



Liberty Gold Corp.

An exploration stage company

Condensed Interim Consolidated Financial Statements

Six months ended June 30, 2021

(Expressed in US Dollars)

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

	As at June 30, 2021	As at December 31, 2020
	<u>\$</u>	<u>\$</u>
Assets		
<i>Current assets</i>		
Cash and cash equivalents	15,262,466	16,734,378
Short term investments	98,814	97,388
Receivables and prepayments (Note 5)	493,315	505,464
Receivable on Halilağa Transaction (Note 5)	5,962,313	5,816,308
	<u>21,816,908</u>	<u>23,153,538</u>
Assets classified as held for sale (Note 6)	-	829,736
Total current assets	<u>21,816,908</u>	<u>23,983,274</u>
<i>Non-current assets</i>		
Receivable on Halilağa Transaction (Note 5)	5,560,898	5,377,858
Other financial assets (Note 7)	3,445,201	6,340,876
Deposits	579,711	356,203
Sales taxes receivable (Note 5)	455,385	610,805
Plant and equipment	883,251	566,499
Exploration and evaluation assets (Note 8a)	24,086,745	23,158,168
Total non-current assets	<u>35,011,191</u>	<u>36,410,409</u>
Total assets	<u>56,828,099</u>	<u>60,393,683</u>
Liabilities and Shareholders' Equity		
<i>Current liabilities</i>		
Consideration towards the sale of Kinsley (Note 6)	4,377,450	4,290,007
Accounts payable and accrued liabilities (Note 9)	2,285,334	1,434,789
Lease liabilities	234,058	159,213
	<u>6,896,842</u>	<u>5,884,009</u>
Liabilities directly associated with assets classified as held for sale (Note 6)	-	122,500
Total current liabilities	<u>6,896,842</u>	<u>6,006,509</u>
<i>Non-current liabilities</i>		
Lease liabilities	345,574	247,814
Deferred tax liabilities (Note 10)	2,113,839	1,866,740
Other liabilities	144,602	22,887
Total non-current liabilities	<u>2,604,015</u>	<u>2,137,441</u>
<i>Shareholders' equity</i>		
Share capital (Note 11)	208,150,863	201,996,513
Contributed surplus (Note 11)	29,720,291	29,621,385
Accumulated other comprehensive loss	(7,478,536)	(8,280,782)
Accumulated deficit	(190,915,372)	(179,160,645)
Total shareholders' equity	<u>39,477,246</u>	<u>44,176,471</u>
Non controlling interest (Note 13)	<u>7,849,996</u>	<u>8,073,262</u>
Total liabilities and shareholders' equity	<u>56,828,099</u>	<u>60,393,683</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 12, 2021.

"Donald McInnes", Director

"Sean Tetzlaff", Director

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Operating expenses				
Exploration and evaluation expenditures (Note 8b)	4,113,401	2,752,194	5,451,133	3,546,909
Stock based compensation (Note 11b)	398,687	143,713	1,142,119	816,243
Wages and benefits	371,024	286,697	924,560	633,692
Office and general	255,894	154,380	503,737	326,223
Professional fees	113,460	85,878	204,844	154,558
Depreciation	78,177	64,752	151,272	127,854
Listing and filing fees	4,392	13,033	120,358	29,098
Investor relations, promotion and advertising	61,292	109,745	110,392	203,167
Loss from operations	5,396,327	3,610,392	8,608,415	5,837,744
Other income (expenses)				
Net gain on sale on Mineral Properties (Note 6)	-	-	712,735	-
Consideration received on purchase-option agreements (Note 8b)	-	-	201,731	158,238
Finance income on the Halilaga Transaction (Note 5)	166,649	-	329,045	-
Net gain on sale of other financial assets (Note 7)	177,952	195,569	99,346	195,569
Finance income (expense)	2,111	(1,318)	3,629	88,881
Other income (loss) (Note 12)	5,621	15,746	(316,089)	19,898
Foreign exchange gains (losses)	(356,776)	(218,931)	(565,406)	125,761
Change in fair value of other financial assets (Note 7)	(1,402,871)	1,771,332	(3,587,470)	1,727,925
Net gain on sale of Net Profit Interest	-	-	-	1,374,376
	(1,407,314)	1,762,398	(3,122,479)	3,690,648
Loss before tax	6,803,641	1,847,994	11,730,894	2,147,096
Income tax expense	58,162	72,870	247,099	269,757
Loss for the period	6,861,803	1,920,864	11,977,993	2,416,853
Loss attributable to:				
Shareholders	6,777,036	1,806,779	11,754,727	2,160,910
Non-controlling interests (Note 13)	84,767	114,085	223,266	255,943
	6,861,803	1,920,864	11,977,993	2,416,853
Other comprehensive loss				
Items that may be reclassified subsequently to net income				
Exchange gains (losses) on translations	532,388	411,223	802,246	(698,221)
Other comprehensive income (loss) for the period, net of tax	532,388	411,223	802,246	(698,221)
Total loss and comprehensive loss for the period	6,329,415	1,509,641	11,175,747	3,115,074
Loss attributable to:				
Shareholders	6,244,648	1,395,556	10,952,481	2,859,131
Non-controlling interests	84,767	114,085	223,266	255,943
Total loss and comprehensive loss for the period	6,329,415	1,509,641	11,175,747	3,115,074
Loss per share				
Basic and diluted loss per share	\$ 0.03	\$ 0.01	\$ 0.04	\$ 0.01
Weighted average number of Common Shares				
Basic and diluted	263,984,020	244,371,306	262,657,084	243,077,748

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, 2019	239,282,259	192,753,629	29,558,938	(9,478,048)	(186,642,351)	26,192,168	8,515,923	34,708,091
Option, RSU and Warrant exercises	6,002,100	3,343,229	(671,951)	-	-	2,671,278	-	2,671,278
Stock based compensation	-	-	981,315	-	-	981,315	-	981,315
Contributions by non-controlling interest	-	-	-	-	-	-	23,000	23,000
Cumulative translation adjustment	-	-	-	(698,221)	-	(698,221)	-	(698,221)
Net loss for the period	-	-	-	-	(2,160,910)	(2,160,910)	(255,943)	(2,416,853)
Balance as at June 30, 2020	245,284,359	196,096,858	29,868,302	(10,176,269)	(188,803,261)	26,985,630	8,282,980	35,268,610
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 (Note 11b)	10,056,609	6,154,350	(1,418,370)	-	-	4,735,980	-	4,735,980
Stock based compensation (Note 11b)	-	-	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

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 Cash Flows
(Expressed in United States Dollars - unaudited)

	Six months ended June 30,	
	2021	2020
	\$	\$
Cash flows from operating activities		
Loss for the period	(11,977,993)	(2,416,853)
Adjusted for:		
Stock based compensation (Note 11b)	1,517,276	981,315
Depreciation	156,925	128,294
Finance income on the Halilaga Transaction (Note 5)	(329,045)	-
Consideration received on purchase-option agreements (Note 8b)	(201,731)	(158,238)
Net gain on sale of sale of Mineral Properties (Note 6b)	(712,735)	-
Change in fair value, and losses on disposal of financial assets	3,488,124	(1,923,494)
Deferred tax expense	247,099	269,757
Other non-cash items on the statement of loss	32,437	16,214
Foreign exchange not related to cash	12,863	70,068
Net gain on sale of Net Profit Interest	-	(1,374,376)
 Movements in working capital:		
Accounts receivable and prepayments	35,752	(150,252)
Accounts payable and other liabilities	868,989	211,743
Net cash outflow due to operating activities	<u>(6,862,039)</u>	<u>(4,345,822)</u>
 Cash flows from financing activities		
Cash received from exercise of share based payments and warrants	4,735,980	2,671,278
Contributions from non-controlling interest	-	23,000
Principal payments on lease liabilities	(115,255)	(106,467)
Interest payments on lease liabilities	(24,740)	(24,196)
Net cash inflow from financing activities	<u>4,595,985</u>	<u>2,563,615</u>
 Cash flows from investing activities		
Consideration on sale of Mineral Properties, net of selling costs	24,586	-
Consideration received on purchase-option agreements (Note 8i)	25,000	25,000
Proceeds from sale of other financial assets (Note 7)	858,197	-
Purchase of other financial assets (Note 7)	(310,288)	-
Land acquisition at Black Pine (Note 8a)	(352,739)	-
Purchase and proceeds of sale of property and equipment	(186,865)	-
Increase to surety bond collateral	(82,000)	-
Consideration on sale of Net Profit Interest, net of selling costs	-	787,379
Consideration received on Kinsley purchase-option agreement	-	1,374,570
Net cash inflow (outflow) due to investing activities	<u>(24,109)</u>	<u>2,186,949</u>
Effect of foreign exchange rates	<u>818,151</u>	<u>(575,373)</u>
Net increase (decrease) in cash and cash equivalents	(1,472,012)	(170,631)
Less: net decrease in cash and cash equivalents from assets classified as held for sale	100	2,042
Cash and cash equivalents at beginning of the period	16,734,378	14,367,657
Cash and cash equivalents at end of the period	<u>15,262,466</u>	<u>14,199,068</u>

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

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

(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 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, 2021 (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, 2020 ("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. Certain comparative-period amounts in the statement of loss have been reclassified to conform to the current-year presentation. There is no impact to the loss for the comparative period.

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.

5. RECEIVABLES AND PREPAYMENTS

	June 30, 2021	December 31, 2020
Sales taxes receivable	\$ 19,739	\$ 20,454
Other receivables	180,885	391,350
Prepayments	292,691	93,660
	\$ 493,315	\$ 505,464

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

5. RECEIVABLES AND PREPAYMENTS (continued)

An additional \$455,385 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, 2020: \$610,805). Receivables and prepayments associated with assets held for sale are described in Note 6.

(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 \$10,000,000 pursuant to the terms of the Halilağa Transaction as at June 30, 2021, and will receive the remaining \$12,000,000 in equal guaranteed staged payments of \$6,000,000 due on August 11, 2021 (received subsequent to period end on August 11, 2021) and August 11, 2022 (the "Halilağa Staged Payments").

The Halilağa Staged Payments are classified as financial assets at amortised cost and were recognized at a fair value on recognition of \$5,707,396 and \$5,242,361, respectively. The fair values on initial recognition were calculated based on cash flows discounted using a current lending rate.

As at June 30, 2021, the Halilağa Staged Payments have a carrying value of \$5,962,313 and \$5,560,898 for the payments due on August 11, 2021 and August 11, 2022, respectively. Finance income on the Halilağa Transaction of \$329,045 has been recognised in the statement of loss in the period ended June 30, 2021.

6. ASSETS HELD FOR SALE

	Stateline	Easter	Kinsley	Total
Assets classified as held for sale	\$ 92,601	\$ 34,627	\$ 702,508	\$ 829,736
Liabilities directly associated with assets classified as held for sale	\$ -	\$ -	\$ 122,500	\$ 122,500
Net assets classified as held for sale as at December 31, 2020	\$ 92,601	\$ 34,627	\$ 580,008	\$ 707,236
Net assets classified as held for sale as at June 30, 2021	\$ -	\$ -	\$ -	\$ -

(a) Assets and liabilities of Kinsley disposal group

During the period ended June 30, 2021, New Placer Dome Gold Corp ("New Placer Dome") did not pay the required anniversary payment due on June 2, 2021 pursuant to the terms of the Amended Kinsley Sale Agreement (see Note 8i), and the Company and New Placer Dome are currently negotiating an amendment to the Amended Kinsley Sale Agreement. Due to the pending amendment to the Amended Kinsley Sale Agreement, the Company has reclassified the associated assets and liabilities of the Kinsley Mountain Gold Project in Nevada ("Kinsley"), including the acquisition costs being reclassified to exploration and evaluation assets (Note 8i).

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

6. ASSETS HELD FOR SALE (continued)

(b) Assets and Liabilities of Stateline and Easter disposal groups

On November 18, 2020 the Company entered into a definitive agreement to sell an exploration portfolio consisting of three 100%-owned properties (Anchor, Stateline and Sandy) and three 49%-owned properties (Brik, Easter and Viper) (together, the "Raindrop Properties") to Raindrop Ventures Inc. ("Raindrop"). Stateline and Easter had capitalised acquisition costs of \$92,601 and \$34,627, respectively, and the remaining Raindrop Properties had capitalised acquisition costs of nil.

Both Stateline and Easter are included within the United States geographical segment.

On March 3, 2021, the Company closed the sale of the Raindrop Properties. In consideration for the Raindrop Properties, the Company received \$50,000 in cash and 4,013,406 common shares of Raindrop ("Raindrop Shares"), representing 9.9% of Raindrop's issued and outstanding common shares with a fair value of \$824,875 on acquisition date. The Raindrop Shares are subject to a 12 month voluntary hold period.

The Company recognised a gain on sale of \$712,735 on the sale of the Raindrop Properties, net of the capitalised acquisition costs of Stateline and Easter, and selling costs in the six-month period ended June 30, 2021.

7. 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, 2021	December 31, 2020
Huntsman Exploration Inc.	\$ 1,332,717	\$ 2,646,632
New Placer Dome Gold Corp.	929,463	2,464,238
Raindrop Ventures Inc.	730,011	-
Other	453,010	700,217
Total Level 1 equity securities	\$ 3,445,201	\$ 5,811,087
Ely Gold Warrants	-	529,789
Total Level 2 equity securities	\$ -	\$ 529,789
Total Level 1 and Level 2 equity securities	\$ 3,445,201	\$ 6,340,876

During the period ending June 30, 2021, the Company received 2,500,000 Fremont Gold Ltd. ("Fremont") common shares pursuant to the terms of the purchase-option agreement to sell the Griffon project to Fremont (Note 8b), and 4,013,406 Raindrop shares (Note 6b).

During the period ending June 30, 2021, the Company exercised 900,000 share purchase warrants ("Ely Gold Warrants") of Ely Gold Royalties, Inc. ("Ely Gold") for C\$0.43 per warrant and received 900,000 common shares of Ely Gold ("Ely Gold Shares"). The Company sold 1,010,000 Ely Gold Shares during the period for a weighted average price of C\$1.07.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

7. OTHER FINANCIAL ASSETS (continued)

In the three and six months ended June 30, 2021, the Company recognized a net gain on sale of \$177,952 and \$99,346 respectively (three month period ended June 30, 2020: gain of \$195,569; six month period ended June 30, 2020: \$195,569), from the exercise of Ely Gold Warrants, and the sale of Ely Gold Shares and other financial assets.

The Company recognised losses of \$1,402,871 and \$3,587,470 in the statement of loss for the three and six month periods ended June 30, 2021 respectively (three month period ended June 30, 2020: gain of \$1,771,332; six month period ended June 30, 2020: gain of \$1,727,925) on the change in fair value of other financial assets relating to the equity securities held.

8. 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:

	December 31, 2020	Additions	Reclassification from Asset Held for Sale (Note 6)	June 30, 2021
USA				
Black Pine	\$ 1,010,927	\$ 352,739	\$ -	\$ 1,363,666
Goldstrike	8,486,985	-	-	8,486,985
Kinsley	-	-	575,838	575,838
Total USA	\$ 9,497,912	\$ 352,739	\$ 575,838	\$ 10,426,489
Turkey				
TV Tower	\$ 13,660,256	\$ -	\$ -	\$ 13,660,256
Total Turkey	\$ 13,660,256	\$ -	\$ -	\$ 13,660,256
Total	\$ 23,158,168	\$ 352,739	\$ 575,838	\$ 24,086,745

The acquisition costs related to the Kinsley property have been reclassified from an asset held for sale to exploration and evaluation assets which is discussed in Note 6.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

8. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Black Pine	Goldstrike	Properties under Option	Total USA	TV Tower	Other Exploration	Total
December 31, 2019	\$ 6,282,814	\$ 18,617,650	\$ 23,547,558	\$ 48,448,022	\$ 34,363,261	\$ 3,671,218	\$ 86,482,501
Drilling and assays	1,427,417	6,198	-	1,433,615	-	-	1,433,615
Wages and salaries	610,108	40,557	11,995	662,660	20,825	1,862	685,347
Road & site prep.	105,006	-	-	105,006	-	-	105,006
Metallurgy	362,800	788	-	363,588	-	-	363,588
Other	631,840	208,318	280	840,438	111,867	7,048	959,353
June 30, 2020	\$ 9,419,985	\$ 18,873,511	\$ 23,559,833	\$ 51,853,329	\$ 34,495,953	\$ 3,680,128	\$ 90,029,410
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

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 are comprised of the Kinsley, Griffon, and Baxter Spring properties.

(i) Kinsley Option Agreement

On December 2, 2019 and as subsequently amended on May 1, 2020, the Company entered into a definitive option agreement for the sale of 100% of the Company's interest in Kinsley to New Placer Dome. Pursuant to the terms of the amending agreement (the "Amended Kinsley Sale Agreement"), the Company will receive an aggregate of \$6,250,000 in cash and share value plus a 9.9% interest in New Placer Dome.

On June 2, 2020, the Company announced the closing of the Amended Kinsley Sale Agreement and the receipt of the initial option payments (combined the "Initial Option Payment").

Per the Amended Kinsley Sale Agreement, the total consideration will be paid in three stages over a 2-year period as follows:

- \$1,250,000 plus common shares in New Placer Dome ("NPD Shares") totalling 9.9% of issued and outstanding NPD Shares on a post-consolidation and post-acquisition financing basis (subject to a contractual 12 month hold period) (received on June 2, 2020),
- \$2,500,000 on or before June 2, 2021. As at June 30, 2021, the Company has not yet received this payment and is under discussions with New Placer Dome to further amend the Amended Kinsley Sale Agreement.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

8. EXPLORATION AND EVALUATION ASSETS (continued)

- NPD Shares with a value of \$2,500,000 on or before June 2, 2022 (subject to a 4-month statutory hold period), and
- a 1% Net Smelter Return Royalty (“NSR”) on the acquired interest in Kinsley, of which up to one-half percent (0.5%) can be repurchased by New Placer Dome for \$500,000.

At June 30, 2021, the Initial Option Payment received by the Company consists of the following:

Cash consideration	\$ 1,250,000
Repayment of surety bond deposit	124,570
Fair value of common shares in New Placer Dome received ¹	2,722,992
Consideration towards the sale of Kinsley at June 2, 2020	\$ 4,097,562
Foreign exchange differences	192,445
Consideration towards the sale of Kinsley at December 31, 2020	\$ 4,290,007
Foreign exchange differences	87,443
Consideration towards the sale of Kinsley at June 30, 2021	\$ 4,377,450

¹ Receipt of 8,844,124 NPD Shares, representing 9.9% of New Placer Dome’s issued and outstanding common shares.

The Initial Option Payment received has been recorded as a current liability as at June 30, 2021. The liability will be extinguished either upon the exercise of the option or upon option termination by New Placer Dome.

The Initial Option Payment received pursuant to the Amended Kinsley Sale Agreement is a derivative. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. Other than the impact of foreign exchange, no factors affecting the fair value of the Initial Option Payment in the time from the initial recognition to the period end were identified.

(ii) *Portfolio Properties, USA*

On December 16, 2019, the Company entered into an agreement to sell the Griffon project to Fremont through a purchase-option agreement (“Griffon Agreement”) and the agreement was subsequently amended on December 14, 2020 (“Amended Griffon Agreement”). In the period ending June 30, 2021, the Company received \$25,000 and 2,500,000 common shares in Fremont as part of the Amended Griffon Agreement. The fair value of the 2,500,000 common shares of Fremont was \$176,731 on the date of acquisition.

Terms of the Amended Griffon Agreement include:

- \$25,000 upon executing the Griffon Agreement (the “Execution Date”) (received in December 2019),
- \$25,000 and 2,500,000 Fremont common shares to be issued to the Company following TSX Venture Exchange approval of the Griffon Agreement (received in January 2020),
- \$25,000 and 2,500,000 Fremont common shares on the first anniversary of the Execution Date (received in January 2021),
- \$50,000 on the second anniversary of the Execution Date,
- \$75,000 and 2,500,000 Fremont common shares on the third anniversary of the Execution Date,
- \$100,000 and 2,500,000 Fremont common shares on the fourth anniversary of the Execution Date, and
- 1% NSR which may be repurchased by Fremont for \$1,000,000

The option payments received in the six month period ending June 30, 2021 of \$201,731 were recognised as income in the statement of loss as the carrying value of the Griffon property is nil.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade payables	\$ 1,669,897	\$ 801,116
Decommissioning liability - current	370,300	340,300
Accrued liabilities	231,984	166,330
Other payables	13,153	127,043
	\$ 2,285,334	\$ 1,434,789

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

Non-current other liabilities as at June 30, 2021 include a decommissioning liability of \$122,500 relating to the Kinsley property (December 31, 2020: \$122,500).

10. DEFERRED TAX LIABILITY

A deferred tax liability of \$2,113,839 has been recognised in the period ended June 30, 2021 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2020: \$1,866,740).

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS*(a) Authorized*

Unlimited Common Shares with no par value.

(b) Stock-based compensation

For the three and six month periods ended June 30, 2021, the Company charged a total of \$603,350 and \$1,517,276 of stock-based compensation expense to the statement of loss (three months ended June 30, 2020: \$233,192; six months ended June 30, 2020: \$981,315) of which \$204,663 and \$375,157, respectively, is attributed to exploration and evaluation expenditures (three months ended June 30, 2020: \$89,479; six months ended June 30, 2020: \$165,072).

i) Stock 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, 2020	17,519,666	0.77
Options granted	1,127,250	1.60
Options expired	(200,000)	1.19
Options exercised	(3,152,968)	0.52
Balance, June 30, 2021	15,293,948	0.88

The weighted average share price at the date of exercise for stock options exercised during the period was C\$1.62.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

At June 30, 2021, 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\$0.99	11,191,698	2.16	0.60	8,460,871	0.56
C\$1.00 to C\$1.99	3,927,250	4.46	1.63	1,518,917	1.59
C\$2.00 to C\$2.99	175,000	4.03	2.18	75,000	2.25
	15,293,948	2.77	0.88	10,054,788	0.72

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 six months ended June 30, 2021 determined using Black-Scholes was C\$0.77 per option. The weighted average significant inputs into the model included a share price of C\$1.58 at the grant date, an exercise price of C\$1.60, a volatility of 60%, a dividend yield of 0%, an expected option life of 4.65 years and an annual risk-free interest rate of 0.82%. A weighted average 10.3% forfeiture rate was applied to the option expense.

Subsequent to period end, 1,175,000 stock options were exercised at a weighted average exercise price of C\$0.50. The weighted average share price at the date of exercise for the stock options exercised was C\$1.25.

ii) Restricted Share Units

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

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2021	2,576,039
RSUs granted	150,000
RSUs exercised	(53,780)
Balance, June 30, 2021	2,672,259

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

11. 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, 2021	855,000	0.50	855,000
December 31, 2022	807,650	1.50	370,987
December 31, 2023	859,609	2.50	109,609
December 31, 2024	150,000	3.50	50,000
	2,672,259	1.95	1,385,596

Subsequent to period end, 459,099 RSUs were exercised by employees of the Company.

iii) Deferred Share Units

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

Transactions relating to DSUs are summarised as follows:

	DSUs #
Balance, January 1, 2021	2,133,986
DSUs granted	49,341
Balance, June 30, 2021	2,183,327

iv) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants #	Weighted Average Exercise Price C\$
Balance, January 1, 2021	25,471,311	0.61
Warrants exercised	(6,849,861)	0.63
Balance, June 30, 2021	18,621,450	0.60

The remaining contractual lives of warrants outstanding as at June 30, 2021 are as follows:

Weighted average exercise price C\$	Number of warrants outstanding #	Weighted average remaining contractual life (in years)
0.60	18,621,450	0.26

Subsequent to period end, 1,076,000 warrants with an exercise price of C\$0.60 were exercised for proceeds of C\$645,600.

12. OTHER EXPENSES

In the six month period ending June 30, 2021, the Company fell victim to a cyber-scam that resulted in the Company making a payment of \$326,900 which could not be recovered. The fraudulent payment made has been recorded as a loss in the statement of loss in the period.

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

13. NON-CONTROLLING INTEREST

The Company holds a 79.99% interest in KG LLC, the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property (together, "Kinsley"). The remaining 20.01% interest is held by Intor Resources Corporation ("Intor"). As of June 2, 2020, the Company's interest in Kinsley is under option with New Placer Dome. Pursuant to the Amended Kinsley Sales Agreement, New Placer Dome is responsible for maintaining all mining claim maintenance fees, and to satisfy all expenditure obligations. There was no change in the value of the non-controlling interest during the six months ended June 30, 2021 (six months ended June 30, 2020: \$62,624)

Liberty Gold owns a 62.9% controlling interest of the TV Tower property through a 62.9% ownership stake in Orta Truva. The remaining 37.1% 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 10).

(a) Summarised Balance Sheet

	June 30, 2021	December 31, 2020
Current		
Assets	\$ 159,155	\$ 41,034
Liabilities	(139,550)	(88,347)
Total Current net liabilities	\$ 19,605	\$ (47,313)
Non-Current		
Assets	\$ 1,825,483	\$ 1,987,255
Liabilities	(2,113,839)	(1,866,740)
Total Non-current net assets	\$ (288,356)	\$ 120,515
Net Assets	\$ (268,751)	\$ 73,202

(b) Summarised Statement of Loss

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Statement of Loss	\$ 228,483	\$ 130,494	\$ 601,795	\$ 486,950
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	\$ 228,483	\$ 130,494	\$ 601,795	\$ 486,950

(c) Summarised cash flows

	Six months ended June 30,	
	2021	2020
Net cash flow from:		
operating activities	\$ (137,470)	\$ (125,372)
financing activities	259,841	308,102
investing activities	-	-
Net increase (decrease) in cash	\$ 122,371	\$ 182,730
Cash at the beginning of the period	32,269	87,110
Cash at the end of the period	\$ 154,640	\$ 269,840

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

14. 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, 2020, Liberty Gold has three geographic locations at June 30, 2021: 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 and disposal groups held for sale, which have been disclosed in Notes 9 and 7, respectively.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Canada	\$ (2,327,667)	\$ 1,288,305	\$ (6,080,599)	\$ (95)
USA	(4,241,588)	(2,986,827)	(5,181,083)	(2,026,460)
Turkey	(292,548)	(222,342)	(716,311)	(390,298)
	\$ (6,861,803)	\$ (1,920,864)	\$ (11,977,993)	\$ (2,416,853)

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

	June 30, 2021	December 31, 2020
Canada	\$ 297,377	\$ 345,557
USA	567,459	197,080
Turkey	18,415	23,862
	\$ 883,251	\$ 566,499

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

15. RELATED PARTY TRANSACTIONS

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

Oxygen Capital Corp

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

Transactions with Oxygen during the three and six months ended June 30, 2021 total \$171,608 and \$328,716 in expenditures respectively, reflected in the Company's interim consolidated statement of loss and comprehensive loss (three months ended June 30, 2020: \$122,256; six months ended June 30, 2020: \$264,077). As at June 30, 2021, Oxygen holds a refundable deposit of \$132,360 on behalf of the Company (June 30, 2020: \$120,024). Additionally, as at June 30, 2021 the Company held a payable to Oxygen of \$65,364, that was settled subsequent to June 30, 2021 (June 30, 2020: \$41,019).

LIBERTY GOLD CORP.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Six months ended June 30, 2021

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

15. 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 VP Business Development, 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:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and other short-term employee benefits	\$ 275,907	\$ 254,841	\$ 548,751	\$ 506,168
Share-based payments	323,787	92,003	982,289	705,464
Total	\$ 599,694	\$ 346,844	\$ 1,531,040	\$ 1,211,632