

SOLSTICE GOLD CORP.
Condensed Interim Financial Statements

Three Months Ended September 30, 2023
(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, 2023 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, 2023		June 30, 2023
ASSETS				
Cash		\$ 876,189	\$	578,149
Amounts receivable		30,657		18,861
Prepaid expenses		27,749		35,988
Marketable securities	11	375,946		503,120
		1,310,541		1,136,118
Total Assets		\$ 1,310,541	\$	1,136,118
LIABILITIES				
Accounts payable and accrued liabilities		168,403	\$	96,601
Flow through share premium liability	12	101,513		-
CEBA Loan	4	40,000		40,000
Current liabilities		309,916		136,601
Total liabilities		\$ 309,916	\$	136,601
SHAREHOLDERS' EQUITY				
Share capital	6	26,507,441	\$	26,095,903
Reserves	6	3,738,376		3,702,421
Accumulated other comprehensive (loss)		(293,316)		(186,914)
Deficit		(28,951,876)		(28,612,893)
Total shareholders' equity		1,000,625		999,517
Total Liabilities and Shareholders' Equity		\$ 1,310,541	\$	1,136,118

Going concern (Note 1)

Change in Accounting Policy and Restatement (Note 13))

Approved and authorized by the Board on November 29, 2023

"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, 2023	Three Months ended September 30, 2022 (Restated Note 13)
EXPENSES		
Consulting fees	\$ 22,500	\$ 22,500
Insurance	8,239	8,413
Salaries	7 120,742	129,793
Marketing expenses	6,952	27,079
Office expenses	6,751	10,052
Professional fees	34,333	25,981
Share-based compensation	6d, 7 35,955	-
Transfer agent and filing fees	13,654	21,813
Travel	-	8,769
Exploration expenditures	5 117,299	1,246,582
	(366,425)	(1,500,982)
OTHER INCOME		
Income on renunciation of flow through premium	16,843	98,330
Interest income	10,599	16,451
Loss before income taxes	27,442	(114,781)
Loss for the period	\$ (338,983)	\$ (1,386,201)
Other comprehensive loss		
Change in value of marketable securities	11 (107,402)	(31,450)
Comprehensive loss for the period	(446,385)	(1,417,651)
Basic and fully diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding - basic and fully diluted	194,128,910	171,961,444

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, 2023	Three Months Ended September 30, 2022 (Restated Note 13)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	\$	(338,983)	\$ (1,386,201)
Items not involving cash:			
Share-based compensation		35,955	-
Flow through premium liability		(16,843)	(98,330)
Net changes in non-cash working capital items			
Amounts receivable		(11,796)	(95,906)
Prepaid expenses		8,239	122,143
Accounts payable and accrued liabilities		71,802	86,905
Net cash used in operating activities		(251,626)	(1,371,389)
CASH FLOWS FROM INVESTING ACTIVITY			
Proceeds from sale of marketable securities		19,772	-
Marketable securities received		-	(42,300)
Net cash used in investing activities		19,772	(42,300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issuance		563,323	2,707,474
Share issuance costs		(33,429)	(51,138)
Net cash provided by financing activities		529,894	2,656,336
Change in cash during the period		298,040	1,242,647
Cash, beginning of year		578,149	1,686,252
Cash, end of period	\$	876,189	\$ 2,928,899

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, 2022 (Restated – Note 13)		164,725,679	24,357,881	2,708,426	(176,688)	(25,095,949)	1,793,670
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 issue costs		-	(51,138)	-	-	-	(51,138)
Fair value adjustment on marketable securities		-	-	-	(31,450)	-	(31,450)
Net loss for the period		-	-	-	-	(1,386,201)	(1,386,201)
Balance at September 30, 2022 (Restated – Note 13)		186,199,562	\$ 26,883,609	\$ 2,708,426	\$ 208,138	\$ (26,482,150)	\$ 2,901,747
Balance at June 30, 2023		187,199,562	26,095,903	3,702,421	(186,914)	(28,612,893)	999,517
Shares issued in private placement		3,028,500	105,997	-	-	-	105,997
			457,325	-	-	-	457,325
Flow through shares issued in private placement		9,471,500	(125,822)	-	-	-	(125,822)
Flow through shares premium		-	(25,962)	-	-	-	(25,962)
Share issue costs		-	-	35,955	-	-	35,955
Share based compensation		-	-	-	(107,402)	-	(107,402)
Fair value adjustment on marketable securities		-	-	-	-	-	-
Net loss for the period		-	-	-	-	(338,983)	(338,983)
Balance at September 30, 2023		199,699,562	26,507,441	3,738,376	(293,316)	(28,951,876)	1,000,625

The accompanying Notes are an integral part of these financial statements

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Solstice Gold Corp, (“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. The Company is carrying out exploration of mineral resource properties in Ontario and Nunavut, Canada. In addition the Company acquired a portfolio of Optioned property during the current year that the Company receives periodic payments on and maintains a number of existing and future net smelter royalties on these properties.

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, 2023, the Company had no source of operating revenues, had not yet achieved profitable operations, and expects to incur further losses in the development of its business. All of 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, 2023 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, 2023. 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, 2023 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2023.

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, 2023

(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, 2023.

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.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(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.

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Notes to the Financial Statements

September 30, 2023

(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.

During the year ended June 30, 2023 the Company recognized recoveries of \$841,745 (2022-\$1,425,538) from payments in cash and shares from optionees on these properties.

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.

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").

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

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.

Stewart Lake Property

On February 22, 2023 the Company entered into an option agreement to acquire a 100% interest in various mineral claims in the Stewart Lake area of Ontario.

In consideration for the grant of the option, the Company has paid \$15,000 in cash and issued 750,000 common shares with a fair value of \$56,250. To fully exercise the Option, the Company must conduct exploration expenditures on the Claims and make payments according to the following: (i) a minimum of \$25,000 in exploration spending by the first anniversary of the Option Agreement; (ii) a minimum of \$50,000 in exploration spending by the second anniversary of the Option Agreement; and (iii) a minimum of \$75,000 in exploration spending by the third anniversary of the Option Agreement. Upon exercise of the Option, the Company must make a final payment of \$75,000 cash and will grant a 1% net smelter returns royalty on the claims.

Church and Purdom Property

On August 21, 2023, the company entered into an option agreement to acquire a 100% interest in various mining claims located in Ontario which comprise the Purdom project. To earn the 100% interest, the Company paid \$21,000 and issued 300,000 common shares and must make additional staged payments totaling \$84,000 over the next three years and perform a minimum of \$30,000 in exploration work before the first anniversary of the agreement.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral project costs for the three months ended September 30, 2023:

For the three months ended September 30, 2023	Qaiqtuq Gold Project	Red Lake Extension Property	Property Portfolio Acquisition	Atikokan Project	Stewart Lake Project	Church & Purdom Project	Total
Acquisition Costs	\$ -	\$ 13,050	\$ 21,000	\$ -	\$ 17,300	\$ -	\$ 51,350
Staking and property maintenance costs	-	-	-	-	10,519	-	10,519
Geological consulting and assays	-	28,078	22,500	40,125	37,052	27,000	154,756
Exploration support	-	15,898	-	-	26,631	2,794	45,323
Fuel	2,000	-	-	-	258	-	2,258
Travel	-	1,093	-	-	5,837	4,038	10,968
Total Expenditures	2,000	58,119	43,500	-	97,599	33,832	275,174
Option payments received	-	-	(157,875)	-	-	-	(157,875)
Net Exploration Expenditures	\$ 2,000	\$58,119	\$ (114,375)	\$40,125	\$ 97,599	\$ 33,832	\$ 117,299

Summary of the mineral project exploration expenses for the three months ended as at September 30, 2022:

For the three months ended September 30, 2022	Qaiqtuq Gold Project	Red Lake Extension Property	Property Portfolio Acquisition	Atikokan Project	Total
Acquisition Costs	\$ -	\$ -	\$ 22,500	\$ -	\$ 22,500
Geological consulting and assays	3,500	146,860	-	145,146	295,506
Drilling	-	1,034,713	-	-	1,034,713
Exploration support	-	53,095	-	11,372	64,467
Fuel	1,500	2,062	-	536	4,098
Travel	-	4,127	-	13,971	18,098
Community consultation	-	2,500	-	-	2,500
Total Expenditures	5,000	1,243,357	22,500	171,025	1,441,882
Option payments received	-	-	(195,300)	-	(195,300)
Net Exploration Expenditures	\$ 5,000	\$1,243,357	\$ (172,800)	\$171,025	\$ 1,246,582

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(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, 2023, there are 199,699,562 common shares outstanding for a share capital amount of \$26,507,441 (2022-187,199,562 common shares outstanding for a share capital amount of \$26,905,903).

b. Share issuances

On August 10, 2023, the Company closed a private placement financing for gross proceeds of \$563,325. The Company issued (i) 1,625,000 National Units at \$0.04 per Unit, each National Unit comprised of one common share of the Company qualifying as a flow-through share (each, a “FT Share”) for purposes of the Income Tax Act (Canada) (the “ITA”) and one half warrant where one full warrant is exercisable for one common share of the Company at \$0.06 for 12 months from the Closing Date; (ii) 7,846,500 units of the Company (“Ontario Units”) to residents in Ontario at \$0.05 per Ontario Unit, each Ontario Unit comprised of one FT Share and one half Warrant; and (iii) 3,028,500 units of the Company (“Units”) at \$0.035 per Unit, each Unit comprised of one common share of the Company (each, a “Common Share”) and one half Warrant.

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.

SOLSTICE GOLD CORP.

Notes to the Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

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

	Number of Warrants	Weighted Average Exercise Price
Balance as at June 30, 2023	17,120,274	\$0.17
Granted	6,250,000	\$0.08
Exercised	-	-
Expired	-	-
Balance as at September 30, 2023	23,370,274	\$0.08

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining Life in Years
February 29, 2024	15,411,930 ¹	\$0.08	0.42
February 29, 2024	1,708,344	\$0.17	0.42
August 10, 2024	6,250,000	\$0.06	0.86
	23,370,274	\$0.08	0.54

All warrants were exercisable as at September 30, 2023.

¹ On September 27, 2023, the Company announced it has amended the exercise price of 15,411,930 of warrants originally issued on August 30, 2022 warrants to \$0.08. These warrants now have an accelerated expiry clause that will reduce the expiry period of the warrants to 30 days if for any ten consecutive trading days of common shares the closing price exceeds the exercise price of the warrants by 25% or more.

d. Options

On January 3, 2023 the Company granted 2,700,000 options exercisable at \$0.07 to an employees and directors of the Company. The options have a five year term with one third vesting immediately, and the remaining two thirds vesting over two years.

The amount of share-based compensation related to employee stock options for the three months ended September 30, 2023 was \$35,955 (2022 -\$Nil).

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 2023
Expected dividend yield	0%
Weighted average risk-free interest rate	3.34%-3.46%
Weighted average expected life	5 year
Weighted average expected volatility	133%-134%
Weighted average fair value of options granted	\$0.039-0.06

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Notes to the Financial Statements

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(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

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.

	<i>Number of Options</i>	<i>Weighted Average Exercise Price</i>
Balance as at June 30, 2022	13,940,000	\$ 0.18
Granted	3,600,000	\$ 0.06
Exercised	-	-
Expired	-	-
Balance as at June 30, 2023	17,540,000	\$ 0.155
Cancelled	(2,800,000)	\$ 0.14
Balance as at September 30, 2023	14,740,000	\$ 0.16

Expiry Date	Number of Outstanding Options	Exercisable	Exercise Price	Weighted Average Remaining Life in Years
January 15, 2025	4,290,000	4,290,000	\$0.25	1.35
June 10, 2025	2,650,000	2,650,000	\$0.06	1.70
June 19, 2025	400,000	400,000	\$0.25	1.72
July 10, 2025	250,000	250,000	\$0.09	1.78
September 1, 2025	1,100,000	1,100,000	\$0.25	2.18
September 16, 2026	1,450,000	1,450,000	\$0.16	2.96
February 25, 2027	1,000,000	666,667	\$0.18	3.41
April 1, 2027	600,000	400,000	\$0.16	3.50
January 3, 2023	2,100,000	700,000	\$0.07	4.26
May 24, 2023	900,000	300,000	\$0.05	4.65
	14,740,000	13,390,000	\$0.16	2.46

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Notes to the Financial Statements

September 30, 2023

(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**a. Directors and Executive Management Compensation was as follows:**

	Three months ended September 30, 2023	Three months ended September 30, 2022
Salary related compensation	\$ 102,708	105,000
Share-based compensation	27,170	-
	\$ 129,878	\$ 105,000

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:

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9. FINANCIAL INSTRUMENTS *(continued)*

- 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.

As at September 30, 2023 and 2022 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, 2023, the Company is exposed to minimum market risk.

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9. FINANCIAL INSTRUMENTS (continued)*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 an 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, 2023 are current and as such, are not subject to interest.

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 companies. 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	Year Ended
	September 30, 2023	June 30, 2023
Opening Balance	\$ 503,120	\$ 296,950
Common shares received	\$ -	\$ 253,400
Disposals	\$ (19,772)	\$ (38,004)
Fair value adjustment through Other Comprehensive Income (Loss)	\$(107,402)	\$ (9,226)
Closing balance	\$ 375,496	\$ 503,120

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12. FLOW THROUGH SHARE PREMIUM LIABILITY

On August 10, 2023, the Company completed a non-brokered private placement of 1,625,000 flow-through common shares at a price of \$0.04 per share and 7,846,500 flow through common shares at a price of \$0.05 for total gross proceeds of \$457,325.

A flow-through share premium liability of \$125,822 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). During the three months ended September 30, 2023 a total of \$16,843 was recognized as income on renunciation of the flow through premium liability.

On August 30, 2022, 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 flow-through share premium liability of \$304,753 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). During the year ended June 30, 2023 a total of \$392,291 was recognized as income on renunciation of the flow through premium liability.

13. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT

The Company's previous accounting policy was to capitalize exploration and evaluation expenditures. The new policy is to expense such expenditures as incurred.

We believe that the information provided by this policy change will be more useful to readers because it provides better comparability of our financial position, changes in financial position, and results of operations with those of our current and future peer groups. Consequently, the revised treatment results in more relevant and no less reliable information than was previously presented. We have applied this change in accounting policy retrospectively, in accordance with *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*.

Due to the change in accounting policy, the Company has restated the comparative financial information on the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the three months ended September 30, 2022.

Effects on Statements of Comprehensive Loss

	For the period ended September 30, 2022		
	Previously stated	Adjustments	As restated
Expenses			
Exploration and evaluation expenditures	-	\$1,246,582	\$ 1,246,582
Deferred income tax expense	\$290,303	\$(290,303)	\$-
Income on renunciation of flow through premium	-	\$98,330	\$98,330
Loss for the period	\$(528,252)	\$(857,949)	\$(1,386,201)
Weighted number of shares O/S	171,961,444	-	171,961,144
Basic and diluted loss per year	(\$0.00)		(\$0.01)

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13. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT (continued)*Effects on Statements of Cash Flows*

	For the period ended September 30, 2022		
	Previously stated	Adjustments	As restated
Operating activities			
Loss for the period	\$(528,252)	\$(857,949)	\$(1,386,201)
Deferred income tax (expense) recovery	290,304	(290,304)	\$ -
Flow-through premium liability	-	(98,330)	\$(98,330)
Total	\$()	(\$1,246,581)	(\$1,371,389)
Investing activities			
Inflows related to royalty portfolio	\$153,000	\$(153,000)	\$ -
Exploration and evaluation	(1,441,881)	\$1,441,881	\$ -
Marketable securities received	-	\$(42,300)	\$(42,300)
Total	\$(1,288,881)	\$1,246,581	\$(42,300)

14. SUBSEQUENT EVENT

On November 2, 2023 the Company announced that it has acquired the Kamuck property, a 31 km² land position for the purpose of lithium pegmatite exploration located in the emerging Quetico Lithium District, in Northwest Ontario.

In consideration for the grant of the Option, Solstice has paid \$10,000 in cash, and will issue 200,000 common shares and as soon as practicable after TSX Venture Exchange ("TSXV") approval, to the Optionors. To exercise the Option, the Company must make payments according to the following: (i) a payment of \$14,000 cash by the first anniversary of the Option Agreement; (ii) a payment of \$20,000 cash by the second anniversary of the Option Agreement; and (iii) a payment of \$28,000 cash by the third anniversary of the Option Agreement. Upon exercise of the Option, the Optionors will retain a 1.5% net smelter return (the "NSR") on the Kamuck Project. The NSR includes a 0.5% buyback for \$500,000.