
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2023
(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, 2023	As at September 30, 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 7,605,072	\$ 10,081,678
Amounts receivable	386,984	482,315
Prepaid expenses and deposits	86,062	77,831
Total current assets	8,078,118	10,641,824
Non-current assets		
Equipment	16,923	19,630
Unproven mineral right interests (note 4)	41,978,697	39,793,089
Total assets	\$ 50,073,738	\$ 50,454,543
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 679,040	\$ 999,317
	679,040	999,317
Non-current		
Deferred income tax liability	817,809	817,809
Total liabilities	1,496,849	1,817,126
Shareholders' equity		
Share capital (note 5)	61,472,277	61,472,277
Share-based payments reserve (note 5)	4,628,785	4,597,023
Deficit	(17,524,173)	(17,431,883)
Total shareholders' equity	48,576,889	48,637,417
Total liabilities and shareholders' equity	\$ 50,073,738	\$ 50,454,543

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, 2023	Three Months Ended December 31, 2022
Operating expenses		
Consulting and management fees (note 6)	\$ 45,000	\$ 43,860
Corporate development	54,640	84,984
Office and miscellaneous	15,175	15,533
Professional fees (note 6)	22,806	36,346
Regulatory and transfer fees	11,849	24,731
Share-based compensation (note 5)	31,762	-
Shareholder communications	6,042	19,133
Amortization expense	2,707	3,983
Loss before other items	(189,981)	(228,570)
Other items		
Other income	97,691	59,266
Net loss and comprehensive loss for the period	\$ (92,290)	\$ (169,304)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	170,009,979	169,352,588

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, 2023	Three Months Ended December 31, 2022
Operating activities		
Net loss for the period	\$ (92,290)	\$ (169,304)
Adjustments for:		
Share-based compensation	31,762	-
Amortization	2,707	3,983
Changes in non-cash working capital items:		
Amounts receivable	95,331	71,115
Prepaid expenses	(8,231)	(55,630)
Accounts payable and accrued liabilities	26,508	14,069
Net cash used in operating activities	55,787	(135,767)
Investing activities		
Unproven mineral right interest - acquisition	-	(1,160)
Unproven mineral right interest - exploration	(2,532,393)	(3,351,991)
Net cash used in investing activities	(2,532,393)	(3,353,151)
Financing activities		
Exercise of options	-	164,000
Net cash provided by financing activities	-	164,000
Net change in cash and cash equivalents	(2,476,606)	(3,324,918)
Cash and cash equivalents, beginning of period	10,081,678	21,354,986
Cash and cash equivalents, end of period	\$ 7,605,072	\$ 18,030,068
Supplemental Information		
Unproven mineral right interest - exploration included in accounts payable and accrued liabilities	\$ 487,778	\$ 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, 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 loss 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
Balance, September 30, 2023	170,009,979	\$ 61,472,277	\$ 4,597,023	\$ (17,431,883)	\$ 48,637,417
Share-based compensation	-	-	31,762	-	31,762
Net loss for the period	-	-	-	(92,290)	(92,290)
Balance, December 31, 2023	170,009,979	\$ 61,472,277	\$ 4,628,785	\$ (17,524,173)	\$ 48,576,889

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, 2023 (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 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, 2023, 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, 2023, 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, 2023.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on February 26, 2024.

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, 2023
(Expressed in Canadian Dollars)
(Unaudited)

4. Unproven mineral right interests

	Hopedale Property	Borden Lake Property	Kingsway Property	Scotch Property	Total
Balance, September 30, 2022	\$ 4,408,482	\$ 825,135	\$ 22,987,505	\$ 593,347	\$ 28,814,469
Acquisition	125,000	-	750,000	6,540	881,540
Deferred exploration	524,877	-	9,589,183	89,020	10,203,080
Recoveries	-	-	(45,450)	(44,550)	(90,000)
Impairment	-	(16,000)	-	-	(16,000)
Balance, September 30, 2023	5,058,359	809,135	33,281,238	644,357	39,793,089
Deferred exploration	301,165	-	1,870,710	13,733	2,185,608
Balance, December 31, 2023	\$ 5,359,524	\$ 809,135	\$ 35,151,948	\$ 658,090	\$ 41,978,697

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.

Hopedale Property

On September 5, 2017, the Company entered into a letter of intent, subsequently amended in a December 7, 2020 option agreement, that granted the Company the option to earn a 100% interest in the Ashuanipi, Nain and Hopedale properties, located in Labrador.

During the year ended September 30, 2018, the Company dropped its option on the Nain property.

During the year ended September 30, 2021, the Company dropped its option on the Ashuanipi property.

During the year ended September 30, 2023, the Company exercised the option and earned a 100% interest in the Hopedale property.

The Company has made cash payments totalling \$975,000 and issued a total of 2,875,000 common shares.

The vendors of the Hopedale property 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.

Borden Lake Property

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

During the year ended September 30, 2023, the Company allowed to lapse certain claims making up this property. In connection with the lapse of those claims, the Company wrote off \$16,000, 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.

Labrador Gold Corp.

**Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2023
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(Unaudited)**

4. Unproven mineral right interests (continued)

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:

- Making cash payments totalling \$1,250,000 and issuing a total of 2,000,000 common shares (completed);
- Incurring \$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 (completed);
 - 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.

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 making cash payments totaling \$459,000, issuing a total of 390,000 common shares, and incurring a total of \$2 million in property work expenditures.

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 21 claims.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three Months Ended December 31, 2023 (Expressed in Canadian Dollars) (Unaudited)

5. Equity

(a) Authorized

An unlimited number of common shares without par value

(b) Issued and outstanding

	Number of common shares	Amount
Balance, September 30, 2022	169,189,979	\$ 61,149,278
Options exercised	820,000	322,999
Balance, December 31, 2022, September 30, 2023 and December 31, 2023	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. The fair value of \$158,999 attributable to these options was transferred from share-based payments reserve to share capital upon exercise.

(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.

(d) Share purchase options

The following table reflects the continuity of stock options for the periods ended December 31, 2023 and 2022:

	Number of stock options	Weighted average exercise price
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	0.36
Granted (i)	3,100,000	0.23
Expired	(250,000)	0.72
Balance, September 30, 2023	7,650,000	0.32
Cancelled	(325,000)	0.23
Balance, December 31, 2023	7,325,000	\$ 0.33

During the three months ended December 31, 2023, \$31,762 (2022 - \$nil) was expensed to share-based compensation.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2023
(Expressed in Canadian Dollars)
(Unaudited)

5. Equity (continued)

(d) Share purchase options (continued)

- (i) On April 3, 2023, the Company granted officers, directors, consultants and employees an aggregate of 3,100,000 stock options exercisable until April 3, 2028 at \$0.23 per share. A fair value of \$552,420 was determined using the Black-Scholes valuation model using the following weighted average assumptions: share price - \$0.23; dividend yield - 0%; expected volatility - 104%; risk-free rate - 2.94%; and an expected life - 5 years. The options vest 20% on August 3, 2023, 20% on October 3, 2023, 20% on April 3, 2024, 20% on October 3, 2024 and 20% on April 3, 2025.

The following table reflects the share purchase options issued and outstanding as of December 31, 2023:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
May 15, 2024	0.25	0.37	1,300,000	1,300,000
September 9, 2024	0.25	0.69	100,000	100,000
July 27, 2025	0.45	1.57	3,150,000	3,150,000
April 3, 2028	0.23	4.26	2,775,000	1,240,000
	0.33	2.37	7,325,000	5,790,000

(e) Share purchase warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2023 and 2022:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2022	22,833,333	\$ 0.81
Expired	(7,500,000)	0.60
Balance, December 31, 2022	15,333,333	0.91
Expired	(15,333,333)	0.91
Balance, September 30, 2023 and December 31, 2023	-	\$ -

As at December 31, 2023, there were no share purchase warrants issued and outstanding.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three Months Ended December 31, 2023 (Expressed in Canadian Dollars) (Unaudited)

6. Related party transactions

Key management personnel include the members of the Board of Directors, the Chief Executive Officer ("CEO"), and the Chief Financial Officer ("CFO") of the Company. Compensation of key management personnel was as follows for the periods ended December 31, 2023 and 2022.

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Management fees (i)	\$ 31,500	\$ 30,360
Geological consulting fees (i)	13,500	11,640
Directors' fees (ii)	13,500	13,500
Professional fees (iii)	10,574	17,078
Share-based payments	32,001	-
	\$ 101,075	\$ 72,578

- (i) During the three months ended December 31, 2023, the Company incurred management fees of \$31,500 (2022 - \$30,360) and geological consulting fees of \$13,500 (2022 - \$11,640) for services provided by a company controlled by the Company's CEO. As at December 31, 2023, \$20,921 (September 30, 2023 - \$21,724) was due to the CEO, and is included in accounts payable and accrued liabilities with respect to the fees and other expense reimbursements. 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 \$15,000 effective October 1, 2022. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

- (ii) During three months ended December 31, 2023, the Company incurred directors' fees of \$13,500 (2022 - \$13,500) to its independent directors.
- (iii) For the three months ended December 31, 2023, the Company incurred \$10,574, in professional fees (2022 - \$17,078) to Marrelli Support Services Inc. ("Marrelli") for an employee of Marrelli to act as the CFO of the Company. As at December 31, 2023, \$2,601 (September 30, 2023 - \$2,635) 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.