
LABRADOR GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
JUNE 30, 2023
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

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

Labrador Gold Corp.

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

	As at June 30, 2023	As at September 30, 2022
ASSETS		
Current		
Cash	\$ 13,261,247	\$ 21,354,986
Amounts receivable	643,039	559,637
Prepaid expenses	120,661	85,818
Total current assets	14,024,947	22,000,441
Non-current assets		
Equipment	23,120	28,803
Unproven mineral right interests (note 4)	36,710,843	28,814,469
Total assets	\$ 50,758,910	\$ 50,843,713
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 1,211,052	\$ 926,799
	1,211,052	926,799
Non-current		
Deferred income tax liability	983,566	983,566
Total liabilities	2,194,618	1,910,365
Shareholders' equity		
Share capital (note 6)	61,472,277	61,149,278
Share-based payments reserve (note 6)	4,450,497	4,419,099
Deficit	(17,358,482)	(16,635,029)
Total shareholders' equity	48,564,292	48,933,348
Total liabilities and shareholders' equity	\$ 50,758,910	\$ 50,843,713

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, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Operating expenses				
Consulting and management fees (note 7)	\$ 45,297	\$ 82,110	\$ 177,202	\$ 183,375
Corporate development	78,462	107,889	231,122	196,226
Exploration and evaluation expenditures (note 4)	-	-	-	170,000
Office and miscellaneous	34,033	22,932	87,974	54,470
Professional fees (note 7)	21,162	47,566	88,235	106,252
Regulatory and transfer fees	27,365	15,991	81,575	71,957
Share-based compensation (note 6)	190,397	-	190,397	-
Shareholder communications	13,091	10,698	54,669	28,361
Amortization expense	4,878	4,133	12,843	7,862
Loss before other items	(414,685)	(291,319)	(924,017)	(818,503)
Other items				
Flow-through premium (note 5)	-	315,916	-	1,144,254
Other income	105,212	9,265	200,564	17,956
Net income (loss) and comprehensive income (loss) for the period	\$ (309,473)	\$ 33,862	\$ (723,453)	\$ 343,707
Basic and diluted net income (loss) per share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding	170,009,979	158,947,411	169,788,441	155,648,248

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, 2023	Nine Months Ended June 30, 2022
Operating activities		
Net income (loss) for the period	\$ (723,453)	\$ 343,707
Adjustments for:		
Share-based compensation	190,397	-
Flow-through premium	-	(1,144,254)
Amortization	12,843	7,862
Changes in non-cash working capital items:		
Amounts receivable	(83,402)	42,803
Prepaid expenses	(34,843)	(19,377)
Accounts payable and accrued liabilities	40,611	114,607
Net cash used in operating activities	(597,847)	(654,652)
Investing activities		
Unproven mineral right interest - acquisition	(756,540)	(2,134,720)
Unproven mineral right interest - exploration	(6,896,192)	(8,272,202)
Purchase of equipment	(7,160)	(33,678)
Net cash used in investing activities	(7,659,892)	(10,440,600)
Financing activities		
Exercise of options	164,000	223,077
Exercise of warrants	-	3,990,980
Net cash provided by financing activities	164,000	4,214,057
Net change in cash	(8,093,739)	(6,881,195)
Cash, beginning of period	21,354,986	33,245,743
Cash, end of period	\$ 13,261,247	\$ 26,364,548
Supplemental Information		
Unproven mineral right interest - exploration included in accounts payable and accrued liabilities	\$ 1,036,040	\$ -
Acquisition of unproven mineral interests	\$ -	\$ 1,098,000

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	Deficit	Total
	Number	Amount	payments reserve		
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 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
Balance, September 30, 2022	169,189,979	\$ 61,149,278	\$ 4,419,099	\$ (16,635,029)	\$ 48,933,348
Options exercised	820,000	322,999	(158,999)	-	164,000
Share-based compensation	-	-	190,397	-	190,397
Net income for the period	-	-	-	(723,453)	(723,453)
Balance, June 30, 2023	170,009,979	\$ 61,472,277	\$ 4,450,497	\$ (17,358,482)	\$ 48,564,292

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, 2023
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of business and going concern

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

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

These financial statements have been prepared on a going concern basis, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At June 30, 2023, the Company had no source of operating cash flow. Operations in recent years have been funded from the issuance of share capital and cash on hand.

Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's unproven mineral right interests could be subject to adjustments. At June 30, 2023, the Company believes it has sufficient funds to finance its operations for the current fiscal year.

2. Basis of Preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2022.

These unaudited condensed interim financial statements were authorized for issue by the board of directors of the Company on August 17, 2023.

3. Significant accounting policies

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

4. Unproven mineral right interests

	Labrador Property	Borden Lake Property	Kingsway Property	Scotch Property	Total
Balance, September 30, 2021	\$ 3,974,889	\$ 930,135	\$ 7,702,844	\$ 9,570	\$ 12,617,438
Acquisition	161,425	-	3,204,260	28,460	3,394,145
Deferred exploration	272,168	-	12,138,173	563,377	12,973,718
Recoveries	-	-	(57,772)	(8,060)	(65,832)
Impairment	-	(105,000)	-	-	(105,000)
Balance, September 30, 2022	4,408,482	825,135	22,987,505	593,347	28,814,469
Acquisition	-	-	750,000	6,540	756,540
Deferred exploration	244,355	-	6,899,618	59,311	7,203,284
Recoveries	-	-	(45,450)	(18,000)	(63,450)
Balance, June 30, 2023	\$ 4,652,837	\$ 825,135	\$ 30,591,673	\$ 641,198	\$ 36,710,843

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 Property

On September 5, 2017, the Company entered into a Letter of Intent ("LOI") that granted 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 on 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 (completed); 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, 2023
(Expressed in Canadian Dollars)
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4. Unproven mineral right interests (continued)

Labrador Property (continued)

In connection with the termination of the options to acquire the Nain and Ashuanipi properties, the Company impaired \$714,750 of acquisition costs and \$1,901,298 of exploration expenditures during the year ended September 30, 2021.

During the three and nine months ended June 30, 2022, the Company paid \$170,000 to the owner of the Ashuanipi property in lieu of expenditures required to maintain the property in good standing. This amount was directly expensed as exploration and evaluation expenditures in the statement of loss and comprehensive loss.

Borden Lake Property

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

During the years ended September 30, 2022 and 2021, the Company allowed to lapse certain claims making up this property. In connection with the lapse of those claims, the Company wrote off \$105,000, being the historical capitalized maintenance fees associated with the claims that were allowed to lapse.

The original vendors of the Borden Lake Property retain a 2% NSR royalty, half of which may be bought back by the Company for \$1 million at any time.

Kingsway Property

On March 3, 2020, the Company acquired an option to earn a 100% interest in the Gander North and Gander South properties, subsequently renamed as the Kingsway Property, located in Newfoundland.

During the year ended September 30, 2022, the Company exercised the option and earned a 100% interest in the properties by completing the following:

- Make cash payments totalling \$1,250,000 and issuing a total of 2,000,000 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 (completed);
 - and
 - \$750,000 upon incurring an aggregate of \$30 million in expenditures on one of the licenses

The vendor of the Kingsway Property retained a 1% NSR royalty plus \$1 per ounce of gold in the measured and indicated resources for the property. An advance royalty of \$50,000 per annum will be payable commencing on March 3, 2026.

On July 6, 2020, the Company entered into an additional option agreement to acquire a 100% interest in License 023940M (the "License") which is strategically positioned between the Gander North and South claim blocks.

During the year ended September 30, 2022, the Company completed the option and earned a 100% undivided interest in the License by making cash payments totaling \$459,000, issuing a total of 390,000 common shares, and incurring a total of \$2 million in property work expenditures.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements For the Three and Nine Months Ended June 30, 2023 (Expressed in Canadian Dollars) (Unaudited)

4. Unproven mineral right interests (continued)

Scotch Property

In March 2021, the Company acquired a 100% undivided interest in the Scotch Property. The Scotch Property is located southwest of Moncton, New Brunswick and consists of 24 claims.

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, 2023, the Company had incurred the required qualifying flow-through expenditures and had reduced the deferred flow-through premium liability to \$nil (June 30, 2022 - \$nil).

During the three and nine months ended June 30, 2023, the Company recognized a flow-through recovery of \$nil (three and nine months ended June 30, 2022 - \$315,916 and \$1,144,254, respectively).

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, 2021	153,311,033	\$ 55,513,015
Options exercised (i)	489,743	425,375
Warrants exercised (ii)	13,070,953	3,921,286
Broker warrants exercised (ii)	398,250	136,593
Acquisition of unproven mineral right interests (note 4)	1,620,000	1,098,000
Balance, June 30, 2022	168,889,979	61,094,269
Options exercised	300,000	55,009
Balance, September 30, 2022	169,189,979	61,149,278
Options exercised (i)	820,000	322,999
Balance, June 30, 2023	170,009,979	\$ 61,472,277

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
For the Three and Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

6. Equity (continued)

(b) Issued and outstanding (continued)

(i) During the nine months ended June 30, 2023, the Company received proceeds of \$164,000 from the exercise of 820,000 share purchase options (2022 - proceeds of \$223,077 from the exercise of 489,743 share purchase options). The fair value of \$158,999 (2022 - \$202,298) attributable to these options was transferred from share-based payments reserve to share capital upon exercise.

(ii) No warrants were exercised during the nine months ended June 30, 2023. During the nine months ended June 30, 2022, the Company received proceeds of \$3,990,980 from the exercise of 13,070,953 warrants.

(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, 2023 and 2022:

	Number of stock options	Weighted average exercise price
Balance, September 30, 2021	7,359,744	\$ 0.42
Exercised	(489,743)	0.46
Cancelled	(100,000)	1.24
Balance, June 30, 2022	6,770,001	0.36
Exercised	(300,000)	0.17
Cancelled	(350,001)	0.51
Balance, September 30, 2022	6,120,000	0.36
Granted (i)	3,100,000	0.23
Exercised	(820,000)	0.20
Expired	(750,000)	0.37
Balance, June 30, 2023	7,650,000	\$ 0.32

During the three and nine months ended June 30, 2023, \$190,397 and \$190,397, respectively (2022 - \$nil and \$nil, respectively) was expensed to share-based compensation.

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

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)
(Unaudited)

6. Equity (continued)**(d) Share purchase options (continued)**

The following table reflects the share purchase options issued and outstanding as of June 30, 2023:

Expiry Date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Vested and exercisable
May 15, 2024	0.25	0.88	1,300,000	1,300,000
September 9, 2024	0.25	1.20	100,000	100,000
July 27, 2025	0.45	2.08	3,150,000	3,150,000
April 8, 2028	0.23	4.76	3,100,000	-
	0.32	2.95	7,650,000	4,550,000

(e) Share purchase warrants

The following table reflects the continuity of warrants for the periods ended June 30, 2023 and 2022:

	Number of warrants	Weighted average exercise price
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 and September 30, 2022	22,833,333	0.81
Expired	(22,833,333)	0.81
Balance, June 30, 2023	-	\$ -

As at June 30, 2023, there were no share purchase warrants issued and outstanding.

Labrador Gold Corp.

Notes to Condensed Interim Financial Statements
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(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, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Management fees	\$ 69,560	\$ 82,110	\$ 118,160	\$ 167,750
Directors' fees	13,500	-	40,500	-
Geological consulting fees	31,440	9,390	66,840	57,750
Professional fees	9,919	6,917	41,991	32,872
Share-based payments	98,269	-	98,269	-
	\$ 222,688	\$ 98,417	\$ 365,760	\$ 258,372

During the three and nine months ended June 30, 2023, the Company incurred management fees of \$69,560 and \$118,160, respectively (three and nine months ended June 30, 2022 - \$82,110 and \$167,750, respectively) and geological consulting fees of \$31,440 and \$66,840, respectively (three and nine months ended June 30, 2022 - \$9,390 and \$57,750, respectively) for services provided by a company controlled by the Company's CEO. As at June 30, 2023, \$25,458 (September 30, 2022 - \$3,161) was due to the CEO, and is included in accounts payable and accrued liabilities with respect to the fees and other expense reimbursements. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Management fees were paid pursuant to a consulting agreement under which Moss Exploration Services Ltd. would receive a monthly fee of \$15,000 effective October 1, 2022. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.

During three and nine months ended June 30, 2023, the Company incurred directors' fees of \$13,500 and \$40,500, respectively (three and nine months ended June 30, 2022 - and \$nil, respectively) to its independent directors.

For the three and nine months ended June 30, 2023, the Company incurred \$9,919 and \$41,991, respectively, in professional fees (three and nine months ended June 30, 2022 - \$6,917 and \$32,872, respectively) to Marrelli Support Services Inc. ("Marrelli") for an employee of Marrelli to act as the CFO of the Company. As at June 30, 2023, \$2,601 (September 30, 2022 - \$2,618) was due to Marrelli, and is included in accounts payable and accrued liabilities with respect to the fees. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.