



Condensed Interim Consolidated Financial Statements

As at, and for the three and six month periods ended August 31, 2020
(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, 2020, 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, 2020 and February 29, 2020

(Expressed in Canadian Dollars)

	August 31, 2020	February 29, 2020
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 352,452	\$ 767,402
Other receivables (note 4)	393,052	3,313
Prepaid expenses	61,739	69,208
Total current assets	807,243	839,923
Non-current assets		
Property and equipment (note 5)	16,018	24,503
Exploration and evaluation assets (note 6)	11,258,481	11,792,498
Long term investment	58,689	60,432
Reclamation deposit	15,000	15,000
Total Assets	\$ 12,155,431	\$ 12,732,356
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 124,842	\$ 172,961
Due to related parties (note 10)	29,272	46,813
Current portion of long term liabilities (note 7)	105,473	124,814
Total current liabilities	259,587	344,588
Long term liabilities (note 7)	207,149	233,403
	466,736	577,991
Equity		
Share capital (note 8)	37,390,872	36,709,580
Share subscriptions received (notes 8)	3,276	39,276
Share-based payments reserve (note 9)	4,354,141	3,808,488
Accumulated other comprehensive income/(loss)	(1,794,156)	(986,499)
Deficit	(28,265,438)	(27,416,480)
	11,688,695	12,154,365
Total Liabilities and Equity	\$ 12,155,431	\$ 12,732,356

Nature of operations and going concern (note 1), Commitments (note 14)

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, 2020 and 2019

(Expressed in Canadian Dollars)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2020	2019	2020	2019
Operating Expenses				
Advertising and promotion	\$ 25,974	\$ 8,086	\$ 30,366	\$ 12,080
Amortization	2,768	6,631	7,422	13,313
Consulting fees and staff costs	116,222	149,820	335,294	301,862
Office and general	34,067	36,965	66,429	71,267
Other Exploration costs	-	6,835	-	6,835
Professional fees	27,575	26,550	62,110	33,405
Share-based payments	-	76,142	256,169	76,142
Transfer agent & regulatory fees	6,810	6,341	13,334	14,394
Travel	2,800	28,575	3,806	40,222
	(216,216)	(345,945)	(774,930)	(569,520)
Other income (expense)				
Interest expense	(1,645)	(4,496)	(5,811)	(8,902)
Interest income	1,168	925	1,302	925
Loss on sale of exploration and evaluation asset (note 6)	(73,420)	-	(65,476)	-
Foreign exchange gain	(3,744)	1,108	(4,043)	1,108
Net Loss for the Period	(293,857)	(348,408)	(848,958)	(576,389)
Cumulative Translation Adjustment	(191,424)	(243,329)	(807,657)	(340,870)
Total Comprehensive Loss for the Period	(485,281)	(591,737)	(1,656,615)	(917,529)
Basic and Diluted Loss Per Share	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.01
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	99,762,604	69,961,603	98,643,729	65,862,696

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, 2020 and 2019

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
Balance, February 28, 2019	58,617,912	\$ 34,366,390	\$ 25,401	\$ 3,727,674	\$ (369,555)	\$ (26,306,858)	\$ 11,443,052
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)
Balance, August 31, 2019	69,961,603	\$ 35,463,084	\$ 3,276	\$ 3,803,816	\$ (710,425)	\$ (26,883,247)	\$ 11,676,504
Balance, February 28, 2020	90,988,157	\$ 36,709,580	\$ 39,276	\$ 3,808,488	\$ (986,499)	\$ (27,416,480)	\$ 12,154,365
Shares issued for private placements	8,013,577	480,815	-	-	-	-	480,815
Share subscriptions received	-	-	(36,000)	-	-	-	(36,000)
Share issuance costs	-	(39,523)	-	1,196	-	-	(38,327)
Shares issued for acquisition of Net Royalty smelter (note 6 and 8)	2,000,000	240,000	-	288,288	-	-	528,288
Share-based payments	-	-	-	256,169	-	-	256,169
Cumulative translation adjustment	-	-	-	-	(807,657)	-	(807,657)
Net loss for the period	-	-	-	-	-	(848,958)	(848,958)
Balance, August 31, 2020	101,001,734	\$ 37,390,872	\$ 3,276	\$ 4,354,141	\$ (1,794,156)	\$ (28,265,438)	\$ 11,688,695

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, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the period	\$ (848,958)	\$ (576,389)
Adjustments for items not affecting cash:		
Share-based payments	256,169	76,142
Amortization	7,422	13,313
Unrealized currency translation adjustment	(22,679)	24,743
Loss on sale of exploration and evaluation asset (note 6)	65,476	
Changes in non-cash working capital:		
Other receivables	(14,739)	250
Prepaid expenses	7,469	(22,436)
Due to related parties	(17,541)	526
Accounts payable and accrued liabilities	(62,634)	50,949
Long term liabilities	(30,059)	100,050
	(660,074)	(332,852)
INVESTING ACTIVITIES:		
Exploration and evaluation asset acquisition and expenditures	(283,148)	(546,662)
Proceeds of sale of Exploration and evaluation asset (note 4 and 6)	125,000	-
Acquisition of property and equipment	(3,216)	(311)
	(161,364)	(546,973)
FINANCING ACTIVITIES:		
Shares issued for cash	444,815	1,036,569
Shares issuance costs	(38,327)	-
Shares issued for salaries	-	38,000
	406,488	1,074,569
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(\$414,950)	194,744
Cash, beginning of period	767,402	123,742
Cash and cash equivalents, end of period	\$ 352,452	\$ 318,486

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, 2020
(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, 2020, the Company has no source of revenue and has a working capital surplus of \$547,656 (February 29, 2019 – surplus of \$495,335). 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

Approval of the financial statements

These consolidated financial statements for the three and six month periods ended August 31, 2020, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on October 27, 2020.

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, 2020, with comparative information as at February 29, 2020 and for the three and six month periods ended August 31, 2019, 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 29, 2020. 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.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

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.

3. CASH AND CASH EQUIVALENTS

As of August 31, 2020, the Company had a \$100,000 (February 29, 2020 - \$Nil) guaranteed investment certificate.

4. OTHER RECEIVABLES

	August 31, 2020	February 29, 2020
Current		
Receivable from sale of exploration and evaluation assets (Note 6)	\$ 375,000	\$ -
Due from companies related by common directors (Note 10)	1,800	-
Other receivables	16,252	3,313
Total other receivables	\$ 393,052	\$ 3,313

5. PROPERTY AND EQUIPMENT

	Machinery & equipment		Furniture		Vehicles		Software		Total	
Cost										
February 29, 2020	\$	27,402	\$	4,499	\$	43,030	\$	19,851	\$	94,782
Additions		-		688		-		2,528		3,216
Disposals		-		-		-		-		-
Foreign currency alignment		(5,528)		(962)		(8,680)		(3,085)		(18,255)
August 31, 2020	\$	21,874	\$	4,225	\$	34,350	\$	19,294	\$	79,743
Accumulated Amortization										
February 29, 2020	\$	26,156	\$	2,659	\$	24,803	\$	16,661	\$	70,279
Additions		1,079		387		4,660		1,296		7,422
Disposals		-		-		-		-		-
Foreign currency alignment		(5,361)		(567)		(5,369)		(2,679)		(13,976)
August 31, 2020	\$	21,874	\$	2,479	\$	24,094	\$	15,278	\$	63,725
Net Book Value										
February 29, 2020	\$	1,246	\$	1,840	\$	18,227	\$	3,190	\$	24,503
August 31, 2020	\$	-	\$	1,746	\$	10,256	\$	4,016	\$	16,018

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the six month period ended August 31, 2020 and year ended February 29, 2020:

	Brazil	Canada	Total
Balance, February 28, 2019	\$ 11,497,514	\$ 2	\$ 11,497,516
Additions during the period -			
Acquisition costs			
Claim maintenance	421,116	-	421,116
Property exploration costs			
Assays	32,696	-	32,696
Camp expenses	70,420	-	70,420
Geological costs	318,343	-	318,343
External studies	103,509	-	103,509
Travel and accommodation	4,454	-	4,454
Total additions during the period	950,538	-	950,538
Sale of mineral property	-	(2)	(2)
Foreign currency alignment	(655,554)	-	(655,554)
Balance, February 29, 2020	\$ 11,792,498	\$ -	\$ 11,792,498
Additions during the period -			
Acquisition costs			
Claim maintenance	164,417	-	164,417
Property exploration costs			
Assays	17,791	-	17,791
Camp expenses	45,588	-	45,588
Geological costs	113,066	-	113,066
External studies	48,621	-	48,621
Net Smelter Royalty acquisition cost	528,288	-	528,288
Travel and accommodation	1,446	-	1,446
Total additions during the period	919,217	-	919,217
Sale of exploration and evaluation asset	(565,476)	-	(565,476)
Foreign currency alignment	(887,758)	-	(887,758)
Balance, August 31, 2020	\$ 11,258,481	\$ -	\$ 11,258,481

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

6. 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, 2020 and year ended February 29, 2020:

	Cajueiro	Apiacas	Colider	Nova Canaa	Crepori	Santa Helena	Other	Total
Balance, February 28, 2019	\$ 9,412,908	\$ 464,656	\$ 237,914	\$ 155,943	\$ 532,560	\$ 88,297	\$ 605,236	\$ 11,497,514
Additions during the year -								
Acquisition costs								
Claim maintenance	53,376	95,458	12,801	-	18,228	81,386	159,867	421,116
Property exploration costs								
Assays	13,770	18,159	77	-	-	58	632	32,696
Camp expenses	41,776	21,716	-	-	-	6,568	360	70,420
Drilling	205,784	78,583	225	-	225	31,695	1,831	318,343
Geological costs	83,506	-	-	-	-	20,003	-	103,509
External studies	2,180	724	10	-	-	1,540	-	4,454
Travel and accommodation	400,392	216,640	13,113	-	18,453	141,250	162,690	950,538
Total additions during the year	(516,799)	(35,774)	(13,220)	(8,212)	(29,018)	(12,089)	(40,442)	(655,554)
Foreign currency alignment	(274,004)	(13,526)	(6,926)	(4,539)	(15,502)	(2,570)	(17,618)	(334,685)
Balance, February 29, 2020	\$ 9,296,501	\$ 643,522	\$ 237,807	\$ 147,731	\$ 521,995	\$ 217,458	\$ 727,484	\$ 11,792,498
Additions during the period -								
Acquisition costs								
Claim maintenance	31,837	20,570	-	-	-	85,431	26,579	164,417
Net Smelter Royalty acquisition costs	-	446,839	-	-	81,449	-	-	528,288
Property exploration costs								
Assays	8,339	-	-	-	-	9,452	-	17,791
Camp expenses	29,833	4,377	-	-	-	11,295	83	45,588
Geological costs	72,540	406	74	-	74	28,290	4,889	113,066
External studies	52,499	2,915	-	-	-	-	-	48,621
Travel and accommodation	370	266	-	-	-	730	80	1,446
Total additions during the period	195,418	475,373	74	-	81,523	135,198	31,631	919,217
Sale of exploration and valuation asset	-	-	-	-	(565,476)	-	-	(565,476)
Foreign currency alignment	(691,638)	(48,970)	(17,333)	(10,765)	(38,041)	(25,697)	(55,314)	(887,758)
Balance, August 31, 2020	\$ 8,800,281	\$ 1,069,925	\$ 220,548	\$ 136,966	\$ 1	\$ 326,959	\$ 703,801	\$ 11,258,481

Properties in Brazil:

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

For portions of the Cajueiro property, 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% gross smelter royalty ("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, 2020
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS - continued

For portions of the Carlinda and Colider properties, 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"), Alta Floresta Gold Ltd'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, 2020, the Company owned 600,000 common shares of ECI with a book value of \$58,689 (\$45,000 USD).

In addition to the NSR's referred to above, the properties held under licences originally acquired from ECI are subject to a 1.75% NSR that is held by ECI. During the six month period ended August 31, 2020, the Company repurchased the NSR from ECI which covered two claims in the Crepori property and four claims in the Apiacas property. In consideration for the repurchase of the NSR, Altamira issued 2,000,000 common shares valued at \$240,000 and 4,000,000 common share purchase warrants valued at \$288,288 to ECI. Each warrant is exercisable into one common share of Altamira at a price of \$0.25 per share for a period of 36 months from the date of issuance. The warrants were valued using the Black-Scholes option pricing model (Note 8). The purchase price was allocated based on the total hectares of the six claims.

On April 6, 2020, the Company sold the Crepori gold project which comprises two claim blocks, to Mineração do Pará Ltda. ("MAP"), a small-scale Brazilian gold producer. The Company will receive \$250,000 cash for the sale of each claim which cover the Crepori project, for a total of \$500,000. The payment will be made 30 days after the transfer of the claims has been published by the Agência Nacional de Mineração ("ANM"). In addition, a 4% NSR will be paid to the Company by MAP following the commencement of gold production from either or both of the two claim blocks. The transfers of the claims have been published by ANM on July 14, 2020 and on September 9, 2020. During the six month period ended August 31, 2020, \$125,000 had been received from MAP with the balance included in other receivables at August 31, 2020 (Note 4).

Properties in Canada:

In December 2019, the Company relinquished its remaining Canadian properties and wrote off the remaining carrying value of \$2.

7. LONG TERM LIABILITIES

Alta Floresta Gold Mineração Ltda. ("AFM") has restructured its liabilities relating to claim maintenance costs for certain of its mineral properties payable to AMN, Brazilian mining authority. Pursuant to the terms of restructuring, AFM agreed to repay liabilities relating to claims maintenance costs and penalties totalling BRL\$1,310,793 over 10 to 60 months including interest. Interest is calculated using the Sistema Especial de Liquidação e Custódia ("SELIC") rate as published by Brazil's central bank.

	August 31, 2020	February 29, 2020
Long term liabilities	\$ 312,622	\$ 358,217
Less: current portion of long term liabilities	(105,473)	(124,814)
	\$ 207,149	\$ 233,403

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

7. LONG TERM LIABILITES - continued

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

	BRL	CAD
August 31, 2021	R\$ 442,169	\$ 105,473
August 31, 2022	332,404	79,278
August 31, 2023	246,279	58,737
August 31, 2024	172,089	41,043
August 31, 2025	117,639	28,091
	R\$ 1,310,579	\$ 312,622

8. SHARE CAPITAL

Authorized and issued:

Unlimited common shares without nominal or par value.

During the six months ended August 31, 2020:

- i. On March 16, 2020, the Company closed a non-brokered private placement of 8,013,577 units (“Units”) at a price of \$0.06 per Unit for gross proceeds of \$480,815. Each Unit consists of one common share and one share purchase warrant exercisable at \$0.10 per warrant share for a period of two years from closing. In the event that the common shares of the Company trade at a closing price greater than \$0.25 per share for a period of 10 consecutive days, then the Company may deliver a notice to the warrant holders that they must exercise their warrants within the next 30 days or the warrants will expire. The Company paid cash finder’s fees of \$3,570 and issued 59,500 finders’ warrants exercisable at \$0.10 per warrant share for a period of two years from the issue date. The finders’ warrants were valued at \$1,196 using the Black-Scholes option pricing model.
- ii. On July 27, 2020, the Company issued 2,000,000 common shares at a deemed price of \$ 0.12 per share totaling \$240,000 in consideration for the acquisition of NSR held by ECI (Note 6). The shares were subject to a four month hold period.

During the year ended February 29, 2020:

- i. On March 8, 2019, 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 were 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 were 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 \$15,875 due to members if its executive team in respect of the month of April 2019. The shares were subject to a four month hold period.

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

8. SHARE CAPITAL - continued

- 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.
- v. On February 28, 2020, the Company closed a non-brokered private placement of 21,026,554 units (“Units”) at a price of \$0.06 per Unit for gross proceeds of \$1,261,593. Each Unit consists of one common share and one share purchase warrant exercisable at \$0.10 per warrant share for a period of two years from closing. In the event that the common shares of the Company trade at a closing price greater than \$0.25 per share for a period of 10 consecutive days, then the Company may deliver a notice to the warrant holders that they must exercise their warrants within the next 30 days or the warrants will expire. The Company paid cash finder’s fees of \$14,314 and issued 238,570 finders’ warrants exercisable at \$0.10 per warrant share for a period of two years from the issue date. The finders’ warrants were valued at \$4,672 using the Black-Scholes option pricing model.

Warrants:

The fair value of finders’ warrants issued during the year ended February 29, 2020 was estimated based on the Black-Scholes option pricing model using a share price of \$0.10, volatility of 118.33%, risk free interest rate of 1.13%, expected life of 2 years, and expected dividend yield of nil. The weighted average fair value of finders’ warrants granted in 2020 was \$0.02.

The fair value of finders’ warrants issued during the period ended August 31, 2020 was estimated based on the Black-Scholes option pricing model using a share price of \$0.10, volatility of 120.88%, risk free interest rate of 0.59%, expected life of 2 years, and expected dividend yield of nil. The weighted average fair value of finders’ warrants granted in 2020 was \$0.02.

On July 27, 2020, the company issued 4,000,000 warrants to ECI in consideration for the acquisition of NSR held by ECI (Note 6). The fair value of the warrants issued was estimated based on the Black-Scholes option pricing model using a share price of \$0.07, volatility of 129.34%, risk free interest rate of 0.25%, expected life of 3 years, and expected dividend yield of nil.

Warrant transactions and the number of warrants outstanding for the six month period ended August 31, 2020 and year ended February 29, 2020 are summarized as follows:

	August 31, 2020		February 29, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants*	Weighted Average Exercise Price
Balance, beginning of year	50,416,524	\$ 0.17	25,079,536	\$ 0.27
Issued	12,073,077	0.15	31,751,524	0.12
Expired	-	-	(6,414,536)	0.29
Balance, end of period	62,489,601	\$ 0.17	50,416,524	\$ 0.17

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2020
(Expressed in Canadian Dollars)

8. SHARE CAPITAL - continued

The following warrants were outstanding as at August 31, 2020:

Expiry Date	Exercise Price (\$)	Number of warrants	Remaining Contractual Life (Years)
May 10, 2021	0.15	10,486,400	0.69
February 28, 2022	0.10	21,265,124	1.50
March 16, 2022	0.10	8,073,077	1.54
December 20, 2022	0.33	9,665,000	2.30
July 27, 2023	0.25	4,000,000	2.90
August 16, 2023	0.20	6,060,000	2.96
August 23, 2023	0.20	2,940,000	2.98
Balance, August 31, 2020	0.17	62,489,601	1.79

9. 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 July 22, 2019, the Company granted 1,300,000 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 \$0.10 per common share under the terms of the Company's Stock Option Plan.

On May 20, 2020, the Company granted 3,315,000 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 \$0.08 per common share under the terms of the Company's Stock Option Plan.

Altamira Gold Corp.

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9. 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, 2020 and year ended February 29, 2020:

	August 31, 2020		February 29, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	6,895,000	\$ 0.20	5,735,000	\$ 0.22
Granted	3,315,000	0.08	1,300,000	0.10
Cancelled	(1,325,000)	0.20	(140,000)	0.28
Balance, end of period	8,885,000	0.15	6,895,000	0.20
Exercisable	8,885,000	\$ 0.15	6,895,000	0.20

The following stock options were outstanding as at August 31, 2020:

Expiry Date	Exercise Price (\$)	Number of options	Remaining Contractual Life (Years)
October 1, 2021	0.10	100,000	1.08
April 5, 2022	0.28	1,290,000	1.59
June 27, 2022	0.28	890,000	1.82
December 21, 2022	0.28	520,000	2.56
May 14, 2023	0.17	900,000	2.70
February 4, 2024	0.10	915,000	3.43
July 22, 2024	0.10	955,000	3.89
May 19, 2025	0.08	3,315,000	4.72
Balance, August 31, 2020	0.15	8,885,000	3.37

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, 2020, the Company recorded \$256,169 (February 29, 2020 - \$76,142) in share-based payments expense using the following assumptions:

	Period Ended August 31, 2020	Year Ended February 29, 2020
Risk free interest rate	0.41%	1.40%
Expected life	5 years	5 years
Expected volatility	128.25%	115.42%
Expected dividend yield	0%	0%
Expected forfeiture	0%	0%
Weighted average share price	\$0.08	\$0.08

Altamira Gold Corp.

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10. RELATED PARTY TRANSACTIONS

	Six Month Period ended	
	August 31, 2020	August 31, 2019
Key Management Compensation:		
Consulting fees and salaries	\$ 212,809	\$ 155,000
Share-based payments	189,326	54,178
Salaries paid with common shares	-	25,500
Total	\$ 402,135	\$ 234,678

	August 31, 2020	February 29, 2020
Related Party Balances:		
Due to directors and officers of the Company	\$ (25,632)	\$ (45,327)
Due to companies related by common directors	(3,640)	(1,486)
Due from companies related by common directors	1,800	2,469
Total	\$ (27,472)	\$ (44,344)

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.

Amounts due to directors and officers of the Company comprise accrued salaries, consulting fees, and expense reimbursement claims. 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.

11. 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, 2020	February 29, 2020
Non-current assets by geographic segment:		
Canada	\$ 74,924	\$ 77,361
Brazil	11,273,264	11,815,072
	\$ 11,348,188	\$ 11,892,433

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements

	August 31, 2020	February 29, 2020
Financial assets		
<i>FVPL, measured at fair value</i>		
Cash and cash equivalents	\$ 352,452	\$ 767,402
Reclamation deposit	15,000	15,000
<i>Loans and receivables, measured at amortized cost</i>		
Other receivables (excluding GST)	393,052	1,732
Prepaid expenses	61,739	69,208
<i>Investments, measured at fair value</i>		
Long term investment	58,689	60,432
Financial liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	\$ 124,842	\$ 172,961
Due to related parties	29,272	46,813

Fair value hierarchy

IFRS 13 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, 2020, 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, 2020

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 352,452	\$ -	\$ -	\$ 682,327
Reclamation deposit	15,000	-	-	15,000
Total	\$ 367,452	\$ -	\$ -	\$ 697,327

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

At February 29, 2020

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 767,402	\$ -	\$ -	\$ 767,402
Reclamation deposit	15,000	-	-	15,000
Total	\$ 782,402	\$ -	\$ -	\$ 782,402

13. GOLD FORWARD SALE AGREEMENT

On April 25, 2020 the Company entered into a definitive gold forward purchase agreement with Metalstream Ltd., for proceeds of up to US\$6,000,000 (\$7,824,726). The proceeds will be used for the development of the Cajueiro Gold Project (the "Project") located in the state of Mato Grosso, Brazil.

As part of the agreement, Altamira will pay Metalstream a total of 10,000 ounces of gold over 5 years. Metalstream will advance an initial US\$1,000,000 (\$1,304,121) to Altamira on or before the completion date of June 23, 2020 and an additional US\$5,000,000 (\$6,520,605) within 60 days of the Completion Date. Altamira's Brazilian subsidiaries will grant Metalstream a 12.5% NSR against the Cajueiro project as security for the repayment obligations. The NSR will be extinguished following the gold repayment outlined above which will commence on the earlier of 120 days of commercial production being declared by Altamira or 36 months from the Completion Date.

In June 2020, the Company agreed to extend the time for making that initial payment until July 14, 2020 with the second payment due date extended until September 14, 2020. In July 2020, the Company was advised by Metalstream that its financing was expected to close by the end of July 2020 and that Metalstream's first payment to the Company would be made shortly thereafter.

Altamira did not formally agree to any further extensions for the Metalstream payments beyond July 14 and September 14, 2020. To date Metalstream has failed to make any of its contractual payments to Altamira. Metalstream is currently in breach of its obligations under the Agreement, and, in addition to other remedies, Altamira may terminate the Agreement.

14. COMMITMENTS

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