



**Liberty Gold Corp.**

An exploration stage company

**Condensed Interim Consolidated Financial Statements**

**Nine months ended September 30, 2020**

(Expressed in US Dollars)

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

	As at September 30, 2020	As at December 31, 2019
	\$	\$
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents	17,401,104	14,367,657
Short term investments	95,188	96,367
Receivables and prepayments (Note 6)	171,158	183,702
Receivable on Halilaga Transaction (Note 6)	5,743,472	-
	<u>23,410,922</u>	<u>14,647,726</u>
Assets classified as held for sale (Note 7)	702,680	2,248,618
<b>Total current assets</b>	<u>24,113,602</u>	<u>16,896,344</u>
<i>Non-current assets</i>		
Receivable on Halilaga Transaction (Note 6)	5,287,143	-
Other financial assets (Note 8)	3,380,324	106,799
Deposits	345,340	353,086
Sales taxes receivable (Note 6)	483,544	603,122
Plant and equipment	627,464	743,720
Exploration and evaluation assets (Note 9a)	23,406,265	23,406,265
<b>Total non-current assets</b>	<u>33,530,080</u>	<u>25,212,992</u>
<b>Total assets</b>	<u>57,643,682</u>	<u>42,109,336</u>
<b>Liabilities and Shareholders' Equity</b>		
<i>Current liabilities</i>		
Consideration towards the sale of Kinsley (Note 7)	4,154,236	-
Consideration towards the sale of Halilaga	-	4,000,000
Accounts payable and accrued liabilities (Note 10)	1,427,665	1,063,186
Lease liabilities	174,187	217,654
	<u>5,756,088</u>	<u>5,280,840</u>
Liabilities directly associated with assets classified as held for sale (Note 7)	122,500	122,500
<b>Total current liabilities</b>	<u>5,878,588</u>	<u>5,403,340</u>
<i>Non-current liabilities</i>		
Lease liabilities	320,922	369,366
Deferred tax liabilities (Note 11)	2,062,960	1,606,497
Other liabilities (Note 10)	20,792	22,042
<b>Total non-current liabilities</b>	<u>2,404,674</u>	<u>1,997,905</u>
<i>Shareholders' equity</i>		
Share capital (Note 12)	197,059,344	192,753,629
Contributed surplus (Note 12)	30,035,005	29,558,938
Accumulated other comprehensive loss	(9,656,694)	(9,478,048)
Accumulated deficit	(175,937,034)	(186,642,351)
<b>Total shareholders' equity</b>	<u>41,500,621</u>	<u>26,192,168</u>
Non controlling interest (Note 13)	7,859,799	8,515,923
<b>Total liabilities and shareholders' equity</b>	<u>57,643,682</u>	<u>42,109,336</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 November 13, 2020.

"Donald McInnes", Director

"Sean Tetzlaff", Director

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Operating expenses</b>				
Exploration and evaluation expenditures (Note 9b)	(3,577,995)	(2,348,503)	(7,124,904)	(4,982,006)
Stock based compensation (Note 12b)	(258,296)	(61,425)	(1,074,539)	(183,574)
Wages and benefits	(346,598)	(298,964)	(980,290)	(995,723)
Office and general	(168,371)	(192,992)	(494,594)	(563,426)
Investor relations, promotion and advertising	(58,063)	(83,480)	(261,230)	(207,856)
Professional fees	(59,796)	(55,970)	(214,354)	(190,306)
Depreciation	(70,494)	(66,290)	(198,348)	(194,776)
Listing and filing fees	(10,268)	(236)	(39,366)	(37,751)
<b>Loss from operations</b>	<b>(4,549,881)</b>	<b>(3,107,860)</b>	<b>(10,387,625)</b>	<b>(7,355,418)</b>
<b>Other income (expenses)</b>				
Net gain on sale of interest in Halilaga (Note 6)	19,101,153	-	19,101,153	-
Net gain on sale of Net Profit Interest (Note 9b)	-	-	1,374,376	-
Consideration towards purchase-option agreement (Note 9b)	-	-	158,238	-
Other income	13,395	14,255	33,293	67,921
Finance income	15,288	33,705	104,169	46,460
Net gain (loss) on sale of other financial assets (Note 8)	(112,394)	-	83,175	-
Finance income on the Halilaga Transaction (Note 6)	80,858	-	80,858	-
Change in fair value of other financial assets (Note 8)	(1,825,074)	(78,516)	(97,149)	(181,249)
Foreign exchange gains (losses)	(93,593)	120,961	32,168	124,726
Loss from associates (Note 7)	-	(29,840)	-	(94,595)
	17,179,633	60,565	20,870,281	(36,737)
Net income (loss) before tax	12,629,752	(3,047,295)	10,482,656	(7,392,155)
Income tax recovery (expense)	(186,706)	70,465	(456,463)	(84,379)
<b>Net income (loss) for the period</b>	<b>12,443,046</b>	<b>(2,976,830)</b>	<b>10,026,193</b>	<b>(7,476,534)</b>
<b>Net income (loss) attributable to:</b>				
Shareholders	12,866,227	(2,931,164)	10,705,317	(7,182,268)
Non-controlling interests (Note 13)	(423,181)	(45,666)	(679,124)	(294,266)
	12,443,046	(2,976,830)	10,026,193	(7,476,534)
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to net income				
Exchange gains (losses) on translations	519,575	(197,218)	(178,646)	38,822
Other comprehensive income (loss) for the period, net of tax	519,575	(197,218)	(178,646)	38,822
<b>Total income (loss) and comprehensive income (loss) for the period</b>	<b>12,962,621</b>	<b>(3,174,048)</b>	<b>9,847,547</b>	<b>(7,437,712)</b>
<b>Net income (loss) attributable to:</b>				
Shareholders	13,385,802	(3,128,382)	10,526,671	(7,143,446)
Non-controlling interests	(423,181)	(45,666)	(679,124)	(294,266)
<b>Total net income (loss) and comprehensive income (loss) for the period</b>	<b>12,962,621</b>	<b>(3,174,048)</b>	<b>9,847,547</b>	<b>(7,437,712)</b>
<b>Net income (loss) per share</b>				
Basic and diluted income (loss) per share	\$ 0.05	\$ (0.01)	\$ 0.04	\$ (0.03)
Weighted average number of Common Shares				
Basic and diluted	246,661,805	214,183,698	244,280,517	209,422,347

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, 2018	206,189,175	179,702,675	29,165,756	(9,639,935)	(175,059,401)	24,169,095	8,765,515	32,934,610
Bought deal financing (Note 13b)	28,800,000	12,033,969	-	-	-	12,033,969	-	12,033,969
Share issue costs (Note 13b)	-	(919,999)	-	-	-	(919,999)	-	(919,999)
Other share issuances (Note 13b)	72,927	30,000	-	-	-	30,000	-	30,000
RSU and Warrant exercises (Note 13c)	1,929,240	705,958	(461,117)	-	-	244,841	-	244,841
Stock based compensation (Note 13c)	-	-	265,312	-	-	265,312	-	265,312
Contributions by non-controlling interest	-	-	-	-	-	-	194,620	194,620
Cumulative translation adjustment	-	-	-	38,822	-	38,822	-	38,822
Net loss for the period	-	-	-	-	(7,182,268)	(7,182,268)	(294,266)	(7,476,534)
Balance as at September 30, 2019	236,991,342	191,552,603	28,969,951	(9,601,113)	(182,241,669)	28,679,772	8,665,869	37,345,641
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 (Note 12b)	7,822,601	4,305,715	(865,512)	-	-	3,440,203	-	3,440,203
Stock based compensation (Note 12b)	-	-	1,341,579	-	-	1,341,579	-	1,341,579
Contributions by non-controlling interest	-	-	-	-	-	-	23,000	23,000
Cumulative translation adjustment	-	-	-	(494,221)	-	(494,221)	-	(494,221)
Reclassification of previously recognised cumulative translation adjustment (Note 6)	-	-	-	315,575	(315,575)	-	-	-
Net income for the period	-	-	-	-	11,020,892	11,020,892	(679,124)	10,341,768
Balance as at September 30, 2020	247,104,860	197,059,344	30,035,005	(9,656,694)	(175,937,034)	41,500,621	7,859,799	49,360,420

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)**

	Nine months ended September 30,	
	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Income (loss) for the period	10,026,193	(7,476,534)
Adjusted for:		
Stock based compensation (Note 12b)	1,341,579	265,312
Deferred tax expense	456,463	84,379
Depreciation	200,132	197,007
Foreign exchange not related to cash	240,657	(162,531)
Finance income on the Halilağa Transaction (Note 6)	(80,858)	-
Other non-cash items on the statement of loss	31,827	4,584
Change in fair value, impairment and gains on disposal of financial instruments	13,974	181,249
Net gain on sale of interest in Halilağa (Note 6)	(19,101,153)	-
Net gain on sale of Net Profit Interest (Note 9b)	(1,374,376)	-
Consideration towards purchase-option agreement (Note 9b)	(158,238)	-
Share issuance in relation to mineral properties	-	30,000
Loss from associates	-	94,595
Movements in working capital:		
Accounts receivable and prepayments	(53,542)	(167,146)
Accounts payable and other liabilities	399,668	546,925
Net cash outflow due to operating activities	<u>(8,057,674)</u>	<u>(6,402,160)</u>
<b>Cash flows from financing activities</b>		
Cash received from exercise of share based payments and warrants	3,440,203	204,998
Contributions from non-controlling interest (Note 13)	23,000	194,620
Principal payments on lease liabilities	(163,249)	(141,389)
Interest payments on lease liabilities	(35,077)	(46,167)
Share issue costs from bought deal financing	-	(919,999)
Gross proceeds from bought deal private placement	-	12,033,969
Net cash inflow from financing activities	<u>3,264,877</u>	<u>11,326,032</u>
<b>Cash flows from investing activities</b>		
Closing consideration on sale of Halilağa, net of selling costs (Note 6)	5,971,778	-
Consideration towards Kinsley purchase-option agreement (Note 7)	1,374,570	-
Consideration on sale of Net Profit Interest, net of selling costs (Note 9b)	787,379	-
Proceeds from sale of other financial assets (Note 8)	418,530	-
Consideration towards purchase-option agreement (Note 9b)	25,000	-
Purchase of other financial assets (Note 8)	(127,069)	-
Purchase and proceeds of sale of property and equipment	(10,709)	(6,556)
Funding to Associates	-	(48,000)
Net cash inflow (outflow) due to investing activities	<u>8,439,479</u>	<u>(54,556)</u>
Effect of foreign exchange rates	<u>(615,277)</u>	<u>211,190</u>
Net increase (decrease) in cash and cash equivalents	3,031,405	5,080,506
Less: net increase in cash and cash equivalents from assets classified as held for sale	2,042	-
Cash and cash equivalents at beginning of the period	14,367,657	7,783,601
Cash and cash equivalents at end of the period	<u>17,401,104</u>	<u>12,864,107</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**

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

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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, 2020 (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, 2019 (“Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

#### **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, except for those described below:

- (i) *Fair value measurement on consideration towards the Kinsley purchase-option agreement:* The Company has applied estimates in determining the fair value of the consideration received from New Placer Dome Corp. as consideration towards the Kinsley purchase-option agreement, and its classification as a financial instrument at fair value through profit and loss.
- (ii) *Fair value measurement on recognition of guaranteed staged payments on the sale of Halilağa:* The Company has applied estimates in determining the fair value on initial recognition of the guaranteed payments to be received from Cengiz Holdings A.Ş. (“Cengiz”) as consideration on the sale of its interest in the Halilağa property.

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**5. THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC**

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (COVID-19). The expected impacts on global commerce are anticipated to be far reaching. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company are not yet determinable; however they may have an adverse impact on the Company's financial position, results of operations and cash flows in 2020. In particular, there may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.

During the period ended September 30, 2020, the Company has made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. This includes the adoption of a work from home and no-fly policy for the Company's office employees in early March, and the establishment of strict internal and external protocols for our employees, contractors and associates at our exploration properties. As at September 30, 2020, there has been no material impact to the Company.

**6. RECEIVABLES AND PREPAYMENTS**

	September 30, 2020	December 31, 2019
Sales taxes receivable	\$ 13,068	\$ 22,840
Other receivables	2,522	35,488
Prepayments	155,568	125,374
	<b>\$ 171,158</b>	<b>\$ 183,702</b>

An additional \$483,544 in sales taxes receivable is classified as non-current and is expected to be recoverable when production begins, at or upon the sale of TV Tower (December 31, 2019: \$603,122). Receivables and prepayments associated with the asset held for sale are described in Note 7.

*(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 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.

In addition to the receipt of a non-refundable deposit of \$4,000,000 in November 2019, pursuant to the terms of the Halilağa Transaction, the Company received \$6,000,000 on August 12, 2020. The Company will receive the remaining \$12,000,000 in guaranteed staged payments of which, \$6,000,000 is due on August 15, 2021 and \$6,000,000 is due on August 15, 2022.

The guaranteed staged payments due on August 15, 2021 and August 15, 2022 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. They are classified as level 3 fair values in the fair value hierarchy as there is no observable market data available.

At September 30, 2020, the guaranteed receivables have a carrying value of \$5,743,472 and \$5,287,143 for the payments due on August 15, 2021 and August 15, 2022, respectively. Finance income on the Halilağa Transaction of \$80,858 has been recognised in the statement of income (loss) in the nine month period ended September 30, 2020.

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**6. RECEIVABLES AND PREPAYMENTS**

The Company recognized a net gain on the sale of its interest in the Halilağa property in the nine month period ended September 30, 2020 and is comprised of the following:

Cash consideration on closing date	\$ 6,000,000
Reclass of current liability (non-refundable deposit received November 18, 2019)	4,000,000
Guaranteed staged payments	12,000,000
Less:	
Carrying value of investment in Truva Bakir	(1,504,807)
Discount applied to guaranteed staged payments	(1,050,243)
Reclass of cumulative translation adjustment from equity	(315,575)
Selling costs	(28,222)
<b>Net gain recognised on sale of interest in Halilağa</b>	<b>\$ 19,101,153</b>

**7. ASSETS HELD FOR SALE**

<b>As at September 30, 2020</b>	<b>Halilaga</b>	<b>Kinsley</b>	<b>Total</b>
Assets classified as held for sale	\$ -	\$ 702,680	\$ 702,680
Liabilities directly associated with assets classified as held for sale	\$ -	\$ 122,500	\$ 122,500
<b>As at December 31, 2019</b>	<b>Halilaga</b>	<b>Kinsley</b>	<b>Total</b>
Assets classified as held for sale	\$ 1,538,626	\$ 709,992	\$ 2,248,618
Liabilities directly associated with assets classified as held for sale	\$ -	\$ 122,500	\$ 122,500

**(a) Assets and liabilities of Kinsley disposal group**

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 the Kinsley Mountain Gold Project in Nevada ("Kinsley") to New Placer Dome Corp. ("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").

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 subject to final approval of the Kinsley Transaction by the TSX Venture Exchange,
- 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.



**LIBERTY GOLD CORP.**  
**(An exploration stage company)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
 Nine months ended September 30, 2020  
 (Expressed in United States Dollars, unless otherwise noted)

**7. ASSETS HELD FOR SALE (continued)**

At September 30, 2020, 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 <sup>1</sup>	2,722,992
<b>Consideration towards the sale of Kinsley at June 2, 2020</b>	<b>\$ 4,097,562</b>
Foreign exchange differences	56,674
<b>Consideration towards the sale of Kinsley at September 30, 2020</b>	<b>\$ 4,154,236</b>

<sup>1</sup> Acquisition of 8,844,124 common shares in New Placer Dome, representing 9.9% of New Placer Dome's issued and outstanding common shares.

The Initial Option Payment received has been recorded as a non-current liability as at September 30, 2020. 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.

At September 30, 2020, Kinsley was stated at carrying value and comprised of the following assets and liabilities:

Cash and cash equivalents	\$ 100
Receivables and prepayments	1,379
Exploration and evaluation assets	575,838
Deposits	125,363
<b>Assets held for sale</b>	<b>\$ 702,680</b>
Other liabilities	122,500
<b>Liabilities held for sale</b>	<b>\$ 122,500</b>

Kinsley is included within the United States geographical segment.

(a) Cumulative income or expenses

There are no cumulative income or expenses recognized in the statement of loss relating to the disposal groups since being designated as held for sale.

**8. OTHER FINANCIAL ASSETS**

From time to time, the Company may make strategic investments in other private or publicly traded entities. These investments are treated as long-term investments and may take the form of common shares or share purchase warrants. Inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement are summarized in the three level hierarchies below:

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

As at September 30, 2020, Liberty Gold holds equity securities with a total fair value of \$3,380,324 (December 31, 2019: \$106,799), of which \$2,326,687 in fair value is attributable to Level 1 equity securities and \$1,053,637 is attributable to Level 2 equity securities.

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

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

During the nine month period ended September 30, 2020, the Company received 2,500,000 common shares of Fremont Gold Ltd. ("Fremont"), 8,844,124 common shares in New Placer Dome (Note 7) and 2,000,000 share purchase warrants ("Ely Gold Warrants") of Ely Gold Royalties, Inc. ("Ely Gold") (Note 9b).

The 2,500,000 common shares of Fremont and the 8,844,124 common shares of New Placer Dome are a Level 1 measurement as per the fair value hierarchy summarized above and a fair value of \$168,372 and \$1,985,476, respectively, as at September 30, 2020.

The Level 2 fair value of the 1,600,000 Ely Gold Warrants as at September 30, 2020 is \$1,053,637 and has been derived using Black-Scholes. The key inputs under this approach included the share price at the period end date, the exercise price per the agreement, expected volatility, dividend yield, expected life, and the annual risk-free interest rate.

During the nine month period ended September 30, 2020, the Company recognized a \$83,175 gain on the exercise of warrants, and a \$97,149 loss on the change in fair value of other financial assets.

**9. EXPLORATION AND EVALUATION ASSETS**

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

(a) The acquisition expenditures relating to the Company's interest in eight exploration properties in Nevada and Utah have been aggregated and are described as 'Portfolio Properties' in the tables below.

There were no additions during the nine months ended September 30, 2020, or in the year ended December 31, 2019:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
<b>USA</b>		
Goldstrike	\$ 8,486,985	\$ 8,486,985
Black Pine	1,010,927	1,010,927
Portfolio Properties (Note 9b)	248,097	248,097
<b>Total USA</b>	<b>\$ 9,746,009</b>	<b>\$ 9,746,009</b>
<b>Turkey</b>		
TV Tower	\$ 13,660,256	\$ 13,660,256
<b>Total Turkey</b>	<b>\$ 13,660,256</b>	<b>\$ 13,660,256</b>
<b>Total</b>	<b>\$ 23,406,265</b>	<b>\$ 23,406,265</b>

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**9. EXPLORATION AND EVALUATION ASSETS**

(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	Kinsley Mountain	Portfolio properties	Total USA	TV Tower	Other Exploration	Total
December 31, 2018	\$ 1,483,774	\$ 17,174,228	\$ 20,376,305	\$ 2,508,608	\$ 41,542,915	\$ 34,090,058	\$ 3,546,102	\$ 79,179,075
Drilling and assays	1,738,483	427,248	-	-	2,165,731	-	-	2,165,731
Wages and salaries	354,352	219,075	26,716	-	600,143	50,946	23,036	674,125
PEA and 43-101	38,305	41,109	-	-	79,414	-	-	79,414
Other	635,262	691,014	331,800	26,244	1,684,320	319,023	59,393	2,062,736
<b>September 30, 2019</b>	<b>\$ 4,250,176</b>	<b>\$ 18,552,674</b>	<b>\$ 20,734,821</b>	<b>\$ 2,534,852</b>	<b>\$ 46,072,523</b>	<b>\$ 34,460,027</b>	<b>\$ 3,628,531</b>	<b>\$ 84,161,081</b>
December 31, 2019	\$ 6,282,814	\$ 18,617,650	\$ 21,007,717	\$ 2,539,841	\$ 48,448,022	\$ 34,363,261	\$ 3,671,218	\$ 86,482,501
Drilling and assays	3,427,488	9,198	-	-	3,436,686	100,653	-	3,537,339
Wages and salaries	1,039,210	55,216	3,405	9,198	1,107,029	58,321	6,579	1,171,929
Annual license fees	162,548	142,656	-	8,910	314,114	-	-	314,114
Metallurgy	445,907	788	-	-	446,695	-	-	446,695
Other	1,183,514	238,259	-	938	1,422,711	197,679	34,437	1,654,827
<b>September 30, 2020</b>	<b>\$ 12,541,481</b>	<b>\$ 19,063,767</b>	<b>\$ 21,011,122</b>	<b>\$ 2,558,887</b>	<b>\$ 55,175,257</b>	<b>\$ 34,719,914</b>	<b>\$ 3,712,234</b>	<b>\$ 93,607,405</b>

Wages and salaries include stock based compensation. Other Exploration comprises exploration expenditures on mineral interests that the Company does not hold the rights to.

*(i) 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"). In the nine month period ended September 30, 2020, the Company received \$25,000 and 2,500,000 common shares in Fremont as part of the Griffon Agreement. The fair value of the 2,500,000 common shares of Fremont was \$133,238 on the date of acquisition.

Terms of the 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),
- \$50,000 and the number of Fremont common shares that will bring the Company's total ownership of Fremont's issued and outstanding common shares to 9.9% on the first anniversary of the Execution Date,
- \$50,000 on the second anniversary of the Execution Date,
- \$75,000 on the third anniversary of the Execution Date,
- \$100,000 on the fourth anniversary of the Execution Date, and
- 1% NSR which may be repurchased by Fremont for \$1,000,000

*(ii) Other Exploration*

On March 12, 2020, the Company announced the close of the sale of its Net Profit Interest ("NPI") in the Regent Hill Property, Nevada to Ely Gold. Upon close of the sale, the Company received \$800,000 and 2,000,000 Ely Gold Warrants, exercisable at C\$0.43 per warrant until December 18, 2021. The fair value of the 2,000,000 Ely Gold Warrants was \$586,997 on the date of acquisition. The gain recognized on the sale of the NPI in the Regent Hill Property, net of professional fees, is \$1,374,376.

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Trade payables	\$ 864,281	\$ 620,781
Decommissioning liability - current	344,300	294,300
Accrued liabilities	204,703	136,332
Other payables	14,381	11,773
	<b>\$ 1,427,665</b>	<b>\$ 1,063,186</b>

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

Other liabilities as at September 30, 2020 include a decommissioning liability of \$122,500 (December 31, 2019: \$122,500) relating to the Kinsley property, and is further described in the assets held for sale note (Note 7).

**11. DEFERRED TAX LIABILITY**

A deferred tax liability of \$2,062,960 has been recognised as at September 30, 2020 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2019: \$1,606,497).

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

Unlimited Common Shares with no par value.

*(b) Stock-based compensation*

For the nine months ended September 30, 2020, the Company charged a total of \$1,341,579 of stock-based compensation expense to the statement of loss (nine months ended September 30, 2019: \$265,312) of which \$267,040 is attributed to exploration and evaluation expenditures (nine months ended September 30, 2019: \$81,738).

*i) Stock Options*

Options granted under the Liberty Gold Stock Option Plan (2020) 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, 2019	16,637,083	0.59
Options granted	525,000	1.66
Options expired	(167,000)	1.14
Options forfeited	(134,999)	0.63
Options exercised	(618,751)	0.61
<b>Balance, September 30, 2020</b>	<b>16,241,333</b>	<b>0.62</b>

The weighted average share price at the date of exercise for share options exercised during the period is C\$1.47.

**LIBERTY GOLD CORP.**

**(An exploration stage company)**

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

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

At September 30, 2020, 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 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	15,666,333	2.32	0.57	10,887,005	0.53
C\$1.00 to C\$1.99	350,000	4.45	1.40	300,000	1.38
C\$3.00 to C\$3.99	225,000	3.83	2.46	125,000	2.73
	<b>16,241,333</b>	<b>2.38</b>	<b>0.62</b>	<b>11,312,005</b>	<b>0.57</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.

The weighted average fair value of options granted during the nine months ended September 30, 2020 determined using Black-Scholes was C\$0.85 per option. The weighted average significant inputs into the model included a share price of C\$1.66 at the grant date, an exercise price of C\$1.66, a volatility of 60%, a dividend yield of 0%, an expected option life of 5 years and an annual risk-free interest rate of 0.91%. A weighted average 3.09% forfeiture rate was applied to the option expense.

*ii) Restricted Share Units*

RSUs granted under the Liberty Gold RSU Plan to employees and service providers of the Company vest in thirds at the end of each year from the date of grant, with the exception of a portion of those granted which vest immediately, including the 35,885 RSUs granted on August 14, 2020.

Transactions relating to RSUs are summarised as follows:

	RSUs
	#
Balance, January 1, 2020	2,696,693
RSUs granted	35,885
RSUs forfeited	(20,000)
RSUs exercised	(247,250)
<b>Balance, September 30, 2020</b>	<b>2,465,328</b>

Expiry Date	Number of RSUs outstanding	Weighted average remaining contractual life	Number of RSUs vested
	#	(in years)	#
December 31, 2020	642,500	0.25	642,500
December 31, 2021	905,000	1.25	905,000
December 31, 2022	881,943	2.25	226,943
December 31, 2023	35,885	3.25	35,885
	<b>2,465,328</b>	<b>1.38</b>	<b>1,810,328</b>

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)***iii) Deferred Share Units*

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

Transactions relating to DSUs are summarised as follows:

	<b>DSUs</b>
	#
Balance, January 1, 2020	1,683,000
DSUs granted	432,499
<b>Balance, September 30, 2020</b>	<b>2,115,499</b>

Subsequent to the period ended September 30, 2020, 18,487 DSUs were granted to Directors of the Company.

*iv) Warrants*

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

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
	#	C\$
Balance, January 1, 2020	38,905,213	0.62
Warrants exercised	(6,956,600)	0.61
<b>Balance, September 30, 2020</b>	<b>31,948,613</b>	<b>0.62</b>

The remaining contractual lives of warrants outstanding as at September 30, 2020 are as follows:

<b>Weighted average exercise price</b>	<b>Number of warrants outstanding</b>	<b>Weighted average remaining contractual life</b>
C\$	#	(in years)
0.65	10,788,863	0.32
0.60	21,159,750	1.00
<b>0.62</b>	<b>31,948,613</b>	<b>0.77</b>

**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.

Liberty Gold owns a 60.3% controlling interest of the TV Tower property through a 60% ownership stake in Orta Truva. The remaining 39.7% 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 loss in Orta Truva relates to exploration and evaluation expenditures, foreign exchange and the deferred tax expense.

**LIBERTY GOLD CORP.**

**(An exploration stage company)**

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

Nine months ended September 30, 2020

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

(a) Summarised Balance Sheet

	KG LLC		Orta Truva	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Current				
Assets	\$ 1,479	\$ 3,521	\$ 550,815	\$ 88,149
Liabilities	(76,660)	(213,302)	(239,673)	(108,806)
Total Current net assets (liabilities)	\$ (75,181)	\$ (209,781)	\$ 311,142	\$ (20,657)
Non-Current				
Assets	\$ 701,202	\$ 701,181	\$ 1,854,944	\$ 1,979,018
Liabilities	(122,500)	(122,500)	(2,062,960)	(1,606,497)
Total Non-current net assets (liabilities)	\$ 578,702	\$ 578,681	\$ (208,016)	\$ 372,521
<b>Net Assets</b>	<b>\$ 503,521</b>	<b>\$ 368,900</b>	<b>\$ 103,126</b>	<b>\$ 351,864</b>

(b) Summarised Statement of Loss

	KG LLC		Orta Truva	
	Three months ended September 30, 2020	Three months ended September 30, 2019	Three months ended September 30, 2020	Three months ended September 30, 2019
Statement of Loss	\$ 1,182,233	\$ 134,356	\$ 470,667	\$ 43,964
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 1,182,233</b>	<b>\$ 134,356</b>	<b>\$ 470,667</b>	<b>\$ 43,964</b>

	KG LLC		Orta Truva	
	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Statement of Loss	\$ 1,493,795	\$ 395,390	\$ 957,723	\$ 529,073
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 1,493,795</b>	<b>\$ 395,390</b>	<b>\$ 957,723</b>	<b>\$ 529,073</b>

(c) Summarised cash flows

	KG LLC		Orta Truva	
	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net cash flow from:				
operating activities	\$ (1,630,458)	\$ (285,816)	\$ (248,039)	\$ (461,732)
financing activities	1,628,416	270,000	708,880	486,551
Net increase (decrease) in cash	\$ (2,042)	\$ (15,816)	\$ 460,841	\$ 24,819
Cash at the beginning of the year	2,142	43,466	87,110	109,696
<b>Cash as at September 30, 2020</b>	<b>\$ 100</b>	<b>\$ 27,650</b>	<b>\$ 547,951</b>	<b>\$ 134,515</b>

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

Nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise noted)

**14. COMMITMENTS***Leases*

Upon adoption of IFRS 16, the Company recognized a right-of-use asset and a lease liability at the lease commencement date for certain contracts.

Total future minimum lease payments, for agreements outside the scope of IFRS 16, as at September 30, 2020 are as follows:

<b>Year</b>	
2020	\$ 15,612
2021	62,446
2022	41,068
2023+	-
	<b>\$ 119,126</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.

**15. 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, 2019, Liberty Gold has three geographic locations at September 30, 2020: 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 group held for sale, which have been disclosed in Notes 9 and 7, respectively.

The net income (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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Canada	\$ 16,533,688	\$ (633,599)	\$ 16,533,593	\$ (1,961,131)
USA	(3,597,149)	(2,332,893)	(5,623,609)	(4,943,573)
Turkey	(493,493)	(10,338)	(883,791)	(571,830)
	<b>\$ 12,443,046</b>	<b>\$ (2,976,830)</b>	<b>\$ 10,026,193</b>	<b>\$ (7,476,534)</b>

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

	<b>September 30,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Canada	\$ 378,284	\$ 458,571
USA	217,717	253,190
Turkey	21,463	31,959
	<b>\$ 627,464</b>	<b>\$ 743,720</b>

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



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

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(Expressed in United States Dollars, unless otherwise noted)

**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.

*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 nine month period ended September 30, 2020 total \$420,088 in expenditures, reflected in the Company's condensed interim consolidated statement of income (loss) and comprehensive income (loss) (nine months ended September 30, 2019: \$454,175). As at September 30, 2020, Oxygen holds a refundable deposit of \$122,522 on behalf of the Company (September 30, 2019: \$123,665). Additionally, as at September 30, 2020 the Company held a payable to Oxygen of \$47,190, that was settled subsequent to period end (September 30, 2019: \$53,378).

*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>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salaries and other short-term employee benefits	\$ 256,522	\$ 252,914	\$ 762,690	\$ 747,702
Share-based payments	167,109	31,186	872,573	120,501
<b>Total</b>	<b>\$ 423,631</b>	<b>\$ 284,100</b>	<b>\$ 1,635,263</b>	<b>\$ 868,203</b>

**17. SUBSEQUENT EVENTS**

Subsequent to period end, on November 12, 2020 pursuant to an option agreement on the Baxter Spring gold project ("Baxter Option Agreement") between the Company and Huntsman Exploration Inc. ("Huntsman"), the Company received \$250,000 in cash and 14,986,890 common shares in Huntsman ("Huntsman Shares") equal to 19.5% of the issued and outstanding Huntsman Shares, subject to a 12 month hold period. Pursuant to the Baxter Option Agreement, a final payment of \$250,000 is due on November 12, 2021. The Huntsman Shares have a fair value of \$2,916,971 on the date of acquisition.