

Condensed Consolidated Interim Financial Statements of

**Almadex Minerals Limited**

For the three months ended March 31, 2016  
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Almadex Minerals Limited (“the Company”) for the three months ended March 31, 2016 have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity’s auditor.

## Almadex Minerals Limited

Condensed consolidated interim statements of financial position  
(Unaudited – Expressed in Canadian dollars)

	March 31, 2016	December 31, 2015
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 13)	2,456,717	2,896,701
Accounts receivable and prepaid expenses (Note 4)	171,908	260,748
Marketable securities and investments (Note 5)	2,706,587	2,562,892
	<b>5,335,212</b>	<b>5,720,341</b>
<b>Non-current assets</b>		
Investment in associate (Note 6)	212,970	1,539,870
Reclamation deposits	31,755	33,348
Contingent shares receivable (Note 7)	41,700	43,500
Property and equipment (Note 8)	564,876	594,757
Exploration and evaluation assets (Note 9)	3,656,695	3,338,094
	<b>4,507,996</b>	<b>5,549,569</b>
<b>TOTAL ASSETS</b>	<b>9,843,208</b>	<b>11,269,910</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	235,394	187,593
<b>Total liabilities</b>	<b>235,394</b>	<b>187,593</b>
<b>EQUITY</b>		
Share capital (Note 10)	11,907,544	11,907,544
Reserves (Note 10)	429,869	259,174
Deficit	(2,729,599)	(1,084,401)
<b>Total equity</b>	<b>9,607,814</b>	<b>11,082,317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,843,208</b>	<b>11,269,910</b>

These unaudited condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 30, 2016

They are signed on the Company's behalf by:

/s/Duane Poliquin  
Director

/s/Mark T. Brown  
Director

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

## Almadex Minerals Limited

Condensed consolidated interim statement of loss and other comprehensive income  
(Unaudited – Expressed in Canadian dollars)

	<b>Three months ended March 31, 2016</b>
	\$
<b>Revenue</b>	
Interest income	3,191
Other income (Note 11(b))	33,604
	<u>36,795</u>
<b>Expenses</b>	
Administrative services fee (Note 11 (b))	100,188
Depreciation (Note 8)	31,051
Impairment of exploration and evaluation assets (Note 9)	121,721
Office and transfer agent	6,923
Professional fees	30,420
Travel and promotion	22,702
	<u>313,005</u>
<b>Operating loss</b>	(276,210)
Loss on investment in associate (Note 6)	(1,326,900)
Loss on sale of marketable securities (Note 5)	(3,100)
Gain on sale of property and equipment (Note 8)	1,666
Loss on fair value of contingent shares receivable (Note 7)	(1,800)
Foreign exchange loss	(38,854)
<b>Net loss for the period</b>	<u>(1,645,198)</u>
<b>Other comprehensive income</b>	
<b>Items that may be reclassified subsequently to profit or loss</b>	
Net change in fair value of available-for-sale financial assets, net of tax of \$Nil (Note 5)	170,695
<b>Other comprehensive income for the period</b>	<u>170,695</u>
<b>Loss and other comprehensive income for the period</b>	<u>(1,474,503)</u>
<b>Basic and diluted net loss per share (Note 12)</b>	<u>(0.04)</u>

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

**Almadex Minerals Limited**Condensed consolidated interim statement of cash flows  
(Unaudited – Expressed in Canadian dollars)

	<b>Three months ended March 31,</b>
	<b>2016</b>
	<b>\$</b>
<b>Operating activities</b>	
Net loss for the period	(1,645,198)
Items not affecting cash	
Loss on investment in associate	1,326,900
Depreciation	31,051
Loss on fair value of contingent shares receivable	1,800
Loss on sale of marketable securities	3,100
Impairment of exploration and evaluation assets	121,721
Unrealized foreign exchange on reclamation deposit	1,593
Gain on sale of property and equipment	(1,666)
Changes in non-cash working capital components	
Accounts receivable and prepaid expenses	88,840
Trade and other payables	22,852
Net cash used in operating activities	(49,007)
<b>Investing activities</b>	
Exploration and evaluation assets - costs	(415,373)
Property and equipment - purchase	(4,031)
Net proceeds from sale of property and equipment	4,527
Net proceeds from sale of marketable securities	23,900
Net cash used in investing activities	(390,977)
Change in cash and cash equivalents	(439,984)
Cash and cash equivalents, beginning of period	2,896,701
Cash and cash equivalents, end of period	2,456,717
Supplemental cash flow information – Note 13	

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

## Almadex Minerals Limited

Condensed consolidated interim statement of changes in equity  
(Unaudited – Expressed in Canadian dollars)

	<b>Share Capital</b>		<b>Reserves</b>			<b>Deficit</b>	<b>Total</b>
	Number of shares	Amount	Share-based payments	Available-for-sale financial assets	Total Reserves		
		\$	\$	\$	\$	\$	\$
<b>Balance, April 10, 2015</b>	100	100	-	-	-	-	100
Share-based payments	-	-	97,427	-	97,427	-	97,427
Transfer of net assets from Almaden Minerals Ltd. pursuant to Plan of Arrangement	43,888,869	11,897,194	115,835	-	115,835	-	12,013,029
Shares issued for exploration and evaluation assets	50,000	10,250	-	-	-	-	10,250
Loss and other comprehensive income for the period	-	-	-	45,912	45,912	(1,084,401)	(1,038,489)
<b>Balance, December 31, 2015</b>	<b>43,938,969</b>	<b>11,907,544</b>	<b>213,262</b>	<b>45,912</b>	<b>259,174</b>	<b>(1,084,401)</b>	<b>11,082,317</b>
Loss and other comprehensive income for the period	-	-	-	170,695	170,695	(1,645,198)	(1,474,503)
<b>Balance, March 31, 2016</b>	<b>43,938,969</b>	<b>11,907,544</b>	<b>213,262</b>	<b>216,607</b>	<b>429,869</b>	<b>(2,729,599)</b>	<b>9,607,814</b>

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

## **Almadex Minerals Limited**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### **1. Nature of Operations**

Almadex Minerals Limited (the “Company” or “Almadex”) was incorporated on April 10, 2015 under the laws of the Province of British Columbia pursuant to a Plan of Arrangement to reorganize Almaden Minerals Ltd. (“Almaden”) which was completed on July 31, 2015. The Company’s intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada, the United States and Mexico. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Company’s registered and records office is Suite 1710 –1177 West Hastings Street, Vancouver, BC, Canada V6E 2L3.

### **2. Basis of Presentation**

#### *(a) Statement of Compliance with International Financial Reporting Standards*

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards (“IAS”) 34 “*Interim Financial Reporting*” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

#### *(b) Basis of preparation*

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes the Company will continue its operations for a reasonable period of time. The Company’s ability to continue its operations is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

#### *New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### 3. Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended March 31, 2016 are not necessarily indicative of the results that may be expected for the period ending December 31, 2016.

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

### 4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consists of the following:

	<b>March 31, 2016</b>	December 31, 2015
Accounts receivable	<b>\$ 233,458</b>	\$ 325,358
Allowance for doubtful account	<b>(79,485)</b>	(79,485)
Prepaid expenses	<b>17,935</b>	14,875
	<b>\$ 171,908</b>	\$ 260,748

### 5. Marketable Securities and Investments

- a) Marketable securities consist of common shares in publicly traded companies over which the Company does not have control or significant influence. Marketable securities are designated as available-for-sale and valued at fair value of \$227,743 as at March 31, 2016. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than significant or prolonged losses are recorded as other comprehensive income. The valuation of the common shares has been determined in whole by reference to the closing price traded on the exchange at each reporting date.
- b) Investments consist of 1,597 ounces of gold bullion which is recorded at the fair value of \$2,478,844 as at March 31, 2016. The investments are designated as available-for-sale and valued at fair value. Unrealized gains and losses due to year end revaluation to fair value, other than those determined to be other than significant or prolonged losses are recorded as other comprehensive income. The valuation of the gold bullion investment is determined in whole by reference to the closing price of gold at each reporting period.



## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

### 6. Investment in Associate

#### *Gold Mountain Mining Corporation*

Pursuant to the Plan of Arrangement, the Company received 26.75 million shares of Gold Mountain Mining Corporation (“Gold Mountain”) representing a 38.8% interest in Gold Mountain. Gold Mountain is a publicly traded company of the TSX-V. Duane Poliquin (Chairman and Director of Almadex) and Morgan Poliquin (President, CEO and Director of Almadex) are directors of Gold Mountain.

Almadex is accounting for this investment using the equity method as the Company has determined that significant influence exists. The Company has recorded its equity share of Gold Mountain’s loss during the three months ended March 31, 2016 in the amount of \$1,326,900, which is driven by a significant deferred income tax expense recognized by Gold Mountain.

The continuity of the Company’s investment in associate for the period ended March 31, 2016 is as follows:

	<b>March 31, 2016</b>
	\$
Balance, beginning of period	1,539,870
Company’s share of net loss	(1,326,900)
<b>Balance, end of period</b>	<b>212,970</b>

The following table summarizes the financial information of Gold Mountain for its three months ended March 31, 2016:

	<b>(Unaudited) March 31, 2016</b>
	\$
Current assets	<b>2,573,677</b>
Non-current assets	<b>27,763,373</b>
Current liabilities	<b>22,090</b>
Non-current liabilities	<b>5,105,381</b>
Revenue	<b>26,724</b>
Net loss	<b>39,240</b>

## **Almadex Minerals Limited**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### **7. Contingent Shares Receivable**

#### **(a) Gold Mountain Mining Corporation**

As part of the Plan of Arrangement, the Company holds an additional 2,000,000 common shares of Gold Mountain in escrow subject to the following release conditions:

- i. 1,000,000 common shares will be released upon the establishment of one million ounces of measured or indicated resource of gold on the Gold Mountain's Elk Gold Project; and
- ii. 1,000,000 common shares will be released upon the establishment of an additional one million ounces of measured and indicated resource of gold on the Gold Mountain's Elk Gold Project.

Any of the foregoing shares not released from escrow by July 26, 2016 will be cancelled. The Company has recorded a contingent share receivable of \$10,500 based on management's best estimate of the fair value of the common shares as at March 31, 2016, and a gain on fair value adjustment during the period ended March 31, 2016 of \$6,000 in the statements of loss.

#### **(b) Goldgroup Mining Inc.**

As part of the Plan of Arrangement, the Company obtained a contingent share receivable of 7,000,000 shares of Goldgroup Mining Inc. ("Goldgroup") which may be obtained upon satisfaction of the following conditions:

- i. 1,000,000 common shares will be received upon commencement of commercial production on the Caballo Blanco project ("Caballo Blanco");
- ii. 2,000,000 common shares will be received upon measured and indicated resources including cumulative production for Caballo Blanco reaching 2,000,000 ounces of gold;
- iii. 2,000,000 common shares will be received upon measured, indicated and inferred resources including cumulative production for Caballo Blanco reaching 5,000,000 ounces of gold; and
- iv. 2,000,000 common shares will be received upon measured, indicated and inferred resources including cumulative production for Caballo Blanco reaching 10,000,000 ounces of gold.

On December 24, 2014, Goldgroup sold Caballo Blanco to Timmins Gold Corp ("Timmins"). If Timmins achieves the above conditions, management believes that the bonus common shares will continue to be payable from Goldgroup. The Company has recorded a contingent share receivable of \$31,200 based on management's best estimate of the fair value of the Goldgroup common shares as at March 31, 2016, and a loss of \$7,800 on fair value adjustment in the statements of loss during the period ended March 31, 2016.

**Almadex Minerals Limited**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

**8. Property and Equipment**

	<b>Automotive equipment</b>	<b>Geological library</b>	<b>Field equipment</b>	<b>Drill equipment</b>	<b>Total</b>
	\$	\$		\$	\$
<b>Cost</b>					
<b>December 31, 2015</b>	<b>63,049</b>	<b>200</b>	<b>55,298</b>	<b>503,477</b>	<b>622,024</b>
Additions	4,031	-	-	-	4,031
Disposals	(3,052)	-	-	-	(3,052)
<b>March 31, 2016</b>	<b>64,028</b>	<b>200</b>	<b>55,298</b>	<b>503,477</b>	<b>623,003</b>
<b>Accumulated depreciation</b>					
<b>December 31, 2015</b>	<b>3,941</b>	<b>8</b>	<b>2,340</b>	<b>20,978</b>	<b>27,267</b>
Disposals	(191)	-	-	-	(191)
Depreciation	4,268	10	2,648	24,125	31,051
<b>March 31, 2016</b>	<b>8,018</b>	<b>18</b>	<b>4,988</b>	<b>45,103</b>	<b>58,127</b>
<b>Carrying amounts</b>					
December 31, 2015	59,108	192	52,958	482,499	594,757
<b>March 31, 2016</b>	<b>56,010</b>	<b>182</b>	<b>50,310</b>	<b>458,374</b>	<b>564,876</b>

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

### 9. Exploration and Evaluation Assets

	El Cobre	Los Venados	Other Properties	Total
	\$	\$	\$	\$
<b>Exploration and evaluation assets</b>				
<b>Acquisition costs:</b>				
<b>Opening balance – December 31, 2015</b>	<b>47,261</b>	<b>20,163</b>	<b>22</b>	<b>67,446</b>
Additions	-	-	2	2
<b>Closing balance - March 31, 2016</b>	<b>47,261</b>	<b>20,163</b>	<b>24</b>	<b>67,448</b>
<b>Deferred exploration costs:</b>				
<b>Opening balance - December 31, 2015</b>	<b>3,235,906</b>	<b>34,742</b>	<b>-</b>	<b>3,270,648</b>
Costs incurred during the period:				
Drilling and related costs	64,664	-	-	<b>64,664</b>
Professional/technical fees	8,297	1,889	453	<b>10,639</b>
Claim maintenance/lease costs	33,888	26,395	111,587	<b>171,870</b>
Geochemical, metallurgy	15,401	22,544	-	<b>37,945</b>
Travel and accommodation	10,149	816	478	<b>11,443</b>
Geology, geophysics, exploration	78,313	22,147	7,046	<b>107,506</b>
Supplies and miscellaneous	1,990	-	-	<b>1,990</b>
Reclamation, environmental	16,365	2,305	2,157	<b>20,827</b>
Value-added tax	13,436	-	-	<b>13,436</b>
Impairment of deferred exploration costs	-	-	(121,721)	<b>(121,721)</b>
<b>Total deferred exploration costs during the period</b>	<b>242,503</b>	<b>76,096</b>	<b>-</b>	<b>318,599</b>
<b>Closing balance – March 31, 2016</b>	<b>3,478,409</b>	<b>110,838</b>	<b>-</b>	<b>3,589,247</b>
<b>Total exploration and evaluation assets</b>	<b>3,525,670</b>	<b>131,001</b>	<b>24</b>	<b>3,656,695</b>

The following is a description of the Company's most significant property interest and related spending commitments:

**(a) El Cobre**

During 2011, Almaden completed the sale of its 30% interest in the Caballo Blanco property located in the state of Veracruz, Mexico to Goldgroup. As part of the sale, Goldgroup transferred to Almaden its 40% interest in the El Cobre property also located in the state of Veracruz, Mexico. The Company owns a 100% interest in the El Cobre property.

**(b) Los Venados**

On October 6, 2015, the Company entered into an option to purchase a 100% interest in the Los Venados project in Sonora State Mexico. The Company's commitments to pay cash and issue common shares are as follows:

On signing:	\$10,000 cash and 50,000 shares of Almadex (Paid on October 15 and issued on October 14, 2015)
October 14, 2016:	\$10,000 cash and 50,000 shares of Almadex
October 14, 2017:	\$10,000 cash and 100,000 shares of Almadex
October 14, 2018:	\$20,000 cash and 100,000 shares of Almadex
October 14, 2019:	\$50,000 cash and 100,000 shares of Almadex
October 14, 2020:	\$50,000 cash and 100,000 shares of Almadex

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

### 9. Exploration and Evaluation Assets (Continued)

#### (b) Los Venados

Almadex will meet minimum assessment requirements and pay claim taxes. Almadex will also make a one-time \$500,000 payment due when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified. The vendor will have a 2% NSR on the project, 100% of which can be purchased by the Company at any time for \$1,000,000.

#### (c) Other Properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, the United States and Mexico. During the three months ended March 31, 2016, the Company recorded a write-down of deferred exploration costs incurred during the period of \$121,721 with respect to such properties. Each remaining property is carried at \$1 as at March 31, 2016.

On February 5, 2016, the Company acquired the Yago, Mezquites, and San Pedro properties in Mexico from a company in common with one of its directors in return for a 1% Net Smelter Return royalty which is capped at \$1,000,000.

### 10. Share Capital and Reserves

#### (a) Authorized share capital

At March 31, 2016, the Company's authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

#### (b) Warrants

The continuity of warrants for the period ended March 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/cancelled	March 31, 2016
February 11, 2016	\$ 0.41	1,326,000	-	-	(1,326,000)	-
February 11, 2016	\$ 0.26	29,646	-	-	(29,646)	-
July 17, 2016	\$ 0.37	2,625,600	-	-	-	2,625,600
July 17, 2016	\$ 0.30	111,600	-	-	-	111,600
		<b>4,092,846</b>	-	-	<b>(1,355,646)</b>	<b>2,737,200</b>
Weighted average exercise price		\$ 0.38	-	-	\$ 0.41	\$ 0.37

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

### 10. Share Capital and Reserves (Continued)

#### (c) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At March 31, 2016, the Company may reserve up to 122,897 shares that may be granted as stock options. The exercise price of any option cannot be less than the volume weighted average trading price of the shares for the five trading days immediately preceding the date of the grant. The maximum term of all options is five years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. No options were granted during the three months ended March 31, 2016.

The continuity of stock options for the period ended March 31, 2016 is as follows:

Expiry date	Exercise price	December 31, 2015	Granted	Exercised	Expired/cancelled	March 31, 2016
May 6, 2016	\$ 0.31	39,000	-	-	-	39,000
June 8, 2016	\$ 0.67	1,287,000	-	-	-	1,287,000
July 14, 2016	\$ 0.32	78,000	-	-	-	78,000
August 15, 2016	\$ 0.60	90,000	-	-	-	90,000
October 10, 2016	\$ 0.28	90,000	-	-	-	90,000
January 6, 2017	\$ 0.23	708,000	-	-	-	708,000
May 4, 2017	\$ 0.44	120,000	-	-	-	120,000
June 8, 2017	\$ 0.46	45,000	-	-	-	45,000
September 11, 2017	\$ 0.53	300,000	-	-	-	300,000
November 22, 2017	\$ 0.51	60,000	-	-	-	60,000
April 4, 2018	\$ 0.40	54,000	-	-	-	54,000
June 18, 2018	\$ 0.34	150,000	-	-	-	150,000
August 28, 2018	\$ 0.16	845,000	-	-	-	845,000
December 17, 2018	\$ 0.15	90,000	-	-	-	90,000
January 2, 2019	\$ 0.24	225,000	-	-	-	225,000
July 2, 2019	\$ 0.30	90,000	-	-	-	90,000
Options outstanding and exercisable		<b>4,271,000</b>	-	-	-	<b>4,271,000</b>
Weighted average exercise price		\$ 0.40	-	-	-	\$ 0.40

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### 11. Related Party Transactions and Balances

#### (a) Compensation of key management personnel

Key management personnel include these persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The aggregate value of compensation to key management personnel was as follows:

	<b>Three months ended March 31, 2016</b>
Management fees	\$ 64,875 <sup>(i)</sup>
	<u>\$ 64,875</u>

- <sup>(i)</sup> Included in the management fees were fees for services provided by the Chairman, President and Chief Executive Officer, Chief Financial Officer and Vice President Corporate Development paid to Almaden through the Administrative Services Agreement described below. These amounts are included within administrative service fee expense.

#### (b) Other related party transactions

##### **Administrative Services Agreement**

The Company paid administrative services fees to Almaden pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

##### **ATW Resources Ltd.**

Almadex owns a 50% interest in ATW Resources Ltd. which holds title in trust for the ATW mineral property situated at MacKay Lake in the Northwest Territories included in other properties.

##### **Other**

At March 31, 2016, the Company included in other income \$33,604 paid by Almaden to the Company for drill equipment rental services in Mexico.

At March 31, 2016, the Company paid a company controlled by a Director of the Company \$3,971 for geological services.

## Almadex Minerals Limited

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(Unaudited – Expressed in Canadian dollars)

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### 12. Net Loss per Share

#### *Basic and diluted net loss per share*

The calculation of basic net loss per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of \$1,645,198 and a weighted average number of common shares outstanding of 43,938,969.

The calculation of diluted net loss per share for the periods ended March 31, 2016 did not include the effect of stock options and warrants as they are anti-dilutive.

### 13. Supplemental Cash Flow Information

Supplemental information regarding the split between cash and cash equivalents is as follows:

	<b>March 31, 2016</b>	December 31, 2015
Cash	\$ 1,256,717	\$ 1,096,701
Term Deposits	1,200,000	1,800,000
	<b>\$ 2,456,717</b>	<b>\$ 2,896,701</b>

As at March 31, 2016, \$24,949 of exploration and evaluation asset costs are included in trade and other payables.

### 14. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk

#### (a) Currency risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign currencies. The Company does not invest in foreign currency contracts to mitigate the risks.



## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

### 14. Financial Instruments (Continued)

#### (a) Currency risk (Continued)

As at March 31, 2016, the Company is exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

All amounts in Canadian dollars	US dollar	Mexican peso
	\$	\$
Cash and cash equivalents	456,153	57,464
Accounts receivable and prepaid expenses	-	-
<b>Total assets</b>	<b>456,153</b>	<b>57,464</b>
Trade and other payables	72,322	8,589
<b>Total liabilities</b>	<b>72,322</b>	<b>8,589</b>
<b>Net assets</b>	<b>383,831</b>	<b>48,875</b>

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$38,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's net loss by \$49,000.

#### (b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. Cash equivalents mature at various dates during the twelve months following the statement of financial position date. The Company's excise tax included in accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

As at March 31, 2016, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to varying interest rates on cash and cash equivalents. The Company has no interest bearing debt.

A 1% change in the interest rate would change the Company's net loss by \$12,000.

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### 14. Financial Instruments (Continued)

#### (e) Price risk

##### (i) Commodity price risk

The ability of the Company to explore its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future gold sales of the quantities held in investments. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company.

A 1% change in the price of gold would affect the fair value of the Company's gold investment by \$24,800.

##### (ii) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

#### (f) Classification of Financial instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs 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).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities and investments	2,706,587	-	-	2,706,587
Contingent shares receivable	-	41,700	-	41,700

Level 2 inputs used in determining the fair value of contingent shares receivable includes the use of quoted market prices for the underlying shares of public companies, as well as estimates regarding the likelihood of achieving certain milestones that would trigger the collection of the contingent shares receivable by the Company.

## Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2016

(Unaudited – Expressed in Canadian dollars)

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### 15. Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future.

### 16. Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral resource properties.

Geographic information is as follows:

	<b>All other non-current assets</b>	<b>Property, and equipment</b>	<b>Exploration and evaluation assets</b>	<b>March 31, 2016</b>
	\$	\$	\$	\$
Canada	286,425	20,277	6	306,708
United States	-	-	4	4
Mexico	-	544,599	3,656,685	4,201,284
	<b>286,425</b>	<b>564,876</b>	<b>3,656,695</b>	<b>4,507,996</b>

The Company's revenue from interest income on corporate cash reserves was earned in Canada. Other income from drill equipment rental services was earned in Mexico.

### 17. Subsequent Event

On May 2, 2016, the Company closed on a sale of the El Encuentro property in Mexico for proceeds of US\$250,000 cash and a 2% NSR royalty. The sale includes provisions for advance annual royalty payments in an amount up to US\$100,000 per year in the event that commercial production does not occur prior to January 1, 2021.

On May 6, 2016, the Company granted stock options to an employee, pursuant to its stock option plan, for the purchase of 39,000 shares at an exercise price of \$0.37 per share expiring May 6, 2018.

On May 6, 2016, an employee exercised 39,000 options at an exercise price of \$0.31 per share.