

**SOLSTICE GOLD CORP.**  
Condensed Interim Financial Statements

Three Months Ended September 30, 2018  
(Unaudited - Expressed in Canadian Dollars)

## **NOTICED 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, 2018 have not been reviewed by the Company's auditors.

The accompanying notes are an integral part of these financial statements

**SOLSTICE GOLD CORP.**

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	<i>Notes</i>	<b>September 30, 2018</b>		June 30, 2018
<b>ASSETS</b>				
Cash		\$	<b>5,151,237</b>	\$ 7,038,129
Amounts receivable			<b>292,841</b>	144,354
Prepaid expenses			<b>31,127</b>	38,513
			<b>5,475,205</b>	7,220,996
Exploration and Evaluation	5		<b>11,570,973</b>	10,176,688
<b>Total Assets</b>		\$	<b>17,046,178</b>	\$ 17,397,684
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	8	\$	<b>731,987</b>	\$ 1,343,009
Flow-through share premium liability	6		-	45,677
			<b>731,987</b>	1,388,686
Deferred tax liability	6		<b>453,128</b>	453,128
Total liabilities		\$	<b>1,185,115</b>	\$ 1,841,814
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>				
Share capital	7	\$	<b>16,644,818</b>	\$ 16,228,970
Reserves	7		<b>1,727,942</b>	1,505,632
Deficit			<b>(2,511,697)</b>	(2,178,732)
Total shareholders' equity (deficiency)			<b>15,861,063</b>	15,555,870
<b>Total Liabilities and Shareholders' Equity</b>		\$	<b>17,046,178</b>	\$ 17,397,684

Approved and authorized by the Board on **November XX, 2018**\_\_\_\_\_  
David Adamson\_\_\_\_\_  
Michael Leskovec

The accompanying notes are an integral part of these financial statements

**SOLSTICE GOLD CORP.**Condensed Interim Statements of Operations and Comprehensive Loss  
(Expressed in Canadian Dollars)

	<i>Notes</i>	<b>Three Months Ended September 30, 2018</b>	Three Months Ended September 30, 2017
<b>EXPENSES</b>			
Consulting fees	8	\$ 16,500	\$ 13,867
Insurance		7,388	-
Salaries	8	154,933	7,500
Marketing expenses		6,612	-
Office expenses		17,013	-
Professional fees		69,100	74,271
Share-based compensation	7d, 8a	113,396	-
Transfer agent and filing fees		11,875	-
Travel		21,871	-
		<b>(418,688)</b>	<b>(95,638)</b>
<b>OTHER INCOME (LOSS)</b>			
Interest income		40,046	-
<b>Loss before income taxes</b>		<b>(378,642)</b>	<b>(95,638)</b>
Deferred income tax (expense), net	6	45,677	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (332,965)</b>	<b>\$ (95,638)</b>
<b>Basic and fully diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (95,638)</b>
<b>Weighted average number of shares outstanding - basic and fully diluted</b>		<b>67,814,490</b>	<b>1</b>

The accompanying notes are an integral part of these financial statements

**SOLSTICE GOLD CORP.**Condensed Interim Statements of Cash Flows  
(Expressed in Canadian Dollars)

	<i>Notes</i>	<b>Three Months Ended September 30, 2018</b>	Three Months Ended September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (332,965)	\$ (95,638)
Items not involving cash:			
Share-based compensation	<i>7d</i>	222,310	-
Flow through share premium liability		(45,677)	-
Net changes in non-cash working capital items			
Amounts receivable		(148,487)	-
Prepaid expenses		7,386	(17,500)
Accounts payable and accrued liabilities		(611,022)	113,137
Net cash provided by (used in) operating activities		(908,455)	(1)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Exploration and evaluation	<i>5</i>	(1,394,285)	-
Net cash provided by investing activity		(1,394,285)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from warrants exercised		415,848	-
Net cash provided by financing activities		415,848	-
<b>Change in cash during the period</b>		<b>(1,886,892)</b>	<b>(1)</b>
<b>Cash, beginning of period</b>		<b>7,038,129</b>	<b>1</b>
<b>Cash, end of period</b>		<b>\$ 5,151,237</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements

**SOLSTICE GOLD CORP.**

## Condensed Interim Statements of Changes in Shareholders' Equity

*(Expressed in Canadian Dollars)*

	Notes	Share Capital		Reserves	Deficit	Total
		Number	Amount			
<b>Balance at June 30, 2017</b>		1	\$ 1	\$ -	\$ (1,063)	\$ (1,062)
Net loss for the period		-	-	-	(95,638)	(95,638)
<b>Balance at September 30, 2017</b>		1	\$ 1	\$ -	\$ (96,701)	\$ (96,700)
Private placement of flow-through shares	7	5,809,333	1,742,800	-	-	1,742,800
Private placement of non-flow through shares	7	26,534,400	6,633,600	-	-	6,633,600
Plan of arrangement	7	34,418,850	8,604,713	485,445	-	9,090,158
Flow-through shares premium liability	6	-	(290,467)	-	-	(290,467)
Share issue cost	7	-	(461,677)	102,512	-	(359,165)
Share-based compensation	7	-	-	917,675	-	917,675
Net loss for the period		-	-	-	(2,082,031)	(2,082,031)
<b>Balance at June 30, 2018</b>		66,762,584	\$ 16,228,970	\$ 1,505,632	\$ (2,178,732)	\$ 15,555,870
Warrant Exercises	7	2,772,322	\$ 415,848	\$ -	\$ -	415,848
Share-based compensation	7	-	\$ -	\$ 222,310	\$ -	222,310
Net loss for the period		-	\$ -	\$ -	\$ (332,965)	\$ (332,965)
<b>Balance at September 30, 2018</b>		69,534,906	\$ 16,644,818	\$ 1,727,942	\$ (2,511,697)	\$ 15,861,063

The accompanying notes are an integral part of these financial statements

## **SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

---

### **1. NATURE AND GOING CONCERN**

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

The Company was incorporated on June 8, 2017 and entered into a plan of arrangement (the “Arrangement”) with Dunnedin Ventures Inc. (“DVI”), completed January 31, 2018. As part of the Arrangement, certain mineral claims and rights to all minerals, including metalloids, but excluding diamonds, gemstones and all minerals found within kimberlitic rocks on the Kahuna property were transferred to the Company from DVI, together with \$1,300,000 in cash, in exchange for the Company’s shares, which DVI in turn distributed to its shareholders. 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, 2018, the Company had no source of operating revenues, had not yet achieved profitable operations, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern (see Note 2).

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These consolidated financial statements for the three months ended September 30, 2018 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, 2018. 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, 2018 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November XX, 2018.

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

---

**2. BASIS OF PREPARATION** *(continued)***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.

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.

**Significant accounting judgments, estimates, and assumptions - continued*****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.



## **SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

---

### **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, 2018.

#### ***New standards, interpretations and amendments not yet effective***

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

##### **IFRS 16 Leases**

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

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

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

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

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

- a) 100% title and rights to the Transferred Claims (715 km<sup>2</sup>)(specifically identified in the Agreement);
- b) A 50% undivided interest in and to certain Border Claims (Solstice Portion: 91 km<sup>2</sup>) (specifically identified in the Agreement); and
- c) Ownership of all technical, economic, geological, and other information and data concerning the transferred claims, and the portion of each of the Border Claims over which Solstice has Primary Development Rights ("PDR") (as defined in the Agreement).

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

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

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

---

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

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

Upon execution of the Agreement, DVI granted to Solstice PDR in respect of the Transferred Claims (806 km<sup>2</sup>) and Secondary Development Rights (“SDR”) in respect of the Remaining Claims (858 km<sup>2</sup>) (other than Transferred or Border Claims) and Solstice granted PDR’s in respect of the Remaining Claims and SDR’s in respect of the Transferred Claims. Border claims are also split into PDR and SDR depending on geographic location.

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

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

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

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

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

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

**4. KAHUNA PROPERTY LAND TRANSFER AND RIGHTS AGREEMENT (continued)****Letter Agreement between Dunnedin Ventures Inc. and Solstice Gold Corp. (continued)**

		Amount
Fair value of Solstice common shares issued	\$	8,604,713
Fair value of options issued to DVI option holders		485,445
Cash transferred from DVI		(1,300,000)
Exploration and evaluation costs paid by DVI on behalf of Solstice		544,780
Accounts payable		8,295
Fair value of Kahuna Properties Acquired	\$	8,343,233
<hr/>		
Net assets acquired		
Cash	\$	1,300,000
Mineral property interests		8,343,233
Accounts payable		(8,295)
Exploration and evaluation costs paid by DVI on behalf of Solstice		(544,780)
Net Assets Acquired	\$	9,090,158
<hr/>		
Consideration provided		
Fair value of 34,418,850 common shares at \$0.25 per share	\$	8,604,713
Fair value of options issued (1)		485,445
Consideration provided	\$	9,090,158

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

**Kahuna Project Property Expansion**

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

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS**

Summary of the mineral project costs for the three months ended and as at September 30, 2018:

**Kahuna Property**

	<i>Note</i>	<b>As at June 30, 2018</b>	<b>Additions</b>	<b>As at September 30, 2018</b>
Acquisition Costs -Plan of Arrangement	\$	8,343,233	\$ -	\$ 8,343,233
Geological consulting and assays	8	744,658	857,684	1,602,342
Aircraft charter		161,010	238,135	399,145
Exploration support		355,101	180,353	535,454
Fuel		162,889	9,925	172,814
Travel		98,093	85,976	184,069
Property acquisition and maintenance		305,650	6,242	311,892
Other		6,054	15,970	22,024
<b>Acquisition &amp; Exploration costs</b>	<b>\$</b>	<b>10,176,688</b>	<b>\$ 1,394,286</b>	<b>\$ 11,570,973</b>

**6. FLOW THROUGH SHARE PREMIUM LIABILITY**

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

<b>Balance at June 30, 2018</b>	\$	45,677
Settlement of flow through share liability during the period		(45,677)
<b>Balance at September 30, 2018</b>	\$	-

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

As at September 30, 2018, the Company has fulfilled 100% of its commitment to incur expenditures in relation to flow through share financing.

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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

The Company is authorized to issue an unlimited number of common shares. At September 30, 2018, there are 69,534,906 common shares outstanding for a share capital amount of \$16,644,818.

**b. Share issuances**

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

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

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

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

Solstice has also issued 5,809,333 Flow-Through Shares at a price of \$0.30 per Flow-Through Share.

**c. Warrants**

	Number of Warrants	Weighted Average Exercise Price
Received on Plan of Arrangement	6,536,359	\$0.25
Issued on private placement	13,267,200	\$0.35
Issued to finders on private placement	636,722	\$0.30
Exercised	(2,772,322)	\$0.15
Expired	(359,002)	\$0.15
Balance as at September 30, 2018	17,308,957	\$ 0.35

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL (continued)****c. Warrants- (continued)**

Expiry Date	Number of Warrants		Exercise Price	Weighted Average Remaining Life in Years
December 30, 2019	46,666	**	\$0.22	1.25
July 17, 2019	2,764,815	**	\$0.35	0.79
July 17, 2019	220,831	**	\$0.40	0.79
July 27, 2019	372,723	**	\$0.25	0.82
July 31, 2020	13,267,200		\$0.35	1.84
July 31, 2020	636,722		\$0.30	1.84
	17,308,957		\$0.35	1.63

All warranted were exercisable as at September 30, 2018

**d. Options**

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

On the 19<sup>th</sup> June, 2018, an aggregate of 400,000 stock options were granted to the newly appointed Chief Financial Officer, exercisable at \$0.25 per share for a period of seven years. 50% of the stock options vested on issuance, with the balance vesting in equal six-month tranches over a two year period.

On September 1<sup>st</sup>, 2018 a further 1,100,000 stock options were granted to the newly appointed Vice President Exploration, exercisable at \$0.25 per share for a period of seven years. 50% of the stock options vested on issuance, with the balance vesting in equal six-month tranches over a two year period.

Amount of share-based compensation for the three months ended September 30, 2018 was \$222,310 (2017 -\$nil)

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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

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

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

  

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

  

	September 1, 2018
Expected dividend yield	0%
Weighted average risk-free interest rate	2.17%
Weighted average expected life	7 year
Weighted average expected volatility	196%
Weighted average fair value of options granted	\$0.1980

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

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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

	Number of Options	Weighted Average Exercise Price
Balance as at Incorporation and June 30, 2017	-	-
Issued on Plan of Arrangement	2,361,659 **	\$0.17
Granted	6,390,000	\$ 0.25
Exercised	-	-
Expired	-	-
Balance as at September 30, 2018	8,751,659	\$ 0.229

Expiry Date	Number of Options	Exercise Price	Weighted Average Remaining Life in Years
November 12, 2019	433,331 **	\$0.110	1.12
May 7, 2020	174,999 **	\$0.110	1.60
August 4, 2021	66,666 **	\$0.150	2.85
September 6, 2021	1,166,663 **	\$0.190	2.94
October 4, 2021	50,000 **	\$0.190	3.01
December 7, 2018	50,000 **	\$0.195	0.19
January 18, 2022	420,000 **	\$0.210	3.30
January 15, 2025	4,490,000	\$0.250	6.30
June 19, 2020	400,000	\$0.250	1.72
June 19, 2025	400,000	\$0.250	6.72
September 1, 2025	1,100,000	\$0.250	6.93
	8,751,659	\$0.229	5.17

\*\* Options and warrants transferred from DVI as per Plan of Arrangement.

At September 30, 2018 7,075,826 options were exercisable

**8. RELATED PARTY TRANSACTIONS**

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

**Key Management and Consulting Agreements**

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



**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

**8. RELATED PARTY TRANSACTIONS (continued)****a. Directors and Executive Management Compensation was as follows:**

	<b>Three Months ended September 30, 2018</b>	
Cash compensation	\$	137,500
Share-based compensation	\$	222,310
	<b>\$</b>	<b>359,810</b>

There were no such fees incurred for the period ended September 30, 2017.

**b. Directors and Executive Management Transactions**

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

<b>Payee</b>	<b>Nature of Transactions</b>	<b>Related Party</b>	<b>Compensation Fees</b>		<b>Owing as at September 30, 2018</b>
Rimini Exploration & Consulting Ltd*	Exploration Services	Vice President Exploration	\$	163,360	\$ 154,649
North Face Software Ltd.	Exploration Services	Former Vice President Exploration	\$	24,500	\$ -
			<b>\$</b>	<b>187,860</b>	<b>\$ 154,649</b>

\*Related party as of September 1, 2018. Fees paid include compensation for full time Vice President Exploration services (\$17,500) as well as fees and reimbursement of costs to complete exploration programs (\$145,860).

During the three months to September 30, 2017 \$7,500 in management fees was paid to a company controlled by a former officer of the Company for CFO related services.

**9. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital structure of the Company consists of equity, comprising issued capital, and deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

**SOLSTICE GOLD CORP.**

Notes to the Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

**10. FINANCIAL INSTRUMENTS**

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

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

*Credit risk*

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

*Liquidity risk*

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

*Market risk*

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

*Interest rate risk*

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

**11. SEGMENTED INFORMATION**

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