



## Condensed Consolidated Interim Financial Statements

As at and for the three month period ended May 31, 2017  
(Expressed in Canadian Dollars)

**TSX-V: ALTA**

## **Altamira Gold Corp.**

### **NOTICE TO READER**

*The accompanying condensed interim consolidated financial statements of Altamira Gold Corp., for the Three Months ended May 31, 2017, 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.*

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## Altamira Gold Corp.

### Condensed Interim Consolidated Statements of Financial Position

As at May 31, 2017 and February 28, 2017

(Expressed in Canadian Dollars)

	May 31, 2017	February 28, 2017
<b>Assets</b>		
<b>Current</b>		
Cash (note 5)	\$ 1,575,984	\$ 2,179,038
Other receivables	33,669	17,338
Marketable securities	60,750	59,621
Prepaid expenses	48,578	55,115
Total current assets	1,718,981	2,311,112
<b>Non-current assets</b>		
Property plant and equipment (note 6)	68,289	74,968
Exploration and evaluation assets (note 7)	12,466,405	12,275,692
Reclamation deposit	15,000	15,000
<b>Total Assets</b>	<b>\$ 14,268,675</b>	<b>\$ 14,676,772</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 228,965	\$ 475,264
Due to a related party	113,482	181,852
Total current liabilities	342,447	657,116
<b>Long term liabilities</b> (note 8)	<b>102,466</b>	<b>116,358</b>
	<b>444,913</b>	<b>773,474</b>
<b>Equity</b>		
Share capital (note 9)	31,610,539	30,474,335
Share subscriptions received (note 9)	3,262	836,350
Share-based payments reserve	3,074,793	2,566,884
Accumulated other comprehensive income	106,210	137,987
Deficit	(20,971,042)	(20,112,258)
	<b>13,823,762</b>	<b>13,903,298</b>
<b>Total Liabilities and Equity</b>	<b>\$ 14,268,675</b>	<b>\$ 14,676,772</b>

Nature of operations and going concern (note 1), Commitments (note 8), Subsequent events (note 14)

Approval on behalf of the Board of Directors:

*" Alan Carter "*

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Director

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*" Ioannis (Yannis) Tsirtos "*

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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 month periods ended May 31, 2017 and 2016

(Expressed in Canadian Dollars)

	<b>May 31, 2017</b>	<b>May 31, 2016</b>
<b>Expenses</b>		
Advertising and promotion	\$ 10,156	\$ 93,444
Administration fees	-	37,500
Amortization	5,935	296
Consulting fees and staff costs	182,230	340,157
Exploration Costs	4,032	4,497
Investor relations	-	30,000
Office and general	36,772	4,934
Professional fees	54,242	93,175
Share-based payments	507,909	-
Transfer agent and regulatory fees	45,235	6,734
Travel	9,244	18,579
<b>Operating expenses</b>	<b>(855,755)</b>	<b>(629,316)</b>
<b>Other income (expense)</b>		
Interest income	261	3,179
Interest expense	(3,290)	(1,050)
<b>Loss for the year before income tax</b>	<b>\$ (858,784)</b>	<b>(627,187)</b>
<b>Income tax recovery (expense)</b>	<b>-</b>	<b>-</b>
<b>Loss for the period</b>	<b>(858,784)</b>	<b>(627,187)</b>
Cumulative translation adjustment	(31,777)	(10,961)
<b>Total comprehensive loss for the period</b>	<b>(890,561)</b>	<b>(638,148)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.02</b>	<b>\$ 0.05</b>
<b>Weighted average number of common shares outstanding</b>	<b>37,751,058</b>	<b>13,666,826</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 three-month periods ended May 31, 2017 and 2016

(Expressed in Canadian Dollars)

	*Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
<b>Balance, March 1, 2017</b>	<b>32,650,752</b>	<b>\$ 30,474,335</b>	<b>\$ 836,350</b>	<b>\$ 2,566,884</b>	<b>\$ 137,987</b>	<b>\$ (20,112,258)</b>	<b>\$ 13,903,298</b>
Shares issued for cash	5,795,735	1,140,204	(1,140,204)	-	-	-	-
Share subscriptions received	-	-	307,116	-	-	-	307,116
Share-based payments	-	-	-	507,909	-	-	507,909
Share issuance costs	-	(4,000)	-	-	-	-	(4,000)
Currency Translation Adjustment	--	-	-	-	(31,777)	-	(31,777)
Net loss for the period	-	-	-	-	-	(858,784)	(858,784)
<b>Balance, May 31, 2017</b>	<b>38,446,487</b>	<b>\$31,610,539</b>	<b>\$ 3,262</b>	<b>\$ 3,074,793</b>	<b>\$ 106,210</b>	<b>\$ (20,971,042)</b>	<b>\$ 13,823,762</b>
<b>Balance, March 31, 2016</b>	7,749,929	\$ 19,117,908	\$ 102,500	\$ 2,131,240	-	\$ (18,126,489)	\$ 3,225,159
Shares issued for transaction	10,365,328	7,255,730	-	-	-	-	7,255,730
Options granted for transaction	-	-	-	322,029	-	-	322,029
Shares issued for property acquisition	266,667	186,667	-	-	-	-	186,668
Shares issued for cash	3,000,000	1,500,000	(129,475)	-	-	-	1,370,525
Share subscriptions received	-	-	(102,500)	-	-	-	(102,500)
Share issuance costs	-	(69,985)	-	30,173	-	-	(39,812)
Currency translation adjustment	-	-	-	-	(10,961)	-	(10,961)
Net loss for the period	-	-	--	-	-	(627,187)	(627,187)
<b>Balance, May 31, 2016</b>	<b>21,381,924</b>	<b>\$ 27,990,320</b>	<b>\$ (129,475)</b>	<b>\$ 2,483,442</b>	<b>\$ (10,961)</b>	<b>\$ (18,753,676)</b>	<b>\$ 11,579,650</b>

\*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 three months ended May 31, 2017 and 2016

(Expressed in Canadian Dollars)

	May 31, 2017	May 31, 2016
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net loss for the year	\$ (858,784)	\$ (627,187)
Adjustments for items not affecting cash:		
Share-based compensation	507,909	-
Amortization	5,935	296
Impairment of exploration and evaluation assets	-	-
Unrealized currency translation adjustment	767	(10,961)
Changes in non-cash working capital:		
GST and other receivables	(16,331)	247,901
Employee advances	-	(15,112)
Prepaid expenses	6,537	171,995
Due to/from related parties		(7,143)
Accounts payable and accrued liabilities	(314,669)	(215,780)
Long term liability	(13,892)	(1,954)
	(682,528)	(457,945)
<b>INVESTING ACTIVITIES:</b>		
Exploration and evaluation asset acquisition and expenditures	(222,796)	(124,929)
Acquisition of property and equipment	(846)	(2,602)
Cash advanced to acquire Alta Floresta Gold Ltd.	-	(416,511)
Cash acquired on acquisition of Alta Floresta Gold Ltd.	-	296,913
	(223,642)	(247,129)
<b>FINANCING ACTIVITIES:</b>		
Shares issued for cash	1,140,204	1,500,000
Share issuance cost	(4,000)	(39,812)
Share subscriptions received	(833,088)	(231,975)
	303,116	1,228,213
<b>INCREASE IN CASH</b>	<b>(603,054)</b>	<b>523,139</b>
<b>Cash, beginning of period</b>	<b>2,179,038</b>	<b>397,330</b>
<b>Cash, end of period</b>	<b>\$ 1,575,984</b>	<b>\$ 920,469</b>

### Supplemental cash flow disclosure and non-cash investing and financing activities

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

# **Altamira Gold Corp. (formerly Equitas Resources Corp.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(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 Company changed its name from Equitas Resources Corp. to Altamira Gold Corp. in April 2017.

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 financial statements were prepared on a going concern basis. As of May 31, 2017, the Company had working capital of \$1,376,499 (February 28, 2017 - \$1,653,996). 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 it has raised 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 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 unaudited interim financial statements for three-month period ended May 31, 2017, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on July 31, 2017.

## **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 month period ended May 31, 2017, with comparative information as at February 28, 2017 and for the three month period ended May 31, 2016, 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, 2017. 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 in Note 3 herein.

## **Altamira Gold Corp. (formerly Equitas Resources Corp.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

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### **3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

#### **Standards, Amendments and Interpretations Not Yet Effective**

The following revised standards and amendments, unless otherwise stated, are effective on or after June 1, 2017, with early adoption permitted, and have not been applied in preparing these annual consolidated financial statements. The Company does not plan to adopt any of these standards early.

- i) 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”). 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 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company is in the process of determining the impact of the adoption of this standard on the consolidated financial statements, if any.

- ii) 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.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company expects no impact as a result of the new requirements as the Company’s properties will not be in commercial production prior to the effective date.

- iii) 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.

There are no other IFRS or IFRS Interpretations Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The Company has consistently applied the significant accounting judgments, estimates and assumptions set out in Note 5 of the Company’s audited consolidated financial statements for the year ended February 28, 2017 to all the periods presented in these unaudited condensed interim consolidated financial statements



## Altamira Gold Corp. (formerly Equitas Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

### 5. CASH AND CASH EQUIVALENTS

As of May 31, 2017, and February 28, 2017 the Company's cash comprised of cash held in bank accounts and the Company does not have any cash equivalents.

### 6. PROPERTY AND EQUIPMENT

	<b>Machinery &amp; equipment</b>	<b>Furniture</b>	<b>Vehicles</b>	<b>Software</b>	<b>Total</b>
<b><u>Cost</u></b>					
February 28, 2017	\$ 37,873	\$ 1,661	\$ 36,432	\$ 18,777	\$ 94,743
Additions	-	846	-	-	846
Foreign currency alignment	(850)	(60)	(849)	(437)	(2,196)
<b>May 31, 2017</b>	<b>\$ 37,023</b>	<b>\$ 2,447</b>	<b>\$ 35,583</b>	<b>\$ 18,340</b>	<b>\$ 93,393</b>
<b><u>Accumulated Amortization</u></b>					
February 28, 2017	\$ 8,385	\$ 378	\$ 7,211	\$ 3,801	\$ 19,775
Additions	2,372	104	2,282	1,176	5,934
Foreign currency alignment	(251)	(11)	(226)	(117)	(605)
<b>May 31, 2017</b>	<b>\$ 10,506</b>	<b>\$ 471</b>	<b>\$ 9,267</b>	<b>\$ 4,860</b>	<b>\$ 25,104</b>
<b><u>Net Book Value</u></b>					
February 28, 2016	\$ 29,488	\$ 1,283	\$ 29,221	\$ 14,976	\$ 74,968
<b>May 31, 2017</b>	<b>\$ 26,517</b>	<b>\$ 1,976</b>	<b>\$ 26,316</b>	<b>\$ 13,480</b>	<b>\$ 68,289</b>

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

### 7. EXPLORATION AND EVALUATION ASSETS

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

	Brazil	Canada	Total
<b>Balance, February 29, 2016</b>	\$ -	\$ 2,562,796	\$ 2,562,796
Additions during the period -			
Acquisition costs			
Acquisition of AFG (note 6)	8,037,459	-	8,037,459
Shares issued for property	-	186,667	186,667
Claim maintenance	144,658	-	144,658
Property exploration costs			
Assays	57,838	-	57,838
Camp expenses	-	24,054	24,054
Drilling	323,225	72,060	395,285
Fuel	-	3,693	3,693
Geological costs	352,057	21,069	373,126
External studies	61,021	7,400	68,421
Supplies and rentals	163,542	964	164,506
Travel and accommodation	33,361	97,711	131,072
Total additions during the period	9,173,161	413,618	9,586,779
Proceeds received	(57,286)	-	(57,286)
Foreign currency alignment	183,403	-	183,403
<b>Balance, February 28, 2017</b>	<b>\$ 9,299,278</b>	<b>\$ 2,976,414</b>	<b>\$ 12,275,692</b>
Additions during the period -			
Acquisition costs			
Claim maintenance	57,905	-	57,905
Property exploration costs			
Assays	1,281	-	1,281
Camp expenses	33,208	-	33,208
Drilling	10,018	-	10,018
Fuel	-	-	-
Geological costs	99,387	-	99,387
External studies	7,776	-	7,776
Supplies and rentals	-	690	690
Travel and accommodation	12,531	-	12,531
Total additions during the period	222,106	690	222,796
Foreign currency alignment	(32,083)	-	(32,083)
<b>Balance, February 28, 2017</b>	<b>9,489,301</b>	<b>2,977,104</b>	<b>12,466,405</b>

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

### 7. EXPLORATION AND EVALUATION ASSETS - continued

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

	Cajueiro	Apiacas	Colider	Nova Canaa	Rio do Pombo	Other	Total
<b>Balance, February 29, 2016</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions during the period -							
Acquisition costs							
Acquisition of AFG (note 6)	6,912,216	160,749	160,749	160,749	160,749	482,247	8,037,459
Claim maintenance	72,778	53,124	2,998	-	8,729	7,029	144,658
Property exploration costs							
Assays	57,838	-	-	-	-	-	57,838
Camp expenses	159,381	3,647	284	-	-	230	163,542
Drilling	26,228	19	6,851	-	-	263	33,361
Geological costs	352,045	12	-	-	-	-	352,057
External studies	61,021	-	-	-	-	-	61,021
Travel and accommodation	26,228	19	6,851	-	-	263	33,361
Total additions during the period	7,964,732	217,551	170,882	160,749	169,478	489,769	9,173,161
Proceeds received	(57,286)	-	-	-	-	-	(57,286)
Foreign currency alignment	161,923	6,086	2,951	2,270	2,856	7,317	183,403
<b>Balance, February 28, 2017</b>	<b>\$ 8,069,369</b>	<b>\$ 223,637</b>	<b>\$ 173,833</b>	<b>\$ 163,019</b>	<b>\$ 172,334</b>	<b>\$ 497,086</b>	<b>9,299,278</b>
Additions during the period -							
Acquisition costs							
Claim maintenance	41,808	11,810	3,627	-	-	660	57,905
Property exploration costs							
Assays	-	747	534	-	-	-	1,281
Camp expenses	24,228	8,488	144	-	-	348	33,208
Drilling	10,018	-	-	-	-	-	10,018
Geological costs	32,005	66,710	672	-	-	-	99,387
External studies	7,776	-	-	-	-	-	7,776
Travel and accommodation	10,731	928	640	-	-	232	12,531
Total additions during the period	126,566	88,683	5,617	-	-	1,240	222,106
Proceeds received							
Foreign currency alignment	(27,617)	(1,052)	(605)	(549)	(581)	(1,679)	(32,083)
<b>Balance, May 31, 2017</b>	<b>8,168,318</b>	<b>311,268</b>	<b>178,845</b>	<b>162,470</b>	<b>171,753</b>	<b>496,647</b>	<b>9,489,301</b>

#### Properties in Brazil:

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

For the Cajueiro and Rio do Pombo properties, the previous property owners have retained a 1.0% net smelter royalty ("NSR").

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

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

### 7. 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 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 May 31, 2017, the Company owned 600,000 common shares of ECI with a book value of \$60,750 (\$45,000 USD).

In addition to the net smelter royalties (“NSR”) referred to above, all properties are subject to a 1.75% NSR that is held by ECI Exploration and Mining Inc. (“ECI”), AFG’s former joint venture partner.

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

	Garland Property	Tom Gold Mine Claims	Day Claims	Nahmint Property	Other Properties	Total
<b>Balance, February 29, 2016</b>	<b>\$ 2,562,793</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 2,562,796</b>
Additions during the period -						
Acquisition costs						
Shares issued	186,667	-	-	-	-	186,667
Property exploration costs						
Camp costs	24,054	-	-	-	-	24,054
Drilling	72,060	-	-	-	-	72,060
Field supplies and rentals	964	-	-	-	-	964
Fuel	3,693	-	-	-	-	3,693
Geological costs	21,069	-	-	-	-	21,069
Geophysics	7,400	-	-	-	-	7,400
Travel and accomodation	97,711	-	-	-	-	97,711
Total additions during the period	413,618	-	-	-	-	413,618
<b>Balance, February 28, 2017</b>	<b>\$2,976,411</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 2,976,414</b>
Additions during the period -						
Property exploration costs						
Field supplies and rentals	690	-	-	-	-	690
Total additions during the period	690	-	-	-	-	690
<b>Balance, May 31, 2017</b>	<b>\$2,977,101</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 2,977,104</b>

#### Properties in Canada:

##### Garland Property, Labrador, Newfoundland

On July 10, 2014, the Company entered into an agreement with Zimtu Capital Corp. (a company with common directors and significant shareholdings), DG Resource Management Ltd., and Ridge Resources Ltd. (owned by the Company’s president), collectively the "Vendors", to acquire a 100% interest in the Garland Property, located in Labrador, Canada. The property encompasses 25,050 hectares and is 30 kilometres southeast of Vale's Voisey’s Bay Nickel/Copper/Cobalt mine. In consideration, the Company will issue 799,999 shares over a 36 month period (266,666 shares issued upon exchange approval with a fair value of \$93,333 and 266,666 shares issued during the year ended February 28, 2017 with a fair value of \$186,667), pay \$80,000 (paid), and grant DG Resource Management Ltd. a 2% Gross Overriding Royalty (“GORR”) in

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month period ended May 31, 2017

(Expressed in Canadian Dollars)

### 7. EXPLORATION AND EVALUATION ASSETS – continued

the Property. The transaction was accepted by the TSX-V on November 17, 2014. The terms of the final payment were modified during the current quarter in order to clarify the terms of the final remaining option payment in light of the share consolidation on December 31, 2016. The final option payment has been agreed to be 592,592 shares of the Company. Should the Company exercise the option, a portion comprising 148,148 shares will be issued to Ridge Resources Ltd, a company controlled by a director

The Tom Gold Mine Claims, in Yellowknife, NWT, Day Property, and other claims in BC were written down to nominal amounts in the year ended February 29, 2016 due to minimal activity and increased focus on its other projects.

### 8. 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\$376,942 over 10 to 60 months together with interest.

As May 31, 2017, accounts payable and accrued liabilities, and long term liabilities include \$54,408 and \$102,466, respectively, of restructured liabilities.

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

	<b>BRL</b>	<b>CAD</b>
May 31, 2018	R\$ 130,733	\$ 54,408
May 31, 2019	113,515	47,242
May 31, 2020	79,788	33,206
May 31, 2021	42,688	17,766
	<b>R\$ 366,724</b>	<b>\$ 152,621</b>

### 9. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

b) Issued:

#### During the three months ended May 31, 2017:

- i. On March 1, 2017, the Company closed a non-brokered private placement of 4,179,521 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 \$0.27 per Unit for gross proceeds of \$387,891. Each Unit consists of one common share and one share purchase 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.

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

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### 9. SHARE CAPITAL – continued

c) Warrants:

Warrant transactions and the number of warrants outstanding for the three month period ended May 31, 2017 and year ended February 28, 2017 are summarized as follows:

	May 31 2017		February 28, 2017	
	Number of Warrants*	Weighted Average Exercise Price*	Number of Warrants*	Weighted Average Exercise Price*
Balance, beginning of year	14,548,379	\$ 0.54	3,502,093	\$ 1.90
Issued	5,795,736	0.29	13,932,816	.50
Expired	-	-	(2,886,530)	1.99
Balance, end of year	20,344,115	\$ 0.47	14,548,379	\$ 0.54

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

The following warrants were outstanding as at May 31, 2017:

Expiry Date	Exercise Price*	Number of warrants*	Remaining Contractual Life (Years)
July 15, 2017	\$ 1.50	615,563	0.12
March 18, 2018	\$ 1.00	800,000	0.77
April 6, 2018	\$ 1.00	2,263,200	.85
July 29, 2018	\$ 1.60	751,909	1.16
February 22, 2019	\$ 0.27	10,117,707	1.73
March 1, 2019	\$0.27	4,179,522	1.75
April 6, 2019	\$0.33	1,616,214	1.85
<b>Balance, end of year</b>	<b>\$0.47</b>	<b>20,344,115</b>	<b>1.54</b>

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

### 10. SHARE-BASED COMPENSATION

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.

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### 10. SHARE-BASED COMPENSATION - continued

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 April 5, 2017, the Company granted 2,380,000 options Directors, Officers, Consultants and Employees of the Company, exercisable at \$0.28 and valid for 5 years from date of issuance.

The following is a summary of option transactions under the Company's stock option plan for the three month period ended May 31, 2017 and year ended February 28, 2017:

	May 31, 2017		February 28, 2017	
	Number of Options*	Weighted Average Exercise Price*	Number Options*	Weighted Average Exercise Price*
Balance, beginning of year	886,460	\$ 1.41	697,166	\$ 1.30
Granted	2,380,000	0.28	528,232	1.50
Cancelled	-	-	(338,938)	1.65
Balance, end of year	3,266,460	0.59	886,460	1.41
Exercisable, end of year	3,266,460	\$ 0.59	886,460	\$ 1.41

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

The following stock options were outstanding as at May 31, 2017:

Expiry Date	Exercise Price*	Number of options*	Remaining Contractual Life (Years)
February 26, 2019	\$ 1.00	40,834	1.74
February 15, 2020	\$ 1.00	105,000	2.72
April 7, 2020	\$ 1.00	12,500	2.85
November 19, 2020	\$1.50	202,500	3.47
January 5, 2021	\$1.50	15,000	3.60
April 27, 2021	\$1.50	510,626	3.91
April 5, 2022	\$0.28	2,380,000	4.85
<b>Total, end of year</b>		<b>3,266,460</b>	<b>4.50</b>

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

## Altamira Gold Corp. (formerly Equitas Resources Corp.)

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### 10. SHARE-BASED COMPENSATION - continued

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the three months ended May 31, 2017, 2016, the Company recorded \$507,909 (Year ended 28 February, 2017 - \$Nil) in share-based payments expense using the following assumptions:

	Three months ended May 31, 2017	Year ended February 28, 2017
Risk free interest rate	1.05%	-
Expected life	5 years	-
Expected volatility	145%	-
Expected dividend yield	0%	-
Expected forfeiture	0%	-
Weighted average share price	\$0.24	-

### 11. RELATED PARTY TRANSACTIONS

For the period ended	May 31, 2017	May 31, 2016
<b>Key Management Compensation:</b>		
Consulting fees and salaries	\$ 67,500	\$ 155,500
Office administration and rent	-	37,500
Mineral property costs	-	13,300
Share-based payments	-	-
Advertising and promotion	-	37,750
Total	\$ 67,500	\$ 230,750

  

	May 31, 2017	February 28, 2017
<b>Related Party Balances:</b>		
Directors of the Company	\$ 110,129	\$ 135,918
Companies related by common directors	3,353	45,934
Total	\$ 113,482	\$ 181,852

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.

### 12. SEGMENTED DISCLOSURE

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

	May 31, 2017	February 28, 2017
Non-current assets by geographic segment		
Canada	\$ 2,978,24	\$ 2,992,644
Brazil	9,556,444	9,373,016
	\$ 12,534,693	\$ 12,365,660



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### **13. 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 May 31, 2017, the Company's financial instruments are comprised of cash, due to related parties, marketable securities, reclamation deposit, and accounts payable and accrued liabilities. The carrying value of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

### **14. POST BALANCE SHEET EVENTS**

On June 30, 2017 Company announced that the TSX Venture Exchange had accepted for filing the Company's proposal to issue 175,718 common shares at a deemed price of \$0.18 per Share to settle outstanding debts totaling \$31,629.24.

The securities issued pursuant to the shares for debt settlement are subject to a four month plus one day hold period expiring on October 30, 2017 in accordance with the policies of the TSX Venture Exchange and applicable securities law. 133,333 of these Shares have been issued to a non-arm's length creditor.

On June 30, 2017, the Company also announced that it had granted 1,015,000 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 \$0.28 per common share under the terms of the Company's Stock Option Plan.