



**Liberty Gold Corp.**

A Gold Exploration & Development Company

**Condensed Interim Consolidated Financial Statements**

**Three months ended March 31, 2022**

(Expressed in US Dollars)

**LIBERTY GOLD CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in United States Dollars- unaudited)**

	As at March 31 2022	As at December 31, 2021
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents	33,866,426	17,157,723
Short term investments	98,349	97,577
Receivables and prepayments (Note 5)	370,150	567,694
Receivable on Halilaga Transaction (Note 5a)	5,849,910	5,753,359
<b>Total current assets</b>	<u>40,184,835</u>	<u>23,576,353</u>
<i>Non-current assets</i>		
Other financial assets (Note 6)	4,171,311	3,473,714
Deposits	806,587	790,888
Sales taxes receivable (Note 5)	302,599	320,918
Plant and equipment	960,040	1,080,207
Exploration and evaluation assets (Note 7a)	24,086,745	24,086,745
<b>Total non-current assets</b>	<u>30,327,282</u>	<u>29,752,472</u>
<b>Total assets</b>	<u>70,512,117</u>	<u>53,328,825</u>
<b>Liabilities and Shareholders' Equity</b>		
<i>Current liabilities</i>		
Consideration towards the sale of Kinsley (Note 7bi)	6,896,976	6,906,389
Accounts payable and accrued liabilities (Note 8)	3,707,267	2,682,904
Lease liabilities	304,350	296,143
<b>Total current liabilities</b>	<u>10,908,593</u>	<u>9,885,436</u>
<i>Non-current liabilities</i>		
Lease liabilities	231,478	302,641
Deferred tax liabilities (Note 9)	2,732,051	2,672,663
Other liabilities	145,328	141,153
<b>Total non-current liabilities</b>	<u>3,108,857</u>	<u>3,116,457</u>
<i>Shareholders' equity</i>		
Share capital (Note 10)	243,320,410	220,661,413
Contributed surplus (Note 10)	30,439,607	29,169,179
Accumulated other comprehensive loss	(7,776,959)	(8,127,395)
Accumulated deficit	(216,926,793)	(208,903,286)
<b>Total shareholders' equity</b>	<u>49,056,265</u>	<u>32,799,911</u>
Non controlling interest (Note 11)	7,438,402	7,527,021
<b>Total liabilities and shareholders' equity</b>	<u>70,512,117</u>	<u>53,328,825</u>

The notes on pages 5 to 14 are an integral part of these condensed interim consolidated financial statements.

The board has delegated the authority to approve these condensed interim consolidated financial statements to the audit committee. These condensed interim consolidated financial statements were approved by the audit committee on May 12, 2022.

"Donald McInnes", Director

"Sean Tetzlaff", Director

**LIBERTY GOLD CORP.**

**Condensed Interim Consolidated Statements of Loss and Comprehensive Income  
(Expressed in United States Dollars- unaudited)**

	Three months ended March 31,	
	2022	2021
	\$	\$
<b>Operating expenses</b>		
Exploration and evaluation expenditures (Note 7b)	(6,086,371)	(1,337,732)
Stock based compensation (Note 10c)	(1,226,025)	(743,432)
Wages and benefits	(536,613)	(553,536)
Professional fees	(310,154)	(91,384)
Office and general	(309,121)	(247,843)
Depreciation	(149,363)	(73,095)
Listing and filing fees	(99,530)	(115,966)
Investor relations, promotion and advertising	(92,764)	(49,100)
<b>Loss from operations</b>	<u>(8,809,941)</u>	<u>(3,212,088)</u>
<b>Other income (expenses)</b>		
Change in fair value of other financial assets (Note 6)	633,228	(2,184,599)
Finance income on the Halilağa Transaction (Note 5a)	96,550	162,396
Foreign exchange gains (losses)	17,532	(208,630)
Finance income	4,198	1,518
Other income (loss)	5,695	(321,710)
Net gain on sale on Mineral Properties	-	712,735
Consideration received on purchase-option agreements	-	201,731
Net loss on sale of other financial assets	-	(78,606)
	<u>757,203</u>	<u>(1,715,165)</u>
<b>Net loss before tax</b>	(8,052,738)	(4,927,253)
<b>Income tax expense</b>	(59,388)	(188,937)
<b>Net loss for the period</b>	<u>(8,112,126)</u>	<u>(5,116,190)</u>
<b>Net loss attributable to:</b>		
Shareholders	(8,023,507)	(4,977,691)
Non-controlling interests (Note 11)	(88,619)	(138,499)
	<u>(8,112,126)</u>	<u>(5,116,190)</u>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to net income		
Exchange gains on translations	350,436	269,858
<b>Other comprehensive income for the period, net of tax</b>	<u>350,436</u>	<u>269,858</u>
<b>Total net loss and comprehensive income for the period</b>	<u>(7,761,690)</u>	<u>(4,846,332)</u>
<b>Net loss attributable to:</b>		
Shareholders	(7,673,071)	(4,707,833)
Non-controlling interests	(88,619)	(138,499)
<b>Total loss and comprehensive income for the period</b>	<u>(7,761,690)</u>	<u>(4,846,332)</u>
<b>Net loss per share</b>		
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)
Basic and diluted weighted average number of Common Shares	290,181,047	261,312,520

The notes on pages 5 to 14 are an integral part of these condensed interim consolidated financial statements.

**LIBERTY GOLD CORP.**

**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in United States Dollars- unaudited)**

	Number of Common Shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity	Non-controlling interest	Total equity
	#	\$	\$	\$	\$	\$	\$	\$
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
Option, RSU and Warrant exercises	7,407,142	4,573,828	(1,100,627)	-	-	3,473,201	-	3,473,201
Stock based compensation	-	-	913,926	-	-	913,926	-	913,926
Cumulative translation adjustment	-	-	-	269,858	-	269,858	-	269,858
Net loss for the period	-	-	-	-	(4,977,691)	(4,977,691)	(138,499)	(5,116,190)
Balance as at March 31, 2021	262,899,035	206,570,341	29,434,684	(8,010,924)	(184,138,336)	43,855,765	7,934,763	51,790,528
Balance as at December 31, 2021	287,969,915	220,661,413	29,169,179	(8,127,395)	(208,903,286)	32,799,911	7,527,021	40,326,932
Bought-deal financing (Note 10b)	27,273,000	23,798,429	-	-	-	23,798,429	-	23,798,429
Share issue costs (Note 10b)	-	(1,547,002)	-	-	-	(1,547,002)	-	(1,547,002)
Option, RSU and Warrant exercises (Note 10c)	580,759	407,570	(206,587)	-	-	200,983	-	200,983
Stock based compensation (Note 10c)	-	-	1,477,015	-	-	1,477,015	-	1,477,015
Cumulative translation adjustment	-	-	-	350,436	-	350,436	-	350,436
Net loss for the period	-	-	-	-	(8,023,507)	(8,023,507)	(88,619)	(8,112,126)
Balance as at March 31, 2022	315,823,674	243,320,410	30,439,607	(7,776,959)	(216,926,793)	49,056,265	7,438,402	56,494,667

The notes on pages 5 to 14 are an integral part of these condensed interim consolidated financial statements.

**LIBERTY GOLD CORP.****Condensed Interim Consolidated Statement of Cash Flows  
(Expressed in United States Dollars- unaudited)**

	Three months ended March 31,	
	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(8,112,126)	(5,116,190)
Adjusted for:		
Stock based compensation (Note 10c)	1,477,015	913,926
Depreciation	169,963	73,572
Finance income on the Halilağa Transaction (Note 5a)	(96,550)	(162,396)
Consideration received on purchase-option agreements	-	(201,731)
Net gain on sale of Mineral Properties	-	(712,735)
Change in fair value, and losses on disposal of financial assets (Note 6)	(633,228)	2,263,205
Deferred tax expense	59,388	188,937
Other non-cash items on the statement of loss	18,825	9,695
Foreign exchange not related to cash	(124,895)	39,660
Movements in working capital:		
Accounts receivable and prepayments	167,561	213,380
Accounts payable and other liabilities	777,418	(311,823)
Net cash outflow due to operating activities	<u>(6,296,629)</u>	<u>(2,802,500)</u>
<b>Cash flows from financing activities</b>		
Gross proceeds from bought-deal financing (Note 10b)	23,798,429	-
Share issue costs (Note 10b)	(1,298,632)	-
Cash received from exercise of share based payments and warrants	200,983	3,473,201
Principal payments on lease liabilities	(76,394)	(58,734)
Interest payments on lease liabilities	(12,980)	(10,812)
Net cash inflow from financing activities	<u>22,611,406</u>	<u>3,403,655</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(37,516)	(23,814)
Consideration on sale of Mineral Properties, net of selling costs	-	24,586
Consideration received on purchase-option agreements	-	25,000
Proceeds from sale of other financial assets	-	283,788
Purchase of other financial assets	-	(33,959)
Land acquisition at Black Pine	-	(352,739)
Increase to surety bond collateral	-	(82,000)
Net cash outflow due to investing activities	<u>(37,516)</u>	<u>(159,138)</u>
Effect of foreign exchange rates	<u>431,442</u>	<u>282,079</u>
Net increase in cash and cash equivalents	16,708,703	724,096
Cash and cash equivalents at beginning of the period	17,157,723	16,734,378
Cash and cash equivalents at end of the period	<u>33,866,426</u>	<u>17,458,474</u>

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

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**Notes to the Condensed Interim Consolidated Financial Statements**  
Three months ended March 31, 2022  
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**1. GENERAL INFORMATION**

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

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

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

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

**2. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 (the "Interim Financial Statements") have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), which 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**

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Annual Financial Statements

**4. SIGNIFICANT ACCOUNTING ESTIMATES**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Interim Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements with the exception of the depreciation method used for certain categories of plant and equipment as a result of Management's review.

As of January 1, 2022, the depreciation methods for Field equipment, Equipment, and Furniture and fixtures have been changed from the declining balance method to the straight-line method as this more accurately reflects the pattern in which the asset's economic benefits are consumed by the Company. Useful lives are determined by Management on an asset-by-asset basis upon initial recognition. Plant and equipment are depreciated evenly over their estimated useful life using the straight-line method.

Consistent with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in depreciation method has been accounted for prospectively. The change in accounting estimate resulted in an increase of \$62,379 in the depreciation financial statement line item, and an increase of \$13,011 in the exploration and evaluation expenditures financial statement line item in the statement of loss and comprehensive income in the three months ended March 31, 2022.

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**4. SIGNIFICANT ACCOUNTING ESTIMATES (continued)**

*Updated plant and equipment accounting policy disclosure*

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 the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the condensed interim consolidated statement of loss during the period in which they are incurred.

Useful lives are determined by Management on an asset-by-asset basis upon initial recognition. The major categories of plant and equipment noted below are depreciated straight-line over their estimated useful life:

Category	Estimated useful life
Field equipment	5 to 10 years
Equipment	3 years
Computer software	2 years
Furniture and fixtures	5 years
Buildings, building improvements, and land improvements	5 to 30 years

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.

**5. RECEIVABLES AND PREPAYMENTS**

	March 31, 2022	December 31, 2021
Sales taxes receivable	\$ 33,969	\$ 30,748
Other receivables	22,238	317,215
Prepayments	313,943	219,731
	<b>\$ 370,150</b>	<b>\$ 567,694</b>

## 5. RECEIVABLES AND PREPAYMENTS (continued)

An additional \$302,599 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins or upon the sale of TV Tower (December 31, 2021: \$320,918). In the period ended March 31, 2022, the Company received \$250,000 pursuant to the amended purchase option agreement on the Baxter Spring gold project, and the receivable existing at December 31, 2021 was settled.

### (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 Holdings A.Ş. ("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.

The Company has received \$16,000,000 pursuant to the terms of the Halilağa Transaction as at March 31, 2022, and expect to receive the remaining \$6,000,000 in a guaranteed staged payment on August 11, 2022 (the "Halilağa Staged Payment"). The Halilağa Staged Payment is classified as a financial asset at amortised cost and was recognized at a fair value on recognition.

As at March 31, 2022, the Halilağa Staged Payment has a carrying value of \$5,849,910 (December 31, 2021: \$5,753,359). Finance income on the Halilağa Transaction of \$96,550 has been recognised in the statement of loss in the period ended March 31, 2022 (three months ended March 31, 2021: \$162,396).

## 6. OTHER FINANCIAL ASSETS

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

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

	March 31, 2022	December 31, 2021
New Placer Dome Gold Corp.	\$ 2,190,275	\$ 1,642,324
Raindrop Ventures Inc.	931,408	1,011,467
Huntsman Exploration Inc.	839,534	649,177
Other	210,094	170,746
<b>Total equity securities</b>	<b>\$ 4,171,311</b>	<b>\$ 3,473,714</b>

The Company recognised income of \$633,228 in the statement of loss for the three month period ended March 31, 2022 (three month period ended March 31, 2021: loss of \$2,184,599) on the change in fair value of other financial assets relating to the equity securities held.

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**7. EXPLORATION AND EVALUATION ASSETS**

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

(a) Details of the Company's property acquisition costs capitalised to exploration and evaluation assets are as follows:

	March 31, 2022	December 31, 2021
<b>USA</b>		
Black Pine	\$ 1,363,666	\$ 1,363,666
Goldstrike	8,486,985	8,486,985
Kinsley	575,838	575,838
<b>Total USA</b>	<b>\$ 10,426,489</b>	<b>\$ 10,426,489</b>
<b>Turkey</b>		
TV Tower	\$ 13,660,256	\$ 13,660,256
<b>Total Turkey</b>	<b>\$ 13,660,256</b>	<b>\$ 13,660,256</b>
<b>Total</b>	<b>\$ 24,086,745</b>	<b>\$ 24,086,745</b>

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

	Black Pine	Goldstrike	Properties under Option	Total USA	TV Tower	Other Exploration	Total
December 31, 2020	\$ 15,486,499	\$ 19,169,375	\$ 23,572,607	\$ 58,228,481	\$ 35,220,175	\$ 3,711,747	\$ 97,160,403
Drilling and assays	268,600	3,000	-	271,600	-	-	271,600
Wages and salaries	426,865	17,325	224	444,414	31,946	-	476,360
Software licenses	79,042	312	-	79,354	-	-	79,354
Metallurgy	138,038	225	-	138,263	-	-	138,263
Other	200,844	84,527	-	285,371	84,533	2,251	372,155
<b>March 31, 2021</b>	<b>\$ 16,599,888</b>	<b>\$ 19,274,764</b>	<b>\$ 23,572,831</b>	<b>\$ 59,447,483</b>	<b>\$ 35,336,654</b>	<b>\$ 3,713,998</b>	<b>\$ 98,498,135</b>
December 31, 2021	\$ 31,159,789	\$ 21,905,309	\$ 23,573,489	\$ 76,638,587	\$ 35,718,973	\$ 3,714,169	\$ 116,071,729
Drilling and assays	2,863,434	527,216	-	3,390,650	-	-	3,390,650
Wages and salaries	600,190	211,917	91	812,198	38,404	-	850,602
Professional fees	106,564	215,164	-	321,728	-	-	321,728
Road & site prep.	206,084	2,500	-	208,584	-	-	208,584
Other	833,677	327,021	-	1,160,698	154,109	-	1,314,807
<b>March 31, 2022</b>	<b>\$ 35,769,738</b>	<b>\$ 23,189,127</b>	<b>\$ 23,573,580</b>	<b>\$ 82,532,445</b>	<b>\$ 35,911,486</b>	<b>\$ 3,714,169</b>	<b>\$ 122,158,100</b>

Wages and salaries include stock-based compensation. Other Exploration comprises exploration expenditures on mineral interests that the Company does not hold the rights to. Properties under Option consist of the Kinsley and Griffon properties.

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

(i) Kinsley Option Agreement

On December 2, 2019 and as subsequently amended on May 1, 2020 and November 5, 2021, the Company entered into a definitive option agreement for the sale of 100% of the Company's interest in Kinsley to New Placer Dome (as amended, the "Kinsley Option Agreement"). Pursuant to the terms of the Kinsley Option 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.

The option payments are 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), (combined the "Initial Option Payment"),
- \$1,250,000 in cash and \$1,250,000 in value of NPD Shares (subject to a 12 month hold period) as soon as is practicable after approval by the TSX Venture Exchange (received November 2021), (combined the "First Anniversary Payment"),
- \$1,250,000 in cash and \$1,250,000 in value of NPD Shares 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.

At March 31, 2022, the Initial Option Payment received by the Company consists of the following:

Consideration towards the sale of Kinsley at December 31, 2020 <sup>1</sup>	\$ 4,290,007
Cash consideration	1,250,000
Fair value of common shares in New Placer Dome received <sup>2</sup>	1,374,764
Foreign exchange differences	(8,382)
<b>Consideration towards the sale of Kinsley at December 31, 2021</b>	<b>\$ 6,906,389</b>
Foreign exchange differences	(9,413)
<b>Consideration towards the sale of Kinsley at March 31, 2022</b>	<b>\$ 6,896,976</b>

<sup>1</sup> Includes the receipt of 8,844,124 NPD Shares, representing 9.9% of New Placer Dome's issued and outstanding common shares.

<sup>2</sup> Receipt of 17,222,222 NPD Shares, together with the 8,844,124 NPD shares from the Initial Option Payment, representing approximately 15.8% of the issued and outstanding shares on an undiluted basis.

The Initial Option Payment and First Anniversary Payment received have been recorded as a current liability as at March 31, 2022. The liability will be extinguished either upon the exercise of the option or upon option termination by New Placer Dome.

The Initial Option Payment and First Anniversary Payment received pursuant to the Kinsley Option Agreement are derivatives. They are financial instruments 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 or First Anniversary Payment in the time from the initial recognition to the period end were identified.

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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Trade payables	\$ 1,942,406	\$ 1,704,566
Decommissioning liability - current	757,800	692,800
Accrued liabilities	993,976	271,259
Other payables	13,085	14,279
	<b>\$ 3,707,267</b>	<b>\$ 2,682,904</b>

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

Included in accrued liabilities as at March 31, 2022 are costs related to the bought-deal financing which closed on March 25, 2022 (described in Note 10) and the timing of expenditures from the active drill programs at Black Pine and Goldstrike.

Non-current other liabilities as at March 31, 2022 include a decommissioning liability of \$122,500 relating to the Kinsley property (December 31, 2021: \$122,500).

**9. DEFERRED TAX LIABILITY**

A deferred tax liability of \$2,732,051 has been recognised in the period ended March 31, 2022 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2021: \$2,672,663).

**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

(a) *Authorized*

Unlimited Common Shares with no par value.

(b) *Issued*

On March 25, 2022, the Company closed a bought-deal financing whereby a syndicate of underwriters purchased, on a bought-deal basis, 27,273,000 Common Shares, at a price of C\$1.10 per Common Share, for gross proceeds of \$23,798,429 (C\$30,000,300). Transaction costs of \$1,547,002 have been recognised in equity during the three months ended March 31, 2022.

(c) *Stock-based compensation*

For the three month period ended March 31, 2022, the Company charged a total of \$1,477,015 of stock-based compensation expense to the statement of loss (three months ended March 31, 2021: \$913,926) of which \$250,990 is attributed to exploration and evaluation expenditures (three months ended March 31, 2021: \$170,494).

i) *Stock Options ("Options")*

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.

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**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

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

	Options	Weighted Average Exercise Price
	#	C\$
Balance, December 31, 2021	16,826,448	0.98
Options granted	1,914,870	0.97
Options exercised	(461,666)	0.55
<b>Balance, March 31, 2022</b>	<b>18,279,652</b>	<b>0.99</b>

The weighted average share price at the date of exercise for stock options exercised during the period was C\$1.02.

At March 31, 2022, 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\$0.50	3,360,866	1.34	0.37	3,360,866	0.37
C\$0.51 to C\$0.99	10,141,536	3.77	0.90	5,368,208	0.88
C\$1.00 to C\$1.99	4,602,250	3.79	1.58	2,245,587	1.59
C\$2.00 to C\$2.99	175,000	3.27	2.18	108,334	2.21
	<b>18,279,652</b>	<b>3.32</b>	<b>0.99</b>	<b>11,082,995</b>	<b>0.88</b>

For the purposes of estimating the fair value of options using Black-Scholes, certain assumptions are made such as the expected dividend yield, volatility of the market price of the Company's shares, risk-free interest rates and expected average life of the options.

The weighted average fair value of options granted during three months ended March 31, 2022 determined using Black-Scholes was C\$0.49 per option. The weighted average significant inputs into the model included a share price of C\$0.93 at the grant date, an exercise price of C\$0.97, a volatility of 66.4%, a dividend yield of 0%, an expected option life of 3.96 years and an annual risk-free interest rate of 1.23%. A weighted average 9.29% forfeiture rate was applied to the option expense.

*ii) Restricted Share Units ("RSUs")*

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.

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2022	4,502,745
RSUs released	(119,093)
<b>Balance, March 31, 2022</b>	<b>4,383,652</b>

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**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

Expiry Date	Number of RSUs outstanding #	Weighted average remaining contractual life (in years)	Number of RSUs vested #
December 31, 2022	695,150	0.75	476,822
December 31, 2023	799,100	1.75	299,104
December 31, 2024	2,889,402	2.75	921,902
	<b>4,383,652</b>	<b>2.25</b>	<b>1,697,828</b>

iii) *Deferred Share Units ("DSUs")*

DSUs granted under the Liberty Gold DSU Plan to Directors of the Company, have no expiration date and are redeemable upon termination of service.

Transactions relating to DSUs are summarised as follows:

	DSUs #
Balance, January 1, 2022	2,238,934
DSUs granted	31,586
<b>Balance, March 31, 2022</b>	<b>2,270,520</b>

**11. 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 three months ended March 31, 2022 (three months ended March 31, 2021: \$nil)

Liberty Gold owns a 64.4% controlling interest of the TV Tower property through a 64.4% ownership stake in Orta Truva. The remaining 35.6% interest is held by TMST.

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 9).

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

(a) Summarised Balance Sheet

	March 31, 2022	December 31, 2021
Current		
Assets	\$ 124,457	\$ 31,538
Liabilities	(83,882)	(77,382)
<b>Total Current net liabilities</b>	<b>\$ 40,575</b>	<b>\$ (45,844)</b>
Non-Current		
Assets	\$ 1,654,036	\$ 1,659,164
Deferred tax liabilities	(2,732,051)	(2,672,663)
<b>Total Non-current net assets</b>	<b>\$ (1,078,015)</b>	<b>\$ (1,013,499)</b>
<b>Net Assets</b>	<b>\$ (1,037,440)</b>	<b>\$ (1,059,343)</b>

(b) Summarised Statement of Loss

	Three months ended March 31,	
	2022	2021
Statement of Loss	\$ 248,930	\$ 373,312
Other comprehensive Loss	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 248,930</b>	<b>\$ 373,312</b>

(c) Summarised cash flows

	Three months ended March 31,	
	2022	2021
Net cash flow from:		
operating activities	\$ (175,283)	\$ (94,042)
financing activities	270,834	259,520
investing activities	-	-
<b>Net increase (decrease) in cash</b>	<b>\$ 95,551</b>	<b>\$ 165,478</b>
Cash at the beginning of the period	22,548	32,269
<b>Cash at the end of the period</b>	<b>\$ 118,099</b>	<b>\$ 197,747</b>

**12. 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, 2021, Liberty Gold has three geographic locations at March 31, 2022: 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 which have been disclosed in Note 7a.

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

	Three months ended March 31,	
	2022	2021
Canada	\$ (1,574,753)	\$ (3,752,932)
USA	(6,320,171)	(939,495)
Turkey	(217,202)	(423,763)
	<b>\$ (8,112,126)</b>	<b>\$ (5,116,190)</b>

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**12. SEGMENT INFORMATION (continued)**

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

	March 31, 2022	December 31, 2021
Canada	\$ 197,090	\$ 235,551
USA	746,222	825,129
Turkey	16,728	19,527
	<b>\$ 960,040</b>	<b>\$ 1,080,207</b>

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

**13. 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 three months ended March 31, 2022 total \$166,297 in expenditures respectively, reflected in the Company's condensed interim consolidated statement of loss and comprehensive income (three months ended March 31, 2021: \$157,108). As at March 31, 2022, Oxygen holds a refundable deposit of \$158,234 on behalf of the Company (December 31, 2021: \$155,725). Additionally, as at March 31, 2022 the Company held a payable to Oxygen of \$53,731, that was settled subsequent to March 31, 2022 (December 31, 2021: \$50,637).

*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. In the three month period ending March 31, 2022, key management also includes the Chief Operating Officer, and VP Business Development.

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

	Three months ended March 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 429,587	\$ 272,844
Share-based payments	1,191,133	658,502
<b>Total</b>	<b>\$ 1,620,720</b>	<b>\$ 931,346</b>