SOLSTICE GOLD CORP.
FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
1100 Royal Centre
1055 West Georgia Street
Vancouver BC V6E 3P3 Canada

Independent Auditor's Report

To the Shareholders of Solstice Gold Corp.

Opinion

We have audited the financial statements of Solstice Gold Corp. (the "Company") which comprise the statements of financial position as at June 30, 2022 and 2021 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that at June 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. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exists that may cast significant doubt upon the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (the "MD&A") for the year ended June 30, 2022.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the MD&A for the year ended June 30, 2022 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for the assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rob Scupham.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, Canada
October 28, 2022

SOLSTICE GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		June 30, 2022		June 30, 2021
ASSETS					
Cash		$	**1,686,252**	$	721,772
Amounts receivable			**53,464**		37,358
Prepaid expenses			**165,948**		27,429
Marketable securities	9		**296,950**		-
			2,202,614		786,559
Exploration and evaluation	5		**19,879,287**		15,992,015
Total Assets		$	**22,081,901**	$	16,778,574
LIABILITIES					
Accounts payable and accrued liabilities	10	$	**281,406**	$	166,241
Flow through share premium liability			**87,538**		-
			368,944		166,241
CEBA loan	4		**40,000**		40,000
Deferred tax liability	7		**735,087**		470,507
Total liabilities		$	**1,144,031**	$	676,748
SHAREHOLDERS' EQUITY					
Share capital	6	$	**24,357,881**	$	17,854,089
Reserves			**2,708,426**		2,257,228
Accumulated other comprehensive (loss)			**(176,688)**		-
Deficit			**(5,951,749)**		(4,009,491)
Total shareholders' equity			**20,937,870**		16,101,826
Total Liabilities and Shareholders' Equity		$	**22,081,901**	$	16,778,574

Going concern (Note 1)
Subsequent events (Note 14)

Approved and authorized by the Board on October 28, 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)

	Notes		Year ended June 30, 2022		Year ended June 30, 2021
EXPENSES					
Consulting fees	*10*	$	**218,937**	$	70,000
Insurance			**28,334**		25,563
Salaries	*10*		**331,991**		192,624
Marketing expenses			**71,746**		12,553
Office expenses			**37,308**		19,684
Mineral property impairment	*5*		**345,837**		-
Professional fees			**261,527**		78,840
Property investigation			**-**		10,050
Share-based compensation	*6d, 10a*		**416,454**		-
Transfer agent and filing fees			**37,618**		19,130
Travel			**7,564**		8,442
			(1,757,316)		(436,886)
OTHER INCOME					
Interest income			**15,730**		10,070
Government assistance			**-**		10,000
Loss before income taxes			**(1,741,586)**		(416,816)
Deferred income tax (expense)	*8*		(200,672)		-
Net loss for the year		**$**	**(1,942,258)**	**$**	(416,816)
Other comprehensive loss					
Change in value of marketable securities	*9*		(176,688)		-
Comprehensive loss for the year			**(2,118,946)**		(416,816)
Basic and fully diluted loss per share		**$**	**(0.02)**	**$**	(0.01)
Weighted average number of shares outstanding - basic and fully diluted			**144,125,576**		99,620,658

The accompanying notes are an integral part of these financial statements

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

	Notes	Year Ended June 30, 2022	Year Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		$ **(1,942,258)**	$ **(416,816)**
Items not involving cash:			
Share-based compensation	*6d*	**416,454**	**-**
Deferred income tax impact on flow through shares		**200,672**	**-**
Mineral property impairment		**345,837**	
Government grant income		**-**	**(10,000)**
Net changes in non-cash working capital items			
Amounts receivable		**(16,106)**	**(6,442)**
Prepaid expenses		**(138,519)**	**(4,804)**
Accounts payable and accrued liabilities		**115,165**	**48,732**
Net cash used in operating activities		**(1,018,755)**	**(389,330)**
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and royalty portfolio		**(4,048,177)**	-
Inflows related to portfolio		**951,900**	-
Exploration and evaluation	*5*	**(1,332,145)**	**(729,321)**
Net cash used in investing activities		**(4,428,422)**	**(729,321)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common shares		**4,822,181**	**-**
Share issuance costs		**(117,504)**	**-**
Proceeds from CEBA Loan	*4*	**-**	**20,000**
Proceeds from warrants exercised		**1,700,680**	**-**
Proceeds from options exercised		**6,300**	**-**
Net cash provided by financing activities		**6,411,657**	**20,000**
Change in cash during the year		**964,480**	**(1,098,651)**
Cash, beginning of year		**721,772**	**1,820,423**
Cash, end of year		$ **1,686,252**	$ **721,772**

Supplemental Information

Shares received related to property and royalty portfolio	$ **473,638**	$ -
Stock based compensation capitalized to mineral properties	$ **21,325**	$ **23,243**
Shares issued for exploration and evaluation assets	$ **257,000**	$ **37,500**

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 Number	Share Capital Amount	Reserves	AOCI	Deficit	Total
Balance at June 30, 2020		99,504,572	$ 17,816,589	$ 2,233,985	$ -	$ (3,592,675)	$ 16,457,899
Share-based compensation	*6d*	-	-	23,243	-	-	23,243
Share issuance for mineral property	*6b*	300,000	37,500	-	-	-	37,500
Net loss for the year		-	-	-	-	(416,816)	(416,816)
Balance at June 30, 2021		99,804,572	$ 17,854,089	$ 2,257,228	$ -	$ (4,009,491)	$ 16,101,826
Shares issued in private placement	*6b*	25,000,000	2,500,000	-	-	-	2,500,000
Share issued for royalty agreement	*5*	400,000	68,000	-	-	-	68,000
Flow through shares issued in private placement	*6b*	10,096,441	2,322,181	-	-	-	2,322,181
Flow through shares premium	*8*		(151,446)	-	-	-	(151,446)
Share issue costs			(137,493)	19,989	-	-	(117,504)
Shares issued for mineral property	*5*	1,050,000	189,000	-	-	-	189,000
Warrants exercised	*6c*	28,344,666	1,700,680	-	-	-	1,700,680
Options exercised	*6d*	30,000	12,870	(6,570)	-	-	6,300
Share-based compensation	*6d*	-	-	437,779	-	-	437,779
Fair value adjustment on marketable securities		-	-	-	(176,688)	-	(176,688)
Net loss for the year		-	-	-	-	(1,942,258)	(1,942,258)
Balance at June 30, 2022		164,725,679	$ 24,357,881	$ 2,708,426	$ (176,688)	$ (5,951,749)	$ 20,937,870

The accompanying notes are an integral part of these financial statements

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. 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 June 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

The financial statements of the Company for the year ended June 30, 2022 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") by management, reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors on October 25, 2022.

Basis of measurement

These audited financial statements have been prepared on a going concern basis, under the historical cost convention, and have been prepared using the accrual basis of accounting except for cash flow information. The 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. 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 financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and

2. BASIS OF PREPARATION *(continued)*

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

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Recovery of Capitalized Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the period the new information becomes available.

Property and Royalty Portfolio

The Company's acquisition of the portfolio of Optioned Properties (note 5) during the year has been treated as an acquisition of similar assets. Management has applied judgment and estimation in assessing the allocation of value to the assets acquired and is required to exert judgment when considering if any indicators of impairment exist with respect to the property and property and royalty portfolio as at the year end. If information becomes available suggesting recovery of the expenditure is unlikely the shortfall will be written off in the period the information becomes available.

Title to Mineral Property Interests

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

This option pricing model requires the development of market-based subjective inputs, including the risk-free

2. BASIS OF PREPARATION *(continued)*

Share-based compensation

The Company determines the fair value of share options granted using the Black-Scholes option pricing model. Interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Foreign currencies

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company are both Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost are translated by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in the statement of operations or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

All gains and losses on translation of foreign currency transactions are charged to the statement of comprehensive loss.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) or amortized cost. The Company determines the classification of financial assets at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Financial instruments

(i) Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Equity instruments that are held for trading and all equity derivative instruments are classified as FVTPL. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise.

(ii) Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss. The Company treats the Marketable Securities it holds as a result of its Option Property Portfolio as FVTOCI.

(iii) Amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has opted to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

c. Cash

Cash includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at June 30, 2022, the cash and cash equivalents consist of $1,686,252 (2021 – 721,772). $17,250 (2021 – $17,250) of the cash balance relates to restricted cash to support a letter of credit that the company has filed with the Kivalliq Inuit Association.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Exploration and Evaluation

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and the share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable.

The Company completed the acquisition of a portfolio of properties optioned to third parties during the current year. The acquisition was recorded at the cost, and valuation was supported by the expected future payments of cash and shares under the Option agreements. When payments are received, they are credited against the value of the portfolio until such time the value is fully drawn down. If more payments are received than the recorded value, then a recovery will be recorded in the Financial Statements. If it becomes clear that the value in the portfolio will not be recovered a write of will be recorded in the period, it becomes evident.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

e. Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f. Provisions, contingent liabilities and assets

General provisions, contingent liabilities and assets

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Restoration and environmental rehabilitation provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

General provisions, contingent liabilities and assets (*continued)*

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation or expected environmental liabilities to date.

g. Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized in other comprehensive income(loss) or directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, no deferred tax asset is recognized.

h. Share capital

Share capital represents the amount received on the issue of shares, less issuance costs. Deficit includes all current and prior year losses.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through common shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h. Share capital (*continued)*

Flow-through common shares (*continued)*

Upon issuance of flow-through common shares, the fair value of the common shares is recorded as an increase in share capital. Any difference (premium) between the amounts recognized in share capital and the amount paid by the investor is recognized as a flow-through share premium liability and is reversed into earnings through deferred income tax expense at the time the flow-through expenditures have been incurred, net of share issuance costs.

To the extent that the Company has deferred tax assets that were not recognized in previous periods, a deferred tax recovery is recorded as an offsetting recovery in profit or loss.

i. Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

j. Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j. Share-based payments (*continued*)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

l. Application of new and revised standards

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 year.

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.

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 33% forgiveness on the $60,000 borrowed, as government assistance as at June 30, 2022.

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 km^2 (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 km^2 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 km^2 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 km^2.

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.

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 flow. 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 given 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 current 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 225km^2 of highly prospective ground in a world class gold camp.

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 will own a 100% interest in Jackpine.

Pursuant to the Option Agreement, in consideration for the grant of the Option for Nights Sky, Solstice has agreed to pay the Optionor $12,000 in cash and has issued 200,000 Common Shares to the Optionor (the "Option Payment Shares" and collectively with the Jackpine Payment Shares, the "Payment Shares") and expects to make the following cash payments to the Optionor: (i) $16,000 by December 10, 2022; (ii) $20,000 in cash by December 10, 2023; and (iii) $35,000 by December 10, 2024. The Optioned Claims will be subject to a 1.5% NSR royalty in favour of the Optionor, 0.5% of which may be repurchased by Solstice for $500,000 any time after the exercise of the Option and prior to the commencement of commercial production.

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.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral project costs for the year ended as at June 30, 2022:

		As at June 30, 2021	Additions	Payments Received	Impairment Charges	As at June 30, 2022
Qaiqtuq Gold Project						
Acquisition costs – Plan of Arrangement	$	8,343,233	-	-	-	8,343,233
Geological expense, salaries, and project management		4,398,215	-	-	-	4,398,215
Aircraft charter		914,486	-	-	-	914,486
Exploration support		788,733	6,166	-	-	794,899
Fuel		200,021	13,000	-	-	213,021
Travel		311,601	-	-	-	311,601
Staking and property maintenance costs		505,960	8,615	-	-	514,575
Other		58,302	-	-	-	58,302
		15,520,551	**27,781**	**-**	**-**	**15,548,332**
Red Lake Property						
Acquisition cost	$	68,750	14,848	-	-	83,598
Aircraft charter		179,917	205,434	-	-	385,351
Staking and property maintenance costs		29,750	66,209	-	-	95,959
Geological consulting and assays		40,673	203,695	-	-	244,368
Drilling		-	173,716	-	-	173,716
Share based compensation		-	21,325	-	-	21,325
Exploration support		19,001	54,377	-	-	73,378
Travel		7,856	27,811	-	-	35,667
Fuel		385	2,744	-	-	3,129
		346,332	**770,159**	**-**	**-**	**1,116,491**
Atikokan Gold Project						
Acquisition cost	$	-	144,000	-	-	144,000
Geological consulting and assays		-	86,873	-	-	86,873
Aircraft charter		-	382,229	-	-	382,229
Exploration support		-	7,221	-	-	7,221
Fuel		-	496	-	-	496
Travel		-	9,511	-	-	9,511
		-	**630,330**	**-**	**-**	**630,330**
Property and Royalty Portfolio						
Acquisition cost	$	125,132	4,116,177	(1,425,538)	(345,837)	2,469,934
Geological consulting and assays		-	45,000	-	-	45,000
		125,132	**4,161,177**	**(1,425,538)**	**(345,837)**	**2,514,934**
Raven- Furniss Project						
Acquisition cost	$	-	69,200	-	-	69,200
Total exploration and evaluation costs	$	**15,992,015**	**5,658,647**	**(1,425,538)**	**(345,837)**	**19,879,287**

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a. Authorized and outstanding

The Company is authorized to issue an unlimited number of common shares. At June 30, 2022, there are 164,725,679 common shares outstanding for a share capital amount of $24,357,881 (2021- 99,804,572 common shares outstanding for a share capital amount of $17,854,089).

b. Share issuances

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.

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

c. Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance as at June 30, 2020	43,873,588	$0.15
Expired	(13,903,922)	$0.35
Balance at as at June 30, 2021	29,969,666	$0.06
Granted	194,896*	$0.23
Exercised	(28,344,666)	$0.06
Balance as at June 30, 2022	1,819,896	$0.08

* Broker Warrants

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

c. Warrants (continued)

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining Life in Years
June 10, 2023	1,625,000	$0.06	0.95
June 30, 2023	194,896	$0.23	1.00
	1,819,896	$0.08	0.95

All warrants were exercisable as at June 30, 2022

The fair value of the broker warrants 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	0.95%
Weighted average expected life	1.5 year
Weighted average expected volatility	108%
Weighted average fair value of options granted	$0.10256

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.

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

(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 June 30, 2022 was $437,779 (2021 -$23,243). $416,454 (2021 -$Nil) was charged to the Statement of Operations and $21,325 (2021 -$23,243) 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

	Fiscal 2021
Expected dividend yield	0%
Weighted average risk-free interest rate	0.36%
Weighted average expected life	5 year
Weighted average expected volatility	151%
Weighted average fair value of options granted	$0.08

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. The Company has not paid and does 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.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

d. Options - (continued)

	Number of Options	*Weighted Average Exercise Price*
Balance as at June 30, 2020	10,343,329	$ 0.19
Granted	250,000	$ 0.09
Cancelled	(200,000)	$ 0.25
Balance as at June 30, 2021	10,393,329	$ 0.19
Granted	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

Expiry Date	Number of Options	Exercise Price	Weighted Average Remaining Life in Years
January 15, 2025	4,290,000	$0.25	2.55
June 10, 2025	2,650,000	$0.06	2.95
June 19, 2025	400,000	$0.25	2.97
July 10, 2025	250,000	$0.09	3.03
September 1, 2025	1,100,000	$0.25	3.18
September 16, 2026	2,450,000	$0.16	4.21
October 19, 2026	1,200,000	$0.155	4.31
February 25, 2027	1,000,000	$0.18	4.66
April 1, 2027	600,000	$0.16	4.76
	13,940,000	$0.18	3.39

At June 30, 2022 10,440,000 (2021 – 10,233,329) options were exercisable.

On January 7, 2022, the Company received final approval from the TSX Venture Exchange for the amendment and restatement of the Company's stock option plan, which was approved by a majority of its shareholders at its annual general and special meeting of shareholders held on December 14, 2021.

The Amended and Restated Plan is a 10% rolling stock option plan meaning that the maximum number of listed shares issuable under the plan is 10% of the issued and outstanding shares of the Company at the time of the grant of options. As there are currently 162,645,679 common shares of the Company issued and outstanding, a maximum of 16,264,567 shares are currently issuable under the Amended and Restated Plan.

(Expressed in Canadian Dollars)

7. INCOME TAX

(a) Income tax recovery provision

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is:

	2022	**2021**
Loss before income taxes	$ (1,741,586)	$ (416,816)
Canadian federal and provincial rates	27%	27%
Expected income tax recovery	(470,228)	(112,540)
Increase (decrease in income tax recovery resulting from)		
Share based compensation	112,442	-
Share issuance costs	(19,395)	(19,935)
Mineral property impairment	93,376	-
Flow through share issuance	264,580	-
Flow through share premium Amortization (note 8)	(63,908)	-
Increase in unrecognized tax asset	283,805	132,475
Income tax expense / (recovery)	$ 200,672	$ (-)

(b) Unrecognized deferred tax assets

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at June 30, 2022, the Company has not recognized the benefit of the following deductible temporary differences:

	2022	2021
Non-capital losses carried forward	$ 3,935,821	$ 2,861,192
Capital assets	14,780	14,780
Share issue costs	237,669	215,499
	$4,188,270	$ 3,091,471

(c) Tax losses

The Company has accumulated non-capital losses of approximately $3,935,821 (2021 - $2,861,192) in Canada, which may be carried forward to reduce taxable income of future years. The non-capital losses will, if unused, expire between 2039 and 2042.

(Expressed in Canadian Dollars)

8. 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 $264,580 was 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). $63,908 of the liability was amortized to June 30, 2022.

During the year ended June 30, 2022, $979,928 was spent on flow-through expenditures which reduced the flow-through share premium liability by $63,908.

9. 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).

	Year Ended June 30, 2022
Opening Balance July 1, 2021	$ -
Common shares received to June 30, 2022	$ 473,638
Fair value adjustment through Other Comprehensive Income (Loss)	$ (176,688)
Closing balance as of June 30, 2022	$ 296,950

10. 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.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

Key Management and Consulting Agreements

a. Directors and Executive Management Compensation was as follows:

	Year ended June 30, 2022	Year ended June 30, 2021
Salary related compensation	**$ 413,978**	$ 162,362
Project related fees and compensation	**11,352**	72,605
Share-based compensation	**365,391**	-
	$ 790,721	$ 234,967

$21,325 of share-based compensation costs (2021 - $ Nil) relates to geological evaluation expense and has been coded to evaluation and exploration assets.

11. 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.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, 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.

As at June 30, 2022 marketable securities were re-measured to fair value applying Level 1 inputs.

12. FINANCIAL INSTRUMENTS (continued)

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, commodity and equity prices as they relate to marketable securities held 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.

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.

13. 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.

14. SUBSEQUENT EVENTS

Private Placement Financing

On August 30, 2022 the Company closed a Private Placement financing (the "Offering"), for gross proceeds of approximately $2.7 million 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.

14. SUBSEQUENT EVENTS (continued)

The gross proceeds of the Offering from: (i) the HD Units will be used for general corporate purposes and working capital; (ii) the FT Shares comprised in the NFT Units will be used to fund exploration programs qualifying as "Canadian Exploration Expenses" and "flow-through mining expenditures" at the Company's exploration projects in Ontario; and (iii) the Warrants comprised in both the HD Units and the NFT Units will be used for general corporate purposes and working capital.

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.

Director Resignation

The Company also announced today that Kevin Reid stepped down as a director of the Company effective September 30, 2022, due to personal time constraints and will remain the largest shareholder of the Company.