

LABRADOR GOLD CORP.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 and 2017
UNAUDITED – PREPARED BY MANAGEMENT**

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements then these financial statements must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

		December 31, 2018 (\$)	September 30, 2018 (\$)
	Note		
ASSETS			
Current assets			
Cash		727,071	982,715
Amounts receivable		67,850	274,178
Prepaid expenses		2,839	1,722
		797,760	1,258,615
Non-current assets			
Unproven mineral right interests	2, 4	5,734,521	5,131,857
		6,532,281	6,390,472
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and accrued liabilities		354,364	292,760
Shareholders' equity			
Share capital	2	15,588,751	15,438,380
Share-based payments reserve	2	748,510	748,510
Deficit		(10,159,344)	(10,089,178)
		6,177,917	6,097,712
		6,532,281	6,390,472
Nature of operations and going concern	1		
On behalf of the Board:			
<u>"James Borland"</u>		<u>"Trevor Boyd"</u>	
Director		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	2018	2017
		(\$)	(\$)
EXPENSES			
General and administration expenses			
Consulting and management fees	3	36,000	11,375
Office and miscellaneous		12,276	9,395
Professional fees		1,527	10,503
Regulatory and transfer fees		4,308	16,595
Share-based compensation	2, 3	-	314,120
Shareholder communications		17,384	13,901
		71,495	375,889
Loss before other item		(71,495)	(375,889)
Other item			
Gain on forgiveness of debt		1,329	-
Net loss and comprehensive loss		(70,166)	(375,889)
Weighted average number of shares outstanding		51,752,021	31,164,605
Basic and diluted loss per share		-	(0.01)

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		Deficit	Share-based payments reserve	Total Shareholders' Equity
		No. of Shares	Amount (\$)	(\$)	(\$)	(\$)
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
Acquisition of unproven mineral right interests	2, 4	600,000	111,000	-	-	111,000
Deferred exploration expenses settled with shares	4	578,327	156,148	-	-	156,148
Private placements, net of issue costs	2	11,750,000	2,743,305	-	69,168	2,812,473
Tax recovery on issuance of flow-through shares	2	-	(66,600)	-	-	(66,600)
Exercise of options	2	450,000	69,730	-	(32,230)	37,500
Exercise of warrants	2	1,590,000	234,500	-	-	234,500
Net loss		-	-	(245,221)	-	(245,221)
Balance -						
September 30, 2018		51,592,552	15,438,380	(10,089,178)	748,510	6,097,712
Balance -						
October 1, 2018		51,592,552	15,438,380	(10,089,178)	748,510	6,097,712
Exercise of warrants	2	1,080,000	140,400	-	-	140,400
Expenses settled with shares	2	66,470	9,971	-	-	9,971
Net loss		-	-	(70,166)	-	(70,166)
Balance -						
December 31, 2018		52,739,022	15,588,751	(10,159,344)	748,510	6,177,917

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,	
	2018	2017
	(\$)	(\$)
CASH USED IN OPERATING ACTIVITIES		
Net loss	(70,166)	(375,889)
Items not affecting cash:		
Share-based payments	-	314,120
Gain on forgiveness of debt	(1,329)	-
Changes in non-cash working capital items:		
Amounts receivable	206,328	996
Prepaid expenses	(1,117)	498
Amounts payable and accrued liabilities	(17,870)	(7,542)
Net cash used in operating activities	115,846	(67,817)
CASH PROVIDED BY FINANCING ACTIVITIES		
Issue of common shares for cash	140,400	1,833,250
Share issue costs	-	(39,120)
Net cash provided by financing activities	140,400	1,794,130
CASH USED IN INVESTING ACTIVITIES		
Unproven mineral right interests - acquisition	-	(225,000)
Unproven mineral right interests - exploration	(511,890)	(4,200)
Net cash used in investing activities	(511,890)	(229,200)
(Decrease) increase in cash	(255,644)	1,497,113
Cash, beginning of the period	982,715	140,959
Cash, end of the period	727,071	1,638,072

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, 2018

(Expressed in Canadian Dollars)

1. REPORTING ENTITY AND BASIS OF PRESENTATION

a) Reporting Entity

Labrador Gold Corp. ("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, 2018, 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 (Note 2(a)).

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.

These financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

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, 2018.

These interim financial statements were authorized for issue by the board of directors of the Company on February 28, 2019.

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, 2018.

2. EQUITY

a) Share Capital

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

Fiscal 2019:

The Company received proceeds of \$140,400 from the exercise of 1,080,000 warrants.

The Company entered into a shares-for-debt settlement with an arms' length party, in respect of online marketing services provided to the Company. Under the agreement, the Company issued an aggregate of 66,470 common shares valued at \$9,971 to settle debt of \$11,300 and recognized a gain on settlement of \$1,329.

Fiscal 2018:

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.

On July 23, 2018, the Company received gross proceeds of \$2,624,500 from the sale of 10,498,000 units priced at \$0.25 per unit. Each unit consisted of one share and one-half warrant. Each whole warrant is exercisable into one additional share at a price of \$0.35 for a two-year period. A further \$375,600 was raised from the sale of 1,252,000 flow-through units at a price of \$0.30 per unit. Each flow-through unit consisted of one flow-through common share and one-half non-flow through warrant. Each whole non-flow through warrant is exercisable into one additional share at a price of \$0.40 for a two-year period. Finders fees comprised of \$180,127 in cash and 440,844 warrants of the Company valued at \$69,169 were issued in connection with this private placement. The Company also incurred \$7,500 in share issuance expense.

The Company issued 1,950,000 shares, valued at \$394,500, for the acquisition of unproven mineral right interests at the Labrador Properties (Note 4).

The Company received proceeds of \$290,750 from the exercise of 1,975,000 warrants, and \$37,500 from the exercise of 450,000 options. In conjunction with the options being exercised the Company reclassified \$32,230 of previously recorded share-based compensation from share-based payments reserve to share capital.

2. EQUITY (continued)

The Company also entered into a shares-for-debt settlement with an arms' length party, in respect of exploration work provided to the Company on the Labrador Properties. Pursuant to the settlement, the Company issued an aggregate of 578,327 common shares to settle debt of \$173,498 and recognized a gain on settlement of \$17,350.

The Company recorded a reduction to share capital of \$66,600 associated with the tax recovery booked in respect of flow-through financings undertaken during the year.

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 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%

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

	Number of Options	Weighted Average Exercise Price (\$)
At September 30, 2017	1,610,000	0.09
Granted	1,620,000	0.20
Exercised	(450,000)	0.08
At September 30, and December 31, 2018	2,780,000	0.15
Vested and exercisable	2,780,000	0.15

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(Expressed in Canadian Dollars)

2. EQUITY (continued)

A compensation cost of \$314,120 associated with vested options was recognized during the year ended September 30, 2018.

For the 450,000 options exercised during the year ended September 30, 2018, the weighted average closing share price at the date of exercise was \$0.29.

At December 31, 2018, the weighted average exercise price of options outstanding was \$0.15 (2018: \$0.15) and their weighted average remaining contractual life was 2.99 years (2018: 3.74 years).

d) Warrants

Fiscal 2019:

The Company received proceeds of \$140,400 from the exercise of 1,080,000 warrants.

A total of 500,000 warrants priced at \$0.13 expired unexercised.

Fiscal 2018:

On November 22, 2017, the Company issued 8,785,000 warrants exercisable into one Company share at a price of \$0.30, 285,600 finders' warrants at a price of \$0.30 and 80,000 warrants exercisable into one Company share at a price of \$0.35. These warrants have a term of two years.

On July 23, 2018 the Company issued 5,249,000 warrants exercisable into one Company share at a price of \$0.35, 103,600 finders' warrants at a price of \$0.35, 337,284 broker's warrants at a price of \$0.40 and 626,000 warrants exercisable into one Company share at a price of \$0.40. These warrants have a term of two years.

The Company received proceeds of \$290,750 from the exercise of 1,975,000 warrants.

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

	Number of Warrants	Weighted Average Exercise Price
At September 30, 2017	7,480,000	0.13
Granted	15,466,484	0.32
Exercised	(1,975,000)	0.15
At September 30, 2018	20,971,484	0.27
Exercised	(1,080,000)	0.13
Forfeited	(500,000)	0.13
At December 31, 2018	19,391,484	0.23
Vested and exercisable	19,391,484	0.23

3. RELATED PARTY TRANSACTIONS

a. Trading transactions

The Company's related parties consist of a company 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
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,	
		2018	2017
		\$	\$
Management and consulting fees	(i)	36,000	9,375
Geological consulting fees	(ii)	-	3,225
		36,000	12,600

- i. During the quarter ended December 31, 2018, the Company incurred management and consulting fees of \$12,000 (2017: \$ 3,000) for accounting services provided by a company controlled by the Company's CFO and \$24,000 (2017: \$6,375) for consulting fees for services provided by a company controlled by the Company's CEO.
- ii. During the quarter ended December 31, 2018, the Company incurred geological consulting fees of \$nil (2017: \$3,225) for services provided by a company controlled by the Company's CEO.
- iii. Management fees to the Company's CEO are paid pursuant to a consulting agreement under which Moss Exploration Services receives a monthly fee of \$8,000. The Company can terminate the agreement with three months' notice, or payment of the fees during the termination period in lieu of notice.
- iv. Included in accounts payable and accrued liabilities as at December 31, 2018 is \$nil (September 30, 2018: \$nil) owing to the Company's CEO.
- v. 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, 2018 and 2017 is as follows:

LABRADOR GOLD CORP.
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DECEMBER 31, 2018
(Expressed in Canadian Dollars)

3. RELATED PARTY TRANSACTIONS (continued)

	Three months ended December 31,	
	2018	2017
	\$	\$
Management and geological consulting fees	36,000	12,600
Share-based payments	-	16,341
	36,000	28,941

Share-based payments are the fair value of options vested to directors and key management.

4. UNPROVEN MINERAL RIGHT INTERESTS

	December 31,	September 30,
	2018	2018
	\$	\$
Labrador Properties		
Acquisition	850,203	850,203
Deferred exploration	3,968,673	3,366,009
	4,818,876	4,216,212
Borden Lake Property		
Acquisition	314,185	314,185
Deferred exploration	601,460	601,460
	915,645	915,645
	5,734,521	5,131,857

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 on the Ashuanipi, Nain and Hopedale properties, located in Labrador (the “Labrador Properties”). The terms of the LOI 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 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 \$150,000 and issuance of 350,000 shares in respect of each property;

4. UNPROVEN MINERAL RIGHT INTERESTS (continued)

- On or before September 5, 2020: payment of \$175,000 and issuance of 400,000 shares in respect of each property; and
- On or before September 5, 2021: payment of \$250,000 and issuance of 500,000 shares in respect of each 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 2023.

In January 2018, additional claims contiguous to the Ashuanipi property were staked and are being earned by the Company under the terms of the LOI. The Company also staked additional claims contiguous to the Ashuanipi property.

In May 2018, additional claims at the Hopedale property were staked and are being earned 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 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.

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.

5. SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2018, net exploration costs included in amounts payable and accrued liabilities were \$336,190 (September 30, 2018: \$245,416).

During the three months ended December 31, 2018, the Company issued \$9,971 in shares to settle expenses of \$11,300.

During the year ended September 30, 2018, the Company:

- a) Issued \$394,500 in shares for option payments on mineral properties; and
- b) Issued \$156,148 in shares issued to settle exploration expenses of \$173,498.

6. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company received proceeds of \$490,750 from the exercise of 3,775,000 warrants.