ALTAMIRA GOLD

Condensed Interim Consolidated Financial Statements

As at and for the three and nine month periods ended November 30, 2018

(Expressed in Canadian Dollars)

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, 2018, 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, 2018 and February 28, 2018
(Expressed in Canadian Dollars)

		November 30 2018		February 28 2018
Assets				
Current				
Cash and cash equivalents (note 3)	**$**	**405,820**	$	1,062,758
Marketable Securities (note 4)		**100,000**		-
Other receivables		**6,651**		27,791
Prepaid expenses		**12,631**		44,430
Total current assets		**525,102**		1,134,979
Non-current assets				
Property and equipment (note 5)		**61,133**		65,269
Exploration and evaluation assets (note 6)		**11,264,563**		10,860,852
Long term investment		**59,855**		57,641
Reclamation deposit		**15,000**		15,000
Total Assets	**$**	**11,925,653**	$	12,133,741
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**96,303**	$	120,743
Due to related parties (note 10)		**4,491**		81,833
Current portion of long term liabilities (note 7)		**90,683**		86,416
Total current liabilities		**191,477**		288,992
Long term liabilities (note 7)		**164,356**		157,742
		355,833		446,734
Equity				
Share capital (note 8)		**34,303,140**		33,427,931
Share subscriptions received (notes 8 and 10)		**22,276**		3,276
Share-based payments reserve (note 9)		**3,633,804**		3,469,324
Accumulated other comprehensive income/(loss)		**(430,742)**		(36,217)
Deficit		**(25,958,658)**		(25,177,307)
		11,569,820		11,687,007
Total Liabilities and Equity	**$**	**11,925,653**	$	12,133,741

Nature of operations and going concern (note 1), Commitments (note 13), Subsequent Events (note 14).

Approval on behalf of the Board of Directors:

Michael Bennett — Director

Christopher Harris — Director

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and nine month periods ended November 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	Nine months Ended November 30, 2018	Nine months Ended November 30, 2017
Operating Expenses				
Advertising and promotion	$ **14,884**	$ 33,099	$ **72,220**	$ 85,392
Amortization	**6,564**	5,738	**19,813**	15,893
Consulting fees and staff costs	**147,565**	147,542	**425,974**	455,637
Investor relations	**-**	23,900	**-**	30,300
Office and general	**30,033**	35,008	**103,315**	107,862
Other Exploration costs	**-**	439	**6,301**	4,471
Professional fees	**11,140**	11,704	**41,731**	74,991
Share-based payments	**6,927**	-	**164,480**	728,156
Transfer agent & regulatory fees	**7,777**	(7,404)	**20,438**	39,474
Travel	**8,241**	33,784	**47,182**	50,178
	(233,131)	(283,810)	**(901,454)**	(1,592,354)
Other income (expense)				
Interest expense	**(4,234)**	(3,831)	**(9,786)**	(13,974)
Interest income	**541**	3,546	**4,883**	5,067
Gain on disposal of fixed asset	**-**	-	**-**	8,447
Foreign exchange gain	**7**	(507)	**7**	(215)
Unrealised gain or loss on marketable securities	**5,000**	-	**5,000**	-
Gain on sale of mineral property	**119,999**	-	**119,999**	-
Loss for the period before income tax	**(111,818)**	(284,602)	**(781,351)**	(1,593,029)
Income tax recovery	**-**	-	**-**	-
Net Loss for the Period	**(111,818)**	(284,602)	**(781,351)**	(1,593,029)
Cumulative Translation Adjustment	**(15,313)**	(10,807)	**(394,525)**	(180,712)
Total Comprehensive Loss for the Period	**(127,131)**	(295,409)	**(1,175,876)**	(1,773,741)
Basic and Diluted Loss Per Share	$ **0.002**	$ 0.01	$ **0.015**	$ 0.05
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**57,633,316**	38,907,621	**52,090,946**	31,588.001

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, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription Receipts	Reserves	Accumulated OCI / (Loss)	Deficit	Total
Balance, February 29, 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, February 28, 2018	**48,643,316**	**$ 33,427,931**	**$ 3,276**	**$ 3,469,324**	**$ (36,217)**	**$ (25,177,307)**	**$ 11,687,007**
Shares issued for cash	**9,000,000**	**900,000**	-	-	-	-	**900,000**
Share subscriptions received			**19,000**				**19,000**
Share issuance costs	-	**(14,791)**	-	-	-	-	**(14,791)**
Returned to treasury	**(10,000)**	**(10,000)**	-	-	-	-	**(10,000)**
Share-based payments	-	-	-	**164,480**	-	-	**164,480**
Cumulative translation adjustment	-	-	-	-	**(394,525)**	-	**(394,525)**
Net loss for the period	-	-	-	-	-	**(781,351)**	**(781,351)**
Balance, November 30, 2018	**57,633,316**	**$ 34,303,140**	**$ 22,276**	**$ 3,633,804**	**$ (430,742)**	**$ (25,958,658)**	**$ 11,569,820**

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

Altamira Gold Corp.

Condensed Interim Consolidated Statements of Cash Flows
For the nine month periods ended November 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the period	$ **(781,351)**	(1,593,029)
Adjustments for items not affecting cash:		
Share-based payments	**183,480**	728,156
Amortization	**19,813**	15,893
Gain on disposal of mineral property	**(119,999)**	-
Gain on disposal of assets	**-**	(8,447)
Unrealized gain on marketable securities	**(5,000)**	-
Unrealized currency translation adjustment	**17,030**	4,263
Changes in non-cash working capital:		
Other receivables	**21,140**	(4,701)
Prepaid expenses	**21,799**	15,438
Due to related parties	**(77,342)**	-
Accounts payable and accrued liabilities	**(20,173)**	(266,979)
Long term liabilities	**6,614**	58,687
	(733,989)	(1,050,719)
INVESTING ACTIVITIES:		
Exploration and evaluation asset acquisition and expenditures	**(809,460)**	(1,448,478)
Cash received on sale of mineral property	**25,000**	
Acquisition of property and equipment	**(23,698)**	(43,324)
	(808,158)	(1,491,802)
FINANCING ACTIVITIES:		
Shares issued for cash	**900,000**	702,516
Share issuance costs	**(14,791)**	(6,413)
Proceeds on disposal of fixed assets	**-**	34,757
	885,209	730,860
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(656,938)**	(1,811,661)
Cash, beginning of period	**1,062,758**	2,179,038
Cash and cash equivalents, end of period	$ **405,820**	$ 367,377

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.

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 November 30, 2018, the Company had working capital of $333,625 (February 28, 2018 - $845,987). The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company believes they are able to raise sufficient funds to cover all of its operating requirements, financial commitments, and business development priorities during the next twelve months. However, the Company expects that it will continue to need to obtain further financing in the form of debt, equity or a combination thereof in the future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects. All of these material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Approval of the financial statements

These consolidated financial statements for the three and nine month and periods ended November 30, 2018, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on January 24, 2019.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed interim consolidated financial statements of the Company as at and for the three and nine month periods ended November 30, 2018, with comparative information as at February 28, 2018 and for the three and nine month periods ended November 30, 2017, 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, 2018. 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.

New accounting standards and amendments adopted

The following standards have been adopted as at March 1, 2018. The Company has determined the impact of the new requirements to not be material.

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").

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

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 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.

Accounting standards and amendments issued but not yet adopted

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. The Company is in the process of evaluating the impact.

3. CASH AND CASH EQUIVALENTS

As of November 30, 2018, the Company had a $300,000 (February 2018 - $1,000,000) guaranteed investment certificate that bears interest at prime minus 2.6% and matures on December 20, 2018.

4. MARKETABLE SECURITIES

Marketable securities consist of common shares in publicly traded companies.

Balance, February 28, 2018	$	-
Shares received for sale of mineral property (Note 6)	$	95,000
Increase in market value of shares		5,000
Balance, November 30, 2018	$	100,000

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	*Machinery & equipment	Furniture	Vehicles	*Computer and Software	Total
Cost					
February 28, 2018	$ 36,212	$ 5,586	$ 33,171	$ 21,558	$ 96,527
Additions	-	-	20,978	2,720	23,698
Disposals	-	-	-	-	-
Foreign currency alignment	(4,650)	(717)	(4,587)	(2,255)	(12,209)
November 30, 2018	**$ 31,562**	**$ 4,869**	**$ 49,562**	**$ 22,023**	**$ 108,016**
Accumulated Amortization					
February 28, 2018	$ 16,459	$ 1,154	$ 4,838	$ 8,807	$ 31,258
Additions	6,011	783	9,003	4,014	19,811
Disposals	-	-	-	-	-
Foreign currency alignment	(2,207)	(160)	(761)	(1,058)	(4,186)
November 30, 2018	**$ 20,263**	**$ 1,777**	**$ 13,080**	**$ 11,763**	**$ 46,883**
Net Book Value					
February 28, 2018	$ 19,753	$ 4,432	$ 28,333	$ 12,751	$ 65,269
November 30, 2018	**$ 11,299**	**$ 3,092**	**$ 36,482**	**$ 10,260**	**$ 61,133**

**Restated to reflect re-allocation of Computer Costs*.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the nine month period ended November 30, 2018 and year ended February 28, 2018:

	Brazil	Canada	Total
Balance, February 28, 2017	**$ 9,299,278**	**$ 2,976,414**	**$ 12,275,692**
Additions during the period -			
Acquisition costs			
Claim maintenance	358,626	-	358,626
Property exploration costs			
Assays	126,857	-	126,857
Camp expenses	322,478	-	322,478
Drilling	331,101	-	331,101
Geological costs	517,423	-	517,423
External studies	19,906	-	19,906
Supplies and rentals	-	690	690
Travel and accommodation	56,903	-	56,903
Total additions during the period	1,733,294	690	1,733,984
Impairment	-	(2,977,101)	(2,977,101)
Foreign currency alignment	(171,723)	-	(171,723)
Balance, February 28, 2018	**$ 10,860,849**	**$ 3**	**$ 10,860,852**
Additions during the period -			
Acquisition costs			
Claim maintenance	205,466	-	205,466
Property exploration costs			
Assays	31,208	-	31,208
Camp expenses	103,582	-	103,582
Drilling	46,243	-	46,243
Geological costs	344,104	-	344,104
External studies	52,471	-	52,471
Travel and accommodation	26,386	-	26,386
Total additions during the period	809,460	-	809,460
Sale of mineral property	-	(1)	-
Foreign currency alignment	(405,748)	-	(405,748)
Balance, November 30, 2018	**$ 11,264,561**	**$ 2**	**$ 11,264,563**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS - continued

Properties in Brazil:

The following schedule shows the Company's total expenditures in Brazil by property for the nine month period ended November 30, 2018 and year ended February 28, 2017:

	Cajueiro	Apiacas	Colider	Nova Canaa	Crepori	Santa Helena*	Other	Total
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	153,292	109,925	12,574	-	34,768	-	48,067	358,626
Property exploration costs								
Assays	61,015	1,435	32,048	-	32,359	-	-	126,857
Camp expenses	268,413	9,660	2,692	-	38,737	-	2,976	322,478
Drilling	174,083	-	-	-	157,018	-	-	331,101
Geological costs	351,542	63,261	1,161	-	80,029	-	21,430	517,423
External studies	14,652	816	-	-	4,438	-	-	19,906
Travel and accommodation	32,416	2,654	1,051	-	18,739	-	2,043	56,903
Total additions during the period	1,055,413	187,751	49,526	-	366,088	-	74,516	1,733,294
Foreign currency alignment	(142,029)	(6,403)	(3,477)	(2,537)	(8,236)	-	(9,041)	(171,723)
Balance, February 28, 2018	**$ 8,982,753**	**$ 404,985**	**$ 219,882**	**$ 160,482**	**$ 520,871**	**-**	**$ 571,876**	**$ 10,860,849**
Additions during the period -								
Acquisition costs								
Claim maintenance	**66,855**	**54,075**	**398**	**-**	**17,998**	**23,812**	**42,328**	**205,466**
Property exploration costs								
Assays	**13,576**	**-**	**12,932**	**-**	**-**	**4,700**	**-**	**31,208**
Camp expenses	**87,341**	**525**	**3,081**	**-**	**3,147**	**9,453**	**35**	**103,582**
Drilling	**46,243**	**-**	**-**	**-**	**-**	**-**	**-**	**46,243**
Geological costs	**293,199**	**12,977**	**117**	**-**	**117**	**36,916**	**778**	**344,104**
External studies	**45,758**	**-**	**6,713**	**-**	**-**	**-**	**-**	**52,471**
Travel and accommodation	**21,449**	**1,426**	**359**	**-**	**-**	**3,152**	**-**	**26,386**
Total additions during the period	**574,421**	**69,003**	**23,600**	**-**	**21,262**	**78,033**	**43,141**	**809,460**
Foreign currency alignment	**(332,279)**	**(16,479)**	**(8,465)**	**(5,580)**	**(18,849)**	**(2,713)**	**(21,383)**	**(405,748)**
Balance, November 30, 2018	**$ 9,224,895**	**$ 457,509**	**$ 235,017**	**$ 154,902**	**$ 523,284**	**75,320**	**$ 593,634**	**$ 11,264,561**

** Included in "Other" prior to current period.*

The Company's Brazilian subsidiary, Alta Floresta Gold Mineracao Ltda. ("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)

6. 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, 2018, the Company owned 600,000 common shares of ECI with a book value of $59,855 ($45,000 USD).

In addition to the NSR’s referred to above, all properties are subject to a 1.75% NSR that is held by ECI.

Properties in Canada:

The following schedule shows the Company’s total expenditures in Canada by property for the three month period ended November 30, 2018 and year ended February 28, 2017:

	Garland Property	Tom Gold Mine Claims	Day Claims	Nahmint Property	Other Properties	Total
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
Impairment	(2,977,101)	-	-	-	-	(2,977,101)
Balance, February 28, 2018	**$ -**	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 3**
Additions during the period -						
Property exploration costs	-	-	-	-	-	-
Total additions during the period	-	-	-	-	-	-
Sale of mineral property	-	-	-	-	**(1)**	**(1)**
Balance, November 30, 2018	**$ -**	**$ 1**	**$ 1**	**$ -**	**$ -**	**$ 2**

During September 2018 the Company sold its 100% interests in the Tom and Sickle claims located in the Northwest Territories of northern Canada to TerraX Minerals Inc (“TerraX”). Altamira received a total of $25,000 cash and 250,000 shares of TerraX valued at $95,000, and has retained a 2% NSR royalty.

During year ended February 28, 2018 the Company elected not to make the final acquisition payment in respect of the Garland Property and thus relinquished the property. The carrying value of the property amounting to $2,977,101 was written off.

The Tom Gold Mine Claims, in Yellowknife, NWT, Day Claims, and other claims in BC were written down to nominal amounts in the year ended February 28, 2016 due to minimal activity and increased focus on other projects.

(Expressed in Canadian Dollars)

7. 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$740,964 over 10 to 60 months including interest. Interest is calculated using the Sistema Especial de Liquidação e Custodia ("SELIC") rate as published by Brazil's central bank.

	November 30, 2018	February 28, 2018
Long term liabilities	**$ 255,039**	$ 244,158
Less: current portion of long term liabilities	**(90,683)**	(86,416)
	$ 164,356	$ 157,742

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

	BRL	CAD
November 30, 2019	**R$ 263,462**	**$ 90,683**
November 30, 2020	**221,427**	**76,215**
November 30, 2021	**148,232**	**51,021**
November 30, 2022	**77,158**	**26,558**
November 30, 2023	**30,685**	**10,562**
	R$ 740,964	**$ 255,039**

8. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

b) Issued:

On December 30, 2016, the Company consolidated the outstanding share capital of the Company on the basis of ten (10) pre-consolidation common shares for one (1) post consolidation common share.

During the nine months ended November 30, 2018:

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

ii. On August 17, 2018 the Company closed a non-brokered private placement of 6,060,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $606,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.20 per share for a period of 60 months from closing.

iii. On August 23, 2018 , the Company closed a non-brokered private placement of 2,940,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $294,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.20 per share for a period of 60 months from closing.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL - continued

During the year ended February 28, 2018:

i. On March 1, 2017, the Company closed a non-brokered private placement of 4,179,521 units ("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 $0.24 per Unit for gross proceeds of $387,891. 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 $0.33 per share for a period of 24 months from closing.

iii. On June 30, 2017, the Company issued 175,718 common shares at a deemed price of $0.18 per share to settle outstanding debts totaling $31,629. 133,333 of these shares have been issued to a non-arm's length creditor.

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. On December 21, 2017, the Company closed a non-brokered placement of 9,665,000 units ("Units") at a price of $0.20 per Unit for gross proceeds of $1,933,000. Each Unit is comprised of one common share and one non-transferable share purchase warrant exercisable at $0.33 per warrant share for a period of five years from the issue date. The company has paid cash finder's fees of $123,760 and has issued 618,800 finders warrants exercisable at $0.33 per warrant share for a period of two years from the issue date. The finders share purchase warrants were valued at $57,191 under the following assumptions and ranges: risk free interest rate – 1.66%; expected life – 2 years; expected volatility – 110.57%; expected dividend yield – 0%; and weighted average share price - $0.20.

vi. 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, 2018 and year ended February 28, 2018 are summarized as follows:

	November 30, 2018		February 28, 2018	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Balance, beginning of year	**29,892,352**	**$ 0.40**	14,548,379	$ 0.54
Issued	**9,000,000**	**0.20**	16,079,535	0.31
Exercised	-	-	(120,000)	0.27
Expired	**(3,815,109)**	**1.44**	(615,562)	1.50
Balance, end of period	**35,077,243**	**$ 0.27**	29,892,352	$ 0.40

(Expressed in Canadian Dollars)

8. SHARE CAPITAL - continued

The following warrants were outstanding as at November 30, 2018:

Expiry Date	Exercise Price	Number of warrants	Remaining Contractual Life (Years)
February 22, 2019	**$ 0.27**	**9,997,707**	**0.23**
March 1, 2019	**$0.27**	**4,179,522**	**0.25**
April 5, 2019	**$0.33**	**1,616,214**	**0.35**
December 20, 2019	**$0.33**	**618,800**	**1.05**
December 20, 2022	**$0.33**	**9,665,000**	**4.06**
August 16, 2023	**$0.20**	**6,060,000**	**4.71**
August 23, 2023	**$0.20**	**2,940,000**	**4.73**
Balance, November 30, 2018	**$0.27**	**35,077,243**	**2.46**

9. SHARE-BASED PAYMENTS

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

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

On May 14, 2018, the Company granted 1,070,000 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 $0.17 per common share under the terms of the Company's Stock Option Plan.

On October 1, 2018 the Company granted 100,000 stock options to a consultant of the Company. The stock options are exercisable for a term of three years at an exercise price of $0.10 per common share under the terms of the Company's Stock Option Plan.

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS - continued

The following is a summary of option transactions under the Company's stock option plan for the nine month period ended November 30, 2018 and year ended February 28, 2018:

	November 30, 2018		February 28. 2018	
	Number of Options	Weighted Average Exercise Price*	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	**3,520,000**	**$ 0.28**	886,460	$ 1.41
Granted	**1,170,000**	**0.17**	4,070,000	0.28
Cancelled	**(30,000)**	**0.28**	(1,436,460)	0.98
Balance, end of year	**4,660,000**	**0.25**	3,520,000	0.28
Exercisable	**4,660,000**	**$ 0.25**	3,520,000	$ 0.28

The following stock options were outstanding as at November 30, 2018:

Expiry Date	Exercise Price	Number of options	Remaining Contractual Life (Years)
April 5, 2022	**$0.28**	**1,830,000**	**3.35**
June 27, 2022	**$0.28**	**1,015,000**	**3.58**
December 22, 2022	**$0.28**	**645,000**	**4.06**
May 14, 2023	**$0.17**	**1,070,000**	**4.45**
Oct 1, 2021	**$0.10**	**100,000**	**2.84**
Balance, November 30, 2018	**$0.25**	**4,660,000**	**3.74**

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the nine month period ended November 30, 2018, the Company recorded $164,480 (2017 - $728,156) in share-based payments expense using the following assumptions:

	Nine months Ended November 30, 2018	Nine months Ended November 30, 2017
Risk free interest rate	**2.22-2.32%**	1.05% – 1.28%
Expected life	**3-5 years**	5 years
Expected volatility	**126.5%-131.5%**	130.9% – 145%
Expected dividend yield	**0%**	0%
Expected forfeiture	**0%**	0%
Weighted average share price	**$0.10-$0.17**	$0.24-$0.25

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

	Nine month Period ended November 30, 2018	November 30, 2017
Key Management Compensation:		
Consulting fees and salaries	**$ 285,750**	$ 267,700
Share-based payments	**84,640**	364,040
Total	**$ 370,390**	$ 631,740

	November 30, 2018	February 28, 2018
Related Party Balances:		
Due to directors and officers of the Company	**$ 4,491**	$ 81,833
Due to (from) companies related by common directors*	**(3,494)**	(5,688)
Total	**$ 997**	$ 76,145

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

In November 2018, members of the key management group agreed to accept a portion of their consulting fees and salaries amounting to $19,000 in the form of shares of the company. The shares were pending issuance at the period end and the funds have been treated as subscription receipts. See also subsequent events, note 14.

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

11. SEGMENTED DISCLOSURE

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

	November 30, 2018	February 28, 2018
Non-current assets by geographic segment		
Canada	**$ 3,666**	$ 3,227
Brazil	**11,322,032**	10,922,894
	$ 11,325,698	$ 10,926,121

12. 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).

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

As at November 30, 2018, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, 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 November 30, 2018

Assets	Level 1	Level 2	Level 3	Total
Cash	**$ 405,820**	**$ -**	**$ -**	**$ 405,820**
Marketable Securities	**100,000**	**-**	**-**	**100,000**
Reclamation deposit	**15,000**	**-**	**-**	**15,000**
Total	**$ 520,820**	**$ -**	**$ -**	**$ 520,820**

At February 28, 2018

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 1,062,758	$ -	$ -	$ 1,062,758
Reclamation deposit	15,000	-	-	15,000
Total	$1,077,758	$ -	$ -	$ 1,077,758

13. COMMITMENTS

The Company has no commitments other than in respect of long term liabilities as described in note 7.

14. POST BALANCE SHEET EVENTS

On December 18, 2018 the Company's issued 339,286 common shares at a deemed price of $0.056 per share to settle salary payments totaling $19,000.02 due to members of its executive team in respect of the month of November 2018. The shares are subject to a four month hold period.

On January 11, 2019 the Company issued 368,748 common shares at a deemed price of $0.06 per Share to settle salary payments totaling $22,125 due to members if its executive team in respect of the month of December 2018. The shares are subject to a four month hold period.