
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2019
(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, 2019	As at September 30, 2019
ASSETS		
Current		
Cash	\$ 142,608	\$ 403,466
Amounts receivable	63,996	53,772
Prepaid expenses	11,686	11,686
Total current assets	218,290	468,924
Unproven mineral right interests (note 9)	6,419,326	6,351,691
Total assets	\$ 6,637,616	\$ 6,820,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 52,874	\$ 198,276
Total liabilities	52,874	198,276
Shareholders' equity		
Share capital (note 5)	16,179,251	16,179,249
Share-based payments reserve (note 5)	1,100,639	1,101,865
Deficit	(10,695,148)	(10,658,775)
Total shareholders' equity	6,584,742	6,622,339
Total liabilities and shareholders' equity	\$ 6,637,616	\$ 6,820,615

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

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"James Borland", Director _____

"Trevor Boyd", Director _____

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

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Operating expenses		
Consulting and management fees (note 8)	\$ 22,830	\$ 36,000
Office and miscellaneous	5,577	12,276
Professional fees	2,133	1,527
Regulatory and transfer fees	3,278	4,308
Shareholder communications	3,907	17,384
Loss before other items	(37,725)	(71,495)
Other items		
Other income	127	-
Gain or forgiveness of debt	-	1,329
Net loss and comprehensive loss for the period	\$ (37,598)	\$ (70,166)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	57,039,022	51,752,021

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, 2019	Three Months Ended December 31, 2018
Operating activities		
Net loss for the period	\$ (37,598)	\$ (70,166)
Adjustments for:		
Gain on forgiveness of debt	-	(1,329)
Changes in non-cash working capital items:		
Amounts receivable	(10,224)	206,328
Prepaid expenses	-	(1,117)
Accounts payable and accrued liabilities	(145,401)	(17,870)
Net cash (used in) operating activities	(193,223)	115,846
Investing activities		
Unproven mineral right interest - exploration	(67,635)	(511,890)
Net cash used in investing activities	(67,635)	(511,890)
Financing activities		
Issue of common shares for cash	-	140,400
Net cash provided by financing activities	-	140,400
Net change in cash	(260,858)	(255,644)
Cash, beginning of period	403,466	982,715
Cash, end of period	\$ 142,608	\$ 727,071

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 payments reserve	Deficit	Total
	Number	Amount			
Balance, September 30, 2018	51,592,552	\$ 15,438,380	\$ 748,510	\$ (10,089,178)	\$ 6,097,712
Exercise of warrants	1,080,000	140,400	-	-	140,400
Expenses settled with shares	66,470	9,971	-	-	9,971
Net loss for the period	-	-	-	(70,166)	(70,166)
Balance, December 31, 2018	52,739,022	\$ 15,588,751	\$ 748,510	\$ (10,159,344)	\$ 6,177,917
Balance, September 30, 2019	57,039,022	16,179,251	1,101,864	(10,658,775)	6,622,340
Expiry of warrants	-	-	(1,225)	1,225	-
Net loss for the period	-	-	-	(37,598)	(37,598)
Balance, December 31, 2019	57,039,022	\$ 16,179,251	\$ 1,100,639	\$ (10,695,148)	\$ 6,584,742

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, 2019
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of business and going concern

Labrador Gold Corp. (formerly Nikos Explorations Ltd.) ("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. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "LAB". Its principal office is located at Suite 1260-355 Burrard Street, Vancouver, B.C. V6C 2G8, Canada.

The Company is focused in conducting gold exploration in the province of Labrador, Canada, and also has mineral right interests in Ontario, Canada. At the date of these financial statements, the Company has not yet determined whether any of its mineral interests contain economically 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 has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At December 31, 2019, 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.

These financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

2. Basis of Preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with 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, 2019.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on February 28, 2020.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three Months Ended December 31, 2019 (Expressed in Canadian Dollars) (Unaudited)

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.

4. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended September 30, 2019.

5. Share capital

(a) Authorized

An unlimited number of common shares without par value

(b) Issued and outstanding

	Number of common shares	Amount
Balance, September 30, 2018	51,592,552	\$ 15,438,380
Exercise of warrants	1,080,000	140,400
Expenses settled with shares (i)	66,470	9,971
Balance, December 31, 2018	52,739,022	\$ 15,588,751
Balance, September 30, 2019 and December 31, 2019	57,039,022	\$ 16,179,251

(i) The Company entered into a shares-for-debt settlement with an arms' length party, in respect of online marketing services provided to the Company. Under the agreement, the Company issued an aggregate of 66,470 common shares valued at \$9,971 to settle debt of \$11,300 and recognized a gain on settlement of \$1,330.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2019
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6. Stock options

The following table reflects the continuity of stock options for the periods ended December 31, 2019 and 2018:

	Number of stock options	Weighted average exercise price(\$)
Balance, September 30, 2018 and December 31, 2018	2,780,000	\$ 0.15
Balance, September 30, 2019 and December 31, 2019	4,480,000	\$ 0.19

The following table reflects the actual stock options issued and outstanding as of December 31, 2019:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
February 9, 2021	0.06	1.11	360,000	360,000
March 6, 2022	0.10	2.18	800,000	800,000
December 13, 2022	0.20	2.95	1,620,000	1,620,000
May 15, 2024	0.25	4.38	1,600,000	1,600,000
September 9, 2024	0.25	4.70	100,000	50,000
	0.19	3.29	4,480,000	4,430,000

7. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2019 and 2018:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2018	20,971,484	\$ 0.27
Exercised	(1,080,000)	0.13
Forfeited	(500,000)	0.13
Balance, December 31, 2018	19,391,484	\$ 0.23
Balance, September 30, 2019 and December 31, 2019	15,616,484	\$ 0.32

On November 6, 2019, the Company extended the expiry date of 8,785,000 warrants exercisable at \$0.30 and 285,600 finders' warrants exercisable at \$0.30 to November 22, 2020.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2019
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8. Related party transactions

Related parties include the 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, 2019	Three Months Ended December 31, 2018
Management and consulting fees	\$ 22,830	\$ 36,000
Geological consulting fees	\$ 4,801	\$ -

During the three months ended December 31, 2019, the Company incurred management and consulting fees of \$3,000 (three months ended December 31, 2018 - \$12,000) for accounting services provided by a company controlled by the Company's former CFO.

During the three months ended December 31, 2019, the Company incurred management and consulting fees of \$19,830 (three months ended December 31, 2018 - \$24,000) and geological consulting fees of \$4,801 (three months ended December 31, 2018 - \$nil) for services provided by a company controlled by the Company's CEO.

Management fees to the Company's CEO are paid pursuant to a 2018 consulting agreement under which Moss Exploration Services received a monthly fee of \$8,000, increased to \$9,000 as of April 1, 2019. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

Amounts due to related parties are unsecured, non-interest bearing and due on demand.

9. Unproven mineral right interests

	December 31, 2019	September 30, 2019
Labrador Properties		
Acquisition	\$ 1,174,952	\$ 1,174,952
Deferred exploration	4,319,743	4,260,378
	5,494,695	5,435,330
Borden Lake Property		
Acquisition	314,185	314,185
Deferred exploration	610,446	602,176
	924,631	916,361
	\$ 6,419,326	\$ 6,351,691

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 Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three Months Ended December 31, 2019
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(Unaudited)

9. Unproven mineral right interests (continued)

Labrador Properties

On September 5, 2017, the Company entered into a Letter of Intent (“LOI”) that grants the Company the option to earn a 100% interest in the Ashuanipi, Nain and Hopedale properties, located in Labrador (the “Labrador Properties”). The terms of the LOI are 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 \$150,000 and issuance of 350,000 shares in respect of each property (completed with the payment of \$75,000 and issuance of 175,000 shares on the Ashuanipi property and payment of \$150,000 and issuance of 350,000 shares on the Hopedale property);
- On or before September 5, 2020: payment of \$175,000 and issuance of 400,000 shares in respect of each property; and
- On or before September 5, 2021: payment of \$250,000 and issuance of 500,000 shares in respect of each 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 2023.

In January 2018, additional claims contiguous to the Ashuanipi property were staked and are being earned by the Company under the terms of the LOI.

In May 2018, additional claims at the Hopedale property were staked and are being earned by the Company under the terms of the LOI.

Borden Lake Property

The Company has a 100% undivided interest in the Borden Lake Property (the “Borden Lake Property”) located near Chapleau Ontario. The 1,598-hectare property lies immediately east of, and adjacent to, Newmont-Goldcorp’s Borden Lake gold project. 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.

The Company also entered into an option agreement to earn a 100% interest in six claims located to the south of the Property (the “Additional Claims”). The terms of the option were completed in the year ended September 30, 2017.