

ALMADEX MINERALS LTD. (FORMERLY 1154229 B.C. Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.) ("Almadex" or the "Company") has been prepared based on information known to management as of August 15, 2018. This MD&A is intended to help the reader understand the condensed consolidated interim financial statements of Almadex.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the condensed consolidated interim financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the condensed consolidated interim financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company's properties, management's belief that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year, the Company's expectations that it will make expenditures to comply with environmental laws and regulations, the Company's objectives and expectations regarding its capital resources are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Company's common share price and volume and other factors beyond the Company's control. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from management's expectations are disclosed in the Company's documents filed from time to time via SEDAR with

the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents available under the Company's profile on SEDAR (www.sedar.com) and/or on the Company's website at www.almadexminerals.com.

HIGHLIGHTS

On May 18, 2018, Azucar Minerals Ltd. (formerly Almadex Minerals Limited) ("Azucar") announced that it had closed a statutory plan of arrangement (the "Plan of Arrangement") pursuant to which its early stage exploration projects, royalty interests and certain other non-core assets were transferred to Almadex. Pursuant to the Plan of Arrangement, Azucar shareholders exchanged their existing Azucar common shares and received one "new" common share of Azucar, and one common share of Almadex. The common shares of the Company were listed for trading on the TSX Venture Exchange under the symbol "DEX" on May 25, 2018.

Azucar retained 100% ownership of the El Cobre gold/copper porphyry project. The following key assets were transferred to Almadex:

- a portfolio consisting of interests in 19 exploration projects;
- a 1.75% Net Smelter Return ("NSR") royalty on the Company's El Cobre property in Mexico;
- a 2% NSR royalty on the Tuligtic property in Mexico, which hosts the Ixtaca gold-silver development project;
- a portfolio of 16 additional NSR royalties on exploration projects in Mexico, Canada and the United States;
- 4 million shares of Azucar as well as certain other marketable securities;
- 1,597 ounces of gold bullion (the "Gold Inventory"); and,
- approximately \$6 million in cash.

OVERALL PERFORMANCE

Background

The Company was incorporated on February 26, 2018 under the laws of the Province of British Columbia. The Company's business activity is the acquisition and exploration of mineral properties in Canada, the United States and Mexico.

Almadex's management team has been focused on exploration and discovery in Mexico, the United States and Canada for the past 35 years. Traditionally, management has managed risk by forming joint ventures in which partner companies explore and develop projects in return for the right to earn an interest in them. This approach has exposed shareholders to discovery and capital gains without as much funding and consequent share dilution as would be required through sole development of exploration properties. In some cases projects were advanced further when they were considered of such merit that the risk/reward ratio favored that approach. In other cases, if a property was optioned out with unsatisfactory results and returned to management but considered by management to still have merit, the property rights were retained in order to demonstrate further potential. This is the fashion in which the El Cobre discovery was made by Azucar, as the underlying project was optioned to four different partners prior to Azucar drilling the higher grade areas at the Norte target in 2016.

Company Mission and Focus

Almadex is an exploration company specializing in the discovery of new mineral prospects. The Company currently has an asset portfolio comprised of over numerous exploration properties and NSR royalties, plus the Gold Inventory, equities and cash.

This portfolio of assets is the direct result of over 35 years of prospecting, discovery and dealmaking by Almadex's predecessor companies. Almadex seeks to continue the legacy of discovery of its respected technical team through responsible and cost effective idea generation and exploration using its seasoned team of Mexican geologists and drillers, 6 company-owned drills, and strong cash and cash equivalent position.

Qualified Person

Morgan Poliquin, Ph.D., P.Eng., a qualified person under the meaning of National Instrument 43-101 ("NI 43-101"), and the President, Chief Executive Officer and a director of Almadex, has reviewed and approved the technical content in this MD&A.

MINERAL PROPERTIES

A following is a brief description of the more active mineral properties owned by the Company. Additional information can be obtained from Almadex's website www.almadexminerals.com.

El Chato – Mexico

The mining title to the El Chato Property was conferred by the Dirección General de Minas in Mexico (General Mine Management, Mexican Authority) to Minera Gavilán S.A. de C.V. ("Gavilán") for exploration and mining between October 11, 2011 and October 10, 2061, in an area initially covering 16,120 ha. On January 30, 2015, Gavilán filed documents for reduction of the tenement surface to the 5,332 hectares presented in the Technical Report on the El Chato Property dated April 6, 2018 entitled "Technical Report on the El Chato Property, Puebla, Mexico" prepared by Kristopher J. Raffle of APEX Geoscience Ltd. On May 15, 2015, Almaden Minerals Ltd. ("Almaden") transferred its interest in Gavilán to Azucar. The El Chato Property was later transferred to Almadex as detailed in the Plan of Arrangement dated May 18, 2018, which resulted in the formation of Almadex.

Location and Ownership

The 100% owned El Chato Property has a total area of 5,332 hectares and is located in Puebla State, Mexico, 10 kilometres ("km") east of Libres Town, approximately 70 km northeast of the city of Puebla and 165 km east of Mexico City. The El Chato mining claim is registered to Almadex's wholly-owned subsidiary, Gavilán.

Recent Updates

Almaden commenced exploration at the El Chato Property in late 2011 and Azucar continued work as of May 2015. Between 2011 and 2017, exploration work at the El Chato Property comprised of rock, soil and stream geochemical sampling, induced polarization ("IP") geophysical surveys, and geological mapping. To date, a total of 98 rock samples, 534 soil samples and 16 stream sediment samples have been collected, and 69.1 line-kilometres of IP has been completed. Spectral analysis was performed on 582 of the soil samples, distributed in 477 locations within the El Chato Property, in order to identify hydrothermal alteration minerals. To date, no drilling or metallurgical analyses have been completed on the El Chato Property.

Upcoming / Outlook

Based on the presence of porphyry copper and epithermal features exposed at surface including favourable lithology and alteration features coincident with chargeability geophysical anomalies as well as copper and gold and arsenic-bismuth soil geochemical anomalies; the El Chato Property is of a high priority for follow-up exploration.

The proposed initial 2018 / 2019 exploration program should include but not be limited to soil sampling and diamond drilling at an estimated cost of \$800,000.

Since the incorporation date on February 26, 2018 to June 30, 2018, the Company incurred in acquisition and exploration costs of \$729 on the El Chato Property. The Company had very little time to work on the property since after the Plan of Arrangement dated May 18, 2018. The proposed exploration program will likely take place in late 2018 or early 2019 subject to receiving drilling permits.

Other Properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, United States and Mexico. Since the incorporation date on February 26, 2018 to June 30, 2018, the Company incurred exploration costs of \$73,337 on mainly a care and maintenance basis and recorded a write-down of \$72,801 with respect to these properties.

RISK FACTORS

The Company is engaged in exploration for mineral deposits. These activities involve significant risks which, even with careful evaluation, experience and knowledge, may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Market volatility for marketable securities and investments

The Company's marketable securities consist of shares of exploration companies which are historically very volatile. The Company's investments consist of gold bullion with fluctuating market prices. There is no assurance that the Company will be able to recover the current fair market value of those shares. The Company also may hold a large number of shares which may be difficult to sell in illiquid markets from time to time.

Industry

The Company is engaged in the exploration and development of mineral properties which is an inherently risky business. There is no assurance that a mineral deposit will ever be discovered, developed and economically produced. Few exploration projects result in the discovery of commercially mineable ore deposits. If market conditions make financings difficult, it may be difficult for the Company to find joint venture partners. The Company may be unsuccessful in identifying and acquiring projects of merit.

Mineral resource estimates

The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

Prices of gold, silver and other metals

The price of gold is affected by numerous factors including central bank sales or purchases, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities.

The price of silver is affected by similar factors and, in addition, is affected by having more industrial uses than gold, as well as sometimes being produced as a by-product of mining for other metals with its production thus being more dependent on demand for the main mine product than supply and demand for silver. The prices of other metals and mineral products, such as copper, that the Company may explore for have the same or similar price risk factors.

Cash flows and additional funding requirements

The Company currently has no revenue from operations. In order to continue to advance and develop its mineral properties, the Company will have to raise additional capital. The sources of funds currently available to the Company include equity capital, potential debt capital or the offering of an interest in its projects to another party. The Company currently has sufficient financial resources to undertake all of its currently planned exploration and development programs.

Exchange rate fluctuations

Fluctuations in currency exchange rates, principally the Canadian/U.S. Dollar and the Canadian/Mexican Peso exchange rates, can impact cash flows. The exchange rates have varied substantially over time. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which will impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rates fluctuation.

Environmental

The Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by NGOs opposed to mining has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

Laws, Regulations, and Permits

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety, waste disposal, protection of the environment, protection of historic and archeological sites, protection of endangered and protected species and other matters in all the jurisdictions in which it operates. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws and relies on its land men and legal counsel in Canada, Mexico and United States.

To its knowledge, the Company has complied with all regulations in order to conduct its exploration activities.

Political, economic and social environment

The Company may be adversely affected by political, economic and social uncertainties which could have a material adverse effect on the Company's results of operations and financial condition. Certain areas in which the Company will hold or may acquire properties have experienced and may continue to experience local political unrest and disruption which could potentially affect the Company's projects or interests. Changes in leadership, social or political disruption or unforeseen circumstances affecting political, economic and social structure could adversely affect the Company's property interests or restrict its operations. The Company's mineral exploration and development activities may be affected by changes in government regulations relating to the mining industry and may include regulations on production, price controls, labour, export controls, income taxes, expropriation of property, environmental legislation and safety factors.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Possible dilution to present and prospective shareholders

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective shareholders. The Company has traditionally sought joint venture partners to fund in whole or in part exploration projects. Offering an interest in its projects to partners would dilute the Company's interest in the projects.

Material risk of dilution presented by large number of outstanding share purchase options and warrants

At August 15, 2018, there were 2,486,000 stock options and 3,247,995 warrants outstanding. Directors and officers hold 1,994,000 of the options and 492,800 options are held by employees and consultants of the Company.

Trading volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares.

Volatility of share price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

Competition

There is competition from other mining exploration companies with operations similar to Azucar. Many of the companies with which it competes have operations and financial strength greater than the Company.

Dependence on management

The Company depends heavily on the business and technical expertise of its management.

Conflict of interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. If a conflict arises, the Company may miss the opportunity to participate in certain transactions.

Impairment of Exploration and Evaluation Assets

The Company assesses its exploration and evaluation assets quarterly to determine whether any indication of impairment exists. Common indications of impairment, which is often judgemental, include, but are not limited to, that: the right to explore the assets has expired or

will soon expire and is not expected to be renewed, substantive expenditure of further exploration is not planned, or the results are not compelling enough to warrant further exploration by the Company.

At June 30, 2018, the Company concluded that impairment indicators existed with respect to certain of its exploration and evaluation assets. An impairment of acquisition and deferred exploration cost incurred of \$72,801 for the period from incorporation to June 30, 2018, has been recognized.

Material Financial and Operations Information

Summary of Quarterly Results

The following is a summary of the Company's financial results since becoming a reporting issuer for the quarters ending at the dates noted:

	Q2 Jun 2018 Quarter	Q1 Mar 2018 Quarter
	\$	\$
Total revenue	220,276	-
Loss and comprehensive loss	(1,288,783)	-
Income (loss) per share – basic	(0.07)	(0.00)
Income (loss) per share – diluted	(0.07)	(0.00)
Total assets	14,289,101	100
Cash dividends declared	-	-

Results of Operations and Financial Results

Results of Operations for the three months ended June 30, 2018

For the three months ended June 30, 2018, the Company recorded a loss and comprehensive loss of \$1,288,783 or a basic and diluted net loss of \$0.07 per share. The Company has no revenues from mining operations as it only conducts exploration work. The revenue of \$220,276 during the three months ended June 30, 2018 consisted of interest income of \$16 from cash balances. Other income of \$220,260 consist of drilling equipment rental services to Almaden and Azucar.

A significant portion of total expenses of \$233,132 during the three months ended June 30, 2018 were related to general and administrative expenses such as professional fees of \$57,041, travel and promotion of \$7,199 and various other expenses incurred by the Company to review business opportunities and to communicate with shareholders. An administrative services fee of \$36,455 was paid to Almaden during the three months ended June 30, 2018 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items during the three months ended June 30, 2018 included impairment of exploration and evaluation assets of \$72,801, unrealized loss on marketable securities of \$1,299,313 and unrealized loss on contingent shares receivable of \$3,900. Impairment of exploration and evaluation assets fluctuates period to period based on management's evaluation of the carrying value of each exploration and evaluation asset interest held at that time. The contingent shares receivable is based on the fair value of the common shares of Goldgroup Mining Inc. ("Goldgroup") held by the Company as at June 30, 2018.

Results of Operations for the period from incorporation on February 26, 2018 to June 30, 2018

For the period from incorporation on February 26, 2018 to June 30, 2018, the Company recorded a loss and comprehensive loss of \$1,288,783 or a basic and diluted net loss of \$0.07 per share. The Company has no revenues from mining operations as it only conducts exploration work. The revenue of \$220,276 for the period ended June 30, 2018 consisted of interest income of \$16 from cash balances. Other income of \$220,260 consist of drilling equipment rental services to Almaden and Azucar.

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Liquidity and Capital Resources

At June 30, 2018, the Company had working capital of \$13,060,055, including cash and cash equivalents of \$6,626,915.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year as these expenditures are considered discretionary by management. The Company has no material commitments for the next fiscal year. Management has a proven track record to be able to raise money even in a very challenging financial marketplace.

Three months ended June 30, 2018

Net cash used in operations during the three months ended June 30, 2018 was \$173,791, after adjusting for non-cash activities.

Net cash used in investing activities of \$5,164 during the three months ended June 30, 2018 relates to the recovery of reclamation deposit of \$24,181, which offset expenditures on exploration and evaluation assets of \$29,345.

Net cash from financing activities during the three months ended June 30, 2018 was \$6,805,770, as \$5,984,338 came from cash received from Azucar pursuant to the plan of arrangement, \$756,116 from cash received from subsidiaries, \$47,688 from stock options exercised and \$17,628 from finders' warrants exercised.

Period from incorporation on February 26, 2018 to June 30, 2018

Net cash used in operations during the period from incorporation on February 26, 2018 to June 30, 2018 was \$173,791, after adjusting for non-cash activities.

Net cash used in investing activities of \$5,164 during the period ended June 30, 2018 relates to recovery of reclamation deposit of \$24,181, which offset expenditures on exploration and evaluation assets of \$29,345.

Net cash from financing activities during period ended June 30, 2018 was \$6,805,770. Most of the cash source came from the cash received from Azucar of \$5,984,338 pursuant to the plan of arrangement.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

	Number of Common Shares Issued & Outstanding	Share Capital Amount
As at June 30, 2018	54,414,769	\$14,790,549
August 15, 2018	54,683,969	\$15,065,092

Share issuances during fiscal 2018

During the period ended June 30, 2018, the Company received \$47,688 and \$17,628 on the exercise of 442,500 options and 44,400 finders' warrants.

The following table summarizes information about warrants outstanding at August 15, 2018:

Expiry date	Exercise Price	May 18, 2018	Issued	Exercised	Expired	August 15, 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 following table summarizes information about stock options outstanding at August 15, 2018:

Expiry date	Exercise price	May 18, 2018	Granted	Exercised	Expired/ cancelled	August 15, 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	-	(199,200)	-	90,000
August 28, 2018	\$ 0.19	151,000	-	(70,000)	-	81,000
December 17, 2018	\$ 0.04	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
Options outstanding and exercisable		3,198,500	-	(711,700)	-	2,486,800
Weighted average exercise price		\$ 0.26	-	\$ 0.10	-	\$ 0.30

As of date of this MD&A, there were 54,683,969 common shares issued and outstanding and 60,418,764 common shares outstanding on a diluted basis.

Environmental Provisions and Potential Environmental Contingency

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Company estimates that future reclamation and site restoration costs based on the Company's exploration activities to date are not significant however the ultimate amount of reclamation and other future site restoration costs to be incurred in the future is uncertain.

Off-Balance Sheet Arrangements

None.

Contractual Commitments

None.

Proposed Transactions

None.

Transactions with Related Parties

(a) Compensation of key management personnel

Key management personnel include those 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:

Three months ended June 30, 2018	Fees	Share-based Payments	Total
	\$	\$	\$
Chairman	5,806	-	5,806
President & CEO	8,105	-	8,105
CFO	5,444	-	5,444
VP Corporate Development	5,129	-	5,129
Directors	-	-	-
	<u>24,484</u>	<u>-</u>	<u>24,484</u>

From February 26, 2018 to June 30, 2018	Fees	Share-based Payments	Total
	\$	\$	\$
Chairman	5,806	-	5,806
President & CEO	8,105	-	8,105
CFO	5,444	-	5,444
VP Corporate Development	5,129	-	5,129
Directors	-	-	-
	<u>24,484</u>	<u>-</u>	<u>24,484</u>

Fees are paid to Almaden for services provided by key management pursuant to the Administrative Services Agreement between Almadex and Almaden, as further described below.

(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 June 30, 2018, included in trade and other payable is \$41,895 due to Almaden.

Other

During the period ended June 30, 2018, other income of \$220,260 was paid by Almaden and Azucar to the Company for drill equipment rental services in Mexico of which of \$147,034 and \$108,468 is recorded in accounts receivable respectively.

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 (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 to mitigate the risks.

As at June 30, 2018, the Company was 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	201,265	676,719
Account receivables and prepaid expenses	-	376,526
Total assets	201,265	1,053,245
Trade and other payables	3,100	124
Total liabilities	3,100	124
Net assets	198,165	1,053,121

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$20,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$105,000.

(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 June 30, 2018, 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 \$66,000.

(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 \$26,000.

(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).

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	6,028,353	-	-	6,028,353
Contingent shares receivable	-	27,300	-	27,300

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.

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 through its current operating period. 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.

Subsequent Events

The Company received \$23,260 on the exercise of 269,200 stock options with exercise prices from \$0.05 to \$0.19.

Information on the Board of Directors and Management

Directors:

Duane Poliquin, P.Eng
Morgan Poliquin, P.Eng, Ph.D.
Douglas McDonald, M.A.Sc, B.Com.
Jack McCleary, P.Geol
Larry Segerstrom, MBA, MSc
Mark T. Brown, CPA, CA
William J. Worrall, Q.C.

Audit Committee members:

Mark T. Brown, CPA, CA
Douglas McDonald, M.A.Sc, B.Com.
Jack McCleary, P.Geol

Compensation Committee members:

Jack McCleary, P.Geol
Duane Poliquin, P.Eng.
William J. Worrall, Q.C.

Nominating & Corporate Governance Committee members:

Mark T. Brown, CPA, CA
Morgan Poliquin, P.Eng, Ph.D.
William J. Worrall, Q.C.

Management:

Duane Poliquin, P.Eng – Chairman
Morgan Poliquin, Ph.D., P.Eng – Chief Executive Officer, President
Korm Trieu, CPA, CA – Chief Financial Officer, Corporate Secretary
Douglas McDonald, M.A.Sc, B.Com. – Vice President, Corporate Development