



Liberty Gold Corp.

An exploration stage company

Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2019

(Expressed in US Dollars)

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

	As at March 31, 2019	As at December 31, 2018
	<u>\$</u>	<u>\$</u>
Assets		
<i>Current assets</i>		
Cash and cash equivalents	6,713,547	7,783,601
Short term investments	95,205	94,255
Receivables and prepayments (Note 6)	283,011	211,474
Total current assets	<u>7,091,763</u>	<u>8,089,330</u>
<i>Non-current assets</i>		
Other financial assets (Note 7)	243,197	187,618
Deposits	476,115	457,625
Sales taxes receivable (Note 6)	605,342	645,106
Plant and equipment (Note 8)	898,362	222,711
Exploration and evaluation assets (Note 9a)	23,982,103	23,982,103
Investment in associates (Note 10)	1,500,269	1,496,952
Total non-current assets	<u>27,705,388</u>	<u>26,992,115</u>
Total assets	<u>34,797,151</u>	<u>35,081,445</u>
Liabilities and Shareholders' Equity		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities (Note 11)	676,122	612,254
Lease liabilities	191,122	-
Total current liabilities	<u>867,244</u>	<u>612,254</u>
<i>Non-current liabilities</i>		
Lease liabilities	500,521	-
Deferred tax liabilities (Note 12)	1,485,953	1,386,939
Other liabilities (Note 11)	136,867	147,642
Total non-current liabilities	<u>2,123,341</u>	<u>1,534,581</u>
<i>Shareholders' equity</i>		
Share capital (Note 13)	180,014,906	179,702,675
Contributed surplus (Note 13)	29,012,753	29,165,756
Accumulated other comprehensive loss	(9,511,858)	(9,639,935)
Accumulated deficit	(176,475,637)	(175,059,401)
Total shareholders' equity	<u>23,040,164</u>	<u>24,169,095</u>
Non controlling interest (Note 14)	<u>8,766,402</u>	<u>8,765,515</u>
Total liabilities and shareholders' equity	<u>34,797,151</u>	<u>35,081,445</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 May 13, 2019.

"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,	
	2019	2018
	\$	\$
Operating expenses		
Exploration and evaluation expenditures (Note 9b)	673,109	1,310,775
Wages and benefits	356,887	305,745
Office and general	175,523	313,557
Stock based compensation (Note 13b)	80,605	222,565
Investor relations, promotion and advertising	66,187	54,785
Depreciation	63,978	12,922
Professional fees	62,210	112,382
Listing and filing fees	37,515	16,686
	<u>1,516,014</u>	<u>2,349,417</u>
Loss from operations		
Other income (expenses)		
Other income	47,874	13,800
Foreign exchange gains (losses)	46,066	(54,625)
Change in fair value of other financial assets	18,047	(30,506)
Finance income (loss)	(1,045)	5,538
Loss from associates (Note 10)	(28,808)	(52,109)
	<u>82,134</u>	<u>(117,902)</u>
Loss before tax	1,433,880	2,467,319
Income tax expense	99,013	88,756
	<u>1,532,893</u>	<u>2,556,075</u>
Loss for the period		
Loss attributable to:		
Shareholders	1,416,236	2,410,892
Non-controlling interests (Note 14)	116,657	145,183
	<u>1,532,893</u>	<u>2,556,075</u>
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Exchange gains (losses) on translations	128,077	(381,251)
	<u>128,077</u>	<u>(381,251)</u>
Other comprehensive income (loss) for the period, net of tax	128,077	(381,251)
Total loss and comprehensive loss for the period	<u>1,404,816</u>	<u>2,937,326</u>
Loss attributable to:		
Shareholders	1,288,159	2,792,143
Non-controlling interests	116,657	145,183
	<u>1,404,816</u>	<u>2,937,326</u>
Total loss and comprehensive loss for the period		
Loss per share		
Basic and diluted loss per share	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average number of Common Shares		
Basic and diluted	206,539,836	169,674,911

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, 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	24,938,426	7,059,312	1,436,135	-	-	8,495,447	-	8,495,447
Share issue costs	-	(645,115)	-	-	-	(645,115)	-	(645,115)
Other share issuances	400,000	144,247	-	-	-	144,247	-	144,247
RSU and Warrant exercises	337,063	172,980	(78,440)	-	-	94,540	-	94,540
Stock based compensation	-	-	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
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
RSU and Warrant exercises (Note 13b)	986,323	312,231	(273,034)	-	-	39,197	-	39,197
Stock based compensation (Note 13b)	-	-	120,031	-	-	120,031	-	120,031
Contributions by non-controlling interest	-	-	-	-	-	-	117,544	117,544
Cumulative translation adjustment	-	-	-	128,077	-	128,077	-	128,077
Net loss for the period	-	-	-	-	(1,416,236)	(1,416,236)	(116,657)	(1,532,893)
Balance as at March 31, 2019	207,175,498	180,014,906	29,012,753	(9,511,858)	(176,475,637)	23,040,164	8,766,402	31,806,566

The notes on pages 5 to 16 are an integral part of these condensed interim consolidated financial statements.

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

	Three months ended March 31,	
	2019	2018
	\$	\$
Cash flows from operating activities		
Loss for the period	(1,532,893)	(2,556,075)
Adjusted for:		
Stock based compensation (Note 13b)	120,031	389,450
Deferred tax expense	99,013	88,756
Loss from associates	28,808	52,109
Change in fair value, impairment and gains (losses) on disposal of financial instruments	(18,047)	30,506
Foreign exchange not related to cash	(128,300)	(36,235)
Other non-cash items on the statement of loss	120,275	20,249
Share issuance in relation to mineral properties	-	144,247
Movements in working capital:		
Accounts receivable and prepayments	(90,586)	(65,146)
Accounts payable and other liabilities	100,744	(140,663)
Net cash outflow due to operating activities	<u>(1,300,955)</u>	<u>(2,072,802)</u>
Cash flows from financing activities		
Contributions from non-controlling interest (Note 14)	117,544	-
Principal payments on lease liabilities	(44,905)	-
Interest payments on lease liabilities	(16,094)	-
Gross proceeds from bought deal private placement	-	8,495,447
Cash received from exercise of share based payments and warrants	-	94,540
Share issue costs from bought deal financing	-	(645,115)
Net cash inflow from financing activities	<u>56,545</u>	<u>7,944,872</u>
Cash flows from investing activities		
Purchase and proceeds of sale of property and equipment	(2,525)	(40,650)
Funding to Associates (Note 10)	-	(103,784)
Surety bond collateral	-	(13,000)
Net cash outflow due to investing activities	<u>(2,525)</u>	<u>(157,434)</u>
Effect of foreign exchange rates	<u>176,881</u>	<u>(247,753)</u>
Net increase (decrease) in cash and cash equivalents	(1,070,054)	5,466,883
Cash and cash equivalents at beginning of period	7,783,601	2,168,203
Cash and cash equivalents at end of the period	<u>6,713,547</u>	<u>7,635,086</u>

The above condensed 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

Three months ended March 31, 2019

(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 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, 2019 (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, 2018 (“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 16 – Leases (“IFRS 16”) at January 1, 2019.

The impact of the adoption of IFRS 16 and the significant accounting policies that have been amended as a result, have been outlined in Note 4.

4. ADOPTION OF IFRS 16 – Leases

Summary of changes

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

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

Three months ended March 31, 2019

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

4. ADOPTION OF IFRS 16 – Leases (continued)

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain the asset. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. The right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required.

The lease liability is subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Lease liabilities

The Company has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. On transition to IFRS 16, the Company recognized \$727,421 of right-of-use assets and \$727,421 of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.9%. The following reconciliation to the opening balance for lease liabilities as at January 1, 2019 is based upon the operating lease commitments as at December 31, 2018:

Operating lease commitments at December 31, 2018	\$ 1,066,012
Discounted using the incremental borrowing rate at January 1, 2019	8.9%
Finance lease liabilities recognized as at December 31, 2018	\$ 889,342
Recognition exemption for:	
Short-term leases	-
Leases of low-value assets	(2,205)
Scope changes due to IFRS 16	(159,716)
Lease liabilities at January 1, 2019	\$ 727,421
Less: Current portion	(185,317)
Long-term lease liabilities at January 1, 2019	\$ 542,104

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

Three months ended March 31, 2019

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

4. ADOPTION OF IFRS 16 – Leases (continued)

Our significant lease arrangements consist of contracts for leasing office premises and leased cars. As at March 31, 2019, \$682,670 of right-of-use assets are recorded as part of plant and equipment. Additional details described in Note 8.

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, except for those as a result of the adoption of IFRS 16 at January 1, 2019 as described below:

- (i) *Leases as a result of adopting IFRS 16:* IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company had to apply judgement on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

IFRS 16 requires that lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The standard defines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment. The Company used its incremental borrowing rate when recording leases initially, since information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

6. RECEIVABLES AND PREPAYMENTS

	March 31, 2019	December 31, 2018
Sales taxes receivable	\$ 68,774	\$ 37,802
Other receivables	75,032	80,818
Prepayments	139,205	92,854
Total	\$ 283,011	\$ 211,474

An additional \$605,342 in sales taxes receivable is classified as non-current at March 31, 2019 and is recoverable when production begins, or on sale of the licenses held by Orta Truva (December 31, 2018: \$645,106).

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, 2019, Liberty Gold holds Level 1 equity securities with a total fair value of \$243,197 (December 31, 2018: \$187,618).

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

Three months ended March 31, 2019

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

8. PLANT AND EQUIPMENT

The Company has entered into contracts 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. Lease agreements do not impose any covenants, but lease assets may not be used as security for borrowing purposes. 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 office premises in Canada and the United States, and office premises and automobiles in Turkey represent right-of-use assets. Contingent rental expenditures of \$22,204 consisting of operating costs have been charged to the statement of loss for the three months ended March 31, 2019.

	Owned assets (a)	Right-of-use assets (b)	Total
Net book value as at December 31, 2018	\$ 222,711	\$ -	\$ 222,711
Net book value as at March 31, 2019	\$ 215,692	\$ 682,670	\$ 898,362

a) Owned assets

Cost:	Field equipment	Equipment	Computer software	Furniture and fixtures	Leasehold improvements	Total
Balance as at December 31, 2018	\$ 133,062	\$ 600,010	\$ 271,333	\$ 260,992	\$ 322,507	\$ 1,587,904
Additions	-	2,525	-	268	-	2,793
Cumulative translation adjustment	1,286	3,834	2,144	3,092	-	10,356
Balance as at March 31, 2019	\$ 134,348	\$ 606,369	\$ 273,477	\$ 264,352	\$ 322,507	\$ 1,601,053

Depreciation:

Balance as at December 31, 2018	\$ 78,125	\$ 472,321	\$ 271,333	\$ 222,271	\$ 321,143	\$ 1,365,193
Depreciation charge	2,288	5,454	-	1,893	681	10,316
Cumulative translation adjustment	658	4,263	2,144	2,787	-	9,852
Balance as at March 31, 2019	\$ 81,071	\$ 482,038	\$ 273,477	\$ 226,951	\$ 321,824	\$ 1,385,361

Net Book Value:

As at March 31, 2019	\$ 53,277	\$ 124,331	\$ -	\$ 37,401	\$ 683	\$ 215,692
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Equipment consists of automobiles, automotive equipment, and computer hardware.

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

Three months ended March 31, 2019

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

8. PLANT AND EQUIPMENT (continued)

b) Right-of-use (leased) assets

Cost:	Offices	Automobiles	Total
Balance as at December 31, 2018	\$ -	\$ -	\$ -
Additions on IFRS 16 adoption	709,270	18,151	727,421
Cumulative translation adjustment	9,917	(1,019)	8,898
Balance as at March 31, 2019	\$ 719,187	\$ 17,132	\$ 736,319
Depreciation:			
Balance as at December 31, 2018	\$ -	\$ -	\$ -
Depreciation charge	51,678	2,231	53,909
Cumulative translation adjustment	(170)	(90)	(260)
Balance as at March 31, 2019	\$ 51,508	\$ 2,141	\$ 53,649
Net Book Value:			
As at March 31, 2019	\$ 667,679	\$ 14,991	\$ 682,670

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. Expenditures at Halilağa are recorded in the Company's investment in Truva Bakır, an equity-accounted associate (Note 10).

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, 2019, or in the year ended December 31, 2018:

	At March 31, 2019	At December 31, 2018
USA		
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
Total USA	\$ 10,321,847	\$ 10,321,847
Turkey		
TV Tower	\$ 13,660,256	\$ 13,660,256
Total Turkey	\$ 13,660,256	\$ 13,660,256
Total	\$ 23,982,103	\$ 23,982,103

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

Three months ended March 31, 2019

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

9. 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, 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	159,039	-	-	-	159,039	-	-	159,039
Project disposals	-	-	-	144,247	144,247	-	-	144,247
Other	116,970	27,208	32,717	-	176,895	133,192	156	310,243
March 31, 2018	\$ 13,129,232	\$ 19,829,224	\$ 962,460	\$ 2,482,127	\$ 36,403,043	\$ 33,762,268	\$ 3,410,449	\$ 73,575,760
December 31, 2018	\$ 17,174,228	\$ 20,376,305	\$ 1,483,774	\$ 2,508,608	\$ 41,542,915	\$ 34,090,058	\$ 3,546,102	\$ 79,179,075
Drilling and assays	10,334	-	-	-	10,334	-	-	10,334
Wages and salaries	107,646	6,897	55,239	-	169,782	19,463	9,842	199,087
Other	246,676	9,637	60,091	-	316,404	121,301	25,983	463,688
March 31, 2019	\$ 17,538,884	\$ 20,392,839	\$ 1,599,104	\$ 2,508,608	\$ 42,039,435	\$ 34,230,822	\$ 3,581,927	\$ 79,852,184

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

10. 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.

	Truva Bakır
At December 31, 2018	\$ 1,496,952
Share of loss	(28,808)
Funding	-
Foreign exchange differences	32,125
At March 31, 2019	\$ 1,500,269

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

Three months ended March 31, 2019

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

10. INVESTMENT IN ASSOCIATES (continued)

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

	March 31, 2019	December 31, 2018
Current assets	\$ 609,987	\$ 769,174
Non-current assets	3,215,828	3,024,560
Current liabilities	(75,143)	(51,353)
Total net assets	\$ 3,750,672	\$ 3,742,381
% interest held	40%	40%
Company's share of net assets	\$ 1,500,269	\$ 1,496,952

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

	Three months ended March 31, 2019	2018
Loss	\$ (72,020)	\$ (130,273)
% interest held	40%	40%
Company's share of loss	\$ (28,808)	\$ (52,109)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	December 31, 2018
Trade payables	\$ 434,624	\$ 378,075
Decommissioning liability - current	114,300	96,300
Accrued liabilities	64,955	122,323
Other payables	62,243	15,556
Total	\$ 676,122	\$ 612,254

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

During the period ended March 31, 2019, the current decommissioning liability relating to the Company's Goldstrike property was increased by \$18,000 (year ended December 31, 2018: increased by \$15,000). There were no changes to the decommissioning liability relating to the Company's Black Pine property (year ended December 31, 2018: \$nil change).

Non-current other liabilities as at March 31, 2019 include a decommissioning liability of \$117,500 relating to the Kinsley property (December 31, 2018: \$117,500).

12. DEFERRED TAX LIABILITY

A deferred tax liability of \$1,485,953 has been recognised in the period ended March 31, 2019 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva (December 31, 2018: \$1,386,939).

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

Three months ended March 31, 2019

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

13. 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, 2019, the Company charged a total of \$120,031 of stock-based compensation expense to the statement of loss (three months ended March 31, 2018: \$389,450) of which \$39,426 is attributed to exploration and evaluation expenditures (three months ended March 31, 2018: \$166,885).

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, 2018	13,078,750	0.54
Options expired	(935,000)	1.15
Options forfeit	(45,000)	1.15
Balance, March 31, 2019	12,098,750	0.49

At March 31, 2019, Liberty Gold had incentive Options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

Range of prices	Number of Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of Options exercisable	Weighted average exercise price of Options exercisable
	#	(in years)	C\$	#	C\$
C\$0.01 to C\$0.99	11,776,750	3.05	0.46	7,947,667	0.46
C\$1.00 to C\$1.99	272,000	0.85	1.14	272,000	1.14
C\$3.00 to C\$3.99	50,000	2.04	3.45	50,000	3.45
	12,098,750	3.00	0.49	8,269,667	0.50

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.

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 18, 2017, one half of which vested in three months and the remaining half after twelve months, and those granted on December 18, 2018, which vested immediately.

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

Three months ended March 31, 2019

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

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions relating to RSUs are summarised below:

	RSUs
	#
Balance, December 31, 2018	3,416,500
RSUs exercised	(939,583)
Balance, March 31, 2019	2,476,917

Expiry Date	Number of RSUs outstanding	Weighted average remaining contractual life	Number of RSUs exercisable
	#	(in years)	#
December 31, 2019	370,417	0.75	370,417
December 31, 2020	991,500	1.76	958,167
December 31, 2021	1,115,000	2.75	1,115,000
	2,476,917	2.05	2,443,584

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, 2018 and as at March 31, 2019, there were 1,683,000 DSUs outstanding.

iv) Warrants

There were 53,380,463 warrants outstanding as of March 31, 2019 with a weighted average exercise price of C\$0.68. There were no warrants issued, expired or exercised in the three months ended March 31, 2019

The remaining contractual lives of warrants outstanding as at March 31, 2019 are as follows:

Weighted average exercise price	Number of warrants outstanding	Weighted average remaining contractual life
C\$	#	(in years)
0.90	12,017,500	0.13
0.65	12,469,213	1.82
0.60	28,893,750	2.51
0.68	53,380,463	1.81

14. 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.

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

Three months ended March 31, 2019

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

14. NON-CONTROLLING INTEREST (continued)

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, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Current				
Assets	\$ 41,863	\$ 10,273	\$ 236,773	\$ 111,333
Liabilities	(138,318)	(27,492)	(104,904)	(115,067)
Total Current net assets (liabilities)	\$ (96,455)	\$ (17,219)	\$ 131,869	\$ (3,734)
Non-Current				
Assets	\$ 701,156	\$ 688,043	\$ 1,982,080	\$ 2,006,126
Liabilities	(117,500)	(117,500)	(1,485,953)	(1,386,939)
Total Non-current net assets	\$ 583,656	\$ 570,543	\$ 496,127	\$ 619,187
Net Assets	\$ 487,201	\$ 553,324	\$ 627,996	\$ 615,453

b) Summarised Statement of Loss

	KG LLC		Orta Truva	
	Three months ended March 31, 2019	Three months ended March 31, 2018	Three months ended March 31, 2019	Three months ended March 31, 2018
Statement of Loss	\$ 19,759	\$ 71,127	\$ 281,318	\$ 325,794
Other comprehensive Loss	-	-	-	-
Loss and other comprehensive Loss	\$ 19,759	\$ 71,127	\$ 281,318	\$ 325,794

c) Summarised cash flows

	KG LLC		Orta Truva	
	Three months ended March 31, 2019	Three months ended March 31, 2018	Three months ended March 31, 2019	Three months ended March 31, 2018
Net cash flow from:				
operating activities	\$ (2,982)	\$ (2,906)	\$ (188,627)	\$ (308,110)
financing activities	-	-	293,861	-
Net increase (decrease) in cash	\$ (2,982)	\$ (2,906)	\$ 105,234	\$ (308,110)
Cash at the beginning of the period	43,466	8,894	109,696	402,490
Cash at the end of the period	\$ 40,484	\$ 5,988	\$ 214,930	\$ 94,380

15. 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. See Note 4 for a reconciliation to the opening balance for lease liabilities as at January 1, 2019 based upon the operating lease commitments as at December 31, 2018.

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

Three months ended March 31, 2019

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

15. COMMITMENTS (continued)

Total future minimum lease payments, for agreements outside the scope of IFRS 16, as at March 31, 2019 are as follows:

Year	
2019	\$ 46,891
2020	62,521
2021	62,521
2022	41,118
2023+	-
	\$ 213,051

16. SEGMENT INFORMATION

The Company's operations are in one segment, the exploration for gold, copper and other precious and base metals. At March 31, 2019 and December 31, 2018, 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 9 and 10. The net loss is distributed by geographic segment per the table below:

	Three months ended March 31,	
	2019	2018
Canada	\$ 548,603	\$ 916,563
USA	716,450	1,302,325
Turkey	267,840	337,187
	\$ 1,532,893	\$ 2,556,075

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

	March 31,	December 31,
	2019	2018
Canada	\$ 537,759	\$ 59,106
USA	158,385	139,687
Turkey	202,218	23,918
	\$ 898,362	\$ 222,711

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, 2019

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

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 10.

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, 2019 total \$145,910 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at March 31, 2019, Oxygen holds a refundable deposit of \$122,671 on behalf of the Company. Additionally, as at March 31, 2019 the Company held a payable to Oxygen of \$45,484, that was settled subsequent to March 31, 2019.

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:

	Three months ended March 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 245,520	\$ 244,916
Share-based payments	58,718	176,162
Total	\$ 304,238	\$ 421,078