



**Liberty Gold Corp.**

(formerly known as Pilot Gold Inc.)

An exploration stage company

**Condensed Interim Consolidated Financial Statements**

**Nine months ended September 30, 2017**

(Expressed in US Dollars - unaudited)

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of financial position****(Expressed in United States Dollars - unaudited)**

	As at September 30, 2017	As at December 31, 2016 (restated Note 3)	As at January 1, 2016 (restated Note 3)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	5,054,313	12,374,010	7,811,674
Short term investments	98,347	94,881	100,743
Receivables and prepayments (Note 5)	296,535	827,589	779,931
<b>Total current assets</b>	<u>5,449,195</u>	<u>13,296,480</u>	<u>8,692,348</u>
<i>Non-current assets</i>			
Other financial assets (Note 6)	379,753	616,688	309,406
Deposits	456,831	325,752	1,408,469
Sales taxes receivable (Note 5)	948,913	938,858	1,128,963
Plant and equipment	256,221	270,245	322,858
Exploration and evaluation assets (Note 7)	23,982,103	24,019,239	23,115,371
Investment in associates (Note 8)	1,449,151	1,413,687	1,417,300
<b>Total non-current assets</b>	<u>27,472,972</u>	<u>27,584,469</u>	<u>27,702,367</u>
<b>Total assets</b>	<u>32,922,167</u>	<u>40,880,949</u>	<u>36,394,715</u>
<b>Liabilities and Shareholders' Equity</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities (Note 9)	973,521	897,297	477,128
<b>Total current liabilities</b>	<u>973,521</u>	<u>897,297</u>	<u>477,128</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities (Note 10)	404,982	500,010	-
Other liabilities	92,232	84,770	129,536
<b>Total non-current liabilities</b>	<u>497,214</u>	<u>584,780</u>	<u>129,536</u>
<i>Shareholders' equity</i>			
Share capital (Note 11)	167,081,697	166,756,042	155,186,833
Contributed surplus (Note 11)	23,736,300	23,318,508	20,209,503
Accumulated other comprehensive loss	(7,642,496)	(8,294,288)	(8,849,498)
Accumulated deficit	(161,647,203)	(152,290,074)	(140,778,478)
<b>Total shareholders' equity</b>	<u>21,528,298</u>	<u>29,490,188</u>	<u>25,768,360</u>
Non controlling interest (Note 12)	9,923,134	9,908,684	10,019,691
<b>Total liabilities and shareholders' equity</b>	<u>32,922,167</u>	<u>40,880,949</u>	<u>36,394,715</u>

The notes on pages 5 to 19 are an integral part of these consolidated financial statements.

These financial statements are approved by the board and authorised for issue on November 9, 2017:

"Donald McInnes", Director

"Sean Tetzlaff", Director

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of loss and comprehensive loss****(Expressed in United States Dollars - unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016 (restated Note 3)	2017	2016 (restated Note 3)
	\$	\$	\$	\$
<b>Operating expenses</b>				
Exploration and evaluation expenditures (Note 7)	2,687,958	1,539,290	6,342,430	4,584,799
Wages and benefits	306,479	343,352	915,391	1,325,531
Office and general	235,505	262,317	816,371	891,134
Investor relations, promotion and advertising	155,962	96,541	498,746	232,192
Stock based compensation (Note 11c)	118,777	54,896	311,801	398,497
Professional fees	71,181	134,652	262,803	303,319
Listing and filing fees	5,047	8,117	46,945	50,361
Depreciation	21,740	19,228	46,943	57,325
<b>Loss from operations</b>	<b>3,602,649</b>	<b>2,458,393</b>	<b>9,241,430</b>	<b>7,843,158</b>
<b>Other income (expenses)</b>				
Net gain on sale of financial instruments (Note 6)	51,450	128,257	123,095	217,331
Finance income	15,430	12,660	57,285	44,891
Other income (expense)	(25,354)	398,300	(17,883)	405,953
Foreign exchange losses	(31,884)	(146,566)	(79,870)	(286,328)
Loss from associates (Note 8)	(36,451)	(21,148)	(145,030)	(76,118)
Change in fair value and impairment of financial instruments	20,562	-	(227,727)	(90,595)
	(6,247)	371,503	(290,130)	215,134
<b>Loss before tax</b>	<b>3,608,896</b>	<b>2,086,890</b>	<b>9,531,560</b>	<b>7,628,024</b>
Income tax expense (recovery) (Note 10)	8,768	-	(95,028)	-
<b>Loss for the period</b>	<b>3,617,664</b>	<b>2,086,890</b>	<b>9,436,532</b>	<b>7,628,024</b>
<b>Loss attributable to:</b>				
Shareholders	3,585,134	1,954,930	9,357,129	7,215,279
Non-controlling interests	32,530	131,960	79,403	412,745
	3,617,664	2,086,890	9,436,532	7,628,024
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to net income				
Exchange differences on translations	336,475	(61,680)	652,045	488,809
Net fair value gain (loss) on financial assets	15,440	134,717	109,213	467,006
Amounts reclassified into net loss on impairment or sale of financial assets	(124,485)	(41,473)	(109,466)	(48,599)
<b>Other comprehensive income for the period, net of tax</b>	<b>227,430</b>	<b>31,564</b>	<b>651,792</b>	<b>907,216</b>
<b>Total loss and comprehensive loss for the period</b>	<b>3,390,234</b>	<b>2,055,326</b>	<b>8,784,740</b>	<b>6,720,808</b>
<b>Loss attributable to:</b>				
Shareholders	3,357,704	1,923,366	8,705,337	6,308,063
Non-controlling interests	32,530	131,960	79,403	412,745
<b>Total loss and comprehensive loss for the period</b>	<b>3,390,234</b>	<b>2,055,326</b>	<b>8,784,740</b>	<b>6,720,808</b>
<b>Loss per share</b>				
Basic and diluted loss per share	\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.06
<b>Weighted average number of Common Shares</b>				
Basic and diluted	150,668,501	125,832,899	150,384,308	121,310,336

The notes on pages 5 to 19 are an integral part of these consolidated financial statements.

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**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
	#	\$	\$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$	(restated Note 3) \$
Balance as at January 1, 2016	107,344,284	155,186,833	20,209,503	(8,849,498)	(140,778,478)	25,768,360	10,019,691	35,788,051
Private placement	17,893,000	2,072,798	1,281,244	-	-	3,354,042	-	3,354,042
Share issue costs on private placement	-	(52,107)	-	-	-	(52,107)	-	(52,107)
Share issuance towards mineral property acquisition	359,641	191,600	-	-	-	191,600	-	191,600
RSU exercises	307,770	181,291	(118,639)	-	-	62,652	-	62,652
Stock based compensation	-	-	504,065	-	-	504,065	-	504,065
Net impairment of long-term investments recognised in the statement of loss	-	-	-	(48,599)	-	(48,599)	-	(48,599)
Unrealized gain on long-term investments	-	-	-	467,006	-	467,006	-	467,006
Contributions by non-controlling interest	-	-	-	-	-	-	254,184	254,184
Cumulative translation adjustment	-	-	-	488,809	-	488,809	-	488,809
Net loss for the period	-	-	-	-	(7,215,279)	(7,215,279)	(412,745)	(7,628,024)
Balance as at September 30, 2016	125,904,695	157,580,415	21,876,173	(7,942,282)	(147,993,757)	23,520,549	9,861,130	33,381,679
Balance as at December 31, 2016	150,021,778	166,756,042	23,318,508	(8,294,288)	(152,290,074)	29,490,188	9,908,684	39,398,872
Share issuances (Notes 11b and 15)	271,916	88,298	-	-	-	88,298	-	88,298
Option, RSU and Warrant exercises (Note 11c)	486,865	237,357	(110,506)	-	-	126,851	-	126,851
Stock based compensation (Note 11c)	-	-	528,298	-	-	528,298	-	528,298
Other comprehensive income reclassified to the statement of loss on sale or impairment	-	-	-	(109,466)	-	(109,466)	-	(109,466)
Unrealized gain on long-term investments	-	-	-	109,213	-	109,213	-	109,213
Contributions by non-controlling interest (Note 12)	-	-	-	-	-	-	93,853	93,853
Cumulative translation adjustment	-	-	-	652,045	-	652,045	-	652,045
Net loss for the period	-	-	-	-	(9,357,129)	(9,357,129)	(79,403)	(9,436,532)
Balance as at September 30, 2017	150,780,559	167,081,697	23,736,300	(7,642,496)	(161,647,203)	21,528,298	9,923,134	31,451,432

The notes on pages 5 to 19 are an integral part of these consolidated financial statements.

**LIBERTY GOLD CORP.**

(formerly known as Pilot Gold Inc.)

**Condensed interim consolidated statements of cash flows  
(Expressed in United States Dollars - unaudited)**

	Nine months ended September 30,	
	2017	2016
	\$	(restated Note 3) \$
<b>Cash flows from operating activities</b>		
Loss for the period	(9,436,532)	(7,628,024)
Adjusted for:		
Stock based compensation	528,298	504,066
Change in fair value, impairment and gains on disposal of financial instruments	104,632	(126,736)
Deferred tax expense (recovery)	(95,028)	-
Other non-cash items on the statement of loss	292,090	(52,807)
Foreign exchange not related to cash	272,333	219,754
Movements in working capital:		
Accounts receivable and prepayments	452,813	32,019
Accounts payable and other liabilities	31,409	162,891
Net cash outflow due to operating activities	<u>(7,849,985)</u>	<u>(6,888,837)</u>
<b>Cash flows from financing activities</b>		
Cash received from financing	-	3,354,043
Share issue costs	-	(52,107)
Cash received from exercise of share based payments and warrants	126,851	62,652
Contributions from non-controlling interest	93,853	91,250
Net cash inflow from financing activities	<u>220,704</u>	<u>3,455,838</u>
<b>Cash flows from investing activities</b>		
Sale of equity investments (Note 6)	166,109	249,186
Maturity of short term investments	-	7,574
Surety bond collateral	(62,768)	(95,460)
Purchase and proceeds of sale of property and equipment	(27,730)	(23,548)
Funding to Associates (Note 8)	(89,955)	(54,830)
Acquisition of mineral property	-	(1,004,327)
Net cash outflow due to investing activities	<u>(14,344)</u>	<u>(921,405)</u>
Effect of foreign exchange rates	<u>323,928</u>	<u>306,480</u>
Net increase (decrease) in cash and cash equivalents	(7,319,697)	(4,047,924)
Cash and cash equivalents at beginning of period	12,374,010	7,811,674
Cash and cash equivalents at end of the period	<u>5,054,313</u>	<u>3,763,750</u>

See Note 15 for supplemental cash flow information

## **LIBERTY GOLD CORP.**

**(An exploration stage company – formerly known as Pilot Gold Inc.)**

### **Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

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#### **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 nine months ended September 30, 2017 (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, 2016 (“Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The comparative information has been restated as detailed in Note 3.

#### **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, with the exception of the following:

##### *Joint Arrangements*

The Company has entered into a joint operation effective July 24, 2017, as a result of Logan Resources Inc. (“Logan”) earning a 51% interest in four of the Company’s Portfolio Properties, Brik, Viper, Easter and Antelope in accordance with the July 7, 2016, Option Agreement (the “Option Agreement”). The Company’s accounting policy with regards to joint arrangements is set out as follows:

Under IFRS 11 – Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 7a.

##### *Change in Accounting Policy*

##### *Exploration and evaluation expenditures*

Beginning January 1, 2017, in order to enhance the relevance to the decision making needs of users and improve comparability with our peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 – Exploration for and Evaluation of Mineral Resources and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. In prior periods the Company’s policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as incurred, effective with the presentation of the March 31, 2017 condensed interim consolidated financial statements, on a retrospective basis. The Company will continue to defer acquisition expenditures on mineral properties until such time as the properties are put into commercial production, sold or become impaired.

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The full accounting policy is as follows:

Exploration and evaluation expenditures incurred, with the exception of acquisition costs, are charged to profit or loss in the period in which they are incurred. Acquisition costs are capitalized to exploration and evaluation assets and classified as non-current. Costs related to the acquisition of mineral properties are capitalized on a property-by-property basis until such a time as the property is placed in production, sold, abandoned or determined to be impaired.

Option payments received on mineral property interests optioned to third parties are credited against previous capitalized acquisition costs for that mineral property interest. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Once it is probable that future economic benefits will flow to us, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. The following criteria are used to assess the economic recoverability and probability of future economic benefits:

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

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

The change in accounting policy requires full retrospective application. IAS 1 – Presentation of Financial Statements also requires a third statement of financial position be presented. As at January 1, 2016 and December 31, 2016, the following adjustments were recorded to the consolidated statements of financial position:

(i) At January 1, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	\$ 76,647,172	\$ (53,531,801)	\$ 23,115,371
Investment in Associates	5,220,727	(3,803,427)	1,417,300
<b>Total non-current assets</b>	<b>\$ 85,037,595</b>	<b>\$ (57,335,228)</b>	<b>\$ 27,702,367</b>
Deferred tax liabilities	\$ 474,823	\$ (474,823)	\$ -
<b>Total non-current liabilities</b>	<b>\$ 604,359</b>	<b>\$ (474,823)</b>	<b>\$ 129,536</b>
Accumulated other comprehensive loss	\$ (3,938,032)	\$ 5,088,534	\$ (8,849,498)
Accumulated deficit	(91,849,189)	(48,929,289)	(140,778,478)
<b>Total shareholders' equity</b>	<b>\$ 69,609,115</b>	<b>\$ (43,840,755)</b>	<b>\$ 25,768,360</b>
Non-controlling interest	\$ 23,039,341	\$ (13,019,650)	\$ 10,019,691

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(ii) At December 31, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	\$ 83,677,276	\$ (59,658,037)	\$ 24,019,239
Investment in Associates	5,421,177	(4,007,490)	1,413,687
<b>Total non-current assets</b>	<b>\$ 91,249,996</b>	<b>\$ (63,665,527)</b>	<b>\$ 27,584,469</b>
Deferred tax liabilities	\$ 1,157,116	\$ (657,106)	\$ 500,010
<b>Total non-current liabilities</b>	<b>\$ 1,241,886</b>	<b>\$ (657,106)</b>	<b>\$ 584,780</b>
Accumulated other comprehensive loss	\$ (13,256,429)	\$ 4,962,141	\$ (8,294,288)
Accumulated deficit	(97,426,019)	(54,864,055)	(152,290,074)
<b>Total shareholders' equity</b>	<b>\$ 79,392,102</b>	<b>\$ (49,901,914)</b>	<b>\$ 29,490,188</b>
Non-controlling interest	\$ 23,015,191	\$ (13,106,507)	\$ 9,908,684

As at September 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of financial position:

(iii) As at September 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	\$ 89,949,728	\$ (65,967,625)	\$ 23,982,103
Investment in Associates	5,782,178	(4,333,027)	1,449,151
<b>Total non-current assets</b>	<b>\$ 97,773,624</b>	<b>\$ (70,300,652)</b>	<b>\$ 27,472,972</b>
Deferred tax liabilities	\$ 1,205,463	\$ (800,482)	\$ 404,982
<b>Total non-current liabilities</b>	<b>\$ 1,297,697</b>	<b>\$ (800,482)</b>	<b>\$ 497,214</b>
Accumulated other comprehensive loss	\$ (12,264,656)	\$ 4,622,160	\$ (7,642,496)
Accumulated deficit	(100,682,825)	(60,964,378)	(161,647,203)
<b>Total shareholders' equity</b>	<b>\$ 77,870,516</b>	<b>\$ (56,342,218)</b>	<b>\$ 21,528,298</b>
Non-controlling interest	\$ 23,081,085	\$ (13,157,951)	\$ 9,923,134

For the three and nine month periods ended September 30, 2016, the following adjustments were recorded to the condensed interim consolidated statement of loss:

(iv) Three months ended September 30, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 68,754	\$ 1,470,536	\$ 1,539,290
<b>Loss from operations</b>	<b>\$ 987,857</b>	<b>\$ 1,470,536</b>	<b>\$ 2,458,393</b>
Loss (gain) from associates	\$ (737)	\$ 21,885	\$ 21,148
Deferred tax expense (recovery)	\$ 148,270	\$ (148,270)	\$ -



**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(iv) Three months ended September 30, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Loss attributable to:			
Shareholders	\$ 761,782	\$ 1,193,148	\$ 1,954,930
Non-controlling interests	93,265	38,695	131,960
	<b>\$ 855,047</b>	<b>\$ 1,231,843</b>	<b>\$ 2,086,890</b>
Exchange differences on translations	\$ (98,403)	\$ 36,723	\$ (61,680)
<b>Other comprehensive income</b>	<b>\$ (5,159)</b>	<b>\$ 36,723</b>	<b>\$ 31,564</b>
Total loss and comprehensive loss attributable to:			
Shareholders	\$ 766,941	\$ 1,156,425	\$ 1,923,366
Non-controlling interests	93,265	38,695	131,960
	<b>\$ 860,206</b>	<b>\$ 1,195,120</b>	<b>\$ 2,055,326</b>
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02

(v) Nine months ended September 30, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 277,322	\$ 4,307,477	\$ 4,584,799
<b>Loss from operations</b>	<b>\$ 3,535,681</b>	<b>\$ 4,307,477</b>	<b>\$ 7,843,158</b>
Loss (gain) from associates	\$ (1,079)	\$ 77,197	\$ 76,118
Deferred tax expense (recovery)	101,093	(101,093)	-
Loss (gain) attributable to:			
Shareholders	3,381,759	3,833,520	7,215,279
Non-controlling interests	74,992	337,753	412,745
	<b>\$ 3,456,751</b>	<b>\$ 4,171,273</b>	<b>\$ 7,628,024</b>
Exchange differences on translations	\$ 717,610	\$ (228,801)	\$ 488,809
<b>Other comprehensive income (loss)</b>	<b>\$ 1,136,017</b>	<b>\$ (228,801)</b>	<b>\$ 907,216</b>
Total loss and comprehensive loss (gain) attributable to:			
Shareholders	\$ 2,245,742	\$ 4,062,321	\$ 6,308,063
Non-controlling interests	74,992	337,753	412,745
	<b>\$ 2,320,734</b>	<b>\$ 4,400,074</b>	<b>\$ 6,720,808</b>
Basic and diluted loss per share	\$ 0.03	\$ 0.03	\$ 0.06

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For the three month period ended September 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of loss:

(vi) Three months ended September 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 24,973	\$ 2,662,985	\$ 2,687,958
<b>Loss from operations</b>	<b>\$ 940,245</b>	<b>\$ 2,662,404</b>	<b>\$ 3,602,649</b>
Loss from associates	\$ 15,430	\$ 21,021	\$ 36,451
Deferred tax expense (recovery)	45,338	(36,570)	8,768
Loss attributable to:			
Shareholders	1,009,154	2,575,980	3,585,134
Non-controlling interests	24,289	8,241	32,530
	<b>\$ 1,033,443</b>	<b>\$ 2,584,221</b>	<b>\$ 3,617,664</b>
Exchange differences on translations	\$ 433,002	\$ (96,527)	\$ 336,475
<b>Other comprehensive income (loss)</b>	<b>\$ 323,956</b>	<b>\$ (96,526)</b>	<b>\$ 227,430</b>
Total loss and comprehensive loss (gain) attributable to:			
Shareholders	\$ 685,198	\$ 2,672,506	\$ 3,357,704
Non-controlling interests	24,289	8,241	32,530
	<b>\$ 709,487</b>	<b>\$ 2,680,747</b>	<b>\$ 3,390,234</b>
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02

For the nine month period ended September 30, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of loss:

(vii) Nine months ended September 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ 58,987	\$ 6,283,483	\$ 6,342,430
<b>Loss from operations</b>	<b>\$ 2,957,947</b>	<b>\$ 6,283,483</b>	<b>\$ 9,241,430</b>
Loss from associates	\$ 57,285	\$ 87,745	\$ 145,030
Deferred tax expense (recovery)	48,347	(143,375)	(95,028)
Loss attributable to:			
Shareholders	3,256,806	6,100,323	9,357,129
Non-controlling interests	27,958	51,445	79,403
	<b>\$ 3,284,764</b>	<b>\$ 6,151,768</b>	<b>\$ 9,436,532</b>

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(vii) Nine months ended September 30, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exchange differences on translations	\$ 992,026	\$ (339,981)	\$ 652,045
<b>Other comprehensive income (loss)</b>	<b>\$ 991,773</b>	<b>\$ (339,981)</b>	<b>\$ 651,792</b>
Total loss and comprehensive loss attributable to:			
Shareholders	\$ 2,265,034	\$ 6,440,303	\$ 8,705,337
Non-controlling interests	27,958	51,445	79,403
	<b>\$ 2,292,992</b>	<b>\$ 6,491,748</b>	<b>\$ 8,784,740</b>
Basic and diluted loss per share	\$ 0.02	\$ 0.04	\$ 0.06

**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND 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**

	September 30, 2017	December 31, 2016	January 1, 2016
Sales taxes receivable	\$ 93,913	\$ 527,580	\$ 516,752
Other receivables	76,246	202,641	82,441
Prepayments	126,376	97,368	180,738
	<b>\$ 296,535</b>	<b>\$ 827,589</b>	<b>\$ 779,931</b>

An additional \$948,913 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins, or on sale of the licenses held by Orta Truva (Note 12).

**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 levels 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 either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

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**6. OTHER FINANCIAL ASSETS (continued)**

As at September 30, 2017, Liberty Gold holds Level 1 equity securities with a total fair value of \$379,753 (December 31, 2016: \$616,688). Certain Level 1 securities were sold during the nine month period ended September 30, 2017, for total proceeds \$166,109. Due to a significant, prolonged decline in the market value of certain Level 1 securities, an impairment loss of \$94,364 was recognized during the period, consisting of previously recognized losses in other comprehensive income, in the statement of loss.

The total amount remaining in other comprehensive income relating to available for sale financial instruments as at September 30, 2017 is \$764,763 (December 31, 2016: \$765,016).

**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. Expenditures at Halilağa are recorded in the Company's investment in Truva Bakır, an equity-accounted associate (Note 8).

- (i) The acquisition expenditures relating to the Company's interest in several exploration properties in Nevada and Utah have been aggregated and are described as 'Portfolio Properties' in the tables below for the periods ended September 30, 2016 and 2017, respectively:

	At January 1, 2016 Restated (Note 3)	Additions	Recovery from third party earn-in	At September 30, 2016 Restated (Note 3)
<b>USA</b>				
Kinsley Mountain	\$ 575,838	\$ -	\$ -	\$ 575,838
Goldstrike	8,336,985	150,000	-	8,486,985
Black Pine	-	1,010,926	-	1,010,926
Portfolio Properties (Note 7a)	542,292	-	(257,059)	285,233
<b>Total USA</b>	<b>\$ 9,455,115</b>	<b>\$ 1,160,926</b>	<b>\$ (257,059)</b>	<b>\$ 10,358,982</b>
<b>Turkey</b>				
TV Tower	13,660,257	\$ -	\$ -	13,660,257
<b>Total Turkey</b>	<b>\$ 13,660,257</b>	<b>-</b>	<b>-</b>	<b>\$ 13,660,257</b>
<b>Total</b>	<b>\$ 23,115,371</b>	<b>\$ 1,160,926</b>	<b>\$ (257,059)</b>	<b>\$ 24,019,239</b>

	At December 31, 2016 Restated (Note 3)	Additions	De-recognition of Logan ownership interest	At September 30, 2017 Restated (Note 3)
<b>USA</b>				
Kinsley Mountain	\$ 575,838	\$ -	\$ -	\$ 575,838
Goldstrike	8,486,985	-	-	8,486,985
Black Pine	1,010,926	-	-	1,010,926
Portfolio Properties (Note 7a)	285,233	-	(37,136)	248,097
<b>Total USA</b>	<b>\$ 10,358,982</b>	<b>\$ -</b>	<b>\$ (37,136)</b>	<b>\$ 10,321,846</b>
<b>Turkey</b>				
TV Tower	13,660,257	-	-	13,660,257
<b>Total Turkey</b>	<b>\$ 13,660,257</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,660,257</b>
<b>Total</b>	<b>\$ 24,019,239</b>	<b>\$ -</b>	<b>\$ (37,136)</b>	<b>\$ 23,982,103</b>

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

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**7. EXPLORATION AND EVALUATION ASSETS (continued)****(a) Portfolio Properties, USA**

On July 7, 2016, the Company signed an Option Agreement under which Logan may earn up to an 80% interest in up to four of the Company's nine Portfolio Properties (the "Properties"). Logan may earn an initial 51% interest in four of the nine Properties (the "Selected Properties") by incurring \$1,000,000 in cumulative exploration costs within the first year, and an additional 19% interest in the Selected Properties by incurring an additional \$2,000,000 in exploration expenditures within the first 3 years, and issuing 1,000,000 of its shares to the Company on completion of the 70% earn-in requirement. Logan may earn an additional 10% (to a total of 80%) interest in any of the Selected Properties by completing a prefeasibility study on that Property, prepared in accordance with NI 43-101.

On July 24, 2017, Logan provided the Company with formal notice that it had incurred the \$1,000,000 in cumulative exploration costs required under the Option Agreement and selected to earn an initial 51% interest in Brik, Viper, Easter and Antelope, and released its interest in the remaining five Portfolio Properties (the "Returned Properties"). As a result of the additional earn-in, the Option Agreement required Logan to make a cash payment to the Company equivalent to one year of holding costs for the Properties. At September 30, 2017, Logan had reimbursed the Company \$136,198 relating to holdings costs on the Returned Properties, with an outstanding receivable of \$61,888 relating to holding costs on the Selected Properties. Deferred income of \$75,000 was also recognized as a result of the reimbursement for holdings costs which are not required be paid by the Company until 2018 (Note 9).

Although Logan obtained a controlling (51%) interest in the Selected Properties effective July 24, 2017, certain significant decisions still require unanimous consent from both parties. Therefore, Logan and the Company have joint control over the Selected Properties which are classified as a joint operation. The Company has derecognized Logan's 51% interest in the carrying amounts of the Selected Properties, resulting in an adjustment of \$37,136 during the period ended September 30, 2017 (Note 7i).

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

	Goldstrike	Kinsley Mountain	Black Pine	Portfolio properties	Total USA	TV Tower	Other exploration	Total All
December 31, 2015	\$ 1,348,956	\$ 18,521,242	\$ -	\$ 1,897,418	\$ 21,767,616	\$ 31,764,184	\$ 3,384,094	\$ 56,915,894
Drilling and assays	1,609,566	245,848	-	-	1,855,414	-	-	1,855,414
Wages and salaries	524,184	56,075	26,681	1,227	608,167	241,392	140,149	989,708
Other	881,945	206,440	67,448	61,279	1,217,112	377,965	144,600	1,739,677
September 30, 2016	\$ 4,364,651	\$ 19,029,605	\$ 94,129	\$ 1,959,924	\$ 25,448,309	\$ 32,383,541	\$ 3,668,843	\$ 61,500,693
December 31, 2016	\$ 5,791,570	\$ 19,210,295	\$ 154,568	\$ 1,848,657	\$ 27,005,090	\$ 32,652,947	\$ 3,716,170	\$ 63,374,207
Drilling and assays	2,974,042	210,739	235	-	3,185,017	-	-	3,185,016
Wages and salaries	789,948	35,637	105,549	-	931,134	153,257	27,815	1,112,203
Other	1,124,508	224,209	124,893	2,693	1,476,303	537,775	31,133	2,045,211
<b>September 30, 2017</b>	<b>\$10,680,068</b>	<b>\$ 19,680,880</b>	<b>\$ 385,245</b>	<b>\$ 1,851,350</b>	<b>\$ 32,597,543</b>	<b>\$ 33,343,979</b>	<b>\$ 3,775,118</b>	<b>\$ 69,716,640</b>

Wages and salaries include stock based compensation. Other exploration comprises expenditures on mineral interests prior to obtaining the legal right to explore the area.

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**8. INVESTMENT IN ASSOCIATES***Turkey*

Liberty Gold owns 40% of Halılağa through a 40% ownership stake in Truva Bakır Maden İşletmeleri A.Ş. ("Truva Bakır"), a Turkish company that is controlled (60%) by Teck Madencilik Sanayi Ticaret A.Ş. ("TMST").

	<b>Truva Bakır</b>
At December 31, 2016 (Restated Note 3)	\$ 1,413,687
Share of loss	(145,030)
Funding by the Company	89,955
Foreign exchange differences	90,539
<b>At September 30, 2017</b>	<b>\$ 1,449,151</b>

The summarised financial information for Truva Bakır, on a 100% basis is as follows. The comparative information has been restated to reflect the change in accounting policy (Note 3):

	<b>September 30, 2017</b>	<b>December 31, 2016</b> Restated (Note 3)
Current assets	\$ 302,422	\$ 384,523
Non-current assets	3,487,753	3,306,965
Current liabilities	(147,843)	(157,273)
Non-current liabilities	(19,453)	-
Total net assets	<b>\$ 3,622,879</b>	<b>\$ 3,534,215</b>
% interest held	40%	40%
Company's share of net assets	<b>\$ 1,449,151</b>	<b>\$ 1,413,687</b>

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b> Restated (Note 3)	<b>2017</b>	<b>2016</b> Restated (Note 3)
Loss	\$ 91,128	\$ 52,870	\$ 362,575	\$ 190,295
% interest held	40%	40%	40%	40%
Company's share of loss	<b>\$ 36,451</b>	<b>\$ 21,148</b>	<b>\$ 145,030</b>	<b>\$ 76,118</b>

As at September 30, 2017 the Company's cumulative share of Truva Bakır's losses that are unrecognized is \$2,203,460. These unrecognized losses are recorded against any future profits that Truva Bakır earns.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>January 1, 2016</b>
Trade payables	\$ 749,821	\$ 736,104	\$ 266,870
Accrued liabilities	75,609	82,324	144,240
Deferred income (Note 7a)	75,000	-	-
Decommissioning liability - current	49,000	38,000	10,000
Other payables	24,091	40,869	56,018
	<b>\$ 973,521</b>	<b>\$ 897,297</b>	<b>\$ 477,128</b>

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**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)**

Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30-day terms. Due to the increased scope of the Goldstrike project following the receipt of the Plan of Operations in June of 2017, the current portion of the reclamation liability was increased by \$11,000 during the three months ended September 30, 2017.

**10. DEFERRED TAX LIABILITY**

A deferred tax liability of \$404,982 has been recognised as at September 30, 2017 (December 31, 2016: \$500,010; January 1, 2016: \$nil) arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva.

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

Unlimited common shares with no par value.

*b) Issued*

On July 10, 2017 a total of 121,916 Common Shares were issued towards lease payments on the Goldstrike property, with a total fair value of \$35,000.

On August 8, 2017, a total of 150,000 Common Shares were issued pursuant to a consulting service agreement, with a fair value of C\$0.45 per Common Share, totalling \$53,298.

*c) Stock-based compensation*

For the nine months ended September 30, 2017, the Company charged a total of \$528,298 of stock-based compensation expense to the statement of loss of which \$216,497 is attributed to exploration and evaluation expenditures.

*Liberty Gold Stock Option Plan*

Options granted to date under the Liberty Gold Stock Option Plan (2017), are exercisable over a period of five years. 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:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
	#	C\$
Balance, December 31, 2016	11,390,750	0.68
Options granted	675,000	0.52
Options forfeited	(1,985,000)	0.73
<b>Balance, September 30, 2017</b>	<b>10,080,750</b>	<b>0.63</b>

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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

At September 30, 2017, Liberty Gold had incentive options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

<b>Range of prices</b>	<b>Number of Options outstanding</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price</b>	<b>Number of Options exercisable</b>	<b>Weighted average exercise price of Options exercisable</b>
	<b>#</b>	<b>(in years)</b>	<b>C\$</b>	<b>#</b>	<b>C\$</b>
C\$0.01 to C\$0.99	8,846,250	3.91	0.51	3,530,833	0.51
C\$1.00 to C\$1.99	1,479,500	1.55	1.16	1,369,667	1.17
C\$2.00 to C\$2.99	65,000	0.38	2.00	65,000	2.00
C\$3.00 to C\$3.99	50,000	3.53	3.45	50,000	3.45
	<b>10,080,750</b>	<b>3.55</b>	<b>0.63</b>	<b>5,015,500</b>	<b>0.74</b>

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. For issuances prior to April 2016, we based our expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of our options exceeded our trading history at that time.

The weighted average fair value of options granted during the period determined using Black-Scholes was C\$0.29 per option. The weighted average significant inputs into the model included a share price of C\$0.51 at the grant date, an exercise price of C\$0.52, a volatility of 67%, a dividend yield of 0%, an expected option life of 5 years and an annual risk-free interest rate of 1.18%. A 3.7% forfeiture rate was applied to the option expense.

*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 those granted on December 12, 2016, which vest one third immediately, then in thirds at the end of each following year.

Transactions relating to RSUs are summarised below:

	<b>RSUs</b>
	<b>#</b>
Balance, December 31, 2016	<b>1,137,853</b>
RSUs granted	-
RSUs forfeited or cancelled	(122,679)
RSUs exercised	(66,865)
<b>Balance, September 30, 2017</b>	<b>948,309</b>

<b>Expiry Date</b>	<b>Number of RSUs outstanding</b>	<b>Weighted average remaining contractual life</b>	<b>Number of RSUs exercisable</b>
	<b>#</b>	<b>(in years)</b>	<b>#</b>
December 31, 2018	164,976	1.25	116,472
December 31, 2019	783,333	2.25	255,834
	<b>948,309</b>	<b>2.08</b>	<b>372,306</b>



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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)***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. As at December 31, 2016 and as at September 30, 2017, there were 858,000 DSUs outstanding.

*Warrants*

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

	Number of Warrants	Weighted Average Exercise Price
	#	C\$
Balance, December 31, 2016	20,760,000	0.69
Warrants expired	-	-
Warrants exercised	(420,000)	0.40
<b>Balance, September 30, 2017</b>	<b>20,340,000</b>	<b>0.70</b>

The remaining contractual lives of warrants outstanding as at September 30, 2017 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C\$	#	(in years)
0.40	8,322,500	0.46
0.90	12,017,500	1.62
<b>0.70</b>	<b>20,340,000</b>	<b>1.15</b>

**12. NON-CONTROLLING INTEREST**

The Company holds a 79.1% interest in Kinsley Gold LLC (“KG LLC”), the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property (together, “Kinsley”). The remaining 20.9% interest is held by Intor Resources Corporation. Liberty Gold owns a 60% controlling interest of the TV Tower property through a 60% ownership stake in Orta Truva Madencilik Şanayi ve Ticaret A.Ş (“Orta Truva”). The remaining 40% interest is held by TMST.

Summary financial information for KG LLC and Orta Truva is as set out below, and is shown before intercompany eliminations. The value of the non-controlling interest in Orta Truva has increased by \$93,853 (December 31, 2016: \$394,380) during the period ended September 30, 2017 upon receipt of funding from the non-controlling interest holder, TMST.

Comparative information has been restated to reflect the change in accounting policy as described in Note 3:

## (a) Summarised Balance Sheet

	KG LLC		Orta Truva	
	As at September 30, 2017	As at December 31, 2016 Restated (Note 3)	As at September 30, 2017	As at December 31, 2016 Restated (Note 3)
Current				
Assets	\$ 118,323	\$ 538,959	\$ 261,670	\$ 637,121
Liabilities	(118,468)	(13,881)	(203,929)	(104,630)
Total Current net assets	(145)	525,078	57,741	532,491

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**12. NON-CONTROLLING INTEREST (continued)**

## (a) Summarised Balance Sheet

	<b>KG LLC</b>		<b>Orta Truva</b>	
	<b>As at September 30, 2017</b>	<b>As at December 31, 2016</b> Restated (Note 3)	<b>As at September 30, 2017</b>	<b>As at December 31, 2016</b> Restated (Note 3)
Non-Current				
Assets	\$ 688,029	\$ 688,012	\$ 2,331,790	\$ 2,262,852
Liabilities	(52,800)	(52,800)	(404,981)	(500,010)
Total Non-current net assets	635,229	635,212	1,926,809	1,762,842
<b>Net Assets</b>	<b>\$ 635,084</b>	<b>\$ 1,160,290</b>	<b>\$ 1,984,550</b>	<b>\$ 2,295,333</b>

## (b) Summarised Statement of Loss KG LLC

	<b>KG LLC</b>		<b>KG LLC</b>	
	<b>Three months ended September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)	<b>September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)
Statement of Loss	\$ 113,975	\$ 101,284	\$ 525,206	\$ 571,961
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 113,975</b>	<b>\$ 101,284</b>	<b>\$ 525,206</b>	<b>\$ 571,961</b>

	<b>Orta Truva</b>		<b>Orta Truva</b>	
	<b>Three months ended September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)	<b>September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)
Statement of Loss	\$ 221,596	\$ 267,978	\$ 640,756	\$ 733,013
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 221,596</b>	<b>\$ 267,978</b>	<b>\$ 640,756</b>	<b>\$ 733,013</b>

## (c) Summarised cash flows

	<b>KG LLC</b>		<b>Orta Truva</b>	
	<b>September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)	<b>September 30, 2017</b>	<b>September 30, 2016</b> Restated (Note 3)
Net cash flow from:				
operating activities	\$ (420,636)	\$ (581,465)	\$ (280,979)	\$ (1,511,571)
financing activities	-	435,764	329,972	500,000
investing activities	-	-	-	-
Net increase (decrease) in cash	\$ (420,636)	\$ (145,701)	\$ 48,993	\$ (1,011,571)
Cash at the beginning of the period	537,580	247,414	130,197	1,108,096
<b>Cash at the end of the period</b>	<b>\$ 116,944</b>	<b>\$ 101,713</b>	<b>\$ 179,190</b>	<b>\$ 96,525</b>

**13. COMMITMENTS***Leases*

The Company has entered into operating leases for premises in the United States and Turkey. The lease terms are between two and four years; each lease is renewable at the end of the lease period at the market rate. Office premises and other operating leases in Canada are paid to Oxygen, pursuant to the "Oxygen Agreement."

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**13. COMMITMENTS (continued)**

Upon termination of the Oxygen Agreement, the Company is required to indemnify Oxygen for costs associated with those agreements or obligations that had been executed or incurred by Oxygen in connection with, or related to the services provided to the Company by Oxygen. These amounts, as pertaining to non-cancellable leases, are included in the table below. The aggregate lease expenditure related to Liberty Gold's office premises charged to the statement of loss for the three months ended September 30, 2017 is \$102,567 with an additional \$66,634 in contingent rental expenditures which consist of operating costs.

Total future minimum lease payments, under non-cancellable operating leases as at September 30, 2017 are as follows:

<b>Year</b>	
2017	\$ 74,168
2018	215,852
2019	204,380
2020	206,229
2021+	509,858
	<b>\$ 1,210,487</b>

The Company is also responsible for its share of property taxes and operating costs on office premises leases in Canada, Turkey and the United States.

**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, 2016, Liberty Gold has three geographic locations at September 30, 2017: 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 its associates, which have been disclosed in Notes 7 and 8.

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Canada	\$ 577,305	\$ 743,447	\$ 2,298,959	\$ 2,372,934
USA	2,702,420	1,140,774	6,178,749	4,322,356
Turkey	337,939	202,669	958,824	932,734
	<b>\$ 3,617,664</b>	<b>\$ 2,086,890</b>	<b>\$ 9,436,532</b>	<b>\$ 7,628,024</b>

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

	<b>As at September 30,</b>	<b>As at December 31,</b>	<b>As at January 1,</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
Canada	\$ 87,367	\$ 98,024	\$ 108,603
USA	138,003	139,121	166,500
Turkey	30,851	33,100	47,755
	<b>\$ 256,221</b>	<b>\$ 270,245</b>	<b>\$ 322,858</b>

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

**LIBERTY GOLD CORP.****(An exploration stage company – formerly known as Pilot Gold Inc.)****Notes to the Condensed Interim Consolidated Financial Statements**

Nine months ended September 30, 2017

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

**15. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash financing and investing transactions:

	<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<hr/>		
Non-cash financing and investing transactions:		
Common shares issued in partial consideration in mineral property acquisition	\$ -	\$ (156,600)
Common shares issued towards lease payments on mineral property recognized in income	(35,000)	(35,000)
Common shares issued as consideration for consulting services recognized in income	(53,298)	-
Value of shares received pursuant to Option Agreement (Note 7a)	-	380,886
	<hr/> <b>\$ 88,298</b>	<hr/> <b>\$ 189,286</b>

**16. RELATED PARTY TRANSACTIONS**

In addition to the following, the Company's related parties include its subsidiaries, and associates over which it exercises significant influence. Transactions with the Company's associate are described in Note 8.

*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.

Related party transactions during the nine months ended September 30, 2017 total \$379,285 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at September 30, 2017, Oxygen holds a refundable deposit of \$163,729 on behalf of the Company. Additionally, as at September 30, 2017 the Company held a payable to Oxygen of \$76,159, that was settled subsequent to September 30, 2017. See also Note 13 for details on commitments related to lease arrangements.

*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:

	<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<hr/>		
Salaries and other short-term employee benefits	\$ 774,551	\$ 736,689
Share-based payments	247,819	498,008
<b>Total</b>	<hr/> <b>\$ 1,022,370</b>	<hr/> <b>\$ 1,234,697</b>