Condensed Consolidated Interim Financial Statements

As at and for the three and nine month periods ended November 30, 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 and Nine Months Ended November 30, 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.

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2017 and February 28, 2017
(Expressed in Canadian Dollars)

		November 30, 2017		February 28, 2017
Assets				
Current				
Cash (note 5)	**$**	**367,377**	$	2,179,038
Other receivables		**22,039**		17,338
Marketable securities		**57,996**		59,621
Prepaid expenses		**39,677**		55,115
Total current assets		**487,089**		2,311,112
Non-current assets				
Property plant and equipment (note 6)		**71,325**		74,968
Exploration and evaluation assets (note 7)		**13,545,584**		12,275,692
Reclamation deposit		**15,000**		15,000
Total Assets	**$**	**14,118,998**	$	14,676,772
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**247,288**	$	475,264
Due to a related party		**68,719**		181,852
Total current liabilities		**316,007**		657,116
Long term liabilities (note 8)		**175,045**		116,358
		491,052		773,474
Equity				
Share capital (note 9)		**31,714,656**		30,474,335
Share subscriptions received		**366,262**		836,350
Share-based payments reserve		**3,295,040**		2,566,884
Accumulated other comprehensive income		**(42,725)**		137,987
Deficit		**(21,705,287)**		(20,112,258)
		13,627,946		13,903,298
Total Liabilities and Equity	**$**	**14,118,998**	$	14,676,772

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

Approval on behalf of the Board of Directors:

Michael Bennett — Director

Chris 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 nine month periods ended November 30, 2017 and 2016
(Expressed in Canadian Dollars)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2017	2016	**2017**	2016
Expenses				
Advertising and promotion	$ **33,099**	$ 34,942	$ **85,392**	$ 278,267
Administration fees (note 11)	**-**	12,500	**-**	87,500
Amortization	**5,738**	6,234	**15,893**	9,978
Consulting fees and staff costs	**147,542**	164,991	**455,637**	657,686
Investor relations	**23,900**	46,704	**30,300**	106,704
Other exploration costs	**439**	38,972	**4,471**	53,769
Office and general	**35,008**	7,624	**107,862**	20,368
Professional fees	**11,704**	99,100	**74,991**	255,373
Share-based payments	**-**	-	**728,156**	-
Transfer agent & regulatory fees	**(7,404)**	73,440	**39,474**	94,367
Travel	**33,784**	30,084	**50,178**	79,008
Operating expenses	**(283,810)**	(514,591)	**(1,592,354)**	(1,643,020)
Other income (expense)				
Interest expense	**(3,831)**	(14,205)	**(13,974)**	(18,858)
Interest income	**3,546**	110	**5,067**	5,521
Gain on disposal of fixed asset	**-**	-	**8,447**	-
Foreign exchange gain / (loss)	**(507)**	(6,686)	**(215)**	4,546
Loss before income tax	**(284,602)**	(535,372)	**(1,593,029)**	(1,651,811)
Income tax recovery	**-**	562	**-**	18,182
Loss for the Period	**(284,602)**	(534,810)	**(1,593,029)**	(1,633,629)
Cumulative Translation Adjustment	**(10,807)**	(64,677)	**(180,712)**	(130,077)
Total Comprehensive Loss	**(295,409)**	(599,487)	**(1,773,741)**	(1,763,706)
Basic and Diluted Loss Per Share	$ **0.01**	$ 0.02	$ **0.05**	$ 0.10
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**38,907,621**	22,224,742	**34,588,001**	16,362,310

**Restated to reflect effect of Share Consolidation in December 2016*

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity
For the nine-month periods ended November 30, 2017 and 2016
(Expressed in Canadian Dollars)

	*Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
Balance, March 1, 2017	**32,650,752**	**$ 30,474,335**	**$ 836,350**	**$ 2,566,884**	**$ 137,987**	**$ (20,112,258)**	**$ 13,903,298**
Shares issued for cash	**5,795,735**	**1,140,205**	**(1,140,205)**	-	-	-	-
Share subscriptions received	-	-	**670,117**	-	-	-	**670,117**
Share-based payments	-	-	-	**728,156**	-	-	**728,156**
Share issuance costs	-	**(6,413)**	-	-	-	-	**(6,413)**
Shares issued for debt	**411,829**	**74,129**					**74,129**
Warrants exercised	**120,000**	**32,400**					**32,400**
Currency Translation Adjustment	--	-	-	-	**(180,712)**		**(180,712)**
Net loss for the period	-	-	-	-	-	**(1,593,029)**	**(1,593,029)**
Balance, November 30, 2017	**38,978,316**	**$31,714,656**	**$ 366,262**	**$ 3,295,040**	**$ (42,725)**	**$ $ (21,705,287)**	**$ 13,627,946**
Balance, March 1, 2016	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	266,666	186,667	-	-	-	-	186,667
Shares issued for cash	3,842,818	2,342,818	(102,500)	-	-	-	2,240,318
Share subscriptions received	-	-	73,343	-	-	-	73,343
Share issuance costs	-	(75,040)	-	30,173	-	-	(44,867)
Currency translation adjustment	-	-	-	-	(130,077)	-	(130,077)
Net loss for the period	-	-	--	-	-	(1,633,629)	(1,633,629)
Balance, November 30, 2016	22,224,741	$ 28,828,083	$ 73,343	$ 2,483,442	$ (130,077)	$ (19,760,118)	$ 11,494,673

**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 Nine Months Ended November 30, 2017 and 2016
(Expressed in Canadian Dollars)

	November 30, 2017	November 30, 2016
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the year	**$ (1,593,029)**	$ (1,633,630)
Adjustments for items not affecting cash:		
Share-based compensation	**728,156**	-
Amortization	**15,893**	9,978
Gain on disposal of assets	**(8,447)**	-
Unrealized currency translation adjustment	**4,263**	-
Changes in non-cash working capital:		
GST and other receivables	**(4,701)**	258,593
Employee advances	**-**	-
Prepaid expenses	**15,438**	225,479
Accounts payable and accrued liabilities	**(266,979)**	(113,958)
Due to related parties	**-**	19,563
Long term liability	**58,687**	26,450
	(1,050,719)	(1,207,525)
INVESTING ACTIVITIES:		
Exploration and evaluation asset acquisition and expenditures	**(1,448,478)**	(1,248,246)
Acquisition of property and equipment	**(43,324)**	(75,359)
Cash advanced to acquire Alta Floresta Gold Ltd.	**-**	(416,511)
Cash acquired on acquisition of Alta Floresta Gold Ltd.	**-**	296,913
	(1,491,802)	(1,443,203)
FINANCING ACTIVITIES:		
Share subscriptions received	**670,116**	2,313,662
Options and warrants exercised	**32,400**	-
Share issuance cost	**(6,413)**	(44,868)
Proceeds on disposal of fixed assets	**34,757**	**-**
	730,860	2,268,794
INCREASE IN CASH	**(1,811,661)**	(381,934)
Cash, beginning of period	**2,179,038**	397,330
Cash, end of period	**$ 367,377**	$ 15,396

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

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. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, Alta Floresta Gold Ltd. ("AFG"), and Alta Floresta Gold Mineracao Ltda.("AFM").

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 November 30, 2017, the Company had working capital of $171,082 (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 and nine month periods ended November 30, 2017, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on January 24, 2018.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed interim consolidated financial statements of the Company as at and for the three and nine month periods ended November 30, 2017, with comparative information as at February 28, 2017 and for the three and nine month periods ended November 30, 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.

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 January 1, 2018, with early adoption permitted, and have not been applied in preparing these annual consolidated financial statements. Management is considering the impact of these standards.

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.

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.

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

(Expressed in Canadian Dollars)

5. CASH AND CASH EQUIVALENTS

As of November 30, 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

	Machinery & equipment	Furniture	Vehicles	Software	Total
Cost					
February 28, 2017	$ **37,873**	**$ 1,661**	**$ 36,432**	**$ 18,777**	**$ 94,743**
Additions	5,225	4,143	33,956	-	43,324
Disposals	-	-	(34,562)	-	(34,562)
Foreign currency alignment	(2,795)	(227)	(2,713)	(1,406)	(7,141)
November 30, 2017	**$ 40,303**	**$ 5,577**	**$ 33,113**	**$ 17,371**	**$ 96,364**
Accumulated Amortization					
February 28, 2017	$ **8,385**	**$ 378**	**$ 7,211**	**$ 3,801**	**$ 19,775**
Additions	7,041	522	4,990	3,340	15,893
Disposals	-	-	(9,000)	-	(9,000)
Foreign currency alignment	(780)	(41)	(440)	(368)	(1,629)
November 30, 2017	**$ 14,646**	**$ 859**	**$ 2,761**	**$ 6,773**	**$ 25,039**
Net Book Value					
February 28, 2016	**$ 29,488**	**$ 1,283**	**$ 29,221**	**$ 14,976**	**$ 74,968**
November 30, 2017	**$ 25,657**	**$ 4,718**	**$ 30,352**	**$ 10,598**	**$ 71,325**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the nine month period ended November 30, 2017 and year ended February 28, 2017:

	Brazil	Canada	Total
Balance, February 29, 2016	**$ -**	**$ 2,562,796**	**$ 2,562,796**
Additions during the period -			
Acquisition costs			
Acquisition of AFG	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
Balance, February 28, 2017	**$ 9,299,278**	**$ 2,976,414**	**$ 12,275,692**
Additions during the period -			
Acquisition costs			
Claim maintenance	302,765	-	302,765
Property exploration costs			
Assays	81,897	-	81,897
Camp expenses	281,876	-	281,876
Drilling	333,529	-	333,529
Fuel	-	-	-
Geological costs	363,176	-	363,176
External studies	24,909	-	24,909
Supplies and rentals	-	690	690
Travel and accommodation	59,636	-	59,636
Total additions during the period	1,447,788	690	1,448,478
Foreign currency alignment	(178,586)	-	(178,586)
Balance, November 30, 2017	**10,568,480**	**2,977,104**	**13,545,584**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS - continued

Properties in Brazil:

The following schedule shows the Company's total expenditures in Brazil by property for the nine month period ended November 30, 2017 and year ended February 28, 2017:

	Cajueiro	Apiacas	Colider	Nova Canaa	Crepori	Other	Total
Balance, February 29, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Additions during the period -							
Acquisition costs							
Acquisition of AFG	6,912,216	160,749	160,749	160,749	160,749	482,247	8,037,459
Claim maintenance	72,778	53,124	2,998	-	-	15,758	144,658
Property exploration costs							
Assays	57,838	-	-	-	-	-	57,838
Camp expenses	159,381	3,647	284	-	-	230	163,542
Drilling	323,225	-	-	-	-	-	323,225
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	160,749	498,498	9,173,161
Proceeds received	(57,286)	-	-	-	-	-	(57,286)
Foreign currency alignment	161,923	6,086	2,951	2,270	2,270	7,903	183,403
Balance, February 28, 2017	**$ 8,069,369**	**$ 223,637**	**$ 173,833**	**$ 163,019**	**$ 163,019**	**$ 506,401**	**9,299,278**
Additions during the period -							
Acquisition costs							
Claim maintenance	130,179	97,760	3,433	-	28,846	42,547	302,765
Property exploration costs							
Assays	60,555	1,446	506	-	19,390	-	81,897
Camp expenses	238,430	9,216	2,315	-	31,309	606	281,876
Drilling	175,359	-	-	-	158,170	-	333,529
Geological costs	220,119	63,724	1,170	-	78,163	-	363,176
External studies	8,727	411	-	-	15,771	-	24,909
Travel and accommodation	25,922	2,633	1,059	-	29,803	219	59,636
Total additions during the period	859,291	175,190	8,483	-	361,452	43,372	1,447,788
Proceeds received							
Foreign currency alignment	(148,525)	(6,634)	(3,033)	(2,712)	(8,536)	(9,146)	(178,586)
Balance, November 30, 2017	**8,780,135**	**392,193**	**179,283**	**160,307**	**513,935**	**540,627**	**10,568,480**

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

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

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

(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 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 November 30, 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.

Properties in Canada:

The following schedule shows the Company's total expenditures in Canada by property the nine month period ended November 30, 2017 and year ended February 28, 2017:

	Garland Property	Tom Gold Mine Claims	Day Claims	Nahmint Property	Other Properties	Total
Balance, February 29, 2016	**$ 2,562,793**	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 2,562,796**
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
Balance, February 28, 2017	**$2,976,411**	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 2,976,414**
Additions during the period -						
Property exploration costs						
Field supplies and rentals	690	-	-	-	-	690
Total additions during the period	690	-	-	-	-	690
Balance, November 30, 2017	**$2,977,101**	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 2,977,104**

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

(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. See also Note 14 – Post Balance Sheet Events.

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$662,804 over 10 to 60 months together with interest.

As November 30, 2017, accounts payable and accrued liabilities, and long term liabilities include $86,234 and $175,045, respectively, of restructured liabilities.

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

	BRL	CAD
November 30, 2019	R$ 177,886	$ 70,123
November 30, 2020	144,206	56,846
November 30, 2021	93,286	36,773
November 30, 2022	28,670	11,303
	R$ 444,047	**$ 175,045**

9. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

b) Issued:

During the Nine Months Ended November 30, 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.

iii. On June 30, 2017 Company issued 175,718 common shares at a deemed price of $0.18 per Share to settle outstanding debts totaling $31,629.24. 133,333 of these Shares have been issued to a non-arm’s length creditor.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL – continued

iv. On September 11, 2017 the Company issued 236,111 common shares at a deemed price of $0.18 per Share to settle outstanding debts totaling $42,500.

v. During the period ended November 30, 2017 a total of 120,000 warrants were exercised at an exercise price of $0.27 per share for proceeds of $32,400.

c) Warrants:

Warrant transactions and the number of warrants outstanding for the nine month period ended November 30, 2017 and year ended February 28, 2017 are summarized as follows:

	November 30 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
Exercised	**(120,000)**	**0.27**	-	-
Expired	**(615,563)**	**1.50**	(2,886,530)	1.99
Balance, November 30, 2017	**19,608,552**	**$ 0.44**	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 November 30, 2017:

Expiry Date	**Exercise Price***	**Number of warrants***	**Remaining Contractual Life (Years)**
March 18, 2018	$ 1.00	800,000	.27
April 6, 2018	$ 1.00	2,263,200	.35
July 29, 2018	$ 1.60	751,909	.66
February 22, 2019	$ 0.27	9,997,707	1.23
March 1, 2019	$0.27	4,179,522	1.25
April 6, 2019	$0.33	1,616,214	1.35
Balance, November 30, 2017	**$0.44**	**19,608,552**	**1.08**

*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.

(Expressed in Canadian Dollars)

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.

On June 30, 2017, the Company granted 1,015,000 stock options to 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 nine month period ended November 30, 2017 and year ended February 28, 2017:

	November 30, 2017		February 28. 2017	
	Number of Options*	**Weighted Average Exercise Price***	Number of Options*	Weighted Average Exercise Price*
Balance, beginning of year	**886,460**	**$ 1.41**	697,166	$ 1.30
Granted	**3,245,000**	**0.28**	528,232	1.50
Cancelled	**(614,062)**	**1.38**	(338,938)	1.65
Balance, end of period	**3,516,858**	**0.29**	886,460	1.41
Exercisable, November 30, 2017	**3,516,858**	**$ 0.29**	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 November 30, 2017:

Expiry Date	**Exercise Price***	**Number of options***	**Remaining Contractual Life (Years)**
February 15, 2020	$ 1.00	10,000	2.22
April 7, 2020	$ 1.00	40,000	2.35
April 27, 2021	$1.50	221,858	3.41
April 5, 2022	$0.28	2,230,000	4.35
June 27, 2022	$0.28	1,015,000	4.58
Total, November 30, 2017		**3,516,858**	**4.33**

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

(Expressed in Canadian Dollars)

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 Nine Months Ended November 30, 2017, 2017, the Company recorded $728,156 (Year ended 28 February, 2017 - $Nil) in share-based payments expense using the following assumptions:

	Nine Months Ended November 30, 2017
Risk free interest rate	**1.05% – 1.28%**
Expected life	**5 years**
Expected volatility	**130.9% – 145%**
Expected dividend yield	**0%**
Expected forfeiture	**0%**
Weighted average share price	**$0.24-$0.25**

11. RELATED PARTY TRANSACTIONS

For the period ended	November 30, 2017	November 30, 2016
Key Management Compensation:		
Consulting fees and salaries	**$ 267,700**	$ 335,750
Office administration and rent	**-**	87,500
Mineral property costs	**-**	13,300
Share-based payments	**364,040**	-
Advertising and promotion	**-**	124,131
Total	**$ 631,740**	$ 560,681

	November 30, 2017	February 28, 2017
Related Party Balances:		
Directors and officers of the Company	**$ 68,719**	$ 97,766
Companies related by common directors	**-**	2,623
Total	**$ 68,719**	$ 100,389

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.

During the Nine Months Ended November 30, 2017 the Company issued 133,333 Shares at a deemed price of $0.18 to settle an amount of $24,000 owing to a director.

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:

	November 30, 2017	February 28, 2017
Non-current assets by geographic segment		
Canada	**$ 2,980,587**	$ 2,992,644
Brazil	**10,625,021**	9,373,016
	$ 13,605,609	$ 12,365,660

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 November 30, 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 December 21, 2017 the Company closed a non-brokered placement of 9,665,000 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 five years from the issue date.

On December 22, 2017 the granted 675,000 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.

During December 2017 the Company elected not to make the final acquisition payment in respect of the Garland property and thus relinquish the property. The net book value of the property amounting to $2,977,101 will be written off prior to year end.