

**ALMADEX MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2021**

**INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") for Almadex Minerals Ltd. ("Almadex" or the "Company") has been prepared based on information known to management as of November 29, 2021. 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](http://www.sedar.com)) and/or on the Company's website at [www.almadexminerals.com](http://www.almadexminerals.com).

### **Third-Party Technical Information**

Except where otherwise stated, the disclosure herein relating to the Willow, El Cobre, Ixtaca, and Elk properties is based on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain as at the date hereof and none of this information has been independently verified by Almadex. Additionally, as a royalty holder, Almadex has limited, if any, access to the properties subject to the royalties. Although Almadex does not have any knowledge that such publicly disclosed information may not be accurate, there can be no assurance that such third-party information is complete or accurate. Almadex expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties. Some information publicly reported by the operator may relate to a larger property than the area covered by Almadex's royalty interests. Almadex's royalty interests may cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property. Unless otherwise indicated, the technical and scientific disclosure contained or referenced in this press release, including any references to mineral resources or mineral reserves, was prepared in accordance with Canadian National Instrument 43-101 ("NI 43-101"), which differs significantly from the requirements of the U.S. Securities and Exchange Commission (the "SEC") applicable to U.S. domestic issuers. Accordingly, the scientific and technical information contained or referenced in this press release may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. "Inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Historical results or feasibility models presented herein are not guarantees or expectations of future performance.

### **HIGHLIGHTS**

#### **100% Owned Properties**

Subsequent to quarter end, the Company announced that it had commenced drilling at its San Pedro project. Two holes have been completed and the Company will submit samples for analysis.

During the quarter the Company also completed a field program at the Lajas property. This program was implemented to refine drill targets prior to a first pass diamond drill program. This 100% owned property is comprised of 2113 Ha and covers a low-lying area with exposed epithermal veins. Veining was first identified by the Company during a regional exploration program and the property was acquired by staking. In the past the Company completed mapping, sampling, and IP geophysical surveys. Work identified evidence of historic drilling by a previous operator but results from this program are unknown. Further details on the project will be provided once the field program is complete.

During the quarter the Company announced that it retained the right to earn 100% of the David/Paradise Valley property, which comprises 302 claims totalling approximately 2,400 hectares with multiple targets, and is located approximately eight miles southeast of Gabbs, Nevada and five miles northeast of the Paradise Peak gold mine, which was active from 1984 to 1994. The property is fully permitted for drilling.

## **Optioned Properties and Royalty Interests**

On September 29, 2021, Almadex closed the sale of its 2.0% NSR on the Elk Project to Star Royalties Ltd. ("Star Royalties") for US\$10 million in cash and the issuance to Almadex of 1,659,304 common shares of Star Royalties and 829,652 common share purchase warrants of Star Royalties exercisable for two years at \$0.70 per common share.

As a result of the sale Almadex boosted its cash position substantially and became a 2.3% shareholder of the issued and outstanding shares of Star Royalties, not including the share purchase warrants. The sale positioned Almadex very well for continuing its project generation activities and advancing its mineral asset portfolio.

On September 23, 2021, the Company provided an update on the 1.5% NSR royalty the Company holds on the Caballo Blanco project, located in Veracruz, Mexico. On September 22, 2021, the operator of the Caballo Blanco project, Candelaria Mining Corp. ("CAND"), announced that it had closed the first tranche of a financing in the amount of approximately \$7.9 million. Agnico Eagle Mines Limited ("Agnico") subscribed for approximately \$6 million of this tranche, taking Agnico's ownership of CAND from 10,120,000 common shares to 23,453,333 common shares and 6,666,667 share purchase warrants, representing approximately 19.59% of the issued and outstanding shares of CAND on a partially-diluted basis. As reported by CAND on September 1, 2021, the entirety of the Agnico investment is allocated to the Caballo Blanco project, subject to receipt of necessary permits.

The Company is encouraged to see that more work will be done on the Caballo Blanco project.

On October 28, 2021, Abacus announced that its third drill hole at Willow had been terminated, with approximately 1700 metres drilled during the program. Abacus stated that all holes to date intersected the Luhr Hill porphyry, which is the host rock of the four known porphyry copper-molybdenum deposits in the Yerington camp. Abacus decided to defer drilling the fourth and final hole of the program, as it could not be completed prior to the onset of winter conditions on the property. Abacus noted that each of the new 2021 drill holes had intersected the host Luhr Hill porphyry, and each will be extensively sampled to provide geochemical vectors to guide further drilling. Almadex, through its predecessor Company, Azucar Minerals Ltd., optioned up to 75% of the Willow property to Abacus Mining and Exploration Corp. ("AME") in 2017.

On July 27, 2021, Almaden Minerals Ltd. announced that prospect drilling had commenced on its Ixtaca property in Puebla State, Mexico. Almadex holds a 2.0% NSR royalty on this property and looks forward to updates on the drill program.

## **Third-Party Drill Contracting Activities**

Finally, the Company was active during the quarter as drilling contractor to arms-length companies in North America. The Company has deployed some of its idle drill rigs and staff to these jobs and anticipates that the drill contracts will off-set some of the prospect development activities it is engaged in this year.

## **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 Ixtaca and El Cobre discoveries were made by Almadex's management team, as the underlying projects were optioned to several different partners prior to discovery. Ixtaca and El Cobre are currently held in separate public companies, Almaden Minerals Ltd. ("Almaden") and Azucar Minerals Ltd ("Azucar"), respectively, although Almadex retains an NSR royalty on both projects.

### **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, NSR royalties, gold bullion, equities and cash.

This portfolio of assets is the direct result of over 35 years of prospecting, discovery and deal making by Almadex's management team. Almadex seeks to continue the legacy of discovery by its respected technical team through responsible and cost-effective idea generation and exploration using its seasoned staff of Mexican geologists and drillers, company-owned drills, and strong working capital 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 disclosure in this MD&A.

### **MINERAL PROPERTIES**

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](http://www.almadexminerals.com).

#### **San Pedro – Mexico**

The project is prospective for epithermal style gold and silver deposits. Past work by Almadex and previous operators includes surface sampling, geophysics, and drilling. A 55-sample reconnaissance rock chip sampling program conducted by APEX Geoscience Ltd. for a previous operator returned gold values from below detection to 12.4 g/t gold (averaging 0.44 g/t gold) and 0.07 to 2,490 g/t silver (averaging 71.0 g/t silver). Historical reports in the Company's possession indicate that past (ca. 2006) reverse circulation drilling results included 6.08 metres drilled width averaging 1.65 g/t gold and 19.5 g/t silver. The estimated true width of the mineralized zone is unknown, and additional drilling will be required to verify the reported results, which appear to have targeted high gold, silver, and base metals in soil anomalies. Almadex has conducted IP geophysics in these areas which has identified high chargeability responses that were not tested by the past drilling efforts.

### ***Location and Ownership***

The 100% owned San Pedro Property has a total area of 990 hectares and is located in Jalisco State, Mexico. It is accessed from Guadalajara, 115 km along a paved highway. The San Pedro mining claim is registered to Almadex's wholly-owned subsidiary, Minera Gavilán.

### ***Recent Updates***

The Company is currently drilling at San Pedro.

### **Lajas - Mexico**

At the Lajas Project located in Zacatecas State, a field program was just completed. This program was implemented to refine drill targets prior to a first pass diamond drill program planned for later this year. The 100% Almadex owned 2113 hectares property covers a low-lying area with exposed epithermal veins. Veining was first identified by the company during a regional exploration program and the property was acquired by staking. In the past, the company completed mapping, sampling and IP geophysical surveys. Further details on the project will be provided once the field program is complete.

### **Yago – Mexico**

The Yago Property ("Yago") is comprised of 23 mineral claims that total approximately 3,846 hectares, and is owned 100% by Gavilán, a wholly-owned subsidiary of Almadex. The claims are subject to two royalties; a 1% NSR royalty which applies to all claims and is capped at CAD\$1,000,000, and a 2% NSR (on gold and silver) on the Yago Sur claim, which is capped at US\$250,000.

Yago is located in the state of Nayarit near the Pacific Coast of Mexico, seven kilometres from highway 15 which is one of the major thoroughfares from the United States to Mexico City. The project covers an area of extensive epithermal quartz-adularia veining. Many of the veins have had historic production. In the La Sarda area of the property, minor production was underway in shallow workings on four separate veins until February 2000.

During 1997, Yago was acquired by Gavilán (at the time, a wholly-owned subsidiary of Almadex, and now a wholly-owned subsidiary of the Company). From 1998 to 2009, Yago was optioned by several different companies, and on June 10, 2013, Gavilán sold Yago to Tarsis Minerals (now Alianza Minerals Ltd.) as part of a package of properties for 4,000,000 common shares of Tarsis and a 2% Net Smelter Return ("NSR") royalty on future production on all these properties. On February 16, 2016, Gavilán re-purchased Yago from Alianza in return for a 1% NSR royalty capped at CAD\$1,000,000.

The Company completed some prospect drilling at Yago in fiscal 2019, as reported in news releases of February 26 and April 3, 2019, and is currently considering alternatives for further advancing the property.

### **Nueva España – Mexico**

The Nueva España project covers an area of clay alteration silicification and veining developed in volcanic and carbonate rocks. The alteration is interpreted to represent a low-sulphidation vein system. There are numerous historic pits and shallow workings.

During the nine months ended September 30, 2021, the Company incurred in exploration costs of \$37,191 (2020 - \$96,334) on a small exploration program that consists of mapping and soil sampling. During the nine months ended September 30, 2021, the Company recorded an impairment of \$Nil (2020 - \$85,123) with respect to this property.

## ***Upcoming / Outlook***

The Company anticipates further work at projects in the Company portfolio, as well as continued regional exploration and generative work in North America.

## **Other Properties**

Other properties consist of a portfolio of early-stage exploration projects located in Canada, the United States of America, and Mexico. During the nine months ended September 30, 2021, the Company incurred acquisition cost of \$30,273 (2020 - \$41,795) and exploration costs of \$611,164 (2020 - \$185,539) on mainly a care-and-maintenance basis before recovery of \$30,262 (2020 - \$95,419). The difference was recorded as a write-down of \$580,902 (2020 - \$131,915) 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. In addition to the risks described herein, readers of this MD&A are encouraged to read the "Risk Factors" contained in the Company's annual management discussion and analysis filed on and available under the Company's SEDAR profile on [www.sedar.com](http://www.sedar.com). Important risk factors to consider among others are:

- inherent risks within the mining industry;
- market volatility for marketable securities and investments
- mineral resource estimates;
- prices of gold, silver and other metals;
- cash flows and additional funding requirements;
- exchange rate fluctuations;
- environmental;
- laws, regulations and permits,
- political, economic and social environment;
- title to mineral properties;
- possible dilution to present and prospective shareholders;
- material risk of dilution presented by large number of outstanding share purchase options and warrants;
- trading volume;
- volatility of share price;
- competition;
- dependence on management;
- conflict of interest; and
- Impact of COVID-19 Pandemic.

## **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 September 30, 2021, the Company concluded that impairment indicators existed with respect to certain of its exploration and evaluation assets. An impairment of acquisition and deferred exploration costs of \$580,902 for the nine months ended September 30, 2021 (2020 - \$8,094,121) has been recognized.

### **Material Financial and Operations Information**

#### **Summary of Quarterly Results**

The following is a summary of the Company's financial results for the Company's eight most recently completed fiscal quarters stated in Canadian dollars in accordance with IFRS:

	Q3 September 2021 Quarter	Q2 June 2021 Quarter	Q1 March 2021 Quarter	Q4 December 2020 Quarter
	\$	\$	\$	\$
Total revenue	705,579	244,702	123,287	344,023
Income (loss) and comprehensive income (loss)	12,875,481	(592,731)	(1,007,752)	(417,519)
Loss per share – basic	0.21	(0.01)	(0.02)	(0.00)
Loss per share – diluted	0.21	(0.01)	(0.02)	(0.00)
Total assets	24,369,833	11,444,404	11,201,193	12,177,128
Cash dividends declared	-	-	-	-

	Q3 September 2020 Quarter	Q2 June 2020 Quarter	Q1 March 2020 Quarter	Q4 December 2019 Quarter
	\$	\$	\$	\$
Total revenue	98,106	80,487	245,524	102,294
Loss and comprehensive (loss) income	(7,659,395)	560,860	(56,321)	(611,778)
Income (loss) per share – basic	(0.14)	0.01	(0.00)	(0.01)
Income (loss) per share – diluted	(0.14)	0.01	(0.00)	(0.01)
Total assets	11,273,530	18,850,728	18,304,814	18,406,652
Cash dividends declared	-	-	-	-

Quarterly variances in total revenue are dependent on the interest income earned from various levels of cash balances, exploration and drilling services to various exploration companies and financing fees from the gold loan to Almaden. The main causes of change in net loss from quarter to quarter is dependent on total revenue earned during the quarter; operating expenses to review business opportunities, and other income (loss) from various sources as discussed in Review of Operations and Financial Results section below.

#### **Results of Operations and Financial Results**

##### Results of Operations for the three months ended September 30, 2021 compared to the three months ended September 30, 2020

For the three months ended September 30, 2021, the Company recorded a net income and comprehensive income of \$12,875,481 (2020 – net loss of \$7,659,395) or a basic and diluted net income of \$0.21 (2020 – basic and diluted net loss of \$0.14) per share mainly due to the proceeds from the sale of the Elk royalty. The revenue of \$705,579 (2020 - \$98,106) during the three months ended September 30, 2021 is due to the increase of \$606,351 in exploration and drilling services

from contract drilling for third parties. Revenue is also consist of interest income of \$2,963 (2020 - \$5,398) from cash balances; and financing fees of \$71,581 (2020 - \$68,024) earned from the gold loan to Almaden.

A significant portion of total expenses of \$728,075 (2020 - \$287,115) during the three months ended September 30, 2021 were related to general and administrative expenses incurred by the Company to review business opportunities and to administer the on-going business activities. An increase in administrative services fee of \$138,717 compared to \$109,211 during 2020 is due to an increase in oversight of the exploration and drilling services to third party operations. The administration service fees were paid to Almaden during the three months ended September 30, 2021 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items during the three months ended September 30, 2021 included impairment of exploration and evaluation assets of \$374,660 (2020 - \$7,826,780), unrealized loss on marketable securities and investments of \$353,158 (2020 – gain of \$189,830), unrealized loss on gold loan receivable of \$54,627 (2020 – gain of \$240,054) and the non-cash portion of gain on sale of royalty of \$820,506 (2020 - \$Nil). 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. Unrealized loss on marketable securities relates to share price fluctuations in the capital markets. The unrealized loss on gold loan receivable relates to the fluctuation in spot gold price in the commodities market at September 30, 2021. The non-cash portion of gain on sale of royalty relates to shares and warrants received from the acquirer of the Elk royalty.

#### Results of Operations for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

For the nine months ended September 30, 2021, the Company recorded a net income and comprehensive income of \$11,274,998 (2020 – net loss of \$7,154,856) or a basic and diluted net income of \$0.18 (2020 - basic and diluted net loss of \$0.13) per share mainly due to the proceeds from the sale of the Elk royalty. The revenue of \$1,073,568 (2020 - \$424,117) during the nine months ended September 30, 2021 consisted of interest income of \$9,774 (2020 - \$29,669) from cash balances; and financing fees of \$206,699 (2020 - \$204,105) earned from the gold loan to Almaden. The increase of \$666,752 in exploration and drilling services also contributed to the increase in revenue during 2021 Q3 as the company began contract drilling for third parties.

A significant portion of total expenses of \$1,772,207 (2020 - \$872,749) during the nine months ended September 30, 2021 were related to general and administrative expenses incurred by the Company to review business opportunities and to administer the on-going business activities. An increase in administrative services fee to \$419,722 compared to \$356,143 during 2020 Q3 was paid due to the increase in oversight of the administration of the drilling services and lending businesses. The administration service fees were paid to Almaden during the nine months ended September 30, 2021 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items during the nine months ended September 30, 2021 included impairment of exploration and evaluation assets of \$580,902 (2020 - \$7,992,621), unrealized loss on marketable securities and investments of \$705,847 (2020 – gain of \$394,262), unrealized loss on gold loan receivable of \$324,391 (2020 – gain \$786,380), gain on sale of exploration and evaluation assets of \$67,667 (2020 - \$55,667), and the non-cash portion of gain on sale of royalty of \$820,506 (2020- \$Nil). 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. Unrealized loss on marketable securities relates to share price fluctuations in the capital markets. The unrealized loss on gold loan receivable relates to the fluctuation in spot gold price in the commodities market at September 30, 2021. Gain on sale of exploration and evaluation assets relates to share proceeds received from options of the Willow,

Merit and Nicoamen projects. The non-cash portion of gain on sale of royalty relates to shares and warrants received from the acquirer of the Elk royalty.

### **Liquidity and Capital Resources**

At September 30, 2021, the Company had working capital of \$18,772,282, including cash and cash equivalents of \$16,830,267.

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 September 30, 2021

Net cash used in operations during the three months ended September 30, 2021 was \$164,175 (2020 – \$167,513), after adjusting for non-cash activities.

Net cash from investing activities of \$12,236,100 (2020 – net cash used in investing activities of \$138,780) during the three months ended September 30, 2021 relates to expenditures on exploration and evaluation assets of \$448,394 (2020 - \$132,136), the purchase of property and equipment of \$56,506 (2020 - \$40,134), the net proceeds from sale of exploration and evaluation assets of \$Nil (2020 - \$33,490) and the net proceeds from sale of royalty of \$12,741,000 (2020 - \$Nil).

Net cash from financing activities during the three months ended September 30, 2021 was \$Nil (2020 - \$Nil).

#### Nine months ended September 30, 2021

Net cash used in operations during the nine months ended September 30, 2021 was \$310,618 (2020 – \$508,549), after adjusting for non-cash activities.

Net cash from investing activities of \$11,937,008 (2020 – net cash used in investing activities of \$410,787) during the nine months ended September 30, 2021 relates to expenditures on exploration and evaluation assets of \$668,688 (2020 - \$404,143), the purchase of property and equipment of \$161,016 (2020 - \$40,134), the net proceeds from sale of property and equipment of \$10,482 (2020 - \$Nil), the net proceeds from sale of marketable securities of \$15,230 (2020 - \$Nil) and the net proceeds from sale of royalty of \$12,741,000 (2020 - \$Nil).

Net cash from financing activities during the nine months ended September 30, 2021 was \$Nil (2020 - \$Nil).

### **Disclosure of Outstanding Share Data**

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

	<b>Number of Common Shares Issued &amp; Outstanding</b>	<b>Share Capital Amount</b>
December 31, 2019	55,184,969	\$21,982,336
December 31, 2020	60,584,969	\$23,307,146
November 29, 2021	60,584,969	\$23,307,146

## Share issuances during fiscal 2021

The Company has no share issuances as at September 30, 2021.

The following table summarizes information about warrants outstanding at November 29, 2021:

<b>Expiry date</b>	<b>Exercise Price</b>	<b>December 31, 2020</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>November 29, 2021</b>
October 16, 2022	\$ 0.40	5,400,000	-	-	-	5,400,000
Warrants outstanding and exercisable		<b>5,400,000</b>	-	-	-	<b>5,400,000</b>
Weighted average exercise price		\$ 0.40	-	-	-	\$ 0.40

The table in Note 10(c) to the consolidated financial statements summarizes information about warrants outstanding at December 31, 2020.

The Company grants directors, officers, employees and contractors options to purchase common shares under its Stock Option Plan. This plan and its terms are detailed in Note 10(d) to the consolidated financial statements for the period ended December 31, 2020, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The following table summarizes information about stock options outstanding at November 29, 2021

<b>Expiry date</b>	<b>Exercise price</b>	<b>December 31, 2020</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ cancelled</b>	<b>November 29, 2021</b>
April 28, 2021	\$ 0.32	2,989,200	-	-	(2,989,200)	-
June 4, 2021	\$ 0.32	628,000	-	-	(628,000)	-
July 7, 2021	\$ 0.29	931,800	-	-	(931,800)	-
May 9, 2022	\$ 0.19	425,000	-	-	-	425,000
December 23, 2022	\$ 0.21	330,000	-	-	-	330,000
May 11, 2023	\$ 0.26	-	3,189,200	-	(155,000)	3,034,200
June 14, 2023	\$ 0.27	-	463,000	-	(30,000)	433,000
July 8, 2023	\$ 0.30	-	757,800	-	-	757,800
Options outstanding and exercisable		<b>5,304,000</b>	<b>4,410,000</b>	-	<b>(4,734,000)</b>	<b>4,980,000</b>
Weighted average exercise price		\$ 0.30	\$ 0.27	-	\$ 0.31	\$ 0.26

As of date of this MD&A, there were 60,584,969 common shares issued and outstanding and 70,964,969 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 September 30, 2021	Fees <sup>(1)</sup>	Share-based Payments	Total
	\$	\$	\$
Chairman	21,000	11,880	32,880
President & CEO	30,188	27,000	57,188
CFO	21,500	-	21,500
Executive VP	21,175	-	21,175
Directors	-	-	-
	93,863	38,880	132,743

Nine months ended September 30, 2021	Fees <sup>(1)</sup>	Share-based Payments	Total
	\$	\$	\$
Chairman	66,000	81,180	147,180
President & CEO	94,875	131,800	226,675
CFO	65,563	49,200	114,763
Executive VP	62,800	42,200	105,000
Directors	-	91,600	91,600
	289,238	395,980	685,218

Three months ended September 30, 2020	Fees <sup>(1)</sup>	Share-based Payments	Total
	\$	\$	\$
Chairman	18,000	-	18,000
President & CEO	25,125	-	25,125
CFO	16,875	-	16,875
VP Corporate Development	15,900	-	15,900
	75,900	-	75,900

Nine months ended September 30, 2020	Fees <sup>(1)</sup>	Share-based Payments	Total
	\$	\$	\$
Chairman	54,000	-	54,000
President & CEO	75,375	24,000	99,375
CFO	50,625	-	50,625
VP Corporate Development	47,700	-	47,700
	227,700	24,000	251,700

<sup>(1)</sup> Management fees are recorded within the administrative services fee.

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 September 30, 2021, included in trade and other payables is \$111,353 (December 31, 2020 - \$40,616) due to Almaden. Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

**Other**

During the nine months ended September 30, 2021, exploration and drilling services revenue of \$857,095 was billed by the Company to Almaden \$73,402 and Azucar \$107,167 and third parties \$676,526 for mining exploration services in Mexico of which \$65,159 (December 31, 2020 - \$37,689) and \$77,594 (December 31, 2020 - \$460,463) are recorded in accounts receivable in relation to Almaden and Azucar, 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. The fair value of the gold loan receivable is based on the 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 September 30, 2021, 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	13,455,410	145,990
Account receivables and prepaid expenses	806,700	143,471
Gold loan receivable	4,044,645	-
<b>Total assets</b>	<b>18,306,755</b>	<b>289,461</b>
Trade and other payables	63,778	1,709
<b>Total liabilities</b>	<b>63,778</b>	<b>1,709</b>
<b>Net assets</b>	<b>18,242,977</b>	<b>287,752</b>

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$1,800,000.

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

**(b) Credit risk**

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of receivables on equipment rental fees charged to Almaden and Azucar. The Company also has a gold loan receivable from Almaden. The Company is exposed to credit risks through its accounts receivable and gold loan 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.

To mitigate exposure to credit risk on the gold loan receivable, the Company has secured the gold loan receivable with 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 September 30, 2021, 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 does not have a significant impact on the Company's net loss.

**(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 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 \$40,000.

*(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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Marketable securities and investments	1,349,399	88,000	-	1,437,399
Contingent shares receivable	-	15,600	-	15,600
Gold loan receivable	4,044,645	-	-	4,044,645

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 as an arrangement fee to cover the administrative costs of setting up the gold loan using the Black-Scholes option-pricing model. This also includes warrants received from Star Royalties valued using the Black-Scholes option-pricing model.

### **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.

## **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.Geo.*

*Lawrence Segerstrom, MBA, MSc.*

### **Audit Committee members:**

*Jack McCleary, P.Geo.*

*Lawrence Segerstrom, MBA, MSc.*

*Douglas McDonald, M.A. Sc, B.Com.*

### **Compensation Committee members:**

*Duane Poliquin, P.Eng*

*Jack McCleary, P.Geo.*

*Lawrence Segerstrom, MBA, MSc.*

### **Nominating & Corporate Governance Committee members:**

*Morgan Poliquin, P.Eng, Ph.D.*

*Lawrence Segerstrom, MBA, MSc.*

*Jack McCleary, P.Geo.*

### **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. – Executive Vice President*