



Liberty Gold Corp.

(formerly known as Pilot Gold Inc.)

An exploration stage company

Condensed Interim Consolidated Financial Statements

Three months ended March 31, 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 March 31, 2017	As at December 31, 2016 (restated Note 3)	As at January 1, 2016 (restated Note 3)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Assets			
<i>Current assets</i>			
Cash and cash equivalents	10,700,919	12,374,010	7,811,674
Short term investments	95,237	94,881	100,743
Receivables and prepayments (Note 5)	183,966	827,589	779,931
Total current assets	<u>10,980,122</u>	<u>13,296,480</u>	<u>8,692,348</u>
<i>Non-current assets</i>			
Other financial assets (Note 6)	615,699	616,688	309,406
Deposits	345,182	325,752	1,408,469
Sales taxes receivable	931,479	938,858	1,128,963
Plant and equipment	260,446	270,245	322,858
Exploration and evaluation assets (Note 7)	24,019,239	24,019,239	23,115,371
Investment in associates (Note 8)	1,432,430	1,413,687	1,417,300
Total non-current assets	<u>27,604,475</u>	<u>27,584,469</u>	<u>27,702,367</u>
Total assets	<u>38,584,597</u>	<u>40,880,949</u>	<u>36,394,715</u>
Liabilities and Shareholders' Equity			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities (Note 9)	622,665	897,297	477,128
Total current liabilities	<u>622,665</u>	<u>897,297</u>	<u>477,128</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities (Note 10)	575,245	500,010	-
Other liabilities	85,894	84,770	129,536
Total non-current liabilities	<u>661,139</u>	<u>584,780</u>	<u>129,536</u>
<i>Shareholders' equity</i>			
Share capital (Note 11)	166,833,139	166,756,042	155,186,833
Warrants issued (Note 11)	8,358,811	8,364,686	6,352,365
Contributed surplus (Note 11)	15,133,442	14,953,822	13,857,138
Accumulated other comprehensive loss	(8,170,348)	(8,294,288)	(8,849,498)
Accumulated deficit	(154,803,407)	(152,290,074)	(140,778,478)
Total shareholders' equity	<u>27,351,637</u>	<u>29,490,188</u>	<u>25,768,360</u>
Non controlling interest (Note 12)	9,949,156	9,908,684	10,019,691
Total liabilities and shareholders' equity	<u>38,584,597</u>	<u>40,880,949</u>	<u>36,394,715</u>

The notes on pages 5 to 12 are an integral part of these consolidated financial statements.

These financial statements are approved by the board and authorised for issue on May 15, 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 March 31,	
	2017	2016 (restated Note 3)
	<u>\$</u>	<u>\$</u>
Operating expenses		
Exploration and evaluation expenditures (Note 7)	1,355,469	927,468
Wages and benefits	325,193	527,884
Office and general	258,567	390,602
Investor relations, promotion and advertising	201,504	49,807
Stock based compensation (Note 11)	159,277	292,250
Professional fees	110,231	99,152
Listing and filing fees	22,594	32,818
Depreciation	15,470	18,561
	<u>2,448,305</u>	<u>2,338,542</u>
Other income (expenses)		
Foreign exchange losses	(77,317)	(101,553)
Loss from associates (Note 8)	(23,134)	(30,316)
Change in fair value and impairment of financial instruments	(1,133)	(90,595)
Other net income	3,472	3,059
Finance income	23,787	7,221
Net gain on sale of financial instruments (Note 6)	26,152	-
	<u>(48,173)</u>	<u>(212,184)</u>
Loss before tax	2,496,478	2,550,726
Income tax expense (Note 10)	75,235	-
	<u>2,571,713</u>	<u>2,550,726</u>
Loss for the period	<u>2,571,713</u>	<u>2,550,726</u>
Loss attributable to:		
Shareholders	2,513,333	2,437,931
Non-controlling interests	58,380	112,795
	<u>2,571,713</u>	<u>2,550,726</u>
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Exchange differences on translations	121,815	551,385
Net fair value gain on financial assets	20,471	67,045
Amounts reclassified into net loss on impairment or sale of financial assets	(18,346)	18,954
	<u>123,940</u>	<u>637,384</u>
Other comprehensive income for the period, net of tax	123,940	637,384
	<u>123,940</u>	<u>637,384</u>
Total loss and comprehensive loss for the period	<u>2,447,773</u>	<u>1,913,342</u>
Loss attributable to:		
Shareholders	2,389,393	1,800,547
Non-controlling interests	58,380	112,795
	<u>2,447,773</u>	<u>1,913,342</u>
Total loss and comprehensive loss for the period	<u>2,447,773</u>	<u>1,913,342</u>
Loss per share		
Basic and diluted loss per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average number of Common Shares		
Basic and diluted	150,093,291	112,681,990

The notes on pages 5 to 12 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	Warrants	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	6,352,365	13,857,138	(8,849,498)	(140,778,478)	25,768,360	10,019,691	35,788,050
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)
RSU exercises	68,930	58,085	-	(58,085)	-	-	-	-	-
Stock based compensation	-	-	-	316,529	-	-	316,529	-	316,529
Net impairment of long-term investments recognised in the statement of loss	-	-	-	-	(7,126)	-	(7,126)	-	(7,126)
Unrealized gain on long-term investments	-	-	-	-	93,125	-	93,125	-	93,125
Cumulative translation adjustment	-	-	-	-	551,385	-	551,385	-	551,385
Net loss for the period	-	-	-	-	-	(2,437,931)	(2,437,931)	(112,795)	(2,550,726)
Balance as at March 31, 2016	125,306,214	157,265,609	6,352,365	15,396,826	(8,212,114)	(143,216,409)	27,586,277	9,906,896	37,493,172
Balance as at December 31, 2016	150,021,778	166,756,042	8,364,686	14,953,822	(8,294,288)	(152,290,074)	29,490,188	9,908,684	39,398,872
Option, RSU and Warrant exercises (Note 11)	126,865	77,097	(5,875)	(35,884)	-	-	35,338	-	35,338
Stock based compensation (Note 11)	-	-	-	215,504	-	-	215,504	-	215,504
Other comprehensive income reclassified to the statement of loss on sale or impairment	-	-	-	-	(18,346)	-	(18,346)	-	(18,346)
Unrealized gain on long-term investments	-	-	-	-	20,471	-	20,471	-	20,471
Contributions by non-controlling interest	-	-	-	-	-	-	-	98,852	98,852
Cumulative translation adjustment	-	-	-	-	121,815	-	121,815	-	121,815
Net loss for the period	-	-	-	-	-	(2,513,333)	(2,513,333)	(58,380)	(2,571,713)
Balance as at March 31, 2017	150,148,643	166,833,139	8,358,811	15,133,442	(8,170,348)	(154,803,407)	27,351,637	9,949,156	37,300,793

The notes on pages 5 to 12 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)**

	Three months ended March 31,	
	2017	2016
	\$	\$ (restated Note 3)
Cash flows from operating activities		
Loss for the period	(2,571,713)	(2,550,726)
Adjusted for:		
Stock based compensation	229,553	301,229
Change in fair value, impairment and gains on disposal of financial instruments	(25,019)	90,595
Deferred Tax expense	75,235	-
Other non-cash items on the statement of loss	40,917	(853)
Interest income on short term investments	-	(32)
Foreign exchange not related to cash	73,948	(63,653)
Movements in working capital:		
Accounts receivable and prepayments	675,739	93,237
Accounts payable and other liabilities	(281,661)	76,276
Net cash outflow due to operating activities	<u>(1,783,001)</u>	<u>(2,053,927)</u>
Cash flows from financing activities		
Cash received from financing	-	3,354,042
Share issue costs	-	(52,107)
Cash received from exercise of share based payments and warrants	21,228	-
Contributions from non-controlling interest	98,853	-
Net cash inflow from financing activities	<u>120,081</u>	<u>3,301,935</u>
Cash flows from investing activities		
Sale of equity investments (Note 6)	32,974	-
Purchase and proceeds of sale of property and equipment	(5,393)	(7,801)
Funding to Associates (Note 8)	(31,280)	-
Interest in exploration and evaluation assets	-	(150,000)
Net cash outflow due to investing activities	<u>(3,699)</u>	<u>(157,801)</u>
Effect of foreign exchange rates	<u>(6,472)</u>	<u>465,837</u>
Net increase (decrease) in cash and cash equivalents	(1,673,091)	1,556,044
Cash and cash equivalents at beginning of period	12,374,010	7,811,674
Cash and cash equivalents at end of the period	<u>10,700,919</u>	<u>9,367,718</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

Three months ended March 31, 2017

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

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 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 below.

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:

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 has 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.

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 assets. 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.

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

Three months ended March 31, 2017

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Probably 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
Total non-current assets	85,037,595	(57,335,228)	27,702,367
Deferred tax liabilities	474,823	(474,823)	-
Total non-current liabilities	604,359	(474,823)	129,536
Accumulated other comprehensive loss	(13,938,032)	5,088,534	(8,849,498)
Accumulated deficit	(91,849,189)	(48,929,289)	(140,778,478)
Total shareholders' equity	69,609,115	(43,840,755)	25,768,360
Non-controlling interest	23,039,341	(13,019,650)	10,019,691

(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
Total non-current assets	91,249,996	(63,665,527)	27,584,469
Deferred tax liabilities	1,157,116	(657,106)	500,010
Total non-current liabilities	1,241,886	(657,106)	584,780
Accumulated other comprehensive loss	(13,256,429)	4,962,141	(8,294,288)
Accumulated deficit	(97,426,019)	(54,864,055)	(152,290,074)
Total shareholders' equity	79,392,102	(49,901,914)	29,490,188
Non-controlling interest	23,015,191	(13,106,507)	9,908,684

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

Three months ended March 31, 2017

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the three months ended March 31, 2016, the following adjustments were recorded to the condensed interim consolidated statement of loss:

(iii) Three months ended March 31, 2016

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	112,138	815,330	927,468
Loss from operations	1,523,212	815,330	2,338,542
Loss (gain) from associates	(1,898)	32,214	30,316
Deferred tax recovery	(130,298)	130,298	-
Loss (gain) attributable to:			
Shareholders	1,646,528	791,403	2,437,931
Non-controlling interests	(73,645)	186,440	112,795
	1,572,883	977,843	2,550,726
Exchange differences on translations	830,226	(278,841)	551,385
Other comprehensive income (loss)	916,225	(278,841)	637,384
Total loss and comprehensive loss (gain) attributable to:			
Shareholders	730,303	1,070,244	1,800,547
Non-controlling interests	(73,645)	186,440	112,795
	656,658	1,256,684	1,913,342
Basic and diluted loss per share	\$0.01	\$0.01	\$0.02

As at March 31, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of financial position:

(iv) As at March 31, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	85,012,260	(60,993,021)	24,019,239
Investment in Associates	5,501,013	(4,068,583)	1,432,430
Total non-current assets	92,666,079	(65,061,604)	27,604,475
Deferred tax liabilities	1,281,410	(706,165)	575,245
Total non-current liabilities	1,367,304	(706,165)	661,139
Accumulated other comprehensive loss	(13,098,864)	4,928,516	(8,170,348)
Accumulated deficit	(98,613,298)	(56,190,109)	(154,803,407)
Total shareholders' equity	78,613,230	(51,261,593)	27,351,637
Non-controlling interest	23,043,002	(13,093,846)	9,949,156

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

Three months ended March 31, 2017

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the three months ended March 31, 2017, the change in accounting policy had the following impact on the condensed interim consolidated statement of loss:

(v) Three months ended March 31, 2017:

	Under previous accounting policy	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	22,898	1,332,571	1,355,469
Loss from operations	1,115,734	1,332,571	2,448,305
Loss (gain) from associates	(6,948)	30,082	23,134
Deferred tax expense	124,294	(49,059)	75,235
Loss attributable to:			
Shareholders	1,187,279	1,326,054	2,513,333
Non-controlling interests	71,042	(12,662)	58,380
	1,258,321	1,313,392	2,571,713
Exchange differences on translations	155,441	(33,626)	121,815
Other comprehensive income	157,566	(33,626)	123,940
Total loss and comprehensive loss attributable to:			
Shareholders	1,029,713	1,359,680	2,389,393
Non-controlling interests	71,042	(12,662)	58,380
	1,100,755	1,347,018	2,447,773
Basic and diluted loss per share	0.01	0.01	0.02

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.

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

Three months ended March 31, 2017

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

5. RECEIVABLES AND PREPAYMENTS

	March 31, 2017	December 31, 2016	January 1, 2016
Sales taxes receivable	\$ 18,690	\$ 527,580	\$ 516,752
Other receivables	16,268	202,641	82,441
Prepayments	149,008	97,368	180,738
	\$ 183,966	\$ 827,589	\$ 779,931

An additional \$931,479 in Sales taxes receivable is classified as non-current and is recoverable when production begins, or on sale of the licenses held by Orta Truva.

6. OTHER FINANCIAL ASSETS

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

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

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

As at March 31, 2017, Liberty Gold holds Level 1 equity securities with a total fair value of \$615,699 (December 31, 2016: \$616,688). Certain Level 1 securities were sold during the period for total proceeds of \$32,974.

The total amount in other comprehensive income relating to available for sale financial instruments as at March 31, 2017 is \$767,142 (December 31, 2016: \$765,016).

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

Three months ended March 31, 2017

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

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 Halılağa 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 Projects' in the table below:

	At January 1, 2016 Restated (Note 3)	Additions	At March 31, 2016 Restated (Note 3)	At December 31, 2016 Restated (Note 3)	Additions	At March 31, 2017
USA						
Kinsley Mountain	\$ 575,838	-	\$ 575,838	\$ 575,838	-	\$ 575,838
Goldstrike	8,336,985	150,000	8,486,985	8,486,985	-	8,486,985
Black Pine	-	-	-	1,010,926	-	1,010,926
Portfolio properties	542,292	-	542,292	285,233	-	285,233
Total USA	\$ 9,455,115	-	\$ 9,605,115	\$ 10,358,982	-	\$ 10,358,982
Turkey						
TV Tower	13,660,257	-	13,660,257	13,660,257	-	13,660,257
Total Turkey	\$ 13,660,257	-	\$ 13,660,257	\$ 13,660,257	-	\$ 13,660,257
Total	\$ 23,115,372	\$ 150,000	\$ 23,265,372	\$ 24,019,239	-	\$ 24,019,239

(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	162,448	550	-	-	162,998	-	-	162,998
Wages and salaries	140,769	22,125	-	776	163,670	144,311	11,460	319,441
Other	202,031	8,345	-	1,645	212,021	132,331	100,677	445,029
March 31, 2016	\$ 1,854,204	\$ 18,552,262	\$ -	\$ 1,899,839	\$ 22,306,305	\$ 32,040,826	\$ 3,496,231	\$ 57,843,362
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	612,151	-	-	-	612,151	-	-	612,151
Wages and salaries	209,376	3,662	30,675	-	243,713	21,869	14,513	280,095
Other	261,570	20,356	1,345	2,763	286,034	168,804	8,385	463,223
March 31, 2017	\$ 6,874,667	\$ 19,234,313	\$ 186,588	\$ 1,851,420	\$ 28,146,988	\$ 32,843,620	\$ 3,739,068	\$ 64,729,676

Wages and salaries include stock based compensation. Other exploration comprises exploration expenditures on mineral interests prior to acquisition.

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

Three months ended March 31, 2017

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

8. INVESTMENT IN ASSOCIATES*Turkey*

Liberty Gold owns 40% of Halılađa 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").

	Truva Bakır
At December 31, 2016 (Restated Note 3)	\$ 1,413,687
Share of loss	(23,134)
Funding by the Company	31,280
Foreign exchange differences	10,597
At March 31, 2017	\$ 1,432,430

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):

	March 31, 2017	December 31, 2016 Restated (Note 3)
Current assets	\$ 384,682	\$ 384,523
Non-current assets	3,313,935	3,306,965
Current liabilities	(117,542)	(157,273)
Total net assets	\$ 3,581,075	\$ 3,534,215
% interest held	40%	40%
Company's share of net assets	\$ 1,432,430	\$ 1,413,687
	Three months ended March 31, 2017	2016 Restated (Note 3)
Loss	\$ (57,835)	\$ (75,790)
% interest held	40%	40%
Company's share of loss	\$ (23,134)	\$ (30,316)

As at March 31, 2017 the Company's cumulative share of Truva Bakır's losses that are unrecognized is \$2,203,460 million. These unrecognized losses are recorded against any future profits that Truva Bakır earns.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	December 31, 2016	January 1, 2016
Trade payables	\$ 452,120	\$ 736,104	\$ 266,870
Other payables	16,413	40,869	56,018
Accrued liabilities	116,132	82,324	144,240
Decommissioning liability - current	38,000	38,000	10,000
	\$ 622,665	\$ 897,297	\$ 477,128

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

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10. DEFERRED TAX LIABILITY

A deferred tax liability of \$575,245 has been recognised as at March 31, 2017 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) Stock-based compensation

For the three months ended March 31, 2017, the Company charged a total of \$229,553 of stock-based compensation expense to the statement of loss of which \$70,276 is attributed to exploration and evaluation expenditures.

Liberty Gold Stock Option Plan

Options granted to date under the Liberty Gold Stock Option Plan (2014), 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.

	Shares	Weighted Average Exercise Price
	#	C\$
Balance, December 31, 2016	11,390,750	0.68
Options granted	-	-
Options forfeited or cancelled	(275,000)	0.90
Options exercised	-	-
Balance, March 31, 2017	11,115,750	0.67

At March 31, 2017, Liberty Gold had incentive Options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

Range of prices	Number of Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of Options exercisable	Weighted average exercise price of Options exercisable
	#	(in years)	C\$	#	C\$
C\$0.01 to C\$0.99	8,536,250	4.19	0.51	3,597,500	0.51
C\$1.00 to C\$1.99	2,489,500	1.32	1.14	2,351,333	1.14
C\$2.00 to C\$2.99	40,000	0.85	2.13	40,000	2.13
C\$3.00 to C\$3.99	50,000	4.04	3.45	50,000	3.45
	11,115,750	3.53	0.67	6,038,833	0.79

For the purposes of estimating the fair value of options using Black-Scholes, certain assumptions are made such as 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.

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

	RSUs #
Balance, December 31, 2016	1,137,853
RSUs granted	-
RSUs forfeited	-
RSUs exercised	(66,865)
Balance, March 31, 2017	1,070,988

Expiry Date	Number of RSUs outstanding #	Weighted average remaining contractual life (in years)	Number of RSUs exercisable #
December 31, 2018	184,322	1.50	116,472
December 31, 2019	886,666	2.75	255,834
	1,070,988	2.53	372,306

d) 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 March 31, 2017, there were 858,000 DSUs outstanding.

e) 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	(60,000)	0.40
Balance, March 31, 2017	20,700,000	0.69

The remaining contractual lives of Warrants outstanding as at March 31, 2017 are as follows:

Weighted average exercise price C\$	Number of Warrants outstanding #	Weighted average remaining contractual life (in years)
0.40	8,682,500	4.56
0.90	12,017,500	2.13
0.69	20,700,000	3.15

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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. 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 March 31, 2017	As at December 31, 2016 Restated (Note 3)	As at March 31, 2017	As at December 31, 2016 Restated (Note 3)
Current				
Assets	\$ 523,164	\$ 538,959	\$ 788,197	\$ 637,121
Liabilities	(31,294)	(13,881)	(151,391)	(104,630)
Total Current net assets	491,870	525,078	636,806	532,491
Non-Current				
Assets	688,015	688,012	2,273,949	2,262,852
Liabilities	(52,800)	(52,800)	(575,245)	(500,010)
Total Non-current net assets	635,215	635,212	1,698,704	1,762,842
Net Assets	\$ 1,127,085	\$ 1,160,290	\$ 2,335,510	\$ 2,295,333

b) Summarised Statement of Loss

	KG LLC		Orta Truva	
	Three months ended March 31, 2017	Three months ended March 31, 2016 Restated (Note 3)	Three months ended March 31, 2017	Three months ended March 31, 2016 Restated (Note 3)
Statement of Loss	\$ 33,205	\$ 41,709	\$ 326,293	\$ 260,192
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	\$ 33,205	\$ 41,709	\$ 326,293	\$ 260,192

c) Summarised cash flows

	KG LLC		Orta Truva	
	Three months ended March 31, 2017	Three months ended March 31, 2016 Restated (Note 3)	Three months ended March 31, 2017	Three months ended March 31, 2016 Restated (Note 3)
Net cash flow from:				
operating activities	(31,657)	(39,964)	289,099	(1,071,396)
financing activities	15,862	10,900	366,470	-
investing activities	-	(2,544)	-	(10,369)
Net increase (decrease) in cash	(15,795)	(31,608)	655,569	(1,081,765)
Cash at the beginning of the period	537,580	247,414	130,197	1,108,096
Cash at the end of the period	\$ 521,785	\$ 215,806	\$ 785,766	\$ 26,331

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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 market rate. Office premises and other operating leases in Canada are paid to Oxygen, pursuant to the “Oxygen Agreement”. 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 March 31, 2017 is \$51,908 with an additional \$21,905 in contingent rental expenditures which consist of operating costs.

Total future minimum lease payments, under non-cancellable operating leases as at March 31, 2017 are as follows:

Year	
2017	\$ 166,677
2018	141,292
2019	129,493
2020	131,224
2021+	374,122
	\$ 942,808

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. At March 31, 2017 and December 31, 2016 respectively, Liberty Gold has three geographic locations: Canada, the USA, 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, and have been disclosed in Notes 7 and 8. The net loss is distributed by geographic segment per the table below:

	Three months ended March 31,	
	2017	2016
Canada	\$ 827,073	\$ 1,048,254
USA	1,345,541	1,031,112
Turkey	399,099	471,360
	\$ 2,571,713	\$ 2,550,726

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

	As at March 31, 2017	As at December 31, 2016	As at January 1, 2016
Canada	\$ 93,107	\$ 98,024	\$ 108,603
USA	134,597	139,121	166,500
Turkey	32,742	33,100	47,755
	\$ 260,446	\$ 270,245	\$ 322,858

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

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15. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing transactions:

	Three months ended March 31,	
	2017	2016
Non-cash financing and investing transactions		
Reclassification of losses from OCI into the statement of loss	\$ 18,346	\$ 18,954
Stock based compensation within exploration expenditures	70,276	12,384
	\$ 88,622	\$ 31,338

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 three months ended March 31, 2017 total \$108,554 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at March 31, 2017, Oxygen holds a refundable deposit of \$122,895 on behalf of the Company. Additionally, as at March 31, 2017 the Company held a payable to Oxygen of \$39,291, that was settled subsequent to March 31, 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 is shown below:

	Three months ended March 31,	
	2017	2016
Salaries and other short-term employee benefits	\$ 254,366	\$ 223,106
Share-based payments	122,856	337,046
Total	\$ 377,222	\$ 560,152

17. SUBSEQUENT EVENTS*Stock Based Compensation*

During the month of April 2017, the Company granted 425,000 Options to employees and service providers of the Company. The Options have a weighted average exercise price of \$0.56 and vest in thirds over three years, expiring after 5 years.