



Liberty Gold Corp.

A Gold Exploration & Development Company

Condensed Interim Consolidated Financial Statements

Six months ended June 30, 2022

(Expressed in US Dollars)

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

	As at June 30, 2022	As at December 31, 2021
	<u>\$</u>	<u>\$</u>
Assets		
<i>Current assets</i>		
Cash and cash equivalents	26,442,324	17,157,723
Short term investments	97,549	97,577
Receivables and prepayments (Note 5)	574,112	567,694
Receivable on Halilağa Transaction (Note 5a)	5,949,180	5,753,359
Total current assets	<u>33,063,165</u>	<u>23,576,353</u>
<i>Non-current assets</i>		
Other financial assets (Note 6)	3,009,497	3,473,714
Deposits	666,205	790,888
Sales taxes receivable (Note 5)	288,745	320,918
Plant and equipment	843,429	1,080,207
Exploration and evaluation assets (Note 7a)	23,510,907	24,086,745
Total non-current assets	<u>28,318,783</u>	<u>29,752,472</u>
Total assets	<u>61,381,948</u>	<u>53,328,825</u>
Liabilities and Shareholders' Equity		
<i>Current liabilities</i>		
Consideration towards the sale of Kinsley (Note 7bi)	-	6,906,389
Accounts payable and accrued liabilities (Note 8)	2,482,091	2,682,904
Lease liabilities	292,604	296,143
Total current liabilities	<u>2,774,695</u>	<u>9,885,436</u>
<i>Non-current liabilities</i>		
Lease liabilities	161,058	302,641
Deferred tax liabilities (Note 9)	2,732,051	2,672,663
Other liabilities	20,989	141,153
Total non-current liabilities	<u>2,914,098</u>	<u>3,116,457</u>
<i>Shareholders' equity</i>		
Share capital (Note 10)	244,007,605	220,661,413
Contributed surplus (Note 10)	30,342,218	29,169,179
Accumulated other comprehensive loss	(8,850,077)	(8,127,395)
Accumulated deficit	(213,996,246)	(208,903,286)
Total shareholders' equity	<u>51,503,500</u>	<u>32,799,911</u>
Non controlling interest (Note 11)	4,189,655	7,527,021
Total liabilities and shareholders' equity	<u>61,381,948</u>	<u>53,328,825</u>

The notes on pages 5 to 16 are an integral part of these condensed interim consolidated financial statements.

The board has delegated the authority to approve these condensed interim consolidated financial statements to the audit committee. These condensed interim consolidated financial statements were approved by the audit committee on August 11, 2022.

"Greg Etter", Director

"Sean Tetzlaff", Director

LIBERTY GOLD CORP.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating expenses				
Exploration and evaluation expenditures (Note 7b)	(5,464,511)	(4,113,401)	(11,550,882)	(5,451,133)
Stock based compensation (Note 10c)	(237,097)	(398,687)	(1,463,122)	(1,142,119)
Wages and benefits	(519,712)	(371,024)	(1,056,325)	(924,560)
Office and general	(469,998)	(255,894)	(779,119)	(503,737)
Professional fees	(105,946)	(113,460)	(416,100)	(204,844)
Depreciation	(95,259)	(78,177)	(244,622)	(151,272)
Investor relations, promotion and advertising	(98,509)	(61,292)	(191,273)	(110,392)
Listing and filing fees	(3,440)	(4,392)	(102,970)	(120,358)
Loss from operations	(6,994,472)	(5,396,327)	(15,804,413)	(8,608,415)
Other income (expenses)				
Net gain on sale of Kinsley (Note 7bi)	8,994,518	-	8,994,518	-
Finance income on the Halilaga Transaction (Note 5a)	99,271	166,649	195,821	329,045
Foreign exchange gains (losses)	52,474	(356,776)	70,006	(565,406)
Finance income	42,432	2,111	46,630	3,629
Other income (loss)	5,592	5,621	11,287	(316,089)
Change in fair value of other financial assets (Note 6)	(2,444,198)	(1,402,871)	(1,810,970)	(3,587,470)
Net gain on sale on Mineral Properties	-	-	-	712,735
Consideration received on purchase-option agreements	-	-	-	201,731
Net gain on sale of other financial assets	-	177,952	-	99,346
	6,750,089	(1,407,314)	7,507,292	(3,122,479)
Net loss before tax	(244,383)	(6,803,641)	(8,297,121)	(11,730,894)
Income tax expense	-	(58,162)	(59,388)	(247,099)
Net loss for the period	(244,383)	(6,861,803)	(8,356,509)	(11,977,993)
Net loss attributable to:				
Shareholders	(161,169)	(6,777,036)	(8,184,676)	(11,754,727)
Non-controlling interests (Note 11)	(83,214)	(84,767)	(171,833)	(223,266)
	(244,383)	(6,861,803)	(8,356,509)	(11,977,993)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income				
Exchange gains (losses) on translations	(1,073,118)	532,388	(722,682)	802,246
Other comprehensive income (loss) for the period, net of tax	(1,073,118)	532,388	(722,682)	802,246
Total net loss and comprehensive income (loss) for the period	(1,317,501)	(6,329,415)	(9,079,191)	(11,175,747)
Net loss attributable to:				
Shareholders	(1,234,287)	(6,244,648)	(8,907,358)	(10,952,481)
Non-controlling interests	(83,214)	(84,767)	(171,833)	(223,266)
Total loss and comprehensive income (loss) for the period	(1,317,501)	(6,329,415)	(9,079,191)	(11,175,747)
Net loss per share				
Basic and diluted loss per share	\$ -	\$ (0.03)	\$ (0.03)	\$ (0.04)
Basic weighted average number of Common Shares	316,246,463	263,984,020	303,356,214	262,657,084

The notes on pages 5 to 16 are an integral part of these condensed interim consolidated financial statements.

LIBERTY GOLD CORP.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in United States Dollars- unaudited)

	Number of Common Shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity	Non-controlling interest	Total equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2020	255,491,893	201,996,513	29,621,385	(8,280,782)	(179,160,645)	44,176,471	8,073,262	52,249,733
Option, RSU and Warrant exercises	10,056,609	6,154,350	(1,418,370)	-	-	4,735,980	-	4,735,980
Stock based compensation	-	-	1,517,276	-	-	1,517,276	-	1,517,276
Cumulative translation adjustment	-	-	-	802,246	-	802,246	-	802,246
Net loss for the period	-	-	-	-	(11,754,727)	(11,754,727)	(223,266)	(11,977,993)
Balance as at June 30, 2021	265,548,502	208,150,863	29,720,291	(7,478,536)	(190,915,372)	39,477,246	7,849,996	47,327,242
Balance as at December 31, 2021	287,969,915	220,661,413	29,169,179	(8,127,395)	(208,903,286)	32,799,911	7,527,021	40,326,932
Bought-deal financing (Note 10b)	27,273,000	23,798,429	-	-	-	23,798,429	-	23,798,429
Share issue costs (Note 10b)	-	(1,551,946)	-	-	-	(1,551,946)	-	(1,551,946)
Option, RSU and Warrant exercises (Note 10c)	1,572,131	1,099,709	(803,652)	-	-	296,057	-	296,057
Stock based compensation (Note 10c)	-	-	1,976,691	-	-	1,976,691	-	1,976,691
Cumulative translation adjustment	-	-	-	(722,682)	-	(722,682)	-	(722,682)
Derecognition of NCI on sale of Kinsley	-	-	-	-	3,091,716	3,091,716	(3,165,533)	(73,817)
Net loss for the period	-	-	-	-	(8,184,676)	(8,184,676)	(171,833)	(8,356,509)
Balance as at June 30, 2022	316,815,046	244,007,605	30,342,218	(8,850,077)	(213,996,246)	51,503,500	4,189,655	55,693,155

The notes on pages 5 to 16 are an integral part of these condensed interim consolidated financial statements.

LIBERTY GOLD CORP.

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

	Six months ended June 30,	
	2022	2021
	\$	\$
Cash flows from operating activities		
Loss for the period	(8,356,509)	(11,977,993)
Adjusted for:		
Stock based compensation (Note 10c)	1,976,691	1,517,276
Depreciation	286,380	156,925
Finance income on the Halilaga Transaction (Note 5a)	(195,821)	(329,045)
Consideration received on purchase-option agreements	-	(201,731)
Net gain on sale of sale of Mineral Properties	-	(712,735)
Change in fair value, and losses on disposal of financial assets (Note 6)	1,810,970	3,488,124
Net gain on sale of interest in Kinsley	(8,994,518)	-
Deferred tax expense	59,388	247,099
Other non-cash items on the statement of loss	30,532	32,437
Foreign exchange not related to cash	90,143	12,863
Movements in working capital:		
Accounts receivable and prepayments	(32,626)	35,752
Accounts payable and other liabilities	(167,094)	868,989
Net cash outflow due to operating activities	<u>(13,492,464)</u>	<u>(6,862,039)</u>
Cash flows from financing activities		
Gross proceeds from bought-deal financing (Note 10b)	23,798,429	-
Share issue costs (Note 10b)	(1,551,946)	-
Cash received from exercise of share based payments and warrants	296,057	4,735,980
Principal payments on lease liabilities	(154,799)	(115,255)
Interest payments on lease liabilities	(24,330)	(24,740)
Net cash inflow from financing activities	<u>22,363,411</u>	<u>4,595,985</u>
Cash flows from investing activities		
Purchase of property and equipment	(44,651)	(186,865)
Consideration on sale of Mineral Properties, net of selling costs	-	24,586
Consideration received on purchase-option agreements (Note 7bi)	1,250,000	25,000
Proceeds from sale of other financial assets	-	858,197
Purchase of other financial assets	-	(310,288)
Land acquisition at Black Pine	-	(352,739)
Increase to surety bond collateral	-	(82,000)
Net cash outflow due to investing activities	<u>1,205,349</u>	<u>(24,109)</u>
Effect of foreign exchange rates	<u>(791,695)</u>	<u>818,151</u>
Net increase in cash and cash equivalents	9,284,601	(1,472,012)
Cash and cash equivalents at beginning of the period	17,157,723	16,734,478
Cash and cash equivalents at end of the period	<u>26,442,324</u>	<u>15,262,466</u>

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

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

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2022 (the "Interim Financial Statements") have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

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

Consistent with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in depreciation method has been accounted for prospectively. The change in accounting estimate resulted in an increase of \$5,767 and \$63,440 for the respective three and six month periods ended June 30, 2022 in the depreciation financial statement line item, and an increase of \$12,892 and \$25,903 for the respective three and six month periods ended June 30, 2022 in the exploration and evaluation expenditures financial statement line item in the statement of loss and comprehensive income (loss).

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4. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Updated plant and equipment accounting policy disclosure

Plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the condensed interim consolidated statement of loss during the period in which they are incurred.

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

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

Depreciation expense of assets used in exploration is capitalized to deferred exploration expenditures. Management reviews the estimated useful lives, residual values and depreciation methods of the Company's plant and equipment at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

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

Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized, if the recognition criteria are satisfied.

5. RECEIVABLES AND PREPAYMENTS

	June 30, 2022	December 31, 2021
Sales taxes receivable	\$ 35,539	\$ 30,748
Other receivables	139,266	317,215
Prepayments	399,307	219,731
	\$ 574,112	\$ 567,694

5. RECEIVABLES AND PREPAYMENTS (continued)

An additional \$288,745 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins or upon the sale of TV Tower (December 31, 2021: \$320,918). In the period ended June 30, 2022, the Company received \$250,000 pursuant to the amended purchase option agreement on the Baxter Spring gold project, and the receivable existing at December 31, 2021 was settled.

(a) Receivable on Halilağa Transaction

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

The Company has received \$16,000,000 pursuant to the terms of the Halilağa Transaction as at June 30, 2022, and expect to receive the remaining \$6,000,000 in a guaranteed staged payment on August 11, 2022 (received subsequent to period end on August 11, 2022) (the "Halilağa Staged Payment"). The Halilağa Staged Payment is classified as a financial asset at amortised cost and was recognized at a fair value on recognition.

As at June 30, 2022, the Halilağa Staged Payment has a carrying value of \$5,949,180 (December 31, 2021: \$5,753,359). Finance income on the Halilağa transaction in the three and six month periods ending June 30, 2022 of \$99,271 and \$195,821, respectively, have been recognised in the statement of loss (three months ended June 30, 2021: \$166,649; six months ended June 30, 2021: \$329,045).

6. OTHER FINANCIAL ASSETS

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

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

- *Level 1:* Unadjusted quoted prices in active markets for identical assets or liabilities;
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability directly or indirectly and;
- *Level 3:* Inputs that are not based on observable market data.

	June 30, 2022	December 31, 2021
CopAur Minerals Inc. ¹	\$ 2,101,426	\$ 1,642,324
Torrent Gold Inc. (formerly Raindrop Ventures Inc.)	451,609	1,011,467
Huntsman Exploration Inc.	348,911	649,177
Other	107,551	170,746
Total equity securities	\$ 3,009,497	\$ 3,473,714

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

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6. OTHER FINANCIAL ASSETS (continued)

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

The Company recognised losses of \$2,444,198 and \$1,810,970 in the statement of loss for the three and six month periods ended June 30, 2022, respectively, on the change in fair value of other financial assets relating to the equity securities held (three months ended June 30, 2021: \$1,402,871; six months ended June 30, 2021: \$3,587,470).

7. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

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Six months ended June 30, 2022

(Expressed in United States Dollars, unless otherwise noted -unaudited)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Black Pine	Goldstrike	Properties under Option	Total USA	TV Tower	Other Exploration	Total
December 31, 2020	\$ 15,486,499	\$ 19,169,375	\$ 23,572,607	\$ 58,228,481	\$ 35,220,175	\$ 3,711,747	\$ 97,160,403
Drilling and assays	2,084,167	196,595	-	2,280,762	-	-	2,280,762
Wages and salaries	1,027,399	94,653	544	1,122,596	60,206	-	1,182,802
PEA and resource	303,224	38,969	-	342,193	-	-	342,193
Metallurgy	394,567	225	-	394,792	-	-	394,792
Other	838,147	212,450	-	1,050,597	197,736	2,251	1,250,584
June 30, 2021	\$ 20,134,003	\$ 19,712,267	\$ 23,573,151	\$ 63,419,421	\$ 35,478,117	\$ 3,713,998	\$102,611,536
December 31, 2021	\$ 31,159,789	\$ 21,905,309	\$ 23,573,489	\$ 76,638,587	\$ 35,718,973	\$ 3,714,169	\$116,071,729
Drilling and assays	4,354,118	1,860,062	-	6,214,180	-	-	6,214,180
Wages and salaries	1,039,962	545,720	91	1,585,773	87,227	-	1,673,000
Professional fees	181,572	234,034	-	415,606	-	-	415,606
Road & site prep.	506,945	57,737	-	564,682	-	-	564,682
Other	1,491,832	894,611	-	2,386,443	296,971	-	2,683,414
June 30, 2022	\$ 38,734,218	\$ 25,497,473	\$ 23,573,580	\$ 87,805,271	\$ 36,103,171	\$ 3,714,169	\$127,622,611

Wages and salaries include stock-based compensation. Other Exploration comprises exploration expenditures on mineral interests that the Company does not hold the rights to. Properties under Option consists of the Griffon property for the period ending June 30, 2022, and expenditures for Kinsley for the period ending June 1, 2022.

(i) Kinsley Option Agreement

On December 2, 2019 and as subsequently amended on May 1, 2020 and November 5, 2021, the Company entered into a definitive option agreement for the sale of 100% of the Company's interest in Kinsley to New Placer Dome (as amended, the "Kinsley Option Agreement"). On May 13, 2022 CopAur acquired New Placer Dome, and the Kinsley Option Agreement was transferred to CopAur with no impact to the terms of the Kinsley Option Agreement.

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

- \$1,250,000 plus 8,844,124 common shares in New Placer Dome ("NPD Shares"), totalling 9.9% of issued and outstanding NPD Shares at that date (received in June, 2020), (combined, the "Initial Option Payment"),
- \$1,250,000 in cash and \$1,250,000 in value of NPD Shares (subject to a 12 month hold period) (received in November 2021), (combined, the "First Anniversary Payment"),
- \$1,250,000 in cash and \$1,250,000 in value of NPD Shares on or before June 2, 2022 (subject to a 4-month statutory hold period), (received on May 18, 2022) (combined, the "Second Anniversary Payment"), and
- a 1% net smelter royalty ("NSR") on the acquired interest in Kinsley, of which up to one-half percent (0.5%) can be repurchased by CopAur for \$0.5 million.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

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

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

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

² Receipt of 17,222,222 NPD Shares.

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

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

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

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2022	December 31, 2021
Trade payables	\$ 901,642	\$ 1,704,566
Decommissioning liability - current	782,800	692,800
Accrued liabilities	781,898	271,259
Other payables	15,751	14,279
	\$ 2,482,091	\$ 2,682,904

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

9. DEFERRED TAX LIABILITY

A deferred tax liability of \$2,732,051 has been recognised in the period ending June 30, 2022 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2021: \$2,672,663).

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) *Authorized*

Unlimited Common Shares with no par value.

(b) *Issued*

On March 25, 2022, the Company closed a bought-deal financing whereby a syndicate of underwriters purchased, on a bought-deal basis, 27,273,000 Common Shares, at a price of C\$1.10 per Common Share, for gross proceeds of \$23,798,429 (C\$30,000,300). Transaction costs of \$1,551,946 were recognised in equity during the six months ended June 30, 2022.

(c) *Stock-based compensation*

For the three and six month periods ended June 30, 2022, the Company charged a total of \$499,676 and \$1,976,691, respectively, of stock-based compensation expense to the statement of loss (three months ended June 30, 2021: \$603,350; six months ended June 30, 2021: \$1,517,276) of which \$262,579 and \$513,569, respectively, is attributed to exploration and evaluation expenditures (three months ended June 30, 2021: \$204,663; six months ended June 30, 2021: \$375,157).

i) *Stock Options ("Options")*

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

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

	Options	Weighted Average Exercise Price
	#	C\$
Balance, December 31, 2021	16,826,448	0.98
Options granted	1,914,870	0.97
Options exercised	(461,666)	0.55
Options forfeited	(741,666)	1.23
Balance, June 30, 2022	17,337,986	0.98

The weighted average share price at the date of exercise for stock options exercised during the period was C\$1.01.

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10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

At June 30, 2022, Liberty Gold had incentive options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

Range of prices	Number of Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of Options exercisable	Weighted average exercise price of Options exercisable
	#	(in years)	C\$	#	C\$
C\$0.01 to C\$0.50	3,360,866	1.09	0.37	3,360,866	0.37
C\$0.51 to C\$0.99	9,506,536	3.57	0.91	5,168,208	0.89
C\$1.00 to C\$1.99	4,295,584	3.53	1.57	2,402,255	1.60
C\$2.00 to C\$2.99	175,000	3.03	2.18	108,334	2.21
	17,337,986	3.07	0.98	11,039,663	0.90

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

The weighted average fair value of options granted during the six months ended June 30, 2022 determined using Black-Scholes was C\$0.49 per option. The weighted average significant inputs into the model included a share price of C\$0.97 at the grant date, an exercise price of C\$0.97, a volatility of 66.4%, a dividend yield of 0%, an expected option life of 3.96 years and an annual risk-free interest rate of 1.23%. A weighted average 9.29% forfeiture rate was applied to the option expense.

ii) Restricted Share Units ("RSUs")

RSUs granted under the Liberty Gold RSU Plan to employees and service providers of the Company vest in thirds at the end of each year from the date of grant, with the exception of a portion of those granted which vest immediately.

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2022	4,502,745
RSUs released	(396,762)
RSUs forfeited	(250,832)
Balance, June 30, 2022	3,855,151

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10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Expiry Date	Number of RSUs outstanding #	Weighted average remaining contractual life (in years)	Number of RSUs vested #
December 31, 2022	681,817	0.50	470,155
December 31, 2023	774,100	1.50	290,770
December 31, 2024	2,399,234	2.51	709,234
	3,855,151	1.95	1,470,159

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

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

Transactions relating to DSUs are summarised as follows:

	DSUs #
Balance, January 1, 2022	2,238,934
DSUs granted	42,003
DSUs released	(513,703)
Balance, June 30, 2022	1,767,234

11. NON-CONTROLLING INTEREST

The Company held a 79.99% interest in KG LLC, the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property. The remaining 20.01% interest is held by Intor Resources Corporation ("Intor"). The Company's interest in Kinsley was previously under option with New Placer Dome, and on June 1, 2022 on the closing of the Kinsley Transaction, the Company assigned 100% of its membership interests in Kinsley to CopAur (Note 7bi).

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

Summary financial information Orta Truva is as set out below and is shown before intercompany eliminations. The loss in Orta Truva relates to exploration and evaluation expenditures, foreign exchange and the deferred tax expense (Note 9).

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11. NON-CONTROLLING INTEREST (continued)

(a) Summarised Balance Sheet

	June 30, 2022	December 31, 2021
Current		
Assets	\$ 201,852	\$ 31,538
Liabilities	(85,772)	(77,382)
Total Current Net assets (liabilities)	\$ 116,080	\$ (45,844)
Non-Current		
Assets	\$ 1,629,786	\$ 1,659,164
Deferred tax liabilities	(2,732,051)	(2,672,663)
Total Non-current net liabilities	\$ (1,102,265)	\$ (1,013,499)
Net Liabilities	\$ (986,185)	\$ (1,059,343)

(b) Summarised Statement of loss

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Statement of loss	\$ 233,746	\$ 228,483	\$ 482,676	\$ 601,795
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	\$ 233,746	\$ 228,483	\$ 482,676	\$ 601,795

(c) Summarised cash flows

	Six months ended June 30,	
	2022	2021
Net cash flow from:		
operating activities	\$ (377,343)	\$ (137,470)
financing activities	555,834	259,841
investing activities	-	-
Net increase (decrease) in cash	\$ 178,491	\$ 122,371
Cash at the beginning of the period	22,548	32,269
Cash at the end of the period	\$ 201,039	\$ 154,640

12. SEGMENT INFORMATION

The Company's operations are in one segment, the exploration for gold, copper and other precious and base metals. Consistent with December 31, 2021, Liberty Gold has three geographic locations at June 30, 2022: Canada, the United States and Turkey. The total assets attributable to the geographic locations relate primarily to the exploration and evaluation assets held by the Company which have been disclosed in Note 7a.

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12. SEGMENT INFORMATION (continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Canada	\$ (3,608,372)	\$ (2,327,667)	\$ (5,183,125)	\$ (6,080,599)
USA	3,677,633	(4,241,588)	(2,642,538)	(5,181,083)
Turkey	(313,644)	(292,548)	(530,846)	(716,311)
	\$ (244,383)	\$ (6,861,803)	\$ (8,356,509)	\$ (11,977,993)

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

	June 30,	December 31,
	2022	2021
Canada	\$ 162,051	\$ 235,551
USA	666,687	825,129
Turkey	14,691	19,527
	\$ 843,429	\$ 1,080,207

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

13. RELATED PARTY TRANSACTIONS

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

Oxygen Capital Corp

Oxygen is a private company owned by three directors of the Company. Oxygen provides access to administrative and finance personnel, office rental, the use of assets including Information Technology infrastructure and other administrative functions on an as-needed basis that would not necessarily otherwise be available to Liberty Gold at this stage of the Company's development. Oxygen does not charge a fee to the Company, allocating all expenses at cost.

Transactions with Oxygen during the six months ended June 30, 2022 total \$319,242 in expenditures, reflected in the Company's condensed interim consolidated statement of loss and comprehensive income (loss) (six months ended June 30, 2021: \$328,716). As at June 30, 2022, Oxygen holds a refundable deposit of \$153,444 on behalf of the Company (December 31, 2021: \$155,725). Additionally, as at June 30, 2022 the Company held a payable to Oxygen of \$52,860, that was settled subsequent to June 30, 2022 (December 31, 2021: \$50,637).

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13. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP Exploration, the Chief Financial Officer & Corporate Secretary, and the Turkish Country Manager.

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

	Six months ended June 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 800,723	\$ 548,751
Share-based payments	1,440,021	982,289
Total	\$ 2,240,744	\$ 1,531,040