

Condensed Consolidated Interim Financial Statements of

Almadex Minerals Ltd.

For the three and six months ended June 30, 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 and six months ended June 30, 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)

	June 30, 2019	December 31, 2018
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	5,473,426	6,305,955
Accounts receivable and prepaid expenses (Note 4 and 11(b))	392,767	368,349
Marketable securities and investments (Note 5)	1,476,085	4,621,066
	7,342,278	11,295,370
Non-current assets		
Gold loan receivable (Note 6)	2,957,007	-
Contingent shares receivable (Note 7)	19,500	19,500
Property and equipment (Note 8)	1,206,894	1,265,263
Exploration and evaluation assets (Note 9)	7,559,917	7,212,752
	11,743,318	8,497,515
TOTAL ASSETS	19,085,596	19,792,885
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	122,227	657,068
Total liabilities	122,227	657,068
EQUITY		
Share capital (Note 10)	21,953,536	21,953,536
Reserves (Note 10)	1,155,190	1,067,270
Deficit	(4,145,357)	(3,884,989)
Total equity	18,963,369	19,135,817
TOTAL EQUITY AND LIABILITIES	19,085,596	19,792,885
Commitments (Note 9(c))		
Subsequent Events (Note 17)		

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 15, 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 statements of loss and comprehensive loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Period from incorporation on February 26, 2018 to June 30, 2018
	\$	\$	\$	\$
Revenue				
Equipment rental fee (Note 11(b))	296,346	220,260	557,277	220,260
Financing fees	53,723	-	53,723	-
Interest income	21,063	16	40,266	16
	371,132	220,276	651,266	220,276
Expenses				
Administrative services fee (Note 11(a) and 11(b))	75,818	36,455	151,140	36,455
Depreciation (Note 8)	57,990	7,143	102,373	7,143
Impairment of exploration and evaluation assets (Note 9(c))	45,901	72,801	124,232	72,801
Professional fees	50,809	57,041	97,729	57,041
Stock exchange, transfer agent and filing fees	7,508	48,589	19,884	48,589
Office	29,953	3,904	41,644	3,904
Travel and promotion	17,056	7,199	21,809	7,199
Share-based payments (Note 10(c))	87,920	735,655	87,920	735,655
	372,955	968,787	646,731	968,787
Operating income (loss)	(1,823)	(748,511)	4,535	(748,551)
Other income (loss)				
Gain on sale of exploration and evaluation assets (Note 9)	16,000	-	93,917	-
Gain on sale of property and equipment (Note 8)	-	-	5,417	-
Gain on sale of investments	26,382	-	26,382	-
Unrealized gain on gold loan receivable (Note 6)	241,579	-	241,579	-
Unrealized foreign exchange on gold loan receivable (Note 6)	(79,153)	-	(79,153)	-
Unrealized loss on marketable securities and investments (Note 5)	(188,293)	(1,292,918)	(504,422)	(1,292,918)
Unrealized gain (loss) on contingent shares receivable (Note 7)	7,800	(3,900)	-	(3,900)
Foreign exchange gain (loss)	(30,746)	27,286	(48,623)	27,286
Loss and comprehensive loss for the period	(8,254)	(2,018,043)	(260,368)	(2,018,043)
Basic and diluted net loss per share (Note 12)	(0.00)	(0.07)	(0.01)	(0.07)

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

Almadex Minerals Ltd.

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

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Period from incorporation on February 26, 2018 to June 30, 2018
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(8,254)	(2,018,043)	(260,368)	(2,018,043)
Items not affecting cash				
Depreciation	57,990	7,143	102,373	7,143
Unrealized (gain) loss on contingent shares receivable	(7,800)	3,900	-	3,900
Unrealized loss on marketable securities and investments	188,293	1,292,918	504,422	1,292,918
Gain on sale of investments	(26,382)	-	(26,382)	-
Unrealized gain on gold loan receivable	(241,579)	-	(241,579)	-
Unrealized foreign exchange on gold loan receivable	79,153	-	79,153	-
Impairment of exploration and evaluation assets	45,901	72,801	124,232	72,801
Gain on sale of exploration and evaluation assets	(16,000)	-	(93,917)	-
Gain on sale of property and equipment	-	-	(5,417)	-
Financing fees	(53,723)	-	(53,723)	-
Share-based payments	87,920	735,655	87,920	735,655
Changes in non-cash working capital components				
Accounts receivable and prepaid expenses	(27,104)	(373,635)	(24,418)	(373,635)
Trade and other payables	(111,330)	105,470	(380,994)	105,470
Net cash used in operating activities	(32,915)	(173,791)	(188,698)	(173,791)
Investing activities				
Exploration and evaluation assets - costs	(100,839)	(29,345)	(625,244)	(29,345)
Property and equipment - purchase	(23,217)	-	(53,039)	-
Net proceeds from sale of property and equipment	-	-	14,452	-
Net proceeds from sale of exploration and evaluation assets	-	-	20,000	-
Reclamation deposit	-	24,181	-	24,181
Net cash used in investing activities	(124,056)	(5,164)	(643,831)	(5,164)
Financing activities				
Cash received from Azucar Minerals Ltd., pursuant to the Plan of Arrangement	-	5,984,338	-	5,984,338
Cash received from subsidiaries spun out	-	756,116	-	756,116
Option exercised	-	47,688	-	47,688
Finders' warrants exercised	-	17,628	-	17,628
Net cash from financing activities	-	6,805,770	-	6,805,770
Change in cash and cash equivalents	(156,971)	6,626,815	(832,529)	6,626,815
Cash and cash equivalents, beginning of period	5,630,397	100	6,305,955	100
Cash and cash equivalents, end of period	5,473,426	6,626,915	5,473,426	6,626,915
Supplemental cash flow information (Note 13)				

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

Almadex Minerals Ltd.

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

	Share Capital		Reserves			Deficit	Total
	Number of shares	Amount	Share-based payments	Warrants	Total reserves		
		\$	\$	\$	\$	\$	\$
Balance, February 26, 2018	100	100	-	-	-	-	100
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 ⁽¹⁾	-	(7,730)	735,655	7,730	743,385	-	735,655
Options exercised	442,500	47,688	-	-	-	-	47,688
Fair value of options transferred to share capital	-	101,775	(101,775)	-	(101,775)	-	-
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	-	-	-	-	-	(2,018,043)	(2,018,043)
Balance, June 30, 2018	54,414,769	21,738,339	633,880	-	633,880	(2,018,043)	20,354,176
Share-based payments	-	-	589,836	-	589,836	-	589,836
Options exercised	680,200	58,751	-	-	-	-	58,751
Fair value of options transferred to share capital	-	156,446	(156,446)	-	(156,446)	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(1,866,946)	(1,866,946)
Balance, December 31, 2018	55,094,969	21,953,536	1,067,270	-	1,067,270	(3,884,989)	19,135,817
Share-based payments	-	-	87,920	-	87,920	-	87,920
Loss and comprehensive loss for the period	-	-	-	-	-	(260,368)	(260,368)
Balance, June 30, 2019	55,094,969	21,953,536	1,155,190	-	1,155,190	(4,145,357)	18,963,369

⁽¹⁾ 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 and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

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 June 30, 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 and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

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:

	June 30, 2019	December 31, 2018
	\$	\$
Accounts receivable (Note 11(b))	355,966	345,630
Prepaid expenses	36,801	22,719
	392,767	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 fair value through profit and loss ("FVTPL") and valued at fair value of \$1,428,085 as at June 30, 2019 (December 31, 2018 - \$1,834,601). Unrealized losses due to period-end revaluation to fair value of \$480,433 (2018 - \$1,182,606) 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 \$Nil as at June 30, 2019 (December 31, 2018 - \$2,786,465). The investments are designated as FVTPL and valued at fair value. Unrealized losses due to period-end revaluation to fair value of \$21,989 (2018 - \$110,312) 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. On May 14, 2019, Almadex agreed to loan up to 1,597 ounces of gold bullion to Almaden Minerals Ltd. ("Almaden") (Note 6)
- c) The Company received 500,000 transferable share purchase warrants issued by Almaden with an exercise price of \$1.50 per share and an expiry date of May 14, 2024 as an arrangement fee of \$50,000 for the gold loan. The warrants are designated as FVTPL and has a fair value of \$48,000 as at June 30, 2019 (December 31, 2018 - \$Nil). Unrealized losses due to period-end revaluation to fair value of \$2,000 are recorded in financing fees through profit or loss.

Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

6. Gold loan receivable

Almaden (or the “Borrower”) entered into a secured gold loan agreement (“Gold Loan”) with the Company pursuant to which the Company has agreed to loan up to 1,597 ounces of gold bullion to Almaden. The approximate value of this gold as at May 14, 2019 was US\$2,072,060 or \$2,790,858 CAD.

Under the terms of the Gold Loan, Almaden will be entitled to draw-down the gold in minimum 400 ounce tranches. At any given time, the amount of gold ounces drawn multiplied by the London Bullion Market Association (“LBMA”) AM gold price in US dollars, plus any accrued interest or unpaid fees, shall constitute the Loan Value.

The maturity date for the Gold Loan is March 31, 2024, and can be extended by two years at the discretion of the Borrower (the “Term”). Repayment of the Loan Value shall be made either through delivery of that amount of gold drawn, or through the issuance of common shares of Almaden (“Shares”), according to the Company’s preference. Mandatory prepayment shall be required in the event that Almaden’s Ixtaca gold-silver project located in Puebla State, Mexico (the “Ixtaca Project”) enters into commercial production during the Term, requiring the Borrower to deliver 100 gold ounces per month to the Company. In addition, Almaden has the right to pre-pay the Loan Value at any time without penalty, in either gold bullion or Shares as chosen by the Company, and the Company has the right to convert the Loan Value into Shares at any time during the Term. The conversion rate is equal to 95% of the 5 trading day volume weighted average price of the Shares on the Toronto Stock Exchange or an equivalent.

The interest rate of the Gold Loan is 10% of the Loan Value per annum, calculated monthly, paid in arrears. Interest payments can either be accrued to the Loan Value, or paid by the Borrower in cash or gold bullion. A standby fee of 1% per annum, accrued quarterly, will be applied to any undrawn amount on the Gold Loan.

In addition, the Company received on May 14, 2019 from Almaden 500,000 transferable share purchase warrants (“Warrants”), with an exercise price of \$1.50 per Share and an expiry date of May 14, 2024 as an arrangement fee to cover the administrative costs of setting up the credit facility. These warrants were valued at \$50,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of five years, risk-free interest rate of 1.54%, expected dividend yield of 0% and expected volatility of 44%. The fair value of the Warrants has decreased by \$2,000 as of June 30, 2019.

Security for the loan is certain equipment related to Almaden’s Rock Creek Mill, which is not required for the Ixtaca Project. The Gold Loan includes industry standard provisions in the event of default, material breach and change of control.

The convertible gold loan receivable is classified as a financial asset and has been designated at FVTPL with an embedded derivative from the indexation of the loan principal portion to the movement in the price of gold in the US dollar denominated financial instrument. The gold loan receivable was recorded at fair value at inception. In accordance with IFRS 13 and is subsequently remeasured with changes in fair value being recognized in the statement of operations.

As at June 30, 2019, the Company deposited the full 1,597 ounces of gold bullion and Almaden has not drawn on the account. The fair value of the gold loan receivable for the period ended June 30, 2019 increased by \$241,579 due to an increase in the price of gold.

Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

6. Gold loan receivable (Continued)

Gold loan receivable, May 14, 2019	\$2,790,858
Accrued interest income	31
Accrued standby fees	3,692
Change in FVTPL	241,579
Foreign exchange difference	(79,153)
Gold loan receivable, June 30, 2019	\$2,957,007

7. Contingent Shares Receivable

Goldgroup Mining Inc.

As part of the 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:

- 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 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 June 30, 2019 (December 2018 - \$19,500), and a loss of \$Nil (June 30, 2018 - \$3,900) on fair value adjustment in profit or loss during the period ended June 30, 2019.

Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

8. Property and Equipment

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
December 31, 2018	243,862	1,055	114	85,683	988,552	1,319,266
Additions	34,160	-	-	-	18,879	53,039
Disposals	(9,902)	-	-	-	-	(9,902)
June 30, 2019	268,120	1,055	114	85,683	1,007,431	1,362,403
Accumulated depreciation						
December 31, 2018	19,256	53	6	4,998	29,690	54,003
Depreciation	33,754	150	11	8,069	60,389	102,373
Disposals	(867)	-	-	-	-	(867)
June 30, 2019	52,143	203	17	13,067	90,079	155,509
Carrying amounts						
December 31, 2018	224,606	1,002	108	80,685	958,862	1,265,263
June 30, 2019	215,977	852	97	72,616	917,352	1,206,894

During the six months ended June 30, 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 and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

Exploration and evaluation assets	El Chato	Yago	Other Properties	Total
	\$	\$	\$	\$
Acquisition costs:				
Opening balance – December 31, 2018	6,397,514	33,113	17	6,430,644
Share proceeds from options	-	-	(73,917)	(73,917)
Cash proceeds from options	-	-	(20,000)	(20,000)
Gain on disposition	-	-	93,917	93,917
Closing balance – June 30, 2019	6,397,514	33,113	17	6,430,644
Deferred exploration costs:				
Opening balance – December 31, 2018	244,494	537,614	-	782,108
Costs incurred during the period:				
Drilling and related costs	-	111,305	-	111,305
Professional/technical fees	955	3,627	21,093	25,675
Claim maintenance/lease costs	35,389	39,352	103,441	178,182
Geochemical, metallurgy	126	51,348	1,113	52,587
Travel and accommodation	4,155	5,177	3,445	12,777
Geology, geophysics, exploration	12,281	74,410	17,510	104,201
Supplies and miscellaneous	-	5,894	582	6,476
Reclamation, environmental	1,816	-	-	1,816
Value-added tax	1,112	218	1,250	2,580
Recovery of exploration costs	-	-	(24,202)	(24,202)
Impairment of deferred exploration costs	-	-	(124,232)	(124,232)
Total deferred exploration costs during the period	55,834	291,331	-	347,165
Closing balance – June 30, 2019	300,328	828,945	-	1,129,273
Total exploration and evaluation assets	6,697,842	862,058	17	7,559,917

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. These properties were transferred from Azucar to the Company on May 18, 2018.

(c) Other Properties

Other properties consist of a portfolio of early-stage exploration projects located in Canada, United States and Mexico. During the six months ended June 30, 2019, the Company recorded an impairment of deferred costs of \$124,232 with respect to such properties. Each remaining property is carried at \$1 as at June 30, 2019.

Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(c) Other Properties (Continued)

Los Venados

The Los Venados property was transferred from Azucar to the Company 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 by Aloro and issued by Almadex
October 14, 2019	100,000		50,000	
October 14, 2020	100,000		50,000	
Total	500,000		150,000	

The Company will meet minimum assessment requirements and pay claim taxes. The Company 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		-	
Total	2,000,000		30,000	

In addition to the share issuances above, The Company 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 met its obligation 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

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(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(c) Other Properties (Continued)

Willow

The Willow property was transferred from Azucar to the Company 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
Total	416,668		\$ 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 the Company, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, the Company 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 the Company, 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, the Company'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 the Company 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 the Company 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.

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9. 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.

Nicoamen	No. of Common Shares in IGC	Fair value on receipt \$	Cash received \$	Cumulative Amount of Exploration Expenditures (\$CAD)
March 27, 2019	-	-	10,000	-
April 2, 2019	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
Total	650,000		10,000	\$ 725,000

Merit	No. of Common Shares in IGC	Fair value on receipt \$	Cash received \$	Cumulative Amount of Exploration Expenditures (\$CAD)
March 27, 2019	-	-	10,000	-
April 2, 2019	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
Total	650,000		10,000	\$ 725,000

Upon completion of the 60% earn-in, IGC and the Company 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 and on April 2, 2019, the Company received 200,000 shares of IGC at a fair value of \$16,000.

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10. Share Capital and Reserves

(a) Authorized share capital

At June 30, 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 six months ended June 30, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Issued	Exercised	Expired	June 30, 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		3,247,995	-	-	-	3,247,995
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 June 30, 2019, the Company may reserve up to 285,497 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 six months ended June 30, 2019 is as follows:

Expiry date	Exercise price	December 31, 2018	Granted	Exercised	Expired/cancelled	June 30, 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
June 4, 2021	\$ 0.32	-	628,000	-	-	628,000
Options outstanding and exercisable		5,314,000	628,000	-	(718,000)	5,224,000
Weighted average exercise price		\$ 0.33	\$ 0.32	-	\$ 0.32	\$ 0.33

Almadex Minerals Ltd.

Notes to the condensed consolidated interim financial statements

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10. Share Capital and Reserves (Continued)

(c) Stock option plan (Continued)

The fair value of the options granted during the period ended June 30, 2019 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.34%
Expected life	2.00 years
Expected volatility	81.86%
Expected dividend yield	Nil
Weighted average fair value per option	\$0.14

During the period ended June 30, 2019, the Company recognized share-based payments expense of \$87,920 associated with the vesting of stock options granted. In connection with the Arrangement (Note 1), the fair value of stock options and finders' warrants spun-out was \$735,655 and \$7,730, respectively, and was recorded as share-based payments and an increase to reserves.

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 June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Period from incorporation on February 26, 2018 to June 30, 2018
Management fees ⁽¹⁾	\$ 50,600	\$ 24,484	\$ 101,200	\$ 24,484
Share-based payments	87,920	597,770	87,920	597,770
	\$ 138,520	\$ 622,254	\$ 189,120	\$ 622,254

⁽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 June 30, 2019, included in trade and other payables is \$29,120 (December 31, 2018 - \$116,268) due to Almaden.

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Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2019

(Unaudited - Expressed in Canadian dollars)

11. Related Party Transactions and Balances (Continued)

(b) Other related party transactions (Continued)

Other

During the six months ended June 30, 2019, other income of \$557,277 (2018 - \$220,260) was paid by Almaden and Azucar to the Company for drill equipment rental services in Mexico of which \$38,019 (December 31, 2018 - \$37,533) and \$258,326 (December 31, 2018 - \$252,069) is recorded in accounts receivable in relation to Almaden and Azucar, respectively.

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 June 30, 2019 was based on the net loss attributable to common shareholders of \$8,254 (2018 - \$2,018,043) and a weighted average number of common shares outstanding of 55,094,969 (2018 - 19,060,110).

The calculation of basic net loss per share for the six months ended June 30, 2019 and for the period from incorporation February 26, 2018 to June 30, 2018 was based on the net loss attributable to common shareholders of \$260,368 (2018 - \$2,018,043) and a weighted average number of common shares outstanding of 55,094,969 (2018 - 19,060,110).

The calculation of diluted net loss per share for the three and six months ended June 30, 2019 and 2018 did not include the effect of stock options and warrants as they are considered to be anti-dilutive.

13. Supplemental Cash Flow Information

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

	June 30, 2019	December 31, 2018
	\$	\$
Cash	2,057,336	2,505,955
Term Deposits	3,416,090	3,800,000
	5,473,426	6,305,955

Supplemental information regarding non-cash transactions is as follows:

	Six months ended June 30, 2019	Period from incorporation on February 26, 2018 to June 30, 2018
Investing and financing activities	\$	\$
Fair value of finders' warrants reclassified to share capital on exercise	-	7,730
Fair value of options reclassified to share capital on exercise	-	101,775
Net assets assumed in the Arrangement	-	21,571,148
Fair value of shares received on disposal of exploration and evaluation assets	73,917	-
Gold loan receivable	2,790,858	-

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13. Supplemental Cash Flow Information *(Continued)*

As at June 30, 2019, \$52,807 of exploration and evaluation asset costs are included in trade and other payables (December 31, 2018 - \$206,654).

14. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The fair value of the gold loan receivable is based on gold market price as at each reporting date.

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 June 30, 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	US dollar	Mexican peso
	\$	\$
Cash and cash equivalents	1,346,398	238,940
Accounts receivable and prepaid expenses	-	297,139
Gold loan receivable	2,957,007	-
Total assets	4,303,405	536,079
Trade and other payables	53,977	859
Total liabilities	53,977	859
Net assets	4,249,428	535,220

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$425,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$54,000.

(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 also has a gold loan receivable from Almaden. The Company is exposed to credit risks through its accounts receivable and gold loan receivable.

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(Unaudited - Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(b) Credit risk (Continued)

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.

To mitigate exposure to credit risk on the gold loan receivable, the Company has secured the gold loan receivable with a certain equipment related to Almaden's Rock Creek Mill, and also has been monitoring the share price of Almaden to ensure the loan can be settled with Almaden's common shares according to the terms of the loan agreement.

As at June 30, 2019, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents, accounts receivable and gold loan 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 \$55,000.

(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 is exposed to the commodity price risk on fluctuation of gold prices on its gold loan receivable. 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 loan receivable by \$30,000.

(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.

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(Unaudited - Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(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	1,428,085	48,000	-	1,476,085
Contingent shares receivable	-	19,500	-	19,500
Gold loan receivable	2,957,007	-	-	2,957,007

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.

Level 2 inputs are also used in determining the fair value of warrants received from Almaden (Note 6) as an arrangement fee to cover the administrative costs of setting up the gold loan. The warrants are valued using the Black-Scholes option-pricing model.

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 year. The Company is not subject to externally imposed capital requirements.

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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:

	Gold loan receivable	Contingent shares receivable	Property and equipment	Exploration and evaluation assets	June 30, 2019
Canada	2,957,007	\$ 19,500	\$ 11,542	\$ 5	2,988,054
United States	-	-	-	4	4
Mexico	-	-	1,195,352	7,559,908	8,755,260
	2,957,007	19,500	1,206,894	7,559,917	11,743,318

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 Events

On July 2, 2019, the Company received \$8,100 on the exercise of 90,000 stock options with exercise prices of \$0.09.

On July 4, 2019, the Company granted to directors, employees and consultants, pursuant to its stock option plan, 931,800 stock options at an exercise price of \$0.29 per share expiring on July 7, 2021.