

Condensed Consolidated Interim Financial Statements of

Almadex Minerals Ltd. (formerly 1154229 B.C Ltd.)

For the three month period ended September 30, 2018 and
the period from incorporation on February 26, 2018 to September 30, 2018
(Unaudited)

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

The accompanying unaudited condensed consolidated interim financial statements of Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd) (“the Company”) for the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018 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. (formerly 1154229 B.C. Ltd.)
Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2018	Date of Incorporation, February 26, 2018
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	6,404,192	100
Accounts receivable and prepaid expenses (Note 5)	852,136	-
Marketable securities and investments (Note 6)	4,570,390	-
	11,826,718	100
Non-current assets		
Contingent shares receivable (Note 7)	19,500	-
Property and equipment (Note 8)	809,731	-
Exploration and evaluation assets (Note 9)	426,655	-
	1,255,886	-
TOTAL ASSETS	13,082,604	100
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	102,750	-
Total liabilities	102,750	-
EQUITY		
Share capital (Note 10)	15,124,312	100
Reserves (Note 10)	1,076,270	-
Deficit	(3,220,728)	-
Total equity	12,979,854	100
TOTAL EQUITY AND LIABILITIES	13,082,604	100

Commitments (Note 9(c))
Subsequent Event (Note 17)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 21, 2018.

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. (formerly 1154229 B.C. Ltd.)

Condensed consolidated interim statements of loss and comprehensive loss

(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2018	Period from incorporation on February 26, 2018 to September 30, 2018
	\$	\$
Revenue		
Interest income	20,095	20,111
Other income (Note 11(b))	283,368	503,628
	303,463	523,739
Expenses		
Administrative services fee (Note 11(a)(b))	75,535	111,990
Depreciation (Note 8)	22,807	29,950
Impairment of exploration and evaluation assets (Note 9)	121,407	194,208
Professional fees	24,923	81,964
Stock exchange and transfer agent fees	5,030	53,619
Office	13,203	17,107
Travel and promotion	7,046	14,245
Share-based payments (Note 10(c))	543,636	543,636
	813,587	1,046,719
Operating loss	(510,124)	(522,980)
Other income (loss)		
Unrealized loss on marketable securities (Note 6)	(1,457,963)	(2,757,276)
Unrealized loss on contingent shares receivable (Note 7)	(7,800)	(11,700)
Foreign exchange gain	43,942	71,228
Loss and comprehensive loss for the period	(1,931,945)	(3,220,728)
Basic and diluted net loss per share (Note 12)	(0.03)	(0.09)

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

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2018	Period from incorporation on February 26, 2018 to September 30, 2018
	\$	\$
Operating activities		
Net loss for the period	(1,931,945)	(3,220,728)
Items not affecting cash		
Depreciation	22,807	29,950
Unrealized loss on contingent shares receivable	7,800	11,700
Unrealized loss on marketable securities	1,457,963	2,757,276
Impairment of exploration and evaluation assets	121,407	194,208
Share-based payments	543,636	543,636
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	(104,527)	(478,162)
Trade and other payables	(25,191)	80,279
Net cash from (used in) operating activities	91,950	(81,841)
Investing activities		
Exploration and evaluation assets - costs	(287,762)	(317,107)
Property and equipment - purchase	(70,061)	(70,061)
Reclamation deposit	-	24,181
Net cash used in investing activities	(357,823)	(362,987)
Financing activities		
Cash received from Azucar Minerals Ltd. (Note 2)	-	5,984,338
Cash received from subsidiaries (Note 2)	-	756,116
Options exercised	43,150	90,838
Finders' warrants exercised	-	17,628
Net cash from financing activities	43,150	6,848,920
Change in cash and cash equivalents	(222,723)	6,404,092
Cash and cash equivalents, beginning of the period	6,626,915	100
Cash and cash equivalents, end of the period	6,404,192	6,404,192
Supplemental cash flow information (Note 13)		

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

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Condensed consolidated interim statement of changes in equity

(Unaudited - Expressed in Canadian dollars)

	<u>Share Capital</u>		<u>Reserves</u>			<u>Deficit</u>	<u>Total</u>
	Number of shares	Amount	Share-based payments	Warrants	Total reserves		
		\$	\$	\$	\$	\$	\$
Balance, February 26, 2018	100	100	-	-	-	-	100
Share-based payments	-	-	543,636	-	543,636	-	543,636
Transfer of net assets from Azucar Minerals Ltd. pursuant to Plan of Arrangement	53,927,769	15,548,380	-	-	-	-	15,548,380
Share-based payments – contribution from spin-out	-	(743,385)	735,655	7,730	743,385	-	-
Options exercised	882,700	90,838	-	-	-	-	90,838
Fair value of options transferred to share capital	-	203,021	(203,021)	-	(203,021)	-	-
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	-	-	-	-	-	(3,220,728)	(3,220,728)
Balance, September 30, 2018	54,854,969	15,124,312	1,076,270	-	1,076,270	(3,220,728)	12,979,854

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

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

Almadex Minerals Ltd., (formerly 1154229 B.C. 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. (formerly Almadex Minerals Limited) (“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. Plan of arrangement

On May 18, 2018, Azucar completed a Plan of Arrangement (the “Plan of Arrangement”) under the provision of the *Business Corporations Act* (British Columbia) pursuant to which certain assets of Azucar were spun-out to Almadex.

Under the Plan of Arrangement, Azucar’s shareholders exchanged each existing common share of Azucar for one “new” Azucar common share and one common share of Almadex.

The fair value of the net assets contributed pursuant to the Plan of Arrangement consisted of the following:

Assets:	\$
Cash received from Azucar	5,984,338
Cash received from subsidiaries spun out	756,116
Accounts receivable and prepaid expenses	373,974
Marketable securities and investments ⁽¹⁾	7,327,666
Reclamation deposits	24,181
Contingent shares receivable	31,200
Property and equipment	769,620
Exploration and evaluation assets	284,549
Total assets	15,551,644
Liabilities:	
Trade and other payables	(3,264)
Fair value of net assets contributed	15,548,380

⁽¹⁾ Includes the fair value of Azucar shares received on spin-out of \$4,360,000

The Plan of Arrangement resulted in an increase of share capital amounting to \$14,804,995 (\$15,548,380 fair value of net assets less \$743,385 relating to the spin-out of stock options and finders’ warrants (Note 10 (d)).

Spin-out stock options in Note 10 (c) were issued pursuant to the Plan of Arrangement, whereby holders of outstanding Azucar stock options received, in exchange for each stock option, one Azucar replacement stock option and one Almadex stock option, with exercise prices of the Azucar replacement stock options and the Almadex stock options based on the proportional market value of the two companies after completion of the Plan of Arrangement.

Spin-out warrants in Note 10 (b) were issued pursuant to the Plan of Arrangement, whereby holders of outstanding Azucar warrants received, in exchange for each warrant, one Azucar replacement warrant and one Almadex warrant, with exercise prices of the Azucar replacement warrants and the Almadex warrants based on the proportional market value of the two companies after completion of the Plan of Arrangement.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

3. 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”).

This is the first set of the Company’s financial statements where IFRS 9 has been applied. Significant accounting policies in respect of IFRS 9 are described in Note 4.

(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 but not yet effective:

- 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 eventual application of this standard is not expected to have a significant impact on the Company’s existing accounting policies or financial statement presentation.

4. Significant Accounting Policies

The Company has initially adopted IFRS 9, *Financial Instruments*, from the period from incorporation on February 26, 2018. The effect of initially applying this standard did not have a material impact on the Company’s financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. There was no material impact to the Company’s financial statements as a result of adopting IFRS 9.

The details of the new significant accounting policies are set out below.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

IFRS 9 Financial Instruments (Continued)

(i) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets including cash and cash equivalent and accounts receivable are classified at amortized cost. The Company's marketable securities and investments, and contingent shares receivable, are classified as FVTPL. Trade and other payables is classified as other financial liabilities.

(ii) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model include cash and cash equivalents, and accounts receivable.

The adoption of the ECL impairment model had no impact on the carrying amounts of the Company's financial assets on the transition date, given the accounts receivable are substantially all current and there has been minimal historical customer default. Moreover, cash and cash equivalents have not been subject to historical credit risk.

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 from incorporation on February 26, 2018 to September 30, 2018 are not necessarily indicative of the results that may be expected for the period from incorporation on February 26, 2018 to December 31, 2018.

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.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

5. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	September 30, 2018	February 26, 2018
	\$	\$
Accounts receivable	811,512	-
Prepaid expenses	40,624	-
	<u>852,136</u>	<u>-</u>

6. 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 \$2,115,968 as at September 30, 2018. Unrealized gains and losses due to period-end revaluation to fair value of \$2,471,778 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 \$2,454,422 as at September 30, 2018. The investments are designated as FVTPL and valued at fair value. Unrealized gains and losses due to period-end revaluation to fair value of \$285,498 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.

7. Contingent Shares Receivable

Goldgroup Mining Inc.

As part of the Plan of Arrangement with Azucar (Note 2), 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:

- 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 \$19,500 based on management's best estimate of the fair value of the Goldgroup common shares as at September 30, 2018, and a loss of \$11,700 on fair value adjustment in profit or loss during the nine months ended September 30, 2018.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

8. Property and Equipment

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
February 26, 2018	-	-	-	-	-	-
Contribution from spin-out assets (Note 2)	174,856	-	114	85,683	508,967	769,620
Additions	69,006	1,055	-	-	-	70,061
September 30, 2018	243,862	1,055	114	85,683	508,967	839,681
February 26, 2018	-	-	-	-	-	-
Depreciation	10,111	13	4	2,856	16,966	29,950
September 30, 2018	10,111	13	4	2,856	16,966	29,950
Carrying amounts						
February 26, 2018	-	-	-	-	-	-
September 30, 2018	233,751	1,042	110	82,827	492,001	809,731

9. Exploration and Evaluation Assets

Exploration and evaluation assets	El Chato	Yago	Other Properties	Total
	\$	\$	\$	\$
Acquisition costs:				
Opening balance – February 26, 2018	-	-	-	-
Contribution from spin-out assets (Note 2)	251,419	33,113	17	284,549
Additions	-	-	39,108	39,108
Impairment of acquisitions costs	-	-	(39,108)	(39,108)
Closing balance – September 30, 2018	251,419	33,113	17	284,549
Deferred exploration costs:				
Opening balance – February 26, 2018	-	-	-	-
Costs incurred during the period:				
Professional/technical fees	729	2,842	17,615	21,186
Claim maintenance/lease costs	16,808	31,534	103,725	152,067
Geochemical, metallurgy	-	7,876	1,664	9,540
Travel and accommodation	-	4,946	3,218	8,164
Geology, geophysics, exploration	455	70,289	29,041	99,785
Supplies and miscellaneous	94	-	812	906
Value-added tax	15	6,518	-	6,533
Recovery of exploration costs	-	-	(975)	(975)
Impairment of deferred exploration costs	-	-	(155,100)	(155,100)
Total deferred exploration costs during the period	18,101	124,005	-	142,106
Closing balance – September 30, 2018	18,101	124,005	-	142,106
Total exploration and evaluation assets	269,520	157,118	17	426,655

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

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, 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 ("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, the United States and Mexico. During the period ended September 30, 2018, the Company recorded an impairment of acquisition cost of \$39,108 and deferred costs of \$155,100 with respect to such properties. Each remaining property is carried at \$1 as at September 30, 2018.

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 Shares of Azucar	\$	
Beginning balance May 18, 2018	200,000	30,000	Paid and issued by Azucar
October 14, 2018	100,000	20,000	Paid and issued subsequent to September 30, 2018 (Note 17)
October 14, 2019	100,000	50,000	
October 14, 2020	100,000	50,000	
Total	500,000	150,000	

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 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 Shares of Aloro	\$	
Beginning balance May 18, 2018	500,000	30,000	Received by Azucar
February 9, 2019	500,000	-	
February 9, 2020	1,000,000	-	
Total	2,000,000	30,000	

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(c) Other Properties (continued)

Los Venados (continued)

In addition to the share issuances above, Azucar 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.

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	-	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
Total	416,668	31,667	\$ 3,000,000

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.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(c) Other Properties (continued)

Skoonka Creek

The Skoonka Creek gold property (“Skoonka”) was transferred from Azucar to Almadex on May 18, 2018. The Company 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.

10. Share Capital and Reserves

(a) Authorized share capital

At September 30, 2018, 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 or issued under Azucar’s Plan of Arrangement. There were 53,927,769 shares issued to shareholders of the Company under the Plan of Arrangement (Note 2).

(b) Warrants

The continuity of warrants for the period ended September 30, 2018 is as follows:

Expiry date	Exercise Price	Spin-out warrants May 18, 2018	Issued	Exercised	Expired	September 30, 2018
August 27, 2019	\$ 0.59	1,248,000	-	-	-	1,248,000
August 27, 2019	\$ 0.40	44,400	-	(44,400)	-	-
March 27, 2020	\$ 0.59	1,999,995	-	-	-	1,999,995
Warrants outstanding and exercisable		3,292,395	-	(44,400)	-	3,247,995
Weighted average exercise price		\$ 0.59	-	\$ 0.40	-	\$ 0.59

The spin-out warrants above were issued pursuant to the Plan of Arrangement, whereby holders of outstanding Azucar warrants received, in exchange for each warrant, one Azucar replacement warrant and one Almadex warrant, with exercise prices of the Azucar replacement warrants and the Almadex warrants based on the proportional market value of the two companies after completion of the Plan of Arrangement.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(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 September 30, 2018, the Company may reserve up to 171,497 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. All options granted during the year ended September 30, 2018 vested on the date of grant.

The continuity of stock options for the period ended September 30, 2018 is as follows:

Expiry date	Exercise price	Spin-out Stock Option May 18, 2018	Granted	Exercised	Expired/ cancelled	September 30, 2018
June 8, 2018	\$ 0.11	292,500	-	(292,500)	-	-
June 18, 2018	\$ 0.10	150,000	-	(150,000)	-	-
August 28, 2018	\$ 0.05	289,200	-	(289,200)	-	-
August 28, 2018	\$ 0.19	151,000	-	(151,000)	-	-
December 17, 2018	\$ 0.05	60,000	-	-	-	60,000
December 17, 2018	\$ 0.35	90,000	-	-	-	90,000
January 2, 2019	\$ 0.07	210,000	-	-	-	210,000
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
April 28, 2021	\$ 0.32	-	2,998,200	-	-	2,998,200
Options outstanding and exercisable		3,198,500	2,998,200	(882,700)	-	5,314,000
Weighted average exercise price		\$ 0.26	\$ 0.32	\$ 0.10	-	\$ 0.32

The spin-out stock options noted above were issued pursuant to the Plan of Arrangement, whereby holders of outstanding Azucar stock options received, in exchange for each stock option, one Azucar replacement stock option and one Almadex stock option, with exercise prices of the Azucar replacement stock options and the Almadex stock options based on the proportional market value of the two companies after completion of the Arrangement.

During the period ended September 30, 2018, the Company recognized share-based payments expense of \$543,636 associated with the vesting of stock options granted.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves (Continued)

(d) Reserves

In connection with the Plan of Arrangement (Note 2), the fair value of stock options and finders' warrants spun-out was \$735,655 and \$7,730, respectively. The aggregate \$743,385 was recorded as a reduction to share capital and an increase to reserves.

During the period ending September 30, 2018, a fair value of \$7,730 and \$203,021 was transferred from reserves to share capital upon exercise of finders' warrants and stock options, respectively.

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. 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:

	Three months ended September 30, 2018	Period from incorporation on February 26, 2018 to September 30, 2018
	\$	\$
Management fees ⁽¹⁾	50,598	75,082
Share-based payments	462,600	462,600
	513,198	537,682

⁽¹⁾ Management fees are recorded within Administrative services fees.

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to 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 September 30, 2018, included in trade and other payables is \$57,846 due to Almaden.

Other

During the period ended September 30, 2018, other income of \$503,628 was paid by Almaden and Azucar to the Company for drill equipment rental services in Mexico of which \$249,128 and \$343,448 is recorded in accounts receivable in relation to Almaden and Azucar, respectively.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

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 September 30, 2018 was based on the net loss attributable to common shareholders of \$1,931,945 and a weighted average number of common shares outstanding of 54,655,882.

The calculation of basic net loss per share for the period from incorporation on February 26, 2018 to September 30, 2018 was based on the net loss attributable to common shareholders of \$3,220,728 and a weighted average number of common shares outstanding of 34,151,405.

The calculation of diluted net loss per share for the three months ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018 did not include the effect of stock options and warrants as they are anti-dilutive.

13. Supplemental Cash Flow Information

Cash and cash equivalents is comprised of the following:

	September 30, 2018	February 26, 2018
	\$	\$
Cash	1,904,192	100
Term Deposits	4,500,000	-
	6,404,192	100

Supplemental information regarding non-cash transactions is as follows:

Investing and financing activities	Period from incorporation on February 26, 2018 to September 30, 2018
	\$
Fair value of finders' warrants reclassified to share capital on exercise	7,730
Fair value of options reclassified to share capital on exercise	203,021

As at September 30, 2018, \$19,207 of exploration and evaluation asset costs is included in trade and other payables.

On May 18, 2018 the Company completed the Plan of Arrangement (Note 2).

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

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. See Note 14(f) for fair values of assets held for sale.

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 September 30, 2018, the Company is exposed to foreign exchange risk through the following financial 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	392,112	572,808
Accounts receivable and prepaid expenses	-	797,164
Total assets	392,112	1,369,972
Trade and other payables	19,308	33
Total liabilities	19,308	33
Net assets	372,804	1,369,939

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$37,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$137,000.

(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 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 September 30, 2018, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(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 \$64,000.

(e) Commodity and equity 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 \$25,000.

(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).

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(f) Classification of Financial instruments (Continued)

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	4,570,390	-	-	4,570,390
Contingent shares receivable	-	19,500	-	19,500

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.

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. There have been no changes to the Company's capital management approach during the period. The Company is not subject to externally-imposed capital requirements.

Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.)

Notes to the condensed consolidated interim financial statements

For the three month period ended September 30, 2018 and the period from incorporation on February 26, 2018 to September 30, 2018

(Unaudited - Expressed in Canadian dollars)

16. 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	September 30, 2018
	\$	\$	\$	\$
Canada	19,500	13,235	5	32,740
United States	-	-	4	4
Mexico	-	796,496	426,646	1,223,142
	19,500	809,731	426,655	1,255,886

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.

17. Subsequent Event

On October 4, 2018, the Company issued 100,000 shares of Azucar as an option payment to the Optionor of the Los Venados project (Note 9).