

Condensed Consolidated Interim Financial Statements of

**Almadex Minerals Ltd.**

For the three months ended March 31, 2019  
(Unaudited)

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

The accompanying unaudited condensed consolidated interim financial statements of Almadex Minerals Ltd. (“the Company”) for the three months ended March 31, 2019 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 Ltd.**

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

	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 12)	<b>5,630,397</b>	6,305,955
Accounts receivable and prepaid expenses (Note 4 and 10(b))	<b>365,663</b>	368,349
Marketable securities and investments (Note 5)	<b>4,362,854</b>	4,621,066
	<b>10,358,914</b>	11,295,370
<b>Non-current assets</b>		
Contingent shares receivable (Note 6)	<b>11,700</b>	19,500
Property and equipment (Note 7)	<b>1,241,667</b>	1,265,263
Exploration and evaluation assets (Note 8)	<b>7,548,917</b>	7,212,752
	<b>8,802,284</b>	8,497,515
<b>TOTAL ASSETS</b>	<b>19,161,198</b>	19,792,885
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 10(b))	<b>277,495</b>	657,068
<b>Total liabilities</b>	<b>277,495</b>	657,068
<b>EQUITY</b>		
Share capital (Note 9)	<b>21,953,536</b>	21,953,536
Reserves (Note 9)	<b>1,067,270</b>	1,067,270
Deficit	<b>(4,137,103)</b>	(3,884,989)
<b>Total equity</b>	<b>18,883,703</b>	19,135,817
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,161,198</b>	19,792,885
Commitments (Note 8(c))		
Subsequent Events (Note 16)		

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 29, 2019.

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 Ltd.**

Condensed consolidated interim statement of loss and comprehensive loss  
(Unaudited - Expressed in Canadian dollars)

	<b>Three months ended March 31, 2019</b>
	\$
<b>Revenue</b>	
Interest income	19,203
Other income (Note 10(b))	260,931
	<u>280,134</u>
<b>Expenses</b>	
Administrative services fee (Note 10(a) and 10(b))	75,322
Depreciation (Note 7)	44,383
Impairment of exploration and evaluation assets (Note 8(c))	78,331
Professional fees	46,920
Stock exchange, transfer agent and filing fees	12,376
Office	11,691
Travel and promotion	4,753
	<u>273,776</u>
<b>Operating income</b>	6,358
<b>Other income (loss)</b>	
Gain on sale of exploration and evaluation assets (Note 8)	77,917
Gain on sale of property and equipment (Note 7)	5,417
Unrealized loss on marketable securities and investments (Note 5)	(316,129)
Unrealized loss on contingent shares receivable (Note 6)	(7,800)
Foreign exchange loss	(17,877)
	<u>(252,114)</u>
<b>Loss and comprehensive loss for the period</b>	<u>(252,114)</u>
<b>Basic and diluted net loss per share (Note 11)</b>	<u>(0.01)</u>

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

**Almadex Minerals Ltd.**

Condensed consolidated interim statement of cash flows  
(Unaudited - Expressed in Canadian dollars)

**Three months ended March 31,  
2019**

	\$
<b>Operating activities</b>	
Net loss for the period	(252,114)
Items not affecting cash	
Depreciation	44,383
Unrealized loss on contingent shares receivable	7,800
Unrealized loss on marketable securities and investments	316,129
Impairment of exploration and evaluation assets	78,331
Gain on sale of exploration and evaluation assets	(77,917)
Gain on sale of property and equipment	(5,417)
Changes in non-cash working capital components	
Accounts receivable and prepaid expenses	2,686
Trade and other payables	(269,664)
Net cash used in operating activities	(155,783)
<b>Investing activities</b>	
Exploration and evaluation assets - costs	(524,405)
Property and equipment – purchase	(29,822)
Net proceeds from sale of property and equipment	14,452
Net proceeds from sale of exploration and evaluation assets	20,000
Net cash used in investing activities	(519,775)
<b>Financing activities</b>	
Net cash from financing activities	-
Change in cash and cash equivalents	(675,558)
Cash and cash equivalents, beginning of period	6,305,955
Cash and cash equivalents, end of period	5,630,397
Supplemental cash flow information (Note 12)	

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

## Almadex Minerals Ltd.

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

	Share Capital		Reserves			Deficit	Total
	Number of shares	Amount	Share-based payments	Warrants	Total reserves		
		\$	\$	\$	\$	\$	\$
<b>Balance, February 26, 2018</b>	<b>100</b>	<b>100</b>	-	-	-	-	<b>100</b>
Share-based payments	-	-	589,836	-	589,836	-	589,836
Transfer of net assets from Azucar Minerals Ltd. pursuant to Plan of Arrangement	53,927,769	21,571,148	-	-	-	-	21,571,148
Share-based payments – spin-out <sup>(1)</sup>	-	(7,730)	735,655	7,730	743,385	-	735,655
Options exercised	1,122,700	106,439	-	-	-	-	106,439
Fair value of options transferred to share capital	-	258,221	(258,221)	-	(258,221)	-	-
Finders' warrants exercised	44,400	17,628	-	-	-	-	17,628
Fair value of finders' warrants transferred to share capital on exercise	-	7,730	-	(7,730)	(7,730)	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(3,884,989)	(3,884,989)
<b>Balance, December 31, 2018</b>	<b>55,094,969</b>	<b>21,953,536</b>	<b>1,067,270</b>	<b>-</b>	<b>1,067,270</b>	<b>(3,884,989)</b>	<b>19,135,817</b>
Loss and comprehensive loss for the period	-	-	-	-	-	(252,114)	(252,114)
<b>Balance, March 31, 2019</b>	<b>55,094,969</b>	<b>21,953,536</b>	<b>1,067,270</b>	<b>-</b>	<b>1,067,270</b>	<b>(4,137,103)</b>	<b>18,883,703</b>

<sup>(1)</sup> Pertains to options and finders' warrants received pursuant to the Plan of Arrangement on May 18, 2018.

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

## **Almadex Minerals Ltd.**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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

Almadex Minerals Ltd., (the “Company” or “Almadex”) was incorporated on February 26, 2018 under the laws of Canada Business Corporations Act as part of a plan of arrangement (the “Arrangement”) to reorganize Azucar Minerals Ltd. (“Azucar”). The Company’s intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada, US and Mexico. The Company’s head office is located at Suite 210 – 1333 Johnston Street, Vancouver, BC, V6H 3R9, Canada.

### **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”) as 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.

The following is an accounting standard issued effective January 1, 2019:

- IFRS 16, *Leases*, is a standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on the Company’s existing accounting policies or financial statement presentation.

### **3. Significant Accounting Policies**

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, 2019 are not necessarily indicative of the results that may be expected for the period ending December 31, 2019.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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### 3. Significant Accounting Policies (Continued)

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. There have been no changes in estimates since the annual consolidated financial statements as at and for the year ended December 31, 2018.

### 4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
Accounts receivable	<b>334,940</b>	345,630
Prepaid expenses	<b>30,723</b>	22,719
	<b>365,663</b>	368,349

### 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 FVTPL and valued at fair value of \$1,598,378 as at March 31, 2019. Unrealized losses due to period-end revaluation to fair value of \$294,140 are recorded in profit or loss. 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 \$2,764,476 as at March 31, 2019. The investments are designated as FVTPL and valued at fair value. Unrealized losses due to period-end revaluation to fair value of \$21,989 are recorded in profit or loss. The valuation of the gold bullion investment is determined in whole by reference to the closing price of gold at each reporting period.

### 6. Contingent Shares Receivable

#### *Goldgroup Mining Inc.*

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

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

### 6. Contingent Shares Receivable (Continued)

- 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”). On July 22, 2016, Timmins Gold Corp (“Timmins”) sold Caballo Blanco to Candelaria Mining Corp (“Candelaria”). If Candelaria achieves the above conditions, management believes that the bonus common shares will continue to be payable from Goldgroup.

The Company has recorded contingent shares receivable of \$11,700 based on management’s best estimate of the fair value of the Goldgroup common shares as at March 31, 2019, and a loss of \$7,800 on fair value adjustment in profit or loss during the period ended March 31, 2019.

### 7. Property and Equipment

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
<b>December 31, 2018</b>	<b>243,862</b>	<b>1,055</b>	<b>114</b>	<b>85,683</b>	<b>988,552</b>	<b>1,319,266</b>
Additions	10,943	-	-	-	18,879	29,822
Disposals	(9,902)	-	-	-	-	(9,902)
<b>March 31, 2019</b>	<b>244,903</b>	<b>1,055</b>	<b>114</b>	<b>85,683</b>	<b>1,007,431</b>	<b>1,339,186</b>
<b>December 31, 2018</b>	<b>19,256</b>	<b>53</b>	<b>6</b>	<b>4,998</b>	<b>29,690</b>	<b>54,003</b>
Depreciation	16,305	75	5	4,034	23,964	44,383
Disposals	(867)	-	-	-	-	(867)
<b>March 31, 2019</b>	<b>34,694</b>	<b>128</b>	<b>11</b>	<b>9,032</b>	<b>53,654</b>	<b>97,519</b>
<b>Carrying amounts</b>						
December 31, 2018	224,606	1,002	108	80,685	958,862	1,265,263
<b>March 31, 2019</b>	<b>210,209</b>	<b>927</b>	<b>103</b>	<b>76,651</b>	<b>953,777</b>	<b>1,241,667</b>

During the three months ended March 31, 2019, the Company disposed of equipment with a net book value of \$9,035 for proceeds of \$14,452 resulting in a gain on sale of property and equipment of \$5,417.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

### 8. Exploration and Evaluation Assets

<b>Exploration and evaluation assets</b>	<b>El Chato</b>	<b>Yago</b>	<b>Other Properties</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Acquisition costs:</b>				
<b>Opening balance – December 31, 2018</b>	<b>6,397,514</b>	<b>33,113</b>	<b>17</b>	<b>6,430,644</b>
Share proceeds from options	-	-	(57,917)	(57,917)
Cash proceeds from options	-	-	(20,000)	(20,000)
Gain on disposition	-	-	77,917	77,917
<b>Closing balance – March 31, 2019</b>	<b>6,397,514</b>	<b>33,113</b>	<b>17</b>	<b>6,430,644</b>
<b>Deferred exploration costs:</b>				
<b>Opening balance – December 31, 2018</b>	<b>244,494</b>	<b>537,614</b>	<b>-</b>	<b>782,108</b>
Costs incurred during the period:				
Drilling and related costs	-	23,130	-	23,130
Professional/technical fees	300	3,428	3,516	7,244
Claim maintenance/lease costs	35,389	39,352	95,068	169,809
Geochemical, metallurgy	-	40,906	-	40,906
Travel and accommodation	3,346	3,604	-	6,950
Geology, geophysics, exploration	-	145,687	3,043	148,730
Supplies and miscellaneous	-	5,861	582	6,443
Value-added tax	535	34,627	324	35,486
Recovery of exploration costs	-	-	(24,202)	(24,202)
Impairment of deferred exploration costs	-	-	(78,331)	(78,331)
<b>Total deferred exploration costs during the period</b>	<b>39,570</b>	<b>296,595</b>	<b>-</b>	<b>336,165</b>
<b>Closing balance – March 31, 2019</b>	<b>284,064</b>	<b>834,209</b>	<b>-</b>	<b>1,118,273</b>
<b>Total exploration and evaluation assets</b>	<b>6,681,578</b>	<b>867,322</b>	<b>17</b>	<b>7,548,917</b>

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

**(a) El Chato**

El Chato is a 100% owned project acquired by staking.

**(b) Yago**

On February 5, 2016, Azucar 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 ("NSR") royalty which is capped at \$1,000,000.

**(c) Other Properties**

Other properties consist of a portfolio of early-stage exploration projects located in Canada, United States and Mexico. During the three months ended March 31, 2019, the Company recorded an impairment of deferred costs of \$78,331 with respect to such properties. Each remaining property is carried at \$1 as at March 31, 2019.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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

#### (c) Other Properties (Continued)

##### Los Venados

The Los Venados property was transferred from Azucar to Almadex on May 18, 2018. On October 6, 2015, Azucar 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 of Azucar are as follows:

	No. of Common Shares of Azucar	Fair value on issued \$	Cash paid \$	
Beginning balance May 18, 2018	200,000		30,000	Paid and issued by Azucar
October 14, 2018	100,000	44,000	20,000	Paid and issued by Almadex
October 14, 2019	100,000		50,000	
October 14, 2020	100,000		50,000	
<b>Total</b>	<b>500,000</b>		<b>150,000</b>	

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 royalty on the project, 100% of which can be purchased by the Company at any time for \$1,000,000.

On October 4, 2018, the Company transferred 100,000 shares of Azucar at fair value of \$0.44 per share as an option payment to the Optionor of the Los Venados project.

On November 29, 2016, Azucar signed a definitive agreement to option all of its interest in the Los Venados project to Aloro Mining Corp. (formerly Wolverine Minerals Corp.) ("Aloro") in exchange for the following:

	No. of Common Shares of Aloro	Fair value on receipt \$	Cash received \$	
Beginning balance May 18, 2018	500,000		30,000	Received by Azucar
February 9, 2019	500,000	55,000	-	Received by Almadex
February 9, 2020	1,000,000		-	
<b>Total</b>	<b>2,000,000</b>		<b>30,000</b>	

In addition to the share issuances above, Almadex retained a 2.0% NSR royalty on the property, and Aloro assumed all obligations of Azucar to the underlying owner of the Los Venados claims, with the exception of the issuance of Azucar shares, but including the annual cash payments and the contingent one-time \$500,000 payment due when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified.

In addition, Aloro has agreed to drill a minimum 1,000 meters by February 9, 2019, as part of the total required project expenditures of a minimum of US\$500,000 by February 9, 2020.

The estimated fair value of consideration to be received from Aloro on option of the project by the Company is expected to be less than the consideration payable by the Company to the optionor. As a result, the project is carried at \$1.

On February 21, 2019, the Company received 500,000 shares of Aloro at a fair value of \$55,000.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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

#### (c) Other Properties (Continued)

##### Willow

The Willow property was transferred from Azucar to Almadex on May 18, 2018. The Company's wholly-owned U.S. subsidiary, Almadex America Inc., signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. ("Abacus").

Abacus can earn an initial 60% interest in the Willow project by incurring work expenditures on the project totaling US\$3,000,000 and issuing a total of 416,668 shares to the Company over a five-year period.

	No. of Common Shares in Abacus	Fair value on receipt \$	Cumulative Amount of Exploration Expenditures (\$US)
Beginning balance May 18, 2018	83,334	31,667	100,000
February 22, 2019	41,667	2,917	400,000
February 22, 2020	41,667	-	1,000,000
February 22, 2021	83,333	-	1,800,000
February 22, 2022	166,667	-	3,000,000
<b>Total</b>	<b>416,668</b>		<b>\$ 3,000,000</b>

Upon having earned its initial interest, Abacus will be required to incur minimum annual exploration expenditures of US\$500,000 on the property and, by February 22, 2027, deliver a Feasibility Study in respect of the Willow project to Almadex, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, Almadex may elect to become operator of the project, and the parties will enter into a 60%/40% joint venture agreement with standard dilution provisions.

Abacus will earn an additional 15% interest in the project upon delivery of a Feasibility Study to Almadex, at which point a 75%/25% joint venture will be formed, with pro-rata funding of ongoing work in proportion to the respective interests held at that time. Until such time as a joint venture is formed pursuant to the agreement, Almadex's interest is a carried interest.

On February 21, 2019, the Company received 41,667 shares of Abacus at a fair value of \$2,917.

##### Skoonka Creek

The Skoonka Creek gold property ("Skoonka") was transferred from Azucar to Almadex on May 18, 2018. Azucar signed an agreement with Westhaven Ventures Inc. ("Westhaven") and Strongbow Exploration Ltd. ("Strongbow"), pursuant to which Westhaven acquired Skoonka, which had been held by Strongbow and Almadex pursuant to a 65.74%/34.26% joint venture. In exchange for its interest in the Property, Azucar received 700,000 shares of Westhaven at a fair value of \$84,000 and a 2% NSR royalty on the Property.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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

#### (c) Other Properties (Continued)

##### Nicoamen and Merit

On March 27, 2019, the Company signed a definitive agreement to option a 60% interest in the Nicoamen and Merit projects to Independence Gold Corp. ("IGC"). IGC can acquire a 60% interest in the respective property by incurring work expenditures on each project totaling \$725,000 and issuing a total of 650,000 shares to the Company over a three-year period per each project. In addition, IGC commits to drill 1,000 meters during a three-year option period per each project.

<b>Nicoamen</b>	<b>No. of Common Shares in IGC</b>	<b>Fair value on receipt \$</b>	<b>Cash received \$</b>	<b>Cumulative Amount of Exploration Expenditures (\$CAD)</b>
March 27, 2019	-	-	10,000	-
April 2, 2019 (Note 16)	100,000	8,000	-	-
April 2, 2020	100,000	-	-	75,000
April 2, 2021	200,000	-	-	325,000
April 2, 2022	250,000	-	-	725,000
<b>Total</b>	<b>650,000</b>		<b>10,000</b>	<b>\$ 725,000</b>

<b>Merit</b>	<b>No. of Common Shares in IGC</b>	<b>Fair value on receipt \$</b>	<b>Cash received \$</b>	<b>Cumulative Amount of Exploration Expenditures (\$CAD)</b>
March 27, 2019	-	-	10,000	-
April 2, 2019 (Note 16)	100,000	8,000	-	-
April 2, 2020	100,000	-	-	75,000
April 2, 2021	200,000	-	-	325,000
April 2, 2022	250,000	-	-	725,000
<b>Total</b>	<b>650,000</b>		<b>10,000</b>	<b>\$ 725,000</b>

Upon completion of the 60% earn-in, Almadex and IGC will immediately form a joint venture for the purpose of carrying out further exploration work on the respective property. If either party's participating interest falls below 15%, their interest will be converted into a 2% NSR royalty.

On March 27, 2019, the Company received \$20,000 cash from IGC.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

### 9. Share Capital and Reserves

#### (a) Authorized share capital

At March 31, 2019, 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 three months ended March 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Issued	Exercised	Expired	March 31, 2019
August 27, 2019	\$ 0.59	1,248,000	-	-	-	1,248,000
March 27, 2020	\$ 0.59	1,999,995	-	-	-	1,999,995
Warrants outstanding and exercisable		<b>3,247,995</b>	-	-	-	<b>3,247,995</b>
Weighted average exercise price		\$ 0.59	-	-	-	\$ 0.59

#### (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, 2019, the Company may reserve up to 340,497 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.

The continuity of stock options for the three months ended March 31, 2019 is as follows:

Expiry date	Exercise price	December 31, 2018	Granted	Exercised	Expired/cancelled	March 31, 2019
January 2, 2019	\$ 0.07	30,000	-	-	(30,000)	-
February 27, 2019	\$ 0.40	115,000	-	-	(115,000)	-
May 5, 2019	\$ 0.32	573,000	-	-	-	573,000
July 2, 2019	\$ 0.09	90,000	-	-	-	90,000
July 2, 2019	\$ 0.40	877,800	-	-	-	877,800
April 30, 2020	\$ 0.31	300,000	-	-	-	300,000
December 17, 2020	\$ 0.27	330,000	-	-	-	330,000
April 28, 2021	\$ 0.32	2,998,200	-	-	-	2,998,200
Options outstanding and exercisable		<b>5,314,000</b>	-	-	<b>(145,000)</b>	<b>5,169,000</b>
Weighted average exercise price		\$ 0.33	-	-	\$ 0.33	\$ 0.33

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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### 10. 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. Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Vice President Corporate Development. These amounts are included within administrative services fee expense. The aggregate value of compensation to key management personnel was as follows:

	<b>Three months ended March 31, 2019</b>
Management fees <sup>(1)</sup>	50,600
	<b>50,600</b>

<sup>(1)</sup> Management fees are recorded within Administrative services fees.

#### (b) Other related party transactions

##### Administrative Services Agreement

The Company paid administrative services fees to Almaden Minerals Ltd. (“Almaden”) pursuant to an Administrative Services Agreement dated May 18, 2018, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

At March 31, 2019, included in trade and other payables is \$83,751 (December 31, 2018 - \$116,268) due to Almaden.

##### Other

During the three months ended March 2019, other income of \$260,931 was paid by Almaden and Azucar to the Company for drill equipment rental services in Mexico of which \$18,093 and \$242,838 is recorded in accounts receivable in relation to Almaden and Azucar, respectively.

### 11. 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, 2019 was based on the net loss attributable to common shareholders of \$252,114 and a weighted average number of common shares outstanding of 55,094,969.

The calculation of diluted net loss per share for the period ended March 31, 2019 did not include the effect of stock options and warrants as they are anti-dilutive.

## Almadex Minerals Ltd.

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### 12. Supplemental Cash Flow Information

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

	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
Cash	<b>2,630,397</b>	2,505,955
Term Deposits	<b>3,000,000</b>	3,800,000
	<b>5,630,397</b>	6,305,955

Supplemental information regarding non-cash transactions is as follows:

	<b>March 31, 2019</b>
<b>Investing and financing activities</b>	<b>\$</b>
Fair value of shares received on disposal of exploration and evaluation assets	<b>57,917</b>

As at March 31, 2019, \$96,745 of exploration and evaluation asset costs are included in trade and other payables (December 31, 2018 - \$206,654).

### 13. 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.

As at March 31, 2019, 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	<b>US dollar</b>	<b>Mexican peso</b>
	\$	\$
Cash and cash equivalents	1,080,618	305,074
Accounts receivable and prepaid expenses	260,931	803
<b>Total assets</b>	<b>1,341,549</b>	<b>305,877</b>
Trade and other payables	119,496	906
<b>Total liabilities</b>	<b>119,496</b>	<b>906</b>
<b>Net assets</b>	<b>1,222,053</b>	<b>304,971</b>

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$122,000.

## **Almadex Minerals Ltd.**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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### **13. Financial Instruments (Continued)**

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

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$30,000.

#### **(b) Credit risk**

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of receivables on equipment rental fees charged to Almaden and Azucar. 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, 2019, 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 \$56,000.

#### **(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 \$28,000.

## Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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### 13. Financial Instruments (Continued)

#### (e) Price risk (Continued)

##### (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 13 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	4,362,854	-	-	4,362,854
Contingent shares receivable	-	11,700	-	11,700

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 the 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.

### 14. 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.

## Almadex Minerals Ltd.

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For the three months ended March 31, 2019

(Unaudited - Expressed in Canadian dollars)

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### 14. Management of Capital (Continued)

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future. There have been no changes to the Company's capital management approach during the year. The Company is not subject to externally imposed capital requirements.

### 15. Segmented Information

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

Geographic information is as follows:

	Contingent shares receivable	Property and equipment	Exploration and evaluation assets	March 31, 2019
	\$	\$	\$	\$
Canada	11,700	12,212	5	23,917
United States	-	-	4	4
Mexico	-	1,229,455	7,548,908	8,778,363
	<b>11,700</b>	<b>1,241,667</b>	<b>7,548,917</b>	<b>8,802,284</b>

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

### 16. Subsequent Events

On April 2, 2019, the Company received 200,000 shares of IGC at a fair value of \$16,000.

On May 14, 2019, the Company (the "Lender") entered into a secured gold loan agreement ("Gold Loan") with Almaden (the "Borrower") pursuant to which Almadex agreed to loan up to 1,597 ounces of gold to Almaden. The approximate value of this gold is US\$2 million.

The maturity date for the Gold Loan is March 31, 2024, and can be extended by two years at the discretion of Almaden. Repayment of the loan value shall be made either through delivery of that amount of gold drawn, or through the issuance of shares of the Borrower, according to the Lender's preference.

The interest rate of the Gold Loan is 10% of the loan value per annum, secured against certain equipment related to the Rock Creek Mill, which is not required for the Ixtaca Project. Interest payments can either be accrued to the loan value, or paid by the Borrower in cash or gold. A standby fee of 1% per annum shall apply to any undrawn amount on the Gold Loan. In addition, Almaden has agreed to issue Almadex 500,000 transferable share purchase warrants, with an exercise price of CAD\$1.50 per share and expiry date of May 14, 2024 as an arrangement fee.