
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
JUNE 30, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

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

Labrador Gold Corp.

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

	As at June 30, 2022	As at September 30, 2021
ASSETS		
Current		
Cash	\$ 26,364,548	\$ 33,245,743
Amounts receivable	413,276	456,079
Prepaid expenses	89,071	69,694
Total current assets	26,866,895	33,771,516
Non-current assets		
Equipment	32,037	6,221
Unproven mineral right interests (note 8)	24,612,878	12,617,438
Total assets	\$ 51,511,810	\$ 46,395,175
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 1,079,951	\$ 474,826
Deferred flow-through premium liability (notes 5 and 6)	-	1,144,254
Total liabilities	1,079,951	1,619,080
Shareholders' equity		
Share capital (note 6)	61,094,269	55,513,015
Share-based payments reserve (note 6)	4,444,108	4,713,305
Deficit	(15,106,518)	(15,450,225)
Total shareholders' equity	50,431,859	44,776,095
Total liabilities and shareholders' equity	\$ 51,511,810	\$ 46,395,175

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 June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Operating expenses				
Consulting and management fees (note 7)	\$ 82,110	\$ 9,840	\$ 183,375	\$ 54,060
Corporate development	107,889	114,325	196,226	188,925
Office and miscellaneous	22,932	27,496	54,470	56,338
Professional fees (note 7)	47,566	77,687	106,252	187,210
Regulatory and transfer fees	15,991	17,616	71,957	52,132
Share-based compensation (note 6)	-	567,600	-	913,610
Shareholder communications	10,698	11,216	28,361	40,635
Amortization expense	4,133	403	7,862	805
Loss before other items	(291,319)	(826,183)	(648,503)	(1,493,715)
Other items				
Flow-through premium (note 6)	315,916	58,043	1,144,254	102,984
Other income	9,265	1,410	17,956	1,410
Impairment of unproven mineral right interests (note 8)	-	-	(170,000)	-
Net income (loss) and comprehensive income (loss) for the period	\$ 33,862	\$ (766,730)	\$ 343,707	\$ (1,389,321)
Basic and diluted net income (loss) per share	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding	158,947,411	135,299,963	155,648,248	116,643,944

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, 2022	Nine Months Ended June 30, 2021
Operating activities		
Net income (loss) for the period	\$ 343,707	\$ (1,389,321)
Adjustments for:		
Share-based compensation	-	913,610
Flow-through premium	(1,144,254)	(102,984)
Amortization	7,862	805
Impairment of unproven mineral right interests	170,000	-
Changes in non-cash working capital items:		
Amounts receivable	42,803	(221,574)
Prepaid expenses	(19,377)	27,070
Accounts payable and accrued liabilities	114,607	343,701
Net cash used in operating activities	(484,652)	(428,693)
Investing activities		
Unproven mineral right interest - acquisition	(2,134,720)	(267,570)
Unproven mineral right interest - exploration	(8,442,202)	(3,256,243)
Purchase of equipment	(33,678)	(5,853)
Net cash used in investing activities	(10,610,600)	(3,529,666)
Financing activities		
Issue of common shares for cash	-	28,850,000
Share issue costs	-	(283,534)
Exercise of options	223,077	24,400
Exercise of warrants	3,990,980	5,248,187
Net cash provided by financing activities	4,214,057	33,839,053
Net change in cash	(6,881,195)	29,880,694
Cash, beginning of period	33,245,743	6,298,629
Cash, end of period	\$ 26,364,548	\$ 36,179,323

Supplemental Information

Acquisition of unproven mineral interests	\$ 1,098,000	\$ 422,250
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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, 2020	93,374,175	\$ 23,561,123	\$ 2,715,991	\$ (12,707,683)	\$ 13,569,431
Issuance of common shares in private placements	38,166,667	28,850,000	-	-	28,850,000
Flow-through premium	-	(2,675,000)	-	-	(2,675,000)
Share issue costs	-	(283,534)	-	-	(283,534)
Issuance of warrants	-	(1,333,333)	1,333,333	-	-
Options exercised	340,000	24,400	-	-	24,400
Warrants exercised	17,113,571	5,112,072	-	-	5,112,072
Broker units exercised	777,793	266,770	(130,656)	-	136,114
Acquisition of unproven mineral 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)
Balance, June 30, 2021	150,822,206	\$ 53,944,748	\$ 4,832,278	\$ (14,097,004)	\$ 44,680,022
Balance, September 30, 2021	153,311,033	\$ 55,513,015	\$ 4,713,305	\$ (15,450,225)	\$ 44,776,095
Options exercised	489,743	425,375	(202,298)	-	223,077
Warrants exercised	13,070,953	3,921,286	-	-	3,921,286
Broker units exercised	398,250	136,593	(66,899)	-	69,694
Acquisition of unproven mineral right interests	1,620,000	1,098,000	-	-	1,098,000
Net income for the period	-	-	-	343,707	343,707
Balance, June 30, 2022	168,889,979	\$ 61,094,269	\$ 4,444,108	\$ (15,106,518)	\$ 50,431,859

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, 2022
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of business and going concern

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

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

These financial statements have been prepared on a going concern basis, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company 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, 2022, the Company had no source of operating cash flow. Operations in recent years have been funded from the issuance of share capital and cash on hand.

Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's unproven mineral right interests could be subject to adjustments. At June 30, 2022, 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.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

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, 2021.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on August 15, 2022.

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, 2021.

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

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

During the year ended September 30, 2021, the Company issued an aggregate of 21,500,000 flow-through units for gross proceeds of \$13,850,000, and recognized total deferred flow-through premium liabilities of \$2,675,000. As at June 30, 2022, the Company has incurred the required qualifying flow-through expenditures.

During the three and nine months ended June 30, 2022, the Company recognized a flow-through recovery of \$315,916 and \$1,144,254, respectively (three and nine months ended June 30, 2021 - \$58,043 and \$102,984, respectively). As at June 30, 2022, the deferred flow-through premium liability was \$nil (September 30, 2021 - \$1,144,254).

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity

(a) Authorized

An unlimited number of common shares without par value

(b) Issued and outstanding

	Number of common shares	Amount
Balance, September 30, 2020	93,374,175	\$ 23,561,123
Private placements (i)(ii)(iii)	38,166,667	28,850,000
Flow through premium liability (i)(ii)	-	(2,675,000)
Share issuance costs (i)(ii)	-	(283,534)
Issuance of warrants (iii)	-	(1,333,333)
Options exercised (iv)	340,000	24,400
Warrants exercised (v)	17,113,571	5,112,072
Broker warrants exercised (v)	777,793	266,770
Acquisition of unproven mineral right interests (vi)	1,050,000	422,250
Balance, June 30, 2021	150,822,206	53,944,748
Options exercised	660,256	541,096
Warrants exercised	1,238,571	371,571
Acquisition of unproven mineral right interests (note 8)	590,000	655,600
Balance, September 30, 2021	153,311,033	55,513,015
Exercise of options (iv)	489,743	425,375
Warrants exercised (v)	13,070,953	3,921,286
Broker units exercised (vii)	398,250	136,593
Acquisition of unproven mineral right interests (vi)	1,620,000	1,098,000
Balance, June 30, 2022	168,889,979	\$ 61,094,269

(i) 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. The Company recognized the receipt of \$1,275,000 as a deferred flow-through premium liability.

(ii) 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 half 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.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

6. Equity (continued)

(b) Issued and outstanding (continued)

(iii) On May 18, 2021, the Company closed a non-brokered private placement with the sale of 16,666,667 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. The Company allocated the receipt of \$1,333,333 to the fair value of the warrants.

(iv) During the nine months ended June 30, 2022, the Company received proceeds of \$223,077 from the exercise of 489,743 share purchase options (2021 - proceeds of \$24,400 from the exercise of 340,000 share purchase options). The fair value of \$175,721 (2021 - \$nil) attributable to these options was transferred from the share-based payments reserve to share capital upon exercise.

(v) During the nine months ended June 30, 2022, the Company received proceeds of \$3,990,980 from the exercise of 13,070,953 warrants, including 398,250 brokers' warrants (2021 - proceeds of \$5,248,186 from the exercise of 17,891,364 warrants, including 777,793 brokers' warrants). The \$66,899 value of the 398,250 finder's warrants exercised was transferred from the share-based payments reserve to share capital upon exercise.

(vi) During the nine months ended June 30, 2021, the Company issued 1,620,000 shares, valued at \$1,098,000 for the acquisition of Kingsway Property (2021 - 1,050,000 shares, valued at \$422,250, for the acquisition of Labrador Property and Kingsway Properties). See note 8.

(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, 2022 and 2021:

	Number of stock options	Weighted average exercise price
Balance, September 30, 2020	6,510,000	\$ 0.20
Granted (i)(ii)(iii)(iv)	1,850,000	0.72
Exercised	(340,000)	0.07
Balance, June 30, 2021	8,020,000	0.35
Exercised	(660,256)	0.46
Balance, September 30, 2021	7,359,744	0.42
Forfeited	(100,000)	1.24
Exercised	(489,743)	0.46
Balance, June 30, 2022	6,770,001	\$ 0.36

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

6. Equity (continued)

(d) Share purchase options (continued)

(i) 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.

(ii) 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.

(iii) 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.

(iv) On June 4, 2021, the Company granted 600,000 share purchase options to employees and consultants, exercisable at a price of \$1.24 per share until June 4, 2023. A fair value of \$569,700 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$1.49; 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, 2022, \$nil and \$nil, respectively (2021 - \$567,600 and \$913,610, respectively) was expensed to share-based compensation.

The following table reflects the share purchase options issued and outstanding as of June 30, 2022:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
July 15, 2022 (v)	0.10	-	300,000	300,000
December 13, 2022	0.20	0.45	1,320,000	1,320,000
May 15, 2024	0.25	1.88	1,300,000	1,300,000
September 9, 2024	0.25	2.20	100,000	100,000
July 27, 2025	0.45	3.08	3,150,000	3,150,000
March 24, 2026	0.48	3.73	100,001	100,001
June 4, 2023 (vi)	0.72	0.93	500,000	500,000
	0.36	2.04	6,770,001	6,770,001

(v) The maturity date of the 300,000 stock options was extended from March 6, 2022 to July 15, 2022 pursuant to the Company's stock option plan. They were exercised subsequent to June 30, 2022.

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

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity (continued)**(e) Share purchase warrants**

The following table reflects the continuity of warrants for the periods ended June 30, 2022 and 2021:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2020	37,665,472	\$ 0.30
Issued	22,833,333	0.80
Exercised	(17,891,364)	0.30
Expired	(230,000)	0.31
Balance, June 30, 2021	42,377,441	0.30
Exercised	(1,238,571)	0.30
Expired	(50,000)	0.05
Balance, September 30, 2021	41,088,870	0.58
Exercised	(13,469,203)	0.30
Expired	(4,786,334)	0.30
Balance, June 30, 2022	22,833,333	\$ 0.81

The following table reflects the share purchase warrants issued and outstanding as of June 30, 2022:

Expiry Date	Exercise price (\$)	Number of warrants outstanding
October 29, 2022	0.60	7,500,000
April 16, 2023	0.75	7,000,000
May 15, 2023	1.05	8,333,333
	0.81	22,833,333

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

7. Related party transactions

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Management and consulting fees	\$ 82,110	\$ 9,840	\$ 167,750	\$ 54,060
Geological consulting fees	9,390	26,160	57,750	53,940
Professional fees	6,917	8,704	32,872	27,444
	\$ 98,417	\$ 44,704	\$ 258,372	\$ 135,444

During the three and nine months ended June 30, 2022, the Company incurred management and consulting fees of \$32,610 and \$118,250, respectively (three and nine months ended June 30, 2021 - \$9,840 and \$54,060, respectively) and geological consulting fees of \$9,390 and \$57,750, respectively (three and nine months ended June 30, 2021 - \$26,160 and \$53,940, respectively) for services provided by a company controlled by the Company's CEO.

Management fees to the Company's CEO are paid pursuant to a consulting agreement under which Moss Exploration Services received a monthly fee of \$12,000 as of September 1, 2020 and \$14,000 as at October 1, 2021. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

During three and nine months ended June 30, 2022, the Company incurred management and consulting fees of \$49,500 and \$49,500, respectively (three and nine months ended June 30, 2021 - and \$nil, respectively) for services provided by the Board of Directors. As at June 30, 2022, \$49,500 (September 30, 2021 - \$nil) 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.

For the three and nine months ended June 30, 2022, the Company incurred \$6,917 and \$32,872, respectively, in professional fees (three and nine months ended June 30, 2021 - \$8,704 and \$27,444, 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, 2022, \$1,485 (September 30, 2021 - \$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.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

8. Unproven mineral right interests

	Labrador Property	Borden Lake Property	Kingsway Property	Scotch Property	Total
Balance, September 30, 2020	\$ 5,486,682	\$ 926,394	\$ 940,200	\$ -	\$ 7,353,276
Acquisition	358,395	-	392,850	17,570	768,815
Deferred exploration	31,110	3,741	6,369,794	-	6,404,645
Recoveries	-	-	-	(8,000)	(8,000)
Impairment	(1,901,298)	-	-	-	(1,901,298)
Balance, September 30, 2021	3,974,889	930,135	7,702,844	9,570	12,617,438
Acquisition	-	-	3,204,260	28,460	3,232,720
Deferred exploration	313,987	-	8,322,448	354,057	8,990,492
Recoveries	-	-	(57,772)	-	(57,772)
Impairment	(170,000)	-	-	-	(170,000)
Balance, June 30, 2022	\$ 4,118,876	\$ 930,135	\$ 19,171,780	\$ 392,087	\$ 24,612,878

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:

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

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

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

8. Unproven mineral right interests (continued)

Labrador Properties (continued)

During the year ended September 30, 2018, the Company terminated its option to acquire the Nain property.

During the year ended September 30, 2021, the Company terminated its option to acquire 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. On December 7, 2020, the LOI was replaced with the Hopedale Option Agreement, which contains the same terms as those of the LOI. In June 2021, the Company staked additional new claims at the Hopedale property. The new claims are subject to the 2% NSR held by the vendors of the Labrador property. Also, during the year ended September 30, 2021, the Company abandoned certain claims at the Hopedale property that had been staked in May 2018 and were being earned into 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.

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

The 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.

Labrador Gold Corp.

**Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

8. Unproven mineral right interests (continued)

Kingsway Property (continued)

During the nine months ended June 30, 2022, the Company acquired a 100% undivided interest subject to:

- A 1.0% NSR plus \$1 per ounce of gold in the measured and indicated mineral resource categories established in a National Instrument 43-101 technical report for the development of the Property;
- Expenditure target payments of \$750,000 for each \$10 million in exploration expenditures up to \$30 million; and
- An advance royalty of \$50,000 per annum.

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 earned a 100% undivided property interest by completing the following:

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

Scotch Property

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.