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**LABRADOR GOLD CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED**  
**JUNE 30, 2021**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**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.

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**Labrador Gold Corp.**

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

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	As at June 30, 2021	As at September 30, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 36,179,323	\$ 6,298,629
Amounts receivable	294,652	73,078
Prepaid expenses	58,191	85,261
<b>Total current assets</b>	<b>36,532,166</b>	<b>6,456,968</b>
<b>Non-current assets</b>		
Equipment	5,049	-
Unproven mineral right interests (note 7)	11,299,339	7,353,276
<b>Total assets</b>	<b>\$ 47,836,554</b>	<b>\$ 13,810,244</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 6)	\$ 539,574	\$ 195,872
Deferred flow-through premium liability (note 5)	1,341,957	44,941
<b>Total liabilities</b>	<b>1,881,531</b>	<b>240,813</b>
<b>Shareholders' equity</b>		
Share capital (note 5)	55,147,426	23,561,123
Share-based payments reserve (note 5)	4,904,601	2,715,991
Deficit	(14,097,004)	(12,707,683)
<b>Total shareholders' equity</b>	<b>45,955,023</b>	<b>13,569,431</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 47,836,554</b>	<b>\$ 13,810,244</b>

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

Nature of operations and going concern (note 1)  
Subsequent event (note 8)

**Approved on behalf of the Board:**

"James Borland", Director

"Trevor Boyd", Director

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

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	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
<b>Operating expenses</b>				
Consulting and management fees (note 6)	\$ 9,840	\$ 35,400	\$ 54,060	\$ 83,830
Corporate development	114,325	-	188,925	-
Office and miscellaneous	27,496	4,286	56,338	18,328
Professional fees (note 6)	77,687	82,257	187,210	87,036
Regulatory and transfer fees	17,616	5,837	52,132	18,108
Share-based compensation (note 5)	567,600	-	913,610	-
Shareholder communications	11,216	8,901	40,635	16,879
Amortization expense	403	-	805	-
<b>Loss before other items</b>	<b>(826,183)</b>	<b>(136,681)</b>	<b>(1,493,715)</b>	<b>(224,181)</b>
<b>Other items</b>				
Flow-through premium (note 5)	58,043	-	102,984	-
Other income	-	418	1,410	545
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (768,140)</b>	<b>\$ (136,263)</b>	<b>\$ (1,389,321)</b>	<b>\$ (223,636)</b>
<b>Basic and diluted net loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>135,299,963</b>	<b>85,610,451</b>	<b>116,643,944</b>	<b>85,610,451</b>

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

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

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	<b>Nine Months Ended June 30, 2021</b>	<b>Nine Months Ended June 30, 2020</b>
<b>Operating activities</b>		
Net loss for the period	\$ (1,389,321)	\$ (223,636)
Adjustments for:		
Share-based compensation	913,610	-
Flow-through premium	(102,984)	-
Amortization	805	-
Changes in non-cash working capital items:		
Amounts receivable	(221,574)	43,004
Prepaid expenses	27,070	(24,526)
Accounts payable and accrued liabilities	343,701	(120,462)
<b>Net cash used in operating activities</b>	<b>(428,693)</b>	<b>(325,620)</b>
<b>Investing activities</b>		
Unproven mineral right interest - acquisition	(267,570)	-
Unproven mineral right interest - exploration	(3,256,243)	(51,295)
Purchase of equipment	(5,853)	-
<b>Net cash used in investing activities</b>	<b>(3,529,666)</b>	<b>(51,295)</b>
<b>Financing activities</b>		
Issue of common shares for cash	28,850,000	5,300,000
Share issue costs	(283,534)	(280,250)
Exercise of options	24,400	-
Exercise of warrants	5,248,187	-
<b>Net cash provided by financing activities</b>	<b>33,839,053</b>	<b>5,019,750</b>
<b>Net change in cash</b>	<b>29,880,694</b>	<b>4,642,835</b>
<b>Cash, beginning of period</b>	<b>6,298,629</b>	<b>403,466</b>
<b>Cash, end of period</b>	<b>\$ 36,179,323</b>	<b>\$ 5,046,301</b>

**Supplemental Information**

Acquisition of unproven mineral interests	\$ 422,250	\$ -
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**Labrador Gold Corp.****Condensed Interim Statements of Changes in Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share Capital		Share-based		
	Number	Amount	payments reserve	Deficit	Total
<b>Balance, September 30, 2019</b>	<b>57,039,022</b>	<b>\$ 16,179,249</b>	<b>\$ 1,101,864</b>	<b>\$ (10,658,775)</b>	<b>\$ 6,622,338</b>
Issuance of common shares in private placements	28,571,429	5,300,000	-	-	5,300,000
Flow-through premium	-	(80,000)	-	-	(80,000)
Share issue costs	-	(554,385)	274,135	-	(280,250)
Expiry of warrants	-	-	(1,225)	1,225	-
Net loss for the period	-	-	-	(223,636)	(223,636)
<b>Balance, June 30, 2020</b>	<b>85,610,451</b>	<b>\$ 20,844,864</b>	<b>\$ 1,374,774</b>	<b>\$ (10,881,186)</b>	<b>\$ 11,338,452</b>
<b>Balance, September 30, 2020</b>	<b>93,374,175</b>	<b>\$ 23,561,123</b>	<b>\$ 2,715,991</b>	<b>\$ (12,707,683)</b>	<b>\$ 13,569,431</b>
Issuance of common shares in private placements	38,166,667	28,850,000	-	-	28,850,000
Flow-through premium	-	(1,400,000)	-	-	(1,400,000)
Fair value of warrants	-	(1,275,000)	1,275,000	-	-
Share issue costs	-	(283,534)	-	-	(283,534)
Options exercised	340,000	24,400	-	-	24,400
Warrants exercised	17,113,571	5,112,072	-	-	5,112,072
Broker units exercised	777,793	136,115	-	-	136,115
Acquisition of unproven mineral right interests	1,050,000	422,250	-	-	422,250
Share-based compensation	-	-	913,610	-	913,610
Net loss for the period	-	-	-	(1,389,321)	(1,389,321)
<b>Balance, June 30, 2021</b>	<b>150,822,206</b>	<b>\$ 55,147,426</b>	<b>\$ 4,904,601</b>	<b>\$ (14,097,004)</b>	<b>\$ 45,955,023</b>

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

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# Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 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 in conducting gold exploration in the province of Newfoundland and 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 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 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, 2021, 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 June 30, 2021, the Company believes it has sufficient funds to finance its operations for the current fiscal year.

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 Company in future periods.

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# Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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## 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, 2020.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on August 24, 2021.

## 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, 2020.

## 5. Equity

### (a) Authorized

An unlimited number of common shares without par value

## Labrador Gold Corp.

### Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2021 (Expressed in Canadian Dollars) (Unaudited)

#### 5. Equity (continued)

##### (b) Issued and outstanding

	Number of common shares	Amount
Balance, September 30, 2019	57,039,022	\$ 16,179,249
Private placements (i)(ii)	28,571,429	5,300,000
Flow through premium liability (i)	-	(80,000)
Share issuance costs (i)(ii)	-	(554,385)
Balance, June 30, 2020	85,610,451	20,844,864
Options exercised	200,000	36,672
Warrants exercised	6,463,156	2,217,155
Broker units exercised	670,568	264,632
Acquisition of unproven mineral right interests (note 7)	430,000	197,800
Balance, September 30, 2020	93,374,175	23,561,123
Private placement (iii)(iv)(v)	38,166,667	28,850,000
Fair value of warrants (iii)	-	(1,275,000)
Flow through premium liability (iv)	-	(1,400,000)
Share issuance costs (iii)(iv)	-	(283,534)
Exercise of options	340,000	24,400
Warrants exercised	17,113,571	5,112,072
Broker units exercised	777,793	136,115
Acquisition of unproven mineral right interests (note 7)	1,050,000	422,250
Balance, June 30, 2021	150,822,206	\$ 55,147,426

(i) On June 18, 2020, the Company closed a non-brokered private placement with the sale of 4,000,000 flow-through units of the company at a price of \$0.25 per unit for gross proceeds of \$1,000,000. Each unit is comprised of 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 Company recognized the receipt of \$80,000 as a deferred flow-through premium liability.

(ii) 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 is comprised of 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 attached to the above private placements were valued at \$198,059 using the Black-Scholes option pricing model and the following assumptions: weighted average share price - \$0.28; weighted average exercise price - \$0.175; dividend yield - 0%; risk-free interest rate - 0.30%; expected volatility - 91%; and expected life - 2 years.

(iii) On October 29, 2020, the Company closed a non-brokered private placement with the sale of 7,500,000 flow-through units of the company at a price of \$0.54 per unit for gross proceeds of \$4,050,000. Each unit is comprised of 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 \$0.60 until October 29, 2022. In connection with the private placement, the Company incurred cash share issuance costs of \$202,110.



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## Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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### 5. Equity (continued)

#### (b) Issued and outstanding (continued)

(iv) On April 16, 2021, the Company closed a non-brokered private placement with the sale of 14,000,000 flow-through units of the company at a price of \$0.70 per unit for gross proceeds of \$9,800,000. Each unit is comprised of 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 \$0.75 until April 16, 2023. In connection with the private placement, the Company incurred cash share issuance costs of \$81,424. The Company recognized the receipt of \$1,400,000 as a deferred flow-through premium liability.

(v) On May 18, 2021, the Company closed a non-brokered private placement with the sale of 16,666,067 units of the company at a price of \$0.90 per unit for gross proceeds of \$15,000,000. Each unit is comprised of one common share of the Company and one half common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.05 until May 15, 2023.

#### (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 June 30, 2021 and 2020:

	Number of stock options	Weighted average exercise price
Balance, September 30, 2019 and June 30, 2020	4,480,000	\$ 0.19
Granted (i)	3,150,000	0.45
Forfeited	(920,000)	0.17
Exercised	(200,000)	0.10
Balance, September 30, 2020	6,510,000	0.32
Granted (ii)(iii)(iv)(v)	1,850,000	0.72
Exercised	(340,000)	0.07
Balance, June 30, 2021	8,020,000	\$ 0.42

(i) On July 27, 2020, the Company granted 3,150,000 share purchase options to directors, officers and consultants, exercisable at a price of \$0.45 per share until July 27, 2025. A fair value of \$1,441,545 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.54; dividend yield - 0%; expected volatility - 123%; risk-free interest rate - 0.35%; and an expected life - 5 years. The options vested immediately upon grant.

(ii) On October 8, 2020, the Company granted 450,000 share purchase options to consultants, exercisable at a price of \$0.45 per share until October 8, 2025. A fair value of \$187,336 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.46; dividend yield - 0%; expected volatility - 148%; risk-free interest rate - 0.37%; and an expected life - 5 years. The options vested immediately upon grant.

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## Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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### 5. Equity (continued)

#### (d) Share purchase options (continued)

(iii) On December 21, 2020, the Company granted 500,000 share purchase options to a consultant, exercisable at a price of \$0.45 per share until December 21, 2025. A fair value of \$158,674 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.36; dividend yield - 0%; expected volatility - 144%; risk-free interest rate - 0.44%; and an expected life - 5 years. The options vested immediately upon grant.

(iv) On March 24, 2021, the Company granted 300,000 share purchase options to a consultant, exercisable at a price of \$0.48 per share until March 24, 2026. A fair value of \$119,600 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.455; dividend yield - 0%; expected volatility - 138%; risk-free interest rate - 0.95%; and an expected life - 5 years. The options vested immediately upon grant.

(v) On June 4, 2021, the Company granted 600,000 share purchase options to a consultant, exercisable at a price of \$0.48 per share until June 4, 2023. A fair value of \$448,000 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$1.24; dividend yield - 0%; expected volatility - 119%; risk-free interest rate - 0.32%; and an expected life - 2 years. The options vested immediately upon grant.

During the three and nine months ended June 30, 2021, \$567,600 and \$913,610, respectively (three and nine months ended September 30, 2020 - \$nil) was expensed to share-based compensation.

The following table reflects the share purchase options issued and outstanding as of June 30, 2021:

<b>Expiry Date</b>	<b>Exercise price (\$)</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Vested and exercisable</b>
March 6, 2022	0.10	0.68	300,000	300,000
December 13, 2022	0.20	1.45	1,320,000	1,320,000
May 15, 2024	0.25	2.88	1,300,000	1,300,000
September 9, 2024	0.25	3.20	100,000	100,000
July 27, 2025	0.45	4.08	3,150,000	3,150,000
October 8, 2025	0.45	4.28	450,000	450,000
December 21, 2025	0.45	4.48	500,000	500,000
March 24, 2026	0.48	4.73	300,000	300,000
June 4, 2023	1.24	1.93	600,000	600,000
	0.42	3.21	8,020,000	8,020,000

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**Labrador Gold Corp.**

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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**5. Equity (continued)****(e) Share purchase warrants**

The following table reflects the continuity of warrants for the periods ended June 30, 2021 and 2020:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2019	15,616,484	\$ 0.32
Issued	29,750,472	0.26
Balance, June 30, 2020	45,366,956	0.30
Issued	339,284	0.30
Exercised	(6,463,156)	0.34
Expired	(1,577,612)	0.37
Balance, September 30, 2020	37,665,472	0.30
Issued	22,833,333	0.80
Exercised	(17,941,364)	0.30
Expired	(230,000)	(0.31)
Balance, June 30, 2021	42,327,441	\$ 0.57

The following table reflects the share purchase warrants issued and outstanding as of June 30, 2021:

Expiry Date	Exercise price (\$)	Number of warrants outstanding
June 19, 2022	0.30	4,000,000
June 26, 2022	0.30	15,092,858
June 26, 2022	0.18	401,250
October 29, 2022	0.60	7,500,000
April 16, 2023	0.75	7,000,000
May 15, 2023	1.05	8,333,333
	0.57	42,327,441

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## Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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### 6. 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 June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Management and consulting fees	\$ 9,840	\$ 36,000	\$ 54,060	\$ 83,830
Geological consulting fees	26,160	-	53,940	4,801
Professional fees	8,704	-	27,444	-
	<b>\$ 44,704</b>	<b>\$ 36,000</b>	<b>\$ 135,444</b>	<b>\$ 88,631</b>

During the three and nine months ended June 30, 2021, the Company incurred management and consulting fees of \$9,840 and \$54,060, respectively (three and nine months ended June 30, 2020 - \$36,000 and \$80,830, respectively) and geological consulting fees of \$26,160 and \$53,940, respectively (three and nine months ended June 30, 2020 - \$4,801) 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 and to \$12,000 as of September 1, 2020. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

For the three and nine months ended June 30, 2021, the Company paid or accrued \$8,704 and \$27,444, respectively, in professional fees (three and nine months ended June 30, 2020 - \$nil and \$nil, respectively) to Marrelli Support Services Inc. ("Marrelli") for Eric Myung, an employee of Marrelli, to act as the CFO of the Company. As at June 30, 2021, \$1,476 (September 30, 2020 - \$1,471) 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.

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## Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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### 7. Unproven mineral right interests

	June 30, 2021	September 30, 2020
<b>Labrador Properties</b>		
Acquisition	\$ 1,613,097	\$ 1,174,952
Deferred exploration	4,315,245	4,311,730
	<b>5,928,342</b>	<b>5,486,682</b>
<b>Borden Lake Property</b>		
Acquisition	314,185	314,185
Deferred exploration	615,950	612,209
	<b>930,135</b>	<b>926,394</b>
<b>Kingsway Property</b>		
Acquisition	702,050	465,800
Deferred exploration	3,721,242	474,400
	<b>4,423,292</b>	<b>940,200</b>
<b>Scotch Property</b>		
Acquisition	17,570	-
	<b>17,570</b>	-
	<b>\$ 11,299,339</b>	<b>\$ 7,353,276</b>

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"). To exercise the option, the terms of which were amended December 7, 2020, the Company must complete the following:

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## Labrador Gold Corp.

Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
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### 7. Unproven mineral right interests (continued)

#### Labrador Properties (continued)

- 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 (paid and issued);
- 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 with the payment of \$100,000 and issuance of 800,000 shares on the Ashuanipi and Hopedale properties);
- 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;
- On or before September 5, 2022: payment of \$150,000 each in respect of each of the Ashuanipi and Hopedale properties; and
- On or before September 5, 2023: payment of \$200,000 in respect of the Ashuanipi property and \$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.

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.

Subsequent to June 30, 2021, the Company terminated the option on the Ashuanipi Property and returned the property to the vendor. The Company had been unable to perform any work on the project since 2019 due to a request by the First Nations. The Company was not able to reach an agreement with the First Nations to carry out any work on the property and does not expect to return to work at Ashuanipi at any time in the near term. The Company maintains its interest in the Hopedale Property.

#### 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.

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# Labrador Gold Corp.

## Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2021 (Expressed in Canadian Dollars) (Unaudited)

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### 7. Unproven mineral right interests (continued)

#### 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. To exercise the option, the Company must complete the following:

- As consideration for the option: payment of \$250,000 and issuance of 400,000 common shares (paid and issued);
- On or before March 3, 2021: payment of \$150,000 cash and issuance of 250,000 common shares (paid and issued);
- 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;
- Incur \$750,000 in expenditures on each of two licenses (\$1.5 million total) over the first four years of the option; 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;
  - \$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 Company will also grant to the optionor a 1% NSR plus \$1 per ounce of gold in the measured and indicated resources for the property. An advance royalty of \$50,000 per annum for each property will be payable once the Company exercises the option.

On July 6, 2020, the Company 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 property interest by completing the following:

- Cash payment of \$18,000 (paid) and issuance of 30,000 common shares (issued), within 5 business days of TSXV acceptance of the option agreement;
- Cash payment of \$36,000 (paid subsequent to June 30, 2021), issuance of 90,000 common shares (issued subsequent to June 30, 2021) and incurring \$100,000 in property work expenditures on or before the first anniversary of the option agreement;
- 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; and
- 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.

If the Company exercises the initial 75% option and satisfies all payment requirements, the Company has the option to acquire the remaining 25% interest by making a 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.

If the Company only exercises the option to earn an initial 75% property interest but does not exercise the option to acquire the remaining 25% interests, the parties will form an unincorporated joint venture.

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## **Labrador Gold Corp.**

**Notes to Condensed Interim Financial Statements  
For the Three and Nine Months Ended June 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)**

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### **7. Unproven mineral right interests (continued)**

#### **Scotch Property**

The Company acquired a 100% undivided interest in the Scotch Property acquired by staking in March 2021. The Scotch Property is located approximately 71 kilometres southwest of Moncton, New Brunswick and consists of 6 claims.

### **8. Subsequent event**

Subsequent to June 30, 2021, the Company received proceeds of \$445,500 from the exercise of 690,000 warrants and 530,000 stock options.