

# **Liberty Gold Corp.**

ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2017

Dated March 26, 2018



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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “planned”, “expect”, “project”, “predict”, “potential”, “targeting”, “intends”, “believe”, and similar expressions, or describes a “goal”, or variation of such words and phrases or states that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources. Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, the future prices of gold, copper, silver and other metals, the price of other commodities such as coal, fuel and electricity, currency exchange rates and interest rates; favourable operating conditions, political stability, timely receipt of governmental approvals, licences and permits (and renewals thereof); access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the accuracy of mineral resource estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals and the speculative nature of mineral exploration and development in general, including the risk of diminishing quantities or grades of mineralization. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of Liberty Gold Corp. (“**Liberty Gold**” or the “**Corporation**”) and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information.

Forward-looking information and forward-looking statements herein includes, but is not limited to: statements or information concerning the future financial or operating performance of Liberty Gold and its business, operations, properties and condition, resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates, the timing of other exploration and development plans at Liberty Gold’s mineral project interests, the amenability of mineralization to produce a saleable concentrate of sufficiently high enough grade and quality to be economic; changes in project parameters as plans continue to be refined; illustrative mine lives of the Corporation’s various mineral project interests, the proposed timing and amount of estimated future production, and the illustrative costs thereof; and successful resolution of the challenges to the Environmental Impact Assessment reports (“**EIA**”) at TV Tower. Such forward-looking information, involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Liberty Gold to be materially different from any future results, performance or achievements expressed or implied.

Such factors include, among others: the timing and possible outcome of regulatory and permitting matters; the ability to obtain, maintain or renew the underlying licences and permits in the United States and Turkey, including for Halilağa and TV Tower in accordance with the requirements of applicable mining, environmental and other laws in Turkey; satisfaction of requirements relating to the submissions and successful defence of EIAs; exploration, development and operating risks, and risks associated with the early stage status of the Corporation’s mineral properties and the nature of exploration; risks associated with the Corporation having no known reserves and no economic reserves may exist on the Corporation’s properties, which could have a negative effect on the Corporation’s operations and valuation; discrepancies between actual and estimated mineral resources; possible variations of mineral grade or recovery rates; fluctuations in commodity prices and relative currency rates; volatility, changes or disruptions in market conditions; government regulation of mining operations and changes in government legislation and regulation, including any impacting the Corporation’s access to State Forest Land in Turkey; foreign operations risks, political instability, hostilities, insurrection or acts of war or terrorism (and the potential consequential capital and financial market reaction); reputational risks; potential dilution of common shares in the capital of the Corporation (“**Common Shares**”) voting power or earnings per share as a result of the exercise of warrants, RSUs, DSUs, or Options (all, as defined in this Annual Information Form), future financings or future acquisitions financed by the issuance of equity; uncertainties associated with minority interests and joint venture operations; ability to satisfy contractual obligations and additional capital needs generally; reliance on a finite number of properties; contests over title to properties; costs and results derived from community relations activities; availability of adequate infrastructure; the cost, timing and amount of estimated future capital, operating

exploration, acquisition, development and reclamation activities; limited operating history and no earnings; limits of insurance coverage and uninsurable risk; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, pitwall failures, flooding, rock bursts and other acts of God, or natural disasters or unfavourable operating conditions and losses; environmental risks and hazards; limitations on the use of community water sources; risks associated with the Corporation's indemnified liabilities; competitive conditions in the mineral exploration and mining businesses; the ability of the Corporation to retain its key management employees and the impact of shortages of skilled personnel and contractors; potential acquisitions and their integration with the Corporation's current business; future sales of common shares by existing shareholders; influence of third party stakeholders; successful defence against existing, pending or threatened litigation or other proceedings; conflicts of interest; the Corporation's designation as a "passive foreign investment company"; the adequacy of the Corporation's system of internal controls; credit and/or liquidity risks; cyber security risks; changes to the Corporation's dividend policy; the interpretation and actual results of historical production at certain of the Corporation's exploration property interests, as well as specific historic data associated with, and drill results from, those properties, and the reliance on technical information provided by Liberty Gold's joint venture partners or other third parties; changes in labour costs or other costs of exploration and development; failure of equipment or processes to operate as anticipated; Liberty Gold's ability to fully fund cash-calls made by its joint venture partner, completion of expenditure and other obligations under earn-in or option agreements to which the Corporation is a party; the impact of archaeological, cultural or environmental studies within the property area; future issuances of the Common Shares to satisfy earn-in or lease-related obligations or the acquisition of exploration properties; judgement of management when exercising discretion in their use of proceeds from offerings of securities; those general business, economic, competitive, political, regulatory and social uncertainties, disruptions or changes in the credit or securities markets and market fluctuations in prices for Liberty Gold's securities that may occur outside of management's control; and the risks involved in the exploration, development and mining business in general.

Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Further details relating to many of these factors is discussed in the section entitled "*Risk Factors*" in this AIF.

Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

#### **CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES**

Information in this AIF, including any information incorporated by reference, and disclosure documents of Liberty Gold that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources" and "inferred resources". Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the "**SEC**") does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied. Under Canadian rules inferred mineral resources

must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed PreFeasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under National Instrument 43-101. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

## PRELIMINARY NOTES

Throughout this Annual Information Form (“AIF”), Liberty Gold Corp. is referred to as “**Liberty Gold**” or the “**Corporation**”. All information contained in this AIF is given as of December 31, 2017, unless otherwise stated.

### Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars (“US\$”), the same currency that the Corporation uses in its consolidated financial statements as its reporting currency. As at December 31, 2017 and March 26, 2018, the value of the Canadian dollar (“C\$”), based on the Bank of Canada’s closing rates of exchange for the conversion of C\$ was US\$0.79 and US\$ 0.78 respectively.

### Measurements and frequently used abbreviations and acronyms

In this AIF, metric units are used with respect to the Corporation’s various mineral properties and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below:

<b>Imperial Measure</b>	<b>=</b>	<b>Metric Unit</b>	<b>Metric Unit</b>	<b>=</b>	<b>Imperial Measure</b>
2.471 acres		1 hectare (“ha”)	0.4047 hectares		1 acre (“ac”)
3.281 feet		1 metre (“m”)	0.3048 metres		1 foot (“ft.”)
0.621 miles		1 kilometres (“km”)	1.609 kilometres		1 mile (“mi.”)
2.20 pounds		1 kilogram (“kg”)	0.454 kilograms		1 pound (“lb.”)
0.032 troy ounces		1 gram (“g”)	31.1 grams		1 troy ounce (“oz.”)

Measurements and amounts in this AIF have been rounded to the nearest two decimal places.

### Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Liberty Gold for the year ended December 31, 2017 (the “**Audited Financial Statements**”), and the accompanying management’s discussion and analysis (“**MD&A**”) for that year. Unless otherwise indicated, financial information contained in this AIF is presented in accordance with International Financial Reporting Standards (“**IFRS**”). The Audited Financial Statements and MD&A are available at [www.libertygold.ca](http://www.libertygold.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### Standard Resource and Reserve Reporting System

National Instrument 43-101, “*Standards of Disclosure for Mineral Projects*”, Companion Policy 43-101CP and Form 43-101F1 (collectively, “**NI 43-101**”) are a set of rules developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of “scientific and technical information” concerning mineral projects (“**Technical Information**”). Unless otherwise indicated, all Technical Information, including resource estimates attributable to Liberty Gold’s property interests contained in this AIF, and including any information contained in certain documents referenced in this AIF, has been prepared in accordance with NI 43-101, and those standards of the Canadian Institute of Mining, Metallurgy and Petroleum Standing Committee on Reserve Definitions (the “**CIM Standards**”).

The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a “**Qualified Person**”). Each such Qualified

Person is an author of one of the technical reports that form the basis for the majority of the Technical Information reproduced in this AIF.

### Material Property Interest

As at March 26, 2018, the Corporation holds an interest in one mineral property considered to be material within the meaning of applicable Canadian securities laws:

Property name	Ownership entity	% interest
Goldstrike	Pilot Goldstrike, Inc.	100%

See discussion in this AIF, under headings, “*Intercorporate Relationships*”, and “*Goldstrike Project*” for a summary of, and Technical Information for, Goldstrike.

### Joint Venture Property Interests

A summary of, and Technical Information for, the following legal entities and mineral properties in which the Corporation holds an interest (together, the “**JV Properties**”) has also been provided in this AIF:

Kinsley	Pilot Gold (USA) Inc. (“ <b>Pilot USA</b> ”)	79%
TV Tower	Orta Truva Madencilik Şanayi ve Ticaret A.Ş. (“ <b>Orta Truva</b> ”)	60%
Halilağa	Truva Bakır Maden İşletmeleri A.Ş. (“ <b>Truva Bakır</b> ”)	40%

See discussion in this AIF, under headings, “*Intercorporate Relationships*”, “*Kinsley Project*”, “*Halilağa Project*” and “*TV Tower Project*” for ownership interest and summaries of, and Technical Information for, each of the JV Properties.

### Technical Disclosure

Unless otherwise indicated, Liberty Gold has prepared the Technical Information in this AIF based on information contained in the technical reports and news releases (collectively the “**Disclosure Documents**”) available under Liberty Gold’s company profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Each of the Corporation’s Disclosure Documents was prepared by or under the supervision of a Qualified Person. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information.

With the exception of the deposits listed immediately below, any inferences disclosed in this AIF of potential quantity and grade at Liberty Gold’s exploration property interests, and those in which the Corporation has a joint venture, are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource:

- Goldstrike Property in southern Utah (“**Goldstrike**”)
- Kinsley Mountain gold property in northeast Nevada (“**Kinsley**”);
- Halilağa copper-gold porphyry deposit located in northwest Turkey (“**Halilağa**”);
- Küçükdağ (“**KCD**”), a gold-silver-copper deposit, one of several targets at the TV Tower project (“**TV Tower**”).

It is uncertain if further exploration will result in other targets at these projects, or any of the Corporation’s other mineral property interests, being delineated as a mineral resource.

Mineral resource estimates contained herein are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by drilling results and the difference may be material. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Moira Smith, Ph.D., P.Geo., Vice-President Exploration and Geoscience, Liberty Gold, and a Qualified Person, has prepared and approved the Technical Information in this AIF. Dr. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears in this AIF.

## CORPORATE STRUCTURE OF THE CORPORATION

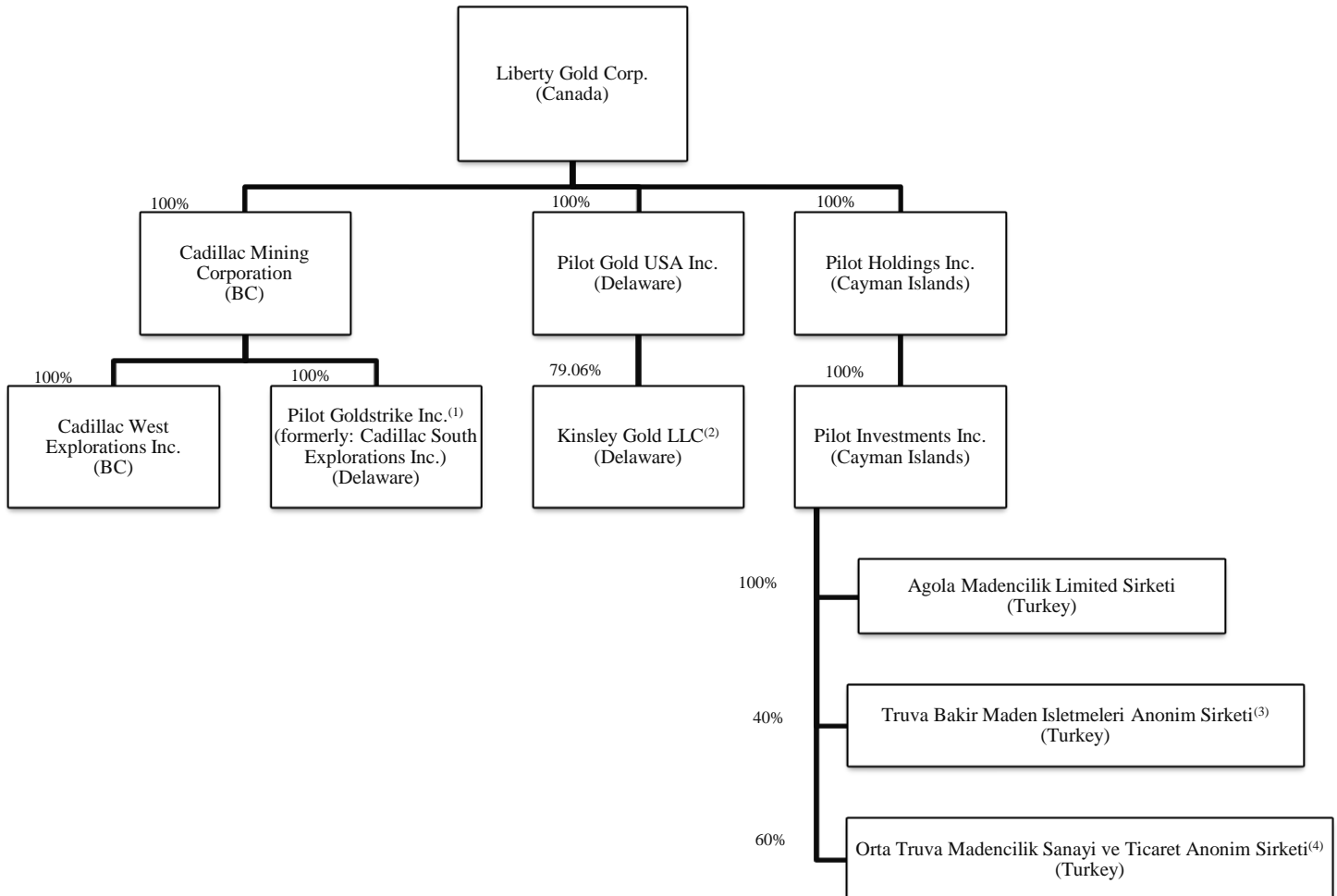
### Name, Incorporation and Registered Office

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

The registered office and principal place of business of the Corporation is located at Suite 1900, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9. The Corporation also has offices in Elko, Nevada, USA and Ankara, Turkey for its projects located in these respective jurisdictions, and Cayman Island-registered subsidiaries doing business in the United Kingdom.

### Intercorporate Relationships

A significant portion of the Corporation’s business is carried on through its various subsidiaries and joint venture entities. The following chart illustrates, as at the date of this AIF, the Corporation’s subsidiaries, affiliates and joint ventures, including their respective places of incorporation (establishment in the case of partnerships) and the percentage of voting securities (or partnership interests) in each that are held by the Corporation either directly or indirectly:





- (1) Pilot Goldstrike Inc. (former, Cadillac South Explorations Inc.) holds certain leased and directly held claims that comprise Goldstrike, the Corporation's Material Property.
- (2) Kinsley Gold LLC is governed by the "**Kinsley Agreement**") and holds i) a lease on part of the Kinsley property; and ii) certain other directly held claims. Liberty Gold USA Inc. is the project operator for Kinsley and holds an approximate 79.1% interest in Kinsley Gold LLC. Intor Resources Corporation ("**Intor**"), the U.S. subsidiary of Nevada Sunrise Gold Corporation ("**NSGC**") holds the remaining 20.9% interest.
- (3) Truva Bakır, a Turkish Joint Stock Company, holds title to the licenses that comprise Halilağa. The Corporation holds a 40% interest in Truva Bakır. Teck Madencilik Şanayi Ticaret A.Ş. ("**TMST**"), an indirect subsidiary of Teck Resources Limited ("**Teck**") owns 60% of Truva Bakır, and is the project operator of Halilağa.
- (2) Orta Truva, a Turkish Joint Stock Company, holds title to the licenses that comprise TV Tower. The Corporation holds a 60% interest in Orta Truva; TMST holds the remaining 40%. Agola Madencilik Limited Şirketi ("**Agola**"), a 100% owned subsidiary of Liberty Gold, is the project operator at TV Tower.

## GENERAL DEVELOPMENT OF THE BUSINESS

Liberty Gold was incorporated on November 18, 2010, as a wholly-owned subsidiary of Fronteer Gold Inc. ("**Fronteer**"), a publicly-listed entity engaged in the acquisition and exploration of mineral properties predominantly located in Nevada, USA and Turkey.

On February 3, 2011, Fronteer, the Corporation and Newmont Mining Corporation ("**Newmont**") entered into an arrangement agreement ("**Arrangement Agreement**") pursuant to which Newmont acquired all of the outstanding common shares of Fronteer by way of a plan of arrangement (the "**Fronteer Arrangement**"), which became effective on April 6, 2011 (the "**FA Effective Date**"). On the FA Effective Date, Liberty Gold ceased to be a wholly-owned subsidiary of Fronteer, and Fronteer became an indirect, wholly-owned subsidiary of Newmont. Immediately prior to the FA Effective Date, and pursuant to the Fronteer Arrangement, the Corporation:

- assumed certain obligations and acquired (i) certain exploration properties and assets in Nevada, (ii) the shares of Pilot Investments Inc. ("**PII**"), the entity that holds the Corporation's interest in the Turkish Properties (hereafter defined), and (iii) cash in the amount of C\$9,584,714; and
- issued Common Shares to Fronteer that resulted in Newmont holding, at that time, an indirect 19.9% interest in Liberty Gold.

On April 11, 2011 the Corporation's Common Shares began trading on the Toronto Stock Exchange (the "**TSX**") under the symbol, "PLG", marking the beginning of Liberty Gold's existence as a publicly traded company. On May 12, 2017, the Corporation changed its name to "Liberty Gold Corp." and the Corporation's Common Shares began trading under the symbol "LGD". Liberty Gold is a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

### Three Year History

On January 1, 2015, the Corporation entered into a joint venture agreement with TMST (the "**Halilağa Agreement**") governing the terms of the joint venture and structure of Truva Bakır, the legal entity that holds Halilağa. The TV Tower joint venture and operating agreement (the "**TV Tower Agreement**"), entered into on June 20, 2012 with TMST (and subsequently amended December 10, 2014) in respect of the Corporation's right to acquire a further 20% interest in TV Tower, and the Halilağa Agreement, together, supersede the original memoranda of understanding (the "**Biga Agreements**") detailing the relationship of Teck and Liberty Gold in Turkey.

On January 29, 2015, the Corporation reported an updated and revised economic assessment (the "**Halilağa PEA**") as a revision to the October 10, 2012 reported, "**2012 PEA**" (see "*Halilağa Project*").

The Halilağa PEA, prepared by JDS Mining & Energy Inc. ("**JDS**"), is based on an updated resource estimate (the "**Updated Halilağa Resource**"), summarized in this AIF.

On November 5, 2015, an initial independent resource estimate was announced for the Kinsley project (the "**Kinsley Resource**"). With an effective date of October 15, 2015, the resource estimate is based on results from 77,097 m of

historical drilling in 1,158 drill holes (9 core and 1,149 reverse circulation or rotary), as well as 59,852 m in 222 holes, including 74 core holes and 148 reverse circulation holes drilled by Liberty Gold. The Kinsley Resource is included in a technical report entitled “*Updated Technical Report and Estimated Mineral Resources for the Kinsley Project, Elko and White Pine Counties, Nevada, USA*”, effective October 15, 2015, and dated December 16, 2015, co-authored by Michael M. Gustin, C.P.G., Moira Smith, Ph.D., P.Geo., and Gary L. Simmons, MMSA (the “**Updated Kinsley Technical Report**”).

On February 22, 2016 reported the appointment of Cal Everett as President and Chief Executive Officer of the Company.

On March 4, 2016, the Corporation completed a non-brokered private placement (the “**Private Placement**”) of 17,893,000 units (“**PP Units**”) of the Corporation at a price of C\$0.25 per Unit, for gross proceeds of C\$4,473,250. Each PP Unit comprises of one Common Share and one-half Common Share purchase warrant (each whole common share purchase warrant, a “**Private Placement Warrant**”). Each Private Placement Warrant entitles the holder to acquire one Common Share at an exercise price of C\$0.40 for a period of 24 months from the closing date of the Private Placement.

On June 16, 2016, the Corporation acquired 100% of the Mineral Gulch Property from Western Pacific Resources Corporation. The Mineral Gulch Property includes the past-producing Black Pine heap leach gold mine located in southeastern Idaho. The purchase price consisted of US\$800,000 cash, 300,000 common shares of the Corporation and a grant of a 0.5% NSR to Western Pacific Resources Corporation. The Corporation has adopted the Black Pine name in reference to the past-producing mine.

On July 7, 2016, Liberty Gold signed an option agreement (“**Logan Agreement**”) with Logan Resources Ltd. (“**Logan**”) under which Logan may earn up to an 80% interest in up to four of its nine Great Basin Portfolio Properties (the “**Great Basin Properties**”). The Great Basin Properties are located within the eastern Great Basin, in eastern Nevada and western Utah, and include the Drum, Griffon, Antelope, Sandy, Easter, Brik, Stateline, Viper and Anchor gold properties. Prior to the closing of the transaction, Logan completed a non-brokered private placement in order to fund the initial exploration, holding and development costs. Logan issued 9.9% of the issued and outstanding shares of Logan to Liberty Gold. Liberty Gold maintains its right of ownership interest in Logan provided it owns 5% or more of Logan. Logan reimbursed Liberty Gold for 100% of the 2016 annual holding costs paid by Liberty Gold to date for the Great Basin Properties.

On October 7, 2016, the Corporation filed a technical report entitled “*Technical Report on the Goldstrike Project, Washington County, Utah, U.S.A*” pursuant to National Instrument 43-101 Standards of Disclosure for Mineral Projects on SEDAR.

On November 16, 2016, the Corporation completed a bought deal financing of 20,900,000 units of the Corporation (the “**Bought Deal Units**”) at a price of C\$0.60 per unit for gross proceeds to the Corporation of C\$12,540,000. The underwriters also exercised the over-allotment option in full and purchased an additional 3,315,000 units to cover over-allotments for additional gross proceeds to the Corporation of C\$1,881,000. Each Bought Deal Unit consists of one Common Share and one half of one Common Share purchase warrant (each whole common share purchase warrant, a “**Bought Deal Warrant**”). Each Bought Deal Warrant entitles the holder to acquire one Common Share at a price of C\$0.90 at any time prior to May 16, 2019.

On February 21, 2017, the Corporation reported on the compilation and interpretation of historic data at the recently acquired Black Pine project in southeastern Idaho. Black Pine is a past-producing heap leach gold mine that contains a large, shallow, oxidized, district scale Carlin-style gold system, similar in nature and target size to the Corporation’s Goldstrike Property in Utah. The high priority target area, as confirmed by historical mining records, drilling and surface sampling, covers a 12 km<sup>2</sup> area, within a larger claim block covering nearly 32 km<sup>2</sup>.

On March 31, 2017 the Corporation reported the appointment of Joanna Bailey to the role of CFO and Corporate Secretary of the Corporation, replacing John Wenger, who had been serving as CFO and Corporate Secretary of the Corporation.

On April 3, 2017, the Corporation reported results from metallurgical testing of oxide material from its Goldstrike Project in Southwestern Utah.

On May 11, 2017, the Corporation announced that the Corporation changed its name from Pilot Gold Inc. to Liberty Gold Corp. effective May 9, 2017 and changed the ticker symbol of its common shares and Bought Deal Warrants listed on the Toronto Stock Exchange from PLG and PLG.W, to LGD and LGD.W respectively, effective at the opening on Friday, May 12, 2017.

On June 27, 2017, the Corporation announced that the U.S. Bureau of Land Management had approved the Corporation's plan of Operations for the Goldstrike Project in Utah. This key permit allows the Corporation to expand drilling to test high-priority targets and build resource ounces across the 74.5 km<sup>2</sup> property.

On July 24, 2017, Logan provided the Company with formal notice that it had met the requirements of and elected to exercise its option under the Logan Agreement and selected to earn an initial 51% interest in the Brik, Viper, Easter and Antelope properties, and released its interest in the remaining five Great Basin Properties.

On December 20, 2017, the Company entered into an Agreement (the "Termination Agreement") with Golden Dragon Capital LLC ("Golden Dragon") to terminate the January 1, 2013 Mining Lease and Option to Purchase, as amended, associated with the Company's Drum property. Pursuant to the Termination Agreement, the Company made a final royalty payment of \$75,000 on December 21, 2017 and issued 400,000 Common Shares to Golden Dragon on January 8, 2018 with a fair value of C\$0.45 per Common Share, totalling \$145,034 (C\$180,000).

On January 26, 2018, the Corporation completed a bought deal private placement (the "**2018 Bought Deal**") of units (the "**2018 Units**"). Pursuant to the private placement, the Corporation issued 24,938,426 2018 Units at a price of C\$0.42 per 2018 Unit for gross proceeds to the Corporation of C\$10,474,138.92. The 2018 Units consist of one Common Share in the capital of the Corporation and one-half of one Common Share purchase warrant (each whole warrant, a "**2018 Warrant**") with each 2018 Warrant exercisable by the holder into one Common Share at a price of C\$0.65 per share at any time prior to January 26, 2021.

On February 8, 2018, an initial independent resource estimate was announced for the Goldstrike project (the "**Goldstrike Resource**"). With an effective date of February 8, 2018, the Goldstrike Resource is based on assay data available as of December 24, 2017. The Goldstrike Resource is included in a technical report entitled "*Independent Technical Report and Resource Estimate for the Goldstrike Property, Washington County, Utah, USA*", effective February 8, 2018, and dated March 21, 2018, co-authored by David Rowe, CPG. of SRK Consulting (Canada) Inc., James N. Gray, P.Geo. of Advantage Geoservices Ltd., and Gary L. Simmons, MMSA of GL Simmons Consulting, LLC, (the "**Goldstrike Resource Technical Report**"). For a summary of the Goldstrike Resource Technical Report please see "Goldstrike Project" in this AIF.

## DESCRIPTION OF THE BUSINESS

Liberty Gold is principally engaged in the acquisition, exploration and development of mineral properties, or interests in companies controlling mineral properties, which feature strong grades, meaningful size and access to existing infrastructure in mining-friendly jurisdictions around the World.

The Corporation's objective is to become the leading gold-focused exploration company. Liberty Gold's technical and management teams are currently focused on discovering and advancing a pipeline of projects with strong exploration and production potential in the Great Basin region in the United States. The Corporation's Material Property is the Goldstrike Project in Utah. Management continues to maintain and advance the JV Properties (Kinsley, TV Tower and Halilađa, the latter two together, the "**Turkish Properties**").

## United States

### Goldstrike

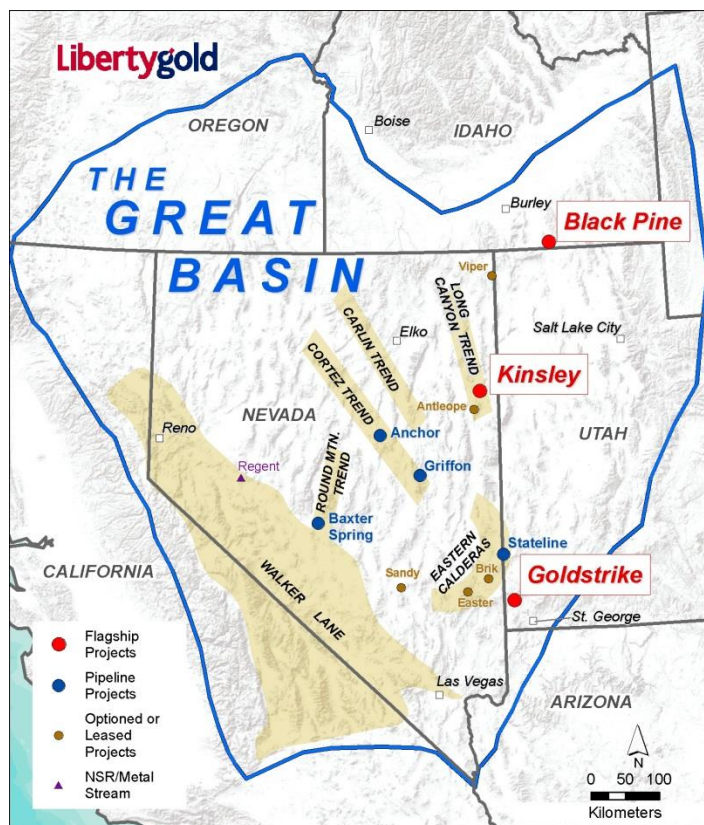
Goldstrike is a Carlin-style, sediment-hosted gold property located in southwest Utah, with a stratigraphic and structural setting and gold mineralization similar to other sediment-hosted gold systems. Acquired by the Corporation in 2014, Goldstrike is host to a past-producing mine with an extensive exploration database, a large number of shallow drill holes with unmined oxide gold intercepts, and numerous untested gold targets. Gold mineralization on surface and in shallow drill holes has been discovered over the entire property.

Liberty Gold's drill program in 2015 yielded significant, near-surface oxide gold intercepts, which led to a prioritization of the project as the property of principal focus for 2016 through 2017. Successful drilling through 2016 and 2017, and the results of a maiden resource continue to support the Corporation's strategic focus on Goldstrike.

### Kinsley, Black Pine and Portfolio Projects

The Corporation's portfolio projects include an approximate 79% interest in Kinsley and a 100% interest in Black Pine, both past-producing, shallow, sediment-hosted gold properties with significant databases, district-scale mineralization and the stratigraphy, structure and style of mineralization similar to discoveries and projects in Nevada at which the Corporation's technical team has had significant prior successes.

Liberty Gold also has an interest in nine other exploration-stage gold projects throughout Nevada, and along the Nevada-Utah border, one of which is under option to Renaissance Exploration Inc.; and four other properties, Antelope, Easter, Brik and Viper, are held as a joint operation with Logan, which holds a 51% interest, subsequent to their exercising of the option under the Logan Agreement.



## Turkey

Liberty Gold's projects in northwest Turkey's Biga district include a 40% interest in Halilaga and a 60% interest in TV Tower. Underpinned by an advanced understanding of Halilaga, and the prospectivity at TV Tower, the Corporation believes there to be significant value and opportunity at these projects. Programs currently contemplated for both projects through 2018 are expected to focus on value preservation, including maintaining tenure, continuing to manage the Corporation's strong social licence to operate, target generation and data compilation.

The Corporation anticipates continuing with discussions with its joint venture partner and various third-parties with the objective of maximizing and crystallizing the value of the Turkish Properties.

For further details concerning the Corporation's mineral properties, please see "*Goldstrike Project*", "*Kinsley Project*", "*Halilağa Project*" and "*TV Tower Project*" in this AIF.

### **Expected Changes to the Business**

In 2016, Liberty Gold undertook a strategic pivot to focus exploration on its projects in the Great Basin region, which includes Goldstrike, Kinsley and the recently acquired Black Pine property. In 2017, the Corporation changed its name to Liberty Gold, to better reflect its more intensive focus on U.S. gold properties located in the Great Basin in Nevada, Utah and Idaho in the western USA.

The Corporation intends to continue its focus on Goldstrike with the expected release of a preliminary economic assessment in 2018, while continuing resource expansion efforts through the year. Exploration and drill programs will continue to be designed to target near-surface oxide gold at Goldstrike, with the objective of maximizing discovery potential, and minimizing capital at risk.

Management of the Corporation do not expect any material changes to the business; however, as is typical of the mineral exploration and development industry, from time to time Liberty Gold reviews potential merger, acquisition, investment, divestiture and joint venture transactions and opportunities that could enhance shareholder value.

There can be no assurance that the results of exploration or development programs planned or underway will not result in material changes to the scientific and technical information contained herein. Accordingly, readers of this AIF are urged to read the press releases issued by the Liberty Gold as they become available on SEDAR, for full and up-to-date information concerning the Corporation's business and its material exploration property interests.

### **Significant Acquisitions**

Liberty Gold did not make any significant acquisitions during the financial year ended December 31, 2017 that would require the Corporation to file a Form 51-102F4 *Business Acquisition Report* under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**").

### **Area of Interest and Limitations on the Business**

The Kinsley Agreement, TV Tower Agreement, Halilağa JV Agreement, and the Biga Agreements each include a defined area of interest ("**AOI**") requiring any one partner or any of its subsidiaries or affiliates that stakes or acquires any surface or water rights or mineral properties within a defined perimeter of the relevant mineral property, to offer to have those rights or properties included in the related project. In the case of TV Tower and Halilağa, the AOI is a two (2) km circumference around the projects. In the case of Kinsley, the AOI is a five (5) km circumference around the property. Liberty Gold and its respective joint venture partners are also required to consult each other prior to making any acquisitions of lands held by third parties within the respective AOI.

The AOI in the Halilağa JV Agreement and the TV Tower Agreement replace the property restrictions detailed in the Biga Agreements relating to the Turkish Properties, and other mineral properties in northwest Turkey's Biga district. Those other licenses held by Liberty Gold and Teck in the Biga district that are not Designated Projects (as that term is defined in the Biga Agreements, and being more specifically, those that are neither Halilağa nor TV Tower) are also subject to a two (2) km AOI with similar consultation and participation.

### **Competitive Conditions**

The Corporation's business is intensely competitive, and the Corporation competes with other exploration, development, and mining companies, many of which have greater resources and experience. As described in this AIF, under "*Risk Factors*", competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and operated economically and the capital for the purpose of financing development of desired properties.

In addition, this competition may impact the Corporation's ability to recruit or retain qualified employees with the technical expertise to find, develop, or operate such properties.

Liberty Gold believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals exploration business. Liberty Gold believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at

March 26, 2018, the Corporation and its subsidiaries had 15 direct employees. Many of the Corporation's management and its senior geologic team are either former employees or long-time contractors of Fronteer.

The Corporation has also retained Oxygen Capital Corp. (“**Oxygen**”), a private entity owned by certain directors of the Corporation to provide services to the Corporation including staffing, office rental, and other administrative functions. Oxygen provides its services and personnel on a cost recovery basis. The Corporation benefits from expanded access to management, technical and administrative personnel as a result of the Oxygen relationship. Through the year ended December 31, 2017, four employees of Oxygen dedicated at least 50% of their time to Liberty Gold. Neither Oxygen, nor its owners are remunerated for services provided under this arrangement.

### **Health, Safety and Environment**

The Corporation places great emphasis on providing a safe and secure working environment for all of Liberty Gold's employees, and recognizes the importance of operating in a sustainable manner.

Liberty Gold's Health, Safety and Sustainability Committee meets at least twice per year to review the Corporation's performance and compliance as related to such matters. Liberty Gold has also adopted a Health, Safety and Sustainability Charter, and has communicated the importance of working in a safe and secure working environment to all employees and significant contractors. Liberty Gold has also adopted a Health, Safety and Sustainability Policy to frame decisions of the Corporation's employees and contractors.

The Corporation believes awareness and communication of risks are critical steps in preventing accidents on each of the property interests operated by the Corporation. The Corporation requires:

- Mandatory orientation sessions for all site workers and visitors on the properties;
- Drill safety meetings at start-up of drill programs, weekly safety meetings while drill programs are underway, and after accidents/incidents; and
- The use of radios or “spot-devices” at all times for personnel in the field; individuals are encouraged to communicate with home regularly.

The Corporation had no direct lost-time accidents during 2017, and none in 2016. There were no lost time accidents at Halilağa, which is operated by TMST.

Liberty Gold is subject to federal, provincial, territorial, and state and local environmental laws and regulations. Management have put in place ongoing monitoring programs at the Corporation's properties and posts surety bonds, as required, in compliance with state and local closure, reclamation, and environmental obligations. The estimate for future reclamation and property closure costs (current and non-current) for the Corporation's projects at December 31, 2017 was \$0.13 million (2016: \$0.09 million). The reclamation obligation relates to disturbance through 2016 and 2017 on the Corporation's portfolio of property interests, including drilling related disturbance at Goldstrike and at Kinsley. Activity at Goldstrike is undertaken in accordance with an approved Plan of Operations (“**PoO**”)<sup>1</sup>. Exploration work and disturbance continues at Goldstrike.

Activity at Kinsley is undertaken in accordance with an approved PoO<sup>2</sup>. Exploration work and disturbance continues at Kinsley.

There were no significant environmental incidents at any of the exploration and development properties at which the Corporation is the operator through the twelve months ended December 31, 2017.

One of the more significant environmental risks associated with the Corporation's exploration projects, relates to handling of fuel and fuel storage systems. These risks are mitigated through the use of various spill protection equipment. Management have also developed emergency plans in the event a significant spill does occur. The Corporation maintains Material Safety Data Sheets for substances where such is required, and does not use anything in the drilling program other than standard additives, all generally benign – including bentonite, polymer, cement, soda ash, cellophane flakes, paper flakes, and (dish) detergent.

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<sup>1</sup> Plan of Operations (UDGOM Permit # E/053/0069 and BLM UTU-091578) was approved by the BLM and bonded by UDOGM in August 2017 (in this AIF, the “**Goldstrike PoO**”). This supplanted a UDOGM permit # E/053/0065 and #E/053/0070 and Notice of Intent (“**NOI**”) UTU-091149 and UTU-092291 from the BLM.

<sup>2</sup> Plan of Operations Record of Decision, Case # NVN-091528 and approved Environmental Assessment received on August 30, 2013 supplanted the Kinsley NOI.

Many of Liberty Gold's projects are subject to periodic monitoring by government agencies with respect to environmental protection plans and practices, which must be detailed when applying for exploration permits.

#### **Corporate Social Responsibility – Turkey**

In the Biga district, TMST and Liberty Gold have worked with community stakeholders in the settlements surrounding Halilağa and TV Tower to build positive relationships based on transparency, trust and shared benefits. The Corporation and TMST aim to maintain a mutually beneficial relationship with the local communities, villages, and other stakeholders based on respect, consultation and participation. The Corporation, through Orta Truva, Truva Bakır and Agola have focused on community development and sustainability projects that provide a sustained benefit to the communities in the areas immediately surrounding the projects. On a regular basis, the Corporation and TMST engage with community members, solicit and respond to feedback and concerns raised from concerned citizens, and host property tours for interested members of the community.

Where practical, Orta Truva, Truva Bakır, and Agola give priority to local communities when sourcing labour, goods and services. As operator of TV Tower, Agola has been active in the support of a local co-operative that provides access to villager-owned machinery, heavy and light equipment and supplies. Citizens of the local villages benefit as a group by using this transparent local procurement organization, while Agola ensures it gets the services, supplies and equipment in a cost effective way.

#### **Corporate Social Responsibility – USA**

Liberty Gold works closely with the communities in Utah and Idaho in order to engage stakeholders and build good relationships. Where possible the Corporation hires locally for labour, dirt work, geology, etc. The Corporation has given presentations and tours to the local communities, in order to explain the activities at Goldstrike, and has sponsored local sporting events.

### **RISK FACTORS**

**An investment in securities of the Corporation involves a significant degree of risk and must be considered highly speculative due to the nature of the Corporation's business and the present stage of exploration and development of its mineral property interests. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Liberty Gold and could cause the Corporation's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Corporation.**

**The risks set out below are not the only risks facing the Corporation. There are widespread risks associated with any form of business and specific risks associated with Liberty Gold's business and its involvement in the gold exploration and development industry.**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production. **Shareholders of Liberty Gold may lose their entire investment.**

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by Liberty Gold. Risks and uncertainties not presently known by Liberty Gold or which are presently considered immaterial may also adversely affect Liberty Gold's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, Liberty Gold's business, financial condition, results and prospects could be adversely affected.**

Additional risks and uncertainties not presently known to Liberty Gold or those that are currently deemed immaterial may also impair the Corporation's business operations. If any such risks actually occur, the business, financial condition and operating results of the Corporation could be materially harmed. All references to "Liberty Gold" or the "Corporation" in this section entitled "*Risk Factors*" include Liberty Gold and its subsidiaries and joint ventures, except where the context otherwise requires. Before making an investment decision, prospective investors

should carefully consider the risks and uncertainties herein, as well as the other information contained in the Corporation's public filings.

Turkey is still considered to be an emerging market. Many of the Risk Factors identified in this AIF reflect risks and characteristics unique to operating in an emerging market.

### **Permitting and License Risks**

In the ordinary course of business, Liberty Gold will be required to obtain and renew governmental licences or permits for the operation and expansion at each of its property interests; or for the development, construction and commencement of mining at any of the Corporation's mineral resource properties. Obtaining or renewing the necessary governmental licences or permits is a complex and time-consuming process involving numerous jurisdictions with public hearings and costly permitting and other legal undertakings.

In the United States and Turkey, as with many jurisdictions, there are various federal, state and local laws governing land, power and water use, the protection of the environment, development, occupational health and safety, waste disposal and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require additional permits. Each stage of a property's development can also require multiple permits. There can be no assurance that all permits which the Corporation may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Corporation or its properties. This could have a negative effect on the Corporation's exploration activities or the Corporation's ability to develop its properties.

The duration and success of the Corporation's efforts or those of its partners to obtain and renew licences or permits are contingent upon many variables not within Liberty Gold's control, including the interpretation of applicable requirements implemented by the particular licensing authority(-ies). The Corporation may not be able (and no assurances can be given with respect to its ability) to obtain or renew licences or permits that are necessary to operations at Liberty Gold's property interests, including, without limitation, an exploitation or operations licence, or the cost to obtain or renew licences or permits may exceed what Liberty Gold believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licences or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Corporation's operations and profitability.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or other remedial actions.

The Corporation cannot be certain that it will receive the necessary permits and licences at all, or on acceptable terms required to conduct further exploration and to develop its properties and bring them into production. The failure to obtain such permits or licences, or delays in obtaining such permits or licences, could increase the Corporation's costs and delay its activities, and could adversely affect the properties, business or operations of the Corporation.

#### *Republic of Turkey*

Under the Turkish Mining Law, mining operations have been divided into five groups which are subject to different terms and conditions on licensing principles and procedures. The two types of licenses granted for prospecting and operating mines are as follows; (i) exploration licenses, enabling a holder to carry out prospecting activities in a specific area; (ii) exploitation/operation licenses, enabling a holder to carry out operational activities (including exploration) within the same area as stated in the prospecting license. For production (extractive activity) to occur, an operations permit must also be obtained. An operations permit enables a holder to operate a specific mine as specified in the Exploitation/Operation license, and as contemplated by an approved EIA report. Applications for an



operation-type license must be submitted before the end of the term of an exploration-type license, and must demonstrate the presence of an economic resource on the license.<sup>3</sup> The conversion application includes providing a resource estimate, a conceptual mine plan, a positive conceptual economic analysis and an initial description of likely environmental impacts.

Each licence type is valid for a predetermined period of time and must meet a variety of requirements in order to remain in good standing, including a requirement to receive a number of permits from the Government of Turkey's Mining Affairs General Directorate of the Ministry of Energy and Natural Resources (the "**General Directorate-Mining Affairs**"). Applications for an exploration-type licence, as well as applications to receive, or renew an operation-type licence, are made to the General Directorate-Mining Affairs, and are subject to an extensive review. Annually, a progress report on each licence must be filed with the Ministry of Environment and Urbanism in Turkey (the "**Ministry**"). On conversion from one classification to another; a licence holder must submit an EIA to the Ministry. A public consultation process occurs as part of the approval process. There can be no assurance that an EIA will be approved, or that it won't consequently be overturned or that activity on a property won't be halted as a result of appeals to the approvals. A failure to renew a particular licence could have a significant detrimental impact on the price of the Corporation's Common Shares, and on the ability of the Corporation to raise debt or capital.

As it relates to Halılağa, TMST has been responsible for completing and submitting applications for permits and permit renewals, and the Corporation does not always have control over the submission of such applications and reports. As previous operator of the Karaayı licence, Chesser Resources Limited ("**Chesser**"), prepared and submitted an EIA in respect of an operations permit on the Karaayı licence. Pursuant to having completed the earn-in to a 60% interest in Orta Truva in March 2015, the Corporation has prepared and submitted subsequent filings relating to TV Tower.

As discussed in this AIF, Orta Truva awaits a final decision from the judiciary as it relates to challenges on EIAs prepared in connection with the TV Tower project. Each of Truva Bakır and Orta Truva also continue to await receipt of an operating permit relating to workplace safety and sanitation (a "**GSM permit**") for the Kestane (Halılağa) and Karaayı (TV Tower) licences, from the Office of the Governor of Çanakkale (the "**Governor**"). A GSM permit and an approved EIA report, are necessary in order to receive and operating permit that would allow Truva Bakır and Orta Truva to undertake limited test-mining activity contemplated in the EIAs for each respective project, and accordingly, would satisfy certain tenure requirements for these licences. The absence of an approved GSM permit does not impact the ability of either Truva Bakır or Orta Truva to undertake exploration programs or to access the properties. It is the Corporation's understanding that a decision on issuance of the GSM permits is being deferred until there is ultimate resolution of the challenges lodged against the Ministry for its approvals of the respective EIAs as described in this AIF. Although there is no known history of a GSM permit being denied or revoked by the Governor, should either Truva Bakır or Orta Truva fail to receive a GSM permit, it will restrict the ability to progress beyond the exploration stage at Halılağa and/or at Karaayı.

The Corporation has experienced permitting delays in Turkey in the past. Mining legislation and the enforcement of codified process, procedures and timetables in Turkey have also been subject to recent changes. There is no certainty that further changes to the legislation will not be introduced that may have an effect on permitting, nor can there be certainty around the application of the rule of law in this regard.

In particular, and as discussed in this AIF:

- (i) the Corporation's exploration and development activities at Halılağa and at Karaayı have recently been subject to legal challenges that could have impacted the longer term ability to develop and operate the open pit mine contemplated in the Halılağa PEA, and certain exploration and development activities at Karaayı;
- (ii) Permits to undertake drilling ("**Forestry Permits**") for Karaayı remain registered under the name Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. ("**Batı Anadolu**"), the subsidiary of a Turkish industrial conglomerate from whom Orta Truva acquired the Karaayı licence. Although there is no impediment

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<sup>3</sup> Readers of this AIF are cautioned that this definition is not equivalent to the term "economic" as it relates to the definition of proven and probable as those terms are used in NI 43-101, and does not infer that mineralization at the Corporation's Turkish Properties could be economically and legally produced based on drilling and resource estimate modelling undertaken to date. Similarly, the resource estimate, a conceptual mine plan, a positive conceptual economic analyses required in such applications are in line with Turkish requirements, and are not necessarily equivalent to those under Canadian or United States requirements.

to completing drilling at Karaayı under these permits, there is a risk that transfer will not be approved, which could give rise to possible limitations to proposed drill programs.

The Ministry has introduced a proposal to designate a large area of the Biga district as a Sensitive Land Protection Area (the “**SLPA**”). A large portion of the Corporation’s property interest at TV Tower (5 licenses) is captured within the proposed SLPA and proposed watershed protection area. The Corporation anticipates that if the proposed protection area is put in place there will be i) increased requirements for the preparation and submission of EIA reports, ii) the potential for further delays in the permitting process and iii) potentially a substantial adverse impact on the Corporation, or on the potential economics of an exploration or development project in Turkey.

The Corporation has also determined there to be items of potential archaeological interest in a limited area of each of Halılağa and TV Tower, including designations by the Ministry of Culture and Tourism in Turkey on specific sites within the properties. The Corporation has engaged specialists to provide the appropriate authorities in Turkey with a report and conclusions. While the Corporation does not currently believe any the possible artifacts identified on the property will impact the ability to continue to advance exploration, and if warranted, development, there can be no certainty that the results of the archaeological review will not make permitting on the licence more difficult.

#### *United States*

The Corporation received an approved record of decision for the Goldstrike PoO and associated Environmental Assessment in August 2017. Approval of the Goldstrike PoO allows for expanded exploration activities in up to 77 acres of surface disturbance within a 907-acre area of the Goldstrike property, covering most of the known surface mineralization. Until the Goldstrike PoO was approved, the Corporation’s drilling activities had been carried out under a Notice of Intent (“NOI”) permit. The First Amendment to the Goldstrike PoO, approved by BLM and the State of Utah on Feb. 27, 2018, allows for up to 77 acres of surface disturbance within a 1,263-acre area. The Second Amendment to allow up to 77 acres of surface disturbance within a 5,355-acre area was submitted on March 5, 2018.

Although the current Goldstrike PoO and amendment provides the Corporation with the ability to execute on its planned drill and exploration program through 2018, the failure to receive the additional approved PoO amendment in timely fashion may limit the Corporation’s ability to advance exploration or expand the resource estimate.

The Corporation received an approved record of decision for the Kinsley PoO and associated Environmental Assessment on August 30, 2013. Approval of the Kinsley PoO allows for exploration activities in the southern third of the Kinsley property. Until the Kinsley PoO was approved, the Corporation’s drilling activities had been limited to the area under a 5 acre NOL. An amendment to the Kinsley PoO to extend the permitted area of disturbance to include the property’s Northern Claim blocks was approved on October 16, 2014.

On September 18, 2015 the BLM released “*Record of Decision and Approved Resource Management Plan Amendments for the Great Basin Region, Including the Greater Sage-Grouse Sub-Regions of Idaho and Southwestern Montana, Nevada and Northeastern California, Oregon and Utah*” (the “**BLM Decision**”). The effect of the BLM Decision is to limit development and land use, and to restrict new mining claims throughout a large parts of Idaho, Southwestern Montana, Nevada, Northeastern California, Oregon, and Utah, including (subject to certain exceptions) a prohibition on new mining claims for two years from September 24, 2015. This prohibition on new mining claims was cancelled on October 11, 2017, and in late 2017 the new Administration began a new review of the Land Use Plan Amendments put in place in September 2015. Within the most restrictive category, limitations on development include a prohibition on construction of new roads and off-highway vehicle access. Certain of the Corporation’s “portfolio projects” are located within the now restricted area; the outcome of a variety of legal challenges to the BLM Decision in uncertainty, as is the impact to future recoverability of the Corporation’s investments into properties in affected areas.

At Black Pine there is an approved PoO in place, and the Corporation has applied for a new PoO to expand the permitted area over which a drilling program could be undertaken, the receipt of which is pending. The current Black Pine PoO, prepared by and approved for the previous operator, includes certain restrictions over land use designed to comply with the 2012 Amended Sawtooth National Forest Land and Resource Management Plan. Restrictions noted in the existing permit for disturbance at Black Pine include a prohibition on operations between December 31 and June 1 of each year in order to accommodate the winter habitat of mule deer and on a limited area of the tenure, the greater sage grouse.

The timing of receipt of additional approvals may impact the Corporation's ability to execute exploration programs in the future; there is no known impact on plans at Black Pine for 2018.

### **Legal Challenge and Turkish Judicial Process**

Subsequent to the receipt of an approved EIA report from the Ministry of Environment and Urban Planning in Turkey, the governmental department responsible for approving such reports, the Ministry was served a legal petition by certain claimants in Turkey to annul its approval of the EIA issued on a designated area on (i) one of the licenses that comprises the overall Halılağa property; and (ii) the Karaayı license in the southern part of TV Tower.

The respective petitions filed with the local Çanakkale Administrative Court (the "**Court**") name the Ministry as the respondent and do not name any of Truva Bakır, TMST, Orta Truva, or Liberty Gold. The petitions each requested annulment of the respective EIA Reports and suspension of any activities contemplated thereunder. The plaintiffs reportedly raised a number of challenges in the region on a similar basis, several of which have been evaluated by the Court in parallel to the hearings regarding Halılağa and TV Tower.

Following judicial discovery, the Court overturned the validity of the EIA Reports, and concluded that certain additional analyses must be included in an amended EIA for each of the projects in order that the proposed test mining activities might proceed. An EIA, the Court determined, must include analyses of the potential cumulative environmental impacts (a "**CIA**") of any contemplated disturbance at a particular project when examined along with all other activities planned for a particular region. The Ministry subsequently applied to the Turkish Council of State, the highest administrative court in the Republic of Turkey, requesting that it (i) hear an appeal of the findings at the Hearing, (ii) overturn the Court-mandated inclusion of a CIA in an EIA, and (iii) reinstate the EIAs. The Turkish Council of State subsequently ruled that the Court had erred in its judgment, and recommended the reinstatement of the EIAs. The Turkish Council of State reviewed the matter, and forwarded it back to the Court for a final ruling, who in May 2017 finalized its decision to reinstate the EIA on the TV Tower and Halılağa licenses. The Court approved the validity of both EIAs. Appeal to this decision made to the Turkish Council of State on July 28, 2017, was dismissed on November 28, 2017, with no further appeals permitted.

In February 2017 similar challenges were made to the Court to our approved EIAs<sup>4</sup> on two other areas on the TV Tower property that had been acquired for quartz operations. The Court assigned a group of experts to visit the site in late 2017 and assess the suitability of the EIAs. Their conclusion, which was submitted in March 2018, is that the EIAs meet the requirements of the local laws and regulation and address all the concerns raised by the plaintiffs. A final decision by the Court is pending and further appeals are possible.

Although the Corporation believes the appeal is without merit, there can be no guarantee that the EIA challenges will not cause future permitting delays, unexpected interruptions or additional costs for each of these projects. There is no threat to the validity of tenure, and there is no legal impediment to prevent ongoing exploration activities outside of the EIA-contemplated area.

Because the determination of the Court relates only to the designated areas contemplated by the (challenged) EIAs, there has been, and is no impact or restriction on the Corporation's planned activities at Halılağa or at TV Tower, outside of the areas contemplated in the respective EIAs. Liberty Gold does not believe there to be any threat to the validity of tenure, nor any legal impediment to prevent ongoing exploration activities outside of the EIA-contemplated areas. Even if successful and the reinstatement of the EIAs is ultimately rejected by the Court, the Corporation expects that the Council of State would consequently order that a new EIA be submitted.

### **Exploration, Development and Operating Risks, and Risks Associated with the Early Stage Status of the Corporation's Mineral Properties and the Nature of Exploration; The Corporation Has No Known Reserves and No Economic Reserves May Exist on the Corporation's Properties, Which Could Have a Negative Effect on the Corporation's Operations and Valuation**

The Corporation's mineral property interests are of high risk, and are considered to be speculative in nature. There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of minerals with regard to its mineral property interests, or otherwise, will result in discoveries of commercial quantities of gold or other minerals.

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<sup>4</sup> The EIAs at contemplate 5 hectares for operations, representing only a small portion of area of the overall tenure.

In addition, the Corporation may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production

Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration. Where expenditures on a property have not led to the discovery of mineral reserves, such incurred expenditures will generally not be recoverable. Furthermore, the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral-bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to locate and establish mineral reserves through drilling, for development of metallurgical processes to extract the metal from the ore, and in the case of new properties, for construction of the mining and processing facilities and infrastructure at any site chosen for mining.

It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a gold or other precious or base metal or mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Other factors include: the ability to hire and retain qualified people, the ability to obtain suitable machinery, equipment or labour and the ability to obtain necessary services in jurisdictions in which the Corporation operates. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

In the exploration and development phases of a project, no absolute assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, if production is commenced, mineral reserves are finite and there can be no assurance that the Corporation will be able to locate additional reserves as its existing reserves are depleted.

Although as described in this AIF, there are initial resource estimates defined for targets at Goldstrike, Halilağa (Kestane), TV Tower (KCD) and Kinsley (Western Flank), it is uncertain if further exploration will result in additional targets at the properties, or others in the Corporation's portfolio being delineated as a mineral resource. Furthermore, the terms "Resource(s)" cannot be used to describe Liberty Gold's mineral property interest at Goldstrike, or the portfolio properties due to their early stage of exploration at this time. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration at these other projects to define any mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. The term or "Reserve(s)" is not applicable to any of the Corporation's mineral property interests. Quantities and/or grade described in this AIF for targets other than at Goldstrike, Halilağa (Kestane), TV Tower (KCD) and Kinsley (Western Flank), should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the profitability of future operations.

As to the deposits at Goldstrike, Kinsley, Halilağa and TV Tower, or other properties on which the Corporation may release a resource estimate, the Corporation notes that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates may or may not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied.

In general, mining operations involve a high degree of risk. The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

### **Current Economic Conditions**

There are significant uncertainties regarding the prices of gold, copper, other precious and base metals and minerals and the availability of financing for the purposes of mineral exploration and development. A reduction in the price of gold, copper or other metals may prevent the Corporation's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of lower metal prices. The price of metals may also have a significant influence on the market price of the Corporation's Common Shares. The prices of gold and copper are affected by numerous factors beyond the Corporation's control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, sale of gold by central banks and the political and economic conditions of major gold producing countries throughout the world. As a result, the Corporation may have difficulty raising debt or equity financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to the Corporation and/or without excessively diluting present shareholders of the Corporation. These economic trends may limit the Corporation's ability to i) execute programs and budgets at Goldstrike, and/or ii) continue to meet capital calls with respect to Halilaga, and/or iii) satisfy and execute approved programs and budgets at either or both of TV Tower and Kinsley.

### **The Corporation's Securities are Subject to Market Price Volatility**

The market price of the Common Shares may be adversely affected by a variety of factors relating to Liberty Gold's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by Liberty Gold or its joint venture partners and the failure to meet analysts' expectations.

The market prices of securities of Liberty Gold have experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of Liberty Gold. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, the price of gold, copper and other commodities and market perceptions of the attractiveness of particular industries. This volatility may adversely affect the market price of the Common Shares.

The price of the Corporation's public securities is also likely to be significantly affected by short-term changes in gold, copper or other mineral prices. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares and share purchase warrants (including the Private Placement Warrants and Bought Deal Warrants, each as defined in this AIF and together herein referred to as "**Share Purchase Warrants**"), include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow and publish coverage of the Corporation's Common Shares; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares or Share Purchase Warrants; (iii) the size of the Corporation's public float, and changes thereto, may limit the ability of some institutions to invest in the Corporation's Common Shares; and (iv) a substantial decline in the price the Common Shares that persists for a significant period of time could cause the Corporation's Common Shares to be delisted from the TSX or from any other exchange upon which the Corporation's Common Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market prices of the Common Shares or Share Purchase Warrants at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

## **Government Regulation**

In addition to Permitting and License Risks, the mineral exploration activities (as well as the potential for eventual mining, processing and development activities) of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Government approvals, approval of aboriginal peoples and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained; the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

It is ultimately individuals who make interpretations and application of legislation and policy intended to benefit industry while according protections to flora, fauna and culturally significant areas; Accordingly, there is a risk that the Corporation and its business is impacted negatively by government regulation in ways that were not previously anticipated.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in the United States and Turkey have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration and mining activities in the countries in which it operates, including the United States and Turkey, may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. There is furthermore the potential impact from a lack of application of regulations, for example the recent delays in issuing of forestry disturbance permits in Turkey to allow drilling in designated areas. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

### *United States*

At the federal level, recent United States federal budgets have proposed to levy annual fees and a royalty on the gross proceeds of hardrock minerals mined on public lands including silver, gold and copper extracted from projects on public lands managed by the BLM or the United States Forest Service. The levy is ostensibly to help remediate abandoned mines across the United States. There has been an annual effort since the 2012 fiscal year budget was proposed, to update the General Mining Law of 1872; each year, the proposal has been cut. The United States Department of Interior (the "DOI") has proposed budgets that also call for reforms on mining operations and reducing the environmental impacts of mining.

These and other changes to legislation and regulation in the United States, including the possibility of an Executive Order enacted by the President of the United States with negative consequences to our business, as well as similar changes in other jurisdictions may indicate an increasing risk for companies operating in the exploration and

production stage of the mining industry to be subject to increasing taxes on operations. The Corporation's activities and financial results may be adversely impacted by these and other changes.

#### *Turkey*

In Turkey, mining rights and minerals are exclusively owned by the state. The ownership of minerals in Turkey is not subject to the ownership of the relevant land. By law, the state delegates its rights to explore and operate to individuals or legal entities by issuing licences for a determined period of time in return for a royalty payment. Mining rights, with respect to certain types of mines, belong to the state or state enterprises.

As detailed in this AIF, according to the General Directorate-Mining Affairs, the Turkish State will receive a sliding scale Gross Royalty (Pit-Head Sale Price) royalty (known as the State's Rights) for precious metals in the "Group 4C" minerals (in other words, non-ferrous minerals, excluding gems). If mineral tenure is on state-owned forestry land, an additional 30% is added to the royalty payment.

Further changes to the mining law in Turkey impacting the rate at which royalties are levied could have a substantial adverse impact on the Corporation, or on the potential economics of an exploration or development project in Turkey.

In order to conduct drilling or other potentially disruptive exploration activities on concessions within State Forest Land in Turkey, valid permits are required from the Ministry. There have recently been several changes in regulation governing the use of forestry lands for mining activities in Turkey. The potential for continuing change in Turkey as it relates to undertaking exploration activities on concessions within State Forest Land, or as it relates to other areas determined to be protected or otherwise deemed to be of national interest is elevated. Although the Orta Truva did receive notice of multiple forestry (drilling) permits in December 2016, as noted elsewhere in this AIF, the process and timeliness by which forestry permits are awarded had slowed such that very few permits were granted during the period 2014-2016.

Permitting for exploration disturbance by the Minister of Forests is now occurring more regularly; however, future uncertainty on the process and timing for the receipt of such permissions may still exist. Failure to receive timely forestry disturbance permissions may impact the Corporation's ability to conduct any planned exploration activities on the Turkish Properties.

It is uncertain if the Corporation's existing permits may be affected in the future or are appropriate to undertaking an efficient and/or successful exploration program or if the Corporation will have difficulties in obtaining all necessary forest permitting it requires for its mining and exploration activities to continue if any new regulations are adopted.

#### **Foreign Operations Risk**

The majority of Liberty Gold's operations and exploration activities are conducted outside of Canada and consequently may be affected in varying degrees by political stability and government regulations relating to foreign investment, taxation, social unrest, corporate activity, and other extractive related activities.

Liberty Gold may also acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, its operations are and may increasingly be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; repression; fluctuations in currency exchange rates; government imposed currency controls; high rates of inflation; labour unrest; the risks of war or civil unrest, whether within the geographic borders or in neighbouring countries; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; and changing political conditions, norms and governmental regulations, including those having to do with environmental requirements.

The relevant governments have granted permits, licenses or concessions that enable us to conduct operations or exploration and development activities. Notwithstanding these arrangements, our ability to conduct operations or exploration and development activities is subject to obtaining and/or renewing permits or concessions from all levels of government, and often from different ministries of government; changes in laws or government regulations or shifts in political attitudes beyond our control.

With the exception of those in the United States, our mineral resources are derived from assets located in Republic of Turkey. Turkey has historically experienced, and continues to experience, heightened levels of political and economic instability due to regional geopolitical instability. These conditions may be exacerbated by current global economic conditions, or become exacerbated during electoral processes, or the pending constitutional referendum. In particular, there have recently been political challenges in, and nearby to Turkey including, civil unrest along the geographic borders with Syria, Iran, and Iraq, terrorist acts, including bombings in major centres, and an associated refugee crisis. Through much of 2014 and part of 2015, the electoral process at different levels of government resulted in lengthy administrative delays to the permitting approvals process. Turkey also has a history of fractious governing coalitions comprised of many political parties, and has experienced anti-government protests as well as increasing unrest following investigations initiated in December 2013 into alleged government corruption, and an attempted coup in 2016. Accordingly, there continues to be a risk of future political instability.

In the United States, there has been some increase in political and regulatory risks due to the election of Donald Trump to the U.S. presidency. It remains unclear what impact Mr. Trump and his policies, or adverse reaction and opposition thereto, will have on the mining industry or the Corporation's business.

This instability may cause changes to existing governmental regulations affecting mineral exploration and mining activities and/or may have a material adverse effect on the Corporation's properties, business and results of operations. Such changes, if any, in jurisdictions in which Liberty Gold holds properties or assets may adversely affect its operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on operations, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, in the event of a dispute arising from foreign operations, Liberty Gold may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Liberty Gold also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Liberty Gold to accurately predict such developments or changes in laws or policy or to the extent to which any such developments or changes may have a material adverse effect on Liberty Gold's properties, business, operations or financial condition. The Corporation does not currently carry political risk insurance covering our investments. From time to time, management assesses the costs and benefits of obtaining and maintaining such insurance. There can be no assurance that, if obtained, political risk insurance would be available to Liberty Gold, or that particular losses suffered with respect to the Corporation's foreign investments will be covered by any insurance that Liberty Gold may obtain in the future. Any such losses could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

### **Reputational risk**

Reputational risk is the potential that adverse publicity, whether true or not, will or may cause a decline in financial results, liquidity, share price, social licence to operate or shareholder base due to its impact on the Corporation's image. Reputational risk is inherent in virtually all of the Corporation's business transactions, even when the transaction or activity is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent to the business. For these reasons, Liberty Gold's framework for reputational risk management is integrated into all other areas of risk management and is a key component of the codes of business conduct and ethics of which the Corporation's personnel are expected to observe. Liberty Gold places a high emphasis on safeguarding the Corporation's reputation, as once compromised, it can be difficult to restore.

### **Additional Capital and Potential Dilution to Common Shares**

Liberty Gold's articles of incorporation allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Corporation's board of directors (the "**Board**"), in many cases, without the approval of the shareholders.



As at the date of this AIF, there are 176,906,048 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances (including those arising from the exercise of dilutive securities) may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders.

The exploration and development of the Corporation's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest. In particular, if capital calls are made by TMST in respect of Halilağa or the Corporation acquires additional mineral properties which necessitate exploration expenditures, the Corporation may not have sufficient funds to finance such operations. The primary source of funding available to the Corporation consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be on terms that are favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

In addition, the Corporation has issued potentially dilutive securities in the form of i) incentive stock options to purchase Common Shares ("**Options**") pursuant to Liberty Gold's Stock Option Plan (2017) (the "**Option Plan**"), ii) Restricted Share Units ("**RSUs**") and Deferred Share Units ("**DSUs**"). See in this AIF, *Prior Sales: Non-trading securities* for information on numbers of RSUs, DSUs and Options exercisable.

The Corporation has also issued potentially dilutive securities in the form of Share Purchase Warrants: (i) pursuant to a bought deal financing of the Corporation's securities that closed on November 16, 2016, the Corporation issued 12,017,500 Bought Deal Warrants and (ii) pursuant to a bought deal private placement of the Corporation's securities that closed on January 26, 2018, the Corporation issued 12,469,213 2018 Warrants. Details relating to exercise periods and prices are disclosed in the Audited Financial Statements.

The Corporation may issue additional Common Shares in future offerings (including through the sale of securities convertible into or exchangeable for Common Shares), and on the exercise of RSUs, DSUs and Options. The Corporation may also issue Common Shares to finance future acquisitions and other projects. Liberty Gold cannot predict the size of future issuances of Common Shares, or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares.

Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and Liberty Gold may experience dilution in the Corporation's earnings per share.

### **Commodity Price Risks**

The price of the Common Shares, the Corporation's financial results and exploration, and development and mining activities may in the future be significantly and adversely affected by declines in the price of gold or other minerals. The price of gold or other minerals fluctuates widely and is affected by numerous factors beyond the Corporation's control, including but not limited to the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar, the Turkish lira and other foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of gold or other minerals could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from the Corporation's mining properties, if any, is dependent upon the prices of gold and other minerals being adequate to make the properties economic.

In addition to adversely affecting any resource estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause delays or may interrupt operations until the reassessment can be completed.

## **Subsidiaries and Joint Ventures**

The Corporation owns its respective 40% and 60% interests in the Turkish Properties through joint stock companies with Teck, its approximately 79.1% interest in Kinsley in a limited liability company partnership interest with a subsidiary of NSGC, a 49% interest in the Antelope, Easter, Brik and Viper properties through a joint operation agreement with Logan and it operates some of its properties through subsidiaries. Pursuant to earn-in and lease agreements, the Corporation is also the operator of certain exploration properties for which it does not have title. Accordingly, the Corporation is subject to the typical risks associated with partnerships and joint ventures and contractual agreements, including disagreement on how to develop, operate or finance the project and contractual and legal remedies of the Corporation's partners in the event of such disagreements. In addition, any limitation on the transfer of cash or other assets between the Corporation and such entities, or among such entities, could restrict the Corporation's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Corporation's value and stock price.

The terms of the joint venture agreement governing the exploration of Halilağa provide effective control to TMST over many of the activities conducted on Halilağa since TMST holds a majority (60%) of the shares of the joint venture company that holds the mining rights in respect of that property. The respective joint venture agreements for Kinsley, TV Tower and Halilağa provide that only a limited number of decisions regarding the respective property interests require unanimous approval. Accordingly, for as long as the Corporation has less than a 100% interest in any particular property, it may be dependent upon the relevant joint venture partner for many aspects of project development.

## **Risks Associated with a Lack of Funding to Satisfy Contractual Obligations**

The Corporation may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Corporation may have its property interests subject to such agreements reduced as a result or even face termination of such agreements. The Corporation has joint venture agreements in Turkey with respect to Halilağa and TV Tower and in the United States at Kinsley. Each of these joint venture agreements provides for adjustments to the interests of the parties in the respective legal entity that holds the property interest where either party fails to fund cash calls within certain specified periods. If the Corporation fails to fund cash calls, it risks having its interest reduced, may lose its effective veto power over certain decisions and ultimately could have its interest in the particular joint venture diluted or terminated. TMST, the Corporation's partner at Halilağa and TV Tower is a subsidiary of Teck, a much larger entity with far greater access to financial resources than the Corporation.

## **Reliance on a Limited Number of Properties**

Although the Corporation continues to hold and advance the JV Properties, the only Material Property of the Corporation is its 100% interest in Goldstrike. As a result, unless i) the Corporation acquires additional property interests, or ii) another project, any adverse developments affecting any one of these properties could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, or may at a future date designate any or all of its 79.1% interest in Kinsley, its 40% interest in Halilağa or its 60% interests in the TV Tower as a Material Property, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

## **Land Title**

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore its mineral property interests in the United States, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation. The Corporation's mineral properties in the United States are primarily unpatented mining claims to which the Corporation has only possessory title. Because title to unpatented mining claims is subject to inherent uncertainties, it is difficult to determine conclusively the ownership of such claims. In addition, certain of the Corporation's mineral property interests, including some of the land that comprises Goldstrike, also include areas of leased land. Lease agreements are subject to various obligations, restrictions and indemnifications, and are

subject to periodic renewal; any such renewal will require renegotiation when facts and circumstances for the parties might be different than when originally agreed.

Uncertainties also arise as related to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Since a substantial portion of all mineral exploration, development and mining in the United States now occurs on unpatented mining claims, this uncertainty is inherent in the mining industry.

The present status of the majority of the Corporation's unpatented mining claims located on public lands provides the Corporation with the exclusive right to mine and remove valuable minerals, such as precious and base metals. The Corporation is also allowed to use the surface of the land solely for purposes related to exploration, mining and processing the mineral-bearing ores. However, legal ownership of the land remains with the United States government. The Corporation remains at risk that the mining claims may be forfeited either to the United States government or to rival private claimants due to failure to comply with statutory requirements.

In Turkey, mining rights and minerals are exclusively owned by the State. The ownership of the minerals in Turkey is not subject to the ownership of the relevant land. The State, under the mining legislation, delegates its rights to explore and operate to individuals or legal entities by issuing licences for a determined period of time in return for a royalty payment. Mining rights, with respect to certain types of mines, belong to State or State enterprises.

The Corporation, in collaboration with Teck, may need to enter into negotiations with landowners and other groups in the local community in Turkey in order to conduct future exploration and development work on the Turkish Properties. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups in Turkey or if such agreements will be on terms acceptable to the Corporation so that the Corporation can continue to conduct exploration and development work on these properties.

### **Infrastructure**

Mining, processing, development, and exploration activities depend on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

### **Costs of Land Reclamation**

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the Corporation's properties. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the business, financial condition and results of operations of the Corporation.

### **Limited Operating History**

The completion of the Fronteer Arrangement on April 6, 2011 and subsequent listing on the TSX of the Common Shares marked the start of independent operations for Liberty Gold. As the Corporation is only in its seventh year of operation, it has limited history of operations and no earnings. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

### **Insurance and Uninsured Risks**

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities,

personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation does not carry political risk insurance. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Environmental Risks and Hazards**

The Corporation currently has no known financial obligations relating to environmental protection. However, all phases of the Corporation's operations are subject to environmental regulation (including EIAs and permitting) in the jurisdictions in which it operates. Several of the properties in the United States, to which the Corporation has an interest, including Goldstrike in Utah, Kinsley in Nevada and Black Pine in Idaho, have undergone significant surface disturbance for as many as 100 years. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation and international standards are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation and standards, if any, will not adversely affect the Corporation's business, condition or operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Liberty Gold cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect Liberty Gold.

### **Water Sources**

Community water sources exist in the same regions as the Corporation's property interests in the United States and Turkey. The Corporation will have to ensure that exploration activities do not impact community water sources. In the United States, access to and availability of water near the Corporation's mineral property interests, including Goldstrike, is often based demonstrable need and use, and may require entering into lease or consumption agreements that may be very costly to the Corporation. The proposed watershed protection area that overlaps the Turkish Properties could also impact the Corporation's access to water and the way in which arrangements with local communities are negotiated to provide access. Future operations may require that alternate water sources be provided to potentially affected communities.

### **Indemnified Liability Risk**

Pursuant to the Arrangement Agreement, Liberty Gold has covenanted and agreed that, following the FA Effective Date, it will indemnify Newmont, Fronteer and its subsidiaries from all losses suffered or incurred by them as a result of or arising directly or indirectly out of or in connection with an Indemnified Liability (as such term is defined in the Arrangement Agreement), which includes the amount of any tax payable by Fronteer in respect of the disposition of Common Shares to the former Fronteer security holders. Liberty Gold will remain liable under this indemnity for 60 days after the end of the relevant statutory limitation period in respect of claims for taxes. Liberty Gold's liability under other obligations within the Indemnified Liability expired on April 6, 2017.

Due to Liberty Gold's limited financial resources, any requirement to indemnify under this provision could have a material adverse effect on the ability of Liberty Gold to carry out its business plan.

## **Competitive Conditions**

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. In particular, there is a high degree of competition faced by the Corporation for desirable mining property interests, suitable prospects for drilling operations and necessary mining equipment, and many of these companies have greater financial resources, operational experience and/or more advanced properties than the Corporation. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly-skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

In addition, and as described in this AIF, the Corporation is subject to certain covenants in the Arrangement Agreement, the Kinsley Agreement, and on the Turkish Properties that affect its ability to acquire and explore additional properties in prescribed AOIs in Nevada and Turkey, respectively. The management, employees, and directors of Liberty Gold have significant expertise, experience, and history working in the State of Nevada and Turkey. These covenants and restrictions will prevent Liberty Gold from entering into, or undertaking activities in this AOI for a specified period of time which may reduce the Corporation's potential and ability to benefit from and maximize the collective experience of its management, employees and directors.

## **Specialized Skill and Knowledge**

Various aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning, and implementation of exploration programs, as well as finance and accounting. The Corporation has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so; however, no assurances can be made in that regard.

## **Acquisitions and Integration**

From time to time, it can be expected that the Corporation will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. If the Corporation chooses to raise debt capital to finance any such acquisitions, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

## **Future Sales of Common Shares by Existing Shareholders**

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares. In particular, Newmont indirectly owns approximately 7.78% and Resource Capital Funds ("RCF") own approximately 8.4% of the issued and outstanding Common Shares. If Newmont, RCF or any other shareholder with a significant ownership interest in the Corporation decides to liquidate all or a significant portion of their position, it could adversely affect the price of the Common Shares.

### **Influence of Third Party Stakeholders**

Some of the lands in which Liberty Gold holds an interest, or the exploration equipment and roads or other means of access which Liberty Gold intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. If such third parties assert any claims, Liberty Gold's work programs may be delayed even if such claims are without merit. Such delays may result in significant financial loss and loss of opportunity for Liberty Gold.

### **Risk of Litigation**

Liberty Gold may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If Liberty Gold is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of Liberty Gold to carry out its business plan.

### **Conflicts of Interest**

Certain of the directors and officers of the Corporation also serve as directors and/or officers of Oxygen, a company from whom the Corporation receives management and technical services, as well as other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA and other applicable laws.

### **Passive Foreign Investment Corporation ("PFIC")**

Liberty Gold was classified as a PFIC within the meaning of Section 1291 through 1298 of the US Internal Revenue Code of 1986, as amended, for the 2011-2017 tax years, and may again be classified as a PFIC for the 2018 tax year and beyond. A US shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to special US federal income taxation rules, which may have adverse tax consequences to such shareholder. Additionally, a United States shareholder may be eligible to make certain elections under two alternative tax regimes. A US shareholder should consult its own US tax advisor with respect to an investment in the Common Shares and to ascertain which elections, if any, might be beneficial to the United States shareholder's own facts and circumstances.

### **Key Executives**

The Corporation is dependent on the services and technical expertise of several key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals may adversely affect the Corporation's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

### **Internal Controls**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Although Liberty Gold has a limited history of operations, the Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations. The Corporation's certifying officers have assessed internal control over financial reporting to be effective as at December 31, 2017.

### **Credit and Liquidity Risk**

Credit risk arises from cash and cash equivalents held with banks and financial institutions, and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Liberty Gold has no debt, and at the date of this AIF, has approximately \$7.8 million in cash and short term deposits primarily held with large Canadian, US and Turkish commercial banks, and approximately \$0.35 million of available for sale investments.

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known precisely when the Corporation will require external financing in future periods.

### **Currency Rate Risk**

The Corporation's reporting currency is the United States dollar, which is exposed to fluctuations against other currencies. The Corporation's most recent equity financing was undertaken, and funds were received in Canadian dollars. The Corporation's primary operations are located in the United States and Turkey and many of its expenditures and obligations are denominated in United States dollars and Turkish lira. It can be anticipated that obligations will also arise in Euros and other currencies should the Corporation expand its operations into additional countries. The Corporation maintains its principal office in Canada; maintains cash accounts in United States dollars, Turkish lira, and Canadian dollars and has monetary assets and liabilities in United States dollars, Canadian dollars, and Turkish lira. As such, the Corporation's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Corporation. The Corporation has not undertaken to mitigate transactional volatility in the United States dollar, Turkish lira, or the Canadian dollar at this time. The Corporation may, however, enter into foreign currency forward contracts in order to match or partially offset existing currency exposures.

### **Cyber Security Risks**

As the Corporation continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Corporation relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Corporation's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Corporation has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Corporation believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

### **Dividend Policy**

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs. At this time, the Corporation has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

## **GOLDSTRIKE PROJECT**

On March 21, 2018, Liberty Gold Corp. released the "*Independent Technical Report and Resource Estimate for the Goldstrike Project, Washington County, Utah, U.S.A.*", effective date February 8, 2017, authored by David Rowe,

CPG of SRK Consulting (Canada) Inc., (“**SRK**”) James N. Gray, P.Geo. of Advantage Geoservices Ltd. and Gary L. Simmons, MMSA of GL Simmons Consulting, LLC each a “qualified person” as defined in NI 43-101. The Goldstrike Resource Technical Report was filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)).

The information contained in this summary has been derived from the Goldstrike Resource Technical Report, and is subject to certain assumptions; qualifications and procedures described in the Goldstrike Resource Technical Report and is qualified in its entirety by the full text of the Goldstrike Resource Technical Report. Reference should be made to the full text of the Goldstrike Resource Technical Report.

## **Project Description, Location and Access**

### *Location and Means of Access*

The Goldstrike Project is located in the Bull Valley Mountains in southeastern Utah, approximately 50 kilometres northwest of St. George, Utah and 13 km east of the Nevada state line. St. George is located on Interstate Highway 15, which connects Las Vegas to Salt Lake City. Access is via paved highway and all-weather gravel road. Mine haul roads provide excellent access to all the mined pits, with unimproved gravel roads providing access to most other areas of the property.

The Goldstrike Property is made up of a central block of patented claims that are surrounded by a contiguous block of unpatented claims and land leased from the state of Utah, all within Washington County, Utah. The combined mineral property at Goldstrike controlled by Liberty Gold totals 18,855 ac (7,630 ha) as of 08 February 2018.

Cadillac acquired leases on a large number of patented mining claims, totaling 41 claims (634.76 acres), as four separate parcels in 2011. The claims cover approximately 40% of the historically mined area, including the Goldtown and Covington open pits and portions of the Basin and Hamburg pits. Two parcels of land are leased from the State of Utah under the School and Institutional Trust Lands Administration and are subject to a yearly lease fee. A total of 99 unpatented claims are leased from Oro Vista LLC and eight are leased from Ray Hunter LLC. The remaining 796 unpatented claims are 100% owned by Pilot Goldstrike Inc. Ownership of unpatented mining claims is in the name of the holder, or locator, subject to the paramount title of the United States of America, under the administration of the U.S. Bureau of Land Management (“**BLM**”). Under the Mining Law of 1872, which governs the location of unpatented mining claims on Federal lands, the locator has the right to explore, develop, and mine minerals on unpatented mining claims without payments of production royalties to the U.S. government, subject to the surface management regulation of the BLM. In recent years, there have been efforts in the U.S. Congress to change the 1872 Mining Law to include, among other items, a provision of production royalties to the U.S. government. Holding costs for the property are \$319,627 per year, including BLM and county filing fees for the unpatented claims, lease payments and taxes for the patented claims, and lease payments for the Utah State lands. All claims have an expiration date of September 1, 2018 unless annual claim maintenance fees have been paid in full on or before September 1, 2018.

### *Underlying Agreements and Encumbrances*

Mineral production from the Goldstrike Project would be subject to the Utah Mining Severance tax of 2.60%, subject to certain exemptions. The Goldstrike Project may be eligible for a State of Utah High Cost Infrastructure Tax Credit, under which up to 30% of state revenues per year can be written off for up to 20 years, or until 50% of certain infrastructure investments are recovered. The 41 original patented claims are subject to a 2.5% Net Smelter Return (“NSR”) royalty, payable to the individual claim owners. The Bracken Trust patents are subject to a 1% NSR. Land leased from the State of Utah is subject to a 4.0% gross value production royalty.

Unpatented claims leased from Oro Vista LLC and RayHunter LLC are subject to a 3.0% NSR royalty. Both the Oro Vista and RayHunter leases have been paid through July 10, 2018. Under the terms of the Oro Vista and RayHunter leases, Liberty Gold has the option to purchase 1/3<sup>rd</sup> of both royalties (1%) for \$500,000 each, until 10 July 2020. The 116 GAP unpatented claims owned by Liberty Gold are subject to a 2.0% NSR royalty payable to Vista Gold U.S. Inc.

Other than that which is discussed above, Liberty Gold has not identified any other significant factors or risks that may affect access to title or the right or the ability to perform work on the property.



## **Historical Mining**

Prospecting in the Goldstrike mining district commenced as early as the 1870's, with minor exploration activity and gold production between 1895 and 1920. Approximately 40 lode claims and one placer claim were brought to patent during this period. Coarse gold was recovered, and a three stamp mill operated briefly, but the total recorded production from 1912 through 1942 is only about 813 ounces. Exploration in the district was largely dormant until the 1960's.

Modern exploration began in the late 1960's with the Padre Mining Company, which staked 53 claims on the east side of Liberty Gold's patented claim block. Exploration for "Carlin-style" sediment-hosted gold deposits began in earnest in the early 1970's.

Historical exploration and mining within the property culminated with the development of the Goldstrike mine by Tenneco Oil Company ("**Tenneco**"), which from 1988 to 1996 produced oxidized disseminated-gold ore for heap-leach recovery from 11 open pits. In 1992, the Goldstrike mine was sold to United States Mineral Company ("**USMX**"). USMX mined out the remaining ore and reclaimed the property. A total of approximately 210,000 ounces of gold and 198,000 ounces of silver were recovered from approximately 6.9 million tons of ore.

## **Geology and Mineralization**

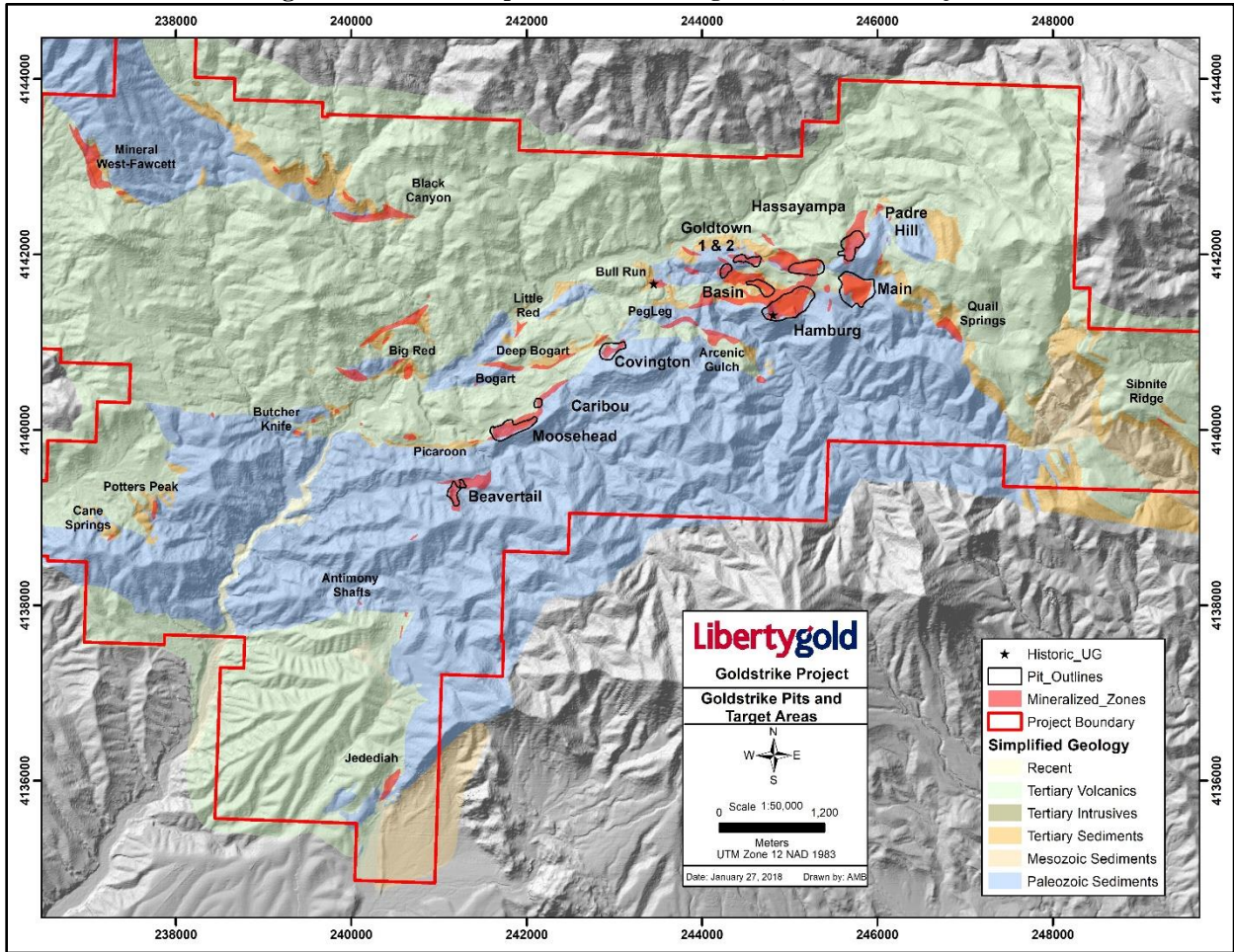
### ***Regional, Local, and Property Geology***

The Goldstrike Property occurs at the eastern edge of the Basin and Range Province, transitional to the Colorado Plateau. Paleozoic era Devonian, Mississippian, Pennsylvanian, and Permian marine clastic and carbonate sedimentary sequences are unconformably overlain by Mesozoic era Jurassic and Cretaceous sandstones and conglomerates, and Cenozoic era sedimentary and volcanic rocks. Rocks as young as Jurassic were strongly deformed during the Late Cretaceous Sevier orogeny, being folded and thrust imbricated. This was followed by the Laramide-age contractional deformation, that is likely a relatively minor event. Late Cretaceous to Paleocene basins developed with voluminous deposits of coarse clastic strata, and these were overlain by sandstone and conglomerate deposits of Paleocene to Oligocene age, including the Claron Formation.

The Goldstrike area is underlain by eroded Paleozoic rocks comprised of Devonian through Permian interbedded carbonates and sandstones, and Mesozoic rocks comprised of Jurassic and Cretaceous sandstones and conglomerates. As with most areas in the Basin and Range with economic quantities of disseminated gold, the Paleozoic and Jurassic strata are strongly deformed, being complexly folded and faulted during Mesozoic contractional and Cenozoic extensional events.

The Paleozoic and Mesozoic rocks are unconformably overlain by Cenozoic rocks comprised of Paleocene to Oligocene limestone, sandstone and conglomerate, and Oligocene-Miocene ash-flow tuffs (Figure 1). Strongly altered mafic dikes of basalt or andesite composition locally intrude the sedimentary section.

Figure 1 - Historical exploration and drilling areas, Goldstrike Project



### Structural Geology

Paleozoic and Mesozoic strata at the Goldstrike property are strongly folded and thrust imbricated. The deepest structural level is represented by outcrops of the Triassic-Jurassic Navajo Sandstone, which is present in a structural window in the southeastern part of the property. The overlying Square Top Mountain allochthon, encompassing much of the project area, is interpreted to be a significant regional feature. The hanging wall of the Square Top Mountain thrust fault includes the Mississippian Scotty Wash Quartzite and Chainman Shale, which are common units to the northwest, in eastern Nevada, but do not occur as autochthonous units in southern Utah. Other units in the hanging wall of the Square Top Mountain thrust include the Redwall Limestone, Callville Limestone, Pakoon Dolomite and Queantowep Sandstone. This strongly-deformed sequence is in turn overlain by a repeated sequence of the same strata along the Goldstrike thrust fault, the surface expression of which trends roughly northeast across the property. These thrust faults are probably of Late Cretaceous-Paleocene (Sevier) age and appear to verge to the southeast, with asymmetric, locally overturned folds in the hanging walls. Significant offset is inferred by the presence of Paleozoic strata emplaced over Mesozoic Colorado Plateau strata. Fault propagation folding along this thrust fault probably caused the near-vertical bedding in the Pennsylvanian Callville Limestone exposed in the Moosehead pit. In general, Paleozoic strata in the historic Mine Trend form an anticlinal structure, the axis of which trends northeast in the western part of the property, bending around to assume a southeast trend in the eastern part of the property. A weak axial-planar(?) cleavage is locally developed in shaly to silty units.

Significant vertical relief existed in the district during late Cretaceous time, as evidenced by the Grapevine Wash Conglomerate, which extends southeastward from the Squaretop Mountain allochthon. Very coarse, poorly-sorted conglomerate represents colluvial and alluvial fan deposits shed off the allochthon into an adjacent basin to the south.

A significant period of erosion must have taken place post-Sevier thrusting, as rocks younger than Permian are lacking in this area (except for the footwall of the Square Top thrust), and the relatively undeformed Eocene basal Claron Formation overlies the middle to late Paleozoic section and Grapevine Wash Conglomerate on a significant unconformity. Rapid changes in thickness of the basal coarse clastic unit in the Claron Formation suggests some local relief on the erosional surface. There is some debate over whether the Claron Formation in the Goldstrike area represents local deposition in faulted basins, or is more regional in extent. Significant rounding of clasts and diverse clast provenance suggests the latter. Overlying Oligocene to Miocene tuffs are largely conformable, which is suggestive of relative tectonic quiescence during this period.

A major local faulting event most likely occurred in the Miocene following deposition of the volcanic sequence. This event formed faults that trend east-northeast, west-northwest and north-northeast, and created the dominant structural fabric on the property. Faults formed during this event display normal and/or strike-slip displacements of varying magnitude. Faulting resulted in formation of several horsts, grabens and tilt blocks. Grabens include the east-trending Goldstrike graben and the northwest-trending Peg Leg graben. A prominent set of secondary, west-northwest-striking faults is present throughout the Main Zone. Locally, they strongly control mineralization, for example in the Basin Pit. Another set of high angle faults strikes north-northeast, most notably bounding the Main Pit and along the axis of the Padre Pit. These faults are also mineralized and may represent reactivated faults in the Paleozoic rocks that controlled paleotopography to some extent.

### ***Location of Mineralization***

Gold exploited in the late 19th and early 20th century was reportedly mined from structurally-controlled jasperoid bodies in the area of the Hassayampa and Hamburg pits. In addition, coarse gold was reportedly mined from coarsely crystalline calcite veins at the Hamburg Mine (now part of the Hamburg pit) and Bonanza (Covington pit) mines. The veins at the Hamburg Mine were localized along the margin of a strongly altered andesite or basalt dike.

Of greater significance, disseminated “micron” gold is commonly found in the basal portion of the Claron Formation and Paleozoic strata immediately under it, in association with silicification (jasperoid) and clay alteration, and in particular where the Claron contact is cut by roughly east-west, west-northwest, and north-northeast striking, high-angle faults. This setting is where the Goldtown, Hassayampa, Hamburg, Padre and Main Zone pits are located. The high-angle faults are primarily mineralized only where they intersect favourable rock types, including conglomerate, sandstone and calcareous siltstone of the basal Claron above the unconformity. Multiple Fault intersections may play a role in localizing mineralization. Most of the graben-bounding faults are mineralized to some degree, with the exception of the listric Hassayampa fault bounding the north side of the Goldstrike Graben, a younger feature which offsets mineralization in a north side up configuration. Most mineralized faults also show some evidence of post mineral offset. The main graben-bounding faults bend into a more southwesterly orientation to the west, with a line of pits along this trend, including the Covington, Caribou and Moosehead pits. Mineralization in these areas, as well as the Beavertail Pit, is primarily hosted in the Callville limestone, and to a lesser extent in the Scotty Wash Quartzite, Chainman Shale and Redwall Limestone.

Faults associated with gold mineralization typically have large zones of calcite veining or calcite vein breccias developed along them. These calcite zones can be up to 15.2 m wide in places. It is assumed that these calcite veins are late with respect to Carlin-style mineralization, and barren, although early reports of gold production state that coarse gold was associated with the calcite veins. These same fault zones are in places intruded by thin basaltic dikes and sills that locally host coarse gold along their margins and internal steep shears

Extensive mineralization is also found in favourable Paleozoic carbonate, sandstone and shale units, particularly where they are in proximity to the basal Claron Formation unconformity or large faults. In general, the Paleozoic rock units at the unconformity young east to west in the Main Zone Covington Pit area, with the Redwall Limestone in contact with the Claron Formation in the eastern Main and Hamburg pit areas and the Queantowep Sandstone in contact with the Claron Formation north of the Covington Pit. The Callville Limestone is in contact with the Claron Formation in the Moosehead pit area and probably at Beavertail. In general, the upper portion of the Callville Limestone is the most favourable unit to host mineralization, while the Redwall, Scotty Wash, Chainman and the middle sandy member of the Pakoon Dolomite also host mineralization. The Queantowep Sandstone and the upper and lower dolostone members of the Pakoon Dolomite tend to be barren of mineralization. As well, the basal Claron Formation adjacent to these units tends to be less well endowed with gold mineralization than when it is adjacent to

more favourable Paleozoic units. This generalization can be extended to locations in the southeast part of the property where the Claron Formation is in contact with the Grapevine Wash Conglomerate. It is possible that the relative lack of calcite associated with these formations may be a factor in the lack of gold mineralization, or lack of a permeability/porosity contrast.

“Atypical” (for a Carlin system) mineralization has been noted primarily in the Paleozoic Rocks, in the form of relatively coarse free gold that is visible with a hand lens and can be panned from drill cuttings or outcrop. Gold is present either in association with medium to pale grey jasperoid or with greenish (chlorite?) altered shale. The total extent of this style of mineralization is unknown at this time. Coarse free gold has been recovered in the historic Hassayampa, Peace, Hamburg and Bull Run mines as well as along the entire length of the East Fork of the Beaverdam wash as placer gold.

Disseminated gold mineralization has been documented on a property-wide scale by surface sampling or drilling virtually everywhere that rocks proximal to the Claron Formation unconformity (basal Claron Formation or immediately underlying Paleozoic strata) are exposed, over an approximately 30 km<sup>2</sup> area.

The style of disseminated mineralization at Goldstrike is similar to other sediment-hosted gold deposits in the Great Basin, where elemental gold is located within the lattice of arsenical rims on pyrite grains. Mineralization drilled and mined to date is oxidized, and thus the original presence of arsenical pyrite is inferred from the presence of scorodite with iron oxides and by the elevated arsenic content of mineralized rocks. Few other minerals have been noted in association with gold. These include very local occurrences of orpiment, realgar, stibnite and stibiconite.

A number of exploration targets between and around the pits remain, primarily marked by linear zones of elevated gold in soil or rocks, and in shallow drill holes with gold mineralization.

### ***Deposit Type***

Goldstrike mineralization is best described to be in the class of sedimentary rock-hosted Carlin-style deposits. The Carlin-style class of gold deposits are not unique to the eastern Great Basin. They are characterized by concentrations of very finely disseminated gold in silty, carbonaceous, and calcareous rocks. The gold is present as micron-size to sub-micron-size disseminated grains, often internal to iron-sulphide minerals (arsenical pyrite is most common) or with carbonaceous material in the host rock. Free particulate gold, and particularly visible free gold, is not a common characteristic of these deposits; significant placer alluvial concentrations of gold are therefore not commonly associated with eroded Carlin-style gold deposits.

All Carlin-style deposits in the Great Basin have some general characteristics in common, although there is a wide spectrum of variants. Anomalous concentrations of arsenic, antimony, and mercury are typically associated with the gold mineralization; thallium, tungsten, and molybdenum may also be present in trace amounts. Alteration of the gold-bearing host rocks of Carlin-type deposits is typically manifested by decalcification, often with the addition of silica, fine-grained disseminated sulphide minerals, remobilization and/or the addition of carbon, and late-stage barite and/or calcite veining. Small amounts of white clays (illite) can also be present. Decalcification of the host produces volume loss, with incipient collapse brecciation that enhances the pathways of the mineralizing fluids. Due to the lack of free particulate gold, Carlin-style deposits generally do not have a coarse-gold assay problem common in many other types of gold deposits.

Deposit configurations and shapes are quite variable. Carlin-type deposits are typically at least somewhat stratiform in nature, with mineralization localized within specific favourable stratigraphic units. Fault and solution breccias can also be primary hosts to mineralization.

### ***Exploration***

The Goldstrike Project drill hole data base comprises a grand total of 1,978 holes for 170,989 m drilled by 13 companies on the property including Liberty Gold, from 1978 through 2017. Most of the holes drilled are vertical reverse-circulation/rotary holes (1,950 holes for 167,527 m), with limited core drilling (28 core holes for 3,461 m).

Liberty Gold inherited substantial historical data from the previous operators, including a partial historical digital drill hole database. Original laboratory certificates are available for most of the drill holes samples, as are some surface geochemical and blast-hole data for all the historical mine pits. Paper maps, cross sections, drill logs, reports, and other miscellaneous information derived from the historical mining operation are also part of the historical data package. These data have been digitized, verified, and assembled by Liberty Gold into a comprehensive digital database.

Work continues to compile geologic mapping and surface sampling by historical operators into a complete digital geologic map of the property. Liberty Gold has supplemented the approximately 7,912 historical soil samples and 507 historic rock samples with an additional 1,987 soil samples, and 975 rock samples collected throughout the property. Rock sample values range from below detection to a high of 26.3 g/t Au. Correlation matrices for all the rock samples show a strong Au-Ag-Sb-Te affinity and a lesser Au-Hg-Tl-Zn-Ni-As-Mo-Cu correlation. In combination with field observations, the sampling indicates that gold is associated with multi-phase jasperoid breccias with strong jarosite-limonite-hematite matrix.

### Drilling

The historical drill hole database includes 1,501 holes drilled by 12 previous operators during 1978 to 2012, totaling 96,264 m: 1,484 reverse-circulation/rotary holes for 94,359 m and 17 core holes for 1,905 m (Table 1). Drill hole collar information has had several iterations of validation. The historical database contains 59,869 assay intervals, which average 1.57 m, with 97% of the sample intervals having a length of 1.524 m (5 ft).

**Table 1-Summary of Goldstrike Drilling in Liberty Gold’s Database**

Company	Year	RC/Rotary Holes		Core Holes		Total	
		No.	Meters	No.	Meters	No.	Meters
Occidental	1978	10	629	-	-	10	629
Houston International	1980-1981	37	2,054	-	-	37	2,054
Permian	1982-1987	39	1,823	-	-	39	1,823
Inspiration	1985-1986	205	9,319	5	160	210	9,479
Tenneco	1987-1992	992	63,612	-	-	992	63,612
Goldsil	1988-1989	30	2,487	-	-	30	2,487
Pegasus	1989-1990	26	1,964	-	-	26	1,964
USMX	1993	128	7,864	-	-	128	7,864
North Mining	1997	-	-	3	664	3	664
Bull Valley	1999	6	2,707	-	-	6	2,707
Midway	2004	8	1,332	-	-	8	1,332
Cadillac	2011-2012	3	567	9	1,080	12	1,647
<b>Historical Totals</b>		<b>1,484</b>	<b>94,359</b>	<b>17</b>	<b>1,904</b>	<b>1,501</b>	<b>96,264</b>

There is limited information available for drilling and sampling methods and procedures employed by historical operators. There are no down-hole survey data in the Goldstrike Project database for the historical holes. Almost 80% of the historical holes in the compiled database were drilled vertically, and only 44 of the 1,501 historical holes were drilled to depths exceeding 125 m.

Liberty Gold conducted three drilling programs at Goldstrike from November 2015 to December 2015; March 2016 through December 2016; and February through December 2017. Liberty Gold’s 2015 to 2017 Goldstrike Project drill hole database currently contains a total of 477 reverse circulation (“RC”) and core holes for 74,725 m drilled by Liberty Gold (Table 2).

**Table 2: Summary of 2015 to 2017 Liberty Gold drilling**

Company	Year	RC/Rotary Holes		Core Holes		Total	
		No.	Meters	No.	Meters	No.	Meters
Liberty Gold	2015	18	2,877	-	-	18	2,877
Liberty Gold	2016	163	24,482	11	1,556	174	26,038
Liberty Gold	2017	285	45,810	-	-	285	45,810
<b>Liberty Gold Totals</b>		<b>466</b>	<b>73,169</b>	<b>11</b>	<b>1,556</b>	<b>477</b>	<b>74,725</b>

In late 2015, Liberty Gold drilled in the Main, Aggie, and Moosehead areas. In 2016, further holes were drilled in the Main, Aggie, Peg Leg, Dip Slope, Western Grabens and Covington area. In 2017, holes were drilled in the Main, Aggie, Peg Leg, Dip Slope, Western Grabens, Padre, Moosehead, Caribou, Beaver Tail, Covington pit, Mineral Mountain, Jack’s Camp and Jedediah areas.

The drilling contractor for the 2015 drilling program was Major Drilling of Salt Lake City, Utah. A truck-mounted Schramm 450 type drill rig was utilized with a rotating wet “cyclone” type splitter sample return and 4.5 to 6 in diameter bits. All drilling was done with water injection.

The drilling contractor for the 448 RC holes drilled in 2016 and 2017 was Boart Longyear of Elko, Nevada. Track-mounted Foremost MPD 1500 type drill rigs were utilized, with a rotating wet “cyclone” type splitter for sample return and 4.5 to 6 in diameter standard or center-return bits. All drilling was done with water injection.

Down-hole surveys for the RC holes in all years were carried out by logging contractor International Directional Services (“IDS”) of Elko, Nevada. IDS utilized a truck-mounted, through-the-drill steel Reflex Gyro gyroscopic survey instrument. Readings were taken at the bottom, top, and at 15 m intervals throughout the completed drill hole. There generally can be more deviation in RC holes, however significant drill hole deviations have not been encountered in the RC drilling at Goldstrike. While an attempt was made to get a downhole survey on every hole there are 25 Liberty holes without surveys due to logistical considerations.

The drilling contractor for the core holes drilled in 2016 was Major Drilling of Salt Lake City, Utah, using a track-mounted LF-90 drill rig and PQ tools. Down-hole surveys for core holes were completed with a Reflex E-Z Shot electronic solid-state single-shot down-hole camera supplied by Major Drilling. Readings were taken at the collar and at approximately 30 m intervals down hole. Significant hole deviations were not encountered. The Major E-Z Shot tool was cross checked using the IDS instrument and no major discrepancy was noted.

Collar locations were initially located in the field by Liberty Gold personnel using a Trimble GeoXH type hand-held GPS unit receiver with differential correction accuracy of 0.5 m in the X&Y directions and 1 m in the Z direction. Subsequent to drilling, drill holes were abandoned according to Nevada state regulations. After completion of the holes, the collars were marked with stamped brass tags on a steel wire and their locations were again surveyed by Liberty Gold personnel using a Trimble GeoXH type GPS unit. At the end of 2016 and 2017, most of the drill pads were surveyed by All Points North Surveying and Mapping of Elko, Nevada using a geodetic survey-grade Trimble 4000-series GPS receiver with a base station for real-time correction. Accuracy of the measurements is  $\pm 2$  cm in the X and Y directions and  $\pm 3$  cm in the Z direction. The surveys were specific to some, but not all the drill collars. Where multiple holes were drilled from one pad, normally only the most recent collars were recovered, while previous collar locations were destroyed by subsequent drilling activity. For unrecoverable drill collars, the X and Y coordinates from the previous Liberty Gold survey were used, with the Z coordinate from the All Points North survey.

The primary purpose of the 2015 program was to validate drilling carried out by previous operators, and to test the hypothesis that mineralization extends down-dip of the historic pits along the Claron Formation basal contact. Holes were drilled over approximately 4 km along the historic mine trend. The drilling provided proof of concept that mineralization extends down dip and lateral to the historic pits.

The drill program in 2016 focused primarily on resource definition in the Main Zone, defined as mineralization contained within the Goldstrike Graben. Late in the year, other targets, including the dip slope north of the Hassayampa fault, the Covington Pit area and the Peg Leg graben south of the main zone, were tested.

In 2017, in addition to continued drilling in the areas listed above, drilling was significantly expanded to include the Padre Pit area, and areas in the western portion of the Historic Mine Trend, including the Moosehead and Caribou pits and several unnamed areas to the north. The Mineral Mountain area was also drilled. Late in the season, several outlying target areas were tested.

## **Sampling, Analysis and Data Verification**

### ***Sampling***

#### ***Historical Surface Sampling***

SRK is unaware of the sample preparation and analytical methods used for the historical surface samples, most of which are attributed to Tenneco. It is important to note, however, that the historical sample data were used to develop a successful commercial mining operation that produced more than 200,000 ounces of gold.

#### ***Liberty Gold Samples***

##### ***Liberty Gold Soil Samples***

Rangefront Geological Consulting (“**Rangefront**”) collected soil samples using hand-held GPS units with pre-programmed sample locations. Samples generally ranged in weight from 0.3 to 0.8 kg. Samples were transported by Rangefront directly to ALS Minerals’s (“**ALS**”) sample preparation facility in Elko Nevada, where they were transported to Winnemucca for preparation. Samples were screened to -180 µm. The less than 180 µm fractions were analyzed for gold by 30 g fire assay with AA finish (ALS method code Au-AA23) and 51 elements by inductively coupled plasma atomic emission and mass spectrometry (“**ICP-MS**”) following aqua regia digestion (ALS method code ME-MS41).

##### ***Liberty Gold Rock Samples***

Rock samples were collected by Liberty Gold personnel and transported to the ALS sample preparation facility in Elko, Nevada. Sample weights were generally between 1 and 2 kg. Data recorded at the sample site include handheld GPS locations, type of sample (grab, chip), rock type and alteration. Samples were crushed to 70% passing 2 mm mesh, split and pulverized to 85% passing 75 µm mesh. Gold was determined by 30 g fire assay with AA finish (ALS code Au-AA23). 51 elements were determined by ICP-MS following aqua regia digestion (ALS method code ME-MS41).

##### ***Liberty Gold Drilling Samples***

Liberty Gold geologists were on site during the Liberty Gold drilling program and they carried out geological logging of drill core, and defined the core sample intervals. Drill core was collected at the drill sites by Liberty Gold personnel. The core was logged on site in or adjacent to a trailer designated for that purpose, using a purpose-built Excel template that records rock type, alteration, RQD and other parameters.

All drill core was sampled except for some backfill and pad-fill material, as well as the upper portions of holes drilled from the same drill pad, where mineralization was not expected. Sampled intervals were identified based on geological considerations. Sample lengths vary from approximately 0.24 to 5.8 m, with an average length of 1.5 m. After logging, the core was transported to Liberty Gold’s core processing and storage facility in Elko by Liberty Gold staff. Personnel from Rangefront photographed the core wet and dry, then cut the core length-wise into halves using diamond saws and sampled the core, with one half sampled and sent to the assay laboratory. All samples were transported by ALS personnel from the Liberty Gold cutting facility to the ALS sample preparation laboratory in Elko, Nevada. After sample preparation, sample pulps were sent from the ALS Elko laboratory to the ALS laboratory in Reno, Nevada, for analysis of gold by fire assay, and to the ALS laboratory in North Vancouver, B.C., for multi-element geochemical analyses.

### *Liberty Gold RC Drilling*

Liberty Gold's RC samples were collected wet, with water injection, on 5 ft (1.524 m) intervals, each sample generally weighing in the range of about 5 to 10 kg, directly into pre-labeled, water-permeable cloth sample bags. Excess water was drained from the samples at the drill sites. The drill samples were transported periodically to the ALS facility in Elko, Nevada, by Liberty Gold personnel, or by contractor Feller Enterprises of St. George, Utah, or by Legarza Exploration of Elko, Nevada. At times during the program, it was deemed necessary by ALS to transport samples from Elko to an alternate prep lab, either in Reno, Vancouver, Thunder Bay, Ontario, or Hermosillo, Mexico.

### *Data Verification*

Liberty Gold inherited a Project drill hole database and hardcopy documentation as part of its acquisition of the Goldstrike property. Liberty Gold has subsequently undertaken extensive efforts to digitize, validate, and improve the accuracy of the Goldstrike Project data.

### *Collar and Survey Tables*

The locations of many of the historical drill holes at Goldstrike are uncertain. Most of the drill holes in the mined pit areas were originally surveyed by traditional methods using a local grid referenced to a section corner with an uncertain location. Due to mining disturbance, these holes can no longer be found and re-surveyed. Other drill hole collars, particularly for holes drilled at various exploration targets that were not mined, are shown on sketch maps but do not match their locations in the database. It is also difficult to find and verify the locations of these holes due to disturbance and post-mining reclamation.

Liberty Gold contracted All Points North Surveying and Mapping of Elko, Nevada to locate and accurately survey the section corner that served as the origin for the local grid used to locate holes drilled prior to 2000. The local-grid coordinates of these holes were then converted to UTM NAD83 coordinates, and the drill hole collars were overlain on a satellite image and shifted to nearby drill sites where appropriate. The elevations of some hole collars that were clearly in error were pressed onto an accurate terrain model. While this work corrected many problems, a number of hole locations were still suspect, and Liberty Gold has attempted to locate these in the field and survey them using a Trimble Geo Explorer XH GPS receiver with differential correction accuracy of 0.5 m in the X&Y directions and 1.0 m in the Z direction. Other location problems were corrected by researching historical documentation that showed the inherited database coordinates were inaccurate.

### *Assay Table*

ALS was chosen as Liberty Gold's primary laboratory based on a rigorous, 2008 audit by consultant Barry Smee of all Nevada assay laboratory facilities. The audit was performed for Fronteer Gold.

Liberty Gold compiled all available historical assay certificates and used them to comprehensively check the gold values in the Goldstrike Project database. This effort resulted in the auditing of assays from 853 holes drilled by Tenneco, 127 by Inspiration, and 133 by USMX. Over 70% of the historical sample intervals in the Goldstrike Project database were thereby checked by Liberty Gold and corrected where appropriate. Liberty Gold found an error rate in the database gold values of less than 1%, not including various discrepancies relating to the treatment of less-than-detection-limit results and un-assayed intervals.



### ***Quality Assurance/Quality Control***

#### *Liberty Gold Quality Assurance/Quality Control Program*

The QA/QC (as defined below) program instituted by Liberty Gold for the Goldstrike 2015 to 2017 drilling programs included the systematic analysis of standards, coarse blanks, and RC field duplicates. Preparation duplicates and analytical duplicates (or replicates) were also routinely analyzed by ALS as part of their in-house QA/QC program. The Liberty Gold QA/QC program was designed to ensure that at least one standard, blank, and field duplicate was inserted into the drill-sample stream for every 36 drill samples, which is the number of samples in each ALS analytical batch. Splits from ALS pulps in mineralized zones were sent to Inspectorate Laboratories in two batches after the 2016 and 2017 drill programs for check assaying.

### **Mineral Processing and Metallurgical Testing**

The Goldstrike Project was a past producer of gold and silver, via run-of-mine (“**ROM**”) heap leaching and there is limited information pertaining to historical metallurgical testing. In 1993, Kappes, Cassiday and Associates (“**KCA**”), carried out a bulk sampling and large diameter column leach test program on two samples, one from the Moosehead Pit area and the second from the Beavertail Pit area. Data from this report was re-constructed into a format consistent with the 2016 to 2017 testwork and is included in some of the analysis.

In 2016, Liberty Gold approved a first stage of metallurgical testing for the Goldstrike Project. Phase 1 metallurgical testing was conducted by KCA in Reno, Nevada. Metallurgical database development and analysis is provided by GL Simmons Consulting, LLC, in Larkspur, Colorado.

The 2016 scope of work included:

1. Sample preparation;
2. Head assays and geochemical analysis;
3. Comminution characterization, comprising SMC testwork and Bond Abrasion index testwork, sub-contracted to Hazen Research Inc. in Golden, Colorado;
4. 10 mesh and 200 mesh bottle roll tests;
5. Column leach testing at 80% passing 12.5 and 25.0 mm;
6. Tails screen analysis and assay by size fraction;
7. Load permeability testing, and;
8. Environmental characterization.

Summary conclusions from the 2016 metallurgical test work program are:

Head analyses results show that gold grades ranged from 0.35 to 3.18 g/mt, silver grades ranged from 2.9 to 23.7 g/mt and copper values were very low ranging from 5 ppm to 35 ppm.

Gold cyanide solubility ranged from 38.1% to 102.5% and correlates well with sulfide sulfur assays, with higher sulfide sulfur (S=) content correlating to lower AuCN %.

Organic carbon assays were low and preg-robb assays do not indicate any problems.

Concentrations of the deleterious elements Se were <8 ppm and Hg ranged from 0.06 to 0.50 ppm.

Arsenic (As) levels were low ranging from 86 to 5,221 ppm and the concentrations of the primary cyanide consumers (Cu, Ni and Zn) were low and suggested minimum potential to effect cyanide consumption rates.

Ten samples were selected for comminution testing and were subjected to modified SMC - SAG Mill Comminution testing and Abrasion Index (Ai) testing at Hazen Research. SMC Drop Weight index (DWi) ranged from 2.56

kWh/m<sup>3</sup> (GS-01) to 6.88 kWh/m<sup>3</sup> (GS-15), indicating soft to medium hard material. Abrasion index test results ranged from 0.1444 gms to 0.7332 gms and averaged 0.472 gms, indicating moderate abrasiveness.

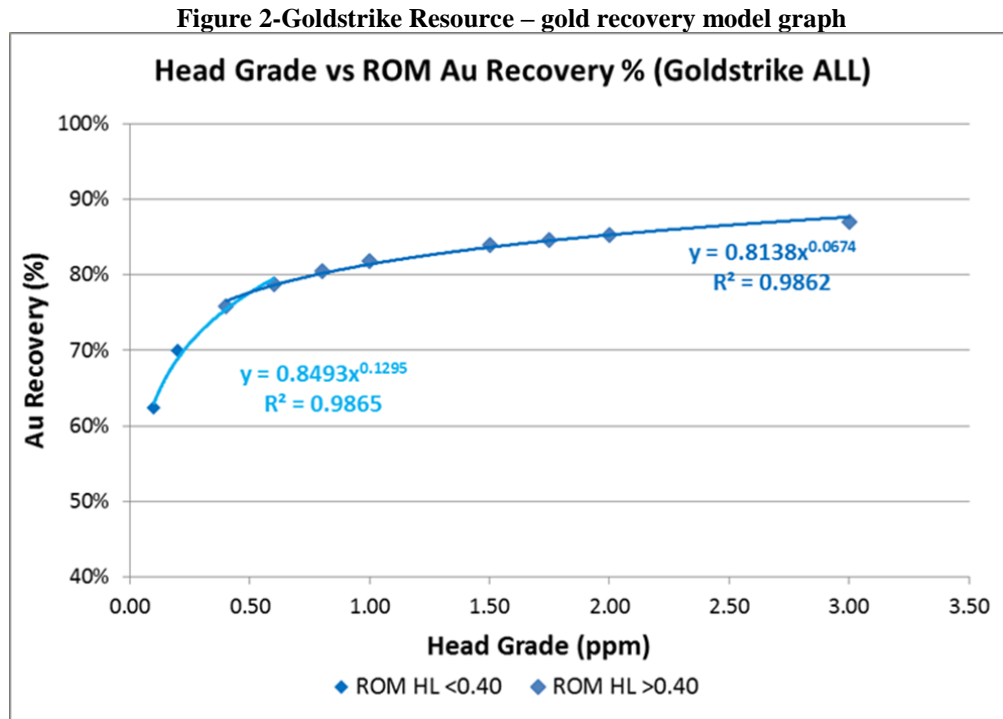
Laboratory scale heap leach cyanidation was conducted on 20 of the 24 variability composites. All 19 of the 20 composites were readily amenable to simulated heap leach cyanidation treatment, with one composite being sulfide refractory. Gold extraction rates were very rapid, with greater than 80% of total extractable gold being recovered within the first 10 days of leaching. No solution percolation problems were observed during column leaching.

Column residue load-permeability testing at simulated heap heights of 25, 50, 75 and 100 m show that three of the composites (GS-01, GS-03 and GS-09) failed at 25 meter simulated heap height and one composite (GS-12) failed at 100 m. Composite GS-03 is a sulfide composite and does not represent the oxide resource. The tonnage of oxide fine/clay material in the resource is currently not well defined but is believed to be minor.

Gold recovery models were developed using data from the 1993 and 2016 to 2017 column/bottle roll leach test programs. Oxide material (AuCN >70%) recovery equations, for a ROM heap leach (P<sub>80</sub> = 150 mm or 6 in), are represented by the following equations and are graphed below (Figure 2).

$$Au\ Rec\ (\%) = 0.8493*(HG)^{0.1295} \text{ (for Au HG <0.040 g/t)}$$

$$Au\ Rec\ (\%) = 0.8138*(HG)^{0.0647} \text{ (for Au HG >0.40 g/t)}$$



### Mineral Resource and Mineral Reserve Estimates

Geologic controls for resource estimation are based on the geologic interpretation established by Liberty Gold. Gold mineralization is primarily associated with a series of steeply dipping normal-oblique fault zones as well as with a low-angle unconformity surface (“Control Surfaces”). Gold grades have been estimated by inverse distance squared (ID<sup>2</sup>) interpolation into 10x10x10 m blocks. Sample selection during gold estimation is restricted by distance to the Control Surfaces and, in this way, reproduces the concentric or banded nature of the gold mineralization along fault zones and stratigraphic trends. Density has been applied at an average value of 2.52 t/m<sup>3</sup> based on 160 measurements carried out by Liberty Gold on drill core.

The Mineral Resource estimate is supported by 1,730 holes, totaling 153.0 km that fall inside the limits of the block models. Samples were composited to the average sample length of 1.524 m (5 ft) prior to use in grade estimation;

102,264 composites are contained inside the modelled volume. Statistical evaluation of composite data by fault and stratigraphic zones lead to the establishment of high-grade capping limits by control surface.

The Mineral Resource was classified based on available drill data as well as by proximity to the interpreted geologic controls. Inferred Mineral Resource is within 50 m of a sample or must be estimated by at least two holes. Indicated Mineral Resource must lie within 40 m of sample data and must be estimated by at least three holes if within 40 m of a control surface or by at least two holes if within 30 m of a control surface. Intrusives and the isolated high-grade volumes were classified as Indicated where within 40 m of sample data and estimated by at least three holes.

Reasonable prospects of eventual economic extraction were established through the generation of Whittle optimized pit shells; all reported resource is contained within those shells. Optimization parameters were (in U.S. Dollars): \$2.25/t mining cost; \$4.30/t processing and general and administrative cost (assuming ROM, Heap Leach operation); 50° pit slopes; and \$1500/oz gold less \$2.20 selling cost. An economic internal cut-off grade was estimated at 0.13 g/t Au. Based on on-going metallurgical studies, recovery was variable depending on head grade: Au ≥ 0.4 g/t - rec% = 0.8133\*Au0.0677; Au < 0.4 g/t - rec% = 0.8491\*Au0.1301. The Whittle pit model was produced by Grant Carlson, P. Eng. of SRK, an Independent Qualified Person as defined by NI 43-101.

The Classified Mineral Resource estimate is quoted at a cut-off grade of 0.25 g/t Au and consists of:

- An indicated resource of 865,000 ounces of gold at an average grade of 0.54 g/t Au (49,553,000 t); and
- An inferred resource of 274,000 ounces of gold at an average grade of 0.52 g/t Au (16,443,000 t).

**Table 3-Mineral Resource Statement, Goldstrike Project, Utah, Advantage Geoservices, as at 8 February 2018.**

Cutoff (Au g/t)	Indicated			Inferred		
	Tonnes (1,000s)	Grade Au (g/t)	Ounces Au (1,000s)	Tonnes (1,000s)	Grade Au (g/t)	Ounces Au (1,000s)
0.1	72,303	0.43	994	24,739	0.40	320
0.2	57,846	0.50	925	19,603	0.47	296
<b>0.25</b>	<b>49,553</b>	<b>0.54</b>	<b>865</b>	<b>16,443</b>	<b>0.52</b>	<b>274</b>
0.3	42,102	0.59	800	13,465	0.57	247
0.4	29,159	0.70	655	8,760	0.69	195
0.5	19,861	0.82	522	6,025	0.80	156
0.6	13,874	0.93	416	4,150	0.92	123
0.7	9,774	1.05	331	2,895	1.04	96
0.8	6,947	1.18	264	2,041	1.16	76
0.9	5,165	1.30	215	1,443	1.29	60
1.0	3,768	1.42	173	1,115	1.39	50

Mr. Grey and Mr. Rowe are of the understanding that Liberty Gold is not aware of any factors that may potentially affect the resource estimate.

**Exploration, Development, and Production Recommendations**

Based on results to date, the aggressive program of drilling that is presently underway should continue through 2018, in conjunction with other activities designed to assess the economic viability of the Goldstrike Project,

including a preliminary economic assessment, additional metallurgical testing, and an upgrade to the Plan of Operations to allow for increased access to areas peripheral to the resource area for drilling.

Liberty Gold proposes two phases of exploration work for 2018. A budget of \$US4.12 million is proposed for the first phase, which includes 2,000 m of core drilling and 14,900 m of reverse-circulation drilling during 2018. Advancement to the second phase of exploration is contingent on acceptable results from the first phase. Reverse-circulation drilling would be focused on:

- (i) Assessing the gold content of historic heap leach and low-grade stockpile areas.
- (ii) Infill and step-out drilling.

A revision to the Plan of Operations is recommended to reach areas with insufficient access, in order to increase drill hole density pursuant to a revised resource estimate.

Metallurgical testing should be expanded to include areas of the resource not previously tested, with samples derived from large-diameter core drilling in the Peg Leg, Dip Slope, Moosehead, Beavertail and Covington areas.

Engineering work, including site evaluation and economic modeling, is recommended, culminating in a revised Technical Report including a preliminary economic assessment.

### **KINSLEY PROJECT**

On December 16, 2015, Liberty Gold Corp. released the *Updated Technical Report and Estimated Mineral Resources for the Kinsley Project, Elko and White Pine Counties, Nevada, U.S.A* effective date October 15, 2015, authored by Michael M. Gustin of MDA, Moira T. Smith, Liberty Gold's Vice President, Exploration and Geoscience and Gary L. Simmons, a consulting metallurgist who is independent of Liberty Gold are each a designated Qualified Person. The Updated Kinsley Technical Report was filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)).

The information contained in this summary has been derived from the Updated Kinsley Technical Report, and is subject to certain assumptions, qualifications and procedures described in the Updated Kinsley Technical Report and is qualified in its entirety by the full text of the Updated Kinsley Technical Report. Reference should be made to the full text of the Updated Kinsley Technical Report.

#### **Project Description and Location**

The Kinsley project is held by Kinsley Gold LLC (“**KGLLC**”), a limited liability company owned 79.06% by Pilot Gold (USA) Inc. and 20.94% by Intor. Pilot Gold (USA) Inc. is wholly owned by Liberty Gold Corp. Intor is wholly owned by NSGC. For the purposes of this summary of the Updated Kinsley Technical Report, Liberty Gold Corp., Pilot Gold (USA) Inc., and KGLLC are referred to interchangeably as “Liberty Gold.” Liberty Gold's interest in Kinsley is derived from the purchase of a Mining Option Agreement from Animas Resources Ltd. (“**Animas**”) in September 2011.

The Kinsley project is located in the Kinsley Mountains in Elko County, northeastern Nevada, approximately 150 kilometers northeast of Ely, Nevada, and 83 kilometers southwest of West Wendover, Nevada. The approximate geographic centre of Kinsley is 40° 09' N latitude and 114° 20' W longitude.

Mineral tenure consists primarily of 513 unpatented federal lode mining claims, totaling approximately 4,187 ha, in portions of Townships 26 and 27 North, Ranges 67 and 68 East. Liberty Gold has paid the annual federal unpatented claim fees through August 31, 2018. The Kinsley project also includes five patented claims leased from Marvil Investments LLC (“**Marvil**”). The patented claims total 26.6 ha in Section 13, Township 26 North, Range 67 East, and Sections 7 and 18, Township 26 North, Range 68 East.

KGLLC is required to make advance royalty payments to Nevada Sunrise LLC (“**Sunrise LLC**”), a private holding company unrelated to NSGC, in accordance with an underlying lease agreement, beginning with a payment of \$50,000 per year through 2016, and increasing incrementally thereafter up to a maximum of \$200,000 per year in 2020 and beyond. If future production of gold occurs at Kinsley, KGLLC is subject to a 2% Net Smelter Return

royalty (“NSR”) payable to Sunrise LLC. The leased patented claims are subject to a 2% NSR and annual advanced royalty payments of \$10,000, escalating to \$20,000 on the fifth anniversary of the agreement, payable by KGLLC to Marvil.

Production from Kinsley would be subject to the State of Nevada Net Proceeds of Mine Tax, which is limited to 5% of the production net proceeds (similar to a 5% net profits tax). This tax is levied by the State of Nevada on all mine production in the state.

From October 20, 2011, through October 9, 2013, Liberty Gold operated the project under BLM Notice of Intent NVN-090386, which authorized disturbance of up to 4.77 acres (1.93 ha). On August 30, 2013, The BLM approved a Plan of Operations (NVN-091528) (“PoO”) submitted by Liberty Gold that authorized the disturbance of up to 71.5 acres (28.9 ha). An amendment to the PoO to permit an additional 20.47 acres (8.28 ha) of disturbance in selected areas in the northern portion of the project area was approved on October 28, 2014, bringing the total permitted disturbance to 91.97 acres (37.22 ha).

Environmental liabilities at Kinsley are limited to the reclamation of disturbed areas resulting from exploration work conducted by Liberty Gold since acquisition of the property in 2011.

There is no surface water at the Kinsley property. In September 2012, Liberty Gold applied for 1,080 acre-feet-annually of water from the Nevada Division of Water Resources (NDWR). The appropriations were approved in May 2013, and in October 2013, water well PKW-1 was constructed at a site on the main access road. A total of 1.72 acre-feet (2.12 million litres) of water was pumped for drilling and dust control in 2013. Total water use for 2014 (through December 4) was 21.43 acre-feet (26.44 million litres). Total water use for 2015 was 2.30 acre-feet (2.84 million litres).

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Access to Kinsley is via paved U.S. Highway Alternate 93 to approximately 65 kilometers southwest of the town of West Wendover, Nevada, or approximately 135 km on the same highway north-northeast of the town of Ely, Nevada. From that point, one proceeds south for 18 kilometers on an improved gravel road, known as the Kinsley Mountain mine road, 18 km through Antelope Valley on the east side of the Kinsley Mountains to the project site.

Climate is typical for the high-desert regions of northeastern Nevada with hot, dry summers and cold, snowy winters. Summer high temperatures range from 30° to 38°C, with winter low temperatures typically -20° to -10°C and winter high temperatures of 0° to 5°C. Most of the precipitation in the region falls as snow in the winter months, with lesser precipitation as rain in the spring and thunderstorms during the late summer. Winter storms can deposit up to a meter of snow at higher elevations at Kinsley Mountain, with higher elevations of the property typically snow-covered from late November through March.

In the absence of all-weather road access to drill sites, a typical exploration operating season at Kinsley is from mid-April through early December. Improved road access and road maintenance with snow removal equipment can extend the exploration operating season through the winter months, subject to recommended winter operating procedures issued by the BLM.

Kinsley lies in the Basin and Range physiographic province of Nevada and western Utah. The project site is located in moderate to steep terrain in the central and northern portions of the Kinsley Mountains. The Kinsley Mountains are a 12-km-long, north-northeast-trending ridge that extends north from the Antelope Range. Elevations range from 1,750 m in valley bottoms to 2,400 m at Antelope Mountain south of the project.

The lower slopes of the project are covered by grasses and sagebrush that progress up-slope to piñon and juniper woodlands typical of high-desert mountain vegetation in northeast Nevada. Until late 2013, exploration activities at Kinsley were conducted primarily in disturbed areas at the former mine site on the eastern slope of the range. The previously explored and mined areas, as well as most of the current exploration targets, lie on moderate to steep slopes that require road construction to develop drill sites and access.

Drilling contractors, heavy-equipment contractors, and field technical personnel to support continued exploration activities are all available from service companies and contractors in Elko, Ely, and West Wendover, Nevada and

Salt Lake City, Utah. Should an economic gold deposit be delineated at Kinsley, experienced mining personnel and equipment suppliers are available in Salt Lake City and Elko, as well as elsewhere in Nevada.

The nearest major power grid is a 25 Kilovolt distribution line located approximately 8.5 km west-northwest of Kinsley near Boone Spring on Alternate Highway 93. This highway ultimately delivers electric power to the no longer active Victoria mine in the Dolly Varden Mountains approximately 27 km northwest of Kinsley. The Griggs substation, a higher-voltage 69-kilovolt substation and line, is located near Lages Station, approximately 26 km southwest of Kinsley. Power to the area is provided by Mt. Wheeler Power, a local electric power co-op headquartered in Ely, Nevada. There is currently no power to the site.

There is no surface water on the Kinsley property. From 2011 to 2013, water for drilling was purchased through a local rancher from a reservoir located approximately 18 kilometers south of the project. For a portion of 2013, when this water source proved inadequate, water was trucked from Wendover. Commencing in December 2013, water was (and is) sourced from a well drilled at the project site for this purpose by Liberty Gold.

## History

The south end of the Kinsley Mountains was the site of sporadic base and precious metal exploration and production that began as early as 1862 and continued into the 1960s. U.S. Minerals Exploration Co. discovered sediment-hosted gold mineralization at the Kinsley property in 1984 through rock-chip sampling of jasperoid in Cambrian strata in an area with no historic workings.

Subsequently, Cominco American Resources, Inc. (“**Cominco**”) and Hecla Mining Company (“**Hecla**”) explored the property and completed a number of drilling programs. Alta Gold Company (“**Alta**”) purchased the property in 1994 and commenced open-pit mining in 1995, producing about 135,000 to 138,000 ounces of gold through 1999. The mine exploited oxidized, disseminated mineralization from eight shallow open pits and processed the ore by cyanide heap-leach extraction. The mine closed when Alta declared bankruptcy during a period of depressed gold prices. The mine produced oxidized disseminated gold ore from eight shallow pits and processed the ore on heap-leach pads. From topographically lowest to highest, and from southeast to northwest, these pits include the Access, Lower Main, Emancipation, Main, Upper Main, Ridge, West Ridge, and Upper pit. A crushing plant, heap-leach pad, and recovery facility were located at the base of the eastern slope of the Kinsley Mountains below the mining facilities immediately east of the project claims. A haul road connected the operations.

Actual production from the property is reported to have been about 4.7 million tons averaging 0.039 oz Au/ton (4.3 million tonnes @ 1.34 g Au/t), with 134,777 ounces of gold produced, but a total production of 138,151 ounces has also been reported. The Kinsley mine produced more tons and ounces than had been originally planned, but at a lower grade, with a reported realized gold recovery (73.3%) being close to what was estimated.

In 1999 when production ceased, Alta estimated that remaining “drill indicated resources” included 785,808 tons (712,869 million tonnes) of oxidized mineralization in the mine area averaging 0.037 oz Au/ton (1.27 g Au/t), for a total of 28,799 ounces, and an additional 590,022 tons (535,256 million tonnes) of oxidized mineralization averaging 0.024 oz Au/ton (0.82 g Au/t), for a total of 14,227 ounces, from locations mostly to the southwest of the mine area. Unoxidized/refractory mineralization within the mine area was estimated at 994,162 tons averaging 0.072 oz Au/ton (901,884 million tonnes @ 2.47 g Au/t), for a total of 71,904 ounces. The historical estimates were prepared prior to the adoption of NI 43-101 reporting standards; these historical “resources” and “reserves” are not considered to be current resources and reserves and therefore should not be relied upon. A qualified person has not done sufficient work to classify these historical estimates as current resources, and Liberty Gold is not treating these historical estimates as current mineral resources or mineral reserves.

Sunrise LLC staked the property in 2000 and, over the next decade, undertook rock-chip sampling and review of the existing drill-hole database. Lategra Resources Corp. optioned the property in 2002, carried out geophysical studies, produced a technical report, and dropped the project in 2003. In 2004, Pan American Gold Corp. drilled three relatively deep holes around the margins of the deposit and completed several geophysical surveys. Intor leased the Kinsley property from Sunrise LLC effective June 21, 2007. The lease is for an initial term of ten years and can be extended thereafter. Animas optioned the property in 2010 and carried out geologic mapping, geochemical sampling, and a gravity survey.

## Reclamation and Environmental Obligations

Animas contracted with Enviroscientists, Inc. (“**Enviroscientists**”) of Reno, NV, to prepare an environmental review of the Kinsley property in order to assess the extent of potential liabilities related to previous mining activities by Alta (DeLong, 2010). Alta did not carry out any reclamation on the property and forfeited their bond. The BLM reclaimed the site using the Alta reclamation bond as well as federal monies. Reclamation included partial backfilling of a number of the open pits, re-contouring of other mining and exploration disturbances such as exploration drill roads, haul roads, and waste dumps, and re-vegetation of these reclaimed areas. The large heap-leach pad at the base of the range on the eastern slope was also decommissioned, re-contoured, and re-vegetated. Enviroscientists believes that the surface disturbance and reclamation liability that are related to the Alta operations are not transferable; thus there are no outstanding reclamation liabilities that could, or would, be tied to successor companies as a result of holding the mining claims associated with the property (DeLong, 2010).

Environmental liabilities at Kinsley are limited to the reclamation of disturbed areas resulting from exploration work conducted by Liberty Gold since acquisition of the property in 2011.

## Geological Setting

The Kinsley Mountains are underlain primarily by limestone, dolostone, and shale ranging from Middle Cambrian to Late Ordovician in age. These include Middle Cambrian limestone, tentatively assigned to the Geddes, Secret Canyon Shale and Bighorse formations; the Upper Cambrian Dunderberg Shale, Notch Peak Limestone, and Notch Peak Dolomite; and the Ordovician Pogonip Group limestone and shale. These units are gently folded into an open, north-plunging anticline, which exposes progressively younger strata to the north. A moderate-angle, west-dipping fault along the west side of the range locally juxtaposes this sequence with overlying quartzite and dolostone suspected to be correlative with the Upper Ordovician Eureka Quartzite and Fish Haven Dolomite. The south end of the range is intruded by a small, late-Eocene age felsic stock with a hornfelsed aureole. Strata were subjected to ductile contractional deformation in mid-Mesozoic time and Cenozoic low- and high-angle extensional faulting. Low-angle faults bound most major lithologic units, and locally cut out entire formations. North- to northeast-striking faults intersect northwest-trending structures; relative ages are uncertain. Basin and Range normal faults bound both sides of the range.

## Exploration

Liberty Gold has actively explored the property since September 2011 and has conducted the following exploration activities to date:

- Claim staking;
- Permitting;
- Detailed geological pit mapping;
- Detailed regional geological mapping;
- Surface soil and rock sampling;
- Compilation of drill and blast hole data, including assay and geological data, into a comprehensive database;
- Construction of 65 geological cross sections that have been digitized into GEMS® mining software to create a three-dimensional (“**3D**”) model of the property; and
- Drilling of 222 core and reverse circulation rotary (“**RC**”) drill holes.

Summary statistics of the work completed by Liberty Gold are summarized below in Table 3.

**Table 3 Exploration Activity by Liberty Gold**

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Soil Sampling	0	1,386	800	269	0	2,455
Rock Sampling	200	295	261	412	15	1,183
RC Drilling (m)	0.0	9,941	10,476.0	13,051.5	5,399	38,867.5
RC (#holes)	0	47	43	45	13	148
Core Drilling (m)	1,267.0	2,078.0	3,747.0	13,892.2	0	20,984.2

Core (#holes)	6	15	15	38	0	74
Total Drilling (m)	1,267.0	12,019	14,223.0	26,943.7	5,399	59,851.7
Total (#holes)	6	62	58	83	13	222

A soil sampling program consisting of 1,386 samples on a 75 x 75 m grid was carried out in 2012 in the northern portion of the property. Samples were collected by Rangefront Geological Consulting of Elko, Nevada. Sites were located using a handheld GPS with pre-loaded coordinates and waypoints. A and B horizon soil development is patchy to nonexistent in many areas, so samples targeted “C” horizon “mineral” soil. Samples were sieved in the field into Hubco bags. Samples were analyzed by ALS Laboratories (“ALS”), a division of ALS Ltd for gold by fire assay with atomic absorption spectrometry (“AAS”) finish, and for 41-element geochemistry by inductively-coupled plasma-emission and mass spectrometry (“ICP-MS”) on a 0.5 gram sample aliquot.

In April 2013, 800 soil samples were collected on a 75 x 75 meter grid by North American Exploration of Salt Lake City, Utah on newly-staked claims on the west side of the Kinsley Mountains. Sampling and analysis followed the same procedures as described above. In 2014, Liberty Gold staff collected 269 soil samples from the Secret Spot target area in the southwestern portion of the property and on two new blocks of claims staked to the south of the contiguous Kinsley claim block.

Gold in soil is clearly elevated in association with outcropping Dunderberg Shale in the vicinity of the historical pits and areas to the southwest. Weakly anomalous soils were also recorded to the north, particularly in association with the basal portion of the Pogonip Group. Arsenic is more widely dispersed, and is elevated throughout the Pogonip Group. In the southwest claim block, gold is associated with altered Secret Canyon Shale outcrops.

Liberty Gold collected a total of 200 rock-chip samples in 2011, 295 in 2012, 261 in 2013, 412 in 2014 and 14 in 2015. Most consisted of selective grab samples, primarily targeting jasperoid outcrops, and were collected by Liberty Gold geologists or consultants during regional mapping as well as mapping of specific drill targets, including the Right Spot, Ken’s Jasperoid, and Western Flank areas. Sample information was either entered directly into a hand-held ArcPad/GPS unit for direct upload into ArcMap, or by use of a GPS unit with handwritten descriptions later entered into a spreadsheet.

In addition to selective grab samples, a series of chip and channel samples were collected from new exposures along drill access roads in the Right Spot target and in the Secret Spot area. The channel samples were taken on 3 m intervals, except where contacts or faults were exposed. In these cases, sample length was changed to distinguish geochemistry on each side of the contacts or faults.

Samples were delivered directly to the ALS Elko preparation laboratory for standard sample preparation, with the sample pulps analyzed by fire assay with AAS finish at ALS in Reno, Nevada, and by 51-element ICP-MS at ALS in North Vancouver, B.C.

Gold is elevated in samples taken from the historic pits, outcropping silicified portions of the Dunderberg shale, and in jasperoid from the Right Spot target. North of the historic pits, gold is elevated only locally in jasperoid samples hosted in the basal portion of the Pogonip Group. However, Carlin-type gold pathfinder elements arsenic and antimony are moderately to highly anomalous in jasperoid samples from throughout the property. The geochemically anomalous nature of the jasperoids suggests that they could possibly be related to gold mineralization at depth within stratigraphic units that host gold to the south.

Liberty Gold drilled six core holes at Kinsley in late 2011 for a total of 1,267 m, including three located immediately south of the Emancipation pit and three on the east, north and west sides of the Main pit. The primary purpose of this drilling program was to validate drilling carried out by previous operators. To that end, the holes were twins or near-twins of existing holes.

Liberty Gold drilled a total of 15 core and 47 RC holes for a total of 12,019 m in 2012. Drilling was constrained by the disturbance limitations of the Notice of Intent, and it was restricted largely to areas that had been previously disturbed. Most of the drilling focused on down-dip extensions of mineralization north of the Main pit. Results were highly variable but in general did show the presence of mineralization extending down dip to the north for at least 300 m north of the pit, with a notable intercept of 20.4 meters averaging 5.48 g Au/t in PK014C. In addition, several holes tested the Dunderberg Canyon area to the east of the Main pit, with PK039 returning 10.7 m averaging



1.08 g Au/t. The final 13 holes of the season, PK056 through PK068, tested for mineralization in the Dunderberg Shale in the Western Flank area. This area was selected to follow up on several shallow historical drill holes that detected gold mineralization in this area, which is on trend and approximately 550 meters north of the historic pits. Mineralization in the Dunderberg Shale was encountered in a number of Liberty Gold drill holes, including 15.2 m averaging 1.73 g Au/t in PK056 and 13.7 meters averaging 6.03 g/t in PK061. Of greater importance was an intercept in PK067 at approximately 100 meters below the Dunderberg Shale horizon, which returned 4.6 meters averaging 9.50 g Au/t.

Liberty Gold drilled a total of 14,223 meters in 15 core and 43 RC holes in 2013. The 2013 drill program focused on step out, follow-up, and initial drill testing of targets defined by compilation, modeling and 2012 exploration, and was aided by receipt of the approved PoO in August, 2013. The majority of the drilling focused on the Western Flank zone, both lateral to, and deeper than, previous historical and Liberty Gold 2012 drilling.

As with other parts of the property, some holes were allowed to test deeper portions of the stratigraphy. The Hamburg dolomite in this area is faulted out, with holes going directly from the Dunderberg Shale into the Hamburg Limestone across a low-angle fault. At least one hole (PK067), had previously encountered high-grade mineralization at greater depth. Several holes during this program were inadvertently shut down in deeper mineralization due to lack of recognition of very fine-grained pyrite in the chips or core, including PK073 (10.7 m averaging 2.21 g Au/t) and PK083C (6.1 m averaging 1.84 g Au/t and 9.1 m averaging 0.49 g Au/t). A conceptual breakthrough came with PK091CA, which, while it was also terminated in mineralization, nevertheless returned 36.6 m averaging 8.53 g Au/t. Mineralization in the form of very fine-grained pyrite was intersected in laminated to thin, alternating beds of shale and limestone. PK104C also contained a significant intercept (24.4 m averaging 2.50 g Au/t) higher in the hole in Hamburg limestone.

Liberty Gold has drilled a total of 26,943.7 m in 38 core and 45 RC holes in 2014, as contained in the current MDA drilling database. Drilling targeted gold mineralization discovered in PK91CA in the Secret Canyon Shale (Western Flank target), as well as targets derived from surface gold mineralization mapped and sampled in the Right Spot, Secret Spot, and Racetrack areas. Drilling in the area around PK091C in the Western Flank target showed a zone with continuity of high grade in a west-northwest direction and significant thicknesses that is hosted within the Secret Canyon Shale, as well as a higher-grade zone plunging to the north.

Liberty Gold drilled a total of 5,399 metres in 13 RC holes in 2015. One hole in the Keneroid area was lost, and was re-drilled. Drilling targeted the Secret Canyon Shale horizon in several targets, including north of the Main Pit, Silica Knob, Keneroid, and north and east of the Western Flank Zone. Three of the holes were drilled to use in a downhole IP survey for placement of the downhole electrode.

## **Mineralization**

The gold mineralization at Kinsley is, at present, best described as sediment-hosted, Carlin-type gold mineralization. Carlin-type gold deposits are a class of deposits that are not unique to Nevada, but they exist in far greater numbers and total resource size in northern Nevada than anywhere else in the world. They are characterized by concentrations of very finely disseminated gold in silty, carbonaceous, and calcareous rocks. The gold is present as micron-size to sub-micron-size disseminated grains, often internal to iron-sulphide minerals (arsenical pyrite is most common) or with carbonaceous material in the host rock.

Historically, and in terms of ounces mined, stratabound disseminated gold in calcareous siltstones of the Dunderberg Shale comprised the most important mineralized zones at Kinsley, followed by mineralized jasperoids in the Hamburg Upper Limestone and silicified dissolution breccias in the Notch Peak Formation. These deposits commonly display relatively uniform distribution of gold values between 0.7 and 1.7 g Au/t and are tabular in shape and variable in thickness, depending on the thickness of the favorable host rock. All of the mined deposits were oxidized, with low to moderate amounts of limonite after pyrite.

In 2013, gold mineralization was recognized on the west side of the Kinsley project in limestone and shale beds within the Hamburg Limestone and Secret Canyon Shale, units that had not previously been recognized as potential hosts of gold mineralization. Subsequent drilling in 2014 returned a number of high-grade gold intercepts within the Secret Canyon Shale at the Western Flank target, including 10 holes with intercepts ranging from 6 to 15 g Au/t over core lengths of 15 to 50 m (the core lengths are considered to be close to true widths). The gold occurs within thinly bedded units that are replaced by fine-grained pyrite and arsenical pyrite,

Gold mineralization at Kinsley is present in both unoxidized and oxidized forms. The authors of the Update Kinsley Technical Report note that Monroe et al. (1988) report that gold in unoxidized rocks is present as micron-sized or smaller particles associated with silica, calcite, and pyrite, with lesser arsenopyrite, sphalerite, and cinnabar, based on petrographic studies. Gold in oxidized rocks is associated with silica, calcite, and iron oxides including goethite, limonite, jarosite, hematite, and scorodite. Unoxidized mineralization in the Dunderberg Shale is associated with very fine grained, brownish-gray disseminated pyrite. Orpiment and realgar have been noted locally within the Dunderberg Shale in the Western Flank area. Within unoxidized intervals in the Clarks Spring member in the Western Flank area, several drill holes cut high-grade mineralization. It is characterized by:

1. Replacement of shale beds by very fine grained, relatively brassy pyrite and silica. Some of the pyrite is likely arsenical, as deduced from the relatively high (500-1,500 ppm) arsenic content of the samples, although the distinction is not visible. Some shears are also pyritized, with pyrite stringers parallel to the shears.
2. Coarse stibnite clots along fractures.
3. Very minor, fine-grained, disseminated, pale orange-red mineral suspected to be realgar.
4. Small, coarse, white calcite veins and breccia fillings.
5. Small zones of collapse breccia with sulphidized clasts.

Paragenetically, decalcification was likely early, followed by pyrite and silica, followed by fracture-controlled stibnite and later calcite. Stibnite is locally present in calcite veins.

### Drilling

Available records indicate that from 1984 to 2011 an estimated 1,158 holes were drilled by four historical operators; over 90% of these holes were drilled by Cominco and Alta. RC methods were used for approximately 83% of the meters, and 94% of the 1,367 holes drilled by the previous and current operators. Drill sample intervals are predominantly five feet (1.524 meters) in length, or less. Liberty Gold’s project database includes 1,082 historical holes within the current property boundary. Much of the drilling targeted shallow oxidized zones and the average depth of the drill holes is less than 67 meters. Approximately 244 of the historical holes have potentially significant, unmined gold intercepts. These holes include both oxidized and unoxidized intervals. A total of 136,949 meters of drilling has been performed at the Kinsley project since 1986 (Table 4).

**Table 4 Summary of Kinsley Project Drilling 1986 – 2015**

	<b>RC Holes</b>	<b>RC Metres</b>	<b>Core Holes</b>	<b>Core Metres</b>	<b>Rotary Holes</b>	<b>Rotary Metres</b>	<b>Total Holes</b>	<b>Total Metres</b>
Previous Operators 1986 – 2004	1,147	75,950	9	312	2	835	1,158	77,097
Liberty Gold 2011 - 2015	148	38,867.5	74	20,984.2	0	0	222	59,851.7
<b>Total</b>	<b>1,295</b>	<b>114,817.5</b>	<b>83</b>	<b>21,296</b>	<b>2</b>	<b>835</b>	<b>1,380</b>	<b>136,949</b>

During the period 1986 through 1988, Cominco drilled approximately 60% of their RC drill holes dry and 40% with water injection. Alta drilled more than 80% of their RC holes dry. Sampling was done by both companies on five-foot (1.524-metre) intervals. No information is available for the Hecla and Pan American Gold Corp. drilling.

The majority of the historical drill collars at Kinsley were surveyed in the Nevada State Plane Coordinate system. No survey records are available, other than drill logs that have the X, Y, and Z coordinates hand-written on them.

No down-hole directional survey data exist from the historical drilling at Kinsley. Most of the historical drilling was relatively shallow, and the majority of the drill holes were vertical, so any effects of hole-deviation are not considered to be material.

From 2011 through 2014, Liberty Gold drilled 135 RC holes and 74 core holes for a total of 54,452.7 meters. RC drilling was carried out wet, with samples collected at five-foot (1.524-meter) intervals. Core was mainly HQ-size, with smaller quantities of NQ-size core. Since acquiring the Kinsley property in mid-2011, Liberty Gold has drilled a total of 222 core and reverse circulation (RC) holes through the end of 2015.

For all years, the contractor for core drilling was Major Drilling America, Inc. (“**Major Drilling**”) of Salt Lake City, Utah and Elko, Nevada. All core holes were drilled with HQ-size tools (6.4-cm diameter core), unless ground conditions mandated a reduction to NQ (4.8-cm core diameter). To date, ground conditions in three holes (PK003C,

PK137C and PK186C) have necessitated a reduction to NQ coring. Down-hole surveys for core holes were completed with a Reflex E-Z Shot electronic solid-state single-shot down-hole camera supplied by Major Drilling. Readings were taken at the collar and at approximately 30-meter intervals down hole. Significant hole-deviations were not encountered.

The RC drill contractor in 2012 was Major Drilling America, Inc., and 2013-2015 Boart Longyear of Elko, Nevada. RC Drilling encountered relatively few problems and most holes were completed to the required depth. A few of the deeper holes on the west side of the range were lost due to loss of circulation in highly fractured formations. The drillers used a variety of solutions for this, including venturi-equipped center tubes in the hammer to create negative pressure in the return tube, an auxiliary air pressure booster, and pumping of lost-circulation products into the hole, with varying success. A center-return hammer was used in almost all holes except for the upper portion of holes where significant alluvium was encountered. The center-return hammer allowed drillers to regain circulation within a few feet after drilling into voids, often encountered in the massive limestone formations. A casing advance system was used in areas that contain significant unconsolidated material, including the area north of the Main pit.

Down-hole surveys for RC holes were carried out by logging contractor International Directional Services (“IDS”) of Elko, Nevada. IDS utilized a truck-mounted, through-the-drill steel Reflex Gyro gyroscopic survey instrument. Readings are taken at the bottom, top, and at 50-foot intervals throughout the completed drill hole. There generally can be more deviation in RC holes, however significant drill-hole deviations have not been encountered in the RC drilling at Kinsley.

Drill core is logged on site at the Kinsley logging facility, or at Liberty Gold’s warehouse in Elko, Nevada. Information is logged directly into digital files by a Liberty Gold geologist. The digital logs include fields for rock type, color, alteration, mineralization, and structural data, with a separate log for breccia descriptions. Rock Quality Designation (“RQD”) was also captured in the logs. The core was photographed both wet and dry for archival and geotechnical purposes. The logs captured data largely in numerical or letter code format. Completed logs were imported into an Access database. The core was then cut in Liberty Gold’s Elko warehouse, sampled, and delivered to ALS for sample preparation in Elko.

Liberty Gold’s drill-hole collars were surveyed at the end of the drilling program by All Points North Surveying and Mapping of Elko, Nevada, using a geodetic survey-grade Trimble 4000-series GPS receiver with a base station for real-time correction. Accuracy of the measurements is  $\pm 2$  centimeters in the X and Y directions and  $\pm 3$  centimeters in the Z direction.

Subsequent to drilling, drill holes are abandoned according to Nevada state regulations. Drill collars are marked in the field after completion with a cement plug, wire, and metal tag.

The majority of all holes drilled at Kinsley have vertical or subvertical orientations, which cross the predominant, generally shallow-dipping mineralized zones at relatively high angles. A significant number of angle holes were also completed, primarily by Liberty Gold, in attempts to either cut the mineralization at high angles or to take advantage of a single pad as a site for multiple holes. The predominant sample length for the drill intervals is 1.524 meters (five feet), with a relatively small percentage of shorter or longer intervals derived largely from Liberty Gold core holes. MDA believes the drill-hole sample intervals are appropriate for the style of mineralization at the Kinsley project. Furthermore, MDA is unaware of any sampling or sample recovery factors that may materially impact the accuracy and reliability of the results and believes that the drill samples are of sufficient quality for use in future resource estimations.

### **Sample Preparation, Analyses and Security**

The following sections summarize the extent of MDA’s knowledge regarding the sample preparation, analysis, security, and quality control/quality assurance protocols used in the various drilling and surface-sampling programs at Kinsley. The commercial analytical laboratories known to have been used by the historical operators at Kinsley, as well as the sample preparation and analytical procedures known to have been used by these laboratories to obtain the gold assays, are, or were at the time, well recognized and widely used in the minerals industry. In addition, all of the historical operators were reputable, well-known mining/ exploration companies, and there is ample evidence that these companies and their chosen commercial laboratories followed accepted industry practices with respect to sample preparation, analytical procedures, and security. It is important to note, however, that most of the Alta drill samples, which comprise approximately half of the Kinsley database, were analyzed at their in-house laboratory,

and it is possible that some of Cominco's drill samples were analyzed at Cominco's in-house laboratory. It is also possible that some of the Alta analytical results in the project database may have been derived from cyanide-leach analyses, which often yield partial gold determinations, as opposed to fire-assaying methods, which are assumed to be total-gold analyses.

Liberty Gold geologists were on site during the Liberty Gold drilling programs and they carried out geological logging of drill core, and defined the core sample intervals. Drill core was collected at the drill sites by Liberty Gold personnel. After quick logging of the drill core at Kinsley, the core was either logged on site in a trailer designated for that purpose, or transported by Liberty Gold geologists to a secure logging and core-cutting facility attached to Liberty Gold's Elko office.

All drill core was sampled except for backfill and pad-fill material, as well as the upper portions of holes drilled from the same drill pad. Sampled intervals were identified based on geological considerations. Sample lengths vary from approximately 0.24 to 5.8 m, with an average length of 1.5 m. All core was photographed wet and dry. Personnel from Rangefront Geological Consulting then cut the core length-wise into halves using diamond saws and sampled the core at Liberty Gold's Elko facility.

The drill core was routinely sawn into halves, with one half sampled and sent to the assay laboratory. During 2011 and 2012, when field-duplicate samples were taken, one of the halves of core was split into two ¼-core samples, one for the primary assay and one for the duplicate, leaving half of the core stored for future reference in the Liberty Gold Elko office. During 2013 and 2014, the field duplicate consisted of the second half of core, with no core remaining in storage. All samples were transported by ALS personnel from the Liberty Gold cutting facility to ALS' sample preparation laboratory in Elko, Nevada. After sample preparation, sample pulps were sent from the ALS Elko laboratory to the ALS laboratory in Reno, Nevada, for analysis of gold by fire assay, and to the ALS laboratory in North Vancouver, B.C., for multi-element geochemical analyses.

RC drilling was carried out with water injection and sampled on five-foot (1.524-m) intervals. Samples were collected at the rig via a rotary wet splitter, which reduced the material to a manageable size, typically 10 to 12 kg. Samples were placed in numbered sample bags, stored on-site in bins provided by ALS, and were picked up by ALS personnel on a regular basis. The chain of custody was completed when ALS personnel delivered the bins to ALS' sample preparation facilities in Elko or Winnemucca, Nevada.

Liberty Gold employs a blind numbering system for both core and RC samples, such that the hole number and down-hole footage are not known to the assay laboratory. The primary assay laboratory for Liberty Gold has been ALS. The ALS analytical facility in North Vancouver, B.C., is certified to ISO 9001:2008 standards and has received ISO/IEC 17025:2005 accreditation from the Standards Council of Canada ("SCC") for all methods used to analyze samples from the Kinsley project, including ICP-MS. The ALS laboratory in Reno, Nevada, which was responsible for fire assaying of all samples from the Kinsley project, is certified to ISO 9001:2008 standards and has received ISO/IEC 17025:2005 accreditation from the SCC for this method. ALS was chosen as Liberty Gold's primary laboratory based on a rigorous, 2008 audit by consultant Barry Smee of all Nevada assay laboratory facilities. The audit was performed for Fronteer Gold; Liberty Gold was created as part of the 2011 acquisition of Fronteer by Newmont.

Liberty Gold's drill samples were prepared and analyzed by ALS. The entire sample submitted by Liberty Gold was crushed to 8 to 10 mesh, following which a 400 gram subsample was obtained using a riffle splitter. The 400 gram subsample split was then pulverized to a nominal -150 mesh particle size. The pulps were analyzed for gold by fire assay of a 30 gram charge with atomic absorption spectroscopy ("AAS") finish (ALS method code AuAA23). All samples were also analyzed for 51 elements using an aqua-regia digestion and ICP-MS techniques (ALS method code ME-MS41). Samples with gold contents greater than or equal to 5 g Au/t were re-analyzed by fire assay with a gravimetric finish (ALS method code AuGRA21). ALS also completed cyanide-soluble gold ("AuCN") analyses on most samples with reported values of 0.2 g Au/t or higher. For this procedure, 30 grams of sample pulp were continually rolled and leached for one hour in 60 milliliters of 0.25% NaCN solution, at room temperature, and maintained at a pH of 11 to 12. Gold was then analyzed by AAS using ALS method AuAA13.

All data from logging and assaying were verified on site and uploaded to a database maintained on a server in the office of Liberty Gold in Elko, Nevada.

## Data Verification

The major contributors to the current Kinsley project database include Cominco, Alta, and Liberty Gold. Records indicate that Cominco and Alta instituted quality assurance/quality control (“QA/QC”) programs, but little useable data are available to review and comment on the results. No information is available on QA/QC programs that may have been used by Hecla and Pan American.

The QA/QC program instituted by Liberty Gold for the Kinsley 2011 drilling program, and employed in all subsequent programs, included the systematic analyses of standards, blanks, field duplicates, preparation duplicates, and analytical duplicates. All yearly drill programs also employed check assaying by Inspectorate America Corp. (“Inspectorate”) of Sparks, Nevada. Inspectorate was selected as Liberty Gold’s secondary laboratory under advisement from consultant Barry Smee. The QA/QC program was designed to ensure that at least one standard, blank, or field duplicate was inserted into the drill-sample stream for every 30 drill samples, which is the number of samples in each ALS analytical batch. All holes drilled by Liberty Gold at Kinsley have been subject to this QA/QC program.

MDA carried out two site visits, performed independent sampling of mineralized drill core, conducted audits of Liberty Gold’s collar, survey, and assay database, and reviewed the available information from the Cominco and Alta QA/QC programs.

The Alta and Cominco analytical data were used to support a successful mining operation, and subsequent drilling by Liberty Gold is generally consistent with the results generated by these companies. In consideration of this, as well as other information reviewed in this report, MDA believes the Kinsley data as a whole are acceptable as used in the Updated Kinsley Technical Report.

## Metallurgy

Cominco and Alta completed metallurgical work in the 1980s and 1990s, including bottle roll, column leach, and “preg-robbing” testing on samples from the Main, Upper, Ridge, Access, and Emancipation zones. Alta concluded that the Kinsley mineralization was generally readily amenable to recovery of gold by cyanidation, with rapid recovery rates, and commenced heap leaching. Gold recovery during production at the Kinsley mine from 1995 through 1997 was estimated to be 73%.

Liberty Gold has identified portions of the deep mineralization in the Western Flank area that have a very high Au-to-S ratios (>10). Composited samples of this material underwent flotation testing at the Hazen Research, Inc. laboratory in Denver, Colorado (“Hazen”), to determine if high-grade gold concentrates could be produced. Flotation testing of four composite samples, with calculated head grades ranging from 4.23 to 20.3 g Au/t, achieved gold extractions ranging from 76.0% to 89.6%, with the concentrate grades ranging from 98.6% to 312.0% g Au/t. Overall gold extraction ranged from 89.0% to 95.0% after cyanidation of the tails. This testing resulted in a process flowsheet for potential production of gold concentrate that may be potentially sold to commercial smelters or to Nevada mine owners of refractory processing facilities.

Following the success of the Secret Canyon Shale sulphide concentrate testing, samples of Dunderberg Shale-hosted sulphide mineralization were also subjected to metallurgical testing. Testing of composites with 2.81 g Au/t and 4.81 g Au/t head grades and using the same laboratory and flow sheet as described above resulted in concentrates with 42.0 and 56 g Au/t gold grades and recoveries of 82.6 and 83%, respectively.

## Mineral Resource and Mineral Reserve Estimates

The gold resources at the Kinsley project were modeled and estimated by evaluating the drill data statistically, utilizing the geologic interpretations and drill data provided by Liberty Gold to interpret mineral domains on east-west cross sections spaced at 25-metre intervals, rectifying the mineral-domain interpretations on north-south long sections spaced at five-metre intervals, analyzing the modeled mineralization geostatistically to aid in the establishment of estimation parameters, and interpolating grades into a three-dimensional block model.

The Kinsley project resources are presented in Table 5 below<sup>5</sup>

Indicated Resources			Inferred Resources		
Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au
5,529,000	2.27	405,000	3,362,000	1.13	122,000

### Exploration and Development

At least 1,158 generally shallow holes were drilled at Kinsley at various times between 1986 and 2004, and of these, approximately 244 of the holes intersected potentially significant gold intercepts that lie beyond the limits of the Alta pits. Since acquiring the property in 2011 and through to the end of 2015, Liberty Gold drilled a total of 222 core and RC holes. Six holes were drilled in 2011 and focussed on confirming mineralization encountered by the previous operators in areas around the Alta pits. Holes drilled in 2012 through 2014 extended mineralization north of the Main pit, confirmed mineralization in the southeast Access area, and discovered new mineralization in the Dunderberg Canyon and Western Flank areas. Drilling in 2014 focused on near-surface mineralization in the Right Spot target and, more significantly, deep stratigraphic targets in the Western Flank target area. The 2015 drilling included step out drilling in the Western Flank area and tests of some satellite targets within the Kinsley area.

Previous operators recognized that gold typically occurs in Upper Cambrian rocks as (i) jasperoid-hosted oxide mineralization in the Big Horse Limestone; (ii) stratabound and structurally hosted oxide and unoxidized mineralization within the Dunderberg Shale; and (iii) dissolution/collapse-breccia-hosted oxide mineralization in the Notch Peak Formation. Liberty Gold has since identified gold in additional stratigraphic units below the Big Horse Limestone, including a jasperoid-altered limestone unit within the Hamburg Dolomite, and pyritized and variably oxidized and brecciated shale and limestone in the Hamburg Limestone and Secret Canyon Shale, both of Middle Cambrian age.

Liberty Gold's discovery of high-grade mineralization hosted by the Secret Canyon Shale at the Western Flank target is of particular note. This discovery, which has generated numerous high-grade drill intercepts over significant true widths, lies along the northwestern extension of the mineralized trend defined by the Alta open pits (the Kinsley trend). The significance of the Western Flank target is best understood by the following: (i) the Hamburg Dolomite, which overlies the Secret Canyon Shale, was previously thought to be a lower boundary to the mineralization, so few historical holes were drilled to depths sufficient to test the deeper stratigraphy; and (ii) the high-grade mineralization hosted in the Secret Canyon Shale at the Western Flank target is overlain by gold mineralization in the same stratigraphic units that were mined by Alta. The potential for additional occurrences of high-grade mineralization at depth in the Secret Canyon Shale along the Kinsley trend, and possibly other similar structural settings, is clearly excellent. For example, drilling has encountered gold in the Secret Canyon Shale at four target areas that are spread over a length of more than 3.5 kilometers in south-southwestern direction along the western side of the Kinsley Mountains.

In addition to the potential of the lower stratigraphic section at the Kinsley property, the Pogonip Group remains virtually untested. The Ordovician Pogonip Group has been eroded from the southernmost portions of the Kinsley property through to the northern limits of the Kinsley trend, but dominates exposures over large areas of the property to the north. The base of Pogonip Group hosts gold mineralization at the Long Canyon gold deposit, with which the Kinsley project shares a number of similarities. Surface sampling has demonstrated that jasperoid bodies up to 7 kilometres to the north of the mine are highly anomalous with respect to pathfinder elements related to Carlin gold systems.

The amenability of oxidized mineralization at Kinsley to heap-leach processing is well established by both metallurgical testing and the success of heap leaching at the Alta mining operation. The newly discovered Western Flank zone is quite different, however, due to: (i) the mineralization is generally unoxidized, although cross-cutting

<sup>5</sup> Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources are reported at a 0.2 g Au/t cut-off for oxidized mineralization potentially available to open-pit mining and heap-leach processing; a 1.0 g Au/t cut-off is applied to Secret Canyon Shale mineralization potentially available to open-pit mining, milling, flotation, and shipping to a third-party roaster/autoclave; all other unoxidized and mixed mineralization potentially available to open-pit mining and similar processing as the Secret Canyon Shale mineralization is reported at a cut-off of 1.3 g Au/t. Rounding may result in apparent discrepancies between tonnes, grade, and contained metal content. The Effective Date of the mineral resource estimate is October 15, 2015.

zones of oxidized and partially oxidized mineralization, which appear to be related to faults and associated structural perturbances, are characteristic of the mineralization; and (ii) the close correlation of increasing gold grades with increasing sulfide (pyrite) contents. Preliminary metallurgical testing completed by Liberty Gold suggests that the gold mineralization hosted by the Secret Canyon Shale at the Western Flank target and the Dunderberg Shale in the historic mine area may be amenable to flotation concentration followed by cyanide leaching of the flotation tails, and processing of the concentrates at a roaster, autoclave, or possibly a smelter.

Liberty Gold has demonstrated that the potential for further discovery of potentially viable oxidized, mixed, and unoxidized mineralization at the Kinsley property is excellent. This is particularly true for high-grade targets hosted by the Secret Canyon Shale. The discovery of additional pods of mineralization similar to the Western Flank zone could significantly enhance the resources and the potential economic viability of the project. MDA believes it is likely that such zones remain to be discovered.

### Recommendations

MDA believes the Kinsley project clearly warrants significant additional investment. Based on results to date, an aggressive program of drilling should be undertaken in 2016 and, subject to the results of this program, continued in 2017.

Given the high grades and positive results of the preliminary metallurgical testing of the high-grade Secret Canyon Shale-hosted mineralization in the Western Flank zone, an effort should be made to identify other zones of mineralization along similar structural settings across the property (e.g., within the Kinsley trend and the Secret Spot and Racetrack targets). Further drilling of the Western Flank zone is also needed to fully define its extents, with an emphasis on possible extensions of the mineralization to the east.

Exploration targets should continue to be developed on the property, to the north and south of the Kinsley trend and within the newly acquired claims in the southern portion of the property. With success, new and existing targets that have not been tested by drilling should then be prioritized for future drilling.

MDA recommends a Phase 1 US\$4,200,000 program for 2016 that includes 4,000 metres of core drilling and 16,000 metres of RC drilling to test Secret Canyon Shale-hosted targets throughout the Kinsley Mine trend, along the eastern flank of the range south of the Mine trend to the LBFJ target, to the north and south of the Western Flank deposit, and at the Racetrack and Secret Spot targets.

A US\$6,300,000 Phase 2 program, which is contingent upon the receipt of encouraging results from the Phase 1 program, is recommended to: (i) continue definition drilling of mineralized areas of potential economic significance; (ii) continue exploratory surface work and the drill-testing of new and insufficiently drilled targets; (iii) complete follow-up metallurgical testing of transition and unoxidized mineralization that is unlikely to be amenable to heap leaching; and (iv) undertake an updated resource estimate and an associated preliminary economic assessment to define and progress the project. The Phase 2 program includes 15,000 metres of definition core drilling and 14,000 metres of exploratory RC drilling.

Details of the costs of the recommended programs are provided in Table 6 below:

Item	Phase 1 - 2016	Phase 2 - 2017
RC and Core Drilling (incl. access roads and drill pads, water, surveys, etc.)	\$2,500,000	\$3,780,000
Assaying and geochemistry	650,000	900,000
Soil and Rock Sampling	25,000	25,000
Direct Salaries and Expenses	675,000	675,000
Land Holding Costs	170,000	170,000
IP Survey	100,000	175,000
Permitting	40,000	75,000
Metallurgy	40,000	100,000
Resource Estimation	0	125,000
Scoping Study	0	275,000
<b>Total</b>	<b>\$4,200,000</b>	<b>\$6,300,000</b>

Note: costs related to field support, overhead and indirect labor, travel, community relations, legal and advisory expenses, and other administration have not been included.

## Recent Developments<sup>6</sup>

### *Drill results*

One drill target southwest of the historic Main pit was tested with four RC holes in 2016. The target contained similar attributes to the Western Flank deposit, including:

- The intersection of the NW-striking Kinsley fault zone with a swarm of NE-striking steep faults
- A broad, deep historical induced polarization chargeability anomaly
- Anomalous pathfinder element geochemistry in surface soil and rock samples

All four of the 2016 drill holes intersected the target Secret Canyon Shale host horizon at the expected depth in the anticipated structural environment. All holes contained areas of moderate to strong jasperoid alteration, clay alteration and strong iron oxide and/or disseminated pyrite alteration, consistent with what is observed in the Western Flank zone. However, only anomalous gold content was encountered.

In 2017, Liberty Gold drilled five reverse circulation holes at the Western Flank East Extension Target, located immediately east of the Western Flank deposit. Highlights include:

- From the Secret Canyon Shale Zone (lower host):
  - 5.30 grams per tonne gold (g/t Au) over 29.0 metres (m) *including* 7.84 g/t Au over 16.8 m in PK221
  - 3.68 g/t Au over 3.0 m in PK224
- From the Dunderberg Shale Zone (upper host):
  - 12.4 g/t Au over 4.6 m *including* 35.1 g/t Au over 1.5 m in PK221
  - 6.84 g/t Au over 7.6 m *including* 12.8 g/t Au over 3.0 m in PK224

### *Airborne mag and VTEM survey*

A magnetic and VTEM survey consisting of 854 line km, was flown at 200 m spacing over the northern area of Kinsley, and at 100 m line spacing over the southern half, which includes the area where the Western Flank gold discovery was made in 2014. Results and interpretation of the survey using the geophysical signature of the Western Flank Zone will assist in identifying further drill targets.

A limited exploration program for 2018, consisting of RC drilling of 4-5 holes and funded by Intor and Liberty Gold proportionate to each company's respective interest, will begin in April 2018.

## TV TOWER PROJECT

On February 28, 2014, Liberty Gold Corp. released the *Independent Technical Report for the TV Tower Exploration Property, Canakkale, Western Turkey* effective date January 21, 2014 (the "**TV Tower Report**"), authored by Casey M. Hetman, P. Geo, with SRK Consulting (Canada) Inc., James N. Gray, P. Geo, of Advantage Geo and Gary Simmons, BSC, Metallurgical Engineering of Simmons Consulting. Each of Messrs. Hetman, Gray and Simmons is independent of Liberty Gold, and is an independent "Qualified Person" (as defined by NI 43-101) for the TV Tower Report upon which the Technical Information reproduced in this AIF is based. See in this AIF, "Interests of Experts". The TV Tower Report was filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)).

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<sup>6</sup> Discussion detailed under heading "*Kinsley Project*" in this AIF has been prepared by the Corporation and supplements and updates the disclosure summarizing the Updated Kinsley Technical Report. Moira Smith, Ph.D., P. Geo., Vice-President Exploration and Geoscience, Liberty Gold, and a Qualified Person, has prepared and approved such Technical Information. Dr. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears.



The information contained in this summary has been derived from the TV Tower Report, and is subject to certain assumptions, qualifications and procedures described in the TV Tower Report and is qualified in its entirety by the full text of the TV Tower Report. Reference should be made to the full text of the TV Tower Report.

The TV Tower Report relates principally to the independent resource estimate for the Küçükdağ gold-silver-copper deposit at TV Tower announced on January 23, 2014 and encompasses drill results from the 2013 exploration program at TV Tower, the incorporation of the contiguous Karaayı license to the overall tenure and the discovery of a four-kilometre-long trend that hosts an extensive blanket of supergene copper mineralization underlying oxide gold zones comprising the Kayalı and Karaayı targets (together, “K2”) and evidence of two or more zones of copper-gold porphyry alteration at K2. The TV Tower Report supports continued exploration and development of the targets on the property and proposed a Phase I exploration budget of \$12.35 million and a Phase II program, dependent upon the results of Phase I that is generally designed to continue resource definition drilling at Kayalı (\$900,000), Sarp/Columbaz (\$1,500,000) and Gümüşlük (\$1,000,000) in advance of preparing an initial resource on at least two of these targets, as well as initial drilling (\$500,000) on other targets on the property. If results warrant, a PEA on Küçükdağ (\$200,000) and a PEA on Karaayı (\$200,000) was also recommended for Phase 2. Field support, camp costs, legal, environmental and other administrative costs similar to those in the Phase 1 program (total \$5,200,000) should continue to be incurred to support the Phase 2 program.

### Property Description and Location<sup>7</sup>

TV Tower is located in Çanakkale Province on the Biga Peninsula of Northwestern Turkey. The property consists of 9,065.14 hectares of mineral tenure in nine contiguous licenses. Seven of the licenses are classified as exploitation/operation type, and two licenses are exploration type.

TV Tower is a 40%-60% joint venture between Liberty Gold and TMST. Eight of the licenses relating to TV Tower are held by Orta Truva, a Turkish Joint Stock Company. One license is held by Batı Anadolu for benefit of Orta Truva<sup>9</sup>.

**Table 7: TV Tower Project Licenses**

	PROVINCE	Town	PROPERTY NAME	ACQ DATE	DUE DATE	AREA (ha)	LICENCE NO	ER	LICENCE NO	Type	OWNER
1	ÇANAKKALE	Merkez	TV Tower	12.07.2013	12.7.2023	422.43	20050783	3054704	20050783	Operation	Orta Truva
2	ÇANAKKALE	Merkez	TV Tower	17.12.2013	17.12.2023	847.24	200810224	3185466	200810224	Operation	Orta Truva
3	ÇANAKKALE	Merkez	TV Tower	28.11.2013	28.11.2023	1,935.85	200810225	3185469	200810225	Operation	Orta Truva
4	ÇANAKKALE	Merkez	TV Tower	28.11.2013	28.11.2023	1,490.24	200810226	3185470	200810226	Operation	Orta Truva
5	ÇANAKKALE	Merkez	TV Tower	26.12.2013	26.12.2023	1,076.14	200810227	3185468	200810227	Operation	Orta Truva
6	ÇANAKKALE	Merkez	TV Tower <sup>(1)</sup>	03.05.2012	03.05.2015	141.85	201200526	3275213	201200526	Exploration	Orta Truva
7	ÇANAKKALE	Bayramiç	TV Tower <sup>(1)</sup>	03.05.2012	03.05.2015	222.85	201200527	3272987	201200527	Exploration	Orta Truva
8	ÇANAKKALE	Bayramiç	TV Tower	15.11.2011	15.11.2021	972.36	69050	1048473	AR-91855	Operation	Orta Truva
9	ÇANAKKALE	Bayramiç	Karaayı <sup>(2)</sup>	23.09.2009	23.09.2019	1956.18	80823	3278928	80823	Operation	Batı Anadolu

Note (1) – Licences #201200526 and 201200526 subsequently combined, with new licence #201600398 and ER 3348104 and a Due Date for the 259.11 ha. of 03.05.2019.

Note (2) – Held in trust for Orta Truva as at the date of the TV Tower Report; subsequently registered to Orta Truva.

Before completing the third anniversary year as operation type licenses, an EIA report must be completed and all necessary permits acquired. License numbers ER 3275213 and ER 3272987 remain “exploration type” licenses and each must be converted to an “exploitation/operation type” prior to March 3, 2015.

As described in this AIF, on June 20, 2012, Liberty Gold entered into a share-purchase and joint venture agreement with TMST, a subsidiary of Teck pursuant to which, Liberty Gold would have the right to acquire a further 20% of Orta Truva, and thus indirectly, a further 20% in TV Tower. Through the three year period over which Liberty Gold will have the right to earn-in to the additional 20%, Liberty Gold will be the operator of TV Tower.

On September 13, 2013, at Liberty Gold’s direction, Orta Truva agreed to acquire 100% of mining operation license #80823 (formerly identified as license numbers 58368 and 70501), known as the Kuşçayırı or Karaayı project, from

<sup>7</sup> Disclosure is current to date of TV Tower Report. See updated discussion under heading “TV Tower Project – Recent Developments” in this AIF.

Batı Anadolu. Consideration for the transaction comprised 1,250,000 Common Shares and \$300,000. The addition of the Karaayı license increased the total land package to 9,066.14 hectares.

According to the General Directorate-Mining Affairs, the Turkish state will receive 4% Gross Royalty (Pit-Head Sale Price) (known as the State's rights) for precious metals in the 'Fourth Group' minerals (in other words, non-ferrous minerals, excluding gems). Each year the licence holder pays the royalty on the last day of June.

The author of the TV Tower Report is not aware that the property is subject to environmental liabilities other than those attached to drill site permits that have been, or may be issued in the future.

SRK is unaware of any significant factors and risks that may affect access, title or the right or ability to perform the exploration work recommended for the TV Tower Project.

### **Accessibility, Climate, Local Resources Infrastructure and Physiography**

TV Tower is located 27 km SE of the city of Çanakkale and 37 km west of the city of Çan on the Biga Peninsula in NW Turkey. Access to TV Tower and the defined targets is afforded by a series of local improved and unimproved gravel and dirt forestry roads.

TV Tower is located in an area of steep-sided hills and ridges. The highest elevations on the property are approximately 700 m. Exploration areas require significant road construction for drilling. Most of the property has been logged in the past, such that vegetation includes immature pine trees and heavy brush, particularly on north-facing slopes. Deciduous trees are present in areas with year-round streams.

The Biga Peninsula has fertile soils and a Mediterranean climate with mild, wet winters and hot, dry summers. Temperatures range from 15 to 35°C in the summer and -10 to 10°C in the winter months. The annual rainfall is approximately 30 cm, generally falling as mixed rain and snow in late fall and winter. Year-round access to the properties for field exploration is unrestricted due to weather; however, snow during winter may restrict vehicle movement for short periods.

The region is well serviced with electricity, transmission lines and generating facilities, the most significant being a large coal-fired power plant outside the Town of Çan (37 km to the E). Population and agricultural activity is concentrated in the valleys, while most areas of active exploration are located in highlands which are predominantly forested. Local labour is employed from nearby villages. There is no exploration infrastructure located on the properties, with the exception of dirt roads used for logging. There are a number of streams and water springs located at the bases of many of the hills that are suitable sources of water for drilling.

### **History**

Limited historical exploration work has been completed within the TV Tower licence areas. There are numerous small, ancient, possibly Roman workings, located throughout the property. These workings include prospect pits, small stopes and ore piles and are widespread in and around mineralized areas of the Biga Peninsula. A series of holes were drilled in the Sarp target area in the northeastern part of TV Tower, but further details of this exploration work or results from the drilling are not known. The Government General Directorate of Mineral Research and Exploration of Turkey ("MTA") conducted a regional-scale exploration program over the Biga Peninsula between 1988 and 1991. Results from this work were not available to the author of the TV Tower Report. Historical sampling by TMST in the 1990's included 36 rock samples from silicified and argillic altered outcrops along with six silt samples. The highest-grade rock samples returned 1,900 ppb and 510 ppb Au at Sarp. The highest value returned from the silt sampling program was collected over the southeastern portion of the property and returned 241 ppb Au. These anomalous results highlighted the potential of the area. The author of the TV Tower Report is not aware of any previous mineral resource or reserve estimates or mineral production from the property.

TMST and Liberty Gold's predecessor, Fronteer undertook surface exploration programs from 2007 through 2011, including:

- Extensive grid-based soil sampling, totalling over 4,460 samples.
- Prospecting and rock sampling, totalling over 1,780 samples.
- Geological mapping over approximately 60% of the property.
- Ground magnetics (35 line-km) and IP (77.4 line-km), over established targets.

- PIMA Hyperspectral analysis of over 4,000 rock and core samples.

The results of these investigations showed the presence of widespread gold and copper geochemical and geophysical anomalies that led to the designation of at least seven high-priority targets, of which four were tested by the drilling of 92 diamond core holes. This drilling led to discoveries at the Küçükdağ and Kayalı targets.

The newly-acquired Karaayı tenure was explored by Eurogold AŞ (Normandy Mining Ltd.) (“**Eurogold**”), Tüprag Metal Madencilik Sanayi ve Ticaret Anonim Şirketi (“**Tüprag**”), a subsidiary of Eldorado Gold Corporation (“**Eldorado**”), and Chesser from 2004 to 2012. Tüprag’s retains a .5% Net Smelter Return royalty on Karaayı. These companies carried out limited rock and soil sampling, geophysical surveys and geological mapping, and discovered near-surface high sulphidation epithermal gold mineralization as well as porphyry copper-gold mineralization through drilling of a total of 41 rotary air blast, RC and diamond core holes.

### Geological Setting

TV Tower lies within the central part of the Biga Peninsula, the geology of which is complex and characterized by various lithological associations made up of: (1) Paleozoic and early Mesozoic basement metamorphic rocks; (2) Permian and Mesozoic sedimentary and ophiolitic rocks; (3) Tertiary volcanic and intrusive rocks; and (4) Neogene sedimentary rocks. Older rocks are affected by several collisional orogenic events. Tertiary rocks record mainly brittle extensional and transtensional deformation. TV Tower hosts metamorphic basement rocks at low elevations in the western and central areas, overlain by interlayered Tertiary calc-alkaline volcanic and volcanoclastic rocks. They are variably altered, brecciated mineralised and variably deformed (e.g. brittle deformation).

### Exploration

Exploration on the TV Tower property, exclusive of Karaayı, from 2007 through 2011, is summarized in Table 8:

	2007	2008	2009	2010	2011
<b>Rock/Soil samples</b>	98/1156	263/418	450/1264	357/1264	616/358
<b>PIMA samples</b>			1,300		2,780
<b>IP/Resistivity (Line Km)</b>	-	-	25.2	39.2	13.0
<b>Ground Magnetic Survey (Line Km)</b>	-	-		168.0	67.0
<b>Total Drill Holes</b>	-	-		19	72
<b>Drilling (metres)</b>	-	-		4,183.6	14,758.8

The above exploration work was conducted by TMST and Fronteer. Casey M. Hetman, one of the authors of the TV Tower Report, relied on data and information relating to exploration work and results supplied by TMST. Given Fronteer / Liberty Gold’s long standing interaction and association with TMST, and their best practices protocols, the author is satisfied that the data and information were collected in a proper manner and collated into appropriate databases

At the Karaayı license, exploration work was carried out by Eurogold, Tüprag and Chesser from 2004 through 2011, including limited soil and rock sampling, geological mapping, IP and magnetic surveys.

In June, 2012, Liberty Gold, as operator of the Joint Venture with TMST, commenced a program of geological mapping, sampling and drilling, with an emphasis on target identification and definition. As of the effective date of the TV Tower Report, Liberty Gold has collected over 3,293 rock and 5,242 soil samples, conducted an airborne EM and magnetics surveys over the entire property, mapped most of the property in reconnaissance at 1:25,000 scale and a number of targets in detail, and has identified or refined several new or existing targets.

### Mineralization

The TV Tower property contains multiple zones of gold mineralisation interpreted to be nested within a large, highly-altered volcanic center or centers. Many of these target areas have wide-spread epithermal alteration with supporting geophysical and geochemical signatures typical of those seen at other high- and low-sulphidation gold (Kırızlı, Ağı Dağı) and porphyry copper-gold deposits (Halılağa) within the Biga Peninsula.

The targets defined to date on the TV Tower property are primarily classified as either low sulphidation epithermal gold-silver, high sulphidation epithermal gold-silver +/- copper or copper-gold porphyry mineralisation. An intermediate sulphidation deposit (Kartaldağ) exists in an inlier to the property and occurrences of this type of mineralisation may be also present at TV Tower. One target has also been defined in the basement metamorphic rocks and has been tentatively classified as listwanite lode-gold mineralisation.

Targets are defined by surface geochemistry, alteration and IP chargeability highs, and include the following:

#### Küçükdağ (KCD) Target

The mineralised zone consists of west-northwest/east-southeast-trending gold zone overlain by a large, tabular zone of silver mineralisation. Copper is found in association with both zones. Gold, silver and copper mineralisation hosted in a sub-horizontal stratigraphic sequence consisting primarily of tuff, reworked volcanoclastic rocks and siltstone. Mineralisation is characterised by a high sulphidation gold-pyrite-enargite assemblage and associated silicification and advanced argillic alteration. Gold-copper mineralisation in the main zone is associated with hydrothermal/tectonic breccias, stratabound and structural zones of vuggy quartz and sheeted vein swarms. A silver rich, relatively strata-bound zone overlies and extends north of the gold zone and includes zones of polymict grading to crackle breccias. Another zone of gold mineralisation, overlying the silver zone, was discovered late in the 2013 drill program.

As of the effective date of the TV Tower Report, a total of 216 drill holes have been drilled and tested in the Küçükdağ target. The discovery hole, KCD-2, returned 136.2 m grading 4.3 g/t Au, 0.68% Cu and 15.8 ppm Ag from a silica-sulphide-cemented breccia zone.

#### Kayalı /Nacak Gold Targets

The Kayalı target includes extensive outcropping zones of vuggy and massive quartz and strong advanced argillic alteration over a 2 km x 1.5 km area at the top of “TV Tower Hill”, representing the highest elevations on the property. This area is characterized by the presence of extensive silicified ledges, hosted primarily in volcanoclastic rocks, quartz-alunite ledges variably developed in overlying feldspar-hornblende porphyritic volcanic flows, and WNW-ESE-striking, steeply SSE-dipping vuggy quartz ribs marking joint sets, brittle faults and breccia zones.

Drilling initially focused on an area of elevated gold in rock samples marking a prominent silica rib. Drill hole KYD-1 returned 114.5 m grading 0.87 g/t Au, apparently by drilling in a near-parallel orientation to a rib. The mineralised zone is characterised by the presence of brecciated and hematitized vuggy quartz after relatively fine-grained, tuff and volcanoclastic rocks. It extends from surface to a depth of up to 120 m. Grade is generally correlated with a higher degree of brecciation. The silicified interval is strongly oxidized. Below the silicified zone, the hole passes into advanced argillic altered, feldspar porphyritic flows, and eventually into unoxidized rocks. At this boundary, a zone of supergene chalcocite and covellite is developed. Copper likely was present as enargite in the silicified zone but was subsequently leached and redeposited at the oxidation-reduction boundary. 3,586.1 m of diamond drilling in 17 holes was completed in 2013.

The Naçak target is located to the northeast of the Kayalı target. It consists of a high sulphidation epithermal target and a porphyry target. The high sulphidation target is defined primarily by a gently north-dipping silica ledge and related advanced argillic alteration with sporadic high gold values in rocks that crop out over a wide area. The ledge was targeted with ten drill holes by TMST with limited success.

#### Karaayı Targets

The Karaayı tenure hosts a number of porphyry and high sulphidation epithermal gold targets, collectively referred to as “Karaayı”. Karaayı high sulphidation epithermal gold targets are similar in nature to the Kayalı target, with gold hosted in massive to vuggy quartz-altered ledges developed primarily in a gently north-dipping sheet of dacitic volcanoclastic rock. Elevated gold values are encountered in WNW-striking, steeply SSW-dipping ribs consisting of jointed, sheared and brecciated rock with abundant hematite and limonite as fracture fillings and breccia cement. Two drilled targets have been identified to date, including one on the west and south sides of Yumrudağ, the other located 1 km to the east on Ardıç Tepe. As with Kayalı, these areas host zones of supergene copper located immediately under the gold zones at the base of the zone of oxidation. The gold zones have been the target of three previous drilling campaigns.

There are at least two porphyry targets on the Karaayı tenure. One is located immediately east of the gold target located on Ardiç Tepe. At this location, a crowded feldspar-hornblende-biotite-quartz porphyry intrusion is exposed on surface. It is affected by strong phyllic alteration and quartz stockwork veins with axial lines. Disseminated and fracture-filling copper oxides and chalcocite are locally present. The target was tested with two RC holes by Tüprag and one diamond drill hole by Chesser. Liberty Gold drilled one diamond drill hole into the target, which is further described in the drilling section.

A second porphyry target is present in the lower elevation area south of Yumrudağ. In this location, recent soil sampling has outlined a NW-SE-elongate copper and gold in soil anomaly measuring approximately 1200 X 400 m. Surface mapping has identified the presence of NE-trending sheeted quartz veins with axial lines and phyllic-altered margins.

#### Nacak Porphyry Target

The Nacak porphyry target consists of an area of coincident Au and Cu in soil present at lower elevations below the silica ledge. In this area, volcanic rocks contain areas of patchy silicification, locally with finely disseminated grey sulphide. Quartz stockwork veining representing possible “A” veins, cut by “B” veins with axial lines and locally cut by limonite veinlets (oxidized “D” veins?) was noted in outcrop (vein terminology after Gustafson and Hunt, 1975). Possible phyllic alteration was noted in association with veining. These observations suggested the possibility of porphyry-style mineralisation at depth. Elsewhere in this area, rare float of potassic altered monzonite with disseminated chalcopyrite and malachite was noted.

Three diamond drill holes totalling 1,116.2 m targeted porphyry-style alteration at Nacak in 2013. All three returned intervals of phyllic alteration with weak sheeted quartz or stockwork quartz veining in feldspar porphyritic intrusive rocks. Two holes contained weak pervasive potassic alteration at depth. While anomalous copper and gold grades were noted in association with phyllic alteration and stockwork veining, potentially economic grades were not encountered.

#### Gümüşlük Target

The Gümüşlük target area is underlain by metamorphic rocks, including phyllite, marble, and serpentinite. Zones of gossanous material, skarn alteration and quartz veins with green mica (fuchsite?) were noted in reconnaissance traverses through this area, which had returned anomalous Au, Ag and Cu from widely-spaced soil samples. Results from rock sampling were disappointing relative to Au values in soil samples; leading to a suspicion that mineralization might be recessive in nature.

For this reason, Liberty Gold conducted a detailed, 50 x 50 m infill soil grid over the area, for a resulting 25 x 25 m sample spacing, which returned a 1.2 km-long Au in soil anomaly with individual samples returning over 6 ppm Au.

#### Kartaldağ West Target

The Kartaldağ deposit, located within an inlier in the TV Tower property, is described as an intermediate sulphidation epithermal deposit reputed to have returned high gold and silver grades in small-scale historic mining from a NE-trending zone of silicification, quartz veining and sulphide mineralisation. A resistant, E–W-trending rib of silica-alunite alteration continues westward from the mine for at least 200 m onto the TV Tower Property. This rib is cored by a steep, iron oxide stained breccia zone. Within the breccia zone, clasts of epithermal quartz vein material were noted. Rock sampling has returned up to 0.9 g/t gold, with most samples returning at least anomalous values. The presence of quartz vein material in the breccia raises the possibility of a vein at depth. Strong argillic or advanced argillic alteration with low sulphidation epithermal vein material in float extends up to 1 km west of the rib.

#### Sarp/Columbaz Target

The Sarp/Columbaz target, located in the east-central part of the TV Tower property, was defined by extensive silicification, advanced argillic alteration, anomalous surface geochemistry and a strong IP chargeability high. 11 diamond drill holes totalling 2,112.1 m were drilled at Sarp in 2010 and 2011. The Sarp/Columbaz area was originally explored by TMST as a HS epithermal target. Liberty Gold has recognized the presence of high grade Au and Ag in LS epithermal quartz veins at this target and will be testing this alternative model in 2014.

### Other Targets

Other targets exist on the property that have not been drill tested, including the Kestanecik LS epithermal Au-Ag target and the Tesbihçukuru HS epithermal Au target. As mapping and sampling progress, other targets are being discovered.

### **Drilling**

TMST carried out drilling in two separate campaigns between August 2010 and December 2011. The main objective of the 2010 and 2011 drilling programs was to test coincident IP/MAG geophysical anomalies and anomalous gold values in rock and soil samples at the Küçükdağ, Kayalı / Nacak and Sarp / Columbaz targets.

Between August 2010 and early January 2011, a total of 19 diamond core holes were drilled (including two abandoned) for a total of 4,183.60 m. From March 2011 through December 2011, 82 diamond core holes were drilled of which 74 were completed for 15,446.6 m including 37 holes into the Küçükdağ / Küçükdağ Southeast target, 35 holes at Kayalı and Nacak HSE and 10 holes at the Sarp target. In total, 19,630.2 m in 92 holes were drilled on the property by TMST.

Drill results on the Küçükdağ target were very encouraging. KCD-02 and KCD-19, drilled into the sub-vertical breccia zone, returned 4.26 g/t Au over 136.20 m (drilled), including 12.76 g/t Au over 15.90 m, and 3.80 g/t Au over 131.80 m (drilled), including 9.54 g/t Au over 45.0 m respectively. KCD-16, drilled into the “stratiform” silver zone, returned 51.94 g/t Ag over 74.5 m.

At the Kayalı target, drilling by TMST confirmed gold grades returned from surface channel sampling, with KYD-01 returning 15.4 m (drilled) at 2.85 g/t Au within an interval of 114.5 m averaging 0.87 g/t Au, and KYD-02 returning 22.5 m (drilled) at 1.98 g/t Au.

Liberty Gold carried out two campaigns of drilling between August 2012 and January 2013 and from March 2013 through the effective date of this technical report. A total of 158 diamond drill holes for 35,325.2 m and 11 RC holes for 1,927.5 m were completed during this period. An additional 2 RC holes totalling 282 m were drilled for the purpose of installing groundwater monitoring wells.

To date, drilling at Küçükdağ, including 134 diamond drill holes totalling 29,339.2 m and 10 RC holes totalling 1,882.5 m, returned a number of significant intercepts, including high-grade Au-Ag-Cu, long intercepts of moderate Au grade, and moderate-grade Ag mineralisation.

### **Sampling and Analysis**

All drill samples collected in the TMST and Liberty Gold programs were subjected to rigorous quality control procedures that ensured best practice in the handling, sampling, analysis and storage of the drill core. QA / QC included the insertion and monitoring of blanks, standards and duplicates at regular intervals, the retention of half-core for archival purposes, and a program of check assaying. The authors consider the adequacy of sampling, security and analytical procedures carried out by TMST and Liberty Gold to be satisfactory.

Drill holes were collared in HQ diameter core (63.5 mm). The holes were reduced to NQ (47.6 mm) when and where problems were encountered due to bad ground conditions such as clay-rich fault zones. Core was placed in plastic boxes with depth markers every drill run (up to 3 m).

Boxes were securely sealed and brought to the core facility at TMST’s Etili camp and secure core logging and storage facility once a day by the drilling company. Reflex survey tests were taken at 50 to 100 m intervals down-hole to provide measurements of drill hole deviation. All drill holes were sampled and assayed continuously by staff of TMST on behalf of Orta Truva, with the exception of obviously non-mineralized intervals in drill holes KCD-03, KCD-01 and KYD-07. Sample intervals were selected on a geological basis and generally average < 1.0 m in length and up to 1.5 m.

Most of the diamond drill holes were completed using HQ size core and the average recovery was 86%. The majority of core loss was due to fault gouge zones. QA/QC protocols generally conform to industry standards and no concerns were raised.

Data pertaining to drilling programs at the Karaayı license are still being compiled. QA / QC protocols employed by Eurogold are not available. Consequently, data from these holes are not currently being utilized. Both Tüprag and Chesser were known to employ QA / QC protocols; the nature of these protocols is not currently known and is currently being investigated.

### **Security of Samples**

Samples were transported to Acme Analytical Laboratories Ltd. (“ACME”) in Ankara for sample preparation, including crushing and preparation of a 1000 gram pulp. After samples were processed a 100-g pulp packet was forwarded to ACME in Vancouver for geochemical analysis by ICP-MS and gold by fire assay, with the remaining “master pulp” material for each sample remaining in Ankara and later transferred to the Etili camp for final storage. Notification of receipt of sample shipments by the laboratory is confirmed by electronic mail. No problems were encountered during the transport throughout the program.

### **Metallurgical Testing**

In April, 2011 G&T Metallurgical Services Ltd. of Kamloops were contracted to complete a “pre-scoping” metallurgical test work program on the Küçükdağ mineralised zone. The two master composite samples were subjected to mineralogical and metallurgical investigations. Gold recoveries, for both composites, using a combined gravity plus cyanidation flow sheet resulted in about 50 percent overall gold extractions by this method. Gold recoveries to the gravity concentrate were very low at between 2 to 5 percent. Additional testing was recommended to see if the feed mass recovery to the concentrate could be reduced without significant gold recovery loss.

In 2013, Liberty Gold commenced a metallurgical testing and ore characterisation program under the guidance of consulting metallurgists Gary Simmons and John Gathje, with testing at Hazen. This program includes analysis of all assay intervals with  $> 0.2$  g/t Au and  $> 10$  ppm Ag using cyanide-soluble methods, and analysis of selected intervals for organic carbon.

For this study, 132 variability composites were selected based on geological and assay considerations. From these, 16 master composites were organized using a significant portion of the variability composites to represent geology / lithology and variable Au, Ag and Cu grade ranges.

The master composites cover oxide, mixed and sulphide mineralisation. The scope of test work included:

- Sample preparation, cold storage after prep and head assays on the 16 MC’s (completed).
- Comminution testing for JK SAG parameters, Bond Ball Mill Work Index and Abrasion Index numbers (completed).
- Baseline cyanide-leach and carbon-in-leach (“CIL”) testing on oxide and mixed MC’s (on-going).
- Scoping level rougher and cleaner flotation test work on various MC’s (on-going).
- CIL of flotation scavenger concentrate, cleaner tails and rougher tails products (on-going).

Twelve individual variability composites, representing various rock types, were selected for comminution testing. The results show a very wide range of SAG (A x b), Ball Mill (kWh/t), Abrasion Index (Ai) numbers. Although the results of other elements of the metallurgical program have not been finalized, preliminary results of the leach work on oxide and transitional materials suggest the following interpretations:

- Gold in oxide and mixed material types can be cyanide leached. It is early in testing, but samples tested show a flat response to particle size vs. gold extraction %, indicating amenability to conventional milling and / or heap leaching practice.
- Gold extractions ranged from 50-92% at a grind size of 80% passing (P80) 75 microns ( $\mu\text{m}$ ).
- Silver in oxide and mixed material types can also be extracted by cyanide leaching; however, unlike gold, there is a marked decline in extraction % with increasing particle size, indicating that silver mineralisation will not be suitable for heap leaching.
- Silver extraction at a grind size P80 = 75  $\mu\text{m}$ , is lower than gold, ranging from 45-73%; however, there is potential to improve silver extraction by various methods which have not been evaluated in this early stage of testing, such as: finer grinding, higher cyanide strength, lead nitrate addition, elevated temperature leaching, and pressure cyanidation.

- Some samples contain organic carbon C(org). With respect to gold extraction, there is indication of “very mild” preg-robbing effect, whereas silver extraction appears to be unaffected.

Preliminary results of the leach work on primarily sulphide materials suggest the following interpretations:

BLIT material type (the major rock type source for high-grade sulfide Cu, and Au mineralisation) testing indicated reasonable response to conventional flotation practice with:

- Rougher and scavenger flotation concentrate recoveries ranging from 87-96% for Cu, 78-93% for Ag and 89-95% for Au.
- 1st cleaner concentrate recovery ranges from 73-90% for Cu, 33-75% for Ag and 60-87% for Au
- 2nd cleaner concentrate recovery ranges from 69-88% for Cu, 28-72% for Ag and 54-85% for Au
- LASH / LATASH1 material type (a modest rock type source for sulfide Cu, Au and Ag mineralisation) testing response, conducted on a single master composite blend of these two materials, is poor based upon very limited testing:
- C(org) is present in some LASH / LATASH1 materials
- Rougher and scavenger flotation concentrate recovery averaged 85.8% for Cu, 80.2% for Ag and 69.5% for Au
- 1st cleaner flotation concentrate recovery averaged 61.9% (Cu), 29.9% (Ag) and 27.7% (Au)
- 2nd cleaner flotation concentrate recovery averaged 55.9% (Cu), 25.2% (Ag) and 23.6% (Au)

All sulfide material types contain copper minerals with elevated levels of arsenic and antimony. A significant portion of the contained As and Sb report to flotation concentrates, in concentration levels between 2-8%. The commercial concentrate smelting market is limited for concentrates containing elevated levels of As and Sb. Potential exists to treat small to modest tonnages of high-grade Cu, Au and Ag concentrates, containing As and Sb, either through concentrate blending entities or direct sale to smelters. Once sufficient flotation optimization test work is completed, a concentrate marketing study should be commissioned to evaluate potential placement of the KCD Project concentrates.

In the event that KCD concentrates cannot be sold into the commercial smelting market, on-site concentrate processing options need to be investigated, in parallel with ongoing work. On-site concentrate treatment will most likely involve hydrometallurgical treatment, involving oxidation of sulfide materials and economic recovery of Cu, Au and Ag. Potential hydrometallurgical treatment options for consideration should include: Acid Pressure Oxidation (Cu, Au and Ag concentrates), Alkaline Pressure Oxidation (Ag and Au concentrates), Acid Albion Leach (Cu extraction), Neutral Albion Leach (Au and Ag extraction), others as necessary. Non-hydrometallurgical treatment options for Au & Ag concentrates include: fine grinding and cyanide leaching, pressure cyanidation, caustic leaching.

Rougher and cleaner testing was carried out on three samples from a single drill hole at Karaayı, including supergene and primary copper mineralisation associated with porphyry mineralisation in KAD-02. The samples had a range of Cu grades from 0.3 to 0.4% and gold grades from 0.1 to 0.4 g/t Au. Rougher flotation tests showed that nearly all the sulphides could report to a bulk concentrate with high recoveries of copper and gold. Cleaner flotation tests returned poor grades due to incomplete mineral liberation in the rougher concentrate. Further optimization is needed to confirm that an acceptable grade of final concentrate can be produced. Flotation performance based on the rougher and cleaner flotation tests, and incorporating an appropriate plant recovery discount, gave estimated recovery performance to final concentrate of 80% Cu and 58% Au.<sup>8</sup>

### **Mineral Resource and Mineral Reserve Estimates**

The resource estimate at KCD was completed by James N. Gray, P.Geo. of Advantage Geo, an Independent Qualified Person as defined by NI 43-101. No mineral reserve estimates have been completed at this early stage in the project.

The resource estimate is based on results from 37,860 m of drilling in 169 drill holes (160 core and nine RC). Quality-control data generated during the various drill programs conducted at Küçükdağ, were independently

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<sup>8</sup> See updated discussion under heading “TV Tower Project - Recent Developments” in this AIF.



verified by SRK, as part of the project review. The resource model consists of a detailed three-dimensional geological model including lithological domains and structural domains derived from 25 metre-spaced sections. These, in turn, were used to constrain the interpolation of gold, silver and copper grades. Block grades were estimated by ordinary kriging. Blocks measure 10 x 10 x 5 m. A total of 26,173 individual assay intervals averaging 1.4 m in length were composited into a total of 12,981 composite intervals of 3 m length. Gold, silver and copper assay data were reviewed statistically to determine appropriate grade capping levels by domain. A total of 71 gold assays, 48 silver assays and 33 copper assays were capped prior to compositing based on the evaluation of probability plots by major rock type. In addition to the capping of assay data, the impact of anomalously high gold values was controlled by restricting their range of influence in the estimation process.

For mineralization in the Gold Zone to be classified as Indicated the following criteria were used: two holes within 25 m or three holes within 36 m. Indicated classification for the Silver Zone is based on a minimum of two holes within 35 m or three holes within 50 m. All other above cut-off grade material within the pit shell was classified as Inferred. The mineral resources are confined within a Whittle pit shell generated by SRK to ensure reasonable prospects of economic extraction.

The pit shell was based on the following parameters: Au: \$1,335/oz.; Ag: \$22/oz.; Cu: \$3.60/lb; Mining: \$2.00/t; Milling, General and Administrative and sustaining capital cost (“CAPEX”) estimate: \$15/t milled; Recovery: Au and Ag = 75%; Cu = 70%; Overall pit slope: 50o. At a 0.5 g/t gold equivalent (“AuEq”) cut-off, the strip ratio is 1.47:1. Tonnage estimates are based on 6,027 density measurements which were used to assign average values to lithologic domains of the block model. Bulk density for the main Küçükdağ gold mineralized rock unit averages 2.38 t/m<sup>3</sup>.

The resource at a 0.5 g/t AuEq cut-off is presented in Table ii below. The 0.5 g/t AuEq cut-off (\$19/t at assumed gold price) has been used as a reasonable economic cut-off grade for an open pit operation feeding a conventional flotation plant. At this cut-off grade, the strip ratio is 1.47:1.

**Table 9: Küçükdağ Estimated Mineral Resource at a 0.5 g/t Gold Equivalent Cut-off**

Zone	Resource Class	Tonnes	Au	Ag	Cu	AuEq	Metal (x10 <sup>3</sup> )		
		(x10 <sup>6</sup> )	(g/t)	(g/t)	(%)	(g/t)	Au(oz)	Ag(oz)	Cu(lb)
<b>Total</b>	<b>Indicated</b>	23.06	0.63	27.6	0.16	1.34	470	20,479	78,859
	<b>Inferred</b>	10.77	0.15	45.7	0.06	1.01	53	15,831	14,883
<b>Gold Zone</b>	<b>Indicated</b>	11.62	1.22	8.8	0.23	1.74	456	3,298	59,470
	<b>Inferred</b>	1.70	0.85	8.5	0.15	1.23	46	464	5,591
<b>Silver Zone</b>	<b>Indicated</b>	11.44	0.04	46.7	0.08	0.94	14	17,182	19,388
	<b>Inferred</b>	9.08	0.02	52.7	0.05	0.97	6	15,367	9,292

## Exploration and Development

With the establishment of the resource at Küçükdağ, the foundation of significant Au and Ag mineralization has been established for the TV Tower Exploration property. There is room for additional mineralization to be discovered around Küçükdağ as additional drilling is undertaken; specifically within the silver zone that remains open to the north and west of the current resource.

It is important to consider that the property consists of seven different target areas in addition to Küçükdağ. The target areas include multiple epithermal and porphyry systems that show promising Au, Ag and Cu mineralization. All of these target areas warrant further exploration work that should include additional bedrock mapping, geochemical and geophysical surveys as well as drilling. Building on geological information that has been established at Küçükdağ, the most interesting zones of mineralization are often related to key structural corridors and therefore detailed structural mapping for all exploration target areas is considered a priority for the TV Tower Property.

Of the additional exploration target areas that exist on the property outside of Küçükdağ, Kayalı and the K2 trend at Karaayı are two key areas that are presently exhibiting very encouraging exploration drilling results. The Karaayı target is classified as a high sulphidation epithermal and oxide system that includes porphyry styles of mineralization and is characterised by very encouraging Au and Cu mineralization. The Kayalı Target includes significant Au and Cu mineralization and is classified as a high sulphidation epithermal and oxide system with recently discovered zone of supergene Cu mineralisation. Both these targets warrant further focused exploration activity as these are two areas that show potential for future resource development.<sup>9</sup>

## **Recommendations**

As a follow-up to encouraging exploration results since Liberty Gold assumed the role of operator at TV Tower, and as a reflection of the prospectively of multiple targets on the property, continued aggressive exploration of the TV Tower project is recommended in two phases. The first phase will see Liberty Gold complete its obligations under the earn-in and is designed to fully test the Karaayı high-sulphidation epithermal and porphyry target, and expand upon the initial understanding of several identified targets over a period greater than one year. The first phase also recommends follow-up drilling to expand the resource at Küçükdağ.

A Phase I Exploration Program which would include, in aggregate a \$12.35 million budget, is recommended for the following:

- Küçükdağ: complete certain metallurgical and engineering analyses and drill test targets to the north and northwest of the resource;
- Karaayı high-sulphidation epithermal and porphyry targets: resource definition drilling with initial metallurgical analysis and high-level engineering and related studies;
- Kayalı: Follow-up drill testing on gold and copper targets;
- Sarp / Columbaz: Detailed targeting and surface work prior to a follow-up drill program of 2010 and 2011 program;
- Gümüşlük: Surface work prior to initial Liberty Gold led drill testing;
- General property: surface and soil sampling in advance of testing of other priority targets.

Field Support, Camp Costs & Travel as well as costs associated with Community Relations, land tenure maintenance, legal fees associated with the EIA challenges and administrative activities have been included. The proposed budget includes costs associated with conversion of licenses from ‘exploration’ to ‘operation’ status, and filing of necessary EIA reports.

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<sup>9</sup> See updated discussion under heading “*TV Tower Project - Recent Developments*” in this AIF.

**Budget proposed in TV Tower Report for Phase 1 program**

The total budget for program outlined above is estimated by the authors of the TV Tower Report at \$12,350,000 (inclusive of 5% contingency) as detailed in Table 9 below:

	Küçükdağ	Karaayı HSE and Porphyry targets	Kayalı	Sarp / Columbaz	Gümüslük	General Property	Total
Drilling	\$1,305,000	\$1,740,000	\$870,000	\$725,000	\$435,000	\$ -	<b>\$5,075,000</b>
Meters (core)	9,000	12,000	6,000	5,000	3,000	-	<b>35,000</b>
Cost per meter	\$ 145	\$145	\$145	\$145	\$145	\$145	
Assaying	\$332,000	\$442,600	\$221,300	\$184,400	\$110,700	\$ -	<b>\$1,291,000</b>
Samples	7,377	9,836	4,918	4,098	2,459	-	<b>28,689</b>
Cost per sample	\$45	\$45	\$45	\$45	\$45	\$45	
Metallurgy	\$160,000	\$30,000	\$30,000	\$ -	\$ -	\$ -	<b>\$220,000</b>
Geology	\$12,000	\$10,000	\$10,000	\$12,000	\$8,000	\$30,000	<b>\$82,000</b>
Geophysics &	\$8,000	\$300,000	\$8,000	\$100,000	\$100,000	\$64,000	<b>\$580,000</b>
Resource Estimation	\$ -	\$110,000	\$20,000	\$ -	\$ -	\$ -	<b>\$130,000</b>
Labor (Wages)	\$420,000	\$720,000	\$350,000	\$296,000	\$178,000	\$200,000	<b>\$2,164,000</b>
Land & Legal	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	<b>\$720,000</b>
Environmental						\$360,000	<b>\$360,000</b>
Field Support, Camp						\$600,000	<b>\$600,000</b>
Community Relations						\$220,000	<b>\$220,000</b>
Capital Purchases						\$120,000	<b>\$120,000</b>
General and						\$ 200,000	<b>\$200,000</b>
<b>Subtotal</b>	<b>\$2,357,000</b>	<b>\$3,472,600</b>	<b>\$1,629,300</b>	<b>\$1,437,400</b>	<b>\$951,700</b>	<b>\$1,914,000</b>	<b>\$11,762,000</b>
Contingency (5%)	\$117,850	\$173,630	\$ 81,465	\$71,870	\$47,585	\$95,700	<b>\$588,100</b>
<b>Total</b>	<b>\$2,474,850</b>	<b>\$3,646,230</b>	<b>\$1,710,765</b>	<b>\$1,509,270</b>	<b>\$999,285</b>	<b>\$2,009,700</b>	<b>\$12,350,100</b>

A Phase 2 program, generally designed to continue resource definition drilling at Kayalı (\$900,000), Sarp/Columbaz (\$1,500,000) and Gümüşlük (\$1,000,000) in advance of preparing an initial resource on at least 2 of these targets, as well as initial drilling (\$500,000) on other targets on the property is recommended assuming that results from Phase 1 are encouraging. If results warrant, a PEA on Küçükdağ (\$200,000) and a PEA on Karaayı (\$200,000) is recommended. Field support, camp costs, legal, environmental and other administrative costs similar to those in the table above (total \$5,200,000) should continue to be incurred to support the Phase 2 program.

SRK is unaware of any significant factors and risks that may affect access, title, or the right or ability to perform the exploration work recommended for the TV Tower Project.

### Recent Developments<sup>10</sup>

The following disclosure relating to TV Tower summarizes non-material activities and results since the effective date of the TV Tower Report.

### Exploration and Expenditures 2014-2016

During 2014, the Corporation advanced a number of targets and made new discoveries, including two gold-copper porphyries. A total of 12,549 metres of core drilling in 46 holes was completed at the Hilltop and Valley porphyry targets and K2 epithermal gold targets, and in the Sarp/Columbaz area. In 2015, 5,315 metres of core drilling in 21 holes were completed into the Hilltop, Valley and K2 epithermal (Karaayı HSE) targets.

Through 2015, 2016 and 2017 activities at TV Tower were principally focused on continued target generation, data compilation and tenure management.

Table 10: Liberty Gold Drilling, 2012-2016						
Drill Target	RC		CORE		TOTAL	
	Holes	Meters	Holes	Meters	Holes	Meters
Küçükdağ	10*	1,882.5	134***	29,339.2	144	31,221.7
Kayalı	1**	45	16*	3,541.1	17	3,586.1
Nacak Porphyry	-	-	3	1,116.2	3	1,116.2
Karaayı HSE	-	-	8	2,253.6	8	2,253.6
Valley porphyry	-	-	27	5,861.7	27	5,861.7
Hilltop porphyry	-	-	25	7,687	25	7,687
Sarp-Columbaz	-	-	12	3,390.25	12	3,390.25
Water monitoring	2	282	0	0	2	282
<b>Total</b>	<b>13</b>	<b>2,209.5</b>	<b>225</b>	<b>53,189.05</b>	<b>238</b>	<b>55,398.55</b>

KRD001, KRD003, KRD025, KRD026, KRD037, KRD053, KRD055 and KRD057 were included in Karaayı HSE  
KRD002, KRD004-KRD009, KRD027-KRD030, KRD034, KRD038-KRD040, KRD043, KRD046, KRD048, KRD051, KRD052, KRD054, KRD056 AND KRD058-KRD060 were included in Hilltop Porphyry  
KRD010-KRD024, KRD031-KRD033, KRD035, KRD036, KRD041, KRD042, KRD044, KRD045, KRD047, KRD049 and KRD050 were included in Valley Porphyry  
\*includes 1 abandoned hole: KCD045R  
\*\*includes 1 abandoned hole: KYD046R  
\*\*\*includes 2 abandoned holes: KCD082A, KCD174

<sup>10</sup> Discussion detailed under heading “TV Tower Project - Recent Developments” in this AIF supplements and updates the disclosure summarizing the TV Tower Report. Moira Smith, Ph.D., P.Ge., Vice-President Exploration and Geoscience, Liberty Gold, and a Qualified Person, has prepared and approved such Technical Information. Dr. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears.

### *K2-Karaayi Exploration results*

Surface exploration activities in 2014 outlined a 1200 m-long by 400 m-wide gold- and copper-in-soil anomaly south of the main ridge on the tenure. Prospecting and mapping outlined an area of outcropping quartz-magnetite stockwork and phyllic and potassic alteration consistent with the presence of a copper-gold porphyry system.

To date, the Valley Porphyry target has been drill tested with 27 holes along the axis of the soil anomaly over a distance of approximately 1,000 m. The limited number of drill holes to date at the Valley Porphyry does not allow for a resource estimate at this time. Highlights of drilling include:

- 0.99 g/t Au and 0.39% Cu, or 1.65 g/t AuEq<sup>1</sup>, over 153.1 m in KR010, including 1.57 g/t Au and 0.56% Cu (2.52 g/t AuEq<sup>1</sup>) over 66.2 m;
- 1.59 g/t Au and 0.48% Cu over 130.9 m (2.41 g/t AuEq<sup>1</sup>) in KR014C, including 3.12 g/t Au and 0.85% Cu over 49.9 metres (4.57 g/t AuEq<sup>1</sup>)

<sup>1</sup> at \$1200/oz Au and \$3.00/lb Cu and 100% recovery

Drilling activity also occurred at the previously-recognized Hilltop Porphyry target, located along the main K2 ridge at Karaayi. A total of 25 core holes have tested the target to date. Highlights include:

- 0.22 g/t Au and 0.27% Cu or 0.67 g/t AuEq<sup>1</sup> over 261.3 m, including 0.54 g/t Au and 0.36% Cu or 1.16 g/t AuEq<sup>1</sup> over 57.8 m in KR006
- 68.5 m grading 0.24 g/t Au and 0.47% Cu (1.04 g/t AuEq<sup>1</sup>) including 20.2 m of 0.23 g/t Au and 1.23% Cu (2.34 g/t AuEq), and 51 m of 0.23 g/t Au and 0.15% Cu (0.49 g/t AuEq<sup>1</sup>), including 20.3 m of 0.37 g/t Au and 0.24% Cu (0.78 g/t AuEq<sup>1</sup>) in KR058.
- 154.9 m, starting from 2.1 m, of 0.14 g/t Au and 0.22% Cu (0.53 g/t AuEq<sup>1</sup>) including 22.4 metres of 0.12 g/t Au and 0.70% Cu (1.32 g/t AuEq), and 98.8 m of 0.20 g/t Au and 0.17% Cu (0.49 g/t AuEq<sup>1</sup>) in KR046.

<sup>1</sup> at \$1200/oz Au and \$3.00/lb Cu and 100% recovery

Drilling to date has increased the mineralized footprint of the Hilltop porphyry system to approximately 600 m by 500 m. Of note was the discovery of a zone of supergene copper enrichment at the top of the system, giving rise to intervals of elevated copper as evidenced in the drill holes cited above. As of the date of this filing, the Hilltop porphyry system has not been tested with enough drill holes to understand the distribution of supergene copper or to complete a resource estimate. The system is still open in several directions.

The oxide, high-sulphidation gold target known as Yumrudağ (Karaayi HSE) on the west end of the K2 oxide gold trend was tested with a total of six core holes in 2014 and 2015. The system is still open to the west, and needs additional infill drilling in order to carry out a resource estimate. The Corporation estimates a \$1.0 million budget would be necessary to complete sufficient drilling to inform the calculation of an initial resource estimate. Permits to undertake such a program were received in December 2016.

The success at identifying outcropping mineralization through surface sampling led to a comprehensive program of surface mapping, prospecting, ground magnetics, and induced polarization (“IP”) surveys over the southern portion of the Karaayi tenure in 2014. Through this effort, several other porphyry and skarn targets have been identified and await follow-up drilling.

The Corporation estimates a \$2 million budget would be necessary to complete sufficient drilling to inform the calculation of an initial resource estimate encompassing the Valley and Hilltop porphyry targets and the Yumru and Kayali high sulphidation oxide gold targets. Permits to undertake such a program were received in December 2016.

### *Sarp/Columbaz exploration results*

In the course of drill-testing a low sulphidation epithermal Au-Ag vein system in the Sarp/Columbaz area 2 km south of KCD, the Columbaz copper-gold porphyry system was discovered. Highlights from this drilling include:

- 0.36 g/t Au and 0.13% Cu over 499.1 m (0.59 g/t AuEq<sup>1</sup>), including 0.48 g/t Au and 0.18% Cu over 234.3 m (0.79 g/t AuEq<sup>1</sup>) in CD0012C
- 0.60 g/t Au and 0.11% Cu over 357.7 m (0.80 g/t AuEq<sup>1</sup>), including,
  - 8.41 g/t Au and 0.06% Cu over 7.8 m, including 24.0 g/t Au over 1.5 m, and
  - 3.32 g/t Au and 0.15% Cu over 13.2 m, including 27.9 g/t Au over 1.1 m in CD008C

<sup>1</sup> at \$1200/oz Au and \$3.00/lb Cu and 100% recovery

To date, the Columbaz porphyry system has been tested with 6 drill holes, and is open in all directions and to depth. In 2015, a deep IP survey was carried out over the Columbaz porphyry target. The survey identified a high chargeability target extending to the north of the drilled area, presenting a compelling target for future drilling.

In December 2016, the Corporation received several permits to allow for the next phase of drilling at this target.

*TV Tower other targets exploration results*

IP surveys were also carried out over the Gümüşlük listwaenite lode-gold, the Kartaldağ West high sulphidation epithermal gold and the Tesbihçukuru high sulphidation gold and porphyry target in 2014, with additional surveys in the Tesbihçukuru area in 2015. A number of additional high chargeability and/or high resistivity targets were generated from this work. Drill testing of these targets awaits a positive outcome of drill site permitting.

*Exploration Expenditures, 2014-2017*

From January 1, 2014 to December 31, 2014, the Corporation incurred \$4.6 million in direct expenditures at TV Tower compared to a budget of \$4.7 million.

During 2015, the Corporation completed only 5,315 metres of drilling of an announced 20,000 metre program, as a reflection of limitations in permitting and following a strategic decision to reduce expenditures overall. Drilling focused on the recently-identified Valley and Hilltop copper-gold porphyry systems and associated oxide gold and supergene copper targets. The 2015 drill campaign more than doubled the mineralized footprint of the Hilltop porphyry system to approximately 600 metres by 500 metres. Results from the supergene copper zone at Hilltop added a significant, high-grade element to TV Tower's porphyry systems. From January 1, 2015 to December 31, 2015, the Corporation incurred \$1.8 million in direct expenditures at TV Tower compared to a budget of \$4.5 million (Liberty Gold's share).

During 2016 and 2017, the Corporation continued to generate targets, and complete data compilation. Tenure management was significant focus for personnel in Turkey ("*Tenure*" in this summary of *Recent Developments*). From January 1, 2016 to December 31, 2016, the Corporation incurred \$0.55 million in expenditures at TV Tower, including tenure management and permitting costs, compared to a budget of \$0.72 million (Liberty Gold's share). From January 1, 2017 to December 31, 2017, the Corporation incurred \$0.67 million in expenditures at TV Tower, including tenure management and permitting costs, compared to a budget of \$0.68 million (Liberty Gold's share).

Expenditures to date remain generally in line with the recommended budget outlined in the TV Tower Report.

Exploration statistics for TV Tower are tabulated below, including all activity in 2014 – 2016, subsequent to the release of the Technical Report, with comparative data during the period of the earn-in. On the basis of encouraging drill results from five due diligence drill holes on the Karaayı tenure in late 2013, Liberty Gold focused most of its exploration efforts on this tenure.

<b>Liberty Gold Exploration Statistics</b>	2012	2013	2014	2015	2016	<b>Total</b>
<b>Rock Samples</b>	740	766	636	430	44	<b>2,616</b>
<b>Soil Samples</b>	2,641	2,628	792	0	0	<b>6,061</b>
<b>Thin Section Samples</b>	19	19	34	24	0	<b>96</b>
<b>Whole Rock Samples (MDRU, PLG)</b>	0	23	97	0	0	<b>120</b>
<b>Age Dating Samples (MDRU, PLG)</b>	0	4	2	5	0	<b>11</b>
<b>Airborne Geophysics (Line Km)</b>	801.5	0	0	0	0	<b>801.5</b>
<b>Ground Magnetics (Line Km)</b>	0	0	221.35	0	0	<b>221.35</b>
<b>IP (Line Km)</b>	0	0	54	37.8	0	<b>91.8</b>
<b>RC Drill Holes*</b>	0	11	0	0	0	<b>11</b>
<b>Core Drill Holes</b>	59	99	46	21	0	<b>225</b>
<b>Drilling (meters)</b>	11,810.5	25,607.6	12,548.9	5,315	0	<b>55,282</b>

\*Does not include water monitoring wells

### *Metallurgy*

Phase 2 metallurgical testing was carried out in 2014 for silver ore from KCD in order to improve recovery. All testing was carried out at Hazen under the direction of Gary Simmons, Met. Eng. of Simmons Consulting, a Qualified Person as defined by NI 43-101. The scope of Phase 2 testing, carried out in 2014, encompassed (i) flotation of the sulfides to investigate the potential for making a high-grade Ag concentrate, and (ii) oxidative treatment of flotation concentrates to enhance Ag extraction and improve overall Ag recovery.

The result of this testing demonstrated that silver recovery from rougher plus scavenger flotation ranged from approximately 82 to 89% using natural pH.

The 2015 program included metallurgical testing of material from the Valley porphyry. Samples were processed at Hazen, under the advisement of Mr. Simmons. The metallurgical program illustrated that mineralization was amenable to flotation processing with concentrate grades up to 40% Cu and 84 g/t Au. The test work used the same flowsheet developed for the Halilaga deposit with minor adjustments for reagents, flotation times, regrind size and number of stages of cleaning. Overall, these results indicate that the Valley porphyry is amenable to flotation producing a concentrate with strong recoveries and grades in both Cu and Au. The metallurgical flow sheet used suggests that mineralized material from Valley can be processed through a mill designed to process ore from Halilaga.

Column tests for the Kayali and Yumru gold-oxide high sulphidation epithermal targets were completed in late 2015. Three master composites from five holes were prepared from Kayali drill core, and one composite from one hole was prepared from Yumru drill core. The samples were processed at McClelland Laboratory, under the advisement of Gary Simmons, a Qualified Person as defined by NI 43-101. Results show that Kayali project core composites were amenable to cyanidation processing. Highest gold recoveries were achieved from P8075µm feeds showing that milling will liberate Au values for dissolution by cyanide.

All composites were amenable to heap leach processing at a P8012.5mm crush size. Best recoveries were achieved from Kayali-1 and Yum-1 core composites. Gold recovery rates were fairly rapid for P801.7mm and P8075µm feeds, but were fairly slow for P8012.5mm feeds.

### *Earn-in and acquisition of additional 20% interest*

Teck confirmed that the Corporation had satisfied the right to acquire an additional 20% interest (to an aggregate of 60%) in Orta Truva, and thus indirectly, a further 20% of TV Tower on March 12, 2015. The necessary documentation to register the change in ownership interest was approved shortly thereafter.

### *Tenure*

In order to comply with license requirements for minimal annual production, in each of 2015, 2016 and 2017 Orta Truva extracted and stockpiled a minimal amount of clay and silica (quartz) in a bulk sample operation on the property.

On April 30, 2015, the Corporation applied to Turkey's General Directorate-Mining Affairs to combine licences 201200526 and 201200527 which otherwise came due as 'General Exploration' type licences in May 2015. Concurrent with the merger of these individual licences, the Corporation applied to have the combined licence, once awarded converted to an Operations type licences. On November 25, 2016, the Corporation received confirmation of successful merger and conversion to Operation-type, and was issued new licence number 201600398 with an expiry date of March 5, 2019. The Corporation subsequently reduced the footprint of the licence by approximately 105.6 ha. in order to avoid any perception of intersection with the SLPA to the property's northwest.

On July 10, 2016, the Corporation applied to the General Directorate-Mining Affairs to combine licences 69050, 200810224, 201200526 and 20050783 into one in order to simplify management of the tenure.

The Corporation does not anticipate any issues in either the merger or conversion process; the General Directorate-Mining Affairs are currently reviewing the applications.

In 2016 The Corporation received two new EIAs from the Ministry relating to proposed compulsory quartz production activities at TV Tower. The Corporation has also applied for an EIA relating to iron ore production elsewhere on the tenure, also relating to compulsory extractive activities. The level and extend of contemplated disturbance would be similar to a small bulk sample.

### *Environmental Impact Assessment report update*

Following judicial discovery, in a two-to-one decision, the Court overturned the validity of the Karaayı EIA Report, and concluded that certain additional analyses must be included in an amended EIA for the projects in order that the proposed test mining activities might proceed. An EIA, the Court determined, must include analyses of the potential cumulative environmental impacts of any contemplated disturbance at a particular project when examined along with all other activities planned for a particular region. The Ministry subsequently applied to the Turkish Council of State, the highest administrative court in the Republic of Turkey, requesting that it (i) hear an appeal of the findings at the Hearing, (ii) overturn the Court-mandated inclusion of a CIA in an EIA, and (iii) reinstate the Karaayı EIA. The Council of State subsequently rejected the decision of Court, and ordered the re-instatement of the EIAs on the basis that a requirement for a CIA was not codified at the time the original EIAs were submitted and approved. In accordance with administrative procedure, the matter was handed back to the Court for processing. The Court in turn determined that it did not have jurisdiction to formally reinstate the Karaayı EIA, and has returned the case to the Council of State. In two separate decisions, higher levels of the Council of State ordered the Court to follow through on its directive. The Council of State reviewed the matter, and forwarded it back to the Court for final ruling, who in May 2017 finalized its decision to reinstate the EIA. The Court approved the validity of the EIA. An appeal to this decision was made to the Council of State on July 28, 2017; on November 28, 2017 the Council of State rejected this appeal, and ruled that the judgement is final and no further appeals are possible.

In February 2017 the Corporation was notified that two new legal claims had been launched against the Ministry in regard to its approval of two additional quartz-related EIAs at TV Tower. Each of these new EIAs was submitted and approved in the normal course relating to compulsory de minimis extractive activities on the tenure. These new matters remain open.

Because the determination of the Court relates only to the designated areas contemplated by the EIAs, there has been, and is no impact or restriction on Liberty Gold to continue planned exploration activities at TV Tower, outside of the areas contemplated in the EIA. Liberty Gold does not believe there to be any threat to the validity of tenure, nor any legal impediment to prevent ongoing exploration activities outside of the EIA-contemplated areas. The Corporation expects that the Council of State will fully reinstate the EIA in due course. In the event that the EIA remains cancelled, the Corporation would either revise or submit a new EIA for the project in conformity with the revised requirements.



## HALILAĞA PROJECT

On February 16, 2015, Liberty Gold Corp. released the *Revised Preliminary Economic Assessment Technical Report, Halilağa Project, Turkey* effective date December 20, 2014, co-authored by Gordon Doerksen, P.Eng., Stacy Freudigmann, P.Eng., Dino Pilotto, P.Eng., Maritz Rykaart, P.Eng., Greg Abrahams, P.Geo., Gary Simmons, MMSA, Garth Kirkham, P.Geo., James Gray, P.Geo. The Halilağa PEA was filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)).

The information contained in this summary has been derived from the Halilağa PEA, and is subject to certain assumptions, qualifications and procedures described in the Halilağa PEA and is qualified in its entirety by the full text of the Halilağa PEA. Reference should be made to the full text of the Halilağa PEA.

The Halilağa PEA incorporates, and is based upon the Updated Halilağa Resource. The Updated Halilağa Resource includes all additional drilling since the mineral resource estimate first presented in a March 23, 2012 technical report titled “*Resource Estimate for the Halilağa Copper-Gold Property NI 43-101 Technical Report*” (the “**Gray Kirkham Report**”), authored by Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd., and James P. Gray, P.Geo. of Advantage Geo.

The purpose of the Halilağa PEA is to present findings of a preliminary economic assessment of Halilağa that update and revise the findings of the previously released 2012 PEA, prepared by SRK Consulting (Canada) Inc., dated October 10, 2012. Although not referenced in the Halilağa PEA, the Gray Kirkham Report also included an Inferred Resource of 95,000 ounces gold at an average grade of 0.60 g/t gold (4,914,000 tonnes). This oxide resource was not included in the Halilağa PEA.

This engineering study in the Halilağa PEA is an update from the 2012 PEA. Several sections from the 2012 PEA were used in the Halilağa PEA with updates included as the authors of the Halilağa PEA deemed appropriate.

The principal areas of revision include incorporation of updates for

- Updated mineral resource estimate;
- Mill throughput of 25,000 tonnes per day (“t/d”) (the 2012 PEA assumed 50,000 t/d);
- Revised tailings management plan;
- Addition of a gold leaching circuit for cleaner tails to improve the overall recovery of gold;
- Revised capital and operating costs;
- Updated closure strategy;
- Revised tax calculations;
- Modification of royalty calculations to (then) current Turkish law; and
- Use of a mining contractor.

The contents of the Halilağa PEA reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

The Halilağa PEA is considered preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves have not yet demonstrated economic viability. Due to the uncertainty that may be attached to Inferred mineral resources, it cannot be assumed that all or any part of an Inferred mineral resource will be upgraded to an Indicated or Measured mineral resource as a result of continued exploration or mineral reserves once economic considerations are applied. Therefore there is no certainty that the production profile concluded in the Halilağa PEA will be realized.

The reader is cautioned that the preliminary economic assessment summarized in the Halilağa PEA is only intended to provide an initial, high-level review of Halilağa. Further studies, including engineering and economics are required (typically a preliminary feasibility study, or “**PFS**”) with regards to infrastructure and operational methodologies. The Halilağa PEA mine plan and economic model include the use of a significant portion of inferred resources which are considered to be too speculative to be used in an economic analysis except as permitted by NI 43-101 for use in PEAs as mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no guarantee that Inferred resources can be converted to indicated or Measured resources nor is there any guarantee that Halilağa economics described in the Halilağa PEA would be achieved.

Readers are directed to and encouraged to review the Halilağa PEA, which can be reviewed in its entirety under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and which qualifies the following disclosure. The following summary is not exhaustive. The Halilağa PEA is intended to be read as a whole, and sections should not be read or relied upon out of context. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Halilağa PEA. The Halilağa PEA contains the expression of the professional opinions of the individual Qualified Persons based upon information available at the time of preparation of the Halilağa PEA. The following disclosure, which is derived from the Halilağa PEA, is subject to the assumptions and qualifications contained in such report.

### **Project Description and Location and Ownership**

Halilağa is located about 40 km southeast of Çanakkale between the villages of Halilağa and Muratlar in the south-central part of the Biga Peninsula in Northwestern Turkey. The main area of interest is the Kestane porphyry copper-gold zone located at 483200E, 4419200N UTM Central meridian 27 (ED50 datum).

In 2002, Halilağa was acquired at auction by Teck Cominco Arama ve Madencilik Sanayi Ticaret A. Ş. (now TMST). In 2004, TMST and Fronteer (predecessor company to Liberty Gold), entered into an option agreement that covered several properties in the Biga Peninsula (including Halilağa) that enabled Fronteer to acquire 100% interest in the properties subject to certain earn-back rights by TMST which was exercised on November 30, 2006. Subsequently, TMST earned a 60% interest in the property by investing \$2.5 million during 2007. On December 31, 2009, TMST declined to earn an additional 10% interest in the Halilağa Project.

TMST (60%) and Fronteer (40%) formed a Joint Venture company called Truva Bakır, which owns, or has beneficial interest in, the licenses that comprise Halilağa. Liberty Gold has a 40% interest and TMST has a 60% interest in Truva Bakır. Fronteer's interest in Truva Bakır, and thus, Halilağa was transferred to Liberty Gold in April 2011. Halilağa consists of 14 licenses covering 8,866.18 ha. Thirteen licenses are directly held by Truva Bakır, and one license is held by TMST for the benefit of Truva Bakır. (See Table 12 and Figure 6). Since 2012, five "Operation type" licenses were combined into one "Operating-type" license encompassing the total area of the five previous outlined licenses. These licenses were 3074271, 3129124, 3146203, 3146197, and 3167539.

Mining rights and minerals are exclusively owned by the State. The ownership of the minerals in Turkey is not subject to the ownership of the relevant land. The State, under the mining legislation, delegates its rights to explore and operate to individuals or legal entities by issuing licences for a determined period of time in return for a royalty payment. The licenses for mining rights are granted to Turkish citizens, legal entities established under Turkish laws, and some authorized public bodies. Companies established under Turkish law, according to the provisions of the Turkish Commercial Code, are Turkish companies even if they are established by foreign persons with 100% foreign capital. Consequently, there is no distinction between the mining rights that may be acquired by local investors and those that may be acquired by foreign investors, provided that the foreign investors establish a company in Turkey under Turkish law.

Under the Turkish Mining Law, mines have been divided into six groups under which Halilağa falls in Group IV. These groups are subject to different terms and conditions on licensing principals and procedures.

These groups are:

- Sand and gravel (Group I);
- Marble and other similar decorative stones (Group II);
- Salts in solution that can be obtained from aqueous solutions (Group III);
- Metal and industrial minerals (Group IV), (the group Halilağa would be classified under);
- Precious metals and gem stones (Group V); and
- Radioactive minerals and substances (Group VI).

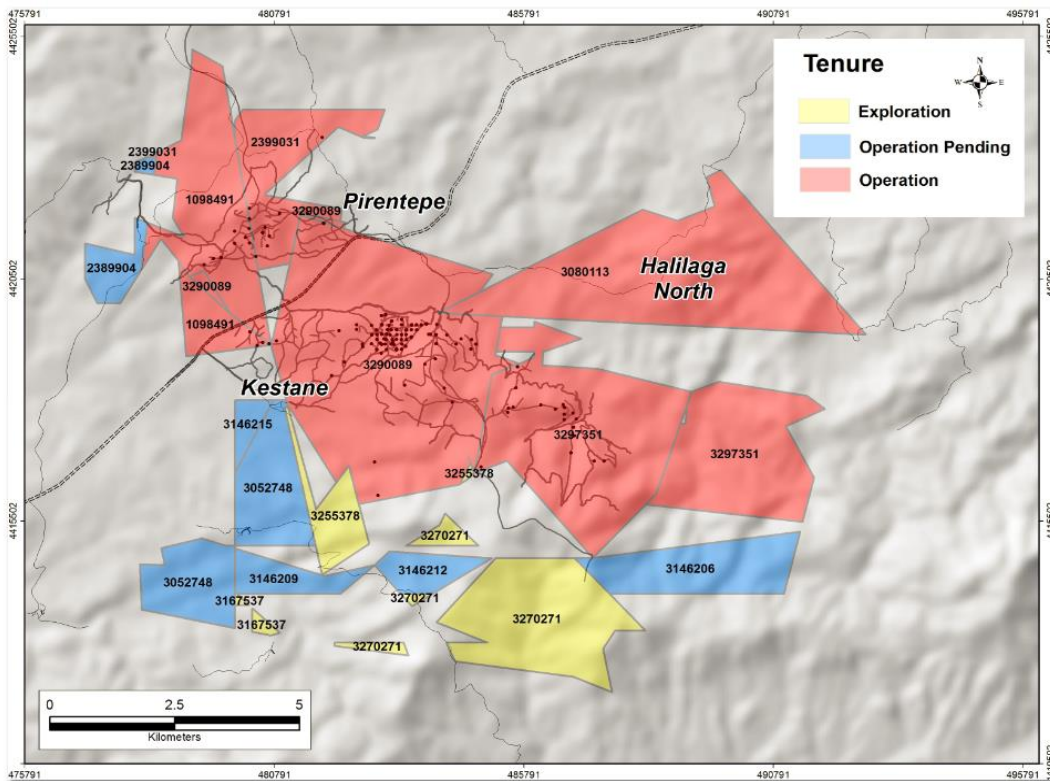
The two types of licenses granted for prospecting and operating mines are as follows; (i) exploration licenses, enabling a holder to carry out prospecting activities in a specific area; (ii) exploitation/operation licenses, enabling a holder to carry out operational activities (including exploration) within the same area as stated in the prospecting license. For production (extractive activity) to occur, an operations permit must also be obtained. An operations permit enables the holder to operate a specific mine as specified in the Exploitation/Operation license, and as contemplated by an approved EIA report.

Applications to convert from an exploration to an operation-type license must be submitted before the end of the term of an exploration-type license, and must demonstrate the presence of an economic resource on the license.

The conversion application includes providing a resource estimate, a conceptual mine plan, a positive conceptual economic analysis and an initial description of likely environmental impacts. The pre-requisite to conversion application is the EIA permit, business opening and work permit, and governmental land use (e.g. forestry, pasture lands etc.) permits. When a license conversion happens, the exploration drilling permits are cancelled and the holder must apply for a new forestry permit to drill on the project. Each license type is valid for a predetermined period of time and must meet a variety of requirements in order to remain in good standing, including a requirement to receive a number of permits from the Government of Turkey’s General Directorate-Mining Affairs.

Five licenses are at “Operation-Type”, seven licenses are pending conversion from “Exploration-Type” to “Operation-Type” and two licenses remain as “Exploration-Type”. The main license hosting the Central Zone at the Kestane porphyry has been converted to an Operation-type license.<sup>11</sup>

Figure 6: Halilağa Licence Map, Çanakkale Province



<sup>11</sup> Tenure description and table at Table H(i), below, is as at date of Revised Halilağa PEA; See “Recent Developments” in this summary of Halilağa for updates to tenure.

Table 12: Halılaĝa Project Licences, Çanakkale Province<sup>12</sup>

No	PROVINCE	Town	ACQ_DATE	DUE_DATE	AREA (ha)	LICENCE_NO <sup>□</sup>	ER	LICENCE_NO <sup>□</sup>	Type	OWNER	REMARKS
1	ÇANAKKALE	Bayramiç	08.04.2005	08.04.2010	605.32	20050053	3052748	20050053	Operation Pending	Truva Bakir	Operation Permit is pending
2	ÇANAKKALE	Bayramiç	08.03.2006	08.03.2011	131.39	20061699	2389904	20061699	Operation Pending	Truva Bakir	Operation Permit is pending
3	ÇANAKKALE	Bayramiç	13.11.2007	13.11.2012	404.1	200710082	3146206	200710082	Operation Pending	Truva Bakir	Operation Permit is pending
4	ÇANAKKALE	Bayramiç	13.11.2007	13.11.2012	128.09	200710083	3146212	200710083	Operation Pending	Truva Bakir	Operation Permit is pending
5	ÇANAKKALE	Bayramiç	13.11.2007	13.11.2012	58.05	200710084	3146215	200710084	Operation Pending	Truva Bakir	Operation Permit is pending
6	ÇANAKKALE	Bayramiç	13.11.2007	13.11.2012	146.64	200710087	3146209	200710087	Operation Pending	Truva Bakir	Operation Permit is pending
7	ÇANAKKALE	Bayramiç	07.03.2008	07.03.2013	18.8	200801695	3167537	200801695	Operation Pending	Truva Bakir	Operation Permit is pending
8	ÇANAKKALE	Bayramiç	07.10.2003	10/7/2018	428.99	51297	2399031	IR-7468	Operation	Teck	Tulekoĝlu Property.
9	ÇANAKKALE	Çan	03.05.2012	03.05.2015	769.94	201200524	3270271	201200524	Exploration	Truva Bakir	In Progress
10	ÇANAKKALE	Bayramiç	03.05.2012	03.05.2015	179.17	201200525	3255378	201200525	Exploration	Truva Bakir	In Progress
11	ÇANAKKALE	Bayramiç	21.05.2009	21.05.2019	1994.47	81802	3290089	81802	Operation	Truva Bakir	EIA Challenge, in progress
12	ÇANAKKALE	Bayramiç	02.03.2012	02.03.2022	829.1	20054260	1098491	20054260	Operation	Truva Bakir	In Progress
13	ÇANAKKALE	Çan	21.03.2012	21.03.2022	1328.73	20064172	3080113	20064172	Operation	Truva Bakir	In Progress
14	ÇANAKKALE	Çan	06.12.2012	06.12.2022	1843.39	82361	3297351	82361	Operation	Truva Bakir	In Progress
<b>Total</b>					<b>8,866.18</b>						

The licence number indicated refers to the “Exploration-stage” license; the same licence number as subsequently awarded at the “Operation-stage” provided that the Exploration-stage license was acquired after 2005 when certain changes to the Turkish Mining Law became effective.

The licence number indicated refers to the “Operation-stage” license awarded, or pending.

□ Legal matter noted is unrelated to the Corporation; validity and title to the license is not in question.

<sup>12</sup> Tenure table is as at date of Halılaĝa PEA; the seven expired exploration licences shown in Table iii are in the process of being converted into Operation-stage licences. Confirmatory documentation from the government in the form of registration of the respective license numbers is pending and there is no reason to believe these will not be issued. Revised expiration dates will be issued upon completion of registration.

According to Turkish Mining Law, the property boundaries are defined by the coordinate descriptions on the original license application and awarded to the applicant by the government. The licenses that define Halılağa are expressed according to the UTM northern Zone 35 coordinate system and European Datum 1950.

At the effective date of the Halılağa PEA, the Government of Turkey was reviewing the State's Mining Royalties. The authors of the Halılağa PEA relied on the 2012 PEA's summary of royalties, such that the Government of Turkey would receive a 2% of Net Smelter Royalty (known as the State's Rights) for base metals and 4% for precious metals. Because the project uses copper flotation, the copper net smelter royalty is reduced to 1%. Refer to *Halılağa Project – Recent Developments*, in this AIF for an updated discussion.

The State's Rights, paid by the license holder, would be distributed to: the Special provincial Administration of Çanakkale (25%), Turkish Treasury (50%), and Sub-provincial Administration (in this case Bayramiç and Çan as it is in between those sub-provinces) to be used for infrastructure (25%). The Council of Ministers can apply a maximum 25% discount in the State's Rights rates depending on the type of mineral, the region of production, and other criteria.

The project is located on State-owned land; therefore an additional 30% of the royalty payment is required to be paid, increasing the gold royalty to 2.6% and the copper royalty to 1.3%. Each year the license holder pays the royalty on or before the last day of June.

Truva Bakır's project activities are required to follow the mining codes as set out within Turkey's state and local environmental regulations. Truva Bakır must protect the environment from spills, capture and dispose of hazardous material including aviation fuel, reclaim disturbed ground, cap drill holes, and remove all refuse. All of the necessary forest and environmental permits were obtained for the 2011 site work, including permission for timbering, road construction, drill site construction, and drilling for exploration.

On May 25, 2009, Truva Bakır received a renewed Group IV "Operation-type" minerals license, renewing the exploration license at Halılağa. In 2012, the operation permit for an open pit clay operation was acquired for the main Kestane licence before the third anniversary of the "Operation-type" license. This permit is valid until 2019 and can be readily renewed. At the same time, a small underground copper-gold mining project application was submitted, for which approval is pending. An approved EIA report and the GSM permit are the final permits required to acquire the copper-gold Operations Permit, allowing the filed copper-gold related operation at Halılağa to continue.

In December 2011, Truva Bakır submitted an EIA report for a small-scale copper-gold test-mining underground scenario (an adit) to the Ministry in connection with an application to meet the requirements of an operation stage permit for the principal licenses that comprise the Halılağa Project. In August 2012, Truva Bakır was informed that the Ministry had been served a legal petition by certain claimants in Turkey to annul the Ministry's approval of the EIA report. The petition filed with the Court names the Ministry as the respondent and does not name Truva Bakır or its shareholders. The petition also requested suspension of mining (exploitation) activities contemplated within the EIA area by way of an interim decision to be granted by the Court. Following discovery and the consequential administrative hearing, on November 20, 2013, the Court found that the EIA report for Halılağa had been appropriately approved by the Ministry, and concurred that the report was valid. The Court however, awarded interim injunctions suspending any activities contemplated in the EIA relating to the designated area contemplated (Licence Number 81802). There is no impact or restriction on Truva Bakır for planned activities at Halılağa outside of the designated areas.

The Court also concluded initially, that notwithstanding the validity of the EIA report, certain additional analyses should be included in an amended report, including an analysis of the cumulative impact assessment of the disturbances considered in the Halılağa EIA when examined along with all other contemplated EIA reports submitted in the greater Çanakkale area.

In December 2013, the Ministry appealed the interim injunction, and the Court's inclusion of a cumulative impact assessment requirement. The District Administrative Court at Edirne, Turkey rejected the Ministry's appeal on December 30, 2013. An administrative hearing convened on March 7, 2014, to determine if a revised and amended EIA is required. Rulings from the Court led to the annulment of the existing EIA and required that the EIA's be resubmitted with a cumulative impact assessment. The Ministry has appealed the decision. Refer to *Halılağa Project – Recent Developments*, in this AIF for an updated discussion.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

TMST utilizes a well-appointed camp, office, core storage and core logging facility about 12 km away from the project adjacent to the town of Etili.

The Biga Peninsula has fertile soil and a Mediterranean climate with mild, wet winters and hot, dry summers. Maximum daily temperatures average 30°C in July and August, while January, the coldest month, averages highs of 9°C and lows of 1°C. The annual rainfall for the Çanakkale region is approximately 63cm, generally falling as mixed rain and snow in late fall and winter. The project construction and operation would be unencumbered by weather.

Halılağa contains a 4-km-long, E-W-trending topographic high, with the Kestane porphyry located on the northern flank of the hill. The highest elevations on the property are approximately 600 m with the Kestane Zone occurring at an elevation of approximately 350 m.

Vegetation in the area is dominated by scrub oak and various low-lying shrubs as well as pine trees planted by the Forestry Department. Various grasses also grow in the area and provide grazing for livestock. Vegetation in higher elevation is predominantly coniferous trees while various crops and grasses predominate in areas developed for farming.

The Biga Peninsula has excellent infrastructure with power, road, rail and port facilities. For concentrate shipping, several port options exist in the region. Based on a high-level review of all the regional ports, this study assumes that concentrate would be trucked to the Port of Bandırma, 140 km by road from Halılağa. The Bandırma Port has excellent space, multiple-jetty availability, and a willing owner. Bulk material storage handling facilities are needed. Bandırma appears to be the best option for the shipment of Halılağa concentrate. The port facility was toured by Liberty Gold personnel and QP Gord Doerksen of JDS. The port has adequate space for a concentrate storage and loading facility. Port management showed interest in providing this service.

Türkiye Cumhuriyeti Devlet Demiryolları, operates a railway running roughly north-south from the Port of Izmir to the Port of Bandırma through the city of Balıkesir, the closest point to the project (about 100 km distance). It is not envisioned that the regional rail facilities will be utilized by the project as it stands now but further study may change this.

The project site itself has access roads and a 154 kV power transmission line that traverses the planned open pit. The transmission line is fed from a coal-fired power generation plant in Çan. The transmission line would have to be relocated but may serve as a source of power during construction.

There are several abandoned, flooded coal pits within 6 km of the proposed plant site and these are planned to be used as water reservoirs for the project. Bathymetry has not been done on the pits but conservative estimates indicate that they would store sufficient water for the project needs.

### **History**

Historic exploration activities were focussed primarily on the Halılağa, Halılağa North and Pirentepe properties. Pirentepe and Halılağa North are now within the Halılağa project interest and are owned by Truva Bakır.

The MTA conducted a regional scale exploration program over the Biga Peninsula between 1988 and 1991. MTA drilled 2 diamond drill holes totalling 302 m to test a geochemical anomaly identified by rock chip sampling at Halılağa North. MJTC-16 intersected narrow intervals of gold mineralization and returned 0.58 g/t Au over 13.85m. MJTC-17 did not intersect any significant mineralization.

In 1997, Cominco collected several rock chip samples from silicified outcrops at Halılağa North and at Kumlucedik Hill area, where numerous gold anomalies have been detected. The highest-grade sample from Halılağa North contained 1.17 g/t Au and the highest grade sample from Kumlucedik contained 2.2 g/t Au. In 1998, a total of 293 soil samples were collected from Kunk-Kumlucedik lithocap by Cominco. The most anomalous gold in these soil samples highlights the area east of Kumlucedik and Güvemtaşlı Hills. Since 2000 and prior to current ownership, Cominco conducted reconnaissance soil sampling and rock chip sampling. A total of 107 samples were collected over five N-S soil lines.

There are historical adits and a small pit on the property; however, the background and production history on these workings are undocumented and unknown, and would not significantly affect future development. The authors of the Halılağa PEA are not aware of any previous mineral resource estimates, reserve estimates or mineral production from the property.

## **Geological Setting**

The Halılağa property is located in the central part of the Biga Peninsula in Western Turkey. The geology of the peninsula is complex and characterized by various lithological associations made up of: (1) Paleozoic basement metamorphic rocks; (2) Permian and Mesozoic sedimentary and volcanic rock units; (3) Tertiary volcanic and intrusive rocks; and (4) Neogene sedimentary rocks.

The Halılağa area is mainly underlain by Oligo-Miocene volcanic and sedimentary rocks, overlying a basement consisting of schists and carbonate rocks that outcrop to the southeast of the Bakırlık area. The Halılağa property area is extensively covered by colluvium, particularly on the steeper slopes of the Kunk Tepe, Guvemtasi Tepe, Tasyatak Tepe, and Kumlucedik Tepe. Note that a “tepe” is defined as a hill. In road cuts, this colluvial cover can be up to 3 m thick, limiting the total exposure of bedrock outcrop across the property.

## **Exploration**

Since acquisition in 2002, exploration activities performed by TMST and Truva Bakır have primarily centred on the Halılağa and Pirentepe areas. Between 2002 and 2004 there was no activity on the property.

In 2005-2006, Fronteer/TMST conducted an exploration program consisting of geological mapping, surface geochemical sampling, a pole-dipole IP survey and a ground magnetics survey. The soil and rock chip sample results highlighted the porphyry-related mineralization of the Central Zone at Kestane. Rock chip sampling of oxidized and leached outcrops returned 19 samples (out of 40 collected) with gold values greater than 1.0 g/t. Forty-three line km of IP Chargeability/Resistivity and 44 line km of ground magnetic surveying were completed. The most significant feature generated by the surveys was a coincident high chargeability and high magnetic anomaly associated with the Kestane Central Zone.

In 2007, geological mapping of the Central Zone, to the northwest and to the southeast which includes the Bakırlık Hill area, was completed by TMST at a scale of 1/10,000. A total of 3,650 soil, 172 rock, and 58 silt orientation samples were collected from this area.

In 2008, a total of 566 rock samples were collected. The 2008 rock geochemistry highlighted three new targets: Kunk North, Kumlucedik Hill and Madendere. In 2009 and 2010, a total of 36 rock chip samples were collected during the 2009 field season. Significant highlights of this program include rock chip sampling results from Kızılıçıktaş (0.1-0.5 g/t Au) and confirmation of anomalous gold in rock-saw samples from north of Kunk Hill (> 0.5 g/t Au).

With respect to the geology, Mr. Kirkham, one of the authors of the Halılağa PEA is confident that the data and results are valid based on the site visit and inspection of all aspects of the project, including methods and procedures used. It is the opinion of Mr. Kirkham that all work, procedures, and results have adhered to best practices and industry standards required by NI 43-101. At the time of his site visit, no duplicate samples were taken to verify assay results, but Mr. Kirkham is of the opinion that the work is being performed by a well-respected, large, multi-national company that employs competent professionals that adhere to industry best practices and standards.

## **Mineralization**

Halılağa is classified as a copper-gold porphyry system. The Halılağa alteration system covers a large area of more than 4 km x 2 km and displays all porphyry alteration types as well as related epithermal and skarn alteration facies.

Copper-Gold porphyry, skarn, and high-sulphidation epithermal gold alteration and mineralization are all found in close proximity in the Halılağa area. Recognizing that the high-sulphidation deposits underlying many of the hills in the area could be overlying or concealing porphyry deposits at depth led to the discovery of Halılağa in the valley bottom adjacent to the Kunk high-sulphidation epithermal system. The Kestane Cu-Au porphyry system exhibits alteration and mineralization zoning typically seen in deposits of this type. This includes a low-grade, potassic-altered core and relatively high copper and gold grades, often associated with a high density of quartz-magnetite-sulphide veins in areas flanking the core. Mineralization is also associated with an overlap of phyllic and potassic alteration, a small supergene chalcocite blanket, and adjacent areas of hornfelsing and skarn alteration.

Advanced argillic alteration and gold mineralization at Kunk Hill and Pirentepe are classified as high sulphidation epithermal mineralization. Copper mineralization in the Bakırlık Tepe area is classified as proximal copper skarn. All three types are related to magmatic-hydrothermal activity associated with intrusion of the Kestane porphyry stock and other intrusions in the area

The Kestane porphyry outcrops are characterized by potassic overprinted by phyllic alteration whereas Kunk-Kumlugedik Hill-tops are characterized by silicification surrounded by advanced argillic to argillic and distal propylitic alteration. Skarn-related alteration is located around the Bakırlık and Bostanlıkbaşı areas. The Kestane porphyry stock was emplaced into the volcano-sedimentary sequence and produced hornfels halo around its margins.

At the Kestane porphyry, most quartz veins are 'B-type', averaging 5% of the rock by volume, but locally up to 20%, and 'A-type' veinlets are rare or difficult to recognize on outcrops. The fact that B-veins, shreddy biotite, and D-veins can be recognized in an outcrop is significant because these indicate the presence of moderately intense potassic alteration with a moderate sericitic overprint. Given the tendency for the best grades in porphyry Cu-Au deposits to be associated with potassic alteration associated with abundant quartz veins, the possibility of high primary grades in chalcopyrite or chalcopyrite ( $\pm$  magnetite) assemblages can be inferred from these outcrops. Additionally, the moderate degree of sericitic alteration suggests that chalcocite enrichment below the leached cap might be present because acidic conditions at the water table favour the formation of chalcocite rather than copper-oxides, silicates, and carbonates.

### **Drilling**

In 2006-2007, a total of 23 holes (including five abandoned holes) totalling 6,346 m were completed. Most of the holes targeted the Kestane porphyry and intersected porphyry-style copper-gold mineralization with economic grades, as shown by discovery drill hole HD-01, which intersected 1.03 g/t Au and 1.03% Cu over 105.4m. A 25 metre-thick chalcocite blanket averaging approximately 2% Cu was also intersected close to the surface in holes HD-01, HD-02, HD-04, and HD-14.

In 2008, the Bakırlık skarn zone (4 km ESE of Kestane) was the major focus of the drilling program. A total of 20 diamond holes totalling 4,051 m were completed during that period. Holes HD-21 and HD-25 intersected narrow zones of skarn mineralization with high grade copper + gold  $\pm$  silver values.

In 2009, a total of 18 holes (including four abandoned holes), totalling 5,670 m (excluding the 247 metre of hole HD-42D, a deviated hole) were completed at Kestane.

In 2010, the program was designed to continue grid-drilling the Kestane Central Zone (the main area of porphyry copper-gold mineralization). A total of 25 holes (20 diamond and five RC) totalling 9,076.6 m (including 14 abandoned holes) were completed.

In addition to drilling, IP geophysical surveys were carried out in 2009 and 2010 that highlighted deep chargeability targets 1 km west of Kestane, and also a chargeability target at Madenderesi.

The 2011 program focused on extending the mineralization and acquiring data sufficient for producing a NI 43-101 resource estimate. Significant intersections were encountered, including a zone of significant grade corresponding to the near-surface chalcocite blanket encountered in 2007 drilling. A total of 44 holes (including four abandoned holes) totalling 19,599 m were completed. A series of north-south geological sections were constructed every 100 m through the deposit. Sectional interpretations now show two E-W-trending normal faults bounding the porphyry mineralization to the north and south, creating a mineralized horst at the centre; another NW-SE-trending, east-dipping normal fault bounds the top of the horst.

In 2012, a total of 7,483.5 m (including 563 m of abandoned drill-metres) of drilling was carried out in 25 diamond holes (including six of abandoned) in order to 1) convert Inferred mineral resources to indicated mineral resources; and 2) to define the southern and northern limits of the mineralized body.

The drilling between 2007 and 2011 was performed by Spectra Jeotek Sanayi ve Ticaret A.Ş. of Ankara, Turkey, and was conducted using two to five, contractor-manufactured drill rigs. The model numbers are D150 and D220 with depth capacities of 1,000 m and 1,500 m of HQ, respectively. In 2011, the drilling was done with tri-cone bit (Q=120 mm) until the contact with the QFP/hornfels was made and then continued with HQ core after casing the hole. Between 2007 and 2010 the drilling was mostly HQ drilling which was then reduced to NQ when ground conditions became difficult. Recovery was not an issue, except for fault zones. The HRC series drill holes are RC type holes.

The drill hole collars for holes HD-01 through HD-35 were surveyed using Total Station methods. The subsequent holes HD-36 and above were surveyed using a differential global positioning system with a horizontal and vertical accuracy of generally  $\pm$  20 cm. Drill hole deviation was measured using Reflex Survey tests taken between 50 m and 100 m intervals down hole to provide control.



## Sampling and Analysis

Collars were set up under the direct supervision of Truva Bakır staff and were drilled with HQ and PQ diameter core. The holes were reduced to NQ when and if problems were encountered due to difficult ground conditions and/or thick fault zones. Core was placed in plastic boxes with depth markers for every drill run of up to 3 m. At Halılağa, core recoveries are considered by the authors of the Halılağa PEA to be good and within tolerance to include in a resource estimate.

Sixty-eight percent of samples were either 1 or 2 m in length (54% - 2 m, 14% - 1 m). A total of 140 composites of less than half length (1.0 m) were removed from the dataset used for grade estimation, after it was determined that this did not fundamentally affect the grade statistics by rock type. A total of 21,502 composites were used for grade estimation.

All RC drilling samples were subjected to quality control procedures that ensured best practice in the handling, sampling, analysis, and storage of the drill samples

RC samples were collected and split using a 24-slot rotary splitter at the drill site and then sealed in plastic bags. Samples were collected continuously at 1.0 m-1.5 m intervals. The splitter was cleaned between each sample with a compressed air hose. The RC drill samples were taken and kept under constant supervision by Truva Bakır personnel.

Core boxes were securely sealed and brought, by truck, to the core facility at the Etili camps once a day by the drilling company or Truva Bakır. Here they were logged, cut, bagged, tagged and stored prior to being shipped to the analytical laboratory. All core samples were prepared at the ALS sample preparation laboratory located at the Etili camp and processed within the secure confines of the camp prior to the pulp packets being transported by commercial air carrier to the ALS laboratory in North Vancouver, Canada.

Following the switch to Acme Labs in late 2009, all Halılağa core samples were first trucked from Etili to the Acme preparation facility in Ankara by independent transport. Pulp packets were subsequently transported by commercial air carrier to Acme Labs in Vancouver, Canada, for assay and analysis.

At the core handling facility, drill holes were logged by Truva Bakır geologists recording observations using the Anaconda method and then entered into the database using Acquire® software. Prior to logging, the geologist and the field technicians performed the following tasks:

- inspected core boxes;
- recorded missing boxes and footage errors;
- replaced footage markers with clean, clear markers;
- digitally photographed all boxes;
- recorded rock quality designation (“**RQD**”) and core loss; and
- logged core; information included engineering comments regarding the competency of core and a fracture analyses that included quantitative measurements of primary fractures, gouge material, veins, and dominant fracture patterns.

Specific gravity (“**SG**”) measurements from drill cores were routinely carried out for both oxide and sulphide mineralization.

Sample preparation and analysis of core from the first 35 drill holes at Halılağa was conducted by independent, ISO certified ALS. In addition, samples from three early RC holes were similarly prepared and analyzed by ALS. Since October 18, 2009, or from drill hole HD-36 onward, the drill core samples were prepared and analyzed by independent, ISO certified Acme Analytical Laboratories (“**Acme**”).

QA/QC measures used at Halılağa were employed at all stages of work in the core shed, the sample preparation facility, and in the analytical laboratory. Evaluation of QA/QC results was done systematically and promptly to ensure that only the best quality data was entered into Halılağa database. Umpire, or external check, assays have been carried out as a further means of data verification. At all times this work, whether in the field, the lab, or the exploration office, was consistent with best practices currently in use in the mineral exploration industry.

There are no known factors related to drilling and sampling that would materially impact the accuracy and reliability of the results in the opinion of the authors of the Halılağa PEA.

## Security of Samples

Garth Kirkham, P.Geo., one of the authors of the Halilağa PEA, and the Gray Kirkham Report, visited the property between August 13 and 16, 2011. The tour of the offices, core logging and storage facilities showed a clean, well-organized, professional environment. On-site staff led Mr. Kirkham through the chain of custody and methods used at each stage of the logging and sampling process. All methods and processes are to North American, industry standards and no issues were identified.

## Mineral Resource and Mineral Reserve Estimates

The Halilağa PEA documents the update of the initial Halilağa mineral resource documented in an NI 43-101 Technical Report in March of 2012 (the “**2012 Resource**”). The Updated Halilağa Resource includes all drill results available since that time. This resource was estimated by ordinary kriging, using Gemcom® software as opposed to the geometric method of inverse distance weighting used for the initial resource. The geologic model used for this resource was prepared by Teck staff and is conceptually the same as that used for the initial resource with the addition of an altered porphyry unit recognized during the 2012 fieldwork. Geologic control for estimation was based on rock type as well as structural zonation on the flanks of the porphyry unit, as it was for the 2012 Resource. Copper, gold and molybdenum grades were estimated using 2.0 m composited drill data.

The revised resource is tabulated within the same optimized pit shell as was generated and used for the 2012 Resource. The impact of drilling since the initial resource has been to increase confidence as reflected by the increase in Indicated Mineral Resource as a portion of the total resource. Table 13 compares the 2014 updated sulphide resource with the initially reported numbers; the 0.43 g/t AuEq cut-off approximately corresponds to the 0.2% copper equivalent (“**CuEq**”) cut-off used in the 2012 disclosure

**Table 13: Comparison to Initial Estimated Halilağa Mineral Resources at 0.43 g/t AuEq Cut-off**

Resource Model <sup>(1)</sup>	Indicated					Inferred				
	Tonnes (M)	Cu (%)	Au (g/t)	Mo (%)	AuEq (g/t)*	Tonnes (M)	Cu (%)	Au (g/t)	Mo (%)	AuEq (g/t)*
2014	182.7	0.27	0.30	0.0057	0.90	178.7	0.23	0.24	0.0087	0.77
2012	168.8	0.30	0.31	0.0054	0.97	199.6	0.23	0.26	0.0067	0.78
Difference	+8%	-10%	-4%	+6%	-8%	-10%	-1%	-7%	+30%	-2%

\*AuEq grades were calculated using the following parameters:

- Cu price and recovery of \$2.90/lb and 90%
- Au price and recovery of \$1200/oz. and 70%
- Mo price and recovery of \$12.50/lb and 50%

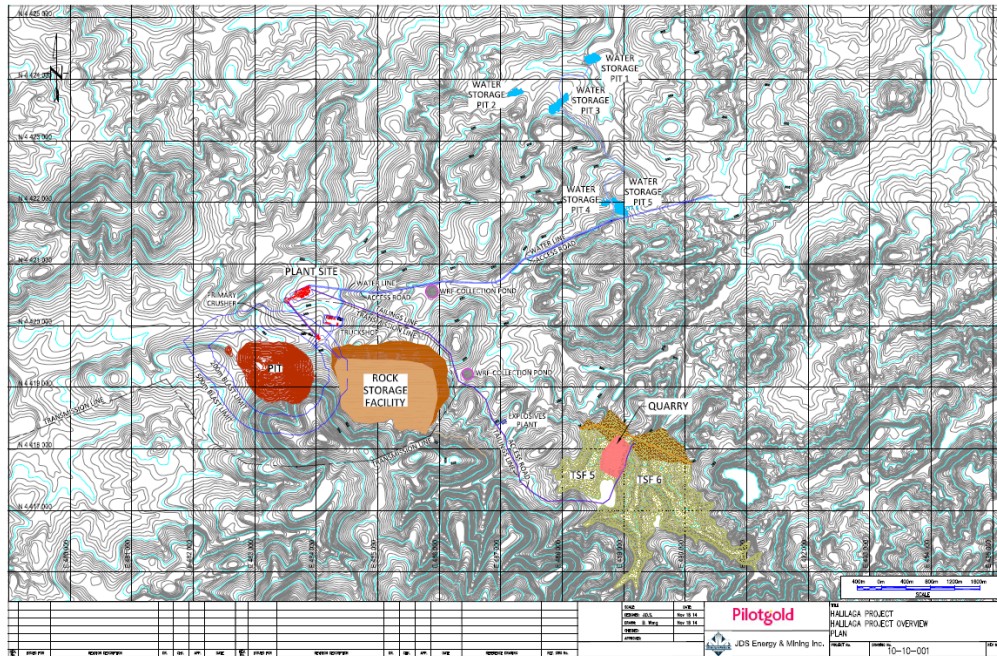
<sup>(1)</sup> In situ grade

Inferred resources were used in the life of mine (“**LOM**”) plan with inferred resources representing 31% of the material planned for processing. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources would be converted into mineral reserves. Mineral reserves can only be estimated as a result of an economic evaluation as part of a PFS or a feasibility study (“**FS**”) of a mineral project. Accordingly, at the present level of development, there are no mineral reserves at Halilağa.

## Mining Operations

The Halilağa deposit is amenable for development as an open pit (“**OP**”) mine. Mining of the deposit is planned to produce a total of 124 Mt of processing plant feed and 158 Mt of waste (1.3:1 overall strip ratio) over a 14 year mine life. The current LOM plan focuses on achieving consistent plant feed production rates, and early mining of higher grade material, as well as balancing grade and strip ratios. In addition, it is anticipated that there would be a 4 year to 5-year feasibility, permitting and pre-production construction period as well as a reclamation period at the end of the mine life. Figure 7 illustrates the proposed overall site layout for Halilağa, including the open pit and proposed plant site locations.

**Figure 7: Proposed Site Layout**



Several nearby mined out water storage pits, have been identified. Since these pits already exist, they would require the least amount of earthworks and permitting; therefore, they have been selected as the water storage option for the Halilaga PEA. No water storage embankments were considered, since the overall impact on the project would be much greater if a separate water storage facility were to be constructed.

The mine design process for the deposit commenced with the development of CAE Mining NPV Scheduler (“NPVS”) OP optimization input parameters. These parameters included estimates of metal price, mining dilution, process recovery, offsite costs, geotechnical constraints (slope angles) and royalties (see Table 14. The resource model was based on a 20m by 20m by 10m block size.

**Table 14: Mine Planning Optimization Input Parameters**

Item	Unit	Values
<b>Metal Prices</b>		
Gold	\$/oz.	1,250
Copper	\$/lb	3.00
<b>Recovery to Cu Concentrate</b>		
Gold	%	var.w/ Au grade
Copper	%	var.w/ Cu grade
<b>Recovery CIL</b>		
Gold (cleaner tails CIL)	%	15
<b>Cu Concentrate Grade (“conc.”)</b>		
Gold	g/t	var.w/ Au and Cu grade
Copper	%	30
Moisture content		8
<b>TCRC and Smelter Payables</b>		
Gold in Dore	%	99
Gold in Cu conc.	%	96
Gold deduction in Cu conc.	g/t in conc.	1
Copper in Cu conc.	%	96
Cu conc. treatment	\$/dmt conc.	75.00

<b>Item</b>	<b>Unit</b>	<b>Values</b>
Cu refining charge	\$/lb pay Cu	0.075
Au refining charge	\$/oz. pay Au	7.00
Transport, marketing, ins, etc.	\$/dmt conc.	62.7
<b>Other Parameters</b>		
Grade factor (variable)	%	95
Royalties	%	4
Pit Slope Angles	overall degrees	36 to 48
Dilution	%	5
Mining recovery	%	100
Strip ratio (est.)	t:t	1.3
Internal NSR cut-off	\$/t	8.97
External NSR cut-off (est.)	\$/t	13.8
Processing rate	tpd milled	25,000
<b>Operating Costs</b>		
O/P Waste mining Cost	\$/waste tonne	2.00
OP Mineralized material Mining Cost	\$/mill feed tonne	2.00
OP Processing and G&A Cost	\$/milled tonne	8.54

The OP mineable resources are reported at an internal cut-off value of \$8.97/t based on input parameters above.

\*The values in this table vary slightly from those used in the economic model as parameters were further refined in the economic model as the project progressed. The differences are not considered material to pit shape definition.

CAE Mining's NPV Scheduler software was used to determine the optimal mining shells with the assumed overall slope angles shown in the previous table. Preliminary mining phases were selected and preliminary mine planning and scheduling was then conducted on these selected optimal shells. The mineable resources for the Halilağa deposit are presented in Table H(vi).

Both Indicated and Inferred resources were used in the LOM plan of which, Indicated resources represent 69% (86 Mt) of the material planned to be processed.

**Table 15: PEA Proposed Mining Plan**

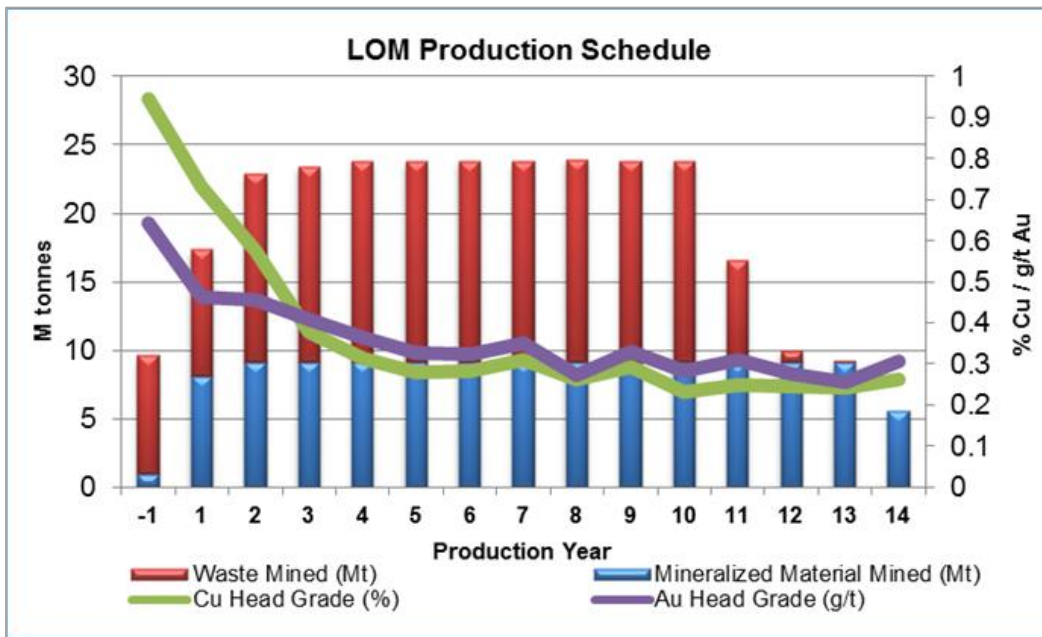
<b>Description</b>	<b>Unit</b>	<b>Value</b>
Mine Production Life	yr.	14
Process Feed Material	Mt	124
Diluted Copper Grade (mill head grade)	%	0.34
Contained copper	Mlbs	920
Diluted Gold grade (mill head grade)	g/t	0.34
Contained gold	koz	1,357
Waste	Mt	158
Total material	Mt	282
Strip ratio	t:t	1.3

The mining sequence was divided into a number of stages designed to maximize grade, reduce pre-stripping requirements in the early years and, maintain the plant at full production capacity. The LOM production schedule is shown in Table 16.

**Table 16: LOM Production Schedule**

Item	Unit	Total	Year														
			-1	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Mineralized Material	Mt	124.3	1	8.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	5.6
Gold Feed Grade	g/t	0.34	0.64	0.46	0.46	0.41	0.36	0.33	0.32	0.35	0.27	0.33	0.28	0.31	0.28	0.26	0.31
Contained Gold	koz	1,357	21	121	134	120	107	96	95	103	80	97	83	91	81	75	55
Copper Feed Grade	%	0.34	0.95	0.73	0.57	0.38	0.31	0.28	0.28	0.31	0.26	0.29	0.23	0.25	0.24	0.24	0.26
Contained Copper	Mlbs	920	21	131	116	76	63	56	57	63	52	59	47	50	49	49	33
Waste Material	Mt	157.6	8.7	9.3	13.8	14.3	14.7	14.7	14.7	14.7	14.8	14.7	14.7	7.4	0.9	0.2	
Total Material	Mt	281.9	9.7	17.4	23	23.5	23.8	23.8	23.9	23.8	23.9	23.8	23.8	16.6	10	9.3	5.6
Strip Ratio	tt	1.3	8.7	1.1	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	0.8	0.1	0	
Total Material Mined	Mtpd		26.49	47.71	62.92	64.32	65.32	65.21	65.37	65.27	65.60	65.23	65.23	45.39	27.42	25.43	15.47

**Figure 8: LOM Production Schedule**



**Waste Management**

Waste rock from mining operations is planned to be deposited in an engineered rock storage facility (“**RSF**”) immediately adjacent to the proposed open pit. The RSF is designed to hold a total of 160 Mt of material.

Tailings from the process plant are proposed to be deposited in a Tailings Storage Facility (“**TSF**”). The TSF design consists of two rock fill embankments with a fully lined containment area. The starter embankment is designed to be contained in the initial larger valley, while an additional smaller valley would be required to contain the ultimate facility. Seepage collection ponds would be constructed downstream of the impoundments.

The upstream side of the embankment is designed to be lined with a High Density Polyethylene (“**HDPE**”) liner. The liners within the facility would be placed on a protective bedding layer.

The embankments would have an upstream slope of 2.5:1 H:V and a downstream slope of 3:1 H:V. The crest was assumed to be 10 m in width. The starter embankment would have a length of 560 m with maximum height and width of 46 m and 270 m respectively. The ultimate embankments are designed to have a combined crest length of 1,695 m, a maximum height of 97 m and maximum width of 550 m. Each of the two embankments would have a stability key trench excavated to a depth of 5 m and width of 50 m along the centerline of the ultimate embankment.

The upstream side of the embankment is planned to be lined with an HDPE liner installed on an approximate 0.3-0.5 m bedding layer. Beneath the bedding layer would be a clay or transition material followed by the bulk rock fill. The key trench would be backfilled with rock fill.

The facility is designed as a zero discharge facility until it is closed with a dry cover. The TSF design includes a spillway to ensure protection of the embankment in the event of a flood. At the PFS stage after a hazard classification has been undertaken, consideration could be given to designing the facility to contain the probable maximum flood which would negate the need for an operational spillway.

The TSF facility is envisioned to be constructed in stages with the embankment being constructed in the downstream direction. The starter embankment, seepage collection facilities and temporary spillway would all be built prior to project start-up. Construction would be continuous throughout the LOM thereafter, with a raise completed every year. The typical increase in height is planned to be between 3 to 5 m. After each raise, the previous spillway would be backfilled and a new side hill spillway constructed.

Construction material is planned to be sourced from a nearby quarry. All embankment fill would be compacted in lifts to improve density and stiffness. Liner extensions would be tied into the existing liners; small benches may be utilized to aid at liner tie-in points.

Clearing and grubbing are scheduled to be completed as needed during the expansion of the facility. The liner would be exposed at surface since new liner sections would be covered within a year or two of placement and hydraulically placed tailings would not damage the liner system.

The facility would be re sloped for positive drainage toward the spillway. A simple infiltration reducing cover would be constructed that includes a sealing layer of 0.25 m, drainage layer of 0.5 m and top soil of 0.5 m. The facility would then be re vegetated and drainage paths will be lined with appropriately sized riprap. Seepage collection ponds would remain during closure to monitor performance.

### ***Mineral Processing and Metallurgical Testing***

Preliminary metallurgical test work was conducted in 2007 and 2011, which focused on developing a preliminary understanding of ore sample hardness and flotation response. The results show that the Halilağa mineralized material is of moderate competency and hardness, and amenable to grinding in a conventional SAG-ball milling circuit with pebble crushing. In addition, locked-cycle flotation tests showed that 85% of the feed copper reported to the final concentrate, which results in a grade of 30% copper. Approximately, 61% of the feed gold reported to the final concentrate with a gold grade of 21 g/t. The mineralogy is fine grained and test work indicated a requirement to re-grind to a fine particle size of approximately 20 micrometres to achieve adequate liberation for flotation. A copper recovery versus copper feed grade relationship has also been estimated based on preliminary variability testing.

The Halilağa process plant and associated service facilities are proposed to process 25,000 t/d of Run of Mine (“ROM”) material, producing copper concentrate for sale into the commercial smelter market and doré bullion for processing at a precious metal refinery. The proposed process plant design includes crushing and grinding, rougher and cleaner flotation, regrinding, and dewatering of copper concentrate, cleaner tails CIL and cyanide detoxification ahead of tailings disposal. It was assumed that copper concentrate would be trucked from site to the Port of Bandırma and doré bars would be shipped to a precious metals refinery for processing and sale. The flotation and cyanide destruction tailings would be thickened before placement in the TSF. Water supply to the processing facilities are planned to come from the collection of surface water and use of the abandoned, flooded coal pits (water storage pits) in the immediate vicinity.

**Project Cost Estimates**

The CAPEX estimate for Halilağa is shown in Table 17. The estimated costs include mine pre-stripping, mine development, site preparation, process plant, first fills, infrastructure, buildings, utilities and road works. The estimates are considered to have an overall accuracy of ±30% and assume the project would be developed on an EPCM (engineering, procurement, and construction management contracting arrangement) basis.

**Table 17: Capital Cost Estimate**

<b>Capital Cost</b>	<b>Pre-Production (\$M)</b>	<b>Sustaining/Closure (\$M)</b>	<b>Total Capital Costs (\$M)</b>
Capitalized Mining Costs	17.9	0.0	17.9
Contractor Mobilization/Demobilization	1.0	1.0	2.0
Mining	0.6	0.0	0.6
Site Development	5.5	0.0	5.5
Process Plant	131.6	0.0	131.6
On-Site Infrastructure	29.6	0.0	29.6
Tailings Storage	25.0	103.3	128.3
Indirects	37.6	0.0	37.6
EPCM	25.3	0.0	25.3
Owner's Costs	6.4	0.0	6.4
Sustaining	0.0	15.8	15.8
Closure	0.0	50.2	50.2
Subtotal	<b>280.6</b>	<b>170.3</b>	<b>450.8</b>
Contingency	65.4	42.3	107.7
<b>Total Capital Cost</b>	<b>346.0</b>	<b>212.6</b>	<b>558.5</b>

Data for these estimates have been obtained from numerous sources, including:

- PEA-level engineering design;
- Unit rates obtained from local Turkish mining contractors;
- Budgetary equipment quotations;
- QP experience; and
- Data from recently completed similar studies and projects.

Refer to *Halilağa Project – Recent Developments*, in this AIF for an updated discussion

Operating costs (“OPEX”) for Halilağa are summarized in Table 18. The OPEX estimate is based on a variety of sources including cost service data, vendor quotes, first principle calculations, and reference projects.

**Table 18 Operating Costs**

<b>Operating Cost</b>	<b>\$/t processed</b>	<b>LOM \$M</b>
Mining‡	4.05	503.7
Re-Handle*	0.01	1
Processing (incl. Tails)	8.35	1,038.20
G&A	0.7	86.6
<b>Total OPEX</b>	<b>13.11</b>	<b>1,629.40</b>

(‡): Excludes capitalized pre-stripping costs

(<sup>0</sup>): Based on \$1.85/t mined (assuming average LOM 1.3 strip ratio)

(\*) Re-handle cost amounts to \$1/t re-handled. Total material re-handled amounts to 1M tonnes.

**Economic Analysis and Results**

An engineering economic model was developed to estimate annual cash flows and project sensitivities. Pre-tax estimates of project values were prepared for comparative purposes, while after-tax estimates were developed to approximate the true investment value. It must be noted that the tax estimates involve many complex variables that can only be accurately calculated during operations and, as such, the after-tax results are approximations to represent an indicative value of the after-tax cash flows of the project.

One metal price scenario was used for the economic analysis and prices were held constant throughout the mine life, demonstrated in Table H(x). Metal prices were based on LME closing spot prices during December 2014.

**Table 19: Metal Price Assumptions**

<b>Metal</b>	<b>Unit</b>	<b>Value</b>
Copper Price	\$/lb	2.90
Gold Price	\$/oz.	1,200

Economic assumptions used in the economic analysis include the following:

- Discount Rate of 7% (sensitivities using other discount rates have been calculated);
- Closure cost of \$63.7M (which includes a 25% contingency) was considered;
- Revenues, costs and taxes are calculated for each period in which they occur rather than actual outgoing/incoming payment;
- Working capital was calculated as three months of operating costs in (mining, processing, tailings storage, environment, and G&A) in Year 1 (assumed to be required in Year -1). The working capital is recuperated during the last year of production (Year 14). Total working capital considered in Year -1 amounts to \$29M;
- Depreciation for CAPEX has been considered based on Turkish regulations and asset class;
- Results are presented on a 100% equity basis; and
- No management fees or financing costs have been considered.

These assumptions are typical and appropriate for a PEA-level study.

The economic analysis excludes all pre-development and sunk costs up to the start of detailed engineering (i.e. exploration and resource definition costs, engineering fieldwork and studies costs, environmental baseline studies costs, etc.).

Using the pit design developed for the Halilağa PEA LOM plan, and a discount rate of 7%, Halilağa shows an after-tax net present value (“NPV”) of \$473.8M and an internal rate of return (“IRR”) of 43.1%. Table 20 presents a summary of the key economic results.

**Table 20: Key Economic Results**

<b>Summary of Results</b>	<b>Unit</b>	<b>Value</b>
Cu Payable	LOM M lbs	779.4
Au Payable	LOM k oz.	924.2
Operating Costs	\$/t processed	13.11
Total Capital Costs Incl. Contingency	\$M	558.5
Discount Rate	%	7.0
Pre-Tax NPV	\$M	510.9
Pre-Tax IRR	%	45.8
Pre-Tax Payback	Years	1.2
After-Tax NPV	\$M	473.8
After-Tax IRR	%	43.1
After-Tax Payback	Years	1.3
Cu Cash Cost <sup>‡</sup>	\$/Cu lb	2.50
Cu Cash Cost (Net of By-Products)*	\$/Cu lb	1.08
Cu Cash Cost (incl. Sustaining Capital)**	\$/Cu lb	2.78
Cu Cash Cost (Incl. Sustaining Capital) Net of By-Products <sup>0</sup>	\$/Cu lb	1.35

<sup>‡</sup> Cash Cost = (Treatment Charge + Refining Charges + Royalties + Operating Costs) / Payable Cu lbs

\* Cash Cost (Net of By Products) = ((Treatment Charge + Refining Charges + Royalties + Operating Costs) - (Payable Au \* Au Price)) / Payable Cu lbs.

\*\* Cash Cost (incl. Sustaining Capital) = (Treatment Charge + Refining Charges + Royalties + Operating Costs + Sustaining Capital Costs) / Payable Cu lbs.

<sup>0</sup> Cash Cost (incl. Sustaining Capital) Net of By-Products = ((Treatment Charge + Refining Charges + Royalties + Operating Costs + Sustaining Capital) - (Payable Au \* Au Price)) / Payable Cu lbs.

The reader is cautioned that the Halilağa PEA is preliminary in nature and includes the use of inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and, as such, there is no certainty that the illustrative economics will be realized. The Halilağa PEA uses 31% inferred mineralized material.



## **Exploration and Development**

Industry standard mining, processing, construction methods and economic evaluation practices were used to assess Halilağa. There was adequate geological and other pertinent data available to generate a PEA.

Based on current knowledge and assumptions, the results of this study show that Halilağa has positive economics (within the very preliminary parameters of a PEA) and could be advanced to the next level of study by conducting the work indicated in the recommendations section of the Halilağa PEA. While a significant amount of information is still required for a complete assessment of Halilağa, at this point, there do not appear to be any fatal flaws.

The study has achieved its original objective of providing a preliminary review of the potential economic viability of Halilağa.

### ***Risks and Opportunities***

As with almost all mining ventures, there are a large number of risks and opportunities that can affect the outcome of Halilağa. Most of these risks and opportunities are based on uncertainty, such as lack of scientific information (test results, drill results, etc.) or the lack of control over external factors (metal price, exchange rates, etc.).

As with almost all mining ventures, there are a large number of risks and opportunities that can affect the outcome of the project. Most of these risks and opportunities are based on uncertainty, such as lack of scientific information (test results, drill results, etc.) or the lack of control over external factors (metal price, exchange rates, etc.).

Subsequent higher-level engineering studies would be required to further refine these risks and opportunities, identify new risks and opportunities, and define strategies for risk mitigation or opportunity implementation.

The main preliminary risks identified for the Halilağa Project are, summarized as follows:

- Permit acquisitions;
- Stakeholder support;
- Reduced metal prices;
- Geological interpretation and mineral resource classification (31% of the mineral resources used in the mine plan are classified as Inferred) and there is no guarantee these resources can be upgraded to Indicated or Measured;
- Increased OPEX and/or CAPEX;
- Geotechnical and hydrogeological considerations;
- Metal recovery and mineral processing assumptions, including deleterious elements; and
- Water supply and the right to use it.
- The following opportunities may improve the project economics:
- Exploration potential from under-explored near-by anomalous zones;
- Further optimization of the mine plan and production schedule;
- Regional exploration and the potential to increase mineral resources;
- Processing of the oxide material (currently treated as waste);
- Further metallurgical optimization;
- Improved metal prices;
- Additional tax and investment incentives potentially available to the project;
- Possible synergies and economies of scale related to the proximity of other properties such as TV Tower; and
- Reduction in CAPEX and/or OPEX from value engineering.

### ***Recommendations***

It is recommended that the project be advanced to the next level of study, a PFS. Prior to undertaking the PFS, the potentially mineable resource will have to be drilled more extensively in an attempt to convert Inferred resources to Indicated resources although there can be no assurances that this will be successful. After drilling, sampling and assaying, a new resource model will be required. A high-level estimate of the resource drilling and re-estimation cost is provided in Table 21 below:

**Table 21: Cost Estimate for New Mineral Resource Estimate to Support a PFS**

<b>Item and Description</b>	<b>Cost Estimate (M\$)</b>
Resource Definition Drilling (8,000 m x \$160/m)	1.28
Assaying (\$40/m average)	0.32
Camp Operations, Trucks, Fuel, Supplies	2.30
Resource Estimation	0.16
Salaries and staff costs	3.20
Condemnation Drilling under Surface Facilities (2,000 m x \$160)	0.32
Mineral Resource Estimate	7.58

**Recent Developments and Other Information<sup>13</sup>**

*New Mining Law*

On February 17, 2015, revisions to the Turkish Mining Law was signed into law, the most significant impacts of which are (i) updates to the royalty regime; (ii) enhanced requirements around safety; (iii) clarity on the requirements for environmental protection, and (iv) clarity on the process by which licenses, permits and approvals are granted to companies during the exploration, development, construction and production stages of a mining operation, and a reduction in fees required for forestry permits. A licence auction process for abandoned or relinquished licences is also expected to be implemented, and a provision allowing contiguous licences to be combined has also been introduced.

The revised royalty framework illustrates an escalating rate shown in Table 22:

Cu (\$/t)	Royalty (%)	Au (\$/oz.)	Royalty (%)
< 5,000	2	<800	2
5,001-7,500	4	801-1,250	4
7,501-8,000	6	1,251-1,500	6
8,001-8,500	8	1501-1,750	8
8,500-9,000	10	1,751-2,000	10
9,001-9,500	14	2,001-2,250	14
> 9,501	16	>2,251	16

The royalties illustrated in the table above could be reduced by 50% if the ore is processed (or gold is produced) at an owner-operated processing plant in Turkey.

*Changes to Forestry Fees*

Forestry permissions fees are paid each year. In 2015, a revised schedule for forestry fees came into effect, for ground managed by the General Directorate-Forestry. As a consequence of this new fee structure, there has been a significant increase to the: (i) initial fee payable (a type of stumpage fee); (ii) reforestation fee payable in advance for reclamation activities, and (iii) annual land usage fee. It can be expected that these changes will have an impact on the costs and economics outlined in the Halilağa PEA, as well as on normal course exploration budgets.

*Licenses, tenure and permits*

In order to comply with license requirements for minimal annual production, Truva Bakır extracted 2,000 tonnes of clay and silica (quartz) in a bulk sample operation on the property in October 2014 and continued with minimal extractive activity in 2015, 2016 and 2017 (license: 3290089). The inventoried silica has been stockpiled for possible sale at an unspecified date. The bulk sample did not occur on the area of the tenure for which there was an EIA challenge (as summarized elsewhere in this AIF), nor was it on the Kestane resource area.

<sup>13</sup> Discussion detailed under heading “Halilağa, Project - Recent Developments in this AIF has been prepared by the Corporation and supplements and updates the disclosure summarizing the Halilağa PEA. Moira Smith, Ph.D., P.Geol., Vice-President Exploration and Geoscience, Liberty Gold, and a Qualified Person, has prepared and approved such Technical Information. Dr. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears.

Truva Bakır holds several valid permits from the General Directorate-Forestry allowing further infill and exploration drilling on the property. Forestry permissions fees are paid each year.

### DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares. There are 176,906,048 Common Shares issued and outstanding as of March 26, 2018. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

The following represents the Corporation's current capital structure:

#### *Common Shares*

Designation of security	Number of Common Shares authorized	Outstanding on December 31, 2017	Outstanding on March 26, 2018
Common Share	Unlimited	151,230,559	176,906,048

#### *Warrants*

##### (a) Bought Deal Warrants

The Corporation issued 12,017,500 warrants under a bought deal financing on November 16, 2016 that consisted of the issuance of 24,035,000 units of the Corporation for C\$0.60 per unit of the Corporation. Each Bought Deal Unit consists of one Common Share and one half of one Common Share purchase warrant. Each Bought Deal Warrant entitles the holder to acquire one Common Share at a price of C\$0.90 at any time prior to May 16, 2019.

As at the date of this AIF there are 12,017,500 Bought Deal Warrants outstanding.

##### (b) 2018 Warrants

The Corporation issued 12,469,213 warrants under a bought deal private placement on January 26, 2018 that consisted of the issuance of 24,938,426 units of the Corporation for C\$0.42 per unit of the Corporation. Each 2018 Unit consists of one Common Share and one half of one common share purchase warrant. Each 2018 Warrant entitles the holder to acquire one Common Share at a price of C\$0.65 per share at any time prior to January 26, 2021.

#### **Principal Shareholders of Liberty Gold**

To the knowledge of Liberty Gold's directors and officers, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares.

### DIVIDENDS AND DISTRIBUTIONS

There are no restrictions that prevent the Corporation from paying dividends or distributions. However, the Corporation has not paid any dividends or distributions on its Common Shares since incorporation and there are no plans to pay dividends at this time. At present, all available funds are invested to finance the growth of the

Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including Liberty Gold's earnings, operating results, financial condition and anticipated cash needs and other conditions existing at such time.

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are no securities of the Corporation currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

### MARKET FOR SECURITIES

#### Trading Activity and Volume

The Corporation's Common Shares trade on the TSX under the symbol "LGD" and the Bought Deal Warrants trade on the TSX under the symbol "LGD.W".

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Common Shares on the TSX during the year ended December 31, 2017.<sup>14</sup>

Month	Monthly High Price (\$)	Monthly Low Price (\$)	Monthly Volume
January 2017	0.59	0.455	5,158,010
February 2017	0.68	0.53	5,678,684
March 2017	0.58	0.45	4,648,731
April 2017	0.58	0.475	2,837,834
May 2017 <sup>(1)</sup>	0.50	0.42	2,635,118
June 2017	0.49	0.395	3,081,226
July 2017	0.47	0.35	2,641,969
August 2017	0.475	0.40	2,708,363
September 2017	0.53	0.47	5,134,962
October 2017	0.50	0.47	4,072,013
November 2017	0.485	0.395	3,062,195
December 2017	0.50	0.395	2,051,082

**Note:**

- (1) On May 12, 2017, the Corporation's ticker symbol for its common shares listed on the TSX changed from PLG to LGD.

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Bought Deal Warrants on the TSX during the year ended December 31, 2017.

Month	Monthly High Price (\$)	Monthly Low Price (\$)	Monthly Volume
January 2017	0.14	0.105	128,650
February 2017	0.17	0.105	548,800
March 2017	0.13	0.10	53,000
April 2017	0.14	0.10	25,850
May 2017 <sup>(1)</sup>	0.105	0.10	128,500
June 2017	0.15	0.10	33,000
July 2017	0.095	0.08	18,250
August 2017	0.10	0.08	46,500
September 2017	0.09	0.09	21,500
October 2017	0.08	0.06	108,900
November 2017	0.075	0.04	521,490
December 2017	0.07	0.065	87,667

**Note:**

- (2) On May 12, 2017, the Corporation's ticker symbol for its common share purchase warrants listed on the TSX changed from PLG.W to LGD.W.

<sup>14</sup> Source: *TMX Datalinx*

## Prior Sales

### *Non-trading securities – Warrants*

The Corporation did not issue any warrants during fiscal 2017. Subsequent to December 31, 2017, the Corporation issued 12,469,213 2018 Warrants at an exercise price of C\$0.65.

### *Non-trading securities – Options*

The Corporation issued the following Options during fiscal 2017:

Date of Grant	Number of Stock Options Issued	Exercise Price (C\$)	Expiry Date
April 4, 2017	200,000	\$0.57	April 5, 2022
April 5, 2017	25,000	\$0.56	April 6, 2022
April 20, 2017	200,000	\$0.54	April 21, 2022
June 5, 2017	100,000	\$0.47	June 6, 2022
July 24, 2017	100,000	\$0.41	July 25, 2022
September 5, 2017	50,000	\$0.49	September 6, 2022
December 18, 2017	1,653,000	\$0.47	December 19, 2022

No additional Options were issued in the period subsequent to December 31, 2017 to the date of this AIF. As at March 26, 2018, there were 11,541,250 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of C\$0.60 per Common Share.

### *Non-trading securities – Restricted Share Units and Deferred Share Units*

The Corporation had 2,259,643 RSUs and 1,208,000 DSUs outstanding as at December 31, 2017. The RSUs vest either in thirds at the end of each year or half at the end of each year, and expire on December 31 of the third year after grant. RSU's granted in 2017 have an expiry date of **December 31, 2020**.

Date of Grant	Number of RSUs / DSUs Awarded	Share Price on date of Award (C\$)
<u>Restricted Share Units</u>		
December 18, 2017	1,323,000	\$0.47
<u>Deferred Share Units</u>		
December 18, 2017	350,000	\$0.47

There were no additional issuances of RSUs or DSUs in the period subsequent to December 31, 2017 to the date of this AIF.

## Share Ownership by Directors and Executive Officers

As at December 31, 2017, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 10,139,248 Common Shares, representing approximately 6.7% of the issued and outstanding Common Shares as of such date. As at March 26, 2018 the group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 11,101,248 Common Shares, representing approximately 6.3% of the issued and outstanding Common Shares as of such date.

On a partially-diluted basis, assuming the exercise of all Options, RSUs, DSUs, and Warrants, the directors and executive officers of the Corporation, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 22,277,521 Common Shares representing approximately 14.7% of the issued and outstanding Common Shares as of December 31, 2017. As at March 26, 2018, the group beneficially owned, or exercised control or direction over, directly or indirectly, on a partially-diluted basis, an aggregate of 21,249,521 Common Shares representing approximately 12.0% of the issued and outstanding Common Shares.

## GOVERNANCE

### Directors and Officers of the Corporation

As of March 26, 2018, the name, province or state and country of residence, position or office held with the Corporation and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows, with all companies listed still carrying on business as of the date hereof unless otherwise noted:

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
Mark O'Dea <sup>(2)(3)(4)</sup> British Columbia, Canada	<i>Chair and Director</i> Director, Discovery Metals Corp. (" <b>Discovery</b> ") <sup>(6)</sup> (May 2017 to present) President and Director, Oxygen (February 2012 to present) <sup>(1)</sup> Director, Pure Gold Mining Inc. (" <b>Pure Gold</b> ") (February 2010 to present) Director, NexGen Energy Ltd. <sup>(7)</sup> November 2016 to December 12, 2017) Executive Chair, True Gold Mining Inc. (" <b>True Gold</b> ") <sup>(11)</sup> (December 2012 to April 2016)	April 2011
Cal Everett <sup>(3)</sup> British Columbia, Canada	<i>President, Chief Executive Officer and Director</i> Director, and co-founder of Axemen Resource Capital Ltd. <sup>(8)</sup> (2008-2016)	February 2016
Donald McInnes <sup>(2)(4)(5)</sup> British Columbia, Canada	<i>Director</i> Director, Oxygen (February 2012 to present) <sup>(1)</sup> Vice Chair, Alterra Power Corp. (" <b>Alterra</b> ") <sup>(10)</sup> (March 2011 to February 2018) Director, Royal Nickel Corporation (" <b>RNC</b> ") <sup>(6)</sup> (June 2014 to present) Director, Lattice Biologics Ltd. (" <b>Lattice</b> ") <sup>(11)</sup> (April 2016 to present) Director, Aurelius Minerals Inc. (" <b>Aurelius</b> ") <sup>(6)</sup> (August 2012 to present) Director, True Gold <sup>(6)(12)</sup> (December 2012 to April 2016) President and CEO, True North Nickel Inc. <sup>(6)</sup> (February 2012 to June 2014)	April 2011
Robert Pease <sup>(3)(4)(5)</sup> British Columbia, Canada	<i>Director</i> Director, FPX Nickel (November 2017 to present) <sup>(6)</sup> Interim President & CEO, Liberty Gold (November 2015 to February 2016) Director, Pure Gold (March 2014 to present) <sup>(6)</sup> Director, Red Eagle Mining Corporation (" <b>RedEagle</b> ") (June 2011 to present) <sup>(6)</sup> Director, Luna Gold Corp. (" <b>Luna</b> ") (June 2015 to March 31, 2017) <sup>(9)</sup> Director, Endurance Gold Corporation (" <b>Endurance</b> ") (April 2011 to present) <sup>(6)</sup> Director, Libero Mining Corporation (" <b>Libero</b> ") (May 2016 to present) <sup>(6)</sup> President and CEO of Sabina Gold & Silver Corp. <sup>(6)</sup> (October 2012 to February 2015)	April 2011
Sean Tetzlaff <sup>(2)(4)(5)</sup> British Columbia, Canada	<i>Director</i> Director and Vice-President, Oxygen (February 2012 to present) <sup>(1)</sup> Chief Financial Officer (June 2014 to present) and Corporate Secretary (September 2016 to present), Pure Gold <sup>(6)</sup>	February 2011
Joanna Bailey <sup>(13)</sup> British Columbia, Canada	<i>Chief Financial Officer and Corporate Secretary (April, 2017 to present)</i> Corporate Controller, Liberty Gold (April 2011 to March 2017)	N/A

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
Maira Smith <sup>(14)</sup> Nevada, United States	<i>Vice-President, Exploration and Geoscience (February 2015 to present)</i> Chief Geologist, Liberty Gold (April 2011 to February 2015)	N/A

Notes:

- (1) Liberty Gold also receives administrative services and office space on a cost recovery basis from Oxygen. None of the directors of Oxygen receive remuneration by virtue of their ownership of Oxygen.
- (2) Member of the Compensation Committee.
- (3) Member of the Health, Safety and Sustainability Committee.
- (4) Member of the Audit Committee.
- (5) Member of the Corporate Governance and Nominating Committee.
- (6) A mineral property exploration and development company.
- (7) An exploration and development company focused on uranium in the Athabasca Basin in Saskatchewan.
- (8) An exempt market dealer focused on mineral exploration and mining companies
- (9) A mineral property exploration and development company that combined with JDL Gold Corp. to form Trek Mining Inc. in March 2017.
- (10) A global renewable energy company; acquired by Innergex Renewable Energy Inc. in February 2018.
- (11) An emerging leader in the field of cellular therapies and tissue engineering
- (12) Acquired by Endeavour Mining Corporation in April 2016.
- (13) Joanna Bailey is also a director of Cadillac Mining Corporation, and Cadillac West Explorations Inc. (“CWE”), each a wholly owned subsidiary of the Corporation.
- (14) Dr. Smith is also a director of Pilot USA and Pilot Goldstrike Inc., each a wholly-owned subsidiary of the Corporation.

The term of office of each of the Corporation’s directors expires at the Corporation’s next AGM at which directors are elected for the upcoming year or when his successor is duly elected, or earlier in accordance with the by-laws of the Corporation. The next scheduled AGM will be held on May 9, 2018.

### CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of Liberty Gold is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer or chief executive officer of any company (including the Corporation) that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an “**Order**”) that was issued while that person was acting in that capacity; or
- (b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity; and

No director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to materially affect the control of the Corporation:

- (a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; and

No director or executive officer of the Corporation holding a sufficient number of securities of the Corporation to affect, materially, the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The information contained in this AIF as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each director and executive officer of the Corporation individually.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as otherwise disclosed in this AIF, the Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. The Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

### CONFLICTS OF INTEREST

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation and any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

### INTERESTS OF EXPERTS

The Corporation relies on experts to audit its annual consolidated financial statements, and to prepare mineral resource estimates on certain of the Corporation’s mineral properties, and related technical reports.

The Corporation’s auditors are PricewaterhouseCoopers LLP (“**PwC**”), Chartered Professional Accountants, who have prepared an independent auditor’s report dated March 26, 2018 in respect of the Corporation’s consolidated financial statements as at December 31, 2017 and 2016 and for years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Each of the following authors of the respective Technical Reports referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
<i>Independent Technical Report and Resource Estimate for the Goldstrike Project, Washington County, Utah USA effective February 8, 2018 and dated March 21, 2018.</i>	David Rowe, C.P.G., SRK Consulting (Canada) Inc., James Gray, P.Geo., Advantage Geoservices Ltd. Gary Simmons, MMSA, GL Simmons Consulting LLC
<i>Independent Technical Report for the TV Tower Exploration Property, Canakkale, Western Turkey effective January 21, 2014 and dated February</i>	Casey M. Hetman, M.Sc., P.Geo., SRK Consulting (Canada) Inc. James Gray, P.Geo., Advantage Geoservices Ltd. Gary Simmons, MMSA, GL Simmons Consulting LLC



Technical Report	Qualified Person
27, 2014	
<i>Updated Technical Report and Estimated Mineral Resources for the Kinsley Project, Elko and White Pine Counties, Nevada, USA</i> ”, effective October 15, 2015, and dated December 16, 2015	Michael Gustin, CPG, Mine Development Associates Moira Smith, Ph.D., P.Geo. Liberty Gold Corp. Gary Simmons, MMSA, GL Simmons Consulting LLC
<i>Revised Preliminary Economic Assessment Technical Report Halilağa Project, Turkey</i> effective December 20, 2014 and dated February 16, 2015	Gordon Doerksen, P.Eng., JDS Energy & Mining Inc. Stacy Freudigmann, P.Eng., JDS Energy & Mining Inc. Dino Pilotto, P.Eng., JDS Energy & Mining Inc. Maritz Rykaart, P.Eng., SRK Consulting (Canada) Inc. Greg Abrahams, P.Geo., SRK Consulting (Canada) Inc. Gary Simmons, MMSA, GL Simmons Consulting LLC Garth Kirkham, P.Geo., Kirkham Geosystems Ltd. James Gray, P.Geo., Advantage Geoservices Ltd.

In the case of the following news releases issued by the Corporation (available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com)), from which certain Technical Information contained in this AIF has been derived, Moira Smith, Ph.D., P.Geo., an officer of the Corporation is a Qualified Person:

- June 11, 2014
- June 19, 2014
- July 22, 2014
- September 4, 2014
- October 22, 2014
- February 6, 2015
- March 10, 2015
- March 20, 2015
- June 16, 2015
- September 16, 2015
- October 19, 2015
- January 14, 2016
- March 23, 2016
- April 12, 2016
- May 10, 2016
- May 24, 2016
- June 17, 2016
- June 27, 2016
- July 7, 2016
- August 4, 2016
- August 31, 2016
- October 6, 2016
- December 1, 2016
- January 10, 2017
- February 1, 2017
- February 8, 2017
- February 21, 2017
- March 31, 2017
- April 3, 2017
- April 25, 2017
- May 16, 2017
- June 7, 2017
- June 27, 2017
- July 13, 2017
- July 31, 2017
- August 8, 2017
- August 10, 2017
- August 21, 2017
- August 30, 2017
- September 13, 2017
- October 16, 2017
- November 10, 2017
- November 16, 2017
- January 3, 2018
- January 5, 2018
- January 8, 2018
- January 26, 2018
- February 6, 2018
- February 8, 2018<sup>(1)</sup>
- March 22, 2018

<sup>(1)</sup>James N. Gray P.Geo. of Advantage Geoservices was the Qualified Person in this news release.

Other than as described below, based on information provided by the experts as at March 21, 2018, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Dr. Smith is not independent of Liberty Gold by virtue of her employment with the Corporation. Dr. Smith is Vice-President Exploration and Geoscience of Liberty Gold and holds Common Shares, Options, Warrants and RSUs. As of the date hereof, and as of the date of the press releases for which she was the Corporation’s Qualified Person, the

Common Shares and Options held by Dr. Smith, represent approximately 1% of the issued and outstanding Common Shares.

### INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Corporation.

### TRANSFER AGENT AND REGISTRAR

As of the date of this AIF, the registrar and transfer agent for the Corporation's Common Shares is Computershare Investor Services Inc. (Canada), located at 510 Burrard St., 3<sup>rd</sup> Floor, Vancouver, British Columbia.

The transfer agent for the Bought Deal Warrants is Computershare Trust Company of Canada at its offices located at 510 Burrard St., 3<sup>rd</sup> Floor, Vancouver, British Columbia.

### MATERIAL CONTRACTS

The only material contracts entered into by the Corporation, during the most recently completed financial year until the date of this AIF or before the most recently completed financial year of the Corporation but which are still in effect, are as follows:

1. The Arrangement Agreement among Newmont Mining Corporation, Fronteer Gold Inc. and Liberty Gold Corp. dated February 3, 2011, pursuant to which Newmont acquired all of the outstanding common shares of Fronteer by way of a plan of arrangement. See "*General Development of the Business*".
2. The Biga Property, Turkey Memorandum of Understanding between Fronteer and TMST dated October 19, 2004 pursuant to which Fronteer, was granted an option to acquire a 100% interest in a group of properties known as the Biga Properties (which includes Halilağa and TV Tower) and TMST was granted certain back-in rights. Under the terms of the related agreement, TMST and Fronteer earned a 60% and 40% interest, respectively, in Halilağa and four other designated properties. Fronteer's rights in the agreement were acquired by the Corporation in connection with the acquisition of the shares of PII (formerly, FII), as described in this AIF.
3. The FII Share Purchase Agreement between Fronteer Holdings Inc. ("**FHI**") and Pilot Holdings Inc. dated April 4, 2011, pursuant to which FHI, a wholly-owned subsidiary of Fronteer, sold to PHI, all of the issued and outstanding shares of PII. As a result of such purchase, PHI indirectly acquired all of PII's 40% interest in the Turkish Properties and a 100% interest in three other prospective properties in Turkey.
4. The Amended and Restated TV Tower Joint Venture Letter Agreement among Liberty Gold, PII, Agola, TMST and Orta Truva dated December 10, 2014 governing the terms of the joint venture relationship between the Corporation and TMST, superseding the original TV Tower Agreement, dated June 20, 2012, and the memoranda of understanding and Biga Agreements as related to Orta Truva and TV Tower. See "*Risk Factors – Joint Venture Interests*".
5. The Halilağa Joint Venture Agreement between Teck Madencilik Sanayi Ticaret A.Ş., Pilot Investments Inc. and Truva Bakir Maden İşletmeleri A.Ş. dated January 1, 2015 governing the terms of the joint venture relationship between the Corporation and TMST, superseding the original memoranda of understanding and Biga Agreements as related to Truva Bakir and Halilağa. See "*Description of the Business*" and "*Risk Factors – Minority Interests in the Turkish Properties*".
6. The Warrant Indenture between the Corporation and Computershare dated November 16, 2016, providing for the Issue of Bought Deal Warrants, and Computershare Trust Company of Canada as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Bought Deal Warrants issued pursuant to the Warrant Indenture.

7. The Warrant Indenture between the Corporation and Computershare Trust Company of Canada dated January 26, 2018, providing for the issue of the 2018 Warrants, and Computershare Trust Company of Canada as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of 2018 Warrants issued pursuant to the Warrant Indenture.
8. The Underwriting Agreement dated January 26, 2018, between the Corporation and National Bank Financial Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Sprott Private Wealth GP Inc., Haywood Securities Inc. and Macquarie Capital Markets Canada Ltd, in connection with the 2018 Bought Deal.

Copies of each of the material contracts described above have been filed with the applicable Canadian securities regulatory authorities and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## BOARD COMMITTEES

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Corporate Governance and Nominating; and (iv) Health, Safety and Sustainability. A Disclosure Committee has also been formed as a sub-committee of the Corporate Governance and Nominating Committee. Details as to the composition and mandate of the audit committee of the Board (the “**Audit Committee**”), are described in this AIF under the heading “Information Concerning the Audit Committee and External Auditor”; detail related to the mandates and composition of the Compensation Committee, Corporate Governance and Nominating Committee, and the Health, Safety and Sustainability Committee are described in the Information Circular, and which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

### *Audit Committee Charter*

The Corporation’s Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the “**Audit Committee Charter**”), a copy of which is attached to this AIF as Schedule “A”. The Audit Committee reviews all financial statements of the Corporation prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Corporation’s auditors to discuss the various aspects of the Corporation’s financial statements and the independent audit.

The Corporation has also adopted a code of ethics (the “**Code of Ethics**”) that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule “B” to this AIF. Employees of the Corporation are encouraged to report suspected violations of the Code of Ethics to the ‘Complaints Officer’. The Complaints Officer is the Chair of the Audit Committee.

### *Audit Committee Oversight*

At no time during the fiscal year ended December 31, 2017 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### *Pre-Approval Policies and Procedure*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter attached as Schedule “A” hereto.

### *Composition of the Audit Committee*

The Audit Committee was constituted on April 3, 2011 by resolution of the Board. As of the date of this AIF, the members of the Audit Committee are Sean Tetzlaff (Chair), Donald McInnes and Robert Pease, each of whom is “independent” and “financially literate” for the purposes of *National Instrument 52-110 – Audit Committees*.

### ***Relevant Education and Experience***

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

#### *Sean Tetzlaff*

Mr. Tetzlaff is currently Chief Financial Officer and Corporate Secretary of Pure Gold and an owner and director of Oxygen. From December 2011 to December 2012 Mr. Tetzlaff was the Chief Financial Officer and Corporate Secretary of Blue Gold. From 2005 to April 2011 he served as Chief Financial Officer, Vice-President Finance and Corporate Secretary of Fronteer. In these capacities he had oversight of financial, legal and contractual matters for each company's respective operations and various international subsidiaries, and was responsible for the successful execution of numerous equity investments, asset divestitures and M&A transactions. Mr. Tetzlaff also served as Chief Financial Officer of Aurora Energy Resource ("Aurora") from 2006 to 2008, helping that company grow from initial public offering through to the advancement of one of the world's largest undeveloped uranium deposits. Mr. Tetzlaff previously served as Senior Manager (2002 to 2004) and Manager (1999-2001) with the tax group at KPMG LLP, and was Chief Financial Officer of Valerie Gold Resources Ltd. and Emgold Mining Corporation from 1996-1999. Mr. Tetzlaff earned a B.Comm from the University of British Columbia in 1991 and earned his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia in 1994.

#### *Donald McInnes*

Mr. McInnes holds a B.A. from Dalhousie University and has over 30 years' experience in the mineral exploration industry; in that time has contributed to raising more than \$1 billion in debt and equity financing. Since 1993, Mr. McInnes has been a founder, president and director of a number of publicly-traded mineral exploration companies and has sat on numerous audit committees. He is currently, a director of Lattice, RNC and Aurelius. Mr. McInnes was previously Vice Chair of Alterra (March 2011 to February 2018) a director and audit committee member of True Gold (December 2012 to April 2016), Vice Chair of Blue Gold (September 2011 to December 2012), a director and audit committee member of Fronteer (2001 to April 2011) and was the founder of Kutcho Copper Corp. (formerly Western Keltic Mines Inc.), holding the position of President from 1993 to 2006, and Vice Chair and CEO of Plutonic from June 1999 to March 2011, a renewable power development company he founded with a portfolio of clean-energy projects, which merged to form Alterra. Mr. McInnes is also a director, and past Chair of the board of directors of Prostate Cancer Canada and was a Governor of the Business Council of British Columbia, a non-partisan organization advising political leaders on issues to enhance British Columbia's competitiveness and prosperity. Mr. McInnes has also been a director of the Clean Energy Association of British Columbia, the Association for Mineral Exploration British Columbia and the Prospectors and Developers Association of Canada.

#### *Robert Pease*

Mr. Pease has been involved with mineral exploration and mine development projects worldwide for the past 30 years. He holds a B.Sc. degree in Earth Sciences from the University of Waterloo, a Professional Geologist (British Columbia) certification and is a Fellow of the Geological Association of Canada. He held the position of Interim President and CEO of Liberty Gold from November 2015-February 2016 and has been on the Board of Directors at Liberty Gold since April 2011. Mr. Pease is a director of FPX Nickel, Red Eagle, Pure Gold, Endurance and Libero. He was formerly a director of Luna from June 2015 until March 2017 until its business combination with JDL Gold Corp., President and Chief Executive Officer of Terrane Metals Corp. from its inception in 2006 until its acquisition in 2010 by Thompson Creek Metals Company, and was a director and strategic advisor of Richfield Ventures Corp., a publicly-traded exploration-stage mining company acquired by New Gold Inc. in 2011. Prior to this period Mr. Pease was employed by Placer Dome Inc. for twenty five years, and held the position of General Manager (Canada Exploration and Global Major Projects) toward the end of his time with that company. In 2010, he was named "BC Mining Person of the Year" by the Mining Association of BC.

## Auditor

PwC has been the Corporation's external auditor since February 25, 2011. PwC conducts the annual audit of Liberty Gold's consolidated financial statements and on occasion, provides audit-related, tax and other services. PwC reports to the Audit Committee.

## External Auditor Service Fees

The following table shows the fees paid, net of 5% administrative surcharge, by the Corporation to PwC for services in the years ended December 31, 2017 and 2016:

	Year ended December 31, 2017	Year ended December 31, 2016
<b>Audit fees</b>	C\$79,500	C\$70,573
<b>Audit related fees</b>	C\$46,000	C\$45,000
<b>Tax Fees</b>	None	None
<b>All Other Fees</b>	C\$7,500	C\$32,000
<b>Total</b>	C\$133,000	C\$147,573

Audit fees paid increased from 2016 to 2017, reflecting the timing of invoices and payments whereby a larger portion of the fee related to the prior year audit was paid in the current year than in the comparative period. The base annual audit fee charged by PwC to the Corporation increased over that paid relating to the 2016 audit.

In 2017 and 2016, audit-related fees primarily related to fees paid entirely for interim reviews and related procedures of the Corporation's quarterly financial statements. In 2017, all other fees primarily related to work performed by PwC on the Corporation's disclosures under the Extractive Sector Transparency Measures Act.

## ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular. Additional financial information is also provided in Audited Financial Statements and the related MD&A.

A copy of such documents, and of this AIF, as well as additional information relating to the Corporation, is available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com). Copies may also be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation. Information on the Corporation's website is not part of this AIF, or incorporated by reference.

Additional information relating to the Corporation may be found on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## SCHEDULE A – AUDIT COMMITTEE CHARTER

Charter of the Audit Committee of the Board of Directors of Liberty Gold Corp.

### 1. ROLE AND OBJECTIVE

The Audit Committee (the “**Committee**”) is appointed by and reports to the board of directors (the “**Board**”) of Liberty Gold Corp. (the “**Corporation**”). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation.

The Committee and its membership shall to the best of its ability, knowledge and acting reasonably, meet all applicable legal, regulatory and listing requirements, including, without limitation, those of any stock exchange on which the Corporation’s shares are listed, the *Canada Business Corporations Act* (the “**Act**”), and all applicable securities regulatory authorities.

### 2. COMPOSITION

- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- Each member of the Committee shall be “independent” and financially literate (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes).
- Each member of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement.
- Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders’ meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- A Chair of the Committee shall be designated by the Board or, if it does not do so, the members of the Committee shall elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above).
- If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- The Chair of the Committee presiding at any meeting shall not have a casting vote.
- The Committee shall appoint a secretary (the “**Secretary**”) who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

### 3. MEETINGS

- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the external auditors (the “Independent Auditors”) or any member of the Committee in accordance with the Act.
- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.

- A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office for no more than six months, at which time the vacancy will be filled by a vote of a majority of the Board.
- At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
- The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- Minutes of Committee meetings shall be sent to all Committee members.
- The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

#### **4. RESOURCES AND AUTHORITY**

- The Committee shall have access to such officers and employees of the Corporation and its subsidiaries and to such information with respect to the Corporation and its subsidiaries as it considers being necessary or advisable in order to perform its duties and responsibilities.
- The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors and resources, as it deems advisable, at the expense of the Corporation.
- The Committee shall have the authority to communicate directly with the internal and external auditors.

#### **5. RESPONSIBILITIES**

##### **A. Chair**

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- chair meetings of the Committee, unless not present (including in camera sessions), and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- ensures that the Committee meets on a regular basis and at least four times per year;
- in consultation with the Committee members, establishes a calendar for holding meetings of the Committee;
- establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- ensures that Committee materials are available to any director on request;
- acts as liaison and maintains communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
  - all proceedings and deliberations of the Committee;
    - a. the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole; and
  - principal operating and business risks identified by management and how each are either mitigated or managed.
- ensure that the members of the Committee understand and discharge their duties and obligations;
- foster ethical and responsible decision making by the Committee and its individual members;
- encourage Committee members to ask questions and express viewpoints during meetings;
- together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
- ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- facilitate effective communication between members of the Committee and management;
- encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. The Committee

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.



The Committee is hereby delegated the duties and powers specified in Section 171 of the Act and, without limiting these duties and powers, the Committee will carry out the following responsibilities:

A. Financial Accounting and Reporting Process and Internal Controls

- review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements and in the interim financial statements is not significantly erroneous, misleading or incomplete and that the audit and review functions have been effectively carried out.
- review management's internal control report. In consultation with the Independent Auditors, the Committee shall assess the integrity of internal controls and financial reporting procedures and ensure implementation of such controls and procedures.
- review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
- be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.
- meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
- inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
- oversee the Corporation's plans to adopt changes to accounting standards and related disclosure obligations.
- in consultation with the Corporate Governance and Nominating Committee, ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and overseeing a corporate code of ethics for senior financial personnel.
- establish procedures for the receipt, retention and treatment of:
  - complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal accounting controls or auditing matters.
- provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

- recommend to the Board for approval by shareholders, the selection, appointment and compensation of the Independent Auditors;

- be directly responsible for oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
- ensure the lead audit partner and the other audit partners (if any) at the Independent Auditor is replaced in compliance with applicable laws.
- be directly responsible for overseeing the work of the Independent Auditors, including the resolution of disagreements between management and the Independent Auditors regarding financial reporting.
- with reference to the procedures outlined separately in “Procedures for Approval of Non-Audit Services” (attached hereto as Appendix ‘A’), pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
- monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.
- review the Independent Auditor’s audit plan, including scope, procedures, timing and staffing of the audit.
- review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor’s interim review reports.
- obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors’ preferred treatment and material written communications between the Corporation and the Independent Auditors.
- review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

C. Other Responsibilities

- perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate;
- institute and oversee special investigations, as needed; and
- review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Enacted April 4, 2011

Amended December 12, 2013, December 18, 2014, and February 14, 2017

## SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS

### Purpose

This Code of Business Conduct and Ethics (the “**Code**”) of Liberty Gold Corp. (“**Liberty Gold**”, or the “**Corporation**”) and its subsidiaries and affiliates is intended to document the principles of conduct and ethics to be followed by the Corporation’s directors, officers employees and where practical, key consultants (being, those who are engaged in an employee-like capacity) (collectively, the “**Personnel**”) of the Corporation. The Code applies to interpersonal and electronic communications. Its purpose is to:

- Reiterate Liberty Gold’s commitment to full compliance by the Corporation, its subsidiaries and affiliates, and its Personnel with Canada’s Corruption of Foreign Public Officials Act (“**CFPOA**”), the U.S. Foreign Corrupt Practices Act (“**FCPA**”), and any local anti-bribery or anti-corruption laws that may be applicable;
- Promote fair dealing with the Corporation’s customers, suppliers, competitors and other third parties;
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the relevant Canadian regulatory authorities and in other information disseminated to the public;
- Promote compliance with applicable governmental laws, rules and regulations as well as the rules of the Toronto Stock Exchange;
- Promote the prompt internal reporting to an appropriate person of violations of this Code;
- Promote accountability for adherence to this Code, the CFPOA and the FCPA;
- Provide guidance to Personnel to help them recognize and deal with ethical issues;
- Promote a workplace free from bullying and harassment;
- Provide mechanisms to report unethical or inappropriate conduct; and
- Help foster a culture of honesty and accountability.

This Code is not intended to be a comprehensive guide to all of the Corporation’s policies or to all its Personnel’s responsibilities under applicable laws or regulations. It is intended to provide general parameters to help resolve the ethical and legal issues encountered when the Corporation conducts business.

The Corporation expects all of its Personnel to comply and act in accordance, at all times, with the principles stated above and the more detailed provisions provided hereinafter.

**Violation of the law, the Corporation’s governance policies or this Code by Personnel is grounds for disciplinary action up to and including, but without limitation, immediate termination of employment or directorship.**

### Disclosure

The Corporation is committed to providing full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or furnishes to, the Canadian regulatory authorities and in other public communications made by the Corporation. The goal of the Corporation’s Timely Disclosure, Confidentiality and Insider Trading Policy (the “**Disclosure Policy**”) is to raise awareness of the Corporation’s approach to disclosure among the Personnel and those authorized to speak on behalf of the Corporation.

The Disclosure Policy extends to all Personnel and those authorized to speak on the Corporation’s behalf. It covers disclosures in documents filed with, or furnished to, the securities regulators and written statements made in the Corporation’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management, information contained on the Corporation’s web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers), interviews with the media as well as speeches, conference calls and posting to social media websites. As a prerequisite and condition of employment, all Personnel must sign an acknowledgment by which they agree to adhere to such Disclosure Policy, which is generally provided to the new hire prior to or immediately after his or her start date and is available on the Corporation’s network or from the Chief Financial Officer.

## **Basic Obligations**

Under the Corporation's ethical standards, Personnel share certain responsibilities. It is each such person's responsibility to:

- (i) become familiar with, and conduct Corporation business in compliance with, applicable laws, rules and regulations and this Code;
- (ii) treat all Corporation Personnel, customers and business partners in an honest and fair manner;
- (iii) avoid situations where any Personnel's personal interests are, or appear to be, in conflict with the Corporation's interests; and
- (iv) safeguard and properly use the Corporation's proprietary and confidential information, assets and resources, and those of the Corporation's business partners.

## **Compliance with All Laws, Rules and Regulations**

The Corporation is committed to compliance with all applicable laws, rules, and regulations, including laws and regulations applicable to the Corporation's securities and trading in such securities, as well as any rules promulgated by any exchange on which the Corporation's shares are listed or quoted for trading.

## **Fair Dealing**

Personnel are required to deal honestly and fairly with the Corporation's customers, suppliers, competitors and other third parties.

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment to, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- Cash payments;
- Phony jobs or "consulting" relationships;
- Kickbacks;
- Political contributions;
- Charitable contributions;
- Social benefits; or
- Gifts, travel, hospitality, and reimbursement of expenses.

When dealing with customers and suppliers, the Corporation:

- prohibits offering, paying, promising or authorizing bribes, kickbacks or any other form of loan, reward, advantage of benefit, or other improper payment, direct or indirect, to any representative (or immediate relative) of government, labour union, customer or supplier in order to:
  - obtain a contract, some other commercial benefit or government action;
  - cause a person to act or fail to act in violation of a legal or official duty; or
  - cause a person to abuse or use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions;
- prohibits Personnel from accepting any bribe, kickback or improper payment from anyone;
- prohibits gifts of more than modest value to or from suppliers or customers;
- limits marketing and client entertainment expenditures to those that are necessary, prudent, job-related and consistent with the Corporation's policies;
- requires clear and precise communication in the Corporation's contracts, its advertising, its literature, and its other public statements and seeks to eliminate misstatements of fact or misleading impressions;
- reflects accurately on all invoices to customers the sale price and terms of sales for goods sold or services rendered; and
- prohibits Personnel from otherwise taking unfair advantage of the Corporation's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

## **Conflicts of Interest**

Personnel should not engage in any activity, practice or act which creates or gives the appearance of a conflict with the best interests of the Corporation or its partners. A conflict of interest occurs when any Personnel places or finds himself or herself in a position where his or her personal or private interests create or give the appearance of a direct or indirect conflict (i) with the best interests of the Corporation; (ii) sufficient to put into question the independence, impartiality and objectivity that he/she is obliged to exercise in the performance of his/her duties and responsibilities as one of the Corporation's Personnel, or (iii) with an adverse effect on such person's motivation or the proper performance of his or her job.

The interests of the Corporation shall always prevail where Personnel are in a situation of conflict of interest or perceived conflict of interest, or where the personal interest of a related party places Personnel in a situation of conflict of interest or perceived conflict of interest.

Examples of such conflicts could include, but are not limited to:

- accepting outside employment with, or accepting personal payments from, any organization which does business with the Corporation or is a competitor of the Corporation;
- competing with the Corporation for the purchase or sale of property, services or other interests or taking personal advantage of an opportunity in which the Corporation has an interest;
- having, or immediate family members having, more than a de minimis financial interest in a firm which does business with the Corporation;
- accepting gifts, gratuities or favours (together, "gifts") from a person, body, enterprise or association engaged in or wishing to engage in transactions with the Corporation, except in either a) the case of gratuities or favours of a trivial or nominal value, or b) in the case of normal course, or customary gifts greater than a nominal value, provided that the intended recipient of such gift discloses the gift to the Corporate Governance and Nominating Committee in advance;
- seeking or accepting any personal loan or services from any entity with which the Corporation does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- accepting any personal loan or guarantee of obligations from the Corporation, except to the extent such arrangements are legally permissible; and
- whether directly or indirectly, having a personal financial interest in a contract or a proposed contract involving the Corporation or a customer, business partner or supplier to be entered into by the Corporation, including significant share ownership, or is likely to obtain, a personal advantage or benefit as a result of a decision made by the Corporation.

Personnel must not place themselves or remain in a position in which such person's private interests conflict with the interests of the Corporation.

If the Corporation determines that any Personnel's outside work interferes with performance or his or her ability to meet the requirements of the Corporation, as they are modified from time to time, such person may be asked to terminate such outside work if he or she wishes to remain employed by the Corporation. To protect the interests of both the Personnel and the Corporation, any activity that involves a potential or apparent conflict of interest may be undertaken only after disclosure to the Corporation by such person and review and approval by management of the Corporation or another appropriate party.

### *Disclosure Requirements:*

Conflicts of interest, or potential conflicts of interest, must be disclosed by Personnel as soon as he or she becomes aware of the existence of a potential conflict (either personal, or having to do with another of the Corporation's Personnel), in accordance with the "*Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct, Bullying, Harassment and Accounting Matters*" as appended hereto as Appendix 'A'.

Failure to disclose a known conflict may result in discipline under this policy.

## **Confidentiality Concerning Corporate Affairs**

Personnel must preserve and protect the confidentiality of information entrusted to them by the Corporation or its customers and suppliers and which they come into contact with in their work, except when disclosing information which is expressly approved by an officer of the Corporation with authority to give such approval, including if

legally mandated. Confidential information encompasses proprietary information which is not in the public domain that could be of use to competitors, or that could harm the Corporation, its Personnel, its customers, suppliers or business partners if disclosed.

Personnel must also not use or disclose to the Corporation any proprietary information or trade secrets of any former employer or other person or entity with whom obligations of confidentiality exist. Similarly, this obligation to protect confidential information continues after leaving the Corporation.

### **Accuracy of Corporate Records**

The Corporation is required to record and publicly report all internal and external financial records in compliance with International Financial Reporting Standards (“**IFRS**”). The books and records of Liberty Gold and each of its subsidiaries and affiliates must correctly record both the amount and a written description of any transaction. Personnel must ensure that there is a reasonable relationship between the substance of a transaction and how it is described in the Corporation’s books and records

Therefore, Personnel are responsible for ensuring the accuracy of all books and records within their control and complying with all Corporation policies and internal controls. All Corporation information must be reported accurately, whether in internal personnel, safety, or other records or in information the Corporation releases to the public or files with, or furnishes to, Canadian regulatory authorities.

### **Financial Reporting and Disclosure Controls**

The Corporation is required to file or furnish periodic and other reports with certain Canadian regulatory authorities and to make certain public communications. The Corporation is required by such regulatory authorities to maintain effective “disclosure controls and procedures” so that financial and non-financial information is reported timely and accurately both to its senior management and in any public filings it makes. Personnel are expected, within the scope of their employment duties, to support the effectiveness of the Corporation’s disclosure controls and procedures.

### **Health and Safety**

The Corporation is committed to making its work environment safe, secure and healthy for its Personnel and others. The Corporation complies with all applicable laws and regulations relating to safety and health in the workplace. The Corporation expects all Personnel to promote a positive working environment for all. Personnel are expected to consult and comply with all Corporation rules regarding workplace conduct and safety including the Corporation’s Health, Safety & Sustainability Policy. Personnel should immediately report any unsafe or hazardous conditions or materials, injuries, and accidents connected with the Corporation’s business and any activity that compromises corporate security to a senior officer of the Corporation. Personnel must not work under the influence of any substances that would impair the safety of themselves and others. All threats or acts of physical violence or intimidation are prohibited.

### **Corporate Social Responsibility and Community Relations Activities**

With the exception of participating on an ancillary basis, or as a host of a community event in which an invitation was broadly extended, Personnel are prohibited from benefiting directly from any Corporate Social Responsibility or Community Relations activities, projects and programs implemented by the Corporation.

Liberty Gold will make every effort to avoid all forms of corruption including the transfer of any kind of benefit, whether directly or indirectly offered, for the purpose of influencing a domestic or foreign public official to misuse his or her power or influence.

Without prior approval by the Corporate Governance and Nominating Committee of the Board of Directors, political donations by the Corporation are prohibited.

The Corporation will generally not fund donation requests for the following:

- Organizations that discriminate based on the basis of race, colour, creed, gender, sexual orientation or national/ethnic origin;
- Organizations dedicated primarily to the advancement of religious or ethnic interests;
- Individuals or organizations for profit;
- Generic requests for funding or capital campaigns;
- Funding primarily for travel or accommodations.

### **Protection and Proper Use of the Corporation's Assets**

All Personnel should protect the Corporation's assets and ensure their efficient use. Liberty Gold's assets must be protected from loss, damage, theft, misuse, and waste. The Corporation's assets include your time at work and work product, as well as Liberty Gold's equipment and vehicles, computers and software, trading and bank accounts, company information and the Corporation's reputation, trademarks and name. Liberty Gold's telephone, email, Internet and other electronic systems are primarily for business purposes. All records received or generated by Personnel in the course of their duties shall be the property of Liberty Gold. Personal communications using these systems should be kept to a minimum.

Personnel should exercise prudence in incurring and approving business expenses, work to minimize such expenses and ensure that such expenses are reasonable and serve the Corporation's business interests.

### **Respect for the Corporation's Personnel**

The Corporation's employment decisions will be based on reasons related to its business, such as job performance, individual skills and talents, and other business or related factors. The Corporate policy requires adherence to all federal, state, provincial or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Corporate policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age, within the meaning of applicable laws.

### **Abusive or Harassing Conduct Prohibited**

The Corporation prohibits abusive or harassing conduct by its Personnel towards others, such as unwelcome sexual advances, comments based on ethnicity, religion or race, or other non-business, personal comments or conduct that make others uncomfortable in their employment with / engagement by the Corporation. The Corporation encourages and expects all Personnel to report harassment or other inappropriate conduct as soon as it occurs.

### **Bullying and Harassment**

The Corporation is committed to a work environment that is free from bullying and harassment and supportive of the productivity, dignity and self-esteem of every employee. The Corporation will not tolerate and is dedicated to preventing, where possible, or otherwise minimizing, bullying and harassment. Bullying and harassment:

- includes any inappropriate conduct or comment by a person towards a worker that the person knew or reasonably ought to have known would cause that worker to be humiliated or intimidated, or any unwelcome or objectionable conduct or comment which would be considered discriminatory under the BC Human Rights Code, but
- excludes any reasonable action taken by an employer or supervisor relating to the management and direction of workers or the place of employment.

Examples of conduct or comments that might constitute bullying and harassment include verbal aggression or insults, calling someone derogatory names, harmful hazing or initiation practices, vandalizing personal belongings, and spreading malicious rumours.

Examples of conduct or comments that might constitute sexual harassment include: unwanted physical contact such as touching, patting, pinching and hugging; sexual advances with actual or implied work related consequences; and sexual jokes, innuendos or horseplay.

The above definitions and examples are intended to be general guidance and not exhaustive and the types of behavior described are by way of illustration only.

Personnel must:

- not engage in the bullying and harassment of other Personnel.
- report if bullying and harassment is observed or experienced.

Any Personnel found to have bullied or harassed another person may be subject to discipline, up to and including termination of employment or other business relationship. Because of the seriousness of such allegations, malicious

unfounded complaints may also be subject to discipline, up to and including termination of employment or other business relationship.

### **Privacy**

The Corporation, and companies and individuals authorized by the Corporation, collect and maintain personal information that relates to its Personnel, including compensation, medical and benefits information. The Corporation follows procedures to protect information wherever it is stored or processed, and access to the personal information of its Personnel is restricted. Personal information will only be released to outside parties in accordance with the Corporation's policies and applicable legal requirements. Personnel who have access to personal information must ensure that personal information is not disclosed in violation of the Corporation's policies or practices.

### **Duty to Report Suspected Code Violations**

The Corporation expects its Personnel to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

If any Personnel observe or become aware of an actual or potential violation of this Code or of any applicable law or regulation, whether committed by the Corporation's Personnel or by others associated with the Corporation, it is their responsibility to promptly report the circumstances as outlined herein and to cooperate with any investigation by the Corporation. This Code is designed to provide an atmosphere of open communication for compliance issues and to ensure that Personnel acting in good faith have the means to report actual or potential violations.

For assistance with compliance matters and to report actual or potential compliance infractions, Personnel should refer to the procedures outlined separately in "*Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct and Accounting Matters*" (attached hereto as Appendix 'A').

### **Relationship to Other Policies**

All Corporation policies apply to Personnel. If such person is a director, in addition to this Code, the Mandate of the Board and the Directors' Code of Ethics will guide him or her procedurally in his or her position as a director. If such person is a Senior Financial Officer, in addition to this Code, the Code of Ethics for Senior Financial Officers will guide him or her procedurally in his or her position as a senior financial officer.

In addition, if any such person is a member of a committee of the Board, the applicable committee charter(s) should guide his or her conduct in carrying out his or her duties on such committee. In the event of any conflict between such policies and this Code, the terms of this Code shall govern.

### **Waivers and Amendments**

Only the Board may waive application of or amend any provision of this Code. A request for such a waiver should be submitted in writing to the Board, Attention: Chair of the Board, for the full Board's consideration. The Corporation will promptly disclose to the appropriate regulatory authorities in accordance with applicable Canadian securities laws and regulations and applicable exchange rules upon which the Corporation's securities are listed or quoted for trading all substantive amendments to the Code as well as all waivers of the Code granted to directors or officers by the Board.

### **No Rights Created**

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of the Corporation's business. It is not intended to and does not, in any way, constitute an employment contract or an assurance of continued employment or create any rights in any employee, director, client, supplier, competitor, shareholder or any other person or entity.

Enacted April 4, 2011

Revised December 12, 2013 and December 18, 2014



## Schedule B - Appendix A

### Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct, Bullying, Harassment and Accounting Matters

Liberty Gold Corp. (the “**Corporation**”) expects directors, officers, employees and key consultants (being, those who are engaged in an employee-like capacity) (collectively, “**Personnel**”) of the Corporation to take all responsible steps to prevent violations of its Code of Business Conduct and Ethics (the “**Code**”), to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

These Procedures are designed to provide an atmosphere of open communication for compliance issues and to ensure that Personnel acting in good faith have the means to report actual or potential violations.

#### Reporting Responsibility

If any Personnel observe or become aware of an actual or potential violation of the Code or of any applicable law or regulation (including securities laws and regulations), whether committed by Personnel or by others associated with the Corporation (for example, external parties with whom Liberty Gold has contracted), it is his/her responsibility to promptly report the circumstances as outlined herein and to cooperate with any investigation by the Corporation.

It is also the responsibility of Personnel who have concerns regarding questionable accounting, internal financial controls or auditing matters to report such concerns in accordance with the procedures outlined herein.

Examples of issues to be reported are set out in Schedule “A” to these Procedures.

#### No Retaliation and Acting in Good Faith

The Corporation prohibits Personnel from retaliating or taking adverse action against anyone for raising suspected conduct violations or helping to resolve a conduct concern. Any individual who has been found to have engaged in retaliation against any of the Corporation’s Personnel for raising, in good faith, a conduct concern or for participating in the investigation of such a concern may be subject to discipline, up to and including termination of employment or other business relationship. If any individual believes that he or she has been subjected to such retaliation, that person is encouraged to report the situation as soon as possible to one of the people identified in the “Reporting Procedures” section below.

Anyone filing a complaint concerning a violation or suspected violation of the Code, or reporting concerns relating to accounting and auditing matters must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense, and may be subject to legal and civil action in addition to employment review.

#### Reporting Procedures

For assistance with compliance matters or clarification as to the manner in which to report actual or potential compliance infractions, Personnel should contact the Chief Financial Officer of the Corporation.

##### General compliance matters

Personnel may submit reports of alleged violations of this Code in writing on a confidential basis to the Chair of the Corporation’s Corporate Governance and Nominating Committee (the “**Governance Committee**”) in an envelope labeled with a legend such as “*To be opened by the Corporate Governance and Nominating Committee only, being submitted pursuant to the Code of Business Conduct and Ethics.*” Personnel may submit such confidential envelopes directly or via any officer of the Corporation, who shall pass it on forthwith to the Chair of the Governance Committee

##### Compliance related to financial and accounting matters

If such perceived violations of the Code involve matters related to accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters, Personnel may submit reports of such violations to the individual designated from time to time by the Corporation’s Audit Committee (the “**Audit Committee**”) to whom complaints and submissions can be made regarding such matters (the “**Complaints Officer**”) or, if not designated at such time, the Chair of the Audit Committee. Personnel may submit such confidential envelopes directly or via any officer of the Corporation, who shall pass it on forthwith to the Complaints Officer (or Chair of the Audit Committee).

Officers and directors who become aware of any violation of the Code shall promptly report them to i) the Chair of the Governance Committee openly or confidentially (in the manner described above) or ii) one of the Complaints Officer or the Chair of the Audit Committee, in those instances described above.

In reporting any actual or potential violation of the Code, an individual should provide, to the extent possible, such relevant documents to support the allegations being made, such as e-mails, handwritten notes, photographs, or physical evidence.

Any report of actual or potential violation of the Code should include, at a minimum the following information:

- the names of the parties involved.
- any witnesses to the incident(s).
- the location, date, and time of the incident(s).
- details about the incident (behaviour and/or words used).
- any additional details that would help with an investigation.

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. If not made anonymously, the Chair of the Governance Committee or Complaints Officer (as applicable) will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days.

### **Complaints Officer**

By e-mail that is disseminated to all Personnel at least annually, management of the Corporation shall advise employees of the name of the Complaints Officer for the ensuing period.

The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Audit Committee or the Chair of the Audit Committee.

The Corporation's Compliance Officer can be contacted as outlined below:

Tel: 1-604-632-4677

Fax: 1-604-632-4678

Mail: Suite 1900 – 1055 West Hastings Street, Vancouver, BC V6E 2E9, Canada

E-mail: stetzlaff@oxygen-capitalcorp.com

The Complaints Officer shall be informed that he or she must report to the Audit Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis at the quarterly meeting of the Audit Committee called to approve interim and annual financial statements of the Corporation.

### **Handling of Reported Violations**

Upon receipt of a report from the Chair of the Governance Committee, or the Complaints Officer, the Governance Committee or Audit Committee (as applicable) shall discuss the report and take such steps as that committee of the Corporation's Board of Directors (the "**Board**") may deem appropriate. At a minimum the Governance Committee or the Audit Committee, as applicable, should initiate an investigation of the alleged violation(s). Additional steps could include, if appropriate:

- Advising the alleged subject of the report; and
- Considering a review and revisions to workplace procedures to prevent any future violations of the Code.

Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

The Complaints Officer, Chair of the Audit Committee or Chair of the Governance Committee (as applicable) shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

### **Investigation of Reported Violations**

Following the receipt of any complaints submitted hereunder, the Governance Committee or the Audit Committee, as applicable, will investigate each matter so reported and recommend corrective disciplinary actions to the Board, if appropriate, up to and including termination of employment.

At a minimum, investigations will:

- be undertaken promptly and diligently, and be as thorough as necessary, given the circumstances.
- be fair and impartial, providing both the complainant and respondent equal treatment in evaluating the allegations.
- be sensitive to the interests of all parties involved, and maintain confidentiality.
- be focused on finding facts and evidence, including interviews of the complainant, respondent, and any witnesses.
- incorporate, where appropriate, any need or request from the complainant or respondent for assistance during the investigation process.

Enacted June 13, 2011  
Revised December 12, 2013

**Schedule B - Appendix A1**  
**Examples of Matters to be Reported**

- Fraud, Theft
- Accounting irregularities, Financial Statement Disclosure issues
- Non-compliance with Internal Accounting Controls
- Workplace violence
- Substance abuse
- Discrimination, Bullying and Harassment
- Falsification of company Records
- Conflicts of Interest
- Release of proprietary information
- Safety/Security violations
- Malicious property damage
- Violations of securities laws (including insider trading)
- Breaches of other applicable laws (environmental, employment, health and safety laws)
- Ethics violations

**Receipt and Acknowledgement**

The undersigned hereby acknowledges having received and read a copy of the “Liberty Gold Corp. – Code of Business Conduct and Ethics” and agrees to adhere to its terms and its intent at all times.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_