

LABRADOR GOLD CORP.

(Formerly Nikos Explorations Ltd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2017 and 2016
UNAUDITED – PREPARED BY MANAGEMENT**

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE

The accompanying unaudited condensed interim financial statements of Labrador Gold Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

LABRADOR GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION - UNAUDITED
(Expressed in Canadian Dollars)

		December 31, 2017 (\$)	September 30, 2017 (\$)
	Note		
ASSETS			
Current assets			
Cash		1,638,072	140,959
Amounts receivable		10,863	11,859
Prepaid expenses		-	498
		1,648,935	153,316
Non-current assets			
Unproven mineral right interests	2, 4	1,426,584	914,859
		3,075,519	1,068,175

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities			
Amounts payable and accrued liabilities	3	17,607	26,124
Shareholders' equity			
Share capital	2	12,190,297	10,151,907
Share-based payments reserve	2	711,572	358,212
Deficit		(9,843,957)	(9,468,068)
		3,057,912	1,042,051
		3,075,519	1,068,175

Nature of operations and going concern 1

On behalf of the Board:

"James Borland"

Director

"Trevor Boyd"

Director

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

LABRADOR GOLD CORP.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS - UNAUDITED**

(Expressed in Canadian Dollars)

		Three months ended	
		December 31,	
	Note	2017	2016
		(\$)	(\$)
EXPENSES			
General and administration expenses			
Consulting fees	3	8,375	2,400
Management fees	3	3,000	3,000
Office and miscellaneous		9,395	2,422
Professional fees		10,503	980
Regulatory and transfer fees		16,595	3,488
Share-based compensation	2, 3	314,120	3,062
Shareholder communications		13,901	1,206
Net loss and comprehensive loss		(375,889)	(16,558)
Weighted average number of shares outstanding		31,164,605	18,140,761
Basic and diluted loss per share		(0.01)	0.00

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

LABRADOR GOLD CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY - UNAUDITED**

(Expressed in Canadian Dollars)

	Note	Share Capital No. of Shares	Amount (\$)	Deficit (\$)	Share-based payments reserve (\$)	Total Shareholders' Equity (\$)
Balance -						
October 1, 2016		17,881,741	9,540,767	(9,312,202)	274,968	503,533
Private placements, net of issue costs	2	2,978,734	236,550	-	-	236,550
Share-based compensation	2	-	-	-	3,062	3,062
Net loss		-	-	(16,558)	-	(16,558)
Balance -						
December 31, 2016		20,860,475	9,777,317	(9,328,760)	278,030	726,587
Acquisition of unproven mineral right interests	2, 4	600,000	38,400	-	-	38,400
Private placements, net of issue costs	2	4,146,250	310,000	-	-	310,000
Tax recovery on issuance of flow-through shares	2	-	(10,683)	-	-	(10,683)
Exercise of options	2	340,000	32,998	-	(12,598)	20,400
Exercise of warrants	2	77,500	3,875	-	-	3,875
Share-based compensation	2	-	-	-	92,780	92,780
Net loss		-	-	(139,308)	-	(139,308)
Balance -						
September 30, 2017		26,024,225	10,151,907	(9,468,068)	358,212	1,042,051
Balance -						
October 1, 2017		26,024,225	10,151,907	(9,468,068)	358,212	1,042,051
Acquisition of unproven mineral right interests	2, 4	1,350,000	283,500	-	-	283,500
Private placements, net of issue costs	2	8,865,000	1,698,640	-	39,240	1,737,880
Exercise of warrants	2	385,000	56,250	-	-	56,250
Share-based compensation	2	-	-	-	314,120	314,120
Net loss		-	-	(375,889)	-	(375,889)
Balance -						
December 31, 2017		36,624,225	12,190,297	(9,843,957)	711,572	3,057,912

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

LABRADOR GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS - UNAUDITED
(Expressed in Canadian Dollars)

	Three months ended December 31,	
	2017	2016
	(\$)	(\$)
CASH USED IN OPERATING ACTIVITIES		
Net loss	(375,889)	(16,558)
Items not affecting cash:		
Share-based payments	314,120	3,062
Changes in non-cash working capital items:		
Amounts receivable	996	2,062
Prepaid expenses	498	-
Amounts payable and accrued liabilities	(7,542)	(5,297)
Net cash used in operating activities	(67,817)	(16,731)
CASH PROVIDED BY FINANCING ACTIVITIES		
Issue of common shares for cash	1,833,250	236,550
Share issue costs	(39,120)	-
Net cash provided by financing activities	1,794,130	236,550
CASH USED IN INVESTING ACTIVITIES		
Unproven mineral right interests - acquisition	(225,000)	-
Unproven mineral right interests - exploration	(4,200)	(16,617)
Net cash used in investing activities	(229,200)	(16,617)
Increase in cash	1,497,113	203,202
Cash, beginning of the period	140,959	10,019
Cash, end of the period	1,638,072	213,221

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

LABRADOR GOLD CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – UNAUDITED

DECEMBER 31, 2017

(Expressed in Canadian Dollars)

1. REPORTING ENTITY AND BASIS OF PRESENTATION

a) Reporting Entity

Labrador Gold Corp. (formerly Nikos Explorations Ltd.) ("Labrador Gold" or the "Company") is a company involved in the acquisition and exploration of prospective gold projects in the Americas. The Company is domiciled in Canada and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company's principal office is located at Suite 1260-355 Burrard Street, Vancouver, B.C., V6C 2G8, Canada.

b) Continuance of Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") applicable to a going concern, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At December 31, 2017, the Company had no source of operating cash flow. Operations in recent years have been funded from proceeds from the issuance of equity and cash on hand (Note 2(a)).

Given its current stage of operations, the Company's ability to continue as a going concern is heavily contingent upon its ability to obtain additional financing. If the Company is unable to obtain additional financing in the future, the carrying value of the Company's assets could be subject to material adjustments.

These interim financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

c) Statement of Compliance

These 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, 2017.

These interim financial statements were authorized for issue by the board of directors of the Company on February 26, 2018.

d) Significant Accounting Policies

These 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.

1. REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

e) Estimates

The preparation of interim financial statements requires management to make judgements, 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 condensed interim financial statements, the significant judgements 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, 2017.

2. EQUITY

a) Share Capital

Authorized share capital consists of an unlimited number of common shares without par value.

On December 23, 2016, the Company received gross proceeds of \$140,400 from the sale of 1,755,000 units priced at \$0.08 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.13 for a two-year period. A further \$96,150 was raised from the sale of 1,068,334 flow-through shares at a price of \$0.09 per share. Finders fees comprised of 155,400 shares of the Company were issued in connection with this private placement.

On February 2, 2017, the Company received gross proceeds of \$310,000 from the sale of 3,875,000 units priced at \$0.08 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.13 for a two-year period. Finders fees comprised of 271,250 shares of the Company were issued in connection with this private placement.

During the year ended September 30, 2017, the Company issued 600,000 shares valued at \$38,400 for the acquisition of unproven mineral right interests at the Borden Lake Property (Note 4), received proceeds of \$3,875 from the exercise of 77,500 warrants and received proceeds of \$20,400 from the exercise of 340,000 options. The Company also reclassified \$12,598 of previously recorded share-based compensation payment reserve amounts with the exercise of these options and recorded a reduction to share capital of \$10,683 associated with the tax recovery booked in respect of flow-through financings undertaken in the year.

On November 22, 2017, the Company received gross proceeds of \$1,757,000 from the sale of 8,785,000 units priced at \$0.20 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.30 for a two-year period. A further \$20,000 was raised from the sale of 80,000 flow-through shares at a price of \$0.25 per share. Each unit consisted of one flow-through common share and one non-flow through warrant exercisable into one additional share at a price of \$0.35 for a two-year period. Finders fees comprised of \$39,120 in cash and 285,600 warrants of the Company were issued in connection with this private placement.

During the three months ended December 31, 2017, the Company issued 1,350,000 shares valued at \$283,500 for the acquisition of unproven mineral right interests at the Labrador Properties (Note 4) and received proceeds of \$56,250 from the exercise of 385,000 warrants.

2. EQUITY (continued)

b) Equity Reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

c) Share Options

On March 6, 2017, the Company granted 1,100,000 share purchase options to directors, officers and consultants. The options vested upon grant, are exercisable at a price of \$0.10 per share and have a five-year term to March 6, 2022.

The weighted average fair value of these options was estimated at \$0.0834 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

•	Weighted average share price:	\$0.09
•	Weighted average exercise price:	\$0.10
•	Dividend yield:	0%
•	Risk-free interest rate:	1.16%
•	Pre-vest forfeiture rate:	0%
•	Expected life (years):	5 years
•	Expected volatility:	160.91%

On December 13, 2017, the Company granted 1,620,000 share purchase options to directors, officers and consultants. The options vested upon grant, are exercisable at a price of \$0.20 per share and have a five-year term to December 13, 2022.

The weighted average fair value of these options was estimated at \$0.1939 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

•	Weighted average share price:	\$0.20
•	Weighted average exercise price:	\$0.20
•	Dividend yield:	0%
•	Risk-free interest rate:	1.65%
•	Pre-vest forfeiture rate:	0%
•	Expected life (years):	5 years
•	Expected volatility:	192.05%

A compensation cost of \$314,120 associated with vested options was recognized during the quarter ended December 31, 2017 (quarter ended December 31, 2016: \$3,062).

LABRADOR GOLD CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Expressed in Canadian Dollars)

2. EQUITY (continued)

The continuity of the number of share options outstanding is summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$)
At start of the period	1,610,000	0.09
Granted	1,620,000	0.20
At end of period	3,230,000	0.14
Vested and exercisable	3,230,000	0.14

At December 31, 2017, the weighted average exercise price of options outstanding was \$0.14 (September 30, 2017: \$0.09) and their weighted average remaining contractual life was 4.31 years (September 30, 2017: 3.91 years).

d) Warrants

On December 23, 2016, the Company issued 1,755,000 warrants exercisable into one Company share at a price of \$0.13 for a two-year period.

On February 2, 2017, the Company issued 3,875,000 warrants exercisable into one Company share at a price of \$0.13 for a two-year period.

During the year ended September 30, 2017, the Company received proceeds of \$3,875 from the exercise of 77,500 warrants.

On November 22, 2017, the Company issued: 9,070,600 warrants exercisable into one Company share at a price of \$0.30 and 80,000 warrants at a price of \$0.35. The warrants have a two-year term.

During the three months ended December 31, 2017, the Company received proceeds of \$56,250 from the exercise of 385,000 warrants.

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2. EQUITY (continued)

The continuity of the number of warrants outstanding is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
At start of the period	7,480,000	0.13
Granted	9,150,600	0.30
Exercised	(385,000)	0.15
At end of period	16,245,600	0.23
Vested and exercisable	16,245,600	0.23

3. RELATED PARTY TRANSACTIONS

a. Trading transactions

The Company's related parties consist of a proprietorship controlled by the Company's Chief Executive Officer ("CEO") and a company controlled by the Company's Chief Financial Officer ("CFO").

Entity	Nature of Transaction
Moss Explorations Services	Management and geological services
Delphis Financial Strategies Inc.	Management

The Company incurred the following fees in the normal course of operations in connection with the companies controlled by key management. Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

	Note	Three months ended December 31,	
		2017	2016
		\$	\$
Management and consulting fees	(i)	9,375	5,400
Geological consulting fees	(ii)	3,225	3,600
		12,600	9,000

- i. During the quarter ended December 31, 2017, the Company incurred management and consulting fees of \$3,000 (quarter ended December 31, 2016: \$ 3,000) for accounting services provided by a company controlled by the Company's CFO and \$6,375 (quarter ended December 31, 2016: \$2,400) for consulting fees for services provided by a proprietorship controlled by the Company's CEO.
- ii. During the quarter ended December 31, 2017, the Company incurred geological consulting fees of \$3,225 (quarter ended December 31, 2016: \$3,600) for services provided by a proprietorship controlled by the Company's CEO.

LABRADOR GOLD CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

3. RELATED PARTY TRANSACTIONS (continued)

- iii. Included in accounts payable and accrued liabilities as at December 31, 2017 is \$5,915 (September 30, 2017: \$4,213) owing to the Company's CEO.
- iv. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

b. Key Management Compensation

The remuneration of members of key management during the quarters ended December 31, 2017 and 2016 is as follows:

	Three months ended December 31,	
	2017	2016
Management and geological consulting fees	12,600	9,000
Share-based payments	16,341	1,050
	<u>28,941</u>	<u>10,050</u>

4. UNPROVEN MINERAL RIGHT INTERESTS

	December 31, 2017	September 30, 2017
Labrador Properties		
Acquisition	508,500	-
Deferred exploration	3,225	-
	<u>511,725</u>	<u>-</u>
Borden Lake Property		
Acquisition	314,185	314,185
Deferred exploration	600,674	600,674
	<u>914,859</u>	<u>914,859</u>
	<u>1,426,584</u>	<u>914,859</u>

Labrador Properties

On September 5, 2017, the Company entered into an option agreement to earn a 100% interest on the Ashuanipi, Nain and Hopedale properties, located in Labrador (the "Labrador Properties"). The terms of the option are the following:

- On receipt of TSX-V approval: payment of \$75,000 and issuance of 450,000 shares in respect of each of the Ashuanipi, Nain and Hopedale properties (completed);
- On or before September 5, 2018: payment of \$100,000 and issuance of 300,000 Shares;
- On or before September 5, 2019: payment of \$150,000 and issuance of 350,000 Shares;
- On or before September 5, 2020: payment of \$175,000 and issuance of 400,000 shares;

4. UNPROVEN MINERAL RIGHT INTERESTS (continued)

- On or before September 5, 2021: payment of \$250,000 and issuance of 500,000 shares;

The vendors of the Labrador Properties retain a 2% NSR royalty, half of which may be bought back by Labrador Gold at any time for \$2 million plus \$1 per ounce of gold in measured and indicated resources. An advance royalty of \$25,000 per annum for each property will be payable starting in 2023.

At December 31, 2017, the Company had incurred acquisition and exploration expenses of \$511,725 on the Labrador Properties.

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 Goldcorp’s Borden Lake gold project. The original vendors of the Borden Lake Property retain a 2% net smelter return (“NSR”) royalty, half of which may be bought back by the Company for \$1 million at any time

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

At September 30, 2017 and December 31, 2017, the Company had incurred acquisition and exploration expenses of \$914,859 on the Borden Lake Property.

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.

5. SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2017, net exploration costs included in amounts payable and accrued liabilities were \$nil (September 30, 2017: \$975).