



Liberty Gold Corp.

A Gold Exploration & Development Company

Condensed Interim Consolidated Financial Statements

Nine months ended September 30, 2022

(Expressed in US Dollars)

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

	As at September 30, 2022	As at December 31, 2021
	\$	\$
Assets		
<i>Current assets</i>		
Cash and cash equivalents	26,108,217	17,157,723
Short term investments	94,760	97,577
Receivables and prepayments (Note 5)	289,498	567,694
Receivable on Halilağa Transaction (Note 5a)	-	5,753,359
Total current assets	26,492,475	23,576,353
<i>Non-current assets</i>		
Other financial assets (Note 6)	2,307,514	3,473,714
Deposits	701,516	790,888
Sales taxes receivable (Note 5)	276,864	320,918
Plant and equipment	743,983	1,080,207
Exploration and evaluation assets (Note 7a)	23,510,907	24,086,745
Total non-current assets	27,540,784	29,752,472
Total assets	54,033,259	53,328,825
Liabilities and Shareholders' Equity		
<i>Current liabilities</i>		
Consideration towards the sale of Kinsley (Note 7bi)	-	6,906,389
Accounts payable and accrued liabilities (Note 8)	2,949,895	2,682,904
Lease liabilities	281,059	296,143
Total current liabilities	3,230,954	9,885,436
<i>Non-current liabilities</i>		
Lease liabilities	95,279	302,641
Deferred tax liabilities (Note 9)	2,732,051	2,672,663
Other liabilities	27,288	141,153
Total non-current liabilities	2,854,618	3,116,457
<i>Shareholders' equity</i>		
Share capital (Note 10)	244,070,291	220,661,413
Contributed surplus (Note 10)	30,903,534	29,169,179
Accumulated other comprehensive loss	(10,830,224)	(8,127,395)
Accumulated deficit	(220,342,869)	(208,903,286)
Total shareholders' equity	43,800,732	32,799,911
Non controlling interest (Note 11)	4,146,955	7,527,021
Total liabilities and shareholders' equity	54,033,259	53,328,825

The notes on pages 5 to 16 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 November 9, 2022.

"Greg Etter", Director

"Sean Tetzlaff", Director

LIBERTY GOLD CORP.

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating expenses				
Exploration and evaluation expenditures (Note 7b)	(5,557,095)	(5,951,246)	(17,107,977)	(11,402,379)
Stock based compensation (Note 10c)	(368,599)	(468,088)	(1,831,721)	(1,610,207)
Wages and benefits	(415,867)	(505,280)	(1,472,192)	(1,429,840)
Office and general	(306,281)	(258,987)	(1,085,400)	(762,724)
Professional fees	(72,994)	(64,041)	(489,094)	(268,885)
Depreciation	(94,870)	(80,737)	(339,492)	(232,009)
Investor relations, promotion and advertising	(99,751)	(101,010)	(291,024)	(211,402)
Listing and filing fees	(4,956)	(4,772)	(107,926)	(125,130)
Loss from operations	(6,920,413)	(7,434,161)	(22,724,826)	(16,042,576)
Other income (expenses)				
Net gain on sale of Kinsley (Note 7bi)	-	-	8,994,518	-
Foreign exchange gains (losses)	951,769	463,730	1,021,775	(101,676)
Finance income on the Halilaga Transaction (Note 5a)	50,820	133,099	246,641	462,144
Finance income (expense)	70,595	(6,986)	117,225	(3,357)
Other income (loss)	5,631	10,691	16,918	(305,398)
Change in fair value of other financial assets (Note 6)	(547,725)	(684,265)	(2,358,695)	(4,271,735)
Net gain on sale on Mineral Properties	-	-	-	712,735
Consideration received on purchase-option agreements	-	250,000	-	451,731
Net gain (loss) on sale of other financial assets	-	(5,366)	-	93,980
	531,090	160,903	8,038,382	(2,961,576)
Net loss before tax	(6,389,323)	(7,273,258)	(14,686,444)	(19,004,152)
Income tax expense	-	(21,044)	(59,388)	(268,143)
Net loss for the period	(6,389,323)	(7,294,302)	(14,745,832)	(19,272,295)
Net loss attributable to:				
Shareholders	(6,346,623)	(7,251,234)	(14,531,299)	(19,005,961)
Non-controlling interests (Note 11)	(42,700)	(43,068)	(214,533)	(266,334)
	(6,389,323)	(7,294,302)	(14,745,832)	(19,272,295)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income				
Exchange gains (losses) on translations	(1,980,147)	(777,160)	(2,702,829)	25,086
Other comprehensive income (loss) for the period, net of tax	(1,980,147)	(777,160)	(2,702,829)	25,086
Total net loss and comprehensive loss for the period	(8,369,470)	(8,071,462)	(17,448,661)	(19,247,209)
Net loss attributable to:				
Shareholders	(8,326,770)	(8,036,202)	(17,234,128)	(18,988,683)
Non-controlling interests	(42,700)	(35,260)	(214,533)	(258,526)
Total loss and comprehensive loss for the period	(8,369,470)	(8,071,462)	(17,448,661)	(19,247,209)
Net loss per share				
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)	\$ (0.05)	\$ (0.07)
Basic weighted average number of Common Shares	316,899,496	268,151,467	307,936,719	264,505,908

The notes on pages 5 to 16 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	18,221,658	10,695,370	(2,440,792)	-	-	8,254,578	-	8,254,578
Stock based compensation	-	-	2,170,615	-	-	2,170,615	-	2,170,615
Cumulative translation adjustment	-	-	-	25,086	-	25,086	-	25,086
Net loss for the period	-	-	-	-	(19,005,961)	(19,005,961)	(266,334)	(19,272,295)
Balance as at September 30, 2021	273,713,551	212,691,883	29,351,208	(8,255,696)	(198,166,606)	35,620,789	7,806,928	43,427,717
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)	-	(1,551,946)	-	-	-	(1,551,946)	-	(1,551,946)
Option, RSU and Warrant exercises (Note 10c)	1,691,628	1,162,395	(834,543)	-	-	327,852	-	327,852
Stock based compensation (Note 10c)	-	-	2,568,898	-	-	2,568,898	-	2,568,898
Cumulative translation adjustment	-	-	-	(2,702,829)	-	(2,702,829)	-	(2,702,829)
Derecognition of NCI on sale of Kinsley	-	-	-	-	3,091,716	3,091,716	(3,165,533)	(73,817)
Net loss for the period	-	-	-	-	(14,531,299)	(14,531,299)	(214,533)	(14,745,832)
Balance as at September 30, 2022	316,934,543	244,070,291	30,903,534	(10,830,224)	(220,342,869)	43,800,732	4,146,955	47,947,687

The notes on pages 5 to 16 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)**

	Nine months ended September 30,	
	2022	2021
	\$	\$
Cash flows from operating activities		
Loss for the period	(14,745,832)	(19,272,295)
Adjusted for:		
Stock based compensation (Note 10c)	2,568,898	2,170,615
Depreciation	377,584	239,357
Finance income on the Halilağa Transaction (Note 5a)	(246,641)	(462,144)
Consideration received on purchase-option agreements	-	(451,731)
Net gain on sale of sale of Mineral Properties	-	(712,735)
Change in fair value, and losses on disposal of financial assets (Note 6)	2,358,695	4,177,755
Net gain on sale of interest in Kinsley	(8,994,518)	-
Deferred tax expense	59,388	268,143
Other non-cash items on the statement of loss	46,151	41,912
Foreign exchange not related to cash	44,013	(45,836)
Movements in working capital:		
Accounts receivable and prepayments	228,496	(173,278)
Accounts payable and other liabilities	328,416	766,736
Net cash outflow due to operating activities	<u>(17,975,350)</u>	<u>(13,453,501)</u>
Cash flows from financing activities		
Gross proceeds from bought-deal financing (Note 10b)	23,798,429	-
Share issue costs (Note 10b)	(1,551,946)	-
Cash received from exercise of share based payments and warrants	327,852	8,254,578
Principal payments on lease liabilities	(230,036)	(174,902)
Interest payments on lease liabilities	(33,835)	(38,011)
Net cash inflow from financing activities	<u>22,310,464</u>	<u>8,041,665</u>
Cash flows from investing activities		
Staged payments on sale of Halilağa	6,000,000	6,000,000
Purchase of property and equipment	(44,629)	(363,734)
Consideration on sale of Mineral Properties, net of selling costs	-	24,586
Consideration received on purchase-option agreements (Note 7bi)	1,250,000	25,000
Proceeds from sale of other financial assets	-	1,103,841
Purchase of other financial assets	-	(310,088)
Land acquisition at Black Pine	-	(352,739)
Increase to surety bond collateral	(52,117)	(82,000)
Net cash outflow due to investing activities	<u>7,153,254</u>	<u>6,044,866</u>
Effect of foreign exchange rates	<u>(2,537,874)</u>	<u>110,768</u>
Net increase in cash and cash equivalents	8,950,494	743,798
Cash and cash equivalents at beginning of the period	17,157,723	16,734,478
Cash and cash equivalents at end of the period	<u>26,108,217</u>	<u>17,478,276</u>

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

LIBERTY GOLD CORP.
(A Gold Exploration & Development Company)
Notes to the Condensed Interim Consolidated Financial Statements
Nine months ended September 30, 2022
(Expressed in United States Dollars, unless otherwise noted -unaudited)

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 condensed interim consolidated financial statements (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim financial statements, including International Accounting Standard 34 - Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Company's annual consolidated financial statements ("Annual Financial Statements") for the year ended December 31, 2021, which have been prepared in accordance with 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 \$4,619 and \$70,380 for the respective three and nine month periods ended September 30, 2022 in the depreciation financial statement line item, and an increase of \$9,628 and \$32,131 for the respective three and nine month periods ended September 30, 2022 in the exploration and evaluation expenditures financial statement line item in the statement of loss and comprehensive income (loss).

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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 lease 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

	September 30, 2022	December 31, 2021
Sales taxes receivable	\$ 25,521	\$ 30,748
Other receivables	45,663	317,215
Prepayments	218,314	219,731
	\$ 289,498	\$ 567,694

5. RECEIVABLES AND PREPAYMENTS (continued)

An additional \$276,864 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 September 30, 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”).

On August 11, 2022, the Company received the final \$6,000,000 guaranteed staged payment (the “Halilağa Staged Payment”). As at September 30, 2022, the Company has received a total of \$22,000,000 pursuant to the terms of the Halilağa Transaction.

Prior to receipt, the Halilağa Staged Payment was classified as a financial asset at amortised cost and was recognized at a fair value on recognition. Finance income on the Halilağa Transaction in the three and nine month periods ending September 30, 2022 of \$50,820 and \$246,641, respectively, have been recognised in the statement of loss (three months ended September 30, 2021: \$133,099; nine months ended September 30, 2021: \$462,144). As at September 30, 2022, the Halilağa Staged Payment has a carrying value of nil (December 31, 2021: \$5,753,359).

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.

	September 30,	December 31,
	2022	2021
CopAur Minerals Inc. ¹	\$ 1,633,635	\$ 1,642,324
Torrent Gold Inc. (formerly Raindrop Ventures Inc.)	373,320	1,011,467
Huntsman Exploration Inc.	164,006	649,177
Other	136,553	170,746
Total equity securities	\$ 2,307,514	\$ 3,473,714

¹ CopAur Minerals Inc. (“CopAur”) acquired the issued and outstanding common shares of New Placer Dome Gold Corp. (“New Placer Dome”)

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6. OTHER FINANCIAL ASSETS (continued)

During the period ending September 30, 2022, the Company received 2,126,451 common shares in CopAur (“CopAur Shares”) as a component of the final option payment for the sale of its 79.99% interest in the Kinsley Mountain gold project (“Kinsley”). On recognition, the CopAur Shares received had a fair value of \$1,379,000.

The Company recognised losses of \$547,725 and \$2,358,695 in the statement of loss for the three and nine month periods ended September 30, 2022, respectively, on the change in fair value of other financial assets relating to the equity securities held (three months ended September 30, 2021: \$684,265; nine months ended September 30, 2021: \$4,271,735).

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:

	September 30, 2022	December 31, 2021
USA		
Black Pine	\$ 1,363,666	\$ 1,363,666
Goldstrike	8,486,985	8,486,985
Kinsley	-	575,838
Total USA	\$ 9,850,651	\$ 10,426,489
Turkey		
TV Tower	\$ 13,660,256	\$ 13,660,256
Total Turkey	\$ 13,660,256	\$ 13,660,256
Total	\$ 23,510,907	\$ 24,086,745

On June 1, 2022 the Company assigned 100% of its membership interests in Kinsley to CopAur and derecognized the related property acquisition costs capitalised to exploration and evaluation assets (Note 7bi).

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Nine months ended September 30, 2022

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7. EXPLORATION AND EVALUATION ASSETS (continued)

(b) Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the condensed interim consolidated statement of loss 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	5,005,827	853,214	-	5,859,041	-	-	5,859,041
Wages and salaries	1,612,628	221,707	882	1,835,217	79,986	-	1,915,203
PEA and resource	628,950	38,969	-	667,919	-	-	667,919
Metallurgy	603,419	2,588	-	606,007	-	-	606,007
Other	1,693,851	399,175	-	2,093,026	258,761	2,422	2,354,209
September 30, 2021	\$ 25,031,174	\$ 20,685,028	\$ 23,573,489	\$ 69,289,691	\$ 35,558,922	\$ 3,714,169	\$108,562,782
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	6,086,744	2,268,102	-	8,354,846	-	-	8,354,846
Wages and salaries	1,496,261	736,246	91	2,232,598	128,806	2,836	2,364,240
Bulk fuel	509,372	18,927	-	528,299	-	-	528,299
Road & site prep.	885,487	57,737	-	943,224	-	-	943,224
Other	2,913,781	1,663,950	-	4,577,731	339,637	-	4,917,368
September 30, 2022	\$ 43,051,434	\$ 26,650,271	\$ 23,573,580	\$ 93,275,285	\$ 36,187,416	\$ 3,717,005	\$133,179,706

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 consists of the Griffon property for the period ending September 30, 2022, and expenditures for Kinsley for the period ending June 1, 2022.

(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"). On May 13, 2022 CopAur acquired New Placer Dome, and the Kinsley Option Agreement was transferred to CopAur with no impact to the terms of the Kinsley Option Agreement.

The consideration was paid in three stages as follows (the "Kinsley Transaction"):

- \$1,250,000 plus 8,844,124 common shares in New Placer Dome ("NPD Shares"), totalling 9.9% of issued and outstanding NPD Shares at that date (received in June, 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) (received in 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), (received on May 18, 2022) (combined, the "Second Anniversary Payment"), and
- a 1% net smelter royalty ("NSR") on the acquired interest in Kinsley, of which up to one-half percent (0.5%) can be repurchased by CopAur for \$0.5 million.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

On June 1, 2022, on the closing of the Kinsley Transaction, the Company assigned 100% of its membership interests in Kinsley to CopAur. As at June 1, 2022, the Initial Option Payment, the First Anniversary Payment, and the Second Anniversary Payment received by the Company consists of the following:

Consideration towards the sale of Kinsley at December 31, 2020 ¹	\$ 4,290,007
Cash consideration	1,250,000
Fair value of common shares in New Placer Dome received ²	1,374,764
Foreign exchange differences	(8,382)
Consideration towards the sale of Kinsley at December 31, 2021	\$ 6,906,389
Cash consideration	1,250,000
Fair value of common shares in CopAur received ³	1,379,000
Foreign exchange differences	(55,532)
Consideration towards the sale of Kinsley at June 1, 2022	\$ 9,479,857

¹ Includes the receipt of 8,844,124 NPD Shares.

² Receipt of 17,222,222 NPD Shares.

³ Receipt of 2,126,451 CopAur shares in May 2022

The Initial Option Payment, the First Anniversary Payment, and the Second Anniversary Payments received were previously recorded as a current liability. Given the exercise of the option by CopAur, the current liability has been extinguished as at June 1, 2022.

The Company recognized a net gain on the sale of its interest in Kinsley in the statement of loss in the nine months ended September 30, 2022 and is comprised of the following:

Proceeds from sale:	
Consideration towards the sale of Kinsley	\$ 9,479,857
Transaction costs	(15,683)
Total proceeds from sale, net of transaction costs	\$ 9,464,174
Net assets sold, net of non-controlling interest	\$ 469,656
Net gain recognized on the sale of interest in Kinsley	\$ 8,994,518

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
Trade payables	\$ 1,441,602	\$ 1,704,566
Decommissioning liability - current	862,800	692,800
Accrued liabilities	630,166	271,259
Other payables	15,327	14,279
	\$ 2,949,895	\$ 2,682,904

Trade payables and accrued liabilities are non-interest bearing and are normally settled on 30-day terms.

During the period ended September 30, 2022, the current decommissioning liability relating to the Company's Black Pine and Goldstrike properties was increased by \$85,000 (year ended December 31, 2021: increase by \$145,000) and \$85,000 (year ended December 31, 2021: increase by \$207,500), respectively

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9. DEFERRED TAX LIABILITY

A deferred tax liability of \$2,732,051 has been recognised in the period ending September 30, 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 \$1,551,946 were recognised in equity during the nine months ended September 30, 2022.

Subsequent to period end, the Company appointed a new President and Chief Executive Officer (“CEO”) and upon his commencement, he purchased on a private-placement basis 759,494 common shares of the Company at a price of C\$0.395 for total gross proceeds of \$217,723 (C\$300,000).

(c) *Stock-based compensation*

For the three and nine month periods ended September 30, 2022, the Company charged a total of \$592,207 and \$2,568,898, respectively, of stock-based compensation expense to the statement of loss (three months ended September 30, 2021: \$653,339; nine months ended September 30, 2021: \$2,170,615) of which \$223,608 and \$737,177, respectively, is attributed to exploration and evaluation expenditures (three months ended September 30, 2021: \$185,250; nine months ended September 30, 2021: \$560,408).

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.

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	(761,666)	0.54
Options forfeited	(1,915,011)	1.11
Balance, September 30, 2022	16,064,641	0.98

The weighted average share price at the date of exercise for stock options exercised during the period was C\$0.93.

A total of 1,600,000 options were granted to the CEO subsequent to period end on October 12, 2022 with a fair value of C\$0.20 and an exercise price of C\$0.40. The options vest in thirds annually from the date of grant.

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10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

At September 30, 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	3,064,200	0.87	0.37	3,064,200	0.37
C\$0.51 to C\$0.99	8,862,391	3.32	0.91	4,524,063	0.89
C\$1.00 to C\$1.99	3,963,050	3.26	1.57	2,269,721	1.57
C\$2.00 to C\$2.99	175,000	2.77	2.18	141,667	2.19
	16,064,641	2.83	0.98	9,999,651	0.90

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 nine months ended September 30, 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\$0.97 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	(416,259)
RSUs forfeited	(250,832)
Balance, September 30, 2022	3,835,654

Subsequent to period end on October 12, 2022, the Company granted 750,000 RSUs to the CEO.

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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	681,817	0.25	470,155
December 31, 2023	774,100	1.25	290,770
December 31, 2024	2,379,737	2.25	823,071
	3,835,654	1.69	1,583,996

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	58,952
DSUs released	(513,703)
Balance, September 30, 2022	1,784,183

11. NON-CONTROLLING INTEREST

The Company held a 79.99% interest in KG LLC, the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property. The Company's interest in Kinsley was previously under option with New Placer Dome, and on June 1, 2022 on the closing of the Kinsley Transaction, the Company assigned 100% of its membership interests in Kinsley to CopAur (Note 7bi).

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 and includes the purchase price adjustment from the acquisition of Orta Truva on March 12, 2015. 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

	September 30, 2022	December 31, 2021
Current		
Assets	\$ 218,831	\$ 31,538
Liabilities	(79,173)	(77,382)
Total Current Net assets (liabilities)	\$ 139,658	\$ (45,844)
Non-Current		
Assets	\$ 14,277,762	\$ 14,326,637
Deferred tax liabilities	(2,732,051)	(2,672,663)
Total Non-current net assets	\$ 11,545,711	\$ 11,653,974
Net Assets	\$ 11,685,369	\$ 11,608,130

(b) Summarised Statement of Loss

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Statement of loss	\$ 119,945	\$ 116,086	\$ 602,621	\$ 717,881
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	\$ 119,945	\$ 116,086	\$ 602,621	\$ 717,881

(c) Summarised Cash Flows

	Nine months ended September 30,	
	2022	2021
Net cash flow from:		
operating activities	\$ (484,126)	\$ (273,091)
financing activities	679,859	401,841
investing activities	-	-
Net increase (decrease) in cash	\$ 195,733	\$ 128,750
Cash at the beginning of the period	22,548	32,269
Cash at the end of the period	\$ 218,281	\$ 161,019

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 September 30, 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.

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12. SEGMENT INFORMATION (continued)

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Canada	\$ (797,176)	\$ (1,526,288)	\$ (5,980,301)	\$ (7,606,887)
USA	(5,518,234)	(5,749,175)	(8,160,772)	(10,930,258)
Turkey	(73,913)	(18,839)	(604,759)	(735,150)
	\$ (6,389,323)	\$ (7,294,302)	\$ (14,745,832)	\$ (19,272,295)

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

	September 30,	December 31,
	2022	2021
Canada	\$ 125,011	\$ 235,551
USA	606,131	825,129
Turkey	12,841	19,527
	\$ 743,983	\$ 1,080,207

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 two directors and a former director 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 nine months ended September 30, 2022 total \$453,402 in expenditures, reflected in the Company's condensed interim consolidated statement of loss and comprehensive income (loss) (nine months ended September 30, 2021: \$489,336). As at September 30, 2022, Oxygen holds a refundable deposit of \$144,254 on behalf of the Company (December 31, 2021: \$155,725). Additionally, as at September 30, 2022 the Company held a payable to Oxygen of \$43,223, that was settled subsequent to September 30, 2022 (December 31, 2021: \$50,637).

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13. RELATED PARTY TRANSACTIONS (continued)

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:

	Nine months ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 1,091,228	\$ 919,839
Share-based payments	1,753,132	1,342,237
Total	\$ 2,844,360	\$ 2,262,076