

**LABRADOR GOLD CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE AND SIX MONTHS ENDED MARCH 31, 2023**

**Labrador Gold Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Six Months Ended March 31, 2023**  
**Discussion dated: May 17, 2023**

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## **Introduction**

The following discussion and analysis of the results of operations and of the financial position of Labrador Gold Corp. ("Labrador Gold" or the "Company") is prepared as of May 17, 2023, and should be read in conjunction with the Company's condensed interim financial statements for the three and six months ended March 31, 2023 and the Company's audited consolidated financial statements and the notes thereto for the years ended September 30, 2022 and 2021.

The financial information presented herein is expressed in Canadian dollars, except where noted.

The Company's financial statements are reported under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

## **Company Information**

Labrador Gold is a company involved in the acquisition and exploration of prospective gold projects in the Americas and is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol "LAB" and on the OTCQX Exchange under the symbol "NKOSF". To date, the Company has not earned significant revenues and is in the exploration stage. Its principal office is located at 82 Richmond Street East, Toronto, ON, Canada M5C 1P1.

On September 5, 2017, and as amended December 7, 2020, the Company entered into a Letter of Intent ("LOI") that grants the Company the option to earn a 100% interest in the Hopedale property, located in Labrador (the "Labrador Property").

In December 2017, the Company changed its name to Labrador Gold to reflect its corporate focus on gold exploration in Labrador and its commitment to the systematic exploration of the Labrador Property for gold. The Company retained the services of Roger Moss, CEO of the Company, on a full-time basis to further this corporate objective.

In March 2020, the Company acquired an option to earn a 100% interest in the Gander Property, subsequently renamed the Kingsway Property (the "Kingsway Property"), near Gander, Newfoundland & Labrador. In May 2022, the Company exercised its option to earn 100% of the three licenses comprising the Kingsway Property.

The Company also holds a 100% interest in the Borden Lake Extension Property (the "Borden Lake Property") located near Chapeau, Ontario, and a 100% interest in the Scotch Property located near Sussex, New Brunswick.

At March 31, 2023, the Company had cash of \$15,679,213 (September 30, 2022 - \$21,354,986) and working capital of \$15,711,749 (September 30, 2022 - \$21,073,642). The Company believes it has sufficient funds to finance its planned exploration and general and administrative costs for the current fiscal year.

The Company does not anticipate generating significant revenues in the near future. As a result, the Company will be required to continue raising funds in order to finance its ongoing property evaluation program and general and administrative expenses. This will most likely be accomplished through the sale of equity.

## **Highlights**

During the six months ended March 31, 2023, the Company received proceeds of \$164,000 from the exercise of 820,000 share purchase options.

## **Results of Operations**

### **Three Months Ended March 31, 2023**

During the three months ended March 31, 2023, the Company reported a net loss of \$244,676 (2022 – net loss of \$317,242). The change in net loss was mainly due to:

- Exploration and evaluation expenditures decreased to \$nil (2022 - \$170,000). Exploration and evaluation expenditures includes amounts paid in 2022 in lieu of expenditures required to maintain in good standing a property that the Company optioned but subsequently returned to the vendor..
- Flow-through premium decreased to \$nil (2022 - \$83,706) as the Company has incurred the required qualifying flow-through expenditures.
- Other income increased to \$36,086 (2022 - \$4,439) due to increased interest income on the Company's cash balance.

### **Six Months Ended March 31, 2023**

During the six months ended March 31, 2023, the Company reported a net loss of \$413,980 (2022 – net income of \$309,845). The change in net loss was mainly due to:

- Corporate development increased to \$152,660 (2022 - \$ 88,337) due to increased marketing.
- Exploration and evaluation expenditures decreased to \$nil (2022 - \$170,000). Exploration and evaluation expenditures includes amounts paid in 2022 in lieu of expenditures required to maintain in good standing a property the Company had optioned and subsequently returned to the vendor.
- Flow-through premium decreased to \$nil (2022 - \$828,338) as the Company has incurred the required qualifying flow-through expenditures.
- Other income increased to \$95,352 (2022 - \$8,691) due to increased interest income on the Company's cash balance.

## **Liquidity and Capital Resources**

The Company is a development-stage company that currently does not generate significant revenues and does not anticipate doing so in the near future.

As at March 31, 2023, the Company had cash of \$15,679,213 (September 30, 2022 - \$21,354,986) and working capital of \$15,711,749 (September 30, 2022 - \$21,073,642).

The Company is not subject to debt covenants.

## **Unproven Mineral Right Interests**

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.

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	Labrador Property (\$)	Borden Lake Property (\$)	Kingsway Property (\$)	Scotch Property (\$)	Total (\$)
Balance, September 30, 2022	4,408,482	825,135	22,987,505	593,347	28,814,469
Acquisition	Nil	Nil	Nil	6,540	6,540
Deferred exploration	234,303	Nil	4,836,964	42,071	5,113,338
Balance, March 31, 2023	4,642,785	825,135	27,824,469	641,958	33,934,347

**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 Hopedale property, located in Labrador (the “Labrador Properties”). To exercise the option, the terms of which were amended on December 7, 2020, the Company must, before September 5, 2023, make a payment of \$125,000 in respect of the Hopedale property.

The vendors of the Labrador Property 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.

**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, subject to completing additional payments totalling \$1.5 million based on exploration expenditures incurred as follows:

- \$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 vendor of the Kingsway Property retains 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.

## 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.

### Exploration Activity for the Three Months Ended March 31, 2023

Roger Moss, Ph.D, P.Geo, a Qualified Person under National Instrument 43-101 has approved the scientific and technical disclosure in this Management's Discussion and Analysis, and has verified the data disclosed.

During the three months ended March 31, 2023, the Company continued drilling as part of the ongoing 100,000 metre program at the Kingsway Gold Project near Gander Newfoundland.

### Kingsway Exploration

Drilling continued to target the prospective Appleton Fault Zone which has a 12km strike length across the 100% owned Kingsway Project. The drilling is part of the Company's ongoing 100,000 metre diamond drilling program of which approximately 69,000 metres are complete. The remaining 34,000 metres of drilling are fully funded by the Company's cash on hand. Assays are pending for approximately 3,000 metres of core.

Drilling results received during the period continued to show high grade gold mineralization at Big Vein. Highlights of the drilling include an intersection of 1.19g/t Au over 41.8 metres in Hole K-22-214 that included a higher-grade interval of 9.63g/t Au over 3.3 metres including 61.15g/t Au over 0.3 metres. This hole identified a new zone the "Greenmantle Zone" that lies below the HTC Zone at a vertical depth of 415 metres and highlights the potential for continued mineralization at depth. Hole K-22-206, drilled at the northeast end of Big Vein also intersected high-grade gold with assays of 7.41 g/t Au over 1.0 metre and 20.88g/t Au over 5 metres that included 124.21g/t Au over 0.81 metres.

Big Vein has now been drilled over a 722 metre northeast-southwest strike length and remains open in both directions. To date, only about 2km of the 12km strike length of the Appleton Fault Zone covered by the Kingsway licenses have been tested by drilling. The Company has developed additional targets along the fault and anticipates additional discoveries as we test the remaining 10km of this prospective structure.

### Hopedale and Scotch Exploration

No field work was carried out on the Hopedale (Labrador) or Scotch (New Brunswick) properties during the second quarter. Compilation and interpretation of work completed during 2022 is ongoing and will inform the Company's plans for field programs this year.

Hole Id	from (m)	to (m)	width (m)	Au (g/t)	Zone
K-22-214	265.0	266.0	1.0	11.5	Big Vein
	397.0	438.8	41.8	1.19	
including	397.7	416.3	18.6	2.32	
including	397.7	401.0	3.3	9.63	
including	397.7	398.0	0.3	61.15	
K-22-213	464.0	468.15	4.15	1.38	Big Vein SW
including	466.36	468.15	1.79	2.81	
K-22-208	116.00	118.00	2.00	1.07	Big Vein
	176.58	178.12	1.54	5.00	

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including	176.58	177.78	1.20	6.04	
K-22-206	24.00	25.00	1.00	1.13	Big Vein
	319.00	320.00	1.00	7.41	
	371.00	376.00	5.00	20.88	
including	374.56	375.37	0.81	124,213	
K-22-204	nsv				CSAMT
K-22-203	nsv				Golden Glove

Table 1. Summary of assay results. All intersections are downhole length as there is insufficient information to calculate true width.

Hole ID	Easting	Northing	Elevation (m)	Azimuth	Dip	Total Depth (m)
K-22-214	661569.6	5435366	57	145	55	486.31
K-22-213	661297.1	5434880	46	130	55	617
K-22-208	661571	5435366	58	145	50	497
K-22-206	661593	5435331	54	155	60	422.11
K-22-204	666713	5443698	50	295	55	482
K-22-203	660958	5432372	40	108	45	520.38

Table 2. Drill hole collar details

### 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.

The Company entered into the following transactions with related parties:

During the three and six months ended March 31, 2023, the Company incurred management fees of \$18,240 and \$48,600, respectively (three and six months ended March 31, 2022 - \$66,080 and \$85,640, respectively) and geological consulting fees of \$23,760 and \$35,400, respectively (three and six months ended March 31, 2022 - \$25,920 and \$48,360, respectively) for services provided by a company controlled by the Company's CEO. As at March 31, 2023, \$54,080 (September 30, 2022 - \$3,161) was due to the CEO, 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.

Management fees were paid pursuant to a consulting agreement under which Moss Exploration Services Ltd. would receive a monthly fee of \$14,000 effective 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 six months ended March 31, 2023, the Company incurred directors' fees of \$13,500 and \$27,000, respectively (three and six months ended March 31, 2022 - \$nil and \$nil, respectively) to its independent directors.

For the three and six months ended March 31, 2023, the Company incurred \$14,994 and \$32,072, respectively, in professional fees (three and six months ended March 31, 2022 - \$18,785 and \$25,955, respectively) to Marrelli Support Services Inc. ("Marrelli") for an employee of Marrelli to act as the CFO of the Company. As at March 31, 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.

### **Subsequent Events**

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. The options vest 20% each on grant date and every 6 month thereafter.

Subsequent to March 31, 2023, 15,333,333 warrants expired unexercised.

### **Critical Accounting Estimates**

The most significant estimates are related to the physical and economic lives of unproven mineral right interests and their recoverability.

### **Off-Balance Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's annual MD&A for the fiscal year ended September 30, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Cautionary Statement on Forward Looking Information**

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- our strategies and objectives;
- prices and price volatility for commodities and of materials we use in our operations;
- the demand for and supply of commodities and materials that we use and plan to produce and sell;
- our financial resources;
- interest and other expenses;
- domestic laws affecting our operations;
- our tax position and the tax rates applicable to us;
- decisions regarding the timing and costs of construction and production with respect to, and the issuance of, the necessary permits and other authorizations required for any proposed projects;
- our planned future production levels;
- potential impact of production and transportation disruptions;
- our planned capital expenditures and estimates of costs related to environmental protection;

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- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be or become involved; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, delays associated with permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with our operations; risks of changes in laws affecting our operations or their interpretation; and risks associated with tax reassessments and legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity prices;
- acts of government and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of commodities and products used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- engineering and construction timetables and capital costs for our projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our mine plan estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the resolution of environmental and other proceedings or disputes; and
- our ability to obtain, comply with and renew permits in a timely manner.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.