
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
JUNE 30, 2020
(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 June 30, 2020	As at September 30, 2019
ASSETS		
Current		
Cash	\$ 5,114,941	\$ 403,466
Amounts receivable	10,768	53,772
Prepaid expenses	36,212	11,686
Total current assets	5,161,921	468,924
Unproven mineral right interests (note 9)	6,402,986	6,351,691
Total assets	\$ 11,564,907	\$ 6,820,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 77,813	\$ 198,276
Total liabilities	77,813	198,276
Shareholders' equity		
Share capital (note 5)	21,062,801	16,179,249
Share-based payments reserve (note 5)	1,100,639	1,101,865
Deficit	(10,676,346)	(10,658,775)
Total shareholders' equity	11,487,094	6,622,339
Total liabilities and shareholders' equity	\$ 11,564,907	\$ 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)

Subsequent events (note 10)

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 June 30, 2020	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Operating expenses				
Consulting and management fees (note 8)	\$ 35,400	\$ 30,000	\$ 83,830	\$ 93,000
Office and miscellaneous	4,286	12,009	18,328	29,643
Professional fees	82,257	615	87,036	18,642
Regulatory and transfer fees	5,837	1,656	18,108	18,544
Share-based compensation	-	262,053	-	262,053
Shareholder communications	8,901	9,999	16,879	35,447
Loss before other items	(136,681)	(316,332)	(224,181)	(457,329)
Other items				
Gain or forgiveness of debt	-	-	-	1,329
Other income	291	2,839	545	2,839
Net loss and comprehensive loss for the period	\$ (136,390)	\$ (313,493)	\$ (223,636)	\$ (453,161)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	85,610,451	56,514,022	85,610,451	54,599,630

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)**

	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Operating activities		
Net loss for the period	\$ (223,636)	\$ (453,161)
Adjustments for:		
Share-based payments	-	262,053
Gain on forgiveness of debt	-	(1,329)
Changes in non-cash working capital items:		
Amounts receivable	43,004	269,263
Prepaid expenses	(24,526)	(396)
Accounts payable and accrued liabilities	(120,462)	(52,868)
Net cash (used in) operating activities	(325,620)	23,562
Investing activities		
Unproven mineral right interest - exploration	(51,295)	(750,156)
Net cash used in investing activities	(51,295)	(750,156)
Financing activities		
Issue of common shares for cash	5,300,000	631,150
Share issue costs	(211,610)	-
Net cash provided by financing activities	5,088,390	631,150
Net change in cash	4,711,475	(95,444)
Cash, beginning of period	403,466	982,715
Cash, end of period	\$ 5,114,941	\$ 887,271

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, 2018	51,592,552	\$ 15,438,380	\$ 748,510	\$ (10,089,178)	\$ 6,097,712
Exercise of warrants	4,855,000	631,150	-	-	631,150
Expenses settled with shares	66,470	9,971	-	-	9,971
Share-based compensation	-	-	262,053	-	262,053
Net loss for the period	-	-	-	(453,161)	(453,161)
Balance, June 30, 2019	56,514,022	\$ 16,079,501	\$ 748,510	\$ (10,542,339)	\$ 6,547,725
Balance, September 30, 2019	57,039,022	16,179,251	1,101,864	(10,658,775)	6,622,340
Issuance of common shares in private placements	28,571,429	5,220,000	-	80,000	5,300,000
Share issue costs	-	(336,450)	-	124,840	(211,610)
Expiry of warrants	-	-	(1,225)	1,225	-
Net loss for the period	-	-	-	(223,636)	(223,636)
Balance, June 30, 2020	85,610,451	\$ 21,062,801	\$ 1,100,639	\$ (10,676,346)	\$ 11,487,094

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 and Nine Months Ended June 30, 2020
(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 June 30, 2020, 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.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

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

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**Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)**

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 August 26, 2020.

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.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2020 (Expressed in Canadian Dollars) (Unaudited)

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	4,855,000	631,150
Expenses settled with shares (i)	66,470	9,971
Balance, June 30, 2019	56,514,022	16,079,501
Acquisition of unproven mineral right interests (note 9)	525,000	99,750
Balance, September 30, 2019	57,039,022	16,179,251
Private placements (ii)(iii)	28,571,429	5,300,000
Fair value of warrants	-	(80,000)
Cost of issue (iii)	-	(336,450)
Balance, June 30, 2020	85,610,451	\$ 21,062,801

(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.

(ii) On June 18, 2020, the Company closed a non-brokered private placement with the sale of 4,000,000 flow-through units ("FT Units") of the company at a price of \$0.25 per FT Unit for gross proceeds of \$1,000,000. Each FT Unit comprises one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.30 until June 18, 2022. The 4,000,000 warrants were valued at \$80,000.

(iii) On June 25, 2020, the Company closed a non-brokered private placement with the sale of 24,571,429 units at a price of \$0.175 per unit for proceeds of \$4,300,000. Each unit comprises one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.30 until June 25, 2022. The Company paid \$211,610 in cash finders' fees and issued 1,179,043 broker warrants. Each broker warrant is exercisable at \$0.175 until June 25, 2022 to acquire one common share.

The 1,179,043 broker warrants were valued at \$124,840 using the Black-Scholes option pricing model using the following assumptions: weighted average share price - \$0.175; weighted average exercise price - \$0.175; dividend yield - 0%; risk-free interest rate - 0.30%; expected volatility - 120%; and expected life - 2 years.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)
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6. Stock options

The following table reflects the continuity of stock options for the periods ended June 30, 2020 and 2019:

	Number of stock options	Weighted average exercise price(\$)
Balance, September 30, 2018	2,780,000	\$ 0.15
Granted	1,600,000	0.25
Balance, June 30, 2019	4,380,000	0.19
Granted	100,000	0.25
Balance, September 30, 2019 and June 30, 2020	4,480,000	\$ 0.19

The following table reflects the actual stock options issued and outstanding as of June 30, 2020:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
February 9, 2021	0.06	0.61	360,000	360,000
March 6, 2022	0.10	1.68	800,000	800,000
December 13, 2022	0.20	2.45	1,620,000	1,620,000
May 15, 2024	0.25	3.88	1,600,000	1,600,000
September 9, 2024	0.25	4.20	100,000	50,000
	0.19	2.72	4,480,000	4,430,000

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Notes to Condensed Interim Financial Statements
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7. Warrants

The following table reflects the continuity of warrants for the periods ended June 30, 2020 and 2019:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2018	20,971,484	\$ 0.27
Exercised	(4,855,000)	0.13
Expired	(500,000)	0.13
Balance, June 30, 2019 and September 30, 2019	15,616,484	\$ 0.32
Issued	29,750,472	0.26
Balance, June 30, 2020	45,366,956	\$ 0.30

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.

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 June 30, 2020	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Management and consulting fees	\$ 36,000	\$ 30,000	\$ 83,830	\$ 93,000
Geological consulting fees	\$ -	\$ -	\$ 4,801	\$ -
Share-based payments	\$ -	\$ 65,520	\$ -	\$ 65,520

During the three and nine months ended June 30, 2020, the Company incurred management and consulting fees of \$nil and \$4,000, respectively (three and nine months ended June 30, 2019 - \$3,000 and \$18,000, respectively) for accounting services provided by a company controlled by the Company's former CFO.

During the three and nine months ended June 30, 2020, the Company incurred management and consulting fees of \$36,000 and \$79,830, respectively (three and nine months ended June 30, 2019 - \$27,000 and \$75,000, respectively) and geological consulting fees of \$nil and \$4,801, respectively (three and nine months ended June 30, 2019 - \$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.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2020
(Expressed in Canadian Dollars)
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9. Unproven mineral right interests

	June 30, 2020	September 30, 2019
Labrador Properties		
Acquisition	\$ 1,174,952	\$ 1,174,952
Deferred exploration	4,301,640	4,260,378
	5,476,592	5,435,330
Borden Lake Property		
Acquisition	314,185	314,185
Deferred exploration	612,209	602,176
	926,394	916,361
	\$ 6,402,986	\$ 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 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.

Labrador Gold Corp.

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(Expressed in Canadian Dollars)
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9. Unproven mineral right interests (continued)

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.

Kingsway Property

On March 3, 2020, the Company acquired an option to earn a 100% interest in the Gander Property, subsequently renamed the Kingsway Property, ("Kingsway") near Gander, Newfoundland. The terms of the option are as follows:

- On TSX -V approval payment of \$250,000.00 and issuance of 400,000 common shares (paid subsequent to June 30, 2020)
- On or before March 3, 2021, payment of \$150,000 cash and issuance of 250,000 common shares
- On or before March 3, 2022, payment of \$150,000 cash and issuance of 300,000 common shares
- On or before March 3, 2023, payment of \$200,000 cash and issuance of 350,000 common shares
- On or before March 3, 2024, payment of \$250,000 cash and issuance of 400,000 common shares
- On or before March 3, 2025, payment of \$250,000 cash and issuance of 300,000 common shares

Additional payments based on exploration expenditures will be made as follows:

- \$750,000 on \$10 million expenditure on one of the licenses
- \$750,000 on \$20 million expenditure on one of the licenses
- \$750,000 on \$30 million expenditure on one of the licenses

The Company agrees to spend \$750,000 on each of the two licenses over the first four years.

The Company will also grant a 1% NSR to the Vendor plus \$1 per ounce of gold in a measured and indicated resource. An advance royalty of \$50,000 per annum for each property will be payable starting in 2026.

The option is subject to TSX-V approval.

Labrador Gold Corp.

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(Expressed in Canadian Dollars)
(Unaudited)

10. Subsequent events

On July 6, 2020, the Company announced that it has entered into an option agreement to acquire 100% of License 023940M which is strategically positioned between the Kingsway North and South claim blocks.

The Company can earn an initial 75% undivided interest as follows:

- Cash payment of \$18,000 and issuing 30,000 common shares, within 5 business days of TSX-V acceptance of the option agreement (paid subsequent to June 30, 2020);
- Cash payment of \$36,000, issuing 90,000 common shares and undertaking \$100,000 work expenditure on or before the first anniversary of the option agreement;
- Cash payment of \$75,000, issuing 120,000 common shares and undertaking \$250,000 work expenditure on or before the second anniversary of the option agreement; and
- Cash payment of \$90,000, issuing 150,000 common shares and undertaking \$650,000 work expenditure on or before the third anniversary of the option agreement.

If the Company has exercised the 75% option and satisfied all payment requirements, the Company has the option to acquire the remaining 25% interest by making a cash payment of \$240,000 and undertaking \$1,000,000 work expenditure on or before the fourth anniversary of the option agreement.

If the Company exercised the 75% option but does not exercise the 25% option, the parties will be associated in an unincorporated joint venture.

On July 27, 2020, the Company granted 3,150,000 stock options to directors, officers and consultants of the Company. The stock options are exercisable at \$0.45 per share for a period of five years.

On July 30, 2020, the Company announced that its common shares have been accepted for trading on the OTCQB, a U.S. stock market that is based in New York City and operated by OTC Markets Group. The shares will trade on the OTCQB under the ticker symbol NKOSF and commenced trading on July 30, 2020.

Subsequent to June 30, 2020, the Company raised \$2,264,243 from the exercise of share purchase warrants with exercise prices of \$0.35 and \$0.40.