

LIBERTY GOLD CORP.

A Compelling Valuation

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LIBERTY GOLD CORP. (OTC:BB – LBGO - \$0.56)

Price Target: \$3.00

Rating: Speculative Buy

COMPANY SNAPSHOT

Liberty Gold Corp. is an emerging gold and precious metals exploration company leader with a significant asset portfolio. The Company's project portfolio includes the Domestic Portfolio in Arizona and the Moneyrock Property in Alaska. The Company's stable of major gold and silver projects is well established, and management maintains an active approach to property acquisitions. The Domestic Portfolio alone has an estimated valuation of \$16.7 billion. In addition, the initiation of a new exploration program in Alaska has a potential net present value (NPV) target of \$1 billion - \$3 billion.

KEY STATISTICS

Price as of 8/31/12	\$0.56
52 Wk High – Low	\$1.05 – 0.20
Est. Shares Outstanding	88.3M
Market Capitalization	\$49.4M
3 Mo Avg Vol	55,900
Exchange	OTC:BB

COMPANY INFORMATION

Liberty Gold Corp.
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INVESTMENT HIGHLIGHTS

The Bottom Line: LBGO recently announced visible gold sample results for its primary portfolio. Gold and gold-based equity vehicles reached records recently, indicating the likelihood of a return to a new high for gold in the near future. We initiated coverage of LBGO at a price of \$0.75 with a price target of \$3.00 in mid-August. While the stock has underperformed, the underlying fundamentals and widespread gold accumulation bodes well for investors. We reiterate our Speculative Buy recommendation and our price target.

The News: LBGO announced positive results following initial sampling and processing for visible gold on the Company's Domestic Portfolio. Initial samples were collected from 5 different locations within the Domestic Portfolio holdings to determine whether, once processed, visible gold was present at 3 different screens. LBGO will now apply the same sampling and processing approach on a bulk sampling scale, which will involve collecting at least 2 separate 200-pound samples from each location.

What this means: Now that the Company has achieved an important milestone, which verifies, to a degree, the likely success of the mining properties, favorable results from the upcoming tests could take the stock to levels well above \$1.00 per share as the mining potential is more accurately assessed.

Our Take: We are in the midst of a commodity rally and a record holding level of ETFs backed by gold. The combination of both the macro and company-specific events are very bullish indicators and investors would be wise to take advantage of the recent decline in LBGO's shares.

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Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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