Liberty Gold Corp.
An exploration stage company

Consolidated Financial Statements
Year ended December 31, 2018
(Expressed in US Dollars)

Independent auditor's report

To the Shareholders of Liberty Gold Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Liberty Gold Corp. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

"(signed) PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
March 27, 2019

LIBERTY GOLD CORP.
Consolidated statements of financial position
(Expressed in United States Dollars)

	As at December 31, 2018	As at December 31, 2017
	$	$
Assets		
Current assets		
Cash and cash equivalents	7,783,601	2,168,203
Short term investments	94,255	98,016
Receivables and prepayments (Note 7)	211,474	216,328
Total current assets	8,089,330	2,482,547
Non-current assets		
Other financial assets (Note 8)	187,618	362,023
Deposits (Note 9)	457,625	470,372
Sales taxes receivable (Note 7)	645,106	947,079
Plant and equipment (Note 10)	222,711	238,734
Exploration and evaluation assets (Note 11a)	23,982,103	23,982,103
Investment in associates (Note 12)	1,496,952	1,525,707
Total non-current assets	26,992,115	27,526,018
Total assets	35,081,445	30,008,565
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	612,254	972,213
Total current liabilities	612,254	972,213
Non-current liabilities		
Deferred tax liabilities (Note 14)	1,386,939	546,287
Other liabilities (Note 13)	147,642	156,383
Total non-current liabilities	1,534,581	702,670
Shareholders' equity		
Share capital (Note 15)	179,702,675	167,289,230
Contributed surplus (Note 15)	29,165,756	24,075,989
Accumulated other comprehensive loss	(9,639,935)	(7,709,532)
Accumulated deficit	(175,059,401)	(164,649,891)
Total shareholders' equity	24,169,095	19,005,796
Non controlling interest (Note 16)	8,765,515	9,327,886
Total liabilities and shareholders' equity	35,081,445	30,008,565

The notes on pages 5 to 27 are an integral part of these condensed interim consolidated financial statements.
The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 5. Comparative information has not been restated.
These financial statements were approved by the board and authorised for issue on March 27, 2019.

"*Donald McInnes* ", Director "*Sean Tetzlaff*", Director

LIBERTY GOLD CORP.
Consolidated statements of loss and comprehensive loss
(Expressed in United States Dollars)

	Year ended December 31, 2018	2017
	$	$
Operating expenses		
Exploration and evaluation expenditures (Note 11b)	6,914,090	8,788,389
Wages and benefits	1,310,600	1,214,194
Office and general	1,116,656	1,078,002
Stock based compensation (Note 15c)	897,310	650,207
Investor relations, promotion and advertising	384,577	540,611
Professional fees	271,889	329,296
Depreciation	51,010	63,020
Listing and filing fees	23,667	47,233
Loss from operations	10,969,799	12,710,952
Other income (expenses)		
Finance income	68,000	62,742
Other income (expense)	22,719	(13,064)
Net gain (loss) on sale of other financial assets	(23,759)	125,489
Change in fair value of other financial assets	(33,924)	(236,249)
Loss from associates (Note 12)	(120,295)	(122,672)
Foreign exchange losses	(106,726)	(338,507)
	(193,985)	(522,261)
Loss before tax	11,163,784	13,233,213
Income tax expense (Note 14)	840,652	46,277
Loss for the period	12,004,436	13,279,490
Loss attributable to:		
Shareholders	11,169,416	12,709,266
Non-controlling interests (Note 16)	835,020	570,224
	12,004,436	13,279,490
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Exchange gains (losses) on translations	(1,170,497)	589,870
Net fair value gain on AFS financial assets	-	112,073
Amounts reclassified into net loss on impairment or sale of AFS financial assets	-	(117,187)
Other comprehensive income (loss) for the period, net of tax	(1,170,497)	584,756
Total loss and comprehensive loss for the period	13,174,933	12,694,734
Loss attributable to:		
Shareholders	12,339,913	12,124,510
Non-controlling interests	835,020	570,224
Total loss and comprehensive loss for the period	13,174,933	12,694,734
Loss per share		
Basic and diluted loss per share	$ 0.06	$ 0.08
Weighted average number of Common Shares Basic and diluted	182,440,810	150,504,319

The notes on pages 5 to 27 are an integral part of these condensed interim consolidated financial statements.
The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 5. Comparative information has not been restated.

LIBERTY GOLD CORP.
Consolidated statements of changes in equity
(Expressed in United States Dollars)

	Number of Common Shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity	Non-controlling interest	Total equity
	#	$	$	$	$	$	$	$
Balance as at January 1, 2017	150,021,778	166,756,042	23,318,508	(8,294,288)	(151,940,625)	29,839,637	9,559,235	39,398,872
Share issuances	271,916	88,298	-	-	-	88,298	-	88,298
Option, RSU and Warrant exercises	936,865	444,890	(177,576)	-	-	267,314	-	267,314
Stock based compensation	-	-	935,057	-	-	935,057	-	935,057
OCI reclassified to the statement of loss on sale or impairment of AFS financial assets	-	-	-	(117,187)	-	(117,187)	-	(117,187)
Unrealized gain on long-term AFS investments	-	-	-	112,073	-	112,073	-	112,073
Contributions by non-controlling interest	-	-	-	-	-	-	338,875	338,875
Cumulative translation adjustment	-	-	-	589,870	-	589,870	-	589,870
Net loss for the year	-	-	-	-	(12,709,266)	(12,709,266)	(570,224)	(13,279,490)
Balance as at December 31, 2017	151,230,559	167,289,230	24,075,989	(7,709,532)	(164,649,891)	19,005,796	9,327,886	28,333,682
Reclassification of AFS financial assets to the accumulated deficit*	-	-	-	(759,906)	759,906	-	-	-
Bought-deal private placement (Note 15b)	24,938,426	7,059,312	1,436,135	-	-	8,495,447	-	8,495,447
Fall bought-deal (Note 15b)	28,893,750	6,491,083	2,524,310	-	-	9,015,393	-	9,015,393
Share issue costs (Note 15b)	-	(1,592,893)	-	-	-	(1,592,893)	-	(1,592,893)
Other share issuances (Note 15b)	488,294	174,247	-	-	-	174,247	-	174,247
RSU and Warrant exercises (Note 15c)	638,146	281,696	(226,245)	-	-	55,451	-	55,451
Stock based compensation (Note 15c)	-	-	1,355,567	-	-	1,355,567	-	1,355,567
Contributions by non-controlling interest	-	-	-	-	-	-	272,649	272,649
Cumulative translation adjustment	-	-	-	(1,170,497)	-	(1,170,497)	-	(1,170,497)
Net loss for the year	-	-	-	-	(11,169,416)	(11,169,416)	(835,020)	(12,004,436)
Balance as at December 31, 2018	206,189,175	179,702,675	29,165,756	(9,639,935)	(175,059,401)	24,169,095	8,765,515	32,934,610

The notes on pages 5 to 27 are an integral part of these condensed interim consolidated financial statements.
*The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 4. Comparative information is not restated.

LIBERTY GOLD CORP.
Consolidated statements of cash flows
(Expressed in United States Dollars)

	Year ended December 31, 2018	2017
	$	$
Cash flows from operating activities		
Loss for the year	(12,004,436)	(13,279,490)
Adjusted for:		
Stock based compensation (Note 15c)	1,355,567	935,057
Deferred tax expense	840,652	46,277
Other non-cash items on the statement of loss	54,963	107,722
Share issuance in relation to mineral properties (Note 15b)	174,247	35,000
Loss from associates (Note 12)	120,295	122,672
Change in fair value, impairment and gains (losses) on disposal of financial instruments	57,683	110,760
Foreign exchange not related to cash	(20,783)	227,237
Change in non-current reclamation liability (Note 13)	-	64,700
Value of shares as consideration for consulting services	-	53,298
Movements in working capital:		
Accounts receivable and prepayments	(1,698)	447,476
Accounts payable and other liabilities	(352,734)	11,140
Net cash outflow due to operating activities	(9,776,244)	(11,118,151)
Cash flows from financing activities		
Gross proceeds from financing (Note 15b)	17,510,840	-
Contributions from non-controlling interest (Note 13)	272,649	338,875
Cash received from exercise of share based payments and warrants (Note 15c)	94,540	267,314
Share issue costs from financing (Note 15b)	(1,592,893)	-
Net cash inflow from financing activities	16,285,136	606,189
Cash flows from investing activities		
Funding to Associates (Note 12)	(220,783)	(137,654)
Purchase and proceeds of sale of property and equipment	(46,457)	(27,893)
Surety bond collateral	(13,000)	(83,633)
Sale of financial instruments (Note 8)	95,870	170,014
Net cash outflow due to investing activities	(184,370)	(79,166)
Effect of foreign exchange rates	(709,124)	385,321
Net increase (decrease) in cash and cash equivalents	5,615,398	(10,205,807)
Cash and cash equivalents at beginning of year	2,168,203	12,374,010
Cash and cash equivalents at end of the year	7,783,601	2,168,203

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 consolidated financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these consolidated financial statements are set out below.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Basis of consolidation

The financial statements of Liberty Gold consolidate the accounts of Liberty Gold Corp. and its subsidiaries. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are all entities (including structured entities) over which the Company has control. Liberty Gold controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(Expressed in United States Dollars, unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal subsidiaries of Liberty Gold and their geographic locations at December 31, 2018 were as follows:

Name of subsidiary	Principal activity	Location	Proportion of ownership interest and voting power held
Pilot Gold USA Inc.	Mineral exploration	United States	100%
Kinsley Gold LLC ("KG LLC")	Mineral exploration	United States	79%
Agola Madencilik Limited Şirketi ("Agola")	Mineral exploration	Turkey	100%
Orta Truva Madencilik Şanayi ve Ticaret A.Ş ("Orta Truva")	Mineral exploration	Turkey	60%
Cadillac Mining Corporation ("Cadillac")	Mineral exploration	Canada	100%
Pilot Goldstrike Inc.	Mineral exploration	United States	100%

(c) Investments in associates

The Company conducts a portion of its business through equity interests in associates. An associate is an entity over which Liberty Gold has significant influence, but not control. The financial results of Liberty Gold's investments in its associates are included in Liberty Gold's results according to the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates is recognized in net income (loss) during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

Transactions and balances between the Company and its associates are not eliminated. Unrealized gains on transactions between Liberty Gold and an associate are eliminated to the extent of Liberty Gold's interest in the associate. Unrealized losses are also eliminated to the extent of the Company's interest in the associate unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of loss.

At the end of each reporting period, Liberty Gold assesses whether there is any objective evidence that its investment interests in associates are impaired. If impaired, the carrying value of Liberty Gold's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the statement of loss. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings (loss) in the period the reversal occurs.

(d) Joint arrangements

Joint arrangements are arrangements of which the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

(i) *Joint operation*: when the Company has rights to the assets, and obligations for the liabilities relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
(ii) *Joint venture*: when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company entered into a joint operation effective July 24, 2017, as a result of Logan Resources Inc. ("Logan") earning a 51% interest in four of the Company's Portfolio Projects, Brik, Viper, Easter and Antelope in accordance with the July 7, 2016, Option Agreement (the "Option Agreement"). The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. On August 24, 2018 Logan assigned its interests, rights, benefits, duties and obligations pertaining to the Option Agreement to K2 Resources Inc. ("K2"), including its interests in the Brik, Viper and Easter properties. The claims and underlying lease agreements for the Antelope property were terminated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These interests are governed by contractual arrangements but have not been organized into separate legal vehicles or entities. Details of the joint operation are set out in Note 11b. The Company does not have any joint arrangements that are classified as joint ventures.

(e) Foreign currencies

Items included in the financial statements of each subsidiary and associate in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, giving rise to foreign exchange gains and losses in the statement of loss.

Liberty Gold raises its financing and incurs head office expenditures in Canadian dollars ("C$"), giving rise to a Canadian dollar functional currency. In order to enhance comparability with our peers and as a better representation of the principal currency used by the mining and mineral exploration industry, the presentation currency of these consolidated financial statements is in United States dollars. Any assets and liabilities of the Company held in foreign currencies are expressed in United States dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period; in this case, the exchange rates at the dates of the transactions are used. Equity transactions are translated using the exchange rate at the date of the transaction. Exchange differences arising from assets and liabilities held in foreign currencies, are recognised in other comprehensive income (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognized in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of 90 days or less.

(g) Exploration and evaluation assets and expenditures

Exploration and evaluation expenditures 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. 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:

(i) *Viability:* a Proven and/or Probable Mineral Reserve has been established that demonstrates a positive financial return; and
(ii) *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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Plant and equipment

Plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Liberty Gold and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of loss during the period in which they are incurred.

The major categories of plant and equipment noted below are depreciated over their estimated useful life using the following annual rates and methods:

Field equipment	20%	Declining balance
Equipment	30%	Declining balance
Computer software	50%	Straight line
Furniture and fixtures	20%	Declining balance
Leasehold improvements		Term of lease

Depreciation expense of assets used in exploration is capitalized to deferred exploration expenditures, or investment in associate as appropriate. Management reviews the estimated useful lives, residual values and depreciation methods of the Company's plant and equipment at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized, if the recognition criteria are satisfied.

(i) Impairment of long-lived assets

Plant and equipment and exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment is assessed on an asset-by-asset basis. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Provisions and constructive obligations

Provisions, including environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Constructive obligations are obligations that derive from the Company's actions where:

(i) An established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
(ii) As a result, Liberty Gold has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Where the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(k) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by Liberty Gold and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

(l) Earnings or loss per share

Earnings or loss per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of Common Shares outstanding during the reporting period. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase Common Shares at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share relative to basic earnings per share and is only recognized when the effect is dilutive.

(m) Financial instruments

Financial assets and liabilities are recognized when Liberty Gold becomes a party to the contractual provisions of the instrument.

(i) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand, and deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of 90 days or less. Cash and cash equivalents are classified as subsequently measured at amortized cost.

(ii) *Short Term Investments*

Short term investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Liberty Gold's management has the positive intention and ability to hold to maturity. Short term investments are classified as subsequently measured at amortized cost.

(iii) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Liberty Gold's loans and receivables are comprised of 'Receivables' and 'Deposits', and are classified respectively as appropriate in current or non-current assets according to their nature.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost. Trade receivables are recorded net of lifetime expected credit losses.

(iv) *Other Financial Assets*

Other financial assets consist of investments in marketable equity securities of publicly traded entities which are classified as subsequently measured at fair value through profit or loss. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the balance sheet date. Changes in fair value are recognized in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) *Accounts Payable, Accrued and Other Liabilities*

Accounts payable, other liabilities and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(vi) *Expected Credit Losses*
For receivables, we apply the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.

(o) Share-based payments

(i) *Stock Options to purchase Common Shares ("Options"):* An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of Option grants is measured at the date of grant using the Black-Scholes option-pricing model ("Black-Scholes") and the compensation amount, equal to the Option's fair value, is recognized over the period that the employees earn the Options.

The vesting periods of the Options granted range from vesting immediately to vesting over a three-year period. Each tranche is recognised on a straight-line basis over the vesting period.

Liberty Gold recognizes an expense or addition to exploration and evaluation assets for options granted under the Liberty Gold Stock Option Plan (2017) (the "Option Plan"), arising from stock Options granted to employees using the fair value method with a corresponding increase in equity. The amount recognized as an expense or added to exploration and evaluation assets, is adjusted to reflect the number of Options expected to vest.

(ii) *Deferred share units ("DSUs") and restricted share units ("RSUs"):* Measured at fair value on the grant date. Equity settled DSUs and RSUs are recognized in equity. The expense is recognized over the vesting period, with a corresponding charge as an expense or capitalized to exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Further information on management's judgments, estimates and assumptions and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) *Functional currency:* The functional currency for the parent entity, and each of its subsidiaries and associates, is the currency of the primary economic environment in which the entity operates. The US and Turkish subsidiaries of the parent entity, have a US dollar functional currency, while the parent entity itself, and its remaining subsidiaries, have a Canadian dollar functional currency.

Determination of functional currency involves certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(ii) *Review of asset carrying values and impairment assessment:* In accordance with the Company's accounting policy, each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets assessed for impairment include the value of the Company's investment interests in associates and the carrying value of its exploration and evaluation assets. Indications of impairments for these assets include judgement on whether exploration and exploration rights will continue to be funded and if the projects are commercially viable.

Exploration and evaluation assets and expenditures: The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are probable, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

Investment in associates: Recoverability of the carrying amount of Liberty Gold's interest in associates is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets. Changes in any of the assumptions used in the impairment assessment could materially affect the result of this analysis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) *Exploration and evaluation assets and expenditures:* In addition to applying judgment to determine whether it is probable that future economic benefits will arise from the Company's exploration and evaluation assets and expenditures, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions.

The publication of a resource pursuant to National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"), is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers its exploration and evaluation expenditures. Any such estimates and assumptions may change as new information becomes available. If information becomes available suggesting the recovery of acquisition costs is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

The Company provides for such differences, where known, based on management's best estimate of the probable outcome of these matters.

5. ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS

The following accounting policy reflects the Company's adoption of IFRS 9 effective January 1, 2018. For the year ended December 31, 2017, the Company applied policies based on IAS 39. The effects of the transition from IAS 39 to IFRS 9 are described here.

Summary of Changes

Under IFRS 9, on initial recognition, a financial asset or liability is classified at amortized cost or at fair value (either through other comprehensive income ("FVOCI") or profit or loss ("FVPL").

5. ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS (continued)

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of equity investments that are not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributed to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVPL	These assets are subsequently measured at FVPL. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Under IFRS 9, financial liabilities are classified as measured at amortized cost, unless they are classified as measured at FVPL. At initial recognition, however, an irrevocable election can be made to designate a financial liability as FVPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise, or if the financial liability is managed and its performance is evaluated on a fair value basis.

Impact of Adoption

The following table and the accompanying notes below explain the original measurement categories under IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39") and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018:

	Measurement Category	
	Original (IAS 39)	**New (IFRS 9)**
Financial Assets:		
Cash and cash equivalents	Amortized cost	Amortized cost
Short term investments	Amortized cost	Amortized cost
Receivables and deposits	Amortized cost	Amortized cost
Other financial assets	FVOCI	FVPL
Financial Liabilities:		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

There has been no change in the carrying value of our financial instruments or to previously reported figures as a result of changes to the measurement categories in the table noted above, with the exception of the reclassification of accumulated net gains on our other financial assets which are comprised of equity securities. Equity securities were designated as available-for-sale ("AFS") under IAS 39 but have been reclassified as measured at FVPL under IFRS 9.

(Expressed in United States Dollars, unless otherwise noted)

5. ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS (continued)

The impact of the reclassification is outlined in the table below, without the restatement of prior year comparatives. Therefore, the reclassification is not reflected in the balance sheet as at December 31, 2017, but is recognized in the opening accumulated deficit at January 1, 2018:

	Accumulated Other Comprehensive Income	Accumulated Deficit
Closing balance as previously reported at December 31, 2017	$ (7,709,532)	$ (164,649,891)
Adjustment to reclassify equity securities to FVPL	(759,906)	759,906
Opening balance at January 1, 2018	**$ (8,469,438)**	**$ (163,889,985)**

Impairment of Financial Assets

The Company was required to revise its impairment methodology under IFRS 9 for financial assets measured at amortized cost and FVOCI. The identified impairment losses were not significant or material and therefore no loss allowances were recognized at January 1, 2018, or during the year ended December 31, 2018.

6. RECENT ACCOUNTING PRONOUNCEMENTS

New relevant IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standard or interpretation in the annual period for which it is first required.

Leases

IFRS 16, Leases ("IFRS 16") was issued January 13, 2016 and provides a single lessee accounting model. The standard replaces IAS 17, Leases and related interpretations and is effective for annual periods beginning on or after January 1, 2019. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions available for short-term leases (lease term of 12 months or less) and leases of low-value items. Upon adoption, the Company expects to recognize additional right-of-use assets and lease liabilities as the majority of leases in its Commitments disclosure (Note 19) are in scope for IFRS 16. The nature of expenses will change as the Company will recognize a depreciation expense on the additional right-of-use assets, and interest expense on the lease liabilities.

As of December 31, 2018, our review and assessment of IFRS 16 and the effect on our financial statements is nearing completion. We have substantially completed our work on lease identification, and we are in the process of finalizing our calculation and review of the lease balances in accordance with IFRS 16. We are also finalizing our processes and internal controls around lease identification and subsequent accounting, for arrangements entered into moving forward. We will apply IFRS 16 to the annual reporting period beginning on January 1, 2019 using a modified retrospective approach on transition. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

7. RECEIVABLES AND PREPAYMENTS

	December 31, 2018	December 31, 2017
Sales taxes receivable	$ 37,802	$ 40,544
Other receivables	80,818	77,923
Prepayments	92,854	97,861
	$ 211,474	**$ 216,328**

An additional $645,106 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins, or upon the sale of Orta Truva licenses (December 31, 2017: $947,079).

8. 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 level hierarchies 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 directly or indirectly and;
- *Level 3:* Inputs that are not based on observable market data.

As at December 31, 2018, Liberty Gold holds Level 1 equity securities with a total fair value of $187,618 (December 31, 2017: $362,023). Certain Level 1 securities were sold during the period ended December 31, 2018, for total proceeds of $95,870 (December 31, 2017: $170,014).

No amounts have been recognized in other comprehensive income for the year ended December 31, 2018 as a result of the adoption of IFRS 9 on January 1, 2018. Accumulated net gains recognized in other comprehensive income as at December 31, 2017 of $759,906 were reclassified to the opening accumulated deficit as outlined in Note 5.

9. DEPOSITS

On August 1, 2012 Liberty Gold entered into a technical and administrative services agreement (the "Oxygen Agreement") with Oxygen Capital Corp. ("Oxygen"), a related party, whereby Oxygen provides management, administrative and accounting services to the Company at cost. As at December 31, 2018 Oxygen holds an advance of $120,103 (December 31, 2017: $130,425) on behalf of the Company, that on termination of the Oxygen Agreement will be applied against the final three months of services. The amount held by Oxygen is reviewed biannually and adjusted to reflect an estimate of costs over three months.

The Company holds a surety bonding arrangement with a third-party (the "Surety") in order to satisfy bonding requirements in the states of Idaho, Nevada and Utah. The total collateralized balance as at December 31, 2018 is $241,404 (December 31, 2017: $228,103). A finance fee is charged monthly on the full balance of the Surety amount. An additional $96,118 is held with the Turkish General Directorate of Mining Affairs (at December 31, 2017: $111,545), in order to meet bonding requirements on the TV Tower property. A total of $9,166 was refunded during the year ended December 31, 2017 (December 31, 2017: $11,281).

(Expressed in United States Dollars, unless otherwise noted)

10. PLANT AND EQUIPMENT

Cost:	Field equipment	Equipment	Computer software	Furniture and fixtures	Leasehold improvements	Total
Balance as at January 1, 2017	$ 119,481	$ 576,286	$ 272,831	$ 258,559	$ 322,507	$ 1,549,664
Additions	14,501	10,492	-	3,389	-	28,382
Cumulative translation adjustment	4,246	13,412	7,078	10,209	-	34,945
Balance as at December 31, 2017	$ 138,228	$ 600,190	$ 279,909	$ 272,157	$ 322,507	$ 1,612,991
Additions	-	51,414	-	1,301	-	52,715
Disposals	-	(34,432)	-	-	-	(34,432)
Cumulative translation adjustment	(5,166)	(17,162)	(8,576)	(12,466)	-	(43,370)
Balance as at December 31, 2018	**$ 133,062**	**$ 600,010**	**$ 271,333**	**$ 260,992**	**$ 322,507**	**$ 1,587,904**
Depreciation:						
Balance as at January 1, 2017	$ 49,262	$ 438,022	$ 272,354	$ 204,086	$ 315,695	$ 1,279,419
Depreciation charge	12,906	35,766	518	11,112	2,724	63,026
Cumulative translation adjustment	4,267	11,666	7,077	8,802	-	31,812
Balance as at December 31, 2017	$ 66,435	$ 485,454	$ 279,949	$ 224,000	$ 318,419	$ 1,374,257
Depreciation charge	14,109	28,523	-	9,361	2,724	54,717
Disposals	-	(26,729)	-	-	-	(26,729)
Cumulative translation adjustment	(2,419)	(14,927)	(8,616)	(11,090)	-	(37,052)
Balance as at December 31, 2018	**$ 78,125**	**$ 472,321**	**$ 271,333**	**$ 222,271**	**$ 321,143**	**$ 1,365,193**
Net Book Value:						
As at December 31, 2017	$ 71,793	$ 114,736	$ (40)	$ 48,157	$ 4,088	$ 238,734
As at December 31, 2018	**$ 54,937**	**$ 127,689**	**$ -**	**$ 38,721**	**$ 1,364**	**$ 222,711**

Equipment consists of automobiles, automotive equipment, and computer hardware.

(Expressed in United States Dollars, unless otherwise noted)

11. 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 12).

(a) The acquisition expenditures relating to the Company's interest in ten exploration properties in Nevada and Utah have been aggregated and are described as 'Portfolio Properties' in the tables below for the periods ended December 31, 2017 and 2018, respectively:

	December 31, 2018	December 31, 2017
USA		
Kinsley Mountain	$ 575,838	$ 575,838
Goldstrike (Note 11bi)	8,486,985	8,486,985
Black Pine	1,010,927	1,010,927
Portfolio Properties (Note 11bii)	248,097	248,097
Total USA	**$ 10,321,847**	**$ 10,321,847**
Turkey		
TV Tower	$ 13,660,256	$ 13,660,256
Total Turkey	**$ 13,660,256**	**$ 13,660,256**
Total	**$ 23,982,103**	**$ 23,982,103**

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

	Goldstrike	Kinsley Mountain	Black Pine	Portfolio properties	**Total USA**	TV Tower	Other Exploration	**Total All**
January 1, 2017	$ 5,791,570	$ 19,210,454	$ 154,567	$ 2,294,950	**$ 27,451,541**	$ 32,642,915	$ 3,382,140	**$ 63,476,596**
Drilling and assays	4,088,751	203,790	236,375	-	**4,528,916**	-	-	**4,528,916**
Wages and salaries	1,038,169	47,617	193,083	5,480	**1,284,349**	206,423	23,032	**1,513,804**
Other expenses	1,419,000	308,394	250,122	36,964	**2,014,480**	727,320	3,869	**2,745,669**
December 31, 2017	**$12,337,490**	**$ 19,770,255**	**$ 834,147**	**$ 2,337,394**	**$ 35,279,286**	**$ 33,576,658**	**$ 3,409,041**	**$ 72,264,985**
Drilling and assays	2,478,109	254,224	22,592	-	**2,754,925**	-	-	**2,754,925**
Wages and salaries	828,167	86,787	303,325	2,897	**1,221,176**	181,891	30,890	**1,433,957**
PEA and resource (Note 11bi)	344,853	-	64,889	-	**409,742**	-	-	**409,742**
Project disposals (Note 11bii)	-	-	-	144,247	**144,247**	-	-	**144,247**
Other expenses	1,185,609	265,039	258,821	24,070	**1,733,539**	331,509	106,171	**2,171,219**
December 31, 2018	**$17,174,228**	**$ 20,376,305**	**$ 1,483,774**	**$ 2,508,608**	**$ 41,542,915**	**$ 34,090,058**	**$ 3,546,102**	**$ 79,179,075**

Wages and salaries include stock based compensation. Other Exploration comprises expenditures on mineral interests prior to obtaining the legal right to explore the area.

11. EXPLORATION AND EVALUATION ASSETS (continued)

(i) Goldstrike, USA

On February 8, 2018, Liberty Gold announced the completion of a maiden independent resource estimate at Goldstrike ("Resource"). During the year ended December 31, 2018, the Company continued to advance exploration in order to expand the resource, and released a Preliminary Economic Assessment ("PEA") on July 10, 2018. Costs associated with the resource and PEA are disclosed in the table above.

(ii) Portfolio Properties, USA

On December 20, 2017, the Company entered into an Agreement (the "Termination Agreement") with Golden Dragon Capital LLC ("Golden Dragon") to terminate the January 1, 2013 and subsequently amended Mining Lease and Option to Purchase associated with the Company's Drum property. Pursuant to the Termination Agreement, the Company made a final royalty payment of $75,000 on December 21, 2017 and issued 400,000 Common Shares to Golden Dragon on January 8, 2018 with a fair value of C$0.45 per Common Share, totalling $144,247 (C$180,000).

On February 28, 2018 the Company entered into a lease-option agreement with Renaissance Exploration Inc. on the claims comprising the Sandy mineral property. Lease payments received in the year ended December 31, 2018 were $10,000.

On August 7, 2018 the Company entered into a lease-option agreement with Pyramid Gold (US) Corp. on the claims comprising the Stateline mineral property. There were no lease payments received in the year ended December 31, 2018.

On July 7, 2016, the Company signed an Option Agreement under which Logan may earn up to an 80% interest in up to four of nine of the Portfolio Properties. On July 24, 2017, Logan provided the Company with formal notice that it had met the requirements of and elected to exercise the Option and selected to earn an initial 51% interest in Brik, Viper, Easter and Antelope. On August 24, 2018 Logan assigned its interests, rights, benefits, duties and obligations pertaining to the Option Agreement to K2 Resources Inc. ("K2") including its interests in the Brik, Viper and Easter properties(the "Selected Properties"). The claims and underlying lease agreements for the Antelope property were terminated.

K2 may earn an additional 19% interest in the Selected Properties by incurring an additional $2,000,000 in exploration expenditures within the first 3 years, and issuing 1,000,000 of its shares to the Company on completion of the 70% earn-in requirement (the "Additional Option"). K2 may earn an additional 10% (to a total of 80%) interest in any of the Selected Properties by completing a prefeasibility study on that property, prepared in accordance with NI 43-101 (the "Second Additional Option"). Following either their choice not to participate in the Additional Option or the Second Additional Option, or the completion of the Second Additional Option, a joint venture will be formed and K2 and the Company will be responsible for their pro-rata share of expenditures on the Selected Properties.

Although K2 has a controlling (51%) interest in the Selected Properties, certain significant decisions still require unanimous consent from both parties. Therefore, K2 and the Company have joint control over the Selected Properties which are classified as a joint operation.

(Expressed in United States Dollars, unless otherwise noted)

12. INVESTMENT IN ASSOCIATES

Liberty Gold owns 40% of Halilağa 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").

	Truva Bakır
At January 1, 2017	$ 1,413,687
Share of loss	(122,672)
Funding by the Company	137,654
Foreign exchange differences	97,038
At December 31, 2017	**$ 1,525,707**
Share of loss	(120,295)
Funding by the Company	220,783
Foreign exchange differences	(129,243)
At December 31, 2018	**$ 1,496,952**

The summarised financial information for Truva Bakır, on a 100% basis is as follows:

	December 31, 2018	**December 31, 2017**
Current assets	$ 769,174	$ 317,379
Non-current assets	3,024,560	3,659,544
Current liabilities	(51,353)	(162,654)
Total net assets	**$ 3,742,381**	**$ 3,814,269**
% interest held	40%	40%
Company's share of net assets	**$ 1,496,952**	**$ 1,525,707**

	Year ended December 31,	
	2018	**2017**
Loss	$ 300,737	$ 306,680
% interest held	40%	40%
Company's share of loss	$ **120,295**	$ **122,672**

As at December 31, 2018, the Company's cumulative share of Truva Bakir's losses that are unrecognized is $2,293,460, consistent with December 31, 2017. These unrecognized losses are recorded against any future profits that Truva Bakir earns.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	**December 31, 2017**
Trade payables	$ 378,075	$ 786,753
Accrued liabilities	122,323	80,022
Decommissioning liability - current	96,300	81,300
Other payables	15,556	24,138
	$ **612,254**	$ **972,213**

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

Included in accrued liabilities is the fair value of RSUs that were exercised by a Senior Officer of the Company, but for which shares have not been issued as at December 31, 2018.

(Expressed in United States Dollars, unless otherwise noted)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

During the year ended December 31, 2018, the current decommissioning liability relating to the Company's Goldstrike property was increased by $15,000 (December 31, 2017: increased by $14,000). The current decommissioning liability relating to the Company's Black Pine property was increased by $nil (December 31, 2017: increased by $29,300).

Non-current other liabilities as at December 31, 2018 include a decommissioning liability of $117,500 relating to the Kinsley property (December 31, 2017: $117,500).

14. INCOME TAXES

The recovery of income taxes differs from the amount that would have resulted from applying combined Canadian federal and provincial statutory tax rates for 2018 of 27.00% (2017: 26.00%).

	Year ended December 31, 2018	2017
Loss before taxes	$ (11,163,784)	$ (13,233,213)
Statutory tax rate	27.00%	26.00%
Expected income tax recovery	(3,014,222)	(3,440,635)
Permanent differences	1,589,492	250,735
Change in deferred income tax rates	6,741	5,015,574
Benefit not recognized and other	2,258,641	(1,779,397)
Income tax expense	**$ 840,652**	**$ 46,277**

A deferred tax liability of $1,386,939 has been recognised in the period ended December 31, 2018 (December 31, 2017: $546,287) arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva.

The following are temporary differences the net benefits of which have not been recognized:

	Year ended December 31, 2018	2017
Operating losses carried forward	$ 57,890,377	$ 47,965,983
Equipment	512,590	528,173
Mineral properties	19,174,465	22,008,792
Investments and other	3,270,131	2,597,237
Total temporary differences	**$ 80,847,563**	**$ 73,001,185**

The Company has non-capital losses which may be applied to reduce future taxable income. These losses expire between 2018 and 2038. For losses incurred in the United States in 2018 and subsequent years, the losses carry forward indefinitely with some usage restrictions:

	Canada	US	Turkey	Total
December 31, 2018	$ 22,674,723	$ 34,420,970	$ 794,684	$ 57,890,377

There are no current income taxes owed by Liberty Gold as at December 31, 2018.

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) *Authorized*

Unlimited Common Shares with no par value.

(b) *Issued*

i) On January 8, 2018, the Company issued 400,000 Common Shares to Golden Dragon with a fair value of C$0.45 per Common Share, totalling $144,247 (C$180,000) (Note 11iii).

ii) On January 26, 2018 the Company completed a bought deal Private placement financing (the "Bought-Deal") with a syndicate of underwriters (the "Underwriters") whereby the Underwriters purchased, on a bought-deal basis, 24,938,426 units of the Company ("Bought-Deal Unit").

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Each unit consists of one Common Share and one half Common Share purchase warrant (each whole Common Share purchase warrant, a "Bought-Deal Warrant"), issued at a price of C$0.42 per Bought-Deal Unit for gross proceeds to the Company of $8,495,447 (C$10,474,139). Each Bought-Deal Warrant will entitle the holder to acquire one Common Share at a price of C$0.65 until January 26, 2021.

The Bought-Deal Units were valued using the residual method whereby the fair value of the warrant was determined to be C$0.142 using the Black-Scholes valuation method and the following inputs: Share price at issue C$0.44, exercise price C$0.65, risk free rate 1.95%, annualized volatility 64% and a 3 year expected life. Volatility was determined using the Company's share price volatility over the 3 years prior to issuance.

The resulting allocation of the warrant fair value to the consideration received was Warrants: $1,436,135 (C$1,770,628) and Common Shares: $7,059,312 (C$8,703,511). Transaction costs of $645,115 have been recognised in equity during the year ended December 31, 2018.

iii) On July 10, 2018, the Company issued 88,294 Common Shares to Ray Hunter LLC with a total fair value of $30,000 (C$39,291) as consideration for the annual lease of certain claims within the Goldstrike property.

iv) On October 2, 2018, the Company completed the 2018 Fall Bought-Deal with a syndicate of underwriters (the "Fall Underwriters") whereby the Fall Underwriters purchased, on a bought-deal basis, 28,893,750 units of the Company ("Fall Units").

Each unit consists of one Common Share and one Common Share purchase warrant (each whole Common Share purchase warrant, a "Fall Warrant"), issued at a price of C$0.40 per Fall Unit for gross proceeds to the Company of $9,015,393 (C$11,557,500). Each Fall Warrant will entitle the holder to acquire one Common Share at a price of C$0.60 until October 2, 2021.

The Fall Units were valued using the residual method whereby the fair value of the warrant was determined to be C$0.112 using the Black-Scholes valuation method and the following inputs: Share price at issue C$0.375, exercise price C$0.60, risk free rate 2.32%, annualized volatility 63% and a 3 year expected life. Volatility was determined using the Company's share price volatility over the 3 years prior to issuance.

The resulting allocation of the warrant fair value to the consideration received was Warrants: $2,524,310 (C$3,236,100) and Common Shares: $6,491,083 (C$8,321,400). Transaction costs of $947,778 have been recognised in equity during the year ended December 31, 2018.

(c) *Stock-based compensation*

For the year ended December 31, 2018, the Company charged a total of $1,355,567 of stock-based compensation expense to the statement of loss (2017: $935,057) of which $458,257 is attributed to exploration and evaluation expenditures (2017: $284,850).

Liberty Gold Stock Option Plan

The Liberty Gold Stock Option Plan was approved on May 9, 2017. Under the terms of the Option Plan, the Board may, from time to time, grant to employees, officers and directors of, or consultants to the Company, non-assignable options to Options in such numbers and for such terms as may be determined by the Board.

The number of Common Shares which may be issued pursuant to Options previously granted and those granted under the Option Plan will be a maximum of 10% of the issued and outstanding Common Shares at the time of the grant; the number of Common Shares which may be reserved for issuance to any one individual may not exceed 5% of the issued and outstanding Common Shares.

Options granted to date under Option Plan, are exercisable over a period of five years. In accordance with the Option Plan, the exercise price of each Option shall under no circumstances be lower than the closing market price of the Company's stock on the trading day immediately before the date of grant. 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.

(Expressed in United States Dollars, unless otherwise noted)

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

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

	Options	Weighted Average Exercise Price
	#	C$
Balance, January 1, 2017	11,390,750	0.68
Options granted	2,328,000	0.48
Options expired	(1,398,333)	0.88
Options forfeit or cancelled	(779,167)	0.57
Balance, December 31, 2017	**11,541,250**	**0.60**
Options granted	2,622,500	0.33
Options expired	(65,000)	2.00
Options forfeit or cancelled	(1,020,000)	0.57
Balance, December 31, 2018	**13,078,750**	**0.54**

At December 31, 2018, Liberty Gold had incentive options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

Range of prices	Number of Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of Options exercisable	Weighted average exercise price of Options exercisable
	#	(in years)	C$	#	C$
C$0.01 to C$0.99	11,776,750	3.30	0.46	7,187,667	0.46
C$1.00 to C$1.99	1,252,000	0.30	1.15	1,252,000	1.15
C$3.00 to C$3.99	50,000	2.28	3.45	50,000	3.45
	13,078,750	**3.01**	**0.54**	**8,489,667**	**0.58**

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.

The weighted average fair value of options granted during the year ended December 31, 2018 determined using Black-Scholes was C$0.16 per option. The weighted average significant inputs into the model included a share price of C$0.33 at the grant date, an exercise price of C$0.33, a volatility of 56%, a dividend yield of 0%, an expected option life of 5 years and an annual risk-free interest rate of 1.95%. A 4.71% forfeiture rate was applied to the option expense.

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 18, 2017, one half of which vest in three months and the remaining half in twelve months, and those granted on December 18, 2018, which vest immediately.

(Expressed in United States Dollars, unless otherwise noted)

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2017	1,144,103
RSUs granted	1,373,000
RSUs forfeited or cancelled	(134,345)
RSUs exercised	(66,865)
Balance, December 31, 2017	**2,315,893**
RSUs granted	1,665,000
RSUs forfeited or cancelled	(76,667)
RSUs expired	(102,840)
RSUs exercised[1]	(384,886)
Balance, December 31, 2018	**3,416,500**

[1] Includes RSUs that were exercised by a Senior Officer of the Company, but for which shares have not been issued as at December 31, 2018 (Note 13).

Expiry Date	Number of RSUs outstanding	Weighted average remaining contractual life	Number of RSUs vested
	#	(in years)	#
December 31, 2019	622,500	1.00	593,333
December 31, 2020	1,129,000	2.00	496,667
December 31, 2021	1,665,000	3.00	1,665,000
	3,416,500	**2.31**	**2,755,000**

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. Transactions relating to DSUs are summarised below:

	DSUs
	#
Balance, January 1, 2017	858,000
DSUs granted	350,000
Balance, December 31, 2017	**1,208,000**
DSUs granted	475,000
Balance, December 31, 2018	**1,683,000**

(Expressed in United States Dollars, unless otherwise noted)

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
	#	C$
Balance, January 1, 2017	20,760,000	0.69
Warrants exercised	(870,000)	0.40
Balance, December 31, 2017	**19,890,000**	**0.70**
Warrants issued	41,362,963	0.62
Warrants expired	(7,572,500)	0.40
Warrants exercised	(300,000)	0.40
Balance, December 31, 2018	**53,380,463**	**0.68**

The remaining contractual lives of warrants outstanding as at December 31, 2018 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C$	#	(in years)
0.60	28,893,750	2.75
0.65	12,469,213	2.07
0.90	12,017,500	0.37
0.68	**53,380,463**	**2.06**

16. NON-CONTROLLING INTEREST

The Company holds a 79.1% interest in 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 ("Intor"). The value of the non-controlling interest increased by $129,308 during the year ended December 31, 2018 (2017: $nil) upon receipt of funding from the non-controlling interest holder.

Liberty Gold owns a 60% controlling interest of the TV Tower property through a 60% ownership stake in Orta Truva. The remaining 40% interest is held by TMST. The value of the non-controlling interest in Orta Truva has increased by $143,341 (2017: $338,875) during the period ended December 31, 2018 upon receipt of funding from the non-controlling interest holder, TMST.

Summary financial information for KG LLC and Orta Truva is as set out below, and is shown before intercompany eliminations. The loss in Orta Truva relates to exploration and evaluation expenditures, foreign exchange and the deferred tax expense (Note 14).

(a) Summarised Balance Sheet

	KG LLC		Orta Truva	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
Current				
Assets	$ 44,825	$ 10,273	$ 111,333	$ 430,492
Liabilities	(121,416)	(27,492)	(115,067)	(209,958)
Total Current net liabilities	$ (76,591)	$ (17,219)	$ (3,734)	$ 220,534
Non-Current				
Assets	$ 701,050	$ 688,043	$ 2,006,126	$ 2,323,526
Liabilities	(117,500)	(117,500)	(1,386,939)	(546,287)
Total Non-current net assets	$ 583,550	$ 570,543	$ 619,187	$ 1,777,239
Net Assets	**$ 506,959**	**$ 553,324**	**$ 615,453**	**$ 1,997,773**

(Expressed in United States Dollars, unless otherwise noted)

16. NON-CONTROLLING INTEREST (continued)

(b) Summarised Statement of Loss

	KG LLC		Orta Truva	
	Year ended December 31,		**Year ended December 31,**	
	2018	**2017**	**2018**	**2017**
Statement of Loss	$ 663,878	$ 624,410	$ 1,740,673	$ 1,099,306
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	**$ 663,878**	**$ 624,410**	**$ 1,740,673**	**$ 1,099,306**

(c) Summarised cash flows

	KG LLC		Orta Truva	
	Year ended December 31,		**Year ended December 31,**	
	2018	**2017**	**2018**	**2017**
Net cash flow from:				
operating activities	$ (582,962)	$ (528,686)	$ (651,146)	$ (560,950)
financing activities	617,514	-	358,352	833,243
investing activities	-	-	-	-
Net increase (decrease) in cash	$ 34,552	$ (528,686)	$ (292,794)	$ 272,293
Cash at the beginning of the year	8,894	537,580	402,490	130,197
Cash at the end of the year	**$ 43,466**	**$ 8,894**	**$ 109,696**	**$ 402,490**

17. CAPITAL DISCLOSURES

Liberty Gold considers the items included in the consolidated statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Liberty Gold's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

18. FINANCIAL RISK MANAGEMENT

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided on the following page.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liberty Gold's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash and short term investments with high credit quality banking institutions in Canada, the USA and Turkey. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash and cash equivalents. The Company may from time to time have to issue additional Common Shares to ensure there is sufficient capital to meet long term objectives. The Company's financial liabilities of accounts

18. FINANCIAL RISK MANAGEMENT (continued)

payable and accrued liabilities are payable within a 90 day period and are expected to be funded from the cash held.

Interest Rate Risk

We are subject to interest rate risk with respect to our investments in cash and short term investments. Our current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

Market Risk

The significant market risk to which the Company is exposed is foreign exchange risk.

Foreign Exchange Risk

The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's mineral property expenditures, including the cash calls from the Company's 40% partner at Orta Truva and 60% partner at Truva Bakır, are incurred in United States dollars. Certain mineral property expenditures are also incurred in Turkish Lira. The fluctuation of the Canadian dollar and the Turkish Lira in relation to the United States dollar will consequently have an impact upon the financial results of the Company.

Further, although only a portion of the Company's expenditures, primarily general and administrative costs are incurred in Canadian dollars, the Company records its assets located in Vancouver in Canadian dollars. As the operating results and financial position of the Company are reported in United States dollars in Liberty Gold's consolidated financial statements, there may also be an impact to the reported value of the Company's assets, liabilities and shareholders' equity as a result of the fluctuation of the CAD in relation to the United States dollar. A 1% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a $74,281 increase or decrease respectively (2017: $14,963), in the Company's cash and short term investment balance. The Company has not entered into any derivative contracts to manage foreign exchange risk at this time.

Fair Value Estimation

The carrying value of the Company's financial assets and liabilities approximates their estimated fair value due to their short term nature.

19. 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 year ended December 31, 2018 is $109,407 (2017: $105,165) with an additional $89,474 in contingent rental expenditures which consist of operating costs (2017: $89,429).

(Expressed in United States Dollars, unless otherwise noted)

19. COMMITMENTS (continued)

Total future minimum lease payments, under non-cancellable operating leases as at December 31, 2018 are as follows:

Year	
2019	$ 288,713
2020	293,460
2021	211,438
2022	172,911
2023+	99,490
	$ 1,066,012

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.

20. 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, 2017, Liberty Gold has three geographic locations at December 31, 2018: 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 11 and 12, respectively.

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

	Year ended December 31,	
	2018	**2017**
Canada	$ 3,002,356	$ 3,272,269
USA	7,283,632	8,551,823
Turkey	1,718,448	1,455,398
	$ 12,004,436	**$ 13,279,490**

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

	As at December 31,	
	2018	**2017**
Canada	$ 59,106	$ 80,724
USA	139,687	128,715
Turkey	23,918	29,295
	$ 222,711	**$ 238,734**

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

21. 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 12.

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.

(Expressed in United States Dollars, unless otherwise noted)

21. RELATED PARTY TRANSACTIONS (continued)

Transactions with Oxygen during the year ended December 31, 2018 total $684,110 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss (2017: $550,109). As at December 31, 2018, Oxygen holds a refundable deposit of $120,103 on behalf of the Company (Note 9). Additionally, as at December 31, 2018 the Company held a payable to Oxygen of $106,041, that was settled subsequent to December 31, 2018 (December 31, 2017: $121,104). See also Note 19 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:

	Year ended December 31, 2018	**2017**
Salaries and other short-term employee benefits	$ 979,756	$ 1,041,479
Share-based payments	755,700	555,002
Total	**$ 1,735,456**	**$ 1,596,481**