Liberty Gold Corp.

A Gold Exploration & Development Company

Consolidated Financial Statements
Year ended December 31, 2022
(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, 2022 and 2021, 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, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include 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, 2022. 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.

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Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 3 – Summary of significant accounting policies, note 4 – Significant accounting judgments and estimates and note 9 – Exploration and evaluation assets to the consolidated financial statements.* The Company's total exploration and evaluation (E&E) assets as at December 31, 2022 amounted to $23.8 million. Management assesses every reporting period to determine whether there are any indications of impairment relating to E&E assets. If any such indication exists, then an impairment test is performed by management. Management makes significant judgments in assessing whether certain factors would be considered an indicator of impairment, which include 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, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. 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 resulted in a high degree of auditor subjectivity in performing procedures to evaluate management's assessment.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of whether any indicators of impairment exist related to E&E assets, which included the following: – Obtained, for a sample of mining titles, by reference to government registries, evidence to support (i) the rights to explore the area, and (ii) title expiration dates. – Read the board of directors' minutes and obtained budget approvals to evidence continued and planned exploration expenditure, which included evaluating the results of management's work programs. – Assessed whether extracting the mineral resources will not be technically feasible or 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 28, 2023

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

	As at December 31, 2022	As at December 31, 2021
	$	$
Assets		
Current assets		
Cash and cash equivalents	19,718,060	17,157,723
Short term investments	95,288	97,577
Receivables and prepayments (Note 5)	397,980	567,694
Receivable on Halilağa Transaction (Note 5a)	-	5,753,359
Total current assets	20,211,328	23,576,353
Non-current assets		
Other financial assets (Note 6)	2,244,491	3,473,714
Deposits (Note 7)	709,416	790,888
Sales taxes receivable (Note 5)	303,247	320,918
Plant and equipment (Note 8)	676,198	1,080,207
Exploration and evaluation assets (Note 9a)	23,809,057	24,086,745
Total non-current assets	27,742,409	29,752,472
Total assets	47,953,737	53,328,825
Liabilities and Shareholders' Equity		
Current liabilities		
Consideration received towards the sale of Kinsley	-	6,906,389
Accounts payable and accrued liabilities (Note 10)	2,264,458	2,682,904
Lease liabilities	278,411	296,143
Total current liabilities	2,542,869	9,885,436
Non-current liabilities		
Lease liabilities	51,899	302,641
Deferred tax liabilities (Note 11)	2,732,051	2,672,663
Other liabilities	28,057	141,153
Total non-current liabilities	2,812,007	3,116,457
Shareholders' equity		
Share capital (Note 12)	245,152,730	220,661,413
Contributed surplus (Note 12)	30,788,723	29,169,179
Accumulated other comprehensive loss	(10,509,625)	(8,127,395)
Accumulated deficit	(226,482,507)	(208,903,286)
Total shareholders' equity	38,949,321	32,799,911
Non controlling interest (Note 13)	3,649,540	7,527,021
Total liabilities and shareholders' equity	47,953,737	53,328,825

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.
Events subsequent to the year ended December 31, 2022 are disclosed in Note 12(c)i, Note 12(c)iii, and Note 18
These financial statements were approved by the board and authorised for issue on March 28, 2023.

"Greg Etter", Director

"Sean Tetzlaff", Director

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

	Year ended December 31, 2022	2021
	$	$
Operating expenses		
Exploration and evaluation expenditures (Note 9b)	(21,645,987)	(18,962,937)
Stock based compensation (Note 12c)	(2,246,533)	(2,590,687)
Wages and benefits	(2,415,439)	(1,981,056)
Office and general	(1,499,310)	(1,067,401)
Professional fees	(595,210)	(346,894)
Depreciation	(353,345)	(285,440)
Investor relations, promotion and advertising	(339,114)	(308,693)
Listing and filing fees	(112,862)	(129,894)
Loss from operations	(29,207,800)	(25,673,002)
Other income (expenses)		
Net gain on sale of Kinsley (Note 9bi)	8,994,518	-
Foreign exchange gains (losses)	870,736	(306,353)
Finance income on the Halilağa Transaction (Note 5a)	246,641	559,193
Finance income (expense)	253,804	(6,558)
Consideration received on purchase-option agreements (Note 9bii)	82,959	501,731
Other income (loss)	22,806	(780,976)
Change in fair value of other financial assets (Note 6)	(2,532,117)	(4,591,867)
Net gain on sale on Mineral Properties	-	720,893
Net gain on sale of other financial assets	-	93,980
	7,939,347	(3,809,957)
Net loss before tax	(21,268,453)	(29,482,959)
Income tax expense	(59,388)	(805,923)
Net loss for the period	(21,327,841)	(30,288,882)
Net loss attributable to:		
Shareholders	(21,100,511)	(29,742,641)
Non-controlling interests (Note 13)	(227,330)	(546,241)
	(21,327,841)	(30,288,882)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Exchange gains (losses) on translations	(2,382,230)	153,387
Other comprehensive income (loss) for the year, net of tax	(2,382,230)	153,387
Total net loss and comprehensive loss for the year	(23,710,071)	(30,135,495)
Net loss attributable to:		
Shareholders	(23,482,741)	(29,589,254)
Non-controlling interests	(227,330)	(546,241)
Total loss and comprehensive loss for the year	(23,710,071)	(30,135,495)
Net loss per share		
Basic and diluted loss per share	$ (0.07)	$ (0.11)
Basic weighted average number of Common Shares	310,470,019	270,095,876

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, 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	32,478,022	18,664,900	(4,020,544)	-	-	14,644,356	-	14,644,356
Stock based compensation	-	-	3,568,338	-	-	3,568,338	-	3,568,338
Cumulative translation adjustment	-	-	-	153,387	-	153,387	-	153,387
Net loss for the year	-	-	-	-	(29,742,641)	(29,742,641)	(546,241)	(30,288,882)
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 12b)	27,273,000	23,798,429	-	-	-	23,798,429	-	23,798,429
Private placement financing (Note 12b)	759,494	217,723	-	-	-	217,723	-	217,723
Share issue costs (Note 12b)	-	(1,560,987)	-	-	-	(1,560,987)	-	(1,560,987)
Option and RSU exercises (Note 12c)	3,110,113	2,036,152	(1,532,515)	-	-	503,637	-	503,637
Stock based compensation (Note 12c)	-	-	3,152,059	-	-	3,152,059	-	3,152,059
Cumulative translation adjustment	-	-	-	(2,437,274)	-	(2,437,274)	-	(2,437,274)
Derecognition of NCI on sale of Kinsley	-	-	-	-	3,091,716	3,091,716	(3,165,533)	(73,817)
Acquisition of additional interest in Orta Truva (Note 13)	-	-	-	55,044	429,574	484,618	(484,618)	-
Net loss for the year	-	-	-	-	(21,100,511)	(21,100,511)	(227,330)	(21,327,841)
Balance as at December 31, 2022	319,112,522	245,152,730	30,788,723	(10,509,625)	(226,482,507)	38,949,321	3,649,540	42,598,861

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

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

	Year ended December 31, 2022	2021
	$	$
Cash flows from operating activities		
Loss for the year	(21,327,841)	(30,288,882)
Adjusted for:		
Stock based compensation (Note 12c)	3,152,059	3,568,338
Depreciation	539,417	359,952
Finance income on the Halilağa Transaction (Note 5a)	(246,641)	(559,193)
Consideration received on purchase-option agreements (Note 9bii)	(82,959)	(251,731)
Net gain on sale of Mineral Properties	-	(720,893)
Change in fair value, and losses on disposal of financial assets (Note 6)	2,532,117	4,497,887
Net gain on sale of interest in Kinsley (Note 9bi)	(8,994,518)	-
Deferred tax expense	59,388	805,923
Other non-cash items on the statement of loss	43,286	60,150
Foreign exchange not related to cash	109,794	335,486
Movements in working capital:		
Accounts receivable and prepayments	73,118	(80,665)
Accounts payable and other liabilities	(362,782)	1,336,651
Net cash outflow due to operating activities	(24,505,562)	(20,936,977)
Cash flows from financing activities		
Gross proceeds from bought-deal financing, private placement financing (Note 12b)	24,016,152	-
Share issue costs (Note 12b)	(1,560,987)	-
Cash received from exercise of share based payments and warrants	503,637	14,644,356
Principal payments on lease liabilities	(306,666)	(266,073)
Interest payments on lease liabilities	(42,008)	(55,223)
Net cash inflow from financing activities	22,610,128	14,323,060
Cash flows from investing activities		
Staged payments on sale of Halilağa (Note 5a)	6,000,000	6,000,000
Purchase of property and equipment	(101,957)	(413,544)
Consideration on sale of Mineral Properties, net of selling costs	-	24,586
Consideration received on purchase-option agreements (Note 9bi)	1,250,000	1,325,000
Proceeds from sale of other financial assets	-	1,103,841
Purchase of other financial assets	-	(310,088)
Acquisition of exploration and evaluation assets	(298,150)	(352,739)
Increase to surety bond collateral	(52,117)	(320,464)
Net cash outflow due to investing activities	6,797,776	7,056,592
Effect of foreign exchange rates	(2,342,005)	(19,330)
Net increase in cash and cash equivalents	2,560,337	423,345
Cash and cash equivalents at beginning of the year	17,157,723	16,734,378
Cash and cash equivalents at end of the year	19,718,060	17,157,723

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

1. GENERAL INFORMATION

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

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

Liberty Gold is an exploration 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 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%
Agola Madencilik Limited Şirketi ("Agola")	Mineral exploration	Turkey	100%
Orta Truva Madencilik Şanayi ve Ticaret A.Ş ("Orta Truva")	Mineral exploration	Turkey	68.7%
Cadillac Mining Corporation ("Cadillac")	Mineral exploration	Canada	100%
Pilot Goldstrike Inc.	Mineral exploration	United States	100%

(c) Joint arrangements

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

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

(ii) *Joint venture*: when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company does not have any joint arrangements that are classified as joint ventures.

(d) 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 consolidated statement of loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 loss related to the foreign operation are recognized in profit or loss.

(e) Exploration and evaluation assets and expenditures

Exploration and evaluation expenditures with the exception of acquisition costs, are charged to profit or loss in the period in which they are incurred. Acquisition costs are capitalized to exploration and evaluation assets and classified as non-current. Costs related to the acquisition of mineral properties are capitalized on a property-by-property basis until such a time as the property is placed in production, sold, abandoned or determined to be impaired. Option payments received on mineral property interests optioned to third parties are credited against previous capitalized acquisition costs for that mineral property interest. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. Once it is probable that future economic benefits will flow to us, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. The following criteria are used to assess the economic recoverability and probability of future economic benefits:

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

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

Acquired mineral and water rights are determined to be intangible assets, held within exploration and evaluation assets. As with plant and equipment, intangible assets are carried at cost less accumulated depreciation (if the asset has a finite useful life) and accumulated impairment losses. If the asset has an indefinite useful life, it is not amortized, however the assets are still tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

During 2022, the Company modified the classification of depreciation expense on certain right-of-use assets to reflect more appropriately the way in which the right-of-use assets are used for exploration and evaluation activities. Comparative amounts in the consolidated statement of loss and other comprehensive loss were reclassified for consistency.

(g) 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.

(h) 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.

(i) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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.

(k) 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 of the Company ("Common Shares") outstanding during the reporting period. The calculation of diluted earnings per share assumes that outstanding stock options to purchase Common Shares ("Options"), restricted share units ("RSUs"), and deferred share units ("DSUs") 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.

(l) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 consolidated statement of loss.

(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.

(m) Share-Based Payments

(i) *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) *DSUs and 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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, 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.

(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 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.

(iii) *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.

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.

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.

(Expressed in United States Dollars, unless otherwise noted)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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 $63,335 for the year ended December 31, 2022 in the depreciation financial statement line item, and an increase of $53,066 for the year ended December 31, 2022 in the exploration and evaluation expenditures financial statement line item in the consolidated statement of loss and comprehensive loss.

(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 capitalized amount is written off in the consolidated statement of loss and other comprehensive loss in the period when the new information becomes available.

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

5. RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2022	**2021**
Sales taxes receivable	$ 27,432	$ 30,748
Other receivables	110,173	317,215
Prepayments	260,375	219,731
	$ 397,980	**$ 567,694**

An additional $303,247 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, 2021: $320,918).

(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 December 31, 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 amortized cost and was recognized at a fair value on recognition. Finance income on the Halilağa Transaction in the year ending December 31, 2022, $246,641 has been recognised in the consolidated statement of loss (year ended December 31, 2021: $559,193). As at December 31, 2022, the Halilağa Staged Payment has a carrying value of nil (December 31, 2021: $5,753,359).

(Expressed in United States Dollars, unless otherwise noted)

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.

	As at December 31	
	2022	**2021**
CopAur Minerals Inc. [1]	$ 1,691,744	$ 1,642,324
Fremont Gold Ltd.	116,288	118,135
Other	226,615	701,788
Total Level 1 equity securities	**$ 2,034,647**	**$ 2,462,247**
Torrent Gold Inc. (formerly Raindrop Ventures Inc.)	209,844	1,011,467
Total Level 2 equity securities	**$ 209,844**	**$ 1,011,467**
Total Level 1 and Level 2 equity securities	**$ 2,244,491**	**$ 3,473,714**

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

During the year ending December 31, 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.

During the year ending December 31, 2022, the Company received 1,250,000 common shares in Fremont Gold Ltd. ("Fremont") pursuant to the terms of the purchase-option agreement to sell the Griffon project to Fremont (See Note 9(b)(ii) for details).

The Level 2 fair value of the 2,006,703 common shares of Torrent Gold Inc. ("Torrent") as at December 31, 2022 is $209,844 and has been derived using Level 1 and Level 2 inputs. The key inputs under this approach included the share price of Torrent and quoted prices for similar assets in active markets.

The Company recognised losses of $2,532,117 in the consolidated statement of loss for the year ending December 31, 2022 on the change in fair value of other financial assets relating to the equity securities held (year ending December 31, 2021: $4,591,867).

(Expressed in United States Dollars, unless otherwise noted)

7. 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, 2022, Oxygen holds an advance of $145,990 (December 31, 2021: $155,725) 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.

The Company holds a surety bonding arrangement with a third-party (the "Surety") in order to satisfy bonding requirements in the states of Idaho and Utah. The total collateralized balance as at December 31, 2022 is $488,740 (December 31, 2021: $561,819). An additional $74,686 is held with the Turkish General Directorate of Mining Affairs (at December 31, 2021: $73,344), in order to meet bonding requirements on the TV Tower property.

8. PLANT AND EQUIPMENT

	Owned assets (a)	Right-of-use assets (b)	Total
Net book value as at December 31, 2021	$ 545,886	$ 534,321	$ 1,080,207
Net book value as at December 31, 2022	**$ 446,513**	**$ 229,685**	**$ 676,198**

(a) Owned assets

Cost:	Field equipment	Equipment	Computer software	Furniture and fixtures	Leasehold improvements	Total
Balance as at December 31, 2021	**$ 238,254**	**$ 665,019**	**$ 284,319**	**$ 269,890**	**$ 625,165**	**$2,082,647**
Additions	65,256	36,089	451	161	-	101,957
Cumulative translation adjustment	(4,037)	(14,314)	(6,729)	(9,704)	-	(34,784)
Balance as at December 31, 2022	**$ 299,473**	**$ 686,794**	**$ 278,041**	**$ 260,347**	**$ 625,165**	**$2,149,820**
Accumulated Depreciation:						
Balance as at December 31, 2021	**$ 122,156**	**$ 552,808**	**$ 281,322**	**$ 248,155**	**$ 332,320**	**$1,536,761**
Depreciation charge	38,992	78,105	2,312	15,130	64,485	199,024
Cumulative translation adjustment	(3,160)	(13,073)	(6,729)	(9,516)	-	(32,478)
Balance as at December 31, 2022	**$ 157,988**	**$ 617,840**	**$ 276,905**	**$ 253,769**	**$ 396,805**	**$1,703,307**
Net Book Value:						
As at December 31, 2021	$ 116,098	$ 112,211	$ 2,997	$ 21,735	$ 292,845	$ 545,886
As at December 31, 2022	**$ 141,485**	**$ 68,954**	**$ 1,136**	**$ 6,578**	**$ 228,360**	**$ 446,513**

Equipment consists of automobiles, automotive equipment, and computer hardware. There were no disposals of plant and equipment in the year ended December 31, 2022.

(Expressed in United States Dollars, unless otherwise noted)

8. PLANT AND EQUIPMENT (continued)

(b) Right-of-use (leased) assets

The Company has entered into lease 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.

Right of use assets are made up of office premises in the Company's three geographic segments and automobiles and leased trailers in the United States. Contingent rental expenditures of $91,734 consisting of operating costs have been charged to the consolidated statement of loss for the year ended December 31, 2022 (year ended December 31, 2021: $94,188).

Cost:	**Offices**	**Automobiles**	**Other**	**Total**
Balance as at December 31, 2021	$ 1,018,673	$ 207,978	$ 34,329	$ 1,260,980
Additions	4,373	-	39,827	44,200
Cumulative translation adjustment	(35,058)	-	-	(35,058)
Balance as at December 31, 2022	**$ 987,988**	**$ 207,978**	**$ 74,156**	**$ 1,270,122**
Accumulated Depreciation:				
Balance as at December 31, 2021	$ 648,800	$ 68,323	$ 9,536	$ 726,659
Depreciation charge	240,702	62,949	36,742	340,393
Cumulative translation adjustment	(26,615)	-	-	(26,615)
Balance as at December 31, 2022	**$ 862,887**	**$ 131,272**	**$ 46,278**	**$ 1,040,437**
Net Book Value:				
As at December 31, 2021	$ 369,873	$ 139,655	$ 24,793	$ 534,321
As at December 31, 2022	**$ 125,101**	**$ 76,706**	**$ 27,878**	**$ 229,685**

(Expressed in United States Dollars, unless otherwise noted)

9. 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 capitalized to exploration and evaluation assets are as follows:

	Black Pine	Goldstrike	Kinsley	**Total USA**	TV Tower	**Total**
December 31, 2020	$ 1,010,927	$ 8,486,985	$ -	**$ 9,497,912**	$ 13,660,256	**$ 23,158,168**
Additions	352,739	-	-	**352,739**	-	**352,739**
Disposals	-	-	-	**-**	-	**-**
Reclassification from Asset Held for Sale	-	-	575,838	**575,838**	-	**575,838**
December 31, 2021	**$ 1,363,666**	**$ 8,486,985**	**$ 575,838**	**$ 10,426,489**	**$ 13,660,256**	**$ 24,086,745**
Additions	298,150	-	-	**298,150**	-	**298,150**
Disposals	-	-	(575,838)	**(575,838)**	-	**(575,838)**
December 31, 2022	**$ 1,661,816**	**$ 8,486,985**	**$ -**	**$ 10,148,801**	**$ 13,660,256**	**$ 23,809,057**

On June 1, 2022 the Company assigned 100% of its membership interests in Kinsley to CopAur and derecognized the related property acquisition costs capitalized to exploration and evaluation assets (Note 9bi).

On November 10, 2022 the United States Bankruptcy Court granted an order to approve the sale of two water rights licenses to the Company. The final sale price for the two water rights was $215,000. Remaining balance of exploration and evaluation asset additions are for the acquisition of privately held mineral rights.

(Expressed in United States Dollars, unless otherwise noted)

9. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Black Pine	Goldstrike	**Total USA**	TV Tower	Other Exploration	**Total**
Drilling and assays	$ 7,621,944	$ 1,371,222	**$ 8,993,166**	$ -	$ -	**$ 8,993,166**
Wages and salaries	2,354,472	450,465	**2,804,937**	115,398	882	**2,921,217**
Field support	928,902	50,774	**979,676**			**979,676**
Road & site prep	839,232	64,406	**903,638**	-	-	**903,638**
Property and water	892,508	283,837	**1,176,345**	-	-	**1,176,345**
Technical studies	793,885	65,461	**859,346**	-	-	**859,346**
Metallurgy	708,989	4,164	**713,153**	-	-	**713,153**
Environmental, safety, and community	331,905	260,251	**592,156**	-	-	**592,156**
Consulting and professional fees	121,982	630	**122,612**	-	-	**122,612**
Other	1,131,082	184,724	**1,315,806**	383,400	2,422	**1,701,628**
December 31, 2021	**$ 15,724,901**	**$ 2,735,934**	**$ 18,460,835**	**$ 498,798**	**$ 3,304**	**$ 18,962,937**
Drilling and assays	$ 8,748,800	$ 2,446,743	**$ 11,195,543**	$ -	$ -	**$ 11,195,543**
Wages and salaries	2,269,158	901,818	**3,170,976**	175,823	3,296	**3,350,095**
Road & site prep.	1,016,860	111,940	**1,128,800**	-	-	**1,128,800**
Field support	896,154	91,519	**987,673**	-	-	**987,673**
Environmental, safety, and community	828,239	199,742	**1,027,981**	-	-	**1,027,981**
Consulting and professional fees	652,565	625,352	**1,277,917**	-	-	**1,277,917**
Metallurgy	408,951	190,903	**599,854**	-	-	**599,854**
Property and water	378,210	202,665	**580,875**	-	-	**580,875**
Other	759,336	382,931	**1,142,267**	354,982	-	**1,497,249**
December 31, 2022	**$ 15,958,273**	**$ 5,153,613**	**$ 21,111,886**	**$ 530,805**	**$ 3,296**	**$ 21,645,987**

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) 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.

(Expressed in United States Dollars, unless otherwise noted)

9. EXPLORATION AND EVALUATION ASSETS (continued)

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.

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 was extinguished as at June 1, 2022.

The Company recognized a net gain on the sale of its interest in Kinsley in the consolidated statement of loss in the year ending December 31, 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**

(Expressed in United States Dollars, unless otherwise noted)

9. EXPLORATION AND EVALUATION ASSETS (continued)

(ii) Griffon Project

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 ending December 31, 2022, the Company received 1,250,000 common shares in Fremont as part of the Amended Griffon Agreement. The fair value of the 1,250,000 common shares of Fremont ("Fremont Shares") received was $82,959 on the date of acquisition and is recognised in income in the consolidated statement of loss as the carrying value of the Griffon property is nil.

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 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 Shares on the first anniversary of the Execution Date (received in January 2021),
- $50,000 on the second anniversary of the Execution Date (received December 2021),
- 1,250,000 Fremont Shares on the third anniversary of the Execution Date (received December 2022),
- $100,000 and 2,500,000 Fremont Shares on the fourth anniversary of the Execution Date, and
- 1% NSR which may be repurchased by Fremont for $1,000,000

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Year ended December 31, 2022	2021
Trade payables	$ 744,009	$ 1,704,566
Decommissioning liability - current	787,800	692,800
Accrued liabilities	692,722	271,259
Other payables	39,927	14,279
	$ 2,264,458	**$ 2,682,904**

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

During the year ended December 31, 2022, the current decommissioning liability relating to the Company's Black Pine and Goldstrike properties was increased by $95,000 (year ended December 31, 2021: increase by $145,000) and $nil (year ended December 31, 2021: increase by $207,500), respectively.

(Expressed in United States Dollars, unless otherwise noted)

11. 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 2022 of 27.00% (2021: 27.00%).

	Year ended December 31, 2022	2021
Loss before taxes	$ (21,268,453)	$ (29,482,959)
Statutory tax rate	27.00%	27.00%
Expected income tax expense (recovery)	(5,742,482)	(7,960,399)
Permanent differences	1,398,610	1,486,146
Sale of KG LLC	(1,855,697)	-
Change in deferred income tax rates	-	-
Benefit not recognized and other	6,258,957	7,280,176
Income tax expense	**$ 59,388**	**$ 805,923**

A deferred tax liability of $2,732,051 has been recorded as at December 31, 2022 (December 31, 2021: $2,672,663) 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, 2022	2021
Operating losses carried forward	$ 98,729,796	$ 84,968,159
Equipment	248,094	537,333
Mineral properties	48,438,268	39,633,802
Investments and other	9,618,520	6,955,059
Total temporary differences	**$ 157,034,678**	**$ 132,094,353**

The Company has non-capital losses which may be applied to reduce future taxable income. These losses expire between 2023 and 2042. For losses incurred in the United States in 2018 and subsequent years, the losses carry forward indefinitely with some usage restrictions:

	Canada	US	Turkey	Total
December 31, 2022	$ 35,614,372	$ 62,297,693	$ 817,731	**$ 98,729,796**

There are no current income taxes owed by the Company as at December 31, 2022.

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized

Unlimited Common Shares with no par value.

(b) Issued

(i) 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 $1,549,861 were recognised in equity during the year ended December 31, 2022.

(Expressed in United States Dollars, unless otherwise noted)

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(ii) On October 14, 2022, 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 the current market price at the time of C$0.395 for total gross proceeds of $217,723 (C$300,000). Transaction costs of $11,126 were recognised in equity during the year ended December 31, 2022.

(c) Stock-based compensation

For the year ended December 31, 2022, the Company charged a total of $3,152,059 of stock-based compensation expense to the consolidated statement of loss (year ended December 31, 2021: $3,568,338) of which $905,526 is attributed to exploration and evaluation expenditures (year ended December 31, 2021: $977,651).

(i) Stock Options

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 in such numbers and for such terms as may be determined by the Board.

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

Options granted to date under Option Plan, are exercisable over a period of five years. In accordance with the Option Plan, the exercise price of each Option shall under no circumstances be lower than the closing market price of the Company's stock on the trading day immediately before the date of grant. Options granted to Directors vest immediately, the remaining options vest in thirds at the end of each year from the date of grant. Any consideration paid by the optionee on the exercise of options is recorded to share capital.

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

	Options	**Weighted Average Exercise Price**
	#	C$
Balance, January 1, 2021	**17,519,666**	**0.77**
Options granted	5,532,250	1.12
Options expired	(200,000)	1.19
Options exercised	(6,025,468)	0.51
Balance, December 31, 2021	**16,826,448**	**0.98**
Options granted	6,309,870	0.63
Options expired	(645,000)	0.47
Options forfeited	(2,033,344)	1.10
Options exercised	(1,311,666)	0.49
Balance, December 31, 2022	**19,146,308**	**0.90**

The weighted average share price at the date of exercise for stock options exercised during the year was C$0.77.

A total of 300,000 options were granted to a new Director of the Company subsequent to the period end on January 24, 2023 with an exercise price of C$0.70. The options vested immediately.

(Expressed in United States Dollars, unless otherwise noted)

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

At December 31, 2022, Liberty Gold had 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	3,869,200	2.94	0.36	1,869,200	0.32
C$0.51 to C$0.99	11,152,391	3.46	0.83	6,640,730	0.89
C$1.00 to C$1.99	3,949,717	3.01	1.57	2,891,388	1.59
C$2.00 to C$2.99	175,000	2.52	2.18	141,667	2.19
	19,146,308	**3.25**	**0.90**	**11,542,985**	**0.99**

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, 2022 determined using Black-Scholes was C$0.33 per option. The weighted average significant inputs into the model included a share price of C$0.64 at the grant date, an exercise price of C$0.64, a volatility of 65%, a dividend yield of 0%, an expected Option life of 4.00 years and an annual risk-free interest rate of 2.8%. A weighted average 9.7% forfeiture rate was applied to the option expense.

(ii) 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.

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2022	4,502,745
RSUs granted	2,810,000
RSUs exercised	(1,284,744)
RSUs forfeited	(284,165)
Balance, December 31, 2022	**5,743,836**

Expiry Date	Number of RSUs outstanding	Weighted average remaining contractual life	Number of RSUs vested
	#	(in years)	#
December 31, 2023	742,433	1.00	500,771
December 31, 2024	2,191,403	2.00	1,098,075
December 31, 2025	2,810,000	3.00	-
	5,743,836	**2.36**	**1,598,846**

(Expressed in United States Dollars, unless otherwise noted)

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(iii) Deferred Share Units

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

Transactions relating to DSUs are summarised as follows:

	DSUs
	#
Balance, January 1, 2022	**2,238,934**
DSUs granted	85,423
DSUs exercised	(513,703)
Balance, December 31, 2022	**1,810,654**

Subsequent to the period end, on January 4, 2023, 1,068,750 DSUs were granted to Directors of the Company.

13. 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 9(b)(i)).

Liberty Gold owns a 68.7% controlling interest of the TV Tower property through a 68.7% ownership stake in Orta Truva. The remaining 31.3% 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 a controlling interest in 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).

(a) Summarised Balance Sheet

	December 31, 2022	**December 31, 2021**
Current		
Assets	$ 72,083	$ 31,538
Liabilities	(88,645)	(77,382)
Total Current Net assets (liabilities)	$ (16,562)	$ (45,844)
Non-Current		
Assets	$ 14,310,309	$ 14,326,637
Deferred tax liabilities	(2,732,051)	(2,672,663)
Total Non-current net assets	$ 11,578,258	$ 11,653,974
Net Assets	**$ 11,561,696**	**$ 11,608,130**

(Expressed in United States Dollars, unless otherwise noted)

13. NON-CONTROLLING INTEREST (continued)

(b) Summarised Statement of Loss

	Year ended December 31, 2022	2021
Statement of Loss	$ 726,294	$ 1,534,386
Other comprehensive Loss	-	-
Loss and other comprehensive Loss	**$ 726,294**	**$ 1,534,386**

(c) Summarised cash flows

	Year ended December 31, 2022	2021
Net cash flow from:		
operating activities	$ (666,974)	$ (411,562)
financing activities	679,859	401,841
investing activities	-	-
Net increase (decrease) in cash	$ 12,885	$ (9,721)
Cash at the beginning of the year	22,548	32,269
Cash at the end of the year	**$ 35,433**	**$ 22,548**

14. 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.

15. 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 Company's exposure to credit risk is limited to the carrying value of the cash and cash equivalents, short-term investments, and accounts receivable on the consolidated statement of financial position.

The Company manages exposure to credit risk 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.

15. FINANCIAL RISK MANAGEMENT (continued)

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.

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

Market Risk

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

Foreign Exchange Risk

The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's mineral property expenditures, including the cash calls from the Company's 31.3% 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 $874,775 increase or decrease respectively (December 31, 2021: $1,321,710), 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.

(Expressed in United States Dollars, unless otherwise noted)

16. 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, 2022 are as follows:

Year	
2023	$ 104,509
2024+	-
	$ 104,509

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.

17. 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 December 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 9.

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

	Year ended December 31,	
	2022	**2021**
Canada	$ (7,654,163)	$ (10,138,526)
USA	(12,963,276)	(18,537,431)
Turkey	(710,402)	(1,612,925)
	$ (21,327,841)	**$ (30,288,882)**

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

	Year ended December 31,	
	2022	**2021**
Canada	$ 111,427	$ 235,551
USA	549,183	825,129
Turkey	15,588	19,527
	$ 676,198	**$ 1,080,207**

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

(Expressed in United States Dollars, unless otherwise noted)

18. RELATED PARTY TRANSACTIONS

In addition to the following, the Company's related parties also include its subsidiaries.

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. Subsequent to period end, the Company provided Oxygen Capital Corp notice of termination of the Master Services Agreement which will be effective September 30, 2023.

Transactions with Oxygen during the year ended December 31, 2022 total $628,934 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss (year ended December 31, 2021: $654,265). As at December 31, 2022, Oxygen holds a refundable deposit of $145,990 on behalf of the Company (December 31, 2021: $155,725) (Note 7). Additionally, as at December 31, 2022 the Company held a payable to Oxygen of $37,349, that was settled subsequent to December 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, Chief Operating Officer, VP Exploration & Geoscience, Chief Financial Officer & Corporate Secretary, SVP Corporate Development, 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, 2022	2021
Salaries and other short-term employee benefits	$ 1,962,557	$ 1,304,364
Share-based payments	2,098,776	2,198,289
Total	**$ 4,061,333**	**$ 3,502,653**