Liberty Gold Corp.
An exploration stage company

Consolidated Financial Statements
Year ended December 31, 2020
(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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of income (loss) and comprehensive income (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 significant accounting policies and other explanatory information.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Evaluation of impairment indicators for exploration and evaluation assets *Refer to note 3 - Summary of significant accounting policies, note 4 - Significant accounting judgments and estimates and note 10 - Exploration and evaluation assets to the consolidated financial statements.* The Company's total exploration and evaluation (E&E) assets as at December 31, 2020 amounted to $23.2 million. The Company is required to assess whether indicators of impairment exist at the end of each reporting period for E&E assets. Management makes significant judgments in assessing whether certain factors would be considered an indicator of impairment, which includes the rights to explore in the specific area, the planned substantive expenditure on further exploration for and evaluation of mineral resources and whether sufficient data exists to indicate that extracting the resources will not be technically feasible or commercially viable. We considered this a key audit matter due to the significance of the E&E assets and the significant judgment made by management in assessing whether any indicators of impairment exist, which have led to subjectivity in performing procedures to evaluate management's assessment.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgment made by management in evaluating potential indicators of impairment, which included the following: – Assessed the rights to explore in the specific area by obtaining the mining title, including the title expiration dates, and evaluating that the mining title is in good standing by agreeing the right to explore to government registries and other regulatory bodies, as applicable. – Assessed the planned substantive expenditures on future exploration for and evaluation of mineral resources by reading board minutes and obtaining budget approvals to evidence continued and planned substantive expenditures, which included evaluating results of current year programs, and management's longer term plans. – Assessed whether extracting the mineral resources will not be commercially viable, or if other facts and circumstances suggest that the carrying amount exceeds the recoverable amount, based on evidence obtained in other areas of the audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 26, 2021

LIBERTY GOLD CORP.
Consolidated Statements of Financial Position
(Expressed in United States Dollars)

	As at December 31, 2020	As at December 31, 2019
	$	$
Assets		
Current assets		
Cash and cash equivalents	16,734,378	14,367,657
Short term investments	97,388	96,367
Receivables and prepayments (Note 5)	505,464	183,702
Receivable on Halilağa Transaction (Note 5)	5,816,308	-
	23,153,538	14,647,726
Assets classified as held for sale (Note 6)	829,736	2,248,618
Total current assets	23,983,274	16,896,344
Non-current assets		
Receivable on Halilağa Transaction (Note 5)	5,377,858	-
Other financial assets (Note 7)	6,340,876	106,799
Deposits (Note 8)	356,203	353,086
Sales taxes receivable (Note 5)	610,805	603,122
Plant and equipment (Note 9)	566,499	743,720
Exploration and evaluation assets (Note 10a)	23,158,168	23,406,265
Total non-current assets	36,410,409	25,212,992
Total assets	60,393,683	42,109,336
Liabilities and Shareholders' Equity		
Current liabilities		
Consideration towards the sale of Kinsley (Note 6)	4,290,007	-
Consideration towards the sale of Halilağa	-	4,000,000
Accounts payable and accrued liabilities (Note 11)	1,434,789	1,063,186
Lease liabilities	159,213	217,654
	5,884,009	5,280,840
Liabilities directly associated with assets classified as held for sale (Note 6)	122,500	122,500
Total current liabilities	6,006,509	5,403,340
Non-current liabilities		
Lease liabilities	247,814	369,366
Deferred tax liabilities (Note 12)	1,866,740	1,606,497
Other liabilities	22,887	22,042
Total non-current liabilities	2,137,441	1,997,905
Shareholders' equity		
Share capital (Note 13)	201,996,513	192,753,629
Contributed surplus (Note 13)	29,621,385	29,558,938
Accumulated other comprehensive loss	(8,280,782)	(9,478,048)
Accumulated deficit	(179,160,645)	(186,642,351)
Total shareholders' equity	44,176,471	26,192,168
Non controlling interest (Note 15)	8,073,262	8,515,923
Total liabilities and shareholders' equity	60,393,683	42,109,336

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.
Events subsequent to the year ended December 31, 2020 are disclosed in Notes 6(b) and 13(b)
These financial statements were approved by the board and authorised for issue on March 26, 2021

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

LIBERTY GOLD CORP.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in United States Dollars)

	Year ended December 31, 2020	2019
	$	$
Operating expenses		
Exploration and evaluation expenditures (Note 10b)	(10,677,902)	(7,303,426)
Stock based compensation (Note 13b)	(1,715,432)	(977,280)
Wages and benefits	(1,641,306)	(1,638,718)
Office and general	(671,435)	(753,703)
Professional fees	(352,806)	(302,112)
Investor relations, promotion and advertising	(343,942)	(336,015)
Depreciation	(268,847)	(259,906)
Listing and filing fees	(39,366)	(49,791)
Loss from operations	(15,711,036)	(11,620,951)
Other income (expenses)		
Net gain on sale of interest in Halilağa (Note 5)	19,101,153	-
Consideration towards purchase-option agreements (Note 10b)	3,204,339	-
Net gain on sale of Net Profit Interest (Note 10b)	1,374,376	-
Finance income on the Halilağa Transaction (Note 5)	244,409	-
Finance income	108,531	62,479
Other income	22,744	96,420
Net gain on sale of other financial assets (Note 7)	31,208	-
Change in fair value of other financial assets (Note 7)	(99,496)	(182,713)
Foreign exchange losses	(999,940)	(61,174)
Loss from associates	-	(101,665)
	22,987,324	(186,653)
Net income (loss) before tax	7,276,288	(11,807,604)
Income tax expense	(260,243)	(219,558)
Net income (loss) for the period	7,016,045	(12,027,162)
Net income (loss) attributable to:		
Shareholders	7,481,706	(11,582,950)
Non-controlling interests (Note 15)	(465,661)	(444,212)
	7,016,045	(12,027,162)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Exchange gains on translations	1,197,266	161,887
Other comprehensive income for the period, net of tax	1,197,266	161,887
Total income (loss) and comprehensive income (loss) for the period	8,213,311	(11,865,275)
Net income (loss) attributable to:		
Shareholders	8,678,972	(11,421,063)
Non-controlling interests	(465,661)	(444,212)
Total net income (loss) and comprehensive income (loss) for the period	8,213,311	(11,865,275)
Net income (loss) per share		
Basic net income (loss) per share (Note 14)	$ 0.03	$ (0.05)
Diluted net income (loss) per share (Note 14)	$ 0.03	$ (0.05)
Basic weighted average number of Common Shares	245,675,813	216,712,664
Diluted weighted average number of Common Shares	280,257,161	216,712,664

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.

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 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
Bought deal financing	28,800,000	12,033,969	-	-	-	12,033,969	-	12,033,969
Share issue costs	-	(930,768)	-	-	-	(930,768)	-	(930,768)
Other share issuances	72,927	30,000	-	-	-	30,000	-	30,000
Option, RSU and Warrant exercises	4,220,157	1,917,753	(734,358)	-	-	1,183,395	-	1,183,395
Stock based compensation	-	-	1,127,540	-	-	1,127,540	-	1,127,540
Contributions by non-controlling interest	-	-	-	-	-	-	194,620	194,620
Cumulative translation adjustment	-	-	-	161,887	-	161,887	-	161,887
Net loss for the year	-	-	-	-	(11,582,950)	(11,582,950)	(444,212)	(12,027,162)
Balance as at December 31, 2019	239,282,259	192,753,629	29,558,938	(9,478,048)	(186,642,351)	26,192,168	8,515,923	34,708,091
Option, RSU and Warrant exercises (Note 13)	16,209,634	9,242,884	(2,085,597)	-	-	7,157,287	-	7,157,287
Stock based compensation (Note 13)	-	-	2,148,044	-	-	2,148,044	-	2,148,044
Contributions by non-controlling interest	-	-	-	-	-	-	23,000	23,000
Cumulative translation adjustment	-	-	-	881,691	-	881,691	-	881,691
Reclassification of previously recognised cumulative translation adjustment (Note 5)	-	-	-	315,575	(315,575)	-	-	-
Net income (loss) for the year, net of reclassification of cumulative translation adjustment	-	-	-	-	7,797,281	7,797,281	(465,661)	7,331,620
Balance as at December 31, 2020	255,491,893	201,996,513	29,621,385	(8,280,782)	(179,160,645)	44,176,471	8,073,262	52,249,733

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.

LIBERTY GOLD CORP.
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)

	Year ended December 31, 2020	2019
	$	$
Cash flows from operating activities		
Income (loss) for the year	7,016,045	(12,027,162)
Adjusted for:		
Stock based compensation (Note 13b)	2,148,044	1,127,540
Depreciation	271,221	262,881
Net gain on sale of interest in Halilağa (Note 6)	(19,101,153)	-
Finance income on the Halilağa Transaction (Note 6)	(244,409)	-
Consideration received on purchase-option agreements (Note 10b)	(3,204,339)	-
Net gain on sale of Net Profit Interest (Note 10b)	(1,374,376)	-
Change in fair value, impairment and gains on disposal of financial instruments	68,288	182,713
Deferred tax expense	260,243	219,558
Foreign exchange not related to cash	90,092	(257,343)
Other non-cash items on the statement of income (loss)	51,664	18,649
Share issuance in relation to mineral properties	-	30,000
Loss from associates	-	101,665
Proceeds on the Halilağa share purchase agreement (Note 5)	-	4,000,000
Movements in working capital:		
Accounts receivable and prepayments	(467,972)	(93,523)
Accounts payable and other liabilities	360,402	490,229
Net cash outflow due to operating activities	(14,126,250)	(5,944,793)
Cash flows from financing activities		
Cash received from exercise of share based payments and warrants	7,157,287	1,138,522
Contributions from non-controlling interest (Note 15)	23,000	194,620
Principal payments on lease liabilities	(223,329)	(192,275)
Interest payments on lease liabilities	(44,911)	(59,904)
Share issue costs from bought deal financing	-	(930,768)
Gross proceeds from bought deal financing	-	12,033,969
Net cash inflow from financing activities	6,912,047	12,184,164
Cash flows from investing activities		
Consideration on sale of Halilağa, net of selling costs (Note 5)	5,971,778	-
Consideration received on Kinsley purchase-option agreement (Note 6)	1,374,570	-
Consideration on sale of Net Profit Interest, net of selling costs (Note 10b)	787,379	-
Consideration received on purchase-option agreements (Note 10b)	275,000	-
Proceeds from sale of other financial assets (Note 7)	785,104	-
Purchase of other financial assets (Note 7)	(352,741)	-
Purchase and proceeds of sale of property and equipment (Note 9)	(51,189)	(6,411)
Funding to Associates	-	(74,400)
Net cash inflow (outflow) due to investing activities	8,789,901	(80,811)
Effect of foreign exchange rates	788,981	427,638
Net increase (decrease) in cash and cash equivalents	2,364,679	6,586,198
Less: net increase in cash and cash equivalents from assets classified as held for sale	2,042	(2,142)
Cash and cash equivalents at beginning of the year	14,367,657	7,783,601
Cash and cash equivalents at end of the year	16,734,378	14,367,657

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

(Expressed in United States Dollars, unless otherwise noted)

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 as issued by the International Accounting Standards Board ("IFRS").

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.

The principal subsidiaries of Liberty Gold and their geographic locations at December 31, 2020 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	79.99%
Agola Madencilik Limited Şirketi ("Agola")	Mineral exploration	Turkey	100%
Orta Truva Madencilik Şanayi ve Ticaret A.Ş ("Orta Truva")	Mineral exploration	Turkey	62.9%
Cadillac Mining Corporation ("Cadillac")	Mineral exploration	Canada	100%
Pilot Goldstrike Inc.	Mineral exploration	United States	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, or deferred tax assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(d) Investment 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 income (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 income (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.

(e) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

These interests are governed by contractual arrangements but have not been organized into separate legal vehicles or entities. Details of the joint operation and the definitive asset sale agreement signed to sell the Company's 49% owned properties (Brik, Viper, and Easter) are set out in Note 6b. The Company does not have any joint arrangements that are classified as joint ventures.

(f) 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 income (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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 income (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. 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.

Depreciation expense of right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment.

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) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain the asset. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. The right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required.

The lease liability is subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(j) 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.

(k) 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.

(l) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income (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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(m) 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.

(n) 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 fewer. 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 income (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 payable 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*

Liberty Gold applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade 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 (2020) (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, assets held for sale, and the carrying value of its exploration and evaluation assets. Management makes significant judgments in assessing whether certain factors would be considered an indicator of impairment, which includes the rights to explore in the specific area, the planned substantive expenditure on further exploration for and evaluation of mineral resources and whether sufficient data exists to indicate that extracting the resources will not be technically feasible or 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 development 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.

(iii) *Assets held for sale classification:* Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The Company applies judgment in determining whether certain non-current assets meet the highly probable criteria at the reporting date. To assess whether a sale will be completed within one year from the date of classification, we have assessed a variety of considerations, including the receipt of required regulatory approvals, and the completion of financing by a potential buyer.

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 income (loss) and other comprehensive income (loss) in the period when the new information becomes available.

(ii) *Fair value measurement on consideration towards the Kinsley purchase-option agreement*: The Company has applied estimates in determining the fair value of the consideration received from New Placer Dome Corp. ("New Placer Dome") as consideration towards the Kinsley purchase-option agreement, and its classification as a financial instrument at fair value through profit and loss.

(Expressed in United States Dollars, unless otherwise noted)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(iii) *Fair value measurement on recognition of guaranteed staged payments on the sale of Halilağa*: The Company has applied estimates in determining the fair value on initial recognition of the guaranteed payments to be received from Cengiz Holdings A.Ş. ("Cengiz") as consideration on the sale of its interest in the Halilağa property.

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

5. RECEIVABLES AND PREPAYMENTS

	As at December 31, 2020	2019
Sales taxes receivable	$ 20,454	$ 22,840
Other receivables	391,350	35,488
Prepayments	93,660	125,374
	$ 505,464	**$ 183,702**

An additional $610,805 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins, at or upon the sale of TV Tower (December 31, 2019: $603,122). Receivables and prepayments associated with assets held for sale are described in Note 6.

(a) Receivable on Halilağa Transaction

On August 12, 2020 the Company closed the sale of its interest in the Halilağa property (the "Halilağa Transaction") to Cengiz pursuant to a definitive agreement signed on July 12, 2019 (the "Halilağa Agreement'). The Company's interest in Halilağa was held through a 40% shareholding in Truva Bakır Maden İşletmeleri A.Ş. ("Truva Bakır") and the remaining 60% of this Turkish entity was held by Teck Madencilik Sanayi Ticaret A.Ş. ("TMST"). Pursuant to the terms of the Halilağa Agreement, the Company and TMST agreed to jointly sell their 100% interest in Truva Bakır to Cengiz for $55,000,000 cash, to be paid in stages over a two-year period and apportioned pro-rata to their ownership interests. The Company will receive a total of $22,000,000 in accordance with its 40% interest.

In addition to the receipt of a non-refundable deposit of $4,000,000 in November 2019, pursuant to the terms of the Halilağa Transaction, the Company received $6,000,000 on August 12, 2020. The Company will receive the remaining $12,000,000 in guaranteed staged payments of which, $6,000,000 is due on August 15, 2021 and $6,000,000 is due on August 15, 2022.

The guaranteed staged payments due on August 15, 2021 and August 15, 2022 are classified as financial assets at amortised cost and were recognized at a fair value on recognition of $5,707,396 and $5,242,361, respectively. The fair values on initial recognition were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the fair value hierarchy as there is no observable market data available.

At December 31, 2020, the guaranteed receivables have a carrying value of $5,816,308 and $5,377,858 for the payments due on August 15, 2021 and August 15, 2022, respectively. Finance income on the Halilağa Transaction of $244,409 has been recognised in the statement of income (loss) in the year ended December 31, 2020.

(Expressed in United States Dollars, unless otherwise noted)

5. RECEIVABLES AND PREPAYMENTS (continued)

The Company recognized a net gain on the sale of its interest in the Halilağa property in the year ended December 31, 2020 and is comprised of the following:

Cash consideration on closing date	$ 6,000,000
Reclass of current liability (non-refundable deposit received November 18, 2019)	4,000,000
Guaranteed staged payments	12,000,000
Less:	
Carrying value of investment in Truva Bakir	(1,504,807)
Discount applied to guaranteed staged payments	(1,050,243)
Reclass of cumulative translation adjustment from equity	(315,575)
Selling costs	(28,222)
Net gain recognised on sale of interest in Halilağa	**$ 19,101,153**

6. ASSETS HELD FOR SALE

As at December 31, 2020	**Stateline**	**Easter**	**Halilağa**	**Kinsley**	**Total**
Assets classified as held for sale	$ 92,601	$ 34,627	$ -	$ 702,508	**$ 829,736**
Liabilities directly associated with assets classified as held for sale	$ -	$ -	$ -	$ 122,500	**$ 122,500**

As at December 31, 2019	**Stateline**	**Easter**	**Halilağa**	**Kinsley**	**Total**
Assets classified as held for sale	$ -	$ -	$ 1,538,626	$ 709,992	**$ 2,248,618**
Liabilities directly associated with assets classified as held for sale	$ -	$ -	$ -	$ 122,500	**$ 122,500**

(a) Assets and liabilities of Kinsley disposal group

On December 2, 2019 and as subsequently amended on May 1, 2020, the Company entered into a definitive option agreement for the sale of 100% of the Company's interest in the Kinsley Mountain Gold Project in Nevada ("Kinsley") to New Placer Dome. Pursuant to the terms of the amending agreement (the “Amended Kinsley Sale Agreement”), the Company will receive an aggregate of $6,250,000 in cash and share value plus a 9.9% interest in New Placer Dome.

On June 2, 2020, the Company announced the closing of the Amended Kinsley Sale Agreement and the receipt of the initial option payments (combined the “Initial Option Payment”).

The total consideration will be paid in three stages over a 2-year period as follows:

- $1,250,000 plus common shares in New Placer Dome ("NPD Shares") totalling 9.9% of issued and outstanding NPD Shares on a post-consolidation and post-acquisition financing basis (subject to a contractual 12 month hold period) (received on June 2, 2020),
- $2,500,000 on or before June 2, 2021 subject to final approval of the Kinsley Transaction by the TSX Venture Exchange,
- NPD Shares with a value of $2,500,000 on or before June 2, 2022 (subject to a 4-month statutory hold period), and
- a 1% Net Smelter Return Royalty (“NSR”) on the acquired interest in Kinsley, of which up to one-half percent (0.5%) can be repurchased by New Placer Dome for $500,000.

(Expressed in United States Dollars, unless otherwise noted)

6. ASSETS HELD FOR SALE (continued)

At December 31, 2020, the Initial Option Payment received by the Company consists of the following:

Cash consideration	$	1,250,000
Repayment of surety bond deposit		124,570
Fair value of common shares in New Placer Dome received[1]		2,722,992
Consideration towards the sale of Kinsley at June 2, 2020	**$**	**4,097,562**
Foreign exchange differences		192,445
Consideration towards the sale of Kinsley at December 31, 2020	**$**	**4,290,007**

[1] Receipt of 8,844,124 common shares in New Placer Dome, representing 9.9% of New Placer Dome's issued and outstanding common shares.

The Initial Option Payment received has been recorded as a non-current liability as at December 31, 2020. The liability will be extinguished either upon the exercise of the option or upon option termination by New Placer Dome.

The Initial Option Payment received pursuant to the Amended Kinsley Sale Agreement is a derivative. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. Other than the impact of foreign exchange, no factors affecting the fair value of the Initial Option Payment in the time from the initial recognition to the period end were identified.

At December 31, 2020, Kinsley was stated at carrying value and comprised of the following assets and liabilities:

Cash and cash equivalents	$	100
Receivables and prepayments		1,379
Exploration and evaluation assets		575,838
Deposits		125,191
Assets held for sale	**$**	**702,508**
Other liabilities		122,500
Liabilities held for sale	**$**	**122,500**

Kinsley is included within the United States geographical segment.

(b) Assets and Liabilities of Stateline and Easter disposal groups

On November 18, 2020 the Company entered into a definitive agreement to sell an exploration portfolio consisting of three 100%-owned properties (Anchor, Stateline and Sandy) and three 49%-owned properties (Brik, Easter and Viper) (together, the "Raindrop Properties") to Raindrop Ventures Inc. ("Raindrop"). Stateline and Easter have capitalised acquisition costs of $92,601 and $34,627, respectively, and the remaining Raindrop Properties have capitalised acquisition costs of nil.

Both Stateline and Easter are included within the United States geographical segment.

Subsequent to year end on March 3, 2021, the Company closed the sale of the Raindrop Properties. In consideration for the Raindrop Properties, the Company received $50,000 in cash and 4,013,406 common shares of Raindrop ("Raindrop Shares"), representing 9.9% of Raindrop's issued and outstanding common shares with a fair value of $824,875 on the acquisition date of March 3, 2021. The Raindrop Shares are subject to a 12 month voluntary hold period.

(c) Cumulative income or expenses

There are no cumulative income or expenses recognized in the statement of income (loss) relating to the disposal groups since being designated as held for sale.

(Expressed in United States Dollars, unless otherwise noted)

7. 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,	
	2020	**2019**
Huntsman Exploration	$ 2,646,632	$ -
New Placer Dome	2,464,238	-
Ely Gold Shares	301,548	-
Other	398,669	106,799
Total Level 1 equity securities	**$ 5,811,087**	**$ 106,799**
Ely Gold Warrants	529,789	-
Total Level 2 equity securities	**$ 529,789**	**-**
Total Level 1 and Level 2 equity securities	**$ 6,340,876**	**$ 106,799**

During the year ending December 31, 2020, the Company received 2,500,000 common shares of Fremont Gold Ltd. ("Fremont"), 8,844,124 common shares in New Placer Dome (Note 6), 2,000,000 share purchase warrants ("Ely Gold Warrants") of Ely Gold Royalties, Inc. ("Ely Gold") (Note 10b) and received 14,986,890 common shares in Huntsman Exploration Inc. ("Huntsman") pursuant to an option agreement on the Baxter Spring gold project ("Baxter Option Agreement") (Note 10b).

The 2,500,000 common shares of Fremont, the 8,844,124 common shares of New Placer Dome and the 14,986,890 common shares of Huntsman ("Huntsman Shares") are Level 1 per the fair value hierarchy; they have a fair value of $147,164, $2,464,238 and $2,646,632 respectively, as at December 31, 2020. The Company recognised a total of $99,496 in losses in the Statement of Income (Loss) in the change in fair value of other financial assets relating to these assets.

The Level 2 fair value of the 900,000 Ely Gold Warrants as at December 31, 2020 is $529,789 and has been derived using Black-Scholes. The key inputs under this approach included the share price at the period end date, the exercise price per the agreement, expected volatility, dividend yield, expected life, and the annual risk-free interest rate.

During the year ending December 31, 2020, the Company exercised 1,100,000 Ely Gold Warrants for C$0.43 per warrant and received 1,100,000 Ely Gold shares. The Company sold 760,000 Ely Gold shares in the year for a weighted average price of C$1.40.

During the year ending December 31, 2020, the Company recognized a $31,208 gain on the exercise of warrants in the change in fair value of other financial assets.

8. 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, 2020, Oxygen holds an advance of $128,506 (December 31, 2019: $125,791) 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 periodically and adjusted to reflect an estimate of costs over three months.

(Expressed in United States Dollars, unless otherwise noted)

8. DEPOSITS (continued)

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, 2020 is $116,148 (December 31, 2019: $116,301). A finance fee is charged monthly on the full balance of the Surety amount. An additional $111,549 is held with the Turkish General Directorate of Mining Affairs (at December 31, 2019: $110,994), in order to meet bonding requirements on the TV Tower property. A total of $6,777 was refunded during the year ended December 31, 2019 (December 31, 2019: $17,326). Collateral for surety bonds associated with assets held for sale are described in Note 6.

9. PLANT AND EQUIPMENT

	Owned assets (a)	Right-of-use assets (b)	Total
Net book value as at December 31, 2019	$ 186,238	$ 557,482	$ 743,720
Net book value as at December 31, 2020	**$ 197,824**	**$ 368,675**	**$ 566,499**

a) Owned assets

Cost:	**Field equipment**	**Equipment**	**Computer software**	**Furniture and fixtures**	**Leasehold improvements**	**Total**
Balance as at December 31, 2019	$ 135,911	$ 608,823	$ 276,081	$ 265,272	$ 322,507	$ 1,608,594
Additions	45,551	2,408	2,411	819	-	51,189
Cumulative translation adjustment	1,359	4,396	2,266	3,268	-	11,289
Balance as at December 31, 2020	**$ 182,821**	**$ 615,627**	**$ 280,758**	**$ 269,359**	**$ 322,507**	**$ 1,671,072**
Accumulated Depreciation:						
Balance as at December 31, 2019	$ 90,858	$ 499,677	$ 276,081	$ 233,233	$ 322,507	$ 1,422,356
Depreciation charge	11,008	22,318	603	6,170	-	40,099
Cumulative translation adjustment	1,082	4,312	2,266	3,133	-	10,793
Balance as at December 31, 2020	**$ 102,948**	**$ 526,307**	**$ 278,950**	**$ 242,536**	**$ 322,507**	**$ 1,473,248**
Net Book Value:						
As at December 31, 2019	$ 45,053	$ 109,146	$ -	$ 32,039	$ -	$ 186,238
As at December 31, 2020	**$ 79,873**	**$ 89,320**	**$ 1,808**	**$ 26,823**	**$ -**	**$ 197,824**

Equipment consists of automobiles, automotive equipment, and computer hardware. There were no disposals in the year ended December 31, 2020.

(Expressed in United States Dollars, unless otherwise noted)

9. PLANT AND EQUIPMENT (continued)

b) Right-of-use (leased) assets

The Company has entered into contracts 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 market rates. Lease agreements do not impose any covenants, but lease assets may not be used as security for borrowing purposes. 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.

The office premises in Canada, and office premises and automobiles in Turkey and the United States represent right-of-use assets. Contingent rental expenditures of $89,001 consisting of operating costs have been charged to the statement of income (loss) for the year ended December 31, 2020.

Cost:	**Offices**	**Automobiles**	**Total**
Balance as at December 31, 2019	$ 731,385	$ 48,916	$ 780,301
Additions	5,177	43,829	49,006
Cumulative translation adjustment	9,116	(11,241)	(2,125)
Balance as at December 31, 2020	**$ 745,678**	**$ 81,504**	**$ 827,182**
Accumulated Depreciation:			
Balance as at December 31, 2019	$ 208,380	$ 14,439	$ 222,819
Depreciation charge	204,413	26,709	231,122
Cumulative translation adjustment	6,519	(1,953)	4,566
Balance as at December 31, 2020	**$ 419,312**	**$ 39,195**	**$ 458,507**
Net Book Value:			
As at December 31, 2019	$ 523,005	$ 34,477	$ 557,482
As at December 31, 2020	**$ 326,366**	**$ 42,309**	**$ 368,675**

10. EXPLORATION AND EVALUATION ASSETS

Currently none of the Company's properties have any known body of commercial ore or any established economic deposits; all are in the exploration stage.

(a) 'Portfolio Properties' in the tables below represents the aggregate capitalised acquisition costs for the Griffon, Easter and Stateline properties. In the year ended December 31, 2019 the Company entered into an option agreement on the Griffon property see Note 10b(i). On November 18, 2020 the Company entered into a definitive sale agreement on certain of its properties including Easter and Stateline, and as at December 31, 2020 classified the capitalised acquisition costs for these two properties as Assets Held for Sale (Note 6).

There were no additions during the year ended December 31, 2020, or in the year ended December 31, 2019.

(Expressed in United States Dollars, unless otherwise noted)

10. EXPLORATION AND EVALUATION ASSETS (continued)

	As at December 31, 2020	As at December 31, 2019
USA		
Goldstrike	$ 8,486,985	$ 8,486,985
Black Pine	1,010,927	1,010,927
Portfolio Properties (Note 10b(i))	-	248,097
Total USA	**$ 9,497,912**	**$ 9,746,009**
Turkey		
TV Tower	$ 13,660,256	$ 13,660,256
Total Turkey	**$ 13,660,256**	**$ 13,660,256**
Total	**$ 23,158,168**	**$ 23,406,265**

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

	Black Pine	Goldstrike	Kinsley Mountain	Portfolio properties	**Total USA**	TV Tower	Other Exploration	**Total**
December 31, 2018	$ 1,483,774	$ 17,174,228	$ 20,376,305	$ 2,508,608	**$ 41,542,915**	$ 34,090,058	$ 3,546,102	**$ 79,179,075**
Drilling and assays	3,201,303	430,248	213,242	-	**3,844,793**	-	-	**3,844,793**
Wages and salaries	656,222	257,803	52,948	-	**966,973**	66,698	49,302	**1,082,973**
Leases	-	177,226	170,000	-	**347,226**	-	-	**347,226**
Annual license fees	66,574	144,016	91,456	25,331	**327,377**	-	-	**327,377**
Other	874,941	434,129	103,766	5,902	**1,418,738**	206,505	75,814	**1,701,057**
December 31, 2019	$ 6,282,814	$ 18,617,650	$ 21,007,717	$ 2,539,841	**$ 48,448,022**	$ 34,363,261	$ 3,671,218	**$ 86,482,501**
Drilling and assays	5,369,804	12,198	-	-	**5,382,002**	321,859	-	**5,703,861**
Wages and salaries	1,698,415	83,932	3,629	11,572	**1,797,548**	94,713	6,145	**1,898,406**
Annual license fees	147,008	142,656	-	8,910	**298,574**	-	-	**298,574**
Metallurgy	468,558	1,182	-	-	**469,740**	-	-	**469,740**
Other	1,519,900	311,757	-	938	**1,832,595**	440,342	34,384	**2,307,321**
December 31, 2020	$ 15,486,499	$ 19,169,375	$ 21,011,346	$ 2,561,261	**$ 58,228,481**	$ 35,220,175	$ 3,711,747	**$ 97,160,403**

Wages and salaries include stock based compensation. Other Exploration comprises exploration expenditures on mineral interests that the Company does not hold the rights to.

(i) Portfolio Properties, USA

On December 16, 2019, the Company entered into an agreement to sell the Griffon project to Fremont through a purchase-option agreement ("Griffon Agreement") and the agreement was subsequently amended on December 14, 2020 ("Amended Griffon Agreement"). In the year ended December 31, 2020, the Company received $25,000 and 2,500,000 common shares in Fremont as part of the Griffon Agreement. The fair value of the 2,500,000 common shares of Fremont was $133,238 on the date of acquisition.

(Expressed in United States Dollars, unless otherwise noted)

10. EXPLORATION AND EVALUATION ASSETS (continued)

Terms of the Amended Griffon Agreement include:

- $25,000 upon executing the Griffon Agreement (the "Execution Date") (received in December 2019),
- $25,000 and 2,500,000 Fremont common shares to be issued to the Company following TSX Venture Exchange approval of the Griffon Agreement (received in January 2020),
- $25,000 and 2,500,000 Fremont common shares on the first anniversary of the Execution Date (received in January 2021),
- $50,000 on the second anniversary of the Execution Date,
- $75,000 and 2,500,000 Fremont common shares on the third anniversary of the Execution Date,
- $100,000 and 2,500,000 Fremont common shares on the fourth anniversary of the Execution Date, and
- 1% NSR which may be repurchased by Fremont for $1,000,000

The option payments received were recognised against a total of $120,870 in acquisition costs capitalised for the Griffon property, with the remaining $37,368 recognised in the statement of income (loss).

On November 12, 2020 pursuant to an option agreement on the Baxter Spring gold project ("Baxter Option Agreement") between the Company and Huntsman, the Company received $250,000 in cash and 14,986,890 Huntsman Shares equal to 19.5% of the issued and outstanding Huntsman Shares, subject to a 12 month hold period. Pursuant to the Baxter Option Agreement, a final payment of $250,000 is due on November 12, 2021. The Huntsman Shares have a fair value of $2,916,971 on the date of acquisition. Option payments of $3,166,971 were recognized in the statement of income (loss).

(ii) Other Exploration

On March 12, 2020, the Company announced the close of the sale of its Net Profit Interest ("NPI") in the Regent Hill Property, Nevada to Ely Gold. Upon close of the sale, the Company received $800,000 and 2,000,000 Ely Gold Warrants, exercisable at C$0.43 per warrant until December 18, 2021. The fair value of the 2,000,000 Ely Gold Warrants was $586,997 on the date of acquisition. The gain recognized on the sale of the NPI in the Regent Hill Property, net of professional fees, is $1,374,376.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Year ended December 31, 2020	2019
Trade payables	$ 801,116	$ 620,781
Decommissioning liability - current	340,300	294,300
Accrued liabilities	166,330	136,332
Other payables	127,043	11,773
	$ 1,434,789	**$ 1,063,186**

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

As at December 31, 2020 a decommissioning liability of $122,500 (December 31, 2019: $122,500) relating to the Kinsley property is recognised under *Liabilities Associated With Assets Classified As Held For Sale* (Note 6).

12. 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 2020 of 27.00% (2019: 27.00%).

(Expressed in United States Dollars, unless otherwise noted)

12. INCOME TAXES (continued)

	Year ended December 31, 2020	2019
Income (loss) before taxes	$ 7,276,288	$ (11,807,604)
Statutory tax rate	27.00%	27.00%
Expected income tax expense (recovery)	1,964,598	(3,188,053)
Permanent differences	(3,991,958)	452,000
Change in deferred income tax rates	-	25,183
Benefit not recognized and other	2,287,603	2,930,428
Income tax expense	**$ 260,243**	**$ 219,558**

A deferred tax liability of $1,866,740 has been recorded as at December 31, 2020 (December 31, 2019: $1,606,497) 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, 2020	2019
Operating losses carried forward	$ 73,557,313	$ 67,899,958
Equipment	540,856	528,922
Mineral properties	25,022,611	21,462,622
Investments and other	3,230,883	3,863,432
Total temporary differences	**$ 102,351,663**	**$ 93,754,934**

The Company has non-capital losses which may be applied to reduce future taxable income. These losses expire between 2020 and 2040. For losses incurred in the United States in 2020 and subsequent years, the losses carry forward indefinitely with some usage restrictions:

	Canada	US	Turkey	Total
December 31, 2020	$ 30,409,997	$ 41,867,104	$ 1,280,212	**$ 73,557,313**

There are no current income taxes owed by Liberty Gold as at December 31, 2020.

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) *Authorized*

Unlimited Common Shares with no par value.

(b) *Stock-based compensation*

For the year ended December 31, 2020, the Company charged a total of $2,148,044 of stock-based compensation expense to the statement of income (loss) (2019: $1,127,540) of which $432,612 is attributed to exploration and evaluation expenditures (2019: $150,260).

Liberty Gold Stock Option Plan

The Liberty Gold Stock Option Plan was approved on June 8, 2020. 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.

(Expressed in United States Dollars, unless otherwise noted)

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

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.

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

	Options	Weighted Average Exercise Price
	#	C$
Balance, January 1, 2019	13,078,750	0.54
Options granted	4,580,000	0.84
Options expired	(935,000)	1.15
Options forfeit or cancelled	(45,000)	1.15
Options exercised	(41,667)	0.71
Balance, December 31, 2019	**16,637,083**	**0.59**
Options granted	2,975,000	1.67
Options expired	(167,000)	1.14
Options forfeit or cancelled	(134,999)	0.63
Options exercised	(1,790,418)	0.54
Balance, December 31, 2020	**17,519,666**	**0.77**

At December 31, 2020, 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	14,494,666	2.19	0.58	11,763,839	0.54
C$1.00 to C$1.99	2,800,000	4.84	1.64	825,000	1.58
C$2.00 to C$3.99	225,000	3.58	2.46	125,000	2.73
	17,519,666	**2.63**	**0.77**	**12,713,839**	**0.63**

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.

The weighted average fair value of options granted during the year ended December 31, 2020 determined using Black-Scholes was C$0.84 per option. The weighted average significant inputs into the model included a share price of C$1.66 at the grant date, an exercise price of C$1.67, a volatility of 60%, a dividend yield of 0%, an expected option life of 5 years and an annual risk-free interest rate of 0.54%. A weighted average 7.4% forfeiture rate was applied to the option expense.

A total of 677,250 Options were granted to directors of the Company subsequent to year end on February 26, 2021 with a fair value of C$0.82.

(Expressed in United States Dollars, unless otherwise noted)

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

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 a portion of those granted which vest immediately, including the 35,885 RSUs granted on August 14, 2020 and 98,776 RSUs granted on December 8, 2020. Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2019	3,416,500
RSUs granted	954,193
RSUs exercised	(1,674,000)
Balance, December 31, 2019	**2,696,693**
RSUs granted	884,661
RSUs forfeited	(20,000)
RSUs exercised	(985,315)
Balance, December 31, 2020	**2,576,039**

Expiry Date	**Number of RSUs outstanding**	**Weighted average remaining contractual life**	**Number of RSUs vested**
	#	(in years)	#
December 31, 2021	855,000	1.00	855,000
December 31, 2022	842,776	2.00	406,113
December 31, 2023	878,263	3.00	128,263
	2,576,039	**2.48**	**1,389,376**

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 January 1, 2019 there were 1,683,000 DSUs outstanding.

	DSUs
	#
Balance, January 1, 2020	1,683,000
DSUs granted	450,986
Balance, December 31, 2020	**2,133,986**

Subsequent to the year ended December 31, 2020, 21,997 DSUs were granted to Directors of the Company.

(Expressed in United States Dollars, unless otherwise noted)

13. 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, 2019	53,380,463	0.68
Warrants expired	(12,017,500)	0.90
Warrants exercised	(2,457,750)	0.61
Balance, December 31, 2019	**38,905,213**	**0.62**
Warrants exercised	(13,433,901)	0.63
Balance, December 31, 2020	**25,471,312**	**0.61**

The remaining contractual lives of warrants outstanding as at December 31, 2020 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C$	#	(in years)
0.65	4,331,562	0.07
0.60	21,139,750	0.75
0.61	**25,471,312**	**0.64**

Subsequent to the year ended December 31, 2020, the outstanding C$0.65 warrants were exercised for proceeds of C$2,815,515.

14. NET INCOME (LOSS) PER SHARE

The calculation of basic net income (loss) per share has been based on the net income (loss) attributable to shareholders and the weighted-average number of common shares outstanding.

The calculation of diluted net income (loss) per share has been based on the net income (loss) attributable to shareholders and the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares. Stock options and share purchase warrants are considered dilutive when the average market price for the year ended December 31, 2020 exceeds the exercise price of the stock option or share purchase warrant.

In the year ended December 31, 2020, the numerator for basic and diluted net income (loss) per common share is $7,481,706. In the year ended December 31, 2019, RSUs and DSUs, stock options, and share purchase warrants were not dilutive.

A reconciliation of the denominator used for the purposes of calculating basic and diluted net income (loss) is as follows:

	Year ended December 31,	
	2020	**2019**
Denominator for basic net income (loss) per common share	245,675,813	216,712,664
Effect of dilutive RSUs and DSUs	4,360,366	-
Effect of dilutive stock options	9,831,278	-
Effect of dilutive share purchase warrants	20,389,704	-
Denominator for diluted net income (loss) per common share	**280,257,161**	**216,712,664**

(Expressed in United States Dollars, unless otherwise noted)

15. NON-CONTROLLING INTEREST

The Company holds a 79.99% 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 20.01% interest is held by Intor Resources Corporation ("Intor"). As of June 2, 2020, the Company's interest in Kinsley is under option with New Placer Dome. Pursuant to the Amended Kinsley Sales Agreement, New Placer Dome is responsible for maintaining all mining claim maintenance fees, and to satisfy all expenditure obligations. There was no change in the value of the non-controlling interest during the years ended December 31, 2020 or 2019.

Liberty Gold owns a 62.9% controlling interest of the TV Tower property through a 62.9% ownership stake in Orta Truva. The remaining 37.1% interest is held by TMST. The value of the non-controlling interest in Orta Truva has increased by $23,000 (2019: $194,620) during the year ended December 31, 2020 upon receipt of funding from the non-controlling interest holder, TMST. The Company's controlling interest in Orta Truva increased by 2.9% in the year ended December 31, 2020.

Summary financial information 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 12).

(a) Summarised Balance Sheet

	Year ended December 31, 2020	2019
Current		
Assets	$ 41,034	$ 88,149
Liabilities	(88,347)	(108,806)
Total Current net liabilities	$ (47,313)	$ (20,657)
Non-Current		
Assets	$ 1,987,255	$ 1,979,018
Liabilities	(1,866,740)	(1,606,497)
Total Non-current net assets	$ 120,515	$ 372,521
Net Assets	**$ 73,202**	**$ 351,864**

(b) Summarised Statement of Loss

	Year ended December 31, 2020	2019
Statement of Loss	$ 1,255,152	$ 750,141
Other comprehensive Loss	-	-
Loss and other comprehensive Loss	**$ 1,255,152**	**$ 750,141**

(c) Summarised cash flows

	Year ended December 31, 2020	2019
Net cash flow from:		
operating activities	$ (763,721)	$ (509,137)
financing activities	708,880	486,551
investing activities	-	-
Net increase (decrease) in cash	$ (54,841)	$ (22,586)
Cash at the beginning of the year	87,110	109,696
Cash at the end of the year	**$ 32,269**	**$ 87,110**

16. 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.

17. 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 below.

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. The credit risk is limited to the carrying value amount on the consolidated statement of financial position. Liberty Gold's credit risk is primarily attributable to its liquid financial assets and the receivables due pursuant to the Halilağa Agreement (the "Halilağa Receivables") (Note 5a):

a) The Company limits exposure to credit risk and liquid financial assets primarily through maintaining its cash and short-term investments with high credit quality banking institutions in Canada, the USA and Turkey. Credit risk is mitigated on these financial instruments in accordance with the Company's investment policy.

b) The credit risk exposure to the Halilağa Receivables, is mitigated through the bank guarantees by T.C. Ziraat Bankasi A.Ş. ("Ziraat Bank"). Ziraat Bank is rated a B1 by Moody's Corporation.

Fair Value Estimation

For the majority of the Company's financial assets and liabilities, the carrying value approximates their estimated fair value due to their short-term nature. The carrying value of the Halilağa Receivables were recognised at fair value (Note 5a); there have been no significant changes in the underlying credit risk of the Halilağa Receivables or their fair value since recognition.

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 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.

17. FINANCIAL RISK MANAGEMENT (continued)

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 37.1% partner at Orta Truva 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 10% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a $645,612 increase or decrease respectively (2019: $516,389), 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.

18. COMMITMENTS

Leases

Upon adoption of IFRS 16, the Company recognized a right-of-use asset and a lease liability at the lease commencement date for certain contracts.

Total future minimum lease payments, for agreements outside the scope of IFRS 16, as at December 31, 2020 are as follows:

Year	
2021	$ 63,455
2022	43,074
2023+	-
	$ 106,529

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.

19. 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, 2019, Liberty Gold has three geographic locations at December 31, 2020: 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 disposal groups held for sale, which have been disclosed in Notes 10 and 6, respectively.

(Expressed in United States Dollars, unless otherwise noted)

19. SEGMENT INFORMATION (continued)

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

	Year ended December 31, 2020	2019
Canada	$ 14,403,406	$ (3,517,202)
USA	(6,120,270)	(7,669,087)
Turkey	(1,267,090)	(840,873)
	$ 7,016,046	**$ (12,027,162)**

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

	Year ended December 31, 2020	2019
Canada	$ 345,557	$ 458,571
USA	197,080	253,190
Turkey	23,862	31,959
	$ 566,499	**$ 743,720**

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

20. RELATED PARTY TRANSACTIONS

In addition to the following, the Company's related parties include its subsidiaries, and associates over which it exercises significant influence.

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.

Transactions with Oxygen during the year ended December 31, 2020 total $560,494 in expenditures, reflected in the Company's consolidated statement of income (loss) and comprehensive income (loss) (2019: $688,733). As at December 31, 2019, Oxygen holds a refundable deposit of $128,506 on behalf of the Company (2019: $125,791) (Note 8). Additionally, as at December 31, 2020 the Company held a payable to Oxygen of $51,382, that was settled subsequent to December 31, 2020 (December 31, 2019: $63,529).

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, 2020	2019
Salaries and other short-term employee benefits	$ 1,263,663	$ 1,257,309
Share-based payments	1,427,638	712,313
Total	**$ 2,691,301**	**$ 1,969,622**