



Consolidated Interim Financial Statements

As at and for the three month period ended May 31, 2021
(Expressed in Canadian Dollars)

Altamira Gold Corp.

NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Altamira Gold Corp., for the three months ended May 31, 2021, 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 May 31, 2021 and February 28, 2021

(Expressed in Canadian Dollars)

	May 31, 2021	February 28, 2021
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 6,173,021	\$ 4,033,154
Other receivables	17,114	15,866
Prepaid expenses	7,834	23,787
Total current assets	6,197,969	4,072,807
Non-current assets		
Property and equipment (note 4)	72,655	10,668
Exploration and evaluation assets (note 5)	11,450,691	11,289,036
Long term investment (note 5)	54,324	57,083
Reclamation deposit	15,000	15,000
Total Assets	\$ 17,790,639	\$ 15,444,594
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 89,839	\$ 142,487
Due to related parties (note 8)	47,149	46,105
Current portion of long term liabilities (note 6)	90,270	95,853
Total current liabilities	227,258	284,445
Long term liabilities (note 6)	133,210	149,792
	360,468	434,237
Equity		
Share capital (note 12)	44,292,212	41,602,806
Share subscriptions received	3,276	3,276
Share-based payments reserve (note 8)	5,024,084	4,354,141
Accumulated other comprehensive loss	(1,929,764)	(1,936,249)
Deficit	(29,959,637)	(29,013,617)
	17,430,171	15,010,357
Total Liabilities and Equity	\$ 17,790,639	\$ 15,444,594

Nature of operations and going concern (note 1), Commitments (note 11), Subsequent events (note 12)

Approval on behalf of the Board of Directors:

“Michael Bennett”

Director

“Christopher Harris”

Director

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three month periods ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	2020
Operating expenses		
Advertising and promotion	\$ 38,417	\$ 4,392
Amortization (note 5)	2,883	4,654
Consulting fees and staff costs (note 10)	125,788	219,072
Office and general	19,809	32,362
Professional fees	7,208	34,535
Share-based payments (note 8)	745,305	256,169
Transfer agent and regulatory fees	3,663	6,524
Travel	4,485	1,006
	(947,558)	(558,714)
Other income (expense)		
Interest income	4,143	134
Interest expense	(1,249)	(4,166)
Foreign exchange gain (loss)	(1,356)	(299)
Gain on sale of exploration and evaluation asset (note 6)	-	7,944
Net loss for the period	(946,020)	(555,101)
Cumulative translation adjustment	6,485	(616,233)
Total comprehensive loss for the period	\$ (939,535)	\$ (1,171,334)
Basic and diluted loss per common share	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	132,718,071	97,755,178

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the three month periods ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
Balance, February 29, 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		(39,523)	(36,000)				(36,000)
Share issuance costs				1,196			(38,327)
Share-based payments				256,169			256,169
Cumulative translation adjustment					(616,233)		(616,233)
Net loss for the period						(555,101)	(555,101)
Balance, May 31, 2020	99,001,734	\$ 37,150,872	\$ 3,276	\$ 4,065,853	\$ (1,602,732)	\$ (27,971,581)	\$ 11,645,688
Balance, February 28, 2021	123,483,978	\$ 41,602,806	\$ 3,276	\$ 4,354,141	\$ (1,936,249)	\$ (29,013,617)	\$ 15,010,357
Shares issued, warrants exercised (note 7 (b))	18,987,733	2,514,744					2,514,744
Shares issued, stock options exercised (note 7 (b))	540,000	174,662		(75,362)			99,300
Share-based payments				745,305			745,305
Cumulative translation adjustment					6,485		6,485
Net loss for the period						(946,020)	(946,020)
Balance, May 31, 2021	143,011,711	\$ 44,292,212	\$ 3,276	\$ 5,024,084	\$ (1,929,764)	\$ (29,959,637)	\$ 17,430,171

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Cash Flows
For the three month periods ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

	For the three months ended May 31,	
	2021	2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the period	\$ (946,020)	\$ (555,101)
Adjustments for items not affecting cash:		
Share-based payments	745,305	256,169
Amortization	2,883	4,656
Unrealized currency translation adjustment	(7,719)	73,208
Gain on sale of exploration and evaluation asset	-	(7,944)
Changes in non-cash working capital:		
Other receivables	(1,248)	(3,818)
Prepaid expenses	15,953	20,409
Due to related parties	1,044	(8,181)
Accounts payable and accrued liabilities	(52,648)	(85,176)
Long term liabilities	(22,165)	(97,206)
	(264,615)	(402,984)
INVESTING ACTIVITIES:		
Exploration and evaluation asset acquisition and expenditures	(146,181)	(85,989)
Acquisition of property and equipment	(63,381)	(2,590)
	(209,562)	(88,579)
FINANCING ACTIVITIES:		
Shares issued for cash, private placement	-	444,815
Shares issued for cash, warrants exercised	2,514,744	-
Shares issued for cash, stock option exercised	99,300	-
Share issuance costs	-	(38,327)
	2,614,044	406,488
INCREASE/(DECREASE) IN CASH	2,139,867	(85,075)
Cash, beginning of period	4,033,154	767,402
Cash, end of period	\$ 6,173,021	\$ 682,327

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

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended May 31, 2021 and 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 May 31, 2021, the Company has no source of revenue and has a working capital surplus of \$5,970,711 (February 28, 2021 – surplus of \$3,788,362). 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 months ended May 31, 2021, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on July 28, 2021.

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, 2021, with comparative information as at February 28, 2021 and for the three month period ended May 31, 2020, 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, 2021. 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 Months Ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

Accounting standards and amendments issued but not yet adopted

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 May 31, 2021, the Company had a \$Nil (February 28, 2021 - \$100,000) guaranteed investment certificate.

4. PROPERTY AND EQUIPMENT

	Land	Machinery & equipment	Furniture	Vehicles	Computer and Software	Total
<u>Cost</u>						
February 28, 2021	\$ -	\$ 20,915	\$ 3,434	\$ 32,843	\$ 20,064	\$ 77,256
Additions	63,169	-	--	-	212	212
Foreign currency alignment	1,426	240	39	377	171	2,253
May 31, 2021	\$ 64,595	\$ 21,155	\$ 3,472	\$ 33,220	\$ 20,448	\$ 142,890
<u>Accumulated Amortization</u>						
February 28, 2021	\$ -	\$ 20,773	\$ 2,630	\$ 27,143	\$ 16,042	\$ 66,588
Additions	-	84	144	2,030	623	2,881
Foreign currency alignment	-	241	33	359	134	767
May 31, 2021	\$ -	\$ 21,098	\$ 2,807	\$ 29,531	\$ 16,799	\$ 70,235
<u>Net Book Value</u>						
February 28, 2021	\$ 142	\$ -	\$ 804	\$ 5,700	\$ 4,022	\$ 10,668
May 31, 2021	\$ 64,595	\$ 57	\$ 665	\$ 3,689	\$ 3,649	\$ 72,655

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total expenditures in Brazil by property for the three month period ended May 31, 2021 and year ended February 28, 2021:

	Cajueiro	Apiacas	Colider	Nova Canaa	Crepori	Santa Helena	Other	Total
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 year -								
Acquisition costs								
Claim maintenance	59,963	90,648	4,454	-	-	118,772	41,736	315,573
NSR acquisition costs	-	446,839	-	-	81,449	-	-	528,288
Property exploration costs								
Assays	18,271	811	-	-	-	13,665	-	32,747
Camp expenses	49,241	5,475	-	-	-	12,050	80	66,846
Geological costs	189,107	11,011	156	-	156	42,510	5,218	248,158
External studies	117,812	4,662	-	-	-	(5,729)	-	116,745
Travel and accommodation	8,609	635	-	-	-	1,083	77	10,404
Total additions during the year	443,003	560,081	4,610	-	81,605	182,351	47,111	1,318,761
Impairment of mineral property	-	-	-	-	-	-	(192,154)	(192,154)
Foreign currency alignment	(828,907)	(64,407)	(20,632)	(12,573)	(44,439)	(34,027)	(65,924)	(1,070,909)
Sale of exploration and evaluation asset	-	-	-	-	(559,160)	-	-	(559,160)
Balance, February 28, 2021	\$ 8,910,597	\$ 1,139,196	\$ 221,785	\$ 135,158	\$ 1	\$ 365,782	\$ 516,517	\$ 11,289,036
Additions during the period -								
Acquisition costs								
Claim maintenance	1,872	-	-	-	-	-	-	1,872
Property exploration costs								
Assays	2,412	-	-	-	-	-	-	2,412
Camp expenses	26,084	15,665	-	-	-	-	-	41,749
Geological costs	49,875	21,313	47	-	-	232	58	71,525
Geophysics costs	-	9,438	-	-	-	-	-	9,438
Other	13,150	-	-	-	-	-	-	13,150
Travel and accommodation	1,934	1,619	-	-	-	-	-	3,553
Total additions during the period	97,809	48,035	47	-	-	232	58	146,181
Foreign currency alignment	12,190	1,607	300	183	-	495	699	15,474
Balance, May 31, 2021	\$ 9,020,596	\$ 1,188,838	\$ 222,132	\$ 135,341	\$ 1	\$ 366,509	\$ 517,274	\$ 11,450,691

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 Months Ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

5. 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 May 31, 2021, the Company owned 600,000 common shares of ECI with a book value of \$ 54,324 (\$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 year ended February 28, 2021, the Company repurchased a portion of the NSR from ECI. The repurchased NSR 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 common share for a period of 36 months from the date of issuance. The warrants were valued using the Black-Scholes option pricing model (note 7(b)). 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 received \$250,000 cash for the sale of each claim which cover the Crepori project, for a total of \$500,000. 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.

6. 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 totaling BRL\$968,720 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.

	May 31, 2021	February 28, 2021
Long term liabilities	\$ 223,480	\$ 245,645
Less: current portion of long term liabilities	(90,270)	(95,853)
	\$ 133,210	\$ 149,792

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

	BRL	CAD
May 31, 2022	R\$ 391,293	\$ 90,270
May 31, 2023	286,070	65,997
May 31, 2024	221,311	51,057
May 31, 2025	70,046	16,156
	R\$ 968,720	\$ 223,480

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized and issued:

Unlimited common shares without nominal or par value.

During the period ended May 31, 2021:

- i. During the quarter ended May 31, 2021, the Company issued 18,987,733 common shares related to share purchase warrants exercised and issued 540,000 common shares related to stock options exercised (see note 7(b) and 8, respectively).

During the year ended February 28, 2021:

- ii. On March 16, 2020, the Company closed a second tranche of 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.
- iii. On July 27, 2020, the Company issued 2,000,000 common shares at a deemed price of \$0.12 per common share totaling \$240,000 in consideration for the acquisition of NSR held by ECI (note 10). The shares were subject to a four month hold period.
- iv. On February 5, 2021, the Company closed a non-brokered private placement of 20,000,000 units (“Units”) at a price of \$0.20 per Unit for gross proceeds of \$4,000,000. Each Unit consists of one common share and one-half share purchase warrant exercisable at \$0.30 per warrant share for a period of two years from closing.
- v. In the year ended February 28, 2021, the Company issued 2,482,244 common shares related to share purchase warrants exercised (see note 7(b)).

(b) Warrants:

Warrant transactions and the number of warrants outstanding for the three month period ended May 31, 2021 and year ended February 28, 2021 are summarized as follows:

	May 31, 2021		February 28, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number Warrants	Weighted Average Exercise Price
Balance, beginning of year	70,007,357	\$ 0.19	50,416,524	\$ 0.17
Issued	-	-	22,073,077	0.22
Exercised	(18,987,733)	0.13	(2,482,244)	0.10
Expired	(7,000)	0.15	-	-
Balance, end of period	51,012,624	\$ 0.21	70,007,357	\$ 0.19

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

7. SHARE CAPITAL - continued

The following warrants were outstanding as at May 31, 2021:

Expiry Date	Exercise Price (\$)	Number of warrants	Remaining Contractual Life (Years)
February 28, 2022	0.10	18,082,880	0.75
March 16, 2022	0.10	989,744	0.79
December 20, 2022	0.33	9,515,000	1.56
February 5, 2023	0.30	10,000,000	1.68
July 27, 2023	0.25	4,000,000	2.16
August 16, 2023	0.20	6,060,000	2.21
August 23, 2023	0.20	2,365,000	2.23
Balance, May 31, 2021	0.21	51,012,624	1.44

The fair value of finders' warrants issued during the year ended February 28, 2021 was estimated based on the Black-Scholes option pricing model using a share price of \$0.05, volatility of 120.88%, risk free interest rate of 0.59% expected life of 2 years, and expected dividend yield of nil (2020 – nil). The weighted average fair value of finders' warrants issued in 2021 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 5). 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. The weighted average fair value of warrants issued to ECI was \$0.07.

During the year ended February 28, 2021, 2,482,244 share purchase warrants were exercised at exercise price of \$0.10 per common share for total proceeds of \$248,224.

During the quarter ended May 31, 2021, 18,987,733 share purchase warrants were exercised at weighted average price of \$0.13 per common share for total proceeds of \$2,514,744.

8. SHARE-BASED PAYMENTS

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

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

On May 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.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS - continued

On April 12, 2021, the Company granted 3,245,000 stock options to directors, officers, employees, and consultants of the Company. The stock options are exercisable for a term of 5 years at an exercise price of \$0.275 per common share under the terms of the Company's stock option plan.

During the quarter ended May 31, 2021, 540,000 stock options were exercised at weighted average price of \$0.08 per common share for total proceeds of \$99,300.

The following is a summary of option transactions under the Company's stock option plan for the three month period ended May 31, 2021 and year ended February 28, 2021:

	May 31, 2021		February 28, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	8,885,000	\$ 0.15	6,895,000	\$ 0.20
Granted	3,245,000	0.275	3,315,000	0.08
Exercised	(540,000)	0.08	-	-
Cancelled	-	-	(1,325,000)	0.18
Balance, end of year	11,590,000	0.19	8,885,000	0.15
Exercisable	11,590,000	\$ 0.19	8,885,000	\$ 0.15

The following stock options were outstanding as at May 31, 2021:

Expiry Date	Exercise Price (\$)	Number of options	Remaining Contractual Life (Years)
April 5, 2022	0.28	1,140,000	0.85
June 27, 2022	0.28	890,000	1.07
December 22, 2022	0.28	445,000	1.56
May 14, 2023	0.17	810,000	1.95
February 4, 2024	0.10	865,000	1.68
July 22, 2024	0.10	955,000	3.15
May 19, 2025	0.08	3,315,000	3.97
April 12, 2026	0.275	3,245,000	4.87
Balance, May 31, 2021	0.19	11,590,000	3.29

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS - continued

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the period ended May 31, 2021, the Company recorded \$ 745,305 (February 28, 2021 - \$256,169) in share-based payments expense using the following assumptions:

	Period Ended May 31, 2021	Year Ended February 28, 2021
Risk free interest rate	0.95%	0.41%
Expected life	5 years	5 years
Expected volatility	123.09%	128.25%
Expected dividend yield	0%	0%
Expected forfeiture	0%	0%
Weighted average share price	\$0.23	\$0.09

9. RELATED PARTY TRANSACTIONS

	Three Month Period ended	
	May 31, 2021	May 31, 2020
Key Management Compensation:		
Consulting fees and salaries	\$ 72,750	\$ 140,059
Share-based payments	384,713	189,326
Total	\$ 457,463	\$ 329,385

	May 31, 2021	February 28, 2021
Related Party Balances:		
Due to directors and officers of the Company	\$ 29,557	\$ 28,512
Due to companies related by common directors	17,592	17,593
Total	\$ 47,149	\$ 46,105

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.

10. SEGMENTED DISCLOSURE

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

	May 31, 2021	February 28, 2021
Non-current assets by geographic segment:		
Canada	\$ 69,646	\$ 72,752
Brazil	11,523,024	11,299,035
	\$ 11,592,670	\$ 11,371,787

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements

	May 31, 2021	February 28, 2021
Financial assets		
<i>FVPL, measured at fair value</i>		
Cash and cash equivalents	\$ 6,173,021	\$ 4,033,154
Reclamation deposit	15,000	15,000
<i>Loans and receivables, measured at amortized cost</i>		
Other receivables (excluding GST)	17,114	3,340
<i>Investments, measured at fair value</i>		
Long term investment	54,324	57,083
Financial liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	\$ 89,839	\$ 142,487
Due to related parties	47,149	46,105

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 May 31, 2021, 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 May 31, 2021

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 6,173,021	\$ -	\$ -	\$ 6,173,021
Reclamation deposit	15,000	-	-	15,000
Total	\$ 6,188,021	\$ -	\$ -	\$ 6,188,021

Altamira Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

At February 28, 2021

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 4,033,154	\$ -	\$ -	\$ 4,033,154
Reclamation deposit	15,000	-	-	15,000
Total	\$ 4,048,154	\$ -	\$ -	\$ 4,048,154

12. COMMITMENTS

The Company has no commitments other than in respect of long term liabilities as described in note 6.

13. SUBSEQUENT EVENTS

Subsequent to May 31, 2021, 2,200,000 shares were issued related to share purchase warrants for gross proceeds of \$420,000.