



## Condensed Interim Consolidated Financial Statements

As at, and for the three and six month periods ended August 31, 2019  
(Expressed in Canadian Dollars)

## **Altamira Gold Corp.**

### **NOTICE TO READER**

*The accompanying condensed interim consolidated financial statements of Altamira Gold Corp. for the three month and six month periods ended August 31, 2019, 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, 2019 and February 28, 2019

(Expressed in Canadian Dollars)

|   | August 31,<br>2019   | February 28,<br>2019 |
|---|----------------------|----------------------|
| <b>Assets</b>                                     |                      |                      |
| <b>Current</b>                                    |                      |                      |
| Cash and cash equivalents (note 3)                | \$ 318,486           | \$ 123,742           |
| Other receivables                                 | 6,731                | 6,981                |
| Prepaid expenses                                  | 31,008               | 8,572                |
| Total current assets                              | 356,225              | 139,295              |
| <b>Non-current assets</b>                         |                      |                      |
| Property and equipment (note 4)                   | 38,743               | 55,534               |
| Exploration and evaluation assets (note 5)        | 11,681,787           | 11,497,516           |
| Long term investment                              | 59,828               | 59,261               |
| Reclamation deposit                               | 15,000               | 15,000               |
| <b>Total Assets</b>                               | <b>\$ 12,151,583</b> | <b>\$ 11,766,606</b> |
| <b>Liabilities</b>                                |                      |                      |
| <b>Current</b>                                    |                      |                      |
| Accounts payable and accrued liabilities          | \$ 100,159           | \$ 85,050            |
| Due to related parties (note 9)                   | 2,051                | 1,525                |
| Current portion of long term liabilities (note 6) | 124,311              | 88,471               |
| Total current liabilities                         | 226,521              | 175,046              |
| <b>Long term liabilities</b> (note 6)             | <b>248,558</b>       | <b>148,508</b>       |
|   | <b>475,079</b>       | <b>323,554</b>       |
| <b>Equity</b>                                     |                      |                      |
| Share capital (note 7)                            | 35,463,084           | 34,366,390           |
| Share subscriptions received (notes 7)            | 3,276                | 25,401               |
| Share-based payments reserve (note 8)             | 3,803,816            | 3,727,674            |
| Accumulated other comprehensive income/(loss)     | (710,425)            | (369,555)            |
| Deficit   | (26,883,247)         | (26,306,858)         |
|   | <b>11,676,504</b>    | <b>11,443,052</b>    |
| <b>Total Liabilities and Equity</b>               | <b>\$ 12,151,583</b> | <b>\$ 11,766,606</b> |

*Nature of operations and going concern (note 1), Commitments (note 12)*

Approval on behalf of the Board of Directors:

*Michael Bennett*

Director

*Christopher Harris*

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, 2019 and 2018

(Expressed in Canadian Dollars)

|   | Three Months Ended<br>August 31, |                   | Six Months Ended<br>August 31, |                    |
|---|----------------------------------|-------------------|--------------------------------|--------------------|
|   | 2019                             | 2018              | 2019                           | 2018               |
| <b>Operating Expenses</b>   |                                  |                   |                                |                    |
| Advertising and promotion   | \$ 8,086                         | \$ 12,021         | \$ 12,080                      | \$ 57,336          |
| Amortization  | 6,631                            | 6,637             | 13,313                         | 13,249             |
| Consulting fees and staff costs   | 149,820                          | 139,847           | 301,862                        | 278,409            |
| Investor relations  | -                                | -                 | -                              | -                  |
| Office and general  | 36,965                           | 31,950            | 71,267                         | 73,282             |
| Other Exploration costs   | 6,835                            | 6,301             | 6,835                          | 6,301              |
| Professional fees   | 26,550                           | 26,390            | 33,405                         | 30,591             |
| Share-based payments  | 76,142                           | -                 | 76,142                         | 157,553            |
| Transfer agent & regulatory fees  | 6,341                            | 9,141             | 14,394                         | 12,661             |
| Travel  | 28,575                           | 19,074            | 40,222                         | 38,941             |
|   | (345,945)                        | (251,361)         | (569,520)                      | (668,323)          |
| <b>Other income (expense)</b>   |                                  |                   |                                |                    |
| Interest expense  | (4,496)                          | (2,558)           | (8,902)                        | (5,552)            |
| Interest income   | 925                              | 3,232             | 925                            | 4,342              |
| Gain on disposal of fixed asset   | -                                | -                 | -                              | -                  |
| Foreign exchange gain   | 1,108                            | -                 | 1,108                          | -                  |
| <b>Loss for the period before income tax</b>                                    | <b>(348,408)</b>                 | <b>(250,687)</b>  | <b>(576,389)</b>               | <b>(669,533)</b>   |
| Income tax recovery   | -                                | -                 | -                              | -                  |
| <b>Net Loss for the Period</b>  | <b>(348,408)</b>                 | <b>(250,687)</b>  | <b>(576,389)</b>               | <b>(669,533)</b>   |
| <b>Cumulative Translation Adjustment</b>  | <b>(243,329)</b>                 | <b>(276,200)</b>  | <b>(340,870)</b>               | <b>(655,412)</b>   |
| <b>Total Comprehensive Loss for the Period</b>                                  | <b>(591,737)</b>                 | <b>(526,887)</b>  | <b>(917,529)</b>               | <b>(1,324,945)</b> |
| <b>Basic and Diluted Loss Per Share</b>   | \$ 0.005                         | \$ 0.005          | \$ 0.009                       | \$ 0.014           |
| <b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b> | <b>69,961,603</b>                | <b>49,904,649</b> | <b>65,862,696</b>              | <b>49,269,816</b>  |

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, 2019 and 2018  
(Expressed in Canadian Dollars)

|                                      | Number of<br>Shares | Share<br>Capital     | Subscription<br>Receipts | Reserves            | Accumulated<br>OCI / (Loss) | Deficit                | Total                |
|--------------------------------------|---------------------|----------------------|--------------------------|---------------------|-----------------------------|------------------------|----------------------|
| <b>Balance, February 28, 2018</b>    | <b>48,643,316</b>   | <b>\$ 33,427,931</b> | <b>\$ 3,276</b>          | <b>\$ 3,469,324</b> | <b>\$ (36,217)</b>          | <b>\$ (25,177,307)</b> | <b>\$ 11,687,007</b> |
| 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)            |
| <b>Balance, August 31, 2018</b>      | <b>57,633,316</b>   | <b>\$ 34,303,140</b> | <b>\$ 3,276</b>          | <b>\$ 3,626,877</b> | <b>\$ (691,629)</b>         | <b>\$ (25,846,840)</b> | <b>\$ 11,394,824</b> |
| <b>Balance, February 28, 2019</b>    | <b>58,617,912</b>   | <b>\$ 34,366,390</b> | <b>\$ 25,401</b>         | <b>\$ 3,727,674</b> | <b>\$ (369,555)</b>         | <b>\$ (26,306,858)</b> | <b>\$ 11,443,052</b> |
| Shares issued for private placements | 10,479,400          | 1,047,940            | -                        | -                   | -                           | -                      | 1,047,940            |
| Share issuance costs                 | -                   | (11,371)             | -                        | -                   | -                           | -                      | (11,371)             |
| Shares issued for salary             | 864,291             | 60,125               | (22,125)                 | -                   | -                           | -                      | 38,000               |
| Share-based payments                 | -                   | -                    | -                        | 76,142              | -                           | -                      | 76,142               |
| Cumulative translation adjustment    | -                   | -                    | -                        | -                   | (340,870)                   | -                      | (340,870)            |
| Net loss for the period              | -                   | -                    | -                        | -                   | -                           | (576,389)              | (576,389)            |
| <b>Balance, August 31, 2019</b>      | <b>69,961,603</b>   | <b>\$ 35,463,084</b> | <b>\$ 3,276</b>          | <b>\$ 3,803,816</b> | <b>\$ (710,425)</b>         | <b>\$ (26,883,247)</b> | <b>\$ 11,676,504</b> |

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, 2019 and 2018  
(Expressed in Canadian Dollars)

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>CASH PROVIDED BY (USED IN):</b>                            |                   |                   |
| <b>OPERATING ACTIVITIES:</b>                                  |                   |                   |
| Net loss for the period                                       | \$ (576,389)      | \$ (669,533)      |
| Adjustments for items not affecting cash:                     |                   |                   |
| Share-based payments  | 76,142            | 157,553           |
| Amortization  | 13,313            | 13,249            |
| Unrealized currency translation adjustment                    | 24,743            | (5,113)           |
| Changes in non-cash working capital:                          |                   |                   |
| Other receivables   | 250               | 19,664            |
| Prepaid expenses  | (22,436)          | 17,739            |
| Due to related parties  | 526               | (81,348)          |
| Accounts payable and accrued liabilities                      | 50,949            | (40,784)          |
| Long term liabilities   | 100,050           | (16,948)          |
|   | <b>(332,852)</b>  | <b>(605,521)</b>  |
| <b>INVESTING ACTIVITIES:</b>                                  |                   |                   |
| Exploration and evaluation asset acquisition and expenditures | (546,662)         | (557,102)         |
| Acquisition of property and equipment                         | (311)             | (24,133)          |
|   | <b>(546,973)</b>  | <b>(581,235)</b>  |
| <b>FINANCING ACTIVITIES:</b>                                  |                   |                   |
| Shares issued for cash  | 1,036,569         | 900,000           |
| Shares issuance costs   | -                 | (14,791)          |
| Shares issued for salaries                                    | 38,000            | -                 |
|   | <b>1,074,569</b>  | <b>885,209</b>    |
| <b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>       | <b>194,744</b>    | <b>(301,547)</b>  |
| <b>Cash, beginning of period</b>                              | <b>123,742</b>    | <b>1,062,758</b>  |
| <b>Cash and cash equivalents, end of period</b>               | <b>\$ 318,486</b> | <b>\$ 761,211</b> |

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, 2019

(Expressed in Canadian Dollars)

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## **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, 2019, the Company had a working capital surplus of \$129,704 (February 28, 2019 - working capital deficit of \$35,751). 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 periods ended August 31, 2019, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on October 29, 2019.

## **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, 2019, with comparative information as at February 28, 2019 and for the three and six month periods ended August 31, 2018, 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, 2019. 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.

### **Standards, amendments and interpretations not yet effective**

There are no IFRS that are not yet effective that would be expected to have a material impact on the Company.

## Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended August 31, 2019  
(Expressed in Canadian Dollars)

### 3. CASH AND CASH EQUIVALENTS

As of August 31, 2019, the Company had a \$200,000 (February 2019 - \$Nil) guaranteed investment certificate.

### 4. PROPERTY AND EQUIPMENT

|  | <b>Machinery<br/>&amp;<br/>equipment</b> | <b>Furniture</b> | <b>Vehicles</b>  | <b>Software</b>  | <b>Total</b>      |
|--|--|------------------|------------------|------------------|-------------------|
| <b><u>Cost</u></b>                     |  |                  |                  |                  |                   |
| February 28, 2019                      | \$ 32,244                                | \$ 4,974         | \$ 50,634        | \$ 22,379        | \$ 110,231        |
| Additions                              | -  | 311              | -                | -                | 311               |
| Disposals                              | -  | -                | -                | -                | -                 |
| Foreign currency alignment             | (2,798)                                  | (450)            | (4,394)          | (1,460)          | (9,102)           |
| <b>August 31, 2019</b>                 | <b>\$ 29,446</b>                         | <b>\$ 4,835</b>  | <b>\$ 46,240</b> | <b>\$ 20,919</b> | <b>\$ 101,440</b> |
| <b><u>Accumulated Amortization</u></b> |  |                  |                  |                  |                   |
| February 28, 2019                      | \$ 22,717                                | \$ 2,078         | \$ 16,527        | \$ 13,375        | \$ 54,697         |
| Additions                              | 3,916                                    | 510              | 6,149            | 2,738            | 13,313            |
| Disposals                              | -  | -                | -                | -                | -                 |
| Foreign currency alignment             | (2,207)                                  | (211)            | (1,804)          | (1,091)          | (5,313)           |
| <b>August 31, 2019</b>                 | <b>\$ 24,426</b>                         | <b>\$ 2,377</b>  | <b>\$ 20,872</b> | <b>\$ 15,022</b> | <b>\$ 62,697</b>  |
| <b><u>Net Book Value</u></b>           |  |                  |                  |                  |                   |
| February 28, 2019                      | \$ 9,527                                 | \$ 2,896         | \$ 34,107        | \$ 9,004         | \$ 55,534         |
| <b>August 31, 2019</b>                 | <b>\$ 5,020</b>                          | <b>\$ 2,458</b>  | <b>\$ 25,368</b> | <b>\$ 5,897</b>  | <b>\$ 38,743</b>  |

## Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended August 31, 2019  
(Expressed in Canadian Dollars)

### 5. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the three and six month periods ended August 31, 2019 and year ended February 28, 2019:

|                                   | Brazil               | Canada      | Total                |
|-----------------------------------|----------------------|-------------|----------------------|
| <b>Balance, February 28, 2018</b> | <b>\$ 10,860,849</b> | <b>\$ 3</b> | <b>\$ 10,860,852</b> |
| Additions during the period -     |                      |             |                      |
| Acquisition costs                 |                      |             |                      |
| Claim maintenance                 | 240,545              | -           | 240,545              |
| Property exploration costs        |                      |             |                      |
| Assays                            | 34,090               | -           | 34,090               |
| Camp expenses                     | 117,125              | -           | 117,125              |
| Drilling                          | 46,326               | -           | 46,326               |
| Geological costs                  | 451,527              | -           | 451,527              |
| External studies                  | 53,822               | -           | 53,822               |
| Travel and accommodation          | 27,915               | -           | 27,915               |
| Total additions during the period | 971,350              | -           | 971,350              |
| Sale of mineral property          | -                    | (1)         | (1)                  |
| Foreign currency alignment        | (334,685)            | -           | (334,685)            |
| <b>Balance, February 28, 2019</b> | <b>\$ 11,497,514</b> | <b>\$ 2</b> | <b>\$ 11,497,516</b> |
| Additions during the period -     |                      |             |                      |
| Acquisition costs                 |                      |             |                      |
| Claim maintenance                 | 292,461              | -           | 292,461              |
| Property exploration costs        |                      |             |                      |
| Assays                            | 6,529                | -           | 6,529                |
| Camp expenses                     | 36,565               | -           | 36,565               |
| Drilling                          | -                    | -           | -                    |
| Geological costs                  | 160,241              | -           | 160,241              |
| External studies                  | 47,534               | -           | 47,534               |
| Travel and accommodation          | 3,332                | -           | 3,332                |
| Total additions during the period | 546,662              | -           | 546,662              |
| Impairment                        | -                    | -           | -                    |
| Foreign currency alignment        | (362,391)            | -           | (362,391)            |
| <b>Balance, August 31, 2019</b>   | <b>\$ 11,681,785</b> | <b>\$ 2</b> | <b>\$ 11,681,787</b> |

## Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended August 31, 2019  
(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 three and six month periods ended August 31, 2019 and year ended February 28, 2019:

|                                   | Cajueiro            | Apiacas           | Colider           | Nova Canaa        | Crepori           | Santa Helena     | Other             | Total                |
|-----------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|----------------------|
| <b>Balance, February 28, 2018</b> | <b>\$ 8,982,753</b> | <b>\$ 404,985</b> | <b>\$ 219,882</b> | <b>\$ 160,482</b> | <b>\$ 520,871</b> | <b>\$ -</b>      | <b>\$ 571,876</b> | <b>\$ 10,860,849</b> |
| Additions during the period -     |                     |                   |                   |                   |                   |                  |                   |                      |
| Acquisition costs                 |                     |                   |                   |                   |                   |                  |                   |                      |
| Claim maintenance                 | 80,418              | 55,118            | 398               | -                 | 23,862            | 30,995           | 49,754            | 240,545              |
| Property exploration costs        |                     |                   |                   |                   |                   |                  |                   |                      |
| Assays                            | 13,600              | -                 | 12,955            | -                 | -                 | 7,535            | -                 | 34,090               |
| Camp expenses                     | 98,283              | 3,099             | 3,086             | -                 | 3,152             | 9,470            | 35                | 117,125              |
| Drilling                          | 46,326              | -                 | -                 | -                 | -                 | -                | -                 | 46,326               |
| Geological costs                  | 396,944             | 13,330            | 177               | -                 | 177               | 39,710           | 1,189             | 451,527              |
| External studies                  | 45,839              | -                 | 7,983             | -                 | -                 | -                | -                 | 53,822               |
| Travel and accommodation          | 22,749              | 1,650             | 359               | -                 | -                 | 3,157            | -                 | 27,915               |
| Total additions during the year   | 704,159             | 73,197            | 24,958            | -                 | 27,191            | 90,867           | 50,978            | 971,350              |
| Foreign currency alignment        | (274,004)           | (13,526)          | (6,926)           | (4,539)           | (15,502)          | (2,570)          | (17,618)          | (334,685)            |
| <b>Balance, February 28, 2019</b> | <b>\$ 9,412,908</b> | <b>\$ 464,656</b> | <b>\$ 237,914</b> | <b>\$ 155,943</b> | <b>\$ 532,560</b> | <b>\$ 88,297</b> | <b>\$ 605,236</b> | <b>\$ 11,497,514</b> |
| Additions during the period -     |                     |                   |                   |                   |                   |                  |                   |                      |
| Acquisition costs                 |                     |                   |                   |                   |                   |                  |                   |                      |
| Claim maintenance                 | 37,768              | 83,384            | 7,410             | -                 | 13,009            | 63,972           | 86,918            | 292,461              |
| Property exploration costs        |                     |                   |                   |                   |                   |                  |                   |                      |
| Assays                            | 183                 | 5,548             | 80                | -                 | -                 | 61               | 657               | 6,529                |
| Camp expenses                     | 22,056              | 13,891            | -                 | -                 | -                 | 245              | 373               | 36,565               |
| Drilling                          | -                   | -                 | -                 | -                 | -                 | -                | -                 | -                    |
| Geological costs                  | 105,662             | 38,179            | 117               | -                 | 117               | 15,258           | 908               | 160,241              |
| External studies                  | 39,574              | -                 | -                 | -                 | -                 | 7,960            | -                 | 47,534               |
| Travel and accommodation          | 2,092               | 716               | -                 | -                 | -                 | 524              | -                 | 3,332                |
| Total additions during the period | 207,335             | 141,718           | 7,607             | -                 | 13,126            | 88,020           | 88,856            | 546,662              |
| Foreign currency alignment        | (289,459)           | (18,245)          | (7,387)           | (4,692)           | (16,419)          | (5,305)          | (20,884)          | (362,391)            |
| <b>Balance, August 31, 2019</b>   | <b>\$ 9,330,784</b> | <b>\$ 588,129</b> | <b>\$ 238,134</b> | <b>\$ 151,251</b> | <b>\$ 529,267</b> | <b>171,012</b>   | <b>\$ 673,208</b> | <b>\$ 11,681,785</b> |

The Company, through its subsidiary Alta Floresta Gold Mineração Ltda, 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, 2019  
(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 \$58,266 (\$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 and six month periods ended August 31, 2018 and year ended February 28, 2017:

|                                   | Tom Gold<br>Mine Claims | Day<br>Claims | Other<br>Properties | Total |
|-----------------------------------|-------------------------|---------------|---------------------|-------|
| <b>Balance, February 28, 2018</b> | \$ 1                    | \$ 1          | \$ 1                | \$ 3  |
| Sale of mineral property          | (1)                     | -             | -                   | (1)   |
| <b>Balance, February 28, 2019</b> | \$ -                    | \$ 1          | \$ 1                | \$ 2  |
| Additions and disposals in period | -                       | -             | -                   | -     |
| <b>Balance, August 31, 2019</b>   | \$ -                    | \$ 1          | \$ 1                | \$ 2  |

In September 2018, the Company sold its 100% interests in the Tom and Sickle claims located in the Northwest Territories for total consideration valued at \$120,000. The properties had previously been written down to \$1.

### 6. LONG TERM LIABILITES

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\$1,161,193 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,<br>2019 | February 28,<br>2019 |
|--|--------------------|----------------------|
| Long term liabilities                          | \$ 372,869         | \$ 236,979           |
| Less: current portion of long term liabilities | (124,311)          | (88,471)             |
|  | \$ 248,558         | \$ 148,508           |

# Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
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## 6. LONG TERM LIABILITES - continued

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

|                 | BRL                  | CAD               |
|-----------------|----------------------|-------------------|
| August 31, 2020 | R\$ 387,151          | \$ 124,311        |
| August 31, 2021 | 313,151              | 100,567           |
| August 31, 2022 | 225,494              | 72,406            |
| August 31, 2023 | 154,575              | 49,634            |
| August 31, 2024 | 80,822               | 25,951            |
|                 | <b>R\$ 1,161,193</b> | <b>\$ 372,869</b> |

## 7. SHARE CAPITAL

Authorized and issued:

Unlimited common shares without nominal or par value.

**During the six months ended August 31, 2018:**

- i. On March 8, 2018 the Company's issued 294,998 common shares at a deemed price of \$0.075 per share to settle salary payments totaling \$22,125 due to members of its executive team in respect of the month of February 2019. The shares are subject to a four month hold period.
- ii. On April 5, 2019 the Company issued 345,702 common shares at a deemed price of \$0.064 per Share to settle salary payments totaling \$22,125 due to members if its executive team in respect of the month of March 2019. The shares are subject to a four month hold period.
- iii. On May 3, 2019 the Company issued 223,591 common shares at a deemed price of \$0.071 per Share to settle salary payments totaling \$16,710 due to members if its executive team in respect of the month of April 2019. The shares are subject to a four month hold period.
- iv. On May 10, 2019 the Company closed a non-brokered private placement of 10,479,400 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$1,047,940. 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 \$0.15 per share for a period of 24 months from closing. The company issued 7,000 finders warrants exercisable at \$0.15 per warrant share for a period of two years from the issue date.

**During the year ended February 28, 2019:**

- i. On March 27, 2018, 10,000 common shares of the Company, originally issued at \$1.00 per share, were cancelled and returned to treasury.
- ii. 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.
- iii. 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, 2019

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### 7. SHARE CAPITAL - continued

- iv. On December 18, 2018 the Company's issued 339,286 common shares at a deemed price of \$0.056 per share to settle salary payments totaling \$19,000 due to members of its executive team in respect of the month of November 2018.
- v. On January 11, 2019 the Company issued 368,748 common shares at a deemed price of \$0.06 per Share to settle salary payments totaling \$22,125 due to members of its executive team in respect of the month of December 2018.
- vi. On February 11, 2019 the Company issued 276,562 common shares at a deemed price of \$0.08 per Share to settle salary payments totaling \$22,125 due to members of its executive team in respect of the month of January 2019.
- vii. 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.
- viii. 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.
- ix. 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.
- x. 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 six month period ended August 31, 2019 and year ended February 28, 2019 are summarized as follows:

|                               | August 31, 2019    |                                  | February 28, 2019 |                                 |
|-------------------------------|--------------------|----------------------------------|-------------------|---------------------------------|
|                               | Number of Warrants | Weighted Average Exercise Price* | Number Warrants   | Weighted Average Exercise Price |
| Balance, beginning of year    | 25,079,536         | \$ 0.27                          | 29,892,352        | \$ 0.40                         |
| Issued                        | 10,486,400         | 0.15                             | 9,000,000         | 0.20                            |
| Expired                       | (5,795,736)        | 0.27                             | (13,812,816)      | 0.51                            |
| <b>Balance, end of period</b> | <b>29,770,200</b>  | <b>\$ 0.23</b>                   | <b>25,079,536</b> | <b>\$ 0.27</b>                  |

## Altamira Gold Corp.

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### 7. SHARE CAPITAL - continued

The following warrants were outstanding as at August 31, 2019:

| <b>Expiry Date</b>              | <b>Exercise Price</b> | <b>Number of warrants</b> | <b>Remaining Contractual Life (Years)</b> |
|---------------------------------|-----------------------|---------------------------|---|
| December 20, 2019               | \$0.33                | 618,800                   | .30                                       |
| December 20, 2022               | \$0.33                | 9,665,000                 | 3.31                                      |
| August 16, 2023                 | \$0.20                | 6,060,000                 | 3.96                                      |
| August 23, 2023                 | \$0.20                | 2,940,000                 | 3.98                                      |
| May 10, 2021                    | \$0.15                | 10,486,400                | 1.69                                      |
| <b>Balance, August 31, 2019</b> | <b>\$0.23</b>         | <b>29,770,200</b>         | <b>2.88</b>                               |

### 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.

The following is a summary of option transactions under the Company's stock option plan for the six month period ended August 31, 2019 and year ended February 28, 2019:

|                                   | <b>August 31, 2019</b>   |  | <b>February 28, 2019</b> |  |
|-----------------------------------|--------------------------|--|--------------------------|--|
|                                   | <b>Number of Options</b> | <b>Weighted Average Exercise Price</b> | <b>Number of Options</b> | <b>Weighted Average Exercise Price</b> |
| <b>Balance, beginning of year</b> | <b>5,735,000</b>         | <b>\$ 0.22</b>                         | 3,520,000                | \$ 0.28                                |
| Granted                           | 1,300,000                | 0.10                                   | 2,245,000                | 0.13                                   |
| Cancelled                         | (140,000)                | 0.17                                   | (30,000)                 | 0.28                                   |
| <b>Balance, end of year</b>       | <b>6,895,000</b>         | <b>0.18</b>                            | 5,735,000                | 0.22                                   |
| <b>Exercisable</b>                | <b>6,895,000</b>         | <b>\$ 0.18</b>                         | 5,735,000                | \$ 0.22                                |

## Altamira Gold Corp.

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### 8. SHARE-BASED PAYMENTS - continued

The following stock options were outstanding as at August 31, 2019:

| <b>Expiry Date</b>              | <b>Exercise Price (\$)</b> | <b>Number of options</b> | <b>Remaining Contractual Life (Years)</b> |
|---------------------------------|----------------------------|--------------------------|---|
| April 5, 2022                   | 0.28                       | 1,830,000                | 2.60                                      |
| June 27, 2022                   | 0.28                       | 915,000                  | 2.85                                      |
| December 22, 2022               | 0.28                       | 605,000                  | 3.20                                      |
| May 14, 2023                    | 0.17                       | 1,070,000                | 3.70                                      |
| October 1, 2021                 | 0.10                       | 100,000                  | 2.09                                      |
| February 4, 2024                | 0.10                       | 1,075,000                | 4.43                                      |
| July 22, 2024                   | 0.10                       | 1,300,000                | 4.90                                      |
| <b>Balance, August 31, 2019</b> | <b>0.22</b>                | <b>6,895,000</b>         | <b>3.56</b>                               |

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, 2019, the Company recorded \$76,142 (2018 - \$157,553) in share-based payments expense using the following assumptions:

|                              | <b>Six Months Ended August 31, 2019</b> | <b>Six Months Ended August 31, 2018</b> |
|------------------------------|---|---|
| Risk free interest rate      | 1.40%                                   | 2.22%                                   |
| Expected life                | 5 years                                 | 5 years                                 |
| Expected volatility          | 115.42%                                 | 131.5%                                  |
| Expected dividend yield      | 0%                                      | 0%                                      |
| Expected forfeiture          | 0%                                      | 0%                                      |
| Weighted average share price | \$0.08                                  | \$0.17                                  |

## Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements  
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### 9. RELATED PARTY TRANSACTIONS

|                                     | Six month period ended |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | August 31, 2019        | August 31, 2018 |
| <b>Key Management Compensation:</b> |                        |                 |
| Consulting fees and salaries        | \$ 155,000             | \$ 190,500      |
| Salary paid as shares               | 25,500                 | -               |
| Share-based payments                | 54,178                 | 84,640          |
| Advertising and promotion           | -                      | -               |
| Total                               | \$ 234,678             | \$ 257,140      |

  

|  | August 31, | February 28, |
|--|------------|--------------|
|  | 2019       | 2019         |
| <b>Related Party Balances:</b>                       |            |              |
| Due to directors and officers of the Company         | \$ 2,051   | \$ 1,525     |
| Due to (from) companies related by common directors* | (4,108)    | (4,771)      |
| Total  | \$ (2,057) | \$ (3,246)   |

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

In March and April 2019, members of the key management group were paid a portion of their consulting fees and salaries in the form of shares of the Company. A total of 383,609 shares were issued in respect of salary payments totaling \$25,500.

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,<br>2019 | February 28,<br>2019 |
|--|--------------------|----------------------|
| Non-current assets by geographic segment |                    |                      |
| Canada                                   | \$ 2,625           | \$ 3,319             |
| Brazil                                   | 11,717,904         | 11,549,732           |
|  | \$ 11,720,529      | \$ 11,553,051        |

### 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).

## Altamira Gold Corp.

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

As at August 31, 2019, 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.

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, 2019

| Assets              | Level 1           | Level 2     | Level 3     | Total             |
|---------------------|-------------------|-------------|-------------|-------------------|
| Cash                | \$ 318,486        | \$ -        | \$ -        | \$ 318,486        |
| Reclamation deposit | 15,000            | -           | -           | 15,000            |
| <b>Total</b>        | <b>\$ 333,486</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 333,486</b> |

#### At February 28, 2018

| Assets              | Level 1           | Level 2     | Level 3     | Total             |
|---------------------|-------------------|-------------|-------------|-------------------|
| Cash                | \$ 123,742        | \$ -        | \$ -        | \$ 123,742        |
| Reclamation deposit | 15,000            | -           | -           | 15,000            |
| <b>Total</b>        | <b>\$ 138,742</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 138,742</b> |

### 12. COMMITMENTS

The Company has no commitments other than in respect of long term liabilities as described in note 5.