
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim financial statements of Labrador Gold Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Labrador Gold Corp.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at December 31, 2022	As at September 30, 2022
ASSETS		
Current		
Cash	\$ 18,030,068	\$ 21,354,986
Amounts receivable	488,522	559,637
Prepaid expenses	141,448	85,818
Total current assets	18,660,038	22,000,441
Non-current assets		
Equipment	24,820	28,803
Unproven mineral right interests (note 4)	31,710,761	28,814,469
Total assets	\$ 50,395,619	\$ 50,843,713
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 484,009	\$ 926,799
	484,009	926,799
Non-current		
Deferred income tax liability	983,566	983,566
Total liabilities	1,467,575	1,910,365
Shareholders' equity		
Share capital (note 6)	61,472,277	61,149,278
Share-based payments reserve (note 6)	4,260,100	4,419,099
Deficit	(16,804,333)	(16,635,029)
Total shareholders' equity	48,928,044	48,933,348
Total liabilities and shareholders' equity	\$ 50,395,619	\$ 50,843,713

The accompanying notes are an integral part of these unaudited condensed interim financial statements

Nature of operations and going concern (note 1)

Labrador Gold Corp.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Operating expenses		
Consulting and management fees (note 7)	\$ 43,860	\$ 18,220
Corporate development	84,984	39,849
Office and miscellaneous	15,533	16,075
Professional fees (note 7)	36,346	23,813
Regulatory and transfer fees	24,731	14,614
Shareholder communications	19,133	8,156
Amortization expense	3,983	1,070
Loss before other items	(228,570)	(121,797)
Other items		
Flow-through premium (note 6)	-	744,632
Other income	59,266	4,252
Net income (loss) and comprehensive income (loss) for the period	\$ (169,304)	\$ 627,087
Basic and diluted net income (loss) per share	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding	169,352,588	153,742,799

The accompanying notes are an integral part of these unaudited condensed interim financial statements

Labrador Gold Corp.**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Operating activities		
Net income (loss) for the period	\$ (169,304)	\$ 627,087
Adjustments for:		
Flow-through premium	-	(744,632)
Amortization	3,983	1,070
Changes in non-cash working capital items:		
Amounts receivable	71,115	100,086
Prepaid expenses	(55,630)	(68,814)
Accounts payable and accrued liabilities	14,069	51,577
Net cash used in operating activities	(135,767)	(33,626)
Investing activities		
Unproven mineral right interest - acquisition	(1,160)	-
Unproven mineral right interest - exploration	(3,351,991)	(2,674,802)
Purchase of equipment	-	(540)
Net cash used in investing activities	(3,353,151)	(2,675,342)
Financing activities		
Exercise of options	164,000	191,077
Exercise of warrants	-	36,000
Net cash provided by financing activities	164,000	227,077
Net change in cash	(3,324,918)	(2,481,891)
Cash, beginning of period	21,354,986	33,245,743
Cash, end of period	\$ 18,030,068	\$ 30,763,852
Supplemental Information		
Unproven mineral right interests included in accounts payable	\$ 335,539	\$ -

The accompanying notes are an integral part of these unaudited condensed interim financial statements

Labrador Gold Corp.**Condensed Interim Statements of Changes in Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share Capital		Share-based		
	Number	Amount	payments	Deficit	Total
			reserve		
Balance, September 30, 2021	153,311,033	\$ 55,513,015	\$ 4,713,305	\$ (15,450,225)	\$ 44,776,095
Options exercised	423,077	366,798	(175,721)	-	191,077
Warrants exercised	120,000	36,000	-	-	36,000
Net income for the period	-	-	-	627,087	627,087
Balance, December 31, 2021	153,854,110	\$ 55,915,813	\$ 4,537,584	\$ (14,823,138)	\$ 45,630,259
Balance, September 30, 2022	169,189,979	\$ 61,149,278	\$ 4,419,099	\$ (16,635,029)	\$ 48,933,348
Options exercised	820,000	322,999	(158,999)	-	164,000
Net income for the period	-	-	-	(169,304)	(169,304)
Balance, December 31, 2022	170,009,979	\$ 61,472,277	\$ 4,260,100	\$ (16,804,333)	\$ 48,928,044

The accompanying notes are an integral part of these unaudited condensed interim financial statements

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three Months Ended December 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of business and going concern

Labrador Gold Corp. ("Labrador Gold" or the "Company") is a company involved in the acquisition and exploration of prospective gold projects in the Americas. It was incorporated under the Business Corporations Act (British Columbia) in 1987. Effective July 1, 2021, the Company filed Articles of Continuance to continue into Ontario and is now subject to the provisions of the Business Corporations Act (Ontario). The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "LAB" and the OTCQX Exchange in the United States under the symbol "NKOSF". Its principal office is located at 82 Richmond Street East, Toronto, ON, Canada M5C 1P1.

The Company is focused on conducting gold exploration in the province of Eastern Canada. At the date of these financial statements, the Company has not yet determined whether any of its mineral interests contain economic mineral reserves. Accordingly, the carrying amount of its mineral right interests represents the cumulative acquisition costs and exploration expenditures incurred to date, which does not necessarily reflect present or future values. The recovery of these costs is dependent on the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to undertake continuing exploration and development, and to resolve any environmental, regulatory or other constraints.

These financial statements have been prepared on a going concern basis, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At December 31, 2022, the Company had no source of operating cash flow. Operations in recent years have been funded from the issuance of share capital and cash on hand.

Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's unproven mineral right interests could be subject to adjustments. At December 31, 2022, the Company believes it has sufficient funds to finance its operations for the current fiscal year.

2. Basis of Preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2022.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on February 27, 2023.

3. Significant accounting policies

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three Months Ended December 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

4. Unproven mineral right interests

	Labrador Property	Borden Lake Property	Kingsway Property	Scotch Property	Total
Balance, September 30, 2021	\$ 3,974,889	\$ 930,135	\$ 7,702,844	\$ 9,570	\$ 12,617,438
Acquisition	161,425	-	3,204,260	28,460	3,394,145
Deferred exploration	272,168	-	12,138,173	563,377	12,973,718
Recoveries	-	-	(57,772)	(8,060)	(65,832)
Impairment	-	(105,000)	-	-	(105,000)
Balance, September 30, 2022	4,408,482	825,135	22,987,505	593,347	28,814,469
Acquisition	-	-	-	1,160	1,160
Deferred exploration	78,317	-	2,784,224	32,591	2,895,132
Balance, December 31, 2022	\$ 4,486,799	\$ 825,135	\$ 25,771,729	\$ 627,098	\$ 31,710,761

Ownership in mineral right interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the ambiguous conveyance history of many mineral right interests. The Company has investigated ownership of its mineral right interests and, to the best of its knowledge, ownership of its interests are in good standing.

Labrador Properties

On September 5, 2017, the Company entered into a Letter of Intent ("LOI") that granted the Company the option to earn a 100% interest in the Ashuanipi, Nain and Hopedale properties, located in Labrador (the "Labrador Properties"). To exercise the option, the terms of which were amended on December 7, 2020, the Company must complete the following:

- On receipt of TSX-V approval: payment of \$75,000 and issuance of 450,000 shares in respect of each of the three Labrador Properties (completed);
- On or before September 5, 2018: payment of \$100,000 and issuance of 300,000 shares in respect of each property (completed with the payment of \$200,000 and issuance of 600,000 shares on the Ashuanipi and Hopedale properties, as the Company dropped its option on the Nain property);
- On or before September 5, 2019: payment of \$75,000 and issuance of 175,000 shares in respect of the Ashuanipi property and payment of \$150,000 and issuance of 350,000 shares in respect of the Hopedale property (completed);
- On or before September 5, 2020: payment of \$50,000 and issuance of 400,000 shares in respect of each of the Ashuanipi and Hopedale properties (completed);
- On or before September 5, 2021: payment of \$100,000 and issuance of 675,000 shares in respect of the Ashuanipi property and payment of \$100,000 and issuance of 500,000 shares in respect of the Hopedale property (completed with the payment of \$100,000 and issuance of 500,000 shares on the Hopedale property, as the Company dropped its option on the Ashuanipi property);
- On or before September 5, 2022: payment of \$150,000 in respect of the Hopedale properties (completed); and
- On or before September 5, 2023: payment of \$125,000 in respect of the Hopedale property.

The vendors of the Labrador Properties retain a 2% net smelter return ("NSR") royalty, half of which may be bought back by the Company at any time for \$2 million plus \$1 per ounce of gold in measured and indicated resources. An advance royalty of \$25,000 per annum for each property will be payable starting in 2024.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

4. Unproven mineral right interests (continued)

Labrador Properties (continued)

In connection with the termination of the options to acquire the Nain and Ashuanipi properties, the Company impaired \$714,750 of acquisition costs and \$1,901,298 of exploration expenditures during the year ended September 30, 2021.

During the year ended September 30, 2022, the Company paid \$450,000 to the owner of the Ashuanipi property in lieu of expenditures required to maintain the property in good standing. This amount was directly expensed as exploration and evaluation expenditures in the statement of loss and comprehensive loss.

Borden Lake Property

The Company has a 100% undivided interest in the Borden Lake Property located near Chapleau, Ontario.

During the years ended September 30, 2022 and 2021, the Company allowed to lapse certain claims making up this property. In connection with the lapse of those claims, the Company wrote off \$105,000, being the historical capitalized maintenance fees associated with the claims that were allowed to lapse.

The original vendors of the Borden Lake Property retain a 2% NSR royalty, half of which may be bought back by the Company for \$1 million at any time.

Kingsway Property

On March 3, 2020, the Company acquired an option to earn a 100% interest in the Gander North and Gander South properties, subsequently renamed as the Kingsway Property, located in Newfoundland.

During the year ended September 30, 2022, the Company exercised the option and earned a 100% interest in the properties by completing the following:

- As consideration for the option: payment of \$250,000 and issuance of 400,000 common shares (completed);
- On or before March 3, 2021: payment of \$150,000 cash and issuance of 250,000 common shares (completed);
- On or before March 3, 2022: payment of \$150,000 cash and issuance of 300,000 common shares (completed);
- On or before March 3, 2023: payment of \$200,000 cash and issuance of 350,000 common shares (completed);
- On or before March 3, 2024: payment of \$250,000 cash and issuance of 400,000 common shares (completed);
- On or before March 3, 2025: payment of \$250,000 cash and issuance of 300,000 common shares (completed);
- Incur \$750,000 in expenditures on each of two licenses (\$1.5 million total) over the first four years of the option (completed); and
- Complete additional payments totaling \$2.25 million based on exploration expenditures incurred, as follows:
 - \$750,000 upon incurring an aggregate of \$10 million in expenditures on one of the licenses (completed);
 - \$750,000 upon incurring an aggregate of \$20 million in expenditures on one of the licenses; and
 - \$750,000 upon incurring an aggregate of \$30 million in expenditures on one of the licenses

The vendor of the Kingsway Property retained a 1% NSR royalty plus \$1 per ounce of gold in the measured and indicated resources for the property. An advance royalty of \$50,000 per annum will be payable commencing on March 3, 2026.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

4. Unproven mineral right interests (continued)

Kingsway Property (continued)

On July 6, 2020, the Company entered into an additional option agreement to acquire a 100% interest in License 023940M (the "License") which is strategically positioned between the Gander North and South claim blocks.

During the year ended September 30, 2022, the Company completed the option and earned a 100% undivided interest in the License by completing the following:

- Cash payment of \$18,000 and issuance of 30,000 common shares, within 5 business days of TSXV acceptance of the option agreement (completed);
- Cash payment of \$36,000, issuance of 90,000 common shares and incurring \$100,000 in property work expenditures on or before the first anniversary of the option agreement (completed);
- Cash payment of \$75,000, issuance of 120,000 common shares and incurring an additional \$250,000 (cumulative \$350,000) in property work expenditures on or before the second anniversary of the option agreement (completed);
- Cash payment of \$90,000, issuance of 150,000 common shares and incurring an additional \$650,000 (cumulative \$1 million) in property work expenditures on or before the third anniversary of the option agreement (completed); and
- Cash payment of \$240,000 and incurring a further \$1 million in property work expenditures on or before the fourth anniversary of the option agreement (completed).

Scotch Property

In March 2021, the Company acquired a 100% undivided interest in the Scotch Property. The Scotch Property is located southwest of Moncton, New Brunswick and consists of 24 claims.

5. Liability and income tax effect on flow-through shares

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

During the year ended September 30, 2021, the Company issued an aggregate of 21,500,000 flow-through units for gross proceeds of \$13,850,000, and recognized total deferred flow-through premium liabilities of \$2,675,000. As at December 31, 2022, the Company had incurred the required qualifying flow-through expenditures and had reduced the deferred flow-through premium liability to \$nil (December 31, 2021 - \$nil).

During the three months ended December 31, 2022, the Company recognized a flow-through recovery of \$nil (three months ended December 31, 2021 - \$744,632).

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity

(a) Authorized

An unlimited number of common shares without par value

(b) Issued and outstanding

	Number of common shares	Amount
Balance, September 30, 2021	153,311,033	\$ 55,513,015
Options exercised (i)	423,077	366,798
Warrants exercised (ii)	120,000	36,000
Balance, December 31, 2021	153,854,110	55,915,813
Options exercised	366,666	113,586
Warrants exercised	12,950,953	3,885,286
Broker units exercised	398,250	136,593
Acquisition of unproven mineral right interests (note 4)	1,620,000	1,098,000
Balance, September 30, 2022	169,189,979	61,149,278
Exercise of options (i)	820,000	322,999
Balance, December 31, 2022	170,009,979	\$ 61,472,277

(i) During the three months ended December 31, 2022, the Company received proceeds of \$164,000 from the exercise of 820,000 share purchase options (2021 - proceeds of \$191,077 from the exercise of 423,077 share purchase options). The fair value of \$158,999 (2021 - \$175,721) attributable to these options was transferred from share-based payments reserve to share capital upon exercise.

(ii) No warrants were exercised during the three months ended December 31, 2022. During the three months ended December 31, 2021, the Company received proceeds of \$36,000 from the exercise of 120,000 warrants.

(c) Share-based payment reserve

Share-based payments reserve consists of the accumulated fair value of common share options, share purchase warrants and broker units recognized as share-based payments, net of the fair values of common share options, share purchase warrants and broker units transferred to share capital upon exercise.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity (continued)

(d) Share purchase options

The following table reflects the continuity of stock options for the periods ended December 31, 2022 and 2021:

	Number of stock options	Weighted average exercise price
Balance, September 30, 2021	7,359,744	\$ 0.42
Exercised	(423,077)	0.45
Balance, December 31, 2021	6,936,667	0.35
Exercised	(366,666)	0.17
Cancelled	(450,001)	0.51
Balance, September 30, 2022	6,120,000	0.36
Exercised	(820,000)	0.20
Expired	(500,000)	0.20
Balance, December 31, 2022	4,800,000	\$ 0.41

During the three months ended December 31, 2022, \$nil (2021 - \$nil) was expensed to share-based compensation.

The following table reflects the share purchase options issued and outstanding as of December 31, 2022:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
May 15, 2024	0.25	1.37	1,300,000	1,300,000
September 9, 2024	0.25	1.69	100,000	100,000
July 27, 2025	0.45	2.57	3,150,000	3,150,000
June 4, 2023 (i)	0.72	0.42	250,000	250,000
	0.41	2.12	4,800,000	4,800,000

(i) On April 8, 2022, the Company re-priced 500,000 non-executive employee stock options, originally exercisable at \$1.24 per share, to \$0.72 per share.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity (continued)

(e) Share purchase warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2022 and 2021:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2021	41,088,870	\$ 0.58
Exercised	(120,000)	0.30
Balance, December 31, 2021	40,968,870	0.58
Exercised	(13,349,203)	0.30
Expired	(4,786,334)	0.30
Balance, September 30, 2022	22,833,333	0.81
Expired	(7,500,000)	0.60
Balance, December 31, 2022	15,333,333	\$ 0.91

The following table reflects the share purchase warrants issued and outstanding as of December 31, 2022:

Expiry Date	Exercise price (\$)	Number of warrants outstanding
April 16, 2023	0.75	7,000,000
May 15, 2023	1.05	8,333,333
	0.91	15,333,333

7. Related party transactions

Related parties include the Company's officers, Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Management fees	\$ 30,360	\$ 19,560
Directors' fees	13,500	-
Geological consulting fees	11,640	22,440
Professional fees	17,078	7,170
	\$ 72,578	\$ 49,170

Labrador Gold Corp.

**Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

7. Related party transactions (continued)

During the three months ended December 31, 2022, the Company incurred management fees of \$30,360 (three months ended December 31, 2021 - \$19,560) and geological consulting fees of \$11,640 (three months ended December 31, 2021 - \$22,440) for services provided by a company controlled by the Company's CEO. As at December 31, 2022, \$nil (September 30, 2022 - \$3,161) was due to the CEO, and is included in accounts payable and accrued liabilities with respect to the fees. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Management fees were paid pursuant to a consulting agreement under which Moss Exploration Services Ltd. would receive a monthly fee of \$14,000 effective October 1, 2021. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

During three months ended December 31, 2022, the Company incurred directors' fees of \$13,500 (three months ended December 31, 2021 - \$nil) to its independent directors.

For the three months ended December 31, 2022, the Company incurred \$17,078, in professional fees (three months ended December 31, 2021 - \$7,170) to Marrelli Support Services Inc. ("Marrelli") for an employee of Marrelli to act as the CFO of the Company. As at December 31, 2022, \$10,648 (September 30, 2022 - \$2,618) was due to Marrelli, and is included in accounts payable and accrued liabilities with respect to the fees. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.