



**Liberty Gold Corp.**

(formerly known as Pilot Gold Inc.)

An exploration stage company

**Condensed Interim Consolidated Financial Statements**

**Six months ended June 30, 2017**

(Expressed in US Dollars - unaudited)

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of financial position****(Expressed in United States Dollars - unaudited)**

	As at June 30, 2017	As at December 31, 2016 (restated Note 3)	As at January 1, 2016 (restated Note 3)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	8,149,477	12,374,010	7,811,674
Short term investments	96,420	94,881	100,743
Receivables and prepayments (Note 5)	313,906	827,589	779,931
<b>Total current assets</b>	<u>8,559,803</u>	<u>13,296,480</u>	<u>8,692,348</u>
<i>Non-current assets</i>			
Other financial assets (Note 6)	468,593	616,688	309,406
Deposits	376,963	325,752	1,408,469
Sales taxes receivable (Note 5)	937,231	938,858	1,128,963
Plant and equipment	256,604	270,245	322,858
Exploration and evaluation assets (Note 7)	24,019,239	24,019,239	23,115,371
Investment in associates (Note 8)	1,426,518	1,413,687	1,417,300
<b>Total non-current assets</b>	<u>27,485,148</u>	<u>27,584,469</u>	<u>27,702,367</u>
<b>Total assets</b>	<u>36,044,951</u>	<u>40,880,949</u>	<u>36,394,715</u>
<b>Liabilities and Shareholders' Equity</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities (Note 9)	1,006,705	897,297	477,128
<b>Total current liabilities</b>	<u>1,006,705</u>	<u>897,297</u>	<u>477,128</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities (Note 10)	396,214	500,010	-
Other liabilities	88,635	84,770	129,536
<b>Total non-current liabilities</b>	<u>484,849</u>	<u>584,780</u>	<u>129,536</u>
<i>Shareholders' equity</i>			
Share capital (Note 11)	166,968,727	166,756,042	155,186,833
Contributed surplus (Note 11)	23,556,001	23,318,508	20,209,503
Accumulated other comprehensive loss	(7,869,926)	(8,294,288)	(8,849,498)
Accumulated deficit	(158,062,069)	(152,290,074)	(140,778,478)
<b>Total shareholders' equity</b>	<u>24,592,733</u>	<u>29,490,188</u>	<u>25,768,360</u>
Non controlling interest (Note 12)	9,960,664	9,908,684	10,019,691
<b>Total liabilities and shareholders' equity</b>	<u>36,044,951</u>	<u>40,880,949</u>	<u>36,394,715</u>

The notes on pages 5 to 18 are an integral part of these consolidated financial statements.

These financial statements are approved by the board and authorised for issue on August 9, 2017:

"Donald McInnes", Director

"Sean Tetzlaff", Director

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of loss and comprehensive loss****(Expressed in United States Dollars - unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016 (restated Note 3)	2017	2016 (restated Note 3)
	\$	\$	\$	\$
<b>Operating expenses</b>				
Exploration and evaluation expenditures (Note 7)	2,299,003	2,118,041	3,654,472	3,045,509
Wages and benefits	283,719	454,295	608,912	982,179
Office and general	322,299	238,215	580,866	628,817
Investor relations, promotion and advertising	141,280	85,844	342,784	135,651
Stock based compensation (Note 11)	33,747	51,351	193,024	343,601
Professional fees	81,391	69,515	191,622	168,667
Listing and filing fees	19,304	9,426	41,898	42,244
Depreciation	9,733	19,536	25,203	38,097
<b>Loss from operations</b>	<b>3,190,476</b>	<b>3,046,223</b>	<b>5,638,781</b>	<b>5,384,765</b>
<b>Other income (expenses)</b>				
Net gain on sale of financial instruments (Note 6)	45,493	89,074	71,645	89,074
Finance income	18,068	25,010	41,855	32,231
Other net income	3,999	4,594	7,471	7,653
Foreign exchange gains (losses)	29,331	(38,209)	(47,986)	(139,761)
Loss from associates (Note 8)	(85,445)	(24,654)	(108,579)	(54,970)
Change in fair value and impairment of financial instruments	(247,156)	-	(248,289)	(90,595)
	(235,710)	55,815	(283,883)	(156,368)
<b>Loss before tax</b>	<b>3,426,186</b>	<b>2,990,408</b>	<b>5,922,664</b>	<b>5,541,133</b>
Income tax expense (recovery) (Note 10)	(179,031)	-	(103,796)	-
<b>Loss for the period</b>	<b>3,247,155</b>	<b>2,990,408</b>	<b>5,818,868</b>	<b>5,541,133</b>
<b>Loss attributable to:</b>				
Shareholders	3,258,662	2,822,418	5,771,995	5,260,348
Non-controlling interests	(11,507)	167,990	46,873	280,785
	3,247,155	2,990,408	5,818,868	5,541,133
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to net income				
Exchange differences on translations	193,755	(896)	315,570	550,489
Net fair value gain on financial assets	73,302	265,244	93,773	332,289
Amounts reclassified into net loss on impairment or sale of financial assets	33,365	(26,080)	15,019	(7,126)
<b>Other comprehensive income for the period, net of tax</b>	<b>300,422</b>	<b>238,268</b>	<b>424,362</b>	<b>875,652</b>
<b>Total loss and comprehensive loss for the period</b>	<b>2,946,733</b>	<b>2,752,140</b>	<b>5,394,506</b>	<b>4,665,481</b>
<b>Loss attributable to:</b>				
Shareholders	2,958,240	2,584,150	5,347,633	4,384,696
Non-controlling interests	(11,507)	167,990	46,873	280,785
<b>Total loss and comprehensive loss for the period</b>	<b>2,946,733</b>	<b>2,752,140</b>	<b>5,394,506</b>	<b>4,665,481</b>
<b>Loss per share</b>				
Basic and diluted loss per share	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.04
<b>Weighted average number of Common Shares</b>				
Basic and diluted	150,386,532	125,367,091	150,240,219	119,024,206

The notes on pages 5 to 18 are an integral part of these consolidated financial statements.

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of changes in equity****(Expressed in United States Dollars - unaudited)**

	Number of Common Shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity	Non-controlling interest	Total equity
	#	\$	\$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$
Balance as at January 1, 2016	107,344,284	155,186,833	20,209,503	(8,849,498)	(140,778,478)	25,768,360	10,019,691	35,788,051
Private placement	17,893,000	2,072,798	1,281,244	-	-	3,354,042	-	3,354,042
Share issue costs on private placement	-	(52,107)	-	-	-	(52,107)	-	(52,107)
Share issuance towards mineral property acquisition	300,000	156,599	-	-	-	156,599	-	156,599
RSU exercises	91,560	77,780	(77,780)	-	-	-	-	-
Stock based compensation	-	-	417,887	-	-	417,887	-	417,887
Net impairment of long-term investments recognised in the statement of loss	-	-	-	(7,126)	-	(7,126)	-	(7,126)
Unrealized gain on long-term investments	-	-	-	332,289	-	332,289	-	332,289
Contributions by non-controlling interest	-	-	-	-	-	-	34,369	34,369
Cumulative translation adjustment	-	-	-	550,489	-	550,489	-	550,489
Net loss for the period	-	-	-	-	(5,260,348)	(5,260,348)	(280,786)	(5,541,134)
Balance as at June 30, 2016	125,628,844	157,441,903	21,830,854	(7,973,846)	(146,038,826)	25,260,085	9,773,274	35,033,359
Balance as at December 31, 2016	150,021,778	166,756,042	23,318,508	(8,294,288)	(152,290,074)	29,490,188	9,908,684	39,398,872
Option, RSU and Warrant exercises (Note 11)	436,865	212,685	(102,531)	-	-	110,154	-	110,154
Stock based compensation (Note 11)	-	-	340,024	-	-	340,024	-	340,024
Other comprehensive income reclassified to the statement of loss on sale or impairment	-	-	-	15,019	-	15,019	-	15,019
Unrealized gain on long-term investments	-	-	-	93,773	-	93,773	-	93,773
Contributions by non-controlling interest (Note 12)	-	-	-	-	-	-	98,853	98,853
Cumulative translation adjustment	-	-	-	315,570	-	315,570	-	315,570
Net loss for the period	-	-	-	-	(5,771,995)	(5,771,995)	(46,873)	(5,818,868)
Balance as at June 30, 2017	150,458,643	166,968,727	23,556,001	(7,869,926)	(158,062,069)	24,592,733	9,960,664	34,553,397

The notes on pages 5 to 18 are an integral part of these consolidated financial statements.

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of cash flows  
(Expressed in United States Dollars - unaudited)**

	Six months ended June 30,	
	2017	2016
	\$	(restated Note 3) \$
<b>Cash flows from operating activities</b>		
Loss for the period	(5,818,868)	(5,541,133)
Adjusted for:		
Stock based compensation	340,024	417,887
Change in fair value, impairment and gains on disposal of financial instruments	196,025	1,521
Deferred tax expense (recovery)	(103,796)	-
Other non-cash items on the statement of loss	134,525	51,792
Foreign exchange not related to cash	9,299	(45,716)
Movements in working capital:		
Accounts receivable and prepayments	516,673	27,520
Accounts payable and other liabilities	101,863	585,642
Net cash outflow due to operating activities	<u>(4,624,255)</u>	<u>(4,502,487)</u>
<b>Cash flows from financing activities</b>		
Cash received from financing	-	3,354,043
Share issue costs	-	(52,107)
Cash received from exercise of share based payments and warrants	110,154	-
Contributions from non-controlling interest	98,853	34,369
Net cash inflow from financing activities	<u>209,007</u>	<u>3,336,305</u>
<b>Cash flows from investing activities</b>		
Sale of equity investments (Note 6)	95,490	108,098
Maturity of short term investments	-	7,530
Purchase of reclamation deposits	-	(5,600)
Purchase and proceeds of sale of property and equipment	(12,730)	(19,153)
Funding to Associates (Note 8)	(89,955)	(54,830)
Acquisition of mineral property	-	(1,004,327)
Net cash outflow due to investing activities	<u>(7,195)</u>	<u>(968,282)</u>
Effect of foreign exchange rates	<u>197,910</u>	<u>479,837</u>
Net increase (decrease) in cash and cash equivalents	(4,224,533)	(1,654,627)
Cash and cash equivalents at beginning of period	12,374,010	7,811,674
Cash and cash equivalents at end of the period	<u>8,149,477</u>	<u>6,157,047</u>

See Note 15 for supplemental cash flow information

## **LIBERTY GOLD CORP.**

**(An exploration stage company – formerly known as Pilot Gold Inc.)**

### **Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

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#### **1. GENERAL INFORMATION**

Liberty Gold Corp. (“Liberty Gold” or the “Company”) is incorporated and domiciled in Canada, and its registered office is at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company was incorporated as “7703627 Canada Inc.” under the Canada Business Corporations Act (“CBCA”) on November 18, 2010. Articles of amendment were filed on November 29, 2010 to change the name of the Corporation to “Pilot Gold Inc.”. Articles of amendment were subsequently filed on May 9, 2017 to change the name of the Company to Liberty Gold Corp.

Liberty Gold is an exploration stage business engaged in the acquisition and exploration of mineral properties located primarily in the United States of America and Turkey.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

#### **2. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2017 (the “Interim Financial Statements”) have been prepared in accordance with IAS 34 - Interim financial reporting. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016 (“Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The comparative information has been restated as detailed in Note 3.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Annual Financial Statements, with the exception of the following:

##### *Change in accounting policy*

##### *Exploration and evaluation expenditures*

Beginning January 1, 2017, in order to enhance the relevance to the decision making needs of users and improve comparability with our peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 – Exploration for and Evaluation of Mineral Resources and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. In prior periods the Company’s policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as incurred, effective with the presentation of the March 31, 2017 condensed interim consolidated financial statements, on a retrospective basis. The Company will continue to defer acquisition expenditures on mineral properties until such time as the properties are put into commercial production, sold or become impaired.

The full accounting policy is as follows:

Exploration and evaluation expenditures incurred, with the exception of acquisition costs, are charged to profit or loss in the period in which they are incurred. Acquisition costs are capitalized to exploration and evaluation assets and classified as non-current. Costs related to the acquisition of mineral properties are capitalized on a property-by-property basis until such a time as the property is placed in production, sold, abandoned or determined to be impaired.

Option payments received on mineral property interests optioned to third parties are credited against previous capitalized acquisition costs for that mineral property interest. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Once it is probable that future economic benefits will flow to us, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. The following criteria are used to assess the economic recoverability and probability of future economic benefits:

- Viability: a Proven and/or Probable Mineral Reserve has been established that demonstrates a positive financial return; and
- Authorizations: necessary permits, access to critical resources and environmental programs exist or are reasonably obtainable.

Although we have taken steps to verify title to mineral properties in which we have an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee our title. Property title may be subject to unregistered prior agreements or transfers, and may be affected by undetected defects.

The change in accounting policy requires full retrospective application. IAS 1 – Presentation of Financial Statements also requires a third statement of financial position be presented. As at January 1, 2016 and December 31, 2016, the following adjustments were recorded to the consolidated statements of financial position:

(i) At January 1, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	\$ 76,647,172	\$ (53,531,801)	\$ 23,115,371
Investment in Associates	5,220,727	(3,803,427)	1,417,300
Total non-current assets	\$ 85,037,595	\$ (57,335,228)	\$ 27,702,367
Deferred tax liabilities	\$ 474,823	\$ (474,823)	\$ -
Total non-current liabilities	\$ 604,359	\$ (474,823)	\$ 129,536
Accumulated other comprehensive loss	\$ (3,938,032)	\$ 5,088,534	\$ (8,849,498)
Accumulated deficit	(91,849,189)	(48,929,289)	(140,778,478)
Total shareholders' equity	\$ 69,609,115	\$ (43,840,755)	\$ 25,768,360
Non-controlling interest	\$ 23,039,341	\$ (13,019,650)	\$ 10,019,691

(ii) At December 31, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	\$ 83,677,276	\$ (59,658,037)	\$ 24,019,239
Investment in Associates	5,421,177	(4,007,490)	1,413,687
Total non-current assets	\$ 91,249,996	\$ (63,665,527)	\$ 27,584,469
Deferred tax liabilities	\$ 1,157,116	\$ (657,106)	\$ 500,010
Total non-current liabilities	\$ 1,241,886	\$ (657,106)	\$ 584,780
Accumulated other comprehensive loss	\$ (13,256,429)	\$ 4,962,141	\$ (8,294,288)
Accumulated deficit	(97,426,019)	(54,864,055)	(152,290,074)
Total shareholders' equity	\$ 79,392,102	\$ (49,901,914)	\$ 29,490,188
Non-controlling interest	\$ 23,015,191	\$ (13,106,507)	\$ 9,908,684

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

As at June 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of financial position:

(iii) As at June 30, 2017:

	<b>Under previous accounting policy</b>	<b>Effect of change of accounting policy</b>	<b>As currently reported</b>
Exploration and evaluation assets	\$ 87,309,362	\$ (63,290,023)	\$ 24,019,239
Investment in Associates	5,645,391	(4,218,873)	1,426,518
Total non-current assets	\$ 94,994,044	\$ (67,508,896)	\$ 27,485,148
Deferred tax liabilities	\$ 1,160,126	\$ (763,912)	\$ 396,214
Total non-current liabilities	\$ 1,248,761	\$ (763,912)	\$ 484,849
Accumulated other comprehensive loss	\$ (12,682,386)	\$ 4,812,460	\$ (7,869,926)
Accumulated deficit	(99,673,671)	(58,388,398)	(158,062,069)
Total shareholders' equity	\$ 78,168,670	\$ (53,575,937)	\$ 24,592,733
Non-controlling interest	\$ 23,110,419	\$ (13,149,755)	\$ 9,960,664

For the three and six month periods ended June 30, 2016, the following adjustments were recorded to the condensed interim consolidated statement of loss:

(iv) Three months ended June 30, 2016

	<b>As previously reported</b>	<b>Effect of change of accounting policy</b>	<b>As currently reported</b>
Exploration and evaluation expenditures	\$ 96,431	\$ 2,021,610	\$ 2,118,041
Loss from operations	\$ 1,024,613	\$ 2,021,610	\$ 3,046,223
Loss from associates	\$ 1,556	\$ 23,098	\$ 24,654
Deferred tax expense (recovery)	83,121	(83,121)	-
Loss attributable to:			
Shareholders	973,449	1,848,969	2,822,418
Non-controlling interests	55,372	112,618	167,990
	\$ 1,028,821	\$ 1,961,587	\$ 2,990,408
Exchange differences on translations	\$ (14,213)	\$ 13,317	\$ (896)
Other comprehensive income	\$ 224,951	\$ 13,317	\$ 238,268
Total loss and comprehensive loss attributable to:			
Shareholders	\$ 748,498	\$ 1,835,652	\$ 2,584,150
Non-controlling interests	55,372	112,618	167,990
	\$ 803,870	\$ 1,948,270	\$ 2,752,140
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02



**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(v) Six months ended June 30, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 208,569	\$ 2,836,940	\$ 3,045,509
Loss from operations	\$ 2,547,825	\$ 2,836,940	\$ 5,384,765
Loss (gain) from associates	\$ (342)	\$ 55,312	\$ 54,970
Deferred tax expense (recovery)	(47,177)	47,177	-
Loss (gain) attributable to:			
Shareholders	2,619,977	2,640,371	5,260,348
Non-controlling interests	(18,273)	299,058	280,785
	\$ 2,601,704	\$ 2,939,429	\$ 5,541,133
Exchange differences on translations	\$ 816,013	\$ (265,524)	\$ 550,489
Other comprehensive income (loss)	\$ 141,176	\$ (265,524)	\$ 875,652
Total loss and comprehensive loss (gain) attributable to:			
Shareholders	\$ 478,801	\$ 2,905,895	\$ 4,384,696
Non-controlling interests	(18,273)	299,058	280,785
	\$ 460,528	\$ 3,204,953	\$ 4,665,481
Basic and diluted loss per share	\$ 0.02	\$ 0.02	\$ 0.04

For the three month period ended June 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of loss:

(vi) Three months ended June 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 11,076	\$ 2,287,927	\$ 2,299,003
Loss from operations	\$ 901,968	\$ 2,288,508	\$ 3,190,476
Loss from associates	\$ 42,972	\$ 42,473	\$ 85,445
Deferred tax expense (recovery)	(121,285)	(57,746)	(179,031)
Loss attributable to:			
Shareholders	1,060,373	2,198,289	3,258,662
Non-controlling interests	(67,373)	55,866	(11,507)
	\$ 993,000	\$ 2,254,155	\$ 3,247,155
Exchange differences on translations	\$ 433,621	\$ (239,866)	\$ 193,755
Other comprehensive income (loss)	\$ 540,288	\$ (239,866)	\$ 300,422

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(vi) Three months ended June 30, 2017 (continued)

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Total loss and comprehensive loss (gain) attributable to:			
Shareholders	\$ 520,085	\$ 2,438,155	\$ 2,958,240
Non-controlling interests	(67,373)	55,866	(11,507)
	\$ 452,712	\$ 2,494,021	\$ 2,946,733
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02

For the six month period ended June 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of loss:

(vii) Six months ended June 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 33,974	\$ 3,620,498	\$ 3,654,472
Loss from operations	\$ 2,017,702	\$ 3,621,079	\$ 5,638,781
Loss from associates	\$ 36,024	\$ 72,555	\$ 108,579
Deferred tax expense (recovery)	3,009	(106,805)	(103,796)
Loss attributable to:			
Shareholders	2,247,652	3,524,343	5,771,995
Non-controlling interests	3,669	43,204	46,873
	\$ 2,251,321	\$ 3,567,547	\$ 5,818,868
Exchange differences on translations	\$ 589,062	\$ (273,492)	\$ 315,570
Other comprehensive income (loss)	\$ 697,854	\$ (273,492)	\$ 424,362
Total loss and comprehensive loss attributable to:			
Shareholders	\$ 1,549,798	\$ 3,797,835	\$ 5,347,633
Non-controlling interests	3,669	43,204	46,873
	\$ 1,553,467	\$ 3,841,039	\$ 5,394,506
Basic and diluted loss per share	\$ 0.01	\$ 0.03	\$ 0.04

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2017

(Expressed in United States Dollars, unless otherwise noted - unaudited)

**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of 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 expense. Actual results may differ from these estimates.

In preparing these 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 Annual Financial Statements, with the exception of the accounting policy change (Note 3).

**5. RECEIVABLES AND PREPAYMENTS**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>	<b>January 1, 2016</b>
Sales taxes receivable	\$ 106,813	\$ 527,580	\$ 516,752
Other receivables	38,439	202,641	82,441
Prepayments	168,654	97,368	180,738
	<b>\$ 313,906</b>	<b>\$ 827,589</b>	<b>\$ 779,931</b>

An additional \$937,231 in sales taxes receivable is classified as non-current and is recoverable when production begins, or on sale of the licenses held by Orta Truva.

**6. OTHER FINANCIAL ASSETS**

From time to time, the Company may make strategic investments in other private or publicly traded entities. These investments are treated as long-term investments and may take the form of common shares or share purchase warrants.

Inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement are summarized in the three levels below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at June 30, 2017, Liberty Gold holds Level 1 equity securities with a total fair value of \$468,593 (December 31, 2016: \$616,688). Certain Level 1 securities were sold during the period for total proceeds of \$95,490. Due to a significant, prolonged decline in the market value of certain Level 1 securities, an impairment loss of \$94,364 was recognized during the period ended June 30, 2017, consisting of previously recognized losses in other comprehensive income, in the statement of loss.

The total amount remaining in other comprehensive income relating to available for sale financial instruments as at June 30, 2017 is \$873,809 (December 31, 2016: \$765,016).

**7. EXPLORATION AND EVALUATION ASSETS**

Currently none of the Company's properties have any known body of commercial ore or any established economic deposit; all are in the exploration stage. Expenditures at Halilağa are recorded in the Company's investment in Truva Bakır, an equity-accounted associate (Note 8).

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**7. EXPLORATION AND EVALUATION ASSETS (continued)**

(i) The acquisition expenditures relating to the Company's interest in several exploration properties in Nevada and Utah have been aggregated and are described as 'Portfolio Projects' in the table below:

	At January 1, 2016 Restated ( Note 3)	Additions	At June 30, 2016 Restated ( Note 3)	At December 31, 2016 Restated ( Note 3)	Additions	At June 30, 2017
<b>USA</b>						
Kinsley Mountain	\$ 575,838	-	\$ 575,838	\$ 575,838	-	\$ 575,838
Goldstrike	8,336,985	150,000	8,486,985	8,486,985	-	8,486,985
Black Pine	-	1,010,926	1,010,926	1,010,926	-	1,010,926
Portfolio properties	542,292	-	542,292	285,233	-	285,233
<b>Total USA</b>	<b>\$ 9,455,115</b>	<b>-</b>	<b>\$ 10,616,041</b>	<b>\$ 10,358,982</b>	<b>-</b>	<b>\$ 10,358,982</b>
<b>Turkey</b>						
TV Tower	13,660,257	-	13,660,257	13,660,257	-	13,660,257
<b>Total Turkey</b>	<b>\$ 13,660,257</b>	<b>-</b>	<b>\$ 13,660,257</b>	<b>\$ 13,660,257</b>	<b>-</b>	<b>\$ 13,660,257</b>
<b>Total</b>	<b>\$ 23,115,372</b>	<b>\$ 1,160,926</b>	<b>\$ 24,276,298</b>	<b>\$ 24,019,239</b>	<b>-</b>	<b>\$ 24,019,239</b>

(ii) Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the condensed interim consolidated statement of comprehensive loss are as follows:

	Goldstrike	Kinsley Mountain	Black Pine	Portfolio properties	Total USA	TV Tower	Other exploration	Total All
December 31, 2015	\$ 1,348,956	\$ 18,521,242	\$ -	\$ 1,897,418	\$ 21,767,616	\$ 31,764,184	\$ 3,384,094	\$ 56,915,894
Drilling and assays	958,172	119,351	-	-	1,077,523	-	-	1,077,523
Wages and salaries	333,829	82,785	1,215	1,350	419,179	188,880	101,470	709,529
Other	682,144	222,294	3,450	3,024	910,912	240,447	107,098	1,258,457
June 30, 2016	\$ 3,323,101	\$ 18,945,672	\$ 4,665	\$ 1,901,792	\$ 24,175,230	\$ 32,193,512	\$ 3,592,662	\$ 59,961,403
December 31, 2016	\$ 5,791,570	\$ 19,210,295	\$ 154,568	\$ 1,848,657	\$ 27,005,090	\$ 32,652,947	\$ 3,716,170	\$ 63,374,207
Drilling and assays	1,564,743	210,836	-	-	1,775,579	-	-	1,775,579
Wages and salaries	474,704	29,319	75,778	-	579,801	98,565	24,680	703,046
Other	591,661	134,349	36,632	2,763	765,405	401,148	9,294	1,175,847
<b>June 30, 2017</b>	<b>\$ 8,422,678</b>	<b>\$ 19,584,799</b>	<b>\$ 266,978</b>	<b>\$ 1,851,420</b>	<b>\$ 30,125,875</b>	<b>\$ 33,152,660</b>	<b>\$ 3,750,144</b>	<b>\$ 67,028,679</b>

Wages and salaries include stock based compensation. Other exploration comprises exploration expenditures on mineral interests prior to acquisition.

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**8. INVESTMENT IN ASSOCIATES***Turkey*

Liberty Gold owns 40% of Halılađa through a 40% ownership stake in Truva Bakır Maden İşletmeleri A.Ş. ("Truva Bakır"), a Turkish company that is controlled (60%) by Teck Madencilik Sanayi Ticaret A.Ş. ("TMST").

	<b>Truva Bakır</b>
At December 31, 2016 (Restated Note 3)	\$ 1,413,687
Share of loss	(108,579)
Funding by the Company	89,955
Foreign exchange differences	31,455
<b>At June 30, 2017</b>	<b>\$ 1,426,518</b>

The summarised financial information for Truva Bakır, on a 100% basis is as follows. The comparative information has been restated to reflect the change in accounting policy (Note 3):

	<b>June 30, 2017</b>	<b>December 31, 2016</b> Restated (Note 3)
Current assets	\$ 448,765	\$ 384,523
Non-current assets	3,337,769	3,306,965
Current liabilities	(202,019)	(157,273)
Non-current liabilities	(18,220)	-
Total net assets	<b>\$ 3,566,295</b>	<b>\$ 3,534,215</b>
% interest held	40%	40%
Company's share of net assets	<b>\$ 1,426,518</b>	<b>\$ 1,413,687</b>

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b> Restated (Note 3)	<b>2017</b>	<b>2016</b> Restated (Note 3)
Loss	\$ (213,613)	\$ (61,635)	\$ (271,448)	\$ (137,425)
% interest held	40%	40%	40%	40%
Company's share of loss	<b>\$ (85,445)</b>	<b>\$ (24,654)</b>	<b>\$ (108,579)</b>	<b>\$ (54,970)</b>

As at June 30, 2017 the Company's cumulative share of Truva Bakır's losses that are unrecognized is \$2,203,460. These unrecognized losses are recorded against any future profits that Truva Bakır earns.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>	<b>January 1, 2016</b>
Trade payables	\$ 872,871	\$ 736,104	\$ 266,870
Other payables	20,040	40,869	56,018
Accrued liabilities	75,794	82,324	144,240
Decommissioning liability - current	38,000	38,000	10,000
	<b>\$ 1,006,705</b>	<b>\$ 897,297</b>	<b>\$ 477,128</b>

Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30-day terms.

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**10. DEFERRED TAX LIABILITY**

A deferred tax liability of \$396,214 has been recognised as at June 30, 2017 (December 31, 2016: \$500,010; January 1, 2016: \$nil) arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva.

**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS***a) Authorized*

Unlimited common shares with no par value.

*b) Stock-based compensation*

For the six months ended June 30, 2017, the Company charged a total of \$340,024 of stock-based compensation expense to the statement of loss of which \$147,000 is attributed to exploration and evaluation expenditures.

*Liberty Gold Stock Option Plan*

Options granted to date under the Liberty Gold Stock Option Plan (2017), are exercisable over a period of five years. Options granted to Directors vest immediately, the remaining options vest in thirds at the end of each year from the date of grant. Any consideration paid by the optionee on the exercise of options is recorded to share capital.

Option transactions and the number of options outstanding are summarized as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
	#	C\$
Balance, December 31, 2016	11,390,750	0.68
Options granted	525,000	0.54
Options forfeited	(885,000)	1.03
Options cancelled	(636,666)	0.54
Options exercised	-	-
<b>Balance, June 30, 2017</b>	<b>10,394,084</b>	<b>0.67</b>

At June 30, 2017, Liberty Gold had incentive options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

<b>Range of prices</b>	<b>Number of Options outstanding</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price</b>	<b>Number of Options exercisable</b>	<b>Weighted average exercise price of Options exercisable</b>
	#	(in years)	C\$	#	C\$
C\$0.01 to C\$0.99	8,452,917	4.09	0.51	3,569,722	0.51
C\$1.00 to C\$1.99	1,826,167	1.46	1.16	1,697,444	1.16
C\$2.00 to C\$2.99	65,000	0.63	2.00	65,000	2.00
C\$3.00 to C\$3.99	50,000	3.79	3.45	50,000	3.45
	<b>10,394,084</b>	<b>3.60</b>	<b>0.65</b>	<b>5,382,166</b>	<b>0.76</b>

For the purposes of estimating the fair value of options using Black-Scholes, certain assumptions are made such as the expected dividend yield, volatility of the market price of the Company's shares, risk-free interest rates and expected average life of the options. For issuances prior to April 2016, we based our expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of our options exceeded our trading history at that time.

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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)***b) Stock-based compensation (continued)*

The weighted average fair value of options granted during the period determined using Black-Scholes was C\$0.30 per option. The weighted average significant inputs into the model included a share price of C\$0.53 at the grant date, an exercise price of C\$0.54, a volatility of 67%, a dividend yield of 0%, an expected option life of 5 years and an annual risk-free interest rate of 1.08%. A 3.7% forfeiture rate was applied to the option expense.

*c) Restricted Share Units*

RSUs granted under the Liberty Gold RSU Plan to employees and service providers of the Company vest in thirds at the end of each year from the date of grant, with the exception of those granted on December 12, 2016, which vest one third immediately, then in thirds at the end of each following year.

Transactions relating to RSUs are summarised below:

	RSUs #
Balance, December 31, 2016	1,137,853
RSUs granted	-
RSUs forfeited or cancelled	(122,679)
RSUs exercised	(66,865)
<b>Balance, June 30, 2017</b>	<b>948,309</b>

Expiry Date	Number of RSUs outstanding #	Weighted average remaining contractual life (in years)	Number of RSUs exercisable #
December 31, 2018	164,976	1.50	116,472
December 31, 2019	783,333	2.50	255,834
	<b>948,309</b>	<b>2.33</b>	<b>372,306</b>

*d) Deferred Share Units*

DSUs granted under the Liberty Gold DSU Plan to Directors of the Company, have no expiration date and are redeemable upon termination of service. As at December 31, 2016 and as at June 30, 2017, there were 858,000 DSUs outstanding.

*e) Warrants*

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants #	Weighted Average Exercise Price C\$
Balance, December 31, 2016	20,760,000	0.69
Warrants expired	-	-
Warrants exercised	(370,000)	0.40
<b>Balance, June 30, 2017</b>	<b>20,390,000</b>	<b>0.70</b>

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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)***e) Warrants (continued)*

The remaining contractual lives of warrants outstanding as at June 30, 2017 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C\$	#	(in years)
0.40	8,372,500	0.71
0.90	12,017,500	1.88
<b>0.69</b>	<b>20,390,000</b>	<b>1.40</b>

**12. NON-CONTROLLING INTEREST**

The Company holds a 79.1% interest in Kinsley Gold LLC (“KG LLC”), the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property (together, “Kinsley”). The remaining 20.9% interest is held by Intor Resources Corporation. Liberty Gold owns a 60% controlling interest of the TV Tower property through a 60% ownership stake in Orta Truva Madencilik Şanayi ve Ticaret A.Ş (“Orta Truva”). The remaining 40% interest is held by TMST.

Summary financial information for KG LLC and Orta Truva is as set out below, and is shown before intercompany eliminations. The value of the non-controlling interest in Orta Truva has increased by \$98,853 (December 31, 2016: \$394,380) during the period ended June 30, 2017 upon receipt of funding from the non-controlling interest holder, TMST.

Comparative information has been restated to reflect the change in accounting policy as described in Note 3:

## a) Summarised Balance Sheet

	KG LLC		Orta Truva	
	As at June 30, 2017	As at December 31, 2016 Restated (Note 3)	As at June 30, 2017	As at December 31, 2016 Restated (Note 3)
Current				
Assets	\$ 216,801	\$ 538,959	\$ 440,353	\$ 637,121
Liabilities	(102,960)	(13,881)	(109,763)	(104,630)
Total Current net assets	113,841	525,078	330,590	532,491
Non-Current				
Assets	688,018	688,012	2,308,269	2,262,852
Liabilities	(52,800)	(52,800)	(396,214)	(500,010)
Total Non-current net assets	635,218	635,212	1,912,055	1,762,842
<b>Net Assets</b>	<b>\$ 749,059</b>	<b>\$ 1,160,290</b>	<b>\$ 2,242,645</b>	<b>\$ 2,295,333</b>

## b) Summarised Statement of Loss

	KG LLC		KG LLC	
	Three months ended June 30, 2017	2016 Restated (Note 3)	Six months ended June 30, 2017	2016 Restated (Note 3)
Statement of Loss	\$ 378,026	\$ 428,968	\$ 411,231	\$ 470,677
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 378,026</b>	<b>\$ 428,968</b>	<b>\$ 411,231</b>	<b>\$ 470,677</b>



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**12. NON-CONTROLLING INTEREST (continued)**

## c) Summarised Statement of Loss

	Orta Truva		Orta Truva	
	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	Restated (Note 3)		Restated (Note 3)	
Statement of Loss	\$ 92,867	\$ 195,843	\$ 419,160	\$ 465,035
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 92,867</b>	<b>\$ 195,843</b>	<b>\$ 419,160</b>	<b>\$ 460,035</b>

## d) Summarised cash flows

	KG LLC		Orta Truva	
	Six months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	Restated (Note 3)		Restated (Note 3)	
Net cash flow from:				
operating activities	\$ (392,003)	\$ (448,591)	\$ (531,614)	\$ (463,849)
financing activities	59,484	226,681	342,941	(361,985)
investing activities	10,361	55,765	413,676	(44,318)
Net increase (decrease) in cash	(322,158)	(166,145)	225,003	(870,152)
Cash at the beginning of the period	537,580	247,414	130,197	1,108,096
<b>Cash at the end of the period</b>	<b>\$ 215,422</b>	<b>\$ 81,269</b>	<b>\$ 355,200</b>	<b>\$ 237,944</b>

**13. COMMITMENTS***Leases*

The Company has entered into operating leases for premises in the United States and Turkey. The lease terms are between two and four years; each lease is renewable at the end of the lease period at the market rate. Office premises and other operating leases in Canada are paid to Oxygen, pursuant to the "Oxygen Agreement". Upon termination of the Oxygen Agreement, the Company is required to indemnify Oxygen for costs associated with those agreements or obligations that had been executed or incurred by Oxygen in connection with, or related to the services provided to the Company by Oxygen. These amounts, as pertaining to non-cancellable leases, are included in the table below. The aggregate lease expenditure related to Liberty Gold's office premises charged to the statement of loss for the three months ended June 30, 2017 is \$84,310 with an additional \$43,456 in contingent rental expenditures which consist of operating costs.

Total future minimum lease payments, under non-cancellable operating leases as at June 30, 2017 are as follows:

Year	
2017	\$ 133,848
2018	207,932
2019	196,257
2020	198,033
2021+	489,546
	<b>\$ 1,225,616</b>

The Company is also responsible for its share of property taxes and operating costs on office premises leases in Canada, Turkey and the United States.

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

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**14. SEGMENT INFORMATION**

The Company's operations are in one segment, the exploration for gold, copper and other precious and base metals. Consistent with December 31, 2016, Liberty Gold has three geographic locations at June 30, 2017: Canada, the United States and Turkey. The total assets attributable to the geographic locations relate primarily to the exploration and evaluation assets held by the Company and its associates, which have been disclosed in Notes 7 and 8.

The net loss is distributed by geographic segment per the table below:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Canada	\$ 894,581	\$ 581,233	\$ 1,721,654	\$ 1,629,486
USA	2,130,788	2,150,470	3,476,329	3,181,582
Turkey	221,786	258,705	620,885	730,065
	<b>\$ 3,247,155</b>	<b>\$ 2,990,408</b>	<b>\$ 5,818,868</b>	<b>\$ 5,541,133</b>

Plant and equipment are distributed by geographic segment per the table below:

	As at June 30, 2017	As at December 31, 2016	As at January 1, 2016
Canada	\$ 91,652	\$ 98,024	\$ 108,603
USA	132,143	139,121	166,500
Turkey	32,809	33,100	47,755
	<b>\$ 256,604</b>	<b>\$ 270,245</b>	<b>\$ 322,858</b>

The Company is in the exploration stage and accordingly, has no reportable segment revenues.

**15. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash financing and investing transactions:

	Six months ended June 30,	
	2017	2016
Non-cash financing and investing transactions		
Reclassification of gains and losses from OCI into the statement of loss	\$ 15,019	\$ (7,126)
Issuance of common shares in partial consideration of mineral property acquisition	-	156,599
	<b>\$ 15,019</b>	<b>\$ 149,473</b>

**16. RELATED PARTY TRANSACTIONS**

In addition to the following, the Company's related parties include its subsidiaries, and associates over which it exercises significant influence. Transactions with the Company's associate are described in Note 8.

*Oxygen Capital Corp*

Oxygen is a private company owned by three directors of the Company. Oxygen provides access to administrative and finance personnel, office rental, the use of assets including Information Technology infrastructure and other administrative functions on an as-needed basis that would not necessarily otherwise be available to Liberty Gold at this stage of the Company's development. Oxygen does not charge a fee to the Company, allocating all expenses at cost.

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**16. RELATED PARTY TRANSACTIONS (continued)**

Related party transactions during the six months ended June 30, 2017 total \$227,509 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at June 30, 2017, Oxygen holds a refundable deposit of \$163,729 on behalf of the Company. Additionally, as at June 30, 2017 the Company held a payable to Oxygen of \$59,898, that was settled subsequent to June 30, 2017. See also Note 13 for details on commitments related to lease arrangements.

*Compensation of key management personnel*

Key management includes members of the Board, the President and Chief Executive Officer, the VP Exploration, the Chief Financial Officer & Corporate Secretary, and the Turkish Country Manager.

The aggregate total compensation paid, or payable to key management for employee services directly or via Oxygen is shown below:

	<b>Six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Salaries and other short-term employee benefits	\$ 334,750	\$ 464,003
Share-based payments	146,885	421,628
<b>Total</b>	<b>\$ 481,635</b>	<b>\$ 885,631</b>