



## **Labrador Uranium Inc.**

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### **Condensed Interim Financial Statements**

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**For the three and six months ended May 31, 2022**

**UNAUDITED**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of 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 condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

**Labrador Uranium Inc.**  
**Condensed Interim Statements of Financial Position**  
*Expressed in Canadian Dollars (unaudited)*

	Notes	May 31, 2022	November 30, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 14,218,852	\$ 1,857,440
Restricted cash	6	20,000	7,651,023
Amounts receivable		261,582	106,221
Prepaid expenses		786,755	30,000
Prepaid financing costs	6	-	721,366
<b>Total current assets</b>		15,287,189	10,366,050
Right-of-use asset	7	176,594	-
<b>Total assets</b>		\$ 15,463,783	\$ 10,366,050
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 576,707	\$ 536,992
Lease liability	8	56,552	-
Deferred flow-through premium	11	357,733	-
Promissory notes payable	5 & 12	-	500,000
Subscription receipt liability	6	-	8,000,000
<b>Total current liabilities</b>		990,992	9,036,992
Long term lease liability	8	123,028	-
<b>Total Liabilities</b>		1,114,020	9,036,992
<b>EQUITY</b>			
Share capital	6	33,390,323	2,144,824
Warrant reserve	6	3,756,260	279,389
Option reserve	6	1,136,602	-
Deficit		(23,933,422)	(1,095,155)
<b>Total shareholders' equity</b>		14,349,763	1,329,058
<b>Total liabilities and shareholders' equity</b>		\$ 15,463,783	\$ 10,366,050

Nature of operations and going concern (Note 1)  
 Commitments and contingencies (Notes 4 and 13)  
 Subsequent events (Note 14)

Approved on behalf of the Board of Directors on July 28, 2022:

Signed: "Philip Williams", Director

Signed: "Brigitte Berneche", Director

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

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**Labrador Uranium Inc.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss***Expressed in Canadian Dollars (unaudited)*

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		Three months ended	Six months ended
	Notes	May 31, 2022	May 31, 2022
<b>Expenses</b>			
Exploration and evaluation expenses	4 & 6	\$ 2,343,428	\$ 20,032,811
Share-based compensation	6	315,959	1,136,602
Consulting and management fees	6 & 12	250,841	560,232
Professional fees		208,154	318,513
Investor relations expenses		225,342	353,696
Salaries and wages		92,675	170,812
Depreciation	7	9,197	19,472
Geological consulting		33,152	56,201
Listing and filing fees		53,087	62,192
Office and other expenses		81,430	89,180
Lease accretion		2,746	6,743
Travel expenses		13,462	17,005
Foreign exchange loss		30,574	31,859
<b>Total expenses</b>		<b>3,660,047</b>	<b>22,855,318</b>
<b>Other income</b>			
Interest		1,069	1,069
Flow-through share premium	11	15,982	15,982
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (3,642,996)</b>	<b>\$ (22,838,267)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.07)</b>	<b>\$ (0.69)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		50,957,178	33,208,549

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

# Labrador Uranium Inc.

## Condensed Interim Statement of Changes in Equity

Expressed in Canadian Dollars (unaudited)

	Notes	Number of Class A Common Shares	Number of Class B Common Shares	Share Capital	Warrant Reserve	Option Reserve	Deficit	Total Equity
<b>Balance, July 13, 2021</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Private placement financings	6	-	9,300,000	\$ 1,920,000	\$ -	\$ -	\$ -	\$ 1,920,000
Share issue costs	6	-	-	(75,176)	-	-	-	(75,176)
Shares issued for services	6	-	3,000,000	300,000	-	-	-	300,000
Warrants issued	6	-	-	-	279,389	-	-	279,389
Stock option reserve		-	-	-	-	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	(1,095,155)	(1,095,155)
<b>Balance, November 30, 2021</b>		<b>1</b>	<b>12,300,000</b>	<b>\$ 2,144,824</b>	<b>\$ 279,389</b>	<b>\$ -</b>	<b>\$ (1,095,155)</b>	<b>\$ 1,329,058</b>
Subscription receipt financings	6	-	11,428,571	6,225,014	1,495,597	-	-	7,720,611
Flow Through share issuance		-	7,144,000	8,144,160	1,483,725	-	-	9,627,885
Share issue costs	6	-	-	(2,007,010)	505,159	-	-	(1,501,851)
Shares issued for acquisitions	4 & 6	(1)	27,209,907	18,850,000	-	-	-	18,850,000
Warrants exercised		-	24,500	33,335	(7,610)	-	-	25,725
Options granted	6	-	-	-	-	1,136,602	-	1,136,602
Fractional shares cancelled		-	(49)	-	-	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	(22,838,267)	(22,838,267)
<b>Balance, May 31, 2022</b>		<b>-</b>	<b>58,106,929</b>	<b>\$ 33,390,323</b>	<b>\$ 3,756,260</b>	<b>\$ 1,136,602</b>	<b>\$ (23,933,422)</b>	<b>\$ 14,349,763</b>

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

**Labrador Uranium Inc.**  
**Condensed Interim Statement of Cash Flows**  
*Expressed in Canadian Dollars (unaudited)*

	Note	Three months ended May 31, 2022	Six months ended May 31, 2022
<b>Cash (used in)/provided by:</b>			
<b>Operating activities</b>			
Net loss		\$ (3,642,996)	\$ (22,838,267)
Items not involving cash:			
Share-based compensation	6	315,959	1,136,602
Shares issued for acquisitions	6	2,050,000	18,850,000
Flow-through share premium	11	(15,982)	(15,982)
Depreciation expense		9,197	19,472
Lease accretion		2,746	6,743
Foreign exchange loss		30,576	31,859
Changes in non-cash working capital:			
Change in amounts receivable		(73,509)	(129,408)
Change in prepaid expenses		(1,388,454)	(663,755)
Change in accounts payable and accrued liabilities		(268,858)	39,715
<b>Net cash used in operating activities</b>		<b>(2,981,321)</b>	<b>(3,563,021)</b>
<b>Investing activities</b>			
Restricted cash		-	(20,000)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(20,000)</b>
<b>Financing activities</b>			
Proceeds from share issuance	6	10,349,508	18,000,531
Share issue costs	6	(526,183)	(1,526,735)
Warrant exercise		25,725	25,725
Promissory notes payable	5	-	(500,000)
Lease payments		(10,729)	(23,229)
<b>Net cash from financing activities</b>		<b>9,838,321</b>	<b>15,976,292</b>
Effect of foreign exchange rate changes on cash		(30,576)	(31,859)
<b>Net increase in cash during the period</b>		<b>6,857,000</b>	<b>12,393,271</b>
<b>Cash, beginning of period</b>		<b>7,392,428</b>	<b>1,857,440</b>
<b>Cash, end of period</b>		<b>\$ 14,218,852</b>	<b>\$ 14,218,852</b>
<b>Supplemental cash flow information</b>			
Broker warrants issued	6	279,389	505,159

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

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Labrador Uranium Inc. (the “Company”, or “LUR”) was incorporated on July 13, 2021 under the laws of the Province of Ontario. The Company is currently engaged in the acquisition, exploration and development of mineral properties in Labrador, Canada. The head office and principal address of the Company is 217 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario, M5V 0R2.

The Company was formerly a majority-controlled subsidiary of Consolidated Uranium Inc. (“CUR”). On February 22, 2022, the Company closed its arrangement agreement with CUR of October 17, 2021 whereby the Company was spun-out from CUR and acquired certain mineral property rights from CUR in exchange for common shares of the Company. See Notes 4 and 6. The Company’s common shares trade under the ticker symbol “LUR” on the Canadian Securities Exchange (“CSE”).

During the three and six months ended May 31, 2022, the Company had a comprehensive loss of \$3,642,996 and \$22,838,267 respectively and working capital as at May 31, 2022 of \$14,296,197 (November 30, 2021 - \$1,329,058). The Company believes that it will have sufficient capital to operate over the next 12 months, including carrying out the Company’s planned exploration activities.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company will have future needs for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

These condensed interim financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim financial statements. Such adjustments could be material.

#### Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

### 2. BASIS OF PRESENTATION

#### ***Statement of compliance***

These condensed interim financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended November 30, 2021.

#### ***Basis of presentation***

These condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these financial statements are presented in Canadian dollars, which is the functional currency of the Company. All values are rounded to the nearest dollar.

#### ***Approval of the financial statements***

These condensed interim financial statements of the Company for the three and six months ended May 31, 2022 were reviewed, approved and authorized for issue by the Board of Directors of the Company on July 28, 2022.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### ***Critical judgements and estimation uncertainties***

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

#### ***Income, value added, withholding and other taxes***

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.



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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Critical judgements and estimation uncertainties (continued)*

All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

#### Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

*Contingencies (see Notes 1 and 13).*

#### 3.1 Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations.

#### 3.2 Lease obligations

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a lease obligation and right-of-use asset for its premises lease. The lease obligation is measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate of 8%.

The lease term determined by the Company comprises:

- The non-cancellable period of lease contracts, including a rent-free period if applicable;
- Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 3.2 Lease obligations (continued)

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is remeasured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

### 3.3 Right-of-use asset

On initial recognition, the right-of-use asset is estimated at an amount equal to the initial value of the lease obligation, adjusted for the following items:

- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Company;
- An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

The right-of-use assets are depreciated using the straight-line over the earlier of the end of the useful life of the asset or the end of the lease term as determined under IFRS 16. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent liabilities and Contingent assets.

## 4. EXPLORATION AND EVALUATION PROPERTIES

### Moran Lake Uranium and Vanadium Project

In November 2020, CUR entered into an option agreement with a private, arm's length party to acquire a 100% interest in the Moran Lake uranium project, located in the Central Mineral Belt of Labrador, Canada. On October 17, 2021, CUR exercised its option and completed the acquisition of the Moran Lake Project.

Pursuant to the arrangement with CUR (see Note 1), the Company acquired the Moran Lake Project in exchange for 16,000,000 of the Company's common shares, and the Company has assumed the obligations of CUR pursuant to the transaction, as described below.

The vendor is entitled to receive certain future payments contingent upon the attainment of certain milestones tied to the spot price of uranium as follows:

Uranium Spot Price (USD)	Vendor Payment (CDN in Cash)	Vendor Payment (CDN in Shares)
\$ 75	\$ 375,000	\$ 375,000

The spot price contingent payments will expire 10 years following the date the option is exercised. The vendor has been granted a 1.5% net smelter returns royalty from the sale of the mineral products extracted or derived from the property. CUR has retained the right to purchase 0.5% of the net smelter returns royalty for \$500,000.

On April 8, 2022, the Company made a payment to satisfy the USD \$50/lbs uranium spot price milestone owed to the vendor of the Moran Lake Project in relation to the spot price of uranium. The Company issued \$250,000 in cash and 209,907 common shares at a price of \$1.19 per share based on the Company's share price on the date of issuance.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 4. EXPLORATION AND EVALUATION PROPERTIES (continued)

#### Altius Projects

On October 17, 2021, CUR and LUR entered into a purchase agreement (the “Altius Agreement”) with Altius Resources Inc. (“Altius”), a wholly-owned subsidiary of Altius Minerals Corporation (“Altius”), pursuant to which LUR agreed to acquire from Altius a 100% interest in (i) the Central Mineral Belt Uranium-Copper Project and, (ii) the Notakwanon project, both located in the CMB in Labrador (collectively, the “Altius Projects”).

On February 22, 2022, the Company completed the previously announced acquisition of the Altius Projects in exchange for 8,000,000 common shares of the Company and the grant of a 2% gross overriding royalty on the Altius Projects, with an “Area of Interest” clause whereby any property acquired by the Company within a specified area in proximity to the Altius Projects, subject to certain exclusions, will become subject to the 2% gross overriding royalty.

The Altius Agreement contains an “Area of Interest” clause which requires Altius to notify the Company of any interest that Altius acquires in certain minerals properties (the “Area of Interest Property”) located in Labrador in proximity to the Altius Projects. Upon providing such notice, the Company will have the right, for a period of 45 days thereafter, to acquire the Area of Interest Property from Altius for consideration equal to the consideration initially paid by Altius to acquire the Area of Interest Property. In addition, the Company has agreed to grant Altius a right of first offer on any proposed sale of any royalty on or in respect of certain identified mineral parties, to any third-party.

#### Mustang Lake Project

On November 3, 2021, CUR and LUR entered into an agreement (the “Mega Agreement”) with Mega Uranium Ltd. (“Mega”) and its wholly-owned subsidiary, Monster Copper Corporation, pursuant to which the Company has agreed to acquire Mega’s 66% participating interest in Mega’s joint venture (the “Joint Venture”) with Anthem Resources Inc. (formerly Santoy Resources Ltd.) (“Anthem”) that holds a 100% interest in the Mustang Lake Project, a prospective uranium project located in the CMB (the “Mega Transaction”).

Pursuant to the terms of the Mega Agreement, LUR has agreed to acquire Mega’s 66% interest in the Joint Venture in exchange for 3,000,000 common shares. The Mega Transaction was closed on May 18, 2022 with the issuance of common shares.

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred as of May 31, 2022 on its mineral properties:

	Moran Lake	Altius Projects	Mustang Lake	Total
<b>Balance, November 31, 2021</b>	-	546,000	-	546,000
Property acquisition costs	11,700,000	5,600,000	1,800,000	19,100,000
Exploration expenditures	524,199	383,391	25,221	932,811
<b>Balance, May 31, 2022</b>	<b>12,224,199</b>	<b>6,529,391</b>	<b>1,825,221</b>	<b>20,578,811</b>

### 5. PROMISSORY NOTES PAYABLE

On July 26, 2021, the Company entered into a \$250,000 promissory note with CUR. The note was unsecured, non-interest bearing and payable within five days of the Company’s listing on a Canadian exchange, or within twelve months, whichever is sooner. The proceeds from the note were transferred as an advance directly to Altius as per an executed term sheet dated July 20, 2021 that ultimately resulted in the property acquisition with Altius. See Note 4.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 5. PROMISSORY NOTES PAYABLE (continued)

On September 16, 2021, the Company and CUR entered into a second \$250,000 promissory note. The note was unsecured, non-interest bearing and payable within five days of the Company's listing on a Canadian exchange, or within twelve months, whichever is sooner.

The Company fully repaid the promissory notes with a cash payment of \$500,000 to CUR on February 23, 2022.

### 6. SHARE CAPITAL

#### Authorized

On November 30, 2021, the authorized share capital of the Company consisted of an unlimited number of Class A common shares, each carrying 20 million votes, and an unlimited number of Class B common shares without par value, each carrying one vote. Pursuant to the completion of the spin-out transaction on February 22, 2022 (see Note 1), the Company's 1 Class A common share, issued to CUR upon incorporation of the Company, was cancelled, and the Company's Class B shares became the common shares of the Company.

#### Issued and Outstanding

Common shares outstanding as at May 31, 2022 are as follows:

	Number of shares outstanding	Amount
<b>Balance, July 13, 2021 (incorporation)</b>	-	\$ -
Private placements (iv,vi)	9,300,000	1,920,000
Share issue costs	-	(75,176)
Shares issued for services (v)	3,000,000	300,000
<b>Balance, November 30, 2021</b>	<b>12,300,000</b>	<b>2,144,824</b>
Subscription receipts (ii)	11,428,571	6,225,014
Flow through share issuance (iii)	7,144,000	8,517,875
Share issue costs	-	(2,007,010)
Shares issued for acquisitions (i)	27,209,907	18,850,000
Warrants exercised	24,500	33,335
<b>Balance, May 31, 2022</b>	<b>58,106,978</b>	<b>\$ 33,764,038</b>

- (i) On February 22, 2022, the Company issued 16,000,000 common shares to CUR to acquire the Moran Lake Project. See Note 4.

On February 22, 2022, the Company issued 8,000,000 common shares to Altius to acquire the Altius Projects. See Note 4.

On May 18, 2022, the Company issued 3,000,000 common shares to Mega Uranium to acquire the 66% ownership of the Mustang Lake Project.

- (ii) On November 12, 2021, the Company closed a private placement (the "Subscription Receipt Financing") by issuing 11,428,571 subscription receipts ("Subscription Receipts") at a price of \$0.70 per Subscription Receipt, for gross proceeds to the Company of \$8,000,000. Directors and officers of the Company subscribed for 101,058 Subscription Receipts for gross proceeds of \$70,741.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 6. SHARE CAPITAL (continued)

Each Subscription Receipt entitled the holder thereof to automatically receive, upon satisfaction of the escrow release conditions, one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one common share at a price of \$1.05 for a period of 24 months following the date that the escrow release conditions are satisfied. The fair value of the 5,714,285 warrants was estimated at \$1,774,986 using the Black-Scholes option pricing model with the following assumptions: stock price \$0.55; exercise price \$1.05; risk-free interest rate 1.00%; annualized volatility 140.3% based on volatilities of comparable companies; expected dividend yield 0%; and expected life of 2 years.

The gross proceeds from the sale of the Subscription Receipts, less 50% of the agents' commission and expenses paid at the closing of the Subscription Receipt Financing were held in escrow by Computershare Trust Company of Canada in accordance with a subscription receipt agreement dated November 12, 2021 and was released to the Company upon satisfaction of the escrow release conditions on February 22, 2022.

A total of 799,999 broker warrants, each exercisable to acquire one common share at a price of \$0.70 for a period of 24 months, were issued in connection with the Subscription Receipt Financing. The fair value of the broker warrants issued was estimated at \$278,389 using the Black-Scholes option pricing model with the following assumptions: stock price \$0.55; exercise price \$0.70; risk-free interest rate 1.00%; annualized volatility of 140.3% based on volatilities of comparable companies; expected dividend yield 0%; and expected life of 2 years.

- (iii) On April 28, 2022 the Company closed a bought deal private placement by issuing 7,144,000 flow-through units ("FT unit") at a price of \$1.40 per FT unit for gross proceeds of \$10,001,600.

Each FT unit entitled the holder thereof to automatically receive one common share and one-half of one common share purchase Warrant. Each Warrant will entitle the holder to purchase one common share at a price of \$1.40 at any time on or before April 28, 2024. The fair value of the 3,572,000 warrants was estimated at \$1,483,725 using the Black-Scholes option pricing model with the following assumptions: stock price \$0.91; exercise price \$1.40; risk-free interest rate 2.63%; annualized volatility 105.4% based on volatilities of comparable companies; expected dividend yield 0%; and expected life of 2 years.

A total of 464,360 broker warrants, each exercisable to acquire one common share at a price of \$1.00 for a period of 24 months, were issued in connection with the FT unit offering. The fair value of the broker warrants issued was estimated at \$225,770 using the Black-Scholes option pricing model with the following assumptions: stock price \$0.91; exercise price \$1.00; risk-free interest rate 2.63%; annualized volatility of 105.4% based on volatilities of comparable companies; expected dividend yield 0%; and expected life of 2 years.

- (iv) On November 3, 2021, the Company completed a private placement financing by issuing 3,300,000 common shares at a price of \$0.40 per share for gross proceeds of \$1,320,000. In connection with the financing, cash commissions of \$23,600 were paid. An officer of the Company subscribed for 62,500 common shares, generating gross proceeds of \$25,000.
- (v) On October 4, 2021, the Company issued 3,000,000 common shares to a consultant for advisory services. The shares were valued at \$300,000 based on the price of the September 2021 private placement.
- (vi) On September 17, 2021, the Company completed a private placement financing by issuing 6,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$600,000. An officer of the Company subscribed for 500,000 common shares, generating gross proceeds of \$50,000.

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## Labrador Uranium Inc.

### Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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#### 6. SHARE CAPITAL (continued)

##### Warrants

The changes in warrants issued during the six months ended May 31, 2022 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
<b>Balance, November 30, 2021</b>	-	\$ -	\$ -
Granted, February 2022	5,714,285	1.05	1,774,986
Granted, February 2022	799,999	0.70	279,389
Exercised, March 2022	(10,000)	1.05	(3,106)
Granted, April 2022	3,572,000	1.40	1,483,725
Granted, April 2022	464,360	1.00	225,770
Exercised, April 2022	(14,500)	1.05	(4,504)
<b>Balance, May 31, 2022</b>	<b>10,526,144</b>	<b>\$ 1.14</b>	<b>\$ 3,756,260</b>

The following table summarizes the warrants outstanding as at May 31, 2022:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Expected life (Yrs) remaining
5,689,785	5,689,785	22-Feb-22	22-Feb-24	\$ 1.05	1.73
799,999	799,999	22-Feb-22	22-Feb-24	0.70	1.73
3,572,000	3,572,000	28-Apr-22	28-Apr-24	1.40	1.91
464,360	464,360	28-Apr-22	28-Apr-24	1.00	1.91
<b>10,526,144</b>	<b>10,526,144</b>				

The weighted-average remaining contractual life of the warrants at May 31, 2022 is 1.8 years.

##### Stock Options

The Company adopted a long term incentive plan (the "LUR LTIP") on November 10, 2021.

The purpose of the LUR LTIP is, among other things, to advance the interests of LUR by providing eligible participants in the LUR LTIP with additional incentives, encouraging stock ownership by such participants and increasing the proprietary interest of participants in the success of LUR. The LUR Board (as defined below) has administration over the LUR LTIP and is authorized to provide for the granting, exercise and method of exercise of awards.

The LUR LTIP is a "rolling" plan which sets the total number of LUR Common Shares reserved and available for grant and issuance pursuant to awards granted under the LUR LTIP at an amount not to exceed 10% of the LUR Common Shares from time to time, or such other number as may be approved by the CSE and LUR shareholders from time to time. The LUR LTIP provides for a variety of equity-based awards that may be granted to certain LUR participants, including stock options, performance share units and restricted share units. Each stock option granted under the LTIP will represent the right to receive LUR Common Shares and each share unit will represent the right to receive LUR Common Shares, or the market value of such LUR Common Shares in cash, or a combination of the two, in accordance with the terms of the LUR LTIP. The maximum number of LUR Common Shares that may be: (i) issued to insiders of LUR within any one-year period; or (ii) issuable to insiders of LUR at any time, in each case, under the LUR LTIP alone, or when combined with any other proposed or established security-based compensation arrangement of LUR cannot

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**Labrador Uranium Inc.****Notes to the Financial Statements****For the three and six months ended May 31, 2022***Expressed in Canadian Dollars (unaudited)*

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**6. SHARE CAPITAL (continued)****Stock Options (continued)**

exceed 10% of the aggregate number of LUR Common Shares issued and outstanding from time to time determined on a non-diluted basis.

The changes in stock options granted during the six months ended May 31, 2022 are as follows:

	Number of options	Weighted average exercise price	Value of options
<b>Balance, November 30, 2021</b>	-	\$ -	\$ -
Granted, January 2022	1,225,000	0.70	251,609
Granted, February 2022	3,100,000	0.70	1,818,881
<b>Balance, May 31, 2022</b>	<b>4,325,000</b>	<b>\$ 0.70</b>	<b>\$ 2,070,490</b>

On January 30, 2022, the Company granted a total of 1,225,000 stock options to directors, management and consultants of the Company pursuant to the LUR LTIP. The options vested immediately and may be exercised at a price of \$0.70 per option until November 30, 2022. The fair value of the stock options was estimated at \$251,609 using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield 0%; stock price \$0.70; expected annual volatility 81%; risk-free interest rate 1.45% and expected average life 0.83 years. Directors and officers were granted 600,000 options, with a fair value of \$154,046.

On February 22, 2022, the Company granted a total of 3,100,000 stock options to directors, management, employees and consultants of the Company pursuant to the LUR LTIP. The options may be exercised at a price of \$0.70 per option until February 22, 2027. The fair value of the stock options was estimated at \$1,818,881 using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield 0%; stock price \$0.70; expected annual volatility 123%; risk-free interest rate 1.74% and expected average life of 5 years. Directors and officers were granted 1,600,000 options, with a fair value of \$938,777. For 2,850,000 of the stock options, 1/3 vested immediately, 1/3 vests on the first anniversary date of the grant, and 1/3 vests on the second anniversary of the grant. For the remaining 250,000 stock options, 1/4 vests in 3-month intervals until February 22, 2023. Directors and officers were granted 1,600,000 options, with a fair value of \$938,777.

Stock options outstanding as of May 31, 2022 are as follows:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Expected life (Yrs) remaining
1,225,000	1,225,000	30-Jan-22	30-Nov-22	\$ 0.70	0.50
3,100,000	1,012,496	22-Feb-22	22-Feb-27	\$ 0.70	4.73
<b>4,325,000</b>	<b>2,237,496</b>				

The weighted average remaining contractual life of the options as at May 31, 2022 is 3.54 years.

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## Labrador Uranium Inc.

### Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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#### 7. RIGHT-OF-USE ASSETS

The Company recognized the right-of-use asset for its office space lease as follows:

	May 31, 2022	November 30, 2021
<b>Balance, opening</b>	\$ -	\$ -
Additions	196,066	-
Accumulated amortization	(19,472)	-
<b>Balance, ending</b>	<b>\$ 176,594</b>	<b>\$ -</b>

#### 8. LEASE OBLIGATION

The following table presents the lease obligation for the Company:

	May 31, 2022	November 30, 2021
<b>Balance, opening</b>	\$ -	\$ -
Additions	196,066	-
Accretion on lease obligation	6,743	-
Rent payments	(23,229)	-
<b>Balance, ending</b>	<b>179,580</b>	<b>-</b>
Less: current portion	(56,552)	-
<b>Non-current portion</b>	<b>\$ 123,028</b>	<b>\$ -</b>

The following table presents the contractual undiscounted cash flows for lease obligation as at May 31, 2022.

Less than one year	\$ 68,879
One to two years	66,942
More than two years	70,000
<b>Total undiscounted lease obligation</b>	<b>\$ 205,821</b>

When measuring the lease obligation, the Company discounted the remaining lease payments using the estimated incremental borrowing rate of 8% per annum.

#### 9. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts. The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three and six months ended May 31, 2022.



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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 9. CAPITAL MANAGEMENT (continued)

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body.

### 10. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, restricted cash, amounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at May 31, 2022, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

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# Labrador Uranium Inc.

## Notes to the Financial Statements

For the three and six months ended May 31, 2022

Expressed in Canadian Dollars (unaudited)

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### 10. FINANCIAL INSTRUMENTS (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At May 31, 2022, the Company had a cash balance of \$14,218,852 (November 30, 2021- \$1,857,440) to settle current liabilities of \$990,992 (November 30, 2021- \$1,036,992). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

#### (d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to uranium. Commodity price risk is remote as the Company is not a producing entity.

### 11. FLOW-THROUGH SHARE PREMIUM LIABILITY

The issuance of flow-through common shares requires the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share premium liability is reversed (see note 13). At May 31, 2022, the flow-through share premium liability was \$357,733 (November 30, 2021 - \$nil).

### 12. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and six months ended May 31, 2022, the remuneration of key management personnel was as follows:

	Three months ended May 31,		Six months ended May 31,	
	2022	2021	2022	2021
Management fees	\$ 153,750	\$ -	\$ 375,000	\$ -
Share-based compensation	151,319	-	623,435	-
<b>Total</b>	<b>\$ 305,069</b>	<b>\$ -</b>	<b>\$ 998,435</b>	<b>\$ -</b>

See also Notes 5 and 6.

### 13. COMMITMENTS AND CONTINGENCIES

As part of the April 2022 financing, the Company committed to incur, on a best-effort basis, by December 31, 2023, \$10,001,600 in Canadian exploration expenditures ("CEE") pursuant to a bought deal private placement for which flow-through proceeds have been received. Through May 31, 2022, the Company expended \$427,718 in eligible exploration expenditures and as a result is committed to spend a further \$9,573,882 before December 31, 2023.

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**Labrador Uranium Inc.****Notes to the Financial Statements****For the three and six months ended May 31, 2022***Expressed in Canadian Dollars (unaudited)*

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**13. COMMITMENTS AND CONTINGENCIES (continued)**

The change in the flow-through share CEE commitment and the change in deferred flow-through premium is summarized below:

<b>Flow-Through Share Canadian Exploration Expenditure Commitment</b>	<b>Three months ended May 31, 2022</b>	<b>Six months ended May 31, 2022</b>
CEE Commitment - beginning	\$ -	\$ -
CEE Commitment - additions	10,001,600	10,001,600
	10,001,600	10,001,600
CEE spending in period	(427,718)	(427,718)
<b>CEE commitment - ending</b>	<b>\$ 9,573,882</b>	<b>\$ 9,573,882</b>

<b>Deferred Flow-through Premium</b>	<b>Three months ended May 31, 2022</b>	<b>Six months ended May 31, 2022</b>
Deferred FT premium - beginning	\$ -	\$ -
Deferred FT premium - additions	373,715	373,715
	373,715	373,715
Change in FT premium in period	(15,982)	(15,982)
<b>Deferred FT premium - ending</b>	<b>\$ 357,733</b>	<b>\$ 357,733</b>

The Company has indemnified the subscribers of the flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$495,000 (November 30, 2021- \$37,500) or contingent payments of up to approximately \$540,000 (November 30, 2021- \$nil) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

**14. SUBSEQUENT EVENTS**

On July 18, 2022, the Company granted incentive stock options to a director, employee and consultant to purchase a total of 275,000 common shares. The options are exercisable at a price of \$0.70 per common share for a period of five years.