



**Liberty Gold Corp.**

An exploration stage company

**Condensed Interim Consolidated Financial Statements**

**Three months ended March 31, 2018**

(Expressed in US Dollars)

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

	As at March 31, 2018	As at December 31, 2017
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents	7,635,086	2,168,203
Short term investments	96,765	98,016
Receivables and prepayments (Note 6)	333,419	216,328
Total current assets	<u>8,065,270</u>	<u>2,482,547</u>
<i>Non-current assets</i>		
Other financial assets (Note 7)	322,606	362,023
Deposits	500,935	470,372
Sales taxes receivable (Note 6)	824,196	947,079
Plant and equipment	261,251	238,734
Exploration and evaluation assets (Note 8a)	23,982,103	23,982,103
Investment in associates (Note 9)	1,533,489	1,525,707
Total non-current assets	<u>27,424,580</u>	<u>27,526,018</u>
<b>Total assets</b>	<u>35,489,850</u>	<u>30,008,565</u>
 <b>Liabilities and Shareholders' Equity</b>		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities (Note 10)	821,399	972,213
Total current liabilities	<u>821,399</u>	<u>972,213</u>
<i>Non-current liabilities</i>		
Deferred tax liabilities (Note 11)	635,043	546,287
Other liabilities (Note 10)	158,483	156,383
Total non-current liabilities	<u>793,526</u>	<u>702,670</u>
<i>Shareholders' equity</i>		
Share capital (Note 12)	174,020,654	167,289,230
Contributed surplus (Note 12)	25,823,134	24,075,989
Accumulated other comprehensive loss	(8,850,689)	(7,709,532)
Accumulated deficit	(166,300,877)	(164,649,891)
Total shareholders' equity	<u>24,692,222</u>	<u>19,005,796</u>
Non controlling interest (Note 13)	<u>9,182,703</u>	<u>9,327,886</u>
<b>Total liabilities and shareholders' equity</b>	<u>35,489,850</u>	<u>30,008,565</u>

The notes on pages 5 to 15 are an integral part of these condensed interim consolidated financial statements.  
The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 4. Comparative information has not been restated.

These financial statements are approved by the board and authorised for issue on May 11, 2018:

"Donald McInnes", Director

"Sean Tetzlaff", Director

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

	Three months ended March 31,	
	2018	2017
	\$	\$
Operating expenses		
Exploration and evaluation expenditures (Note 8b)	1,310,775	1,355,469
Office and general	313,557	258,567
Wages and benefits	305,745	325,193
Stock based compensation (Note 12c)	222,565	159,277
Professional fees	112,382	110,231
Investor relations, promotion and advertising	54,785	201,504
Listing and filing fees	16,686	22,594
Depreciation	12,922	15,470
<b>Loss from operations</b>	<b>2,349,417</b>	<b>2,448,305</b>
Other income (expenses)		
Foreign exchange losses	(54,625)	(77,317)
Loss from associates (Note 9)	(52,109)	(23,134)
Change in fair value of other financial assets	(30,506)	(1,133)
Other income	13,800	3,472
Finance income	5,538	23,787
Net gain on sale of other financial assets	-	26,152
	(117,902)	(48,173)
Loss before tax	2,467,319	2,496,478
Income tax expense	88,756	75,235
<b>Loss for the period</b>	<b>2,556,075</b>	<b>2,571,713</b>
<b>Loss attributable to:</b>		
Shareholders	2,410,892	2,434,256
Non-controlling interests (Note 13)	145,183	137,457
	<b>2,556,075</b>	<b>2,571,713</b>
<b>Other comprehensive income (loss)</b>		
Items that may be reclassified subsequently to net income		
Exchange differences on translations	(381,251)	121,815
Net fair value gain on AFS financial assets	-	20,471
Amounts reclassified into net loss on impairment or sale of AFS financial assets	-	(18,346)
Other comprehensive income (loss) for the period, net of tax	(381,251)	123,940
<b>Total loss and comprehensive loss for the period</b>	<b>2,937,326</b>	<b>2,447,773</b>
<b>Loss attributable to:</b>		
Shareholders	2,792,143	2,310,316
Non-controlling interests	145,183	137,457
<b>Total loss and comprehensive loss for the period</b>	<b>2,937,326</b>	<b>2,447,773</b>
<b>Loss per share</b>		
Basic and diluted loss per share	\$ 0.01	\$ 0.02
Weighted average number of Common Shares		
Basic and diluted	169,674,911	150,093,291

The notes on pages 5 to 15 are an integral part of these condensed interim consolidated financial statements.

The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 4. Comparative information has not been restated.

**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, 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
Option, RSU and Warrant exercises	126,865	77,097	(41,759)	-	-	35,338	-	35,338
Stock based compensation	-	-	215,504	-	-	215,504	-	215,504
OCI reclassified to the statement of loss on sale or impairment of AFS financial assets	-	-	-	(18,346)	-	(18,346)	-	(18,346)
Unrealized gain on long-term AFS 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	-	-	-	-	(2,434,256)	(2,434,256)	(137,457)	(2,571,713)
Balance as at March 31, 2017	150,148,643	166,833,139	23,492,253	(8,170,348)	(154,724,330)	27,430,714	9,870,079	37,300,793
Balance as at December 31, 2017	151,230,559	167,289,230	24,075,989	(7,709,532)	(164,649,891)	19,005,796	9,327,886	28,333,682
Reclassification of AFS financial assets to the accumulated deficit*	-	-	-	(759,906)	759,906	-	-	-
Bought deal private placement (Note 12b)	24,938,426	7,059,312	1,436,135	-	-	8,495,447	-	8,495,447
Bought deal private placement share issue costs (Note 12b)	-	(645,115)	-	-	-	(645,115)	-	(645,115)
Other share issuances (Note 12b)	400,000	144,247	-	-	-	144,247	-	144,247
Option, RSU and Warrant exercises (Note 12c)	337,063	172,980	(78,440)	-	-	94,540	-	94,540
Stock based compensation (Note 12c)	-	-	389,450	-	-	389,450	-	389,450
Cumulative translation adjustment	-	-	-	(381,251)	-	(381,251)	-	(381,251)
Net loss for the period	-	-	-	-	(2,410,892)	(2,410,892)	(145,183)	(2,556,075)
Balance as at March 31, 2018	176,906,048	174,020,654	25,823,134	(8,850,689)	(166,300,877)	24,692,222	9,182,703	33,874,925

The notes on pages 5 to 15 are an integral part of these condensed interim consolidated financial statements.

\*The Company applied IFRS 9 at January 1, 2018 as described in Notes 3 and 4. Comparative information is not restated.

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

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(2,556,075)	(2,571,713)
Adjusted for:		
Stock based compensation (Note 12c)	389,450	229,553
Share issuance as part of termination of Drum (Note 8bii)	144,247	-
Deferred tax expense	88,756	75,235
Other non-cash items on the statement of loss	72,358	40,917
Change in fair value, impairment and gains on disposal of financial instruments	30,506	(25,019)
Foreign exchange not related to cash	(36,235)	73,948
Movements in working capital:		
Accounts receivable and prepayments	(65,146)	675,739
Accounts payable and other liabilities	(140,663)	(281,661)
Net cash outflow due to operating activities	<u>(2,072,802)</u>	<u>(1,783,001)</u>
<b>Cash flows from financing activities</b>		
Gross proceeds from bought deal private placement (Note 12b)	8,495,447	-
Share issue costs from bought deal private placement (Note 12b)	(645,115)	-
Cash received from exercise of share based payments and warrants (Note 12c)	94,540	21,228
Contributions from non-controlling interest (Note 13)	-	98,852
Net cash inflow from financing activities	<u>7,944,872</u>	<u>120,080</u>
<b>Cash flows from investing activities</b>		
Funding to Associates (Note 9)	(103,784)	(31,280)
Purchase and proceeds of sale of property and equipment	(40,650)	(5,393)
Purchase of reclamation deposits	(13,000)	-
Sale of other AFS financial assets	-	32,974
Net cash outflow due to investing activities	<u>(157,434)</u>	<u>(3,699)</u>
Effect of foreign exchange rates	<u>(247,753)</u>	<u>(6,471)</u>
Net increase (decrease) in cash and cash equivalents	5,466,883	(1,673,091)
Cash and cash equivalents at beginning of period	2,168,203	12,374,010
Cash and cash equivalents at end of the period	<u>7,635,086</u>	<u>10,700,919</u>

See Note 16 for supplemental cash flow information

## **LIBERTY GOLD CORP.**

**(An exploration stage company)**

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

Three months ended March 31, 2018

(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 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, 2018 (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, 2017 (“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, except for those as a result of the adoption of IFRS 9 – Financial Instruments (“IFRS 9”) at January 1, 2018 as described below. In addition, certain comparative amounts have been reclassified to conform to the current period’s presentation, including the reclassification of amounts from the loss attributed to shareholders to the loss attributable to non-controlling interests as the result of an error corrected at December 31, 2017.

The following are the significant accounting policies that have been amended as a result of IFRS 9 and applied at January 1, 2018. The impact of the adoption is outlined in Note 4 below.

##### *Financial Instruments*

Financial assets and liabilities are recognized when Liberty Gold becomes a party to the contractual provisions of the instrument.

##### *i) Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand, and deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of 90 days or less. Cash and cash equivalents are classified as subsequently measured at amortized cost.

##### *ii) Short Term Investments*

Short term investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Liberty Gold’s management has the positive intention and ability to hold to maturity. Short term investments are classified as subsequently measured at amortized cost.

##### *iii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Liberty Gold’s loans and receivables are comprised of ‘Receivables’ and ‘Deposits’, and are classified respectively as appropriate in current or non-current assets according to their nature.

**LIBERTY GOLD CORP.**

**(An exploration stage company)**

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

Three months ended March 31, 2018

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

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

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost. Trade receivables are recorded net of lifetime expected credit losses.

*iv) Other Financial Assets*

Other financial assets consist of investments in marketable equity securities of publicly traded entities which are classified as subsequently measured at fair value through profit or loss. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the balance sheet date. Changes in fair value are recognized in the statement of profit or loss.

*v) Accounts Payable, Accrued and Other Liabilities*

Accounts payable, other liabilities and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

*vi) Expected Credit Losses*

For trade receivables, we apply the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.

**4. ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS**

*Summary of Changes*

Under IFRS 9, on initial recognition, a financial asset or liability is classified at amortized cost or at fair value (either through other comprehensive income (“FVOCI”) or profit or loss (“FVPL”)).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of equity investments that are not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not FVPL, transaction costs that are directly attributed to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

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Financial assets at FVPL	These assets are subsequently measured at FVPL. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

Three months ended March 31, 2018

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

**4. ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS (continued)**

Under IFRS 9, financial liabilities are classified as measured at amortized cost, unless they are classified as measured at FVPL. At initial recognition, however, an irrevocable election can be made to designate a financial liability as FVPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise or if the financial liability is managed and its performance is evaluated on a fair value basis.

*Impact of Adoption*

The following table and the accompanying notes below explain the original measurement categories under IAS 39 – *Financial Instruments: Recognition and Measurement* (“IAS 39”) and the new measurement categories under IFRS 9 for each class of the Company’s financial assets as at January 1, 2018:

	<b>Measurement Category</b>	
	<b>Original (IAS 39)</b>	<b>New (IFRS 9)</b>
<b>Financial Assets:</b>		
Cash and cash equivalents	Amortized cost	Amortized cost
Short term investments	Amortized cost	Amortized cost
Receivables and deposits	Amortized cost	Amortized cost
Other financial assets	FVOCI	FVPL
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

There has been no change in the carrying value of our financial instruments or to previously reported figures as a result of changes to the measurement categories in the table noted above, with the exception of the reclassification of accumulated net gains on our other financial assets which are comprised of equity securities. Equity securities were designated as available-for-sale (“AFS”) under IAS 39 but have been mandatorily classified as measured at FVPL under IFRS 9.

The impact of the reclassification is outlined in the table below, without the restatement of prior year comparatives. Therefore, the reclassification is not reflected in the balance sheet as at December 31, 2017, but is recognized in the opening accumulated deficit as at January 1, 2018:

	<b>Accumulated Other Comprehensive Income</b>	<b>Accumulated Deficit</b>
Closing balance as previously reported at December 31, 2017	\$ (7,709,532)	\$ (164,649,891)
Adjustment to reclassify equity securities to FVPL	(759,906)	759,906
<b>Opening balance at January 1, 2018</b>	<b>\$ (8,469,438)</b>	<b>\$ (163,889,985)</b>

*Impairment of Financial Assets*

The Company was required to revise its impairment methodology under IFRS 9 for financial assets measured at amortized cost and FVOCI. The identified impairment losses were not significant or material and therefore no loss allowances were recognized at January 1, 2018, or during the three months ended March 31, 2018.

**5. 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)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2018

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

**6. RECEIVABLES AND PREPAYMENTS**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Sales taxes receivable	\$ 141,237	\$ 40,544
Other receivables	70,757	77,923
Prepayments	121,425	97,861
<b>Total</b>	<b>\$ 333,419</b>	<b>\$ 216,328</b>

An additional \$824,196 in Sales taxes receivable is classified as non-current at March 31, 2018 and is recoverable when production begins, or on sale of the licenses held by Orta Truva (December 31, 2017: \$947,079).

**7. OTHER FINANCIAL ASSETS**

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

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

As at March 31, 2018, Liberty Gold holds Level 1 equity securities with a total fair value of \$322,606 (December 31, 2017: \$362,023).

No amounts have been recognized in other comprehensive income for the three months ended March 31, 2018 as a result of the adoption of IFRS 9 on January 1, 2018. Accumulated net gains recognized in other comprehensive income as at December 31, 2017 of \$759,906 were reclassified to the accumulated deficit as outlined in Note 4.

**8. EXPLORATION AND EVALUATION ASSETS**

Currently none of the Company's properties have any known body of commercial ore or any established economic deposit; all are in the exploration stage. Expenditures at Halılađa are recorded in the Company's investment in Truva Bakır, an equity-accounted associate (Note 9).

- a) The acquisition expenditures relating to the Company's interest in nine exploration properties in Nevada and Utah have been aggregated and are described as 'Portfolio Properties' in the table below. There were no additions during the three months ended March 31, 2018, or in the year ended December 31, 2017:

	<b>At March 31, 2018</b>	<b>At December 31, 2017</b>
<b>USA</b>		
Kinsley Mountain	\$ 575,838	\$ 575,838
Goldstrike	8,486,985	8,486,985
Black Pine	1,010,927	1,010,927
Portfolio Properties	248,097	248,097
<b>Total USA</b>	<b>\$ 10,321,847</b>	<b>\$ 10,321,847</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>\$ 23,982,103</b>	<b>\$ 23,982,103</b>

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

Three months ended March 31, 2018

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

**8. EXPLORATION AND EVALUATION ASSETS (continued)**

b) Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the 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, 2016	\$ 5,791,570	\$ 19,210,295	\$ 154,568	\$ 2,182,697	\$ 27,339,130	\$ 32,652,947	\$ 3,382,130	\$ 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
<b>March 31, 2017</b>	<b>\$ 6,874,667</b>	<b>\$ 19,234,313</b>	<b>\$ 186,588</b>	<b>\$ 2,185,460</b>	<b>\$ 28,481,028</b>	<b>\$ 32,843,620</b>	<b>\$ 3,405,028</b>	<b>\$ 64,729,676</b>
December 31, 2017	\$ 12,337,490	\$ 19,770,255	\$ 834,147	\$ 2,337,394	\$ 35,279,286	\$ 33,576,658	\$ 3,409,041	\$ 72,264,985
Drilling and assays	237,461	-	23,739	-	261,200	-	-	261,200
Wages and salaries	278,272	31,761	71,857	486	382,376	52,418	1,252	436,046
PEA and 43-101 (Note 8bi)	159,039	-	-	-	159,039	-	-	159,039
Project disposals (Note 8bii)	-	-	-	144,247	144,247	-	-	144,247
Other	116,970	27,208	32,717	-	176,895	133,192	156	310,243
<b>March 31, 2018</b>	<b>\$ 13,129,232</b>	<b>\$ 19,829,224</b>	<b>\$ 962,460</b>	<b>\$ 2,842,127</b>	<b>\$ 36,403,043</b>	<b>\$ 33,762,268</b>	<b>\$ 3,410,449</b>	<b>\$ 73,575,760</b>

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

*i) Goldstrike, USA*

On February 8, 2018, Liberty Gold announced the completion of a maiden independent resource estimate at Goldstrike. The Company is continuing to advance exploration in order to expand the resource and to move the project through to a Preliminary Economic Assessment ("PEA"). Costs associated with the resource ("43-101") and PEA for the three months ended March 31, 2018 are disclosed in the table above.

*ii) Portfolio Properties, USA*

On December 20, 2017, the Company entered into an Agreement (the "Termination Agreement") with Golden Dragon Capital LLC ("Golden Dragon") to terminate the January 1, 2013 and subsequently amended Mining Lease and Option to Purchase associated with the Company's Drum property. Pursuant to the Termination Agreement, the Company made a final royalty payment of \$75,000 on December 21, 2017 and issued 400,000 Common Shares to Golden Dragon on January 8, 2018 with a fair value of C\$0.45 per Common Share, totalling \$144,247 (C\$180,000).

**9. INVESTMENT IN ASSOCIATES**

Liberty Gold owns 40% of Halilağa through a 40% ownership stake in Truva Bakır Maden İşletmeleri A.Ş. ("Truva Bakır"), a Turkish company that is controlled (60%) by TMST. Truva Bakır is private, and as such fair values of the Company's investment is not determinable through an active market.

	<b>Truva Bakır</b>
At December 31, 2017	\$ 1,525,707
Share of loss	(52,109)
Funding	103,784
Foreign exchange differences	(43,893)
<b>At March 31, 2018</b>	<b>\$ 1,533,489</b>

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

Three months ended March 31, 2018

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

**9. INVESTMENT IN ASSOCIATES (continued)**

The summarised financial information for Truva Bakır, on a 100% basis is as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Current assets	\$ 558,338	\$ 317,379
Non-current assets	3,386,144	3,659,544
Current liabilities	(110,760)	(162,654)
<b>Total net assets</b>	<b>\$ 3,833,722</b>	<b>\$ 3,814,269</b>
% interest held	40%	40%
<b>Company's share of net assets</b>	<b>\$ 1,533,489</b>	<b>\$ 1,525,707</b>

The summarised financial information as at March 31, 2018 for Truva Bakır on a 100% basis is as follows:

	<b>Three months ended March 31, 2018</b>	
	<b>2018</b>	<b>2017</b>
Loss	\$ (130,273)	\$ (57,835)
% interest held	40%	40%
<b>Company's share of loss</b>	<b>\$ (52,109)</b>	<b>\$ (23,134)</b>

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Trade payables	\$ 630,442	\$ 786,753
Other payables	23,554	24,138
Accrued liabilities	86,103	80,022
Decommissioning liability	81,300	81,300
<b>Total</b>	<b>\$ 821,399</b>	<b>\$ 972,213</b>

Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30-day terms. A decommissioning liability of \$117,500 has also been recognized in non-current other liabilities at March 31, 2018, relating to the Company's Kinsley property (December 31, 2017: \$117,500).

**11. DEFERRED TAX LIABILITY**

A deferred tax liability of \$635,043 has been recognised in the period ended March 31, 2018 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2017: \$546,287).

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

Unlimited Common Shares with no par value.

*b) Issued*

On January 8, 2018, the Company issued 400,000 Common Shares to Golden Dragon with a fair value of C\$0.45 per Common Share, totalling \$144,247 (C\$180,000) (Note 8bii).

On January 26, 2018 the Company completed a bought deal Private placement financing (the "Bought-Deal") with a syndicate of underwriters (the "Underwriters") whereby the Underwriters purchased, on a bought-deal basis, 24,938,426 units of the Company ("Bought-Deal Unit").

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

Each unit consists of one Common Share and one half Common Share purchase warrant (each whole Common Share purchase warrant, a "Bought-Deal Warrant"), issued at a price of C\$0.42 per Bought-Deal Unit for gross proceeds to the Company of \$8,495,447 (C\$10,474,139). Each Bought-Deal Warrant will entitle the holder to acquire one Common Share at a price of C\$0.65 until January 25, 2021.

The Bought-Deal Units were valued using the residual method whereby the fair value of the warrant was determined to be C\$0.142 using the Black-Scholes valuation method and the following inputs: Share price at issue C\$0.44, exercise price C\$0.65, risk free rate 1.95%, annualized volatility 64% and a 3 year expected life. Volatility was determined using the Company's share price volatility over the 3 years prior to issuance.

The resulting allocation of the warrant fair value to the consideration received was Warrants: \$1,436,135 (C\$1,770,628) and Common Shares: \$7,059,312 (C\$8,703,511). Transaction costs of \$645,115 have been recognised in equity during the three months ended March 31, 2018.

*c) Stock-based compensation*

For the three months ended March 31, 2018, the Company charged a total of \$389,450 of stock-based compensation expense to the statement of loss (2017: \$229,553) of which \$166,885 is attributed to exploration and evaluation expenditures (2017: \$70,276).

*i) Stock Options*

Options granted under the Liberty Gold Stock Option Plan (2017) are exercisable over 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:

	Options	Weighted Average Exercise Price
	#	C\$
Balance, December 31, 2017	11,541,250	0.60
Options expired	(65,000)	2.00
Options forfeit	(82,500)	0.68
<b>Balance, March 31, 2018</b>	<b>11,393,750</b>	<b>0.62</b>

At March 31, 2018, 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	9,986,750	3.63	0.50	5,542,083	0.51
C\$1.00 to C\$1.99	1,357,000	1.06	1.15	1,357,000	1.15
C\$3.00 to C\$3.99	50,000	3.04	3.45	50,000	3.45
	<b>11,393,750</b>	<b>3.32</b>	<b>0.62</b>	<b>6,949,083</b>	<b>0.65</b>

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. We based our expectation of volatility on the volatility of similar publicly-listed companies, when the expected life of Options granted exceeded our trading history.

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**12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)***ii) Restricted Share Units*

Restricted Share Units (“RSUs”) granted under the Liberty Gold RSU Plan (2017) 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, and those granted on December 18, 2017, one half of which vest on March 31, 2018 and the remaining half after twelve months.

Transactions relating to RSUs are summarised below:

	RSUs
	#
Balance, December 31, 2017	2,259,643
RSUs exercised	(37,063)
<b>Balance, March 31, 2018</b>	<b>2,222,580</b>

Expiry Date	Number of RSUs outstanding	Weighted average remaining contractual life	Number of RSUs exercisable
	#	(in years)	#
December 31, 2018	149,580	0.75	149,580
December 31, 2019	750,000	1.75	498,750
December 31, 2020	1,323,000	2.76	661,500
	<b>2,222,580</b>	<b>2.28</b>	<b>1,309,830</b>

*iii) Deferred Share Units*

Deferred Share Units (“DSUs”) granted under the Liberty Gold DSU plan (2017) to Directors of the Company, have no expiration date and are redeemable upon termination of service. As at December 31, 2017 and as at March 31, 2018, there were 1,208,000 DSUs outstanding.

*iv) Warrants*

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

	Number of Warrants	Weighted average exercise price
	#	C\$
Balance, December 31, 2017	19,890,000	0.70
Warrants issued (Note 12b)	12,469,213	0.65
Warrants expired	(7,572,500)	0.40
Warrants exercised	(300,000)	0.40
<b>Balance, March 31, 2018</b>	<b>24,486,713</b>	<b>0.77</b>

The remaining contractual lives of warrants outstanding as at March 31, 2018 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C\$	#	(in years)
0.65	12,469,213	2.82
0.90	12,017,500	1.13
<b>0.77</b>	<b>24,486,713</b>	<b>3.95</b>

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

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**13. 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:

## a) Summarised Balance Sheet

	KG LLC		Orta Truva	
	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
<b>Current</b>				
Assets	\$ 7,367	\$ 10,273	\$ 201,451	\$ 430,492
Liabilities	(108,631)	(27,492)	(116,222)	(209,958)
<b>Total Current net assets (liabilities)</b>	<b>\$ (101,264)</b>	<b>\$ (17,219)</b>	<b>\$ 85,229</b>	<b>\$ 220,534</b>
<b>Non-Current</b>				
Assets	\$ 700,961	\$ 688,043	\$ 2,221,794	\$ 2,323,526
Liabilities	(117,500)	(117,500)	(635,043)	(546,287)
<b>Total Non-current net assets (liabilities)</b>	<b>\$ 583,461</b>	<b>\$ 570,543</b>	<b>\$ 1,586,751</b>	<b>\$ 1,777,239</b>
<b>Net Assets</b>	<b>\$ 482,197</b>	<b>\$ 553,324</b>	<b>\$ 1,671,980</b>	<b>\$ 1,997,773</b>

## b) Summarised Statement of Loss

	KG LLC		Orta Truva	
	Three months ended March 31, 2018	Three months ended March 31, 2017	Three months ended March 31, 2018	Three months ended March 31, 2017
Statement of Loss	\$ 71,127	\$ 33,205	\$ 325,794	\$ 326,293
Other comprehensive Loss	-	-	-	-
<b>Loss and other comprehensive Loss</b>	<b>\$ 71,127</b>	<b>\$ 33,205</b>	<b>\$ 325,794</b>	<b>\$ 326,293</b>

## c) Summarised cash flows

	KG LLC		Orta Truva	
	Three months ended March 31, 2018	Three months ended March 31, 2017	Three months ended March 31, 2018	Three months ended March 31, 2017
<b>Net cash flow from:</b>				
operating activities	\$ (2,906)	\$ (31,657)	\$ (308,110)	\$ 289,099
financing activities	-	15,862	-	366,470
<b>Net increase (decrease) in cash</b>	<b>\$ (2,906)</b>	<b>\$ (15,795)</b>	<b>\$ (308,110)</b>	<b>\$ 655,569</b>
Cash at the beginning of the period	8,894	537,580	402,490	130,197
<b>Cash at the end of the period</b>	<b>\$ 5,988</b>	<b>\$ 521,785</b>	<b>\$ 94,380</b>	<b>\$ 785,766</b>

**14. 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 rates.

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

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**14. COMMITMENTS (continued)**

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, 2018 is \$52,634 with an additional \$22,944 in contingent rental expenditures which consist of operating costs. Total future minimum lease payments, under non-cancellable operating leases as at March 31, 2018 are as follows:

<b>Year</b>	
2018	\$ 292,010
2019	299,396
2020	304,240
2021	222,519
2022+	288,038
	<b>\$ 1,406,203</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. At March 31, 2018 and December 31, 2017, respectively, Liberty Gold has three geographic locations: 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, and have been disclosed in Notes 8 and 9. The net loss is distributed by geographic segment per the table below:

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Canada	\$ 916,563	\$ 827,073
USA	1,302,325	1,345,541
Turkey	337,187	399,099
	<b>\$ 2,556,075</b>	<b>\$ 2,571,713</b>

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
Canada	\$ 76,447	\$ 80,724
USA	157,146	128,715
Turkey	27,658	29,295
	<b>\$ 261,251</b>	<b>\$ 238,734</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**

Three months ended March 31, 2018

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**16. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash financing and investing transactions:

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Non-cash financing and investing transactions		
Reclassification of losses from OCI into statement of loss	\$ -	\$ 18,346
	<b>\$ -</b>	<b>\$ 18,346</b>

**17. 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 associates are described at Note 9.

*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, 2018 total \$190,370 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at March 31, 2018, Oxygen holds a refundable deposit of \$126,997 on behalf of the Company. Additionally, as at March 31, 2018 the Company held a payable to Oxygen of \$56,680, that was settled subsequent to March 31, 2018. See also Note 14 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>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Salaries and other short-term employee benefits	\$ 244,916	\$ 254,366
Share-based payments	176,162	122,856
<b>Total</b>	<b>\$ 421,078</b>	<b>\$ 377,222</b>