



Condensed Interim Consolidated Financial Statements

As at and for the three and six month periods ended August 31, 2018
(Expressed in Canadian Dollars)

Altamira Gold Corp.

NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Altamira Gold Corp., for the three and six months ended August 31, 2018, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Financial Position

As at August 31, 2018 and February 28, 2018

(Expressed in Canadian Dollars)

	August 31 2018	February 28 2018
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 761,211	\$ 1,062,758
Other receivables	8,127	27,791
Prepaid expenses	16,691	44,430
Total current assets	786,029	1,134,979
Non-current assets		
Property and equipment (note 4)	62,815	65,269
Exploration and evaluation assets (note 5)	10,801,862	10,860,852
Long term investment	58,748	57,641
Reclamation deposit	15,000	15,000
Total Assets	\$ 11,724,454	\$ 12,133,741
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 82,755	\$ 120,743
Due to related parties (note 9)	485	81,833
Current portion of long term liabilities (note 6)	83,620	86,416
Total current liabilities	166,860	288,992
Long term liabilities (note 6)	162,770	157,742
	329,630	446,734
Equity		
Share capital (note 7)	34,303,140	33,427,931
Share subscriptions received (note 7)	3,276	3,276
Share-based payments reserve (note 8)	3,626,877	3,469,324
Accumulated other comprehensive income/(loss)	(691,629)	(36,217)
Deficit	(25,846,840)	(25,177,307)
	11,394,824	11,687,007
Total Liabilities and Equity	\$ 11,724,454	\$ 12,133,741

Nature of operations and going concern (note 1), Commitments (note 12), Subsequent Events (note 13).

Approval on behalf of the Board of Directors:

Michael Bennett

Christopher Harris

Director

Director

The accompanying notes are an integral part of these financial statements.

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three and six month periods ended August 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	2017	2018	2017
Operating Expenses				
Advertising and promotion	\$ 12,021	\$ 42,137	\$ 57,336	\$ 52,293
Amortization	6,637	4,220	13,249	10,155
Consulting fees and staff costs	139,847	125,865	278,409	308,095
Investor relations	-	6,400	-	6,400
Office and general	31,950	36,082	73,282	72,854
Other Exploration costs	6,301	-	6,301	4,032
Professional fees	26,390	9,045	30,591	63,287
Share-based payments	-	220,247	157,553	728,156
Transfer agent & regulatory fees	9,141	1,643	12,661	46,878
Travel	19,074	7,150	38,941	16,394
	(251,361)	(452,789)	(668,323)	(1,308,544)
Other income (expense)				
Interest expense	(2,558)	(6,853)	(5,552)	(10,143)
Interest income	3,232	1,260	4,342	1,521
Gain on disposal of fixed asset	-	8,633	-	8,633
Foreign exchange gain	-	106	-	107
Loss for the period before income tax	(250,687)	(449,643)	(669,533)	(1,308,426)
Income tax recovery	-	-	-	-
Net Loss for the Period	(250,687)	(449,643)	(669,533)	(1,308,426)
Cumulative Translation Adjustment	(276,200)	(138,128)	(655,412)	(169,905)
Total Comprehensive Loss for the Period	(526,887)	(587,771)	(1,324,945)	(1,478,331)
Basic and Diluted Loss Per Share	\$ 0.005	\$ 0.012	\$ 0.014	\$ 0.043
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	49,904,649	38,566,816	49,269,816	30,428,710

*Restated to reflect effect of Share Consolidation in December 2016

The accompanying notes are an integral part of these financial statements.

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the six month periods ended August 31, 2018 and 2017

(Expressed in Canadian Dollars)

	*Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
Balance, February 29, 2017	32,650,752	\$ 30,474,335	\$ 836,350	\$ 2,566,884	\$ 137,987	\$ (20,112,258)	\$ 13,903,298
Shares issued for cash	5,795,735	1,140,204	(1,140,204)	-	-	-	-
Share subscriptions received	-	-	307,116	-	-	-	307,116
Share-based payments	-	-	-	728,156	-	-	728,156
Share issuance costs	-	(4,000)	-	-	-	-	(4,000)
Shares issued for debt	175,718	31,629	-	-	-	-	31,629
Currency Translation Adjustment	--	-	-	-	(169,905)	-	(169,905)
Net loss for the period	-	-	-	-	-	(1,308,426)	(1,308,426)
Balance, August 31, 2017	38,622,205	\$ 31,642,168	\$ 3,262	\$ 3,295,040	\$ (31,918)	\$ (21,420,684)	\$ 13,487,868
Balance, February 28, 2018	48,643,316	\$ 33,427,931	\$ 3,276	\$ 3,469,324	\$ (36,217)	\$ (25,177,307)	\$ 11,687,007
Shares issued for cash	9,000,000	900,000	-	-	-	-	900,000
Share issuance costs	-	(14,791)	-	-	-	-	(14,791)
Returned to treasury	(10,000)	(10,000)	-	-	-	-	(10,000)
Share-based payments	-	-	-	157,553	-	-	157,553
Cumulative translation adjustment	-	-	-	-	(655,412)	-	(655,412)
Net loss for the period	-	-	-	-	-	(669,533)	(669,533)
Balance, August 31, 2018	57,633,316	\$ 34,303,140	\$ 3,276	\$ 3,626,877	\$ (691,629)	\$ (25,846,840)	\$ 11,394,824

*Restated to reflect effect of Share Consolidation in December 2016

The accompanying notes are an integral part of these financial statements.

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Cash Flows
For the six month periods ended August 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the period	\$ (669,533)	\$ (1,308,426)
Adjustments for items not affecting cash:		
Share-based payments	157,553	728,156
Amortization	13,249	10,155
Gain on disposal of assets	-	(8,633)
Unrealized currency translation adjustment	(5,113)	8,907
Changes in non-cash working capital:		
Other receivables	19,664	(27,030)
Prepaid expenses	17,739	(13,076)
Due to related parties	(81,348)	-
Accounts payable and accrued liabilities	(40,784)	(325,382)
Long term liabilities	(16,948)	31,587
	(605,521)	(903,742)
INVESTING ACTIVITIES:		
Exploration and evaluation asset acquisition and expenditures	(557,102)	(867,396)
Acquisition of property and equipment	(24,133)	(43,018)
	(581,235)	(910,414)
FINANCING ACTIVITIES:		
Shares issued for cash	900,000	307,116
Share issuance costs	(14,791)	(4,000)
Proceeds on disposal of fixed assets	-	34,757
	885,209	337,873
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(301,547)	(1,476,283)
Cash, beginning of period	1,062,758	2,179,038
Cash and cash equivalents, end of period	\$ 761,211	\$ 702,755

The accompanying notes are an integral part of these financial statements.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Altamira Gold Corp. (“Altamira” or the “Company”) is a publicly listed company incorporated in British Columbia on September 1, 1994, with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange (“TSX-V”). The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address, and registered and records office of the Company are located at 1500 – 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

Going concern

These consolidated financial statements were prepared on a going concern basis. As of August 31, 2018, the Company had working capital of \$619,169 (February 28, 2018 - \$845,987). The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company believes they are able to raise sufficient funds to cover all of its operating requirements, financial commitments, and business development priorities during the next twelve months. However, the Company expects that it will continue to need to obtain further financing in the form of debt, equity or a combination thereof in the future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects. All of these material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

Approval of the financial statements

These consolidated financial statements for the three and six month and periods ended August 31, 2018, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on October 26, 2018.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed interim consolidated financial statements of the Company as at and for the three and six month periods ended August 31, 2018, with comparative information as at February 28, 2018 and for the three and six month periods ended August 31, 2017, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Canadian Institute of Chartered Accountants, as applicable to the preparation of interim financial statements including IAS 34. These unaudited interim financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company’s annual consolidated financial statements for the year ended February 28, 2018. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies as those included in the Company’s most recent annual consolidated financial statements, except as described herein.

New accounting standards and amendments adopted

The following standards have been adopted as at March 1, 2018. The Company has determined the impact of the new requirements to not be material.

IFRS 9, Financial Instruments (“IFRS 9”) replaces IAS 39, Financial Instruments – Recognition and Measurement (“IAS 39”) and some of the requirements of IFRS 7, Financial Instruments: Disclosures (“IFRS 7”).

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

The objective of IFRS 9 is to establish principles for reporting of financial assets and financial liabilities in respect of the assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") replaces IAS 11, Construction Contracts ("IAS 11"), IAS 18, Revenue ("IAS 18") and some revenue-related interpretations. The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers using two approaches to recognizing revenue – at one point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of the revenue recognized.

Accounting standards and amendments issued but not yet adopted

IFRS 16, Leases ("IFRS 16") replaces IAS 17, Leases ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is in the process of evaluating the impact.

3. CASH AND CASH EQUIVALENTS

As of August 31, 2018, the Company had a \$600,000 (February 2018 - \$1,000,000) guaranteed investment certificate that bears interest at prime minus 2.6% and matures on December 20, 2018.

4. PROPERTY AND EQUIPMENT

	*Machinery & equipment		Furniture		Vehicles		*Computer and Software		Total
<u>Cost</u>									
February 28, 2018	\$	36,212	\$	5,586	\$	33,171	\$	21,558	\$ 96,527
Additions		-		-		21,387		2,746	24,133
Disposals		-		-		-		-	-
Foreign currency alignment		(7,134)		(1,101)		(8,896)		(3,578)	(20,709)
August 31, 2018	\$	29,078	\$	4,485	\$	45,662	\$	20,726	\$ 99,951
<u>Accumulated Amortization</u>									
February 28, 2018	\$	16,459	\$	1,154	\$	4,838	\$	8,807	\$ 31,258
Additions		4,086		532		5,971		2,660	13,249
Disposals		-		-		-		-	-
Foreign currency alignment		(3,694)		(286)		(1,612)		(1,779)	(7,371)
August 31, 2018	\$	16,851	\$	1,400	\$	9,197	\$	9,688	\$ 37,136
<u>Net Book Value</u>									
February 28, 2018	\$	19,753	\$	4,432	\$	28,333	\$	12,751	\$ 65,269
August 31, 2018	\$	12,227	\$	3,085	\$	36,465	\$	11,038	\$ 62,815

*Restated to reflect re-allocation of Computer Costs.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the six month period ended August 31, 2018 and year ended February 28, 2018:

	Brazil	Canada	Total
Balance, February 28, 2017	\$ 9,299,278	\$ 2,976,414	\$ 12,275,692
Additions during the period -			
Acquisition costs			
Claim maintenance	358,626	-	358,626
Property exploration costs			
Assays	126,857	-	126,857
Camp expenses	322,478	-	322,478
Drilling	331,101	-	331,101
Geological costs	517,423	-	517,423
External studies	19,906	-	19,906
Supplies and rentals	-	690	690
Travel and accommodation	56,903	-	56,903
Total additions during the period	1,733,294	690	1,733,984
Impairment	-	(2,977,101)	(2,977,101)
Foreign currency alignment	(171,723)	-	(171,723)
Balance, February 28, 2018	\$ 10,860,849	\$ 3	\$ 10,860,852
Additions during the period -			
Acquisition costs			
Claim maintenance	183,032	-	183,032
Property exploration costs			
Assays	31,817	-	31,817
Camp expenses	74,182	-	74,182
Drilling	47,145	-	47,145
Geological costs	230,422	-	230,422
External studies	53,494	-	53,494
Travel and accommodation	20,037	-	20,037
Total additions during the period	640,129	-	640,129
Impairment	-	-	-
Foreign currency alignment	(699,119)	-	(699,119)
Balance, August 31, 2018	\$ 10,801,859	\$ 3	\$ 10,801,862

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS - continued

Properties in Brazil:

The following schedule shows the Company's total expenditures in Brazil by property for the six month period ended August 31, 2018 and year ended February 28, 2017:

	Cajueiro	Apiacas	Colider	Nova Canaa	Crepori	Santa Helena*	Other	Total
Balance, February 28, 2017	\$ 8,069,369	\$ 223,637	\$ 173,833	\$ 163,019	\$ 163,019	-	\$ 506,401	\$ 9,299,278
Additions during the period -								
Acquisition costs								
Claim maintenance	153,292	109,925	12,574	-	34,768	-	48,067	358,626
Property exploration costs								
Assays	61,015	1,435	32,048	-	32,359	-	-	126,857
Camp expenses	268,413	9,660	2,692	-	38,737	-	2,976	322,478
Drilling	174,083	-	-	-	157,018	-	-	331,101
Geological costs	351,542	63,261	1,161	-	80,029	-	21,430	517,423
External studies	14,652	816	-	-	4,438	-	-	19,906
Travel and accommodation	32,416	2,654	1,051	-	18,739	-	2,043	56,903
Total additions during the period	1,055,413	187,751	49,526	-	366,088	-	74,516	1,733,294
Foreign currency alignment	(142,029)	(6,403)	(3,477)	(2,537)	(8,236)	-	(9,041)	(171,723)
Balance, February 28, 2018	\$ 8,982,753	\$ 404,985	\$ 219,882	\$ 160,482	\$ 520,871	-	\$ 571,876	\$ 10,860,849
Additions during the period -								
Acquisition costs								
Claim maintenance	50,104	52,842	736	-	15,141	24,276	39,933	183,032
Property exploration costs								
Assays	13,841	-	13,184	-	-	4,792	-	31,817
Camp expenses	65,747	38	450	-	2,739	5,172	36	74,182
Drilling	47,145	-	-	-	-	-	-	47,145
Geological costs	198,537	12,895	58	-	58	18,458	416	230,422
External studies	46,650	-	6,844	-	-	-	-	53,494
Travel and accommodation	16,585	755	-	-	-	2,697	-	20,037
Total additions during the period	438,609	66,530	21,272	-	17,938	55,395	40,385	640,129
Foreign currency alignment	(572,704)	(28,662)	(14,659)	(9,755)	(32,753)	(3,367)	(37,219)	(699,119)
Balance, August 31, 2018	\$ 8,848,658	\$ 442,853	\$ 226,495	\$ 150,727	\$ 506,056	52,028	\$ 575,042	\$ 10,801,859

* Included in "Other" prior to current period.

AFM holds a 100% interest in all of its properties.

For the Cajueiro and Rio do Pombo (included in "Other") properties, the previous property owners have retained a 1.0% net smelter royalty ("NSR"). In addition, a portion of the Cajueiro property is subject to a 2.5% GSR payable to the land owner.

For the Vila Rica property (included in 'Other'), the previous property owners have retained a 1.5% NSR.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS - continued

For the Apiacas, Carlinda (part of the Cajueiro property), Colider, Paranaita, and Tapajos properties (the latter two included in 'Other'), the previous property owners have retained a 2.5% NSR which may be reduced to 1.5% at the Company's option for a payment of US\$ 4,000,000. In addition, the Company is committed to issue 600,000 common shares of ECI Exploration and Mining Inc. ("ECI"), AFG's former joint venture partner, to the previous property owners upon realising a resource (defined in accordance with National Instrument 43-101) on any part of these properties, and a further 600,000 common shares of ECI upon receipt of the first bankable feasibility study on any part of these properties. As at August 31, 2018, the Company owned 600,000 common shares of ECI with a book value of \$58,748 (\$45,000 USD).

In addition to the NSR's referred to above, all properties are subject to a 1.75% NSR that is held by ECI.

Properties in Canada:

The following schedule shows the Company's total expenditures in Canada by property for the three month period ended August 31, 2018 and year ended February 28, 2017:

	Garland Property	Tom Gold Mine Claims	Day Claims	Nahmint Property	Other Properties	Total
Balance, February 28, 2017	\$ 2,976,411	\$ 1	\$ 1	\$ -	\$ 1	\$ 2,976,414
Additions during the period -						
Property exploration costs	-	-	-	-	-	-
Field supplies and rentals	690	-	-	-	-	690
Total additions during the period	690	-	-	-	-	690
Impairment	(2,977,101)	-	-	-	-	(2,977,101)
Balance, February 28, 2018	\$ -	\$ 1	\$ 1	\$ -	\$ 1	\$ 3
Additions during the period -						
Property exploration costs	-	-	-	-	-	-
Total additions during the period	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance, August 31, 2018	\$ -	\$ 1	\$ 1	\$ -	\$ 1	\$ 3

During year ended February 28, 2018 the Company elected not to make the final acquisition payment in respect of the Garland Property and thus relinquished the property. The carrying value of the property amounting to \$2,977,101 was written off.

The Tom Gold Mine Claims, in Yellowknife, NWT, Day Claims, and other claims in BC were written down to nominal amounts in the year ended February 28, 2016 due to minimal activity and increased focus on its other projects.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

6. LONG TERM LIABILITIES

AFM has restructured its liabilities relating to claim maintenance costs for certain of its mineral properties. Pursuant to the terms of restructuring, AFM agreed to repay liabilities relating to claims maintenance costs and penalties totalling BRL\$777,001 over 10 to 60 months including interest. Interest is calculated using the Sistema Especial de Liquidação e Custodia (“SELIC”) rate as published by Brazil’s central bank.

	August 31, 2018	February 28, 2018
Long term liabilities	\$ 246,390	\$ 244,158
Less: current portion of long term liabilities	(83,620)	(86,416)
	\$ 162,770	\$ 157,742

The long-term liabilities payable in each of the next five years are as follows:

	BRL	CAD
August 31, 2019	R\$ 263,699	\$ 83,620
August 31, 2020	216,274	68,581
August 31, 2021	160,734	50,969
August 31, 2022	94,934	30,104
August 31, 2023	41,360	13,116
	R\$ 777,001	\$ 246,390

7. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

b) Issued:

On December 30, 2016, the Company consolidated the outstanding share capital of the Company on the basis of ten (10) pre-consolidation common shares for one (1) post consolidation common share.

During the six months ended August 31, 2018:

- On March 27, 2018, 10,000 common shares of the Company, originally issued at \$1.00 per share, were cancelled and returned to treasury.
- On August 17, 2018 the Company closed a non-brokered private placement of 6,060,000 units (“Units”) at a price of \$0.10 per Unit for gross proceeds of \$606,000. Each Unit consists of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.20 per share for a period of 60 months from closing.
- On August 23, 2018, the Company closed a non-brokered private placement of 2,940,000 units (“Units”) at a price of \$0.10 per Unit for gross proceeds of \$294,000. Each Unit consists of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.20 per share for a period of 60 months from closing.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars)

7. SHARE CAPITAL - continued

During the year ended February 28, 2018:

- i. On March 1, 2017, the Company closed a non-brokered private placement of 4,179,521 units ("Units") at a price of \$0.18 per Unit for gross proceeds of \$752,314. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.27 per share for a period of 24 months from closing.
 - ii. On April 5, 2017, the Company closed a non-brokered private placement of 1,616,214 units ("Units") at a price of \$0.24 per Unit for gross proceeds of \$387,891. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.33 per share for a period of 24 months from closing.
 - iii. On June 30, 2017, the Company issued 175,718 common shares at a deemed price of \$0.18 per share to settle outstanding debts totaling \$31,629. 133,333 of these shares have been issued to a non-arm's length creditor.
 - iv. On September 11, 2017, the Company issued 236,111 common shares at a deemed price of \$0.18 per Share to settle outstanding debts totaling \$42,500.
 - v. On December 21, 2017, the Company closed a non-brokered placement of 9,665,000 units ("Units") at a price of \$0.20 per Unit for gross proceeds of \$1,933,000. Each Unit is comprised of one common share and one non-transferable share purchase warrant exercisable at \$0.33 per warrant share for a period of five years from the issue date. The company has paid cash finder's fees of \$123,760 and has issued 618,800 finders warrants exercisable at \$0.33 per warrant share for a period of two years from the issue date. The finders share purchase warrants were valued at \$57,191 under the following assumptions and ranges: risk free interest rate – 1.66%; expected life – 2 years; expected volatility – 110.57%; expected dividend yield – 0%; and weighted average share price - \$0.20.
 - vi. A total of 120,000 warrants were exercised at an exercise price of \$0.27 per share for proceeds of \$32,400.
- c) Warrants:

Warrant transactions and the number of warrants outstanding for the six month period ended August 31, 2018 and year ended February 28, 2018 are summarized as follows:

	August 31, 2018		February 28, 2018	
	Number of Warrants*	Weighted Average Exercise Price*	Number Warrants	Weighted Average Exercise Price*
Balance, beginning of year	29,892,352	\$ 0.40	14,548,379	\$ 0.54
Issued	9,000,000	0.20	16,079,535	0.31
Exercised	-	-	(120,000)	0.27
Expired	(3,815,109)	1.44	(615,562)	1.50
Balance, end of period	35,077,243	\$ 0.27	29,892,352	\$ 0.40

*Restated to reflect effect of 1 for 10 share consolidation on December 31, 2016.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)

7. SHARE CAPITAL - continued

The following warrants were outstanding as at August 31, 2018:

Expiry Date	Exercise Price*	Number of warrants*	Remaining Contractual Life (Years)
February 22, 2019	\$ 0.27	9,997,707	0.48
March 1, 2019	\$0.27	4,179,522	0.50
April 5, 2019	\$0.33	1,616,214	0.60
December 20, 2019	\$0.33	618,800	1.30
December 20, 2022	\$0.33	9,665,000	4.31
August 16, 2023	\$0.20	6,060,000	4.96
August 23, 2023	\$0.20	2,940,000	4.98
Balance, August 31, 2018	\$0.27	35,077,243	2.71

*Restated to reflect effect of 1 for 10 share consolidation on December 31, 2016.

8. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX-V. The expiry date for each option should be for a maximum term of five years.

Options granted to directors, employees and consultants, other than consultants engaged in investors relations activities, will vest fully upon the expiry of the TSX-V hold period of four months from the award date, unless otherwise approved by the relevant regulatory authorities. Options granted to employees in investors relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three month period.

On May 14, 2018, the Company granted 1,070,000 stock options to directors, consultants, and officers of the Company. The stock options are exercisable for a term of five years at an exercise price of \$0.17 per common share under the terms of the Company's Stock Option Plan.

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8. SHARE-BASED PAYMENTS - continued

The following is a summary of option transactions under the Company's stock option plan for the six month period ended August 31, 2018 and year ended February 28, 2018:

	August 31, 2018		February 28, 2018	
	Number of Options*	Weighted Average Exercise Price*	Number of Options*	Weighted Average Exercise Price*
Balance, beginning of year	3,520,000	\$ 0.28	886,460	\$ 1.41
Granted	1,070,000	0.17	4,070,000	0.28
Cancelled	(30,000)	0.28	(1,436,460)	0.98
Balance, end of year	4,560,000	0.25	3,520,000	0.28
Exercisable	4,560,000	\$ 0.25	3,520,000	\$ 0.28

*Restated to reflect effect of 1 for 10 share consolidation on December 31, 2016

The following stock options were outstanding as at August 31, 2018:

Expiry Date	Exercise Price	Number of options	Remaining Contractual Life (Years)
April 5, 2022	\$0.28	1,830,000	3.60
June 27, 2022	\$0.28	1,015,000	3.82
December 22, 2022	\$0.28	645,000	4.31
May 14, 2023	\$0.17	1,070,000	4.70
Balance, August 31, 2018	\$0.25	4,560,000	4.01

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the six month period ended August 31, 2018, the Company recorded \$157,553 (2017 - \$728,156) in share-based payments expense using the following assumptions:

	Six Months Ended August 31, 2018	Six Months Ended August 31, 2017
Risk free interest rate	2.22%	1.05% – 1.28%
Expected life	5 years	5 years
Expected volatility	131.5%	130.9% – 145%
Expected dividend yield	0%	0%
Expected forfeiture	0%	0%
Weighted average share price	\$0.17	\$0.24-\$0.25

Altamira Gold Corp.

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9. RELATED PARTY TRANSACTIONS

	Six Month Period ended	
	August 31, 2018	August 31, 2017
Key Management Compensation:		
Consulting fees and salaries	\$ 190,500	\$ 180,000
Share-based payments	84,640	364,040
Total	\$ 275,140	\$ 544,040
	August 31, 2018	February 28, 2018
Related Party Balances:		
Due to directors and officers of the Company	\$ 485	\$ 81,833
Due to (from) companies related by common directors*	(3,777)	(5,688)
Total	\$ (3,292)	\$ 76,145

*Due from companies related by common directors are included with other receivables.

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

10. SEGMENTED DISCLOSURE

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment:

	August 31, 2018	February 28, 2018
Non-current assets by geographic segment		
Canada	\$ 4,013	\$ 3,227
Brazil	10,860,664	10,922,894
	\$ 10,860,677	\$ 10,926,121

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at August 31, 2018, the Company's financial instruments are comprised of cash and cash equivalents, other receivables (excluding GST), long term investment, reclamation deposit, accounts payable and accrued liabilities, due to related parties and long term liabilities. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

At August 31, 2018

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 761,211	\$ -	\$ -	\$ 761,211
Reclamation deposit	15,000	-	-	15,000
Total	\$ 776,211	\$ -	\$ -	\$ 776,211

At February 28, 2018

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 1,062,758	\$ -	\$ -	\$ 1,062,758
Reclamation deposit	15,000	-	-	15,000
Total	\$1,077,758	\$ -	\$ -	\$ 1,077,758

12. COMMITMENTS

The Company has no commitments other than in respect of long term liabilities as described in note 7.

13. POST BALANCE SHEET EVENTS

During October 2018 the Company sold its 100% interests in the Tom and Sickle claims located in the Northwest Territories of northern Canada to TerraX Minerals Inc ("TerraX"). Altamira has received a total of \$25,000 cash and 250,000 shares of TerraX, and will retain a 2% NSR royalty.

On October 1, 2018 the Company granted 100,000 stock options to a consultant of the Company. The stock options are exercisable for a term of three years at an exercise price of \$0.10 per common share under the terms of the Company's Stock Option Plan.