other Comprehensive Income (Loss)	\$ (31,250)	\$ (176,688)
Closing balance	\$ 307,800	\$ 296,950

12. DEFERRED INCOME TAXES AND FLOW THROUGH SHARE PREMIUM LIABILITY

On December 31, 2021, the Company completed a non-brokered private placement of 10,096,441 flow-through common shares at a price of \$0.23 per share for gross proceeds of \$2,322,181. A premium of \$0.015 per share was received for the flow-through shares and the Company.

A deferred income tax expense and liability of \$626,989 has been recorded to account for the tax benefits the Company will not be able to access as a result of expenses incurred relating to the flow-through shares. This charge is a non-cash item.

Additionally, a flow-through share premium liability of \$151,446 was recorded to include the liability portion of the flow-through shares issued. As eligible exploration expenditures are incurred the liability will be amortized to income (loss). The total liability of \$151,446 was full amortized at September 30, 2022.

On August 30, 2021, the Company completed a non-brokered private placement of 8,707,216 flow-through common shares at a price of \$0.135 per share for gross proceeds of \$1,175,474. A premium of \$0.015 per share was received for the flow-through shares and the Company.

A deferred income tax expense and liability of \$26,255 has been recorded for the \$97,128 spent to September 30, 2022. This accounts for the tax benefits the Company will not be able to access as a result of expenses incurred relating to the flow-through shares. This charge is a non-cash item.

Additionally, a flow-through share premium liability of \$130,608 was recorded to include the liability portion of the flow-through shares issued. As eligible exploration expenditures are incurred the liability will be amortized to income (loss). \$10,792 was amortized up to September 30, 2022.