

Condensed Consolidated Interim Financial Statements of

Almadex Minerals Ltd.

For the three months ended March 31, 2023
(Unaudited)

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

The accompanying unaudited condensed consolidated interim financial statements of Almadex Minerals Ltd. (“the Company”) for the three months ended March 31, 2023 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)

	March 31, 2023	December 31, 2022
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 12)	18,128,763	18,396,172
Accounts receivable and prepaid expenses (Note 4 and 10(b))	372,050	658,706
Marketable securities and investments (Note 5)	1,367,626	1,083,373
	19,868,439	20,138,251
Non-current assets		
Gold loan receivable (Note 6)	5,330,283	4,885,928
Deferred income tax assets	380,582	380,582
Property and equipment (Note 7)	1,004,107	1,064,343
Reclamation deposit	40,000	40,000
Exploration and evaluation assets (Note 8)	2,062,266	1,929,835
	8,817,238	8,300,688
TOTAL ASSETS	28,685,677	28,438,939
LIABILITIES		
Current liabilities		
Trade and other payables (Note 10(b))	390,959	443,567
Total liabilities	390,959	443,567
EQUITY		
Share capital (Note 9)	23,322,121	23,322,121
Reserves (Note 9)	2,005,280	1,959,080
Retained earnings	2,967,317	2,714,171
Total equity	28,294,718	27,995,372
TOTAL EQUITY AND LIABILITIES	28,685,677	28,438,939

Subsequent events (Note 16)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 30, 2023.

They are signed on the Company's behalf by:

/s/Duane Poliquin
Director

/s/Lawrence Segerstrom
Director

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

Almadex Minerals Ltd.

Condensed consolidated interim statements of income and comprehensive income
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2023	2022
	\$	\$
Revenue		
Exploration and drilling services	-	1,412,406
Financing fees (Note 6)	88,618	74,036
Royalty income	44,955	-
Interest income	118,607	3,209
	252,180	1,489,651
Expenses		
Administrative services fee (Note 10(a)(b))	255,820	171,071
Salaries and contractors	-	225,420
Drilling supplies	-	153,459
Depreciation (Note 7)	64,241	51,736
Professional fees	73,272	66,291
Office	67,851	41,580
Stock exchange, transfer agent and filing fees	14,280	12,755
Travel and promotion	45,052	56,900
Share-based payments (Note 9(c))	46,200	5,000
	566,716	784,212
	(314,536)	705,439
Other income (loss)		
Impairment of exploration and evaluation assets (Note 8)	(129,596)	(43,902)
Gain on sale of exploration and evaluation assets	109,999	10,000
Gain on sale of property and equipment (Note 7)	-	16,468
Unrealized gain on gold loan receivable (Note 6)	359,699	207,523
Unrealized foreign exchange loss on gold loan receivable (Note 6)	(3,962)	(61,322)
Unrealized gain (loss) on marketable securities and investments (Note 5)	174,253	(105,296)
Unrealized loss on contingent shares receivable	-	(3,900)
Foreign exchange gain (loss)	57,289	(221,487)
	253,146	503,523
Net income and comprehensive income for the period	253,146	503,523
Basic and diluted net income per share (Note 11)	0.00	0.01

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 March 31,	
	2023	2022
	\$	\$
Operating activities		
Net income for the period	253,146	503,523
Items not affecting cash		
Depreciation	64,241	51,736
Unrealized loss on contingent shares receivable	-	3,900
Unrealized loss (gain) on marketable securities and investments	(174,253)	105,296
Unrealized gain on gold loan receivable	(359,699)	(207,523)
Unrealized foreign exchange loss on gold loan receivable	3,962	61,322
Gain on sale of exploration and evaluation assets	(109,999)	(10,000)
Gain on sale of property and equipment	-	(16,468)
Impairment of exploration and evaluation assets	129,596	43,902
Financing fees	(88,618)	(74,036)
Share-based payments	46,200	5,000
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	286,656	(96,305)
Trade and other payables	(29,460)	(119,540)
Net cash from operating activities	21,772	250,807
Investing activities		
Exploration and evaluation assets - costs	(285,176)	(168,113)
Property and equipment – purchase	(4,005)	(96,847)
Net proceeds from sale of property and equipment	-	37,706
Net cash used in investing activities	(289,181)	(227,254)
Financing activities		
Net cash from (used in) financing activities	-	-
Change in cash and cash equivalents	(267,409)	23,553
Cash and cash equivalents, beginning of period	18,396,172	17,216,481
Cash and cash equivalents, end of period	18,128,763	17,240,034
Supplemental cash flow information (Note 12)		

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

Almadex Minerals Ltd.

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

	<u>Share Capital</u>		<u>Reserves</u>		Retained earnings (Deficit)	<u>Total</u>
	Number of shares	Amount \$	Share-based payments \$	Total reserves \$		
Balance, January 1, 2022	60,584,969	23,307,146	1,928,180	1,928,180	(505,974)	24,729,352
Share-based payments	-	-	5,000	5,000	-	5,000
Income for the period	-	-	-	-	503,523	503,523
Balance, March 31, 2022	60,584,969	23,307,146	1,933,180	1,933,180	(2,451)	25,237,875
Share-based payments	-	-	51,000	51,000	-	51,000
Shares issued for cash on exercise of stock options	25,000	4,750	-	-	-	4,750
Fair value of stock options transferred to share capital	-	2,000	(2,000)	(2,000)	-	-
Shares issued on cashless exercise of options	92,552	-	-	-	-	-
Shares issuance cost on cashless exercise of options	-	(14,875)	-	-	-	(14,875)
Fair value of cashless share options transferred to share capital	-	23,100	(23,100)	(23,100)	-	-
Income for the period	-	-	-	-	2,716,622	2,716,622
Balance, December 31, 2022	60,702,521	23,322,121	1,959,080	1,959,080	2,714,171	27,995,372
Share-based payments	-	-	46,200	46,200	-	46,200
Income for the period	-	-	-	-	253,146	253,146
Balance, March 31, 2023	60,702,521	23,322,121	2,005,280	2,005,280	2,967,317	28,294,718

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

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(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 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”) 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.

Certain amounts in prior years have been reclassified to conform to the current period presentation.

3. Significant Accounting Policies

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ended December 31, 2023

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, 2022.

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	March 31, 2023	December 31, 2022
	\$	\$
Accounts receivable (Note 10)	300,802	561,844
Prepaid expenses	71,248	96,862
	372,050	658,706

5. Marketable Securities and Investments

a) Marketable securities consist of common shares in publicly-traded companies over which the Company does not have control or significant influence. Marketable securities are designated as FVTPL and valued at fair value of \$1,367,626 (December 31, 2022 - \$1,068,373) as at March 31, 2023. Unrealized gain due to period-end revaluation to fair value of \$189,253 (2022 – loss of \$73,296) 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) 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 (Note 6) for the gold loan. The warrants are designated as FVTPL and has a fair value of \$Nil as at March 31, 2023 (December 31, 2022 - \$5,000). An unrealized loss due to period-end revaluation to fair value of \$5,000 (2022 – gain of \$10,000) is recorded in profit or loss. These warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 1.12 years, risk-free interest rate of 3.54%, expected dividend yield of 0% and expected volatility of 58.16%.

c) The Company received 829,652 transferable share purchase warrants issued by Star Royalties Ltd. (“Star Royalties”) with an exercise price of \$0.70 per share and an expiry date of September 29, 2023 as a part of consideration (Note 8) for the sale of its 2% NSR royalty on the Elk property. The warrants are designated as FVTPL and has a fair value of \$Nil as at March 31, 2023 (December 31, 2022 - \$10,000). An unrealized loss due to period-end revaluation to fair value of \$10,000 (2022 – loss of \$42,000) is recorded in profit or loss. These warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 0.5 years, risk-free interest rate of 3.54%, expected dividend yield of 0% and expected volatility of 43.72%.

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.

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 equivalent to the loan value, or through the issuance of common shares of Almaden (“Shares”), according to the Company’s discretion. 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

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

6. Gold Loan Receivable (Continued)

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%.

Security for the loan is certain equipment related to Almaden's Rock Creek Mill. 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 March 31, 2023, the Company deposited the full 1,597 ounces of gold bullion and Almaden has drawn 1,200 ounces on the account. The fair value of the gold loan receivable for the period ended March 31, 2023 increased by \$359,699 (December 31, 2022 decreased by –\$26,219) due to a increase in the price of gold.

	March 31, 2023	December 31, 2022
Gold loan receivable, opening balance	\$ 4,885,928	\$ 4,278,297
Accrued interest income	85,960	314,024
Accrued standby fees	2,658	9,416
Change in FVTPL	359,699	(26,219)
Foreign exchange difference	(3,962)	310,410
	\$ 5,330,283	\$ 4,885,928

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

7. Property and Equipment

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
December 31, 2022	680,273	1,055	114	97,683	1,183,949	1,963,074
Additions	4,005	-	-	-	-	4,005
Disposals	-	-	-	-	-	-
March 31, 2023	684,278	1,055	114	97,683	1,183,949	1,967,079
Accumulated depreciation						
December 31, 2022	243,546	814	69	55,515	598,787	898,731
Disposals	-	-	-	-	-	-
Depreciation	32,855	18	2	2,108	29,258	64,241
March 31, 2023	276,401	832	71	57,623	628,045	962,972
Carrying amounts						
December 31, 2022	436,727	241	45	42,168	585,162	1,064,343
March 31, 2023	407,877	223	43	40,060	555,904	1,004,107

8. Exploration and Evaluation Assets

	San Pedro	Victoria	Logan	Davis/ Paradise	Other Properties	Total
Exploration and evaluation assets						
Acquisition costs:	\$	\$	\$	\$	\$	\$
Opening balance – December 31, 2022	1	1	121,001	77,254	16	198,273
Additions	-	-	-	13,682	-	13,682
Disposal	-	-	-	-	(1)	(1)
Closing balance – March 31, 2023	1	1	121,001	90,936	15	211,954
Deferred exploration costs:						
Opening balance – December 31, 2022	389,666	108,054	143,212	990,012	100,618	1,731,562
Costs incurred during the period:						
Professional/technical fees	4,313	11,116	2,552	-	-	17,981
Claim maintenance/lease costs	14,297	30,804	-	-	21,310	66,411
Geochemical, metallurgy	11,981	5,462	-	14,264	-	31,707
Travel and accommodation	8,769	4,686	-	617	4,066	18,138
Geology, geophysics, exploration	32,399	25,315	33,850	-	2,413	93,977
Supplies and miscellaneous	-	13,931	-	2,899	590	17,420
Reclamation, environmental	1,514	599	-	-	599	2,712
Recovery of exploration costs	-	-	-	-	-	-
Impairment of deferred exploration costs	-	-	-	-	(129,596)	(129,596)
Total deferred exploration costs during the period	73,273	91,913	36,402	17,780	(100,618)	118,750
Closing balance – March 31, 2023	462,939	199,967	179,614	1,007,792	-	1,850,312
Total exploration and evaluation assets	462,940	199,968	300,615	1,098,728	15	2,062,266

Almadex Minerals Ltd.

Notes to the consolidated financial statements
For the three months ended March 31, 2023
(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets (Continued)

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

(a) *San Pedro*

San Pedro is a 100% owned project acquired by staking in Jalisco State, Mexico.

(b) *Victoria (Formerly Nueva España)*

Victoria is a 100% owned project acquired by staking.

(c) *Logan*

On May 26, 2022, the Company acquired 100% ownership of the Logan project located in Yukon, Canada for a total cost of \$121,001 including a deposit of \$10,100 paid during the year-ended December 31, 2021.

(d) *Davis and Paradise Valley properties*

On November 15, 2019, the Company entered into an option to purchase a 100% interest in the Davis property in Nevada, USA. Pursuant to an amending agreement dated August 31, 2020, the Company amended the purchase agreement to pay cash as follows:

	\$USD	
Upon execution of the agreement	100,000	Paid on November 15, 2019
August 31, 2020	25,000	Paid on August 7, 2020
May 15, 2021	25,000	Paid on May 14, 2021
May 15, 2022	50,000	Paid on May 13, 2022
May 15, 2023	50,000	Paid on May 12, 2023
May 15, 2024	100,000	
May 15, 2025	200,000	Greater of \$US200,000 or 140 ounces of gold
Total	550,000	

The Company has the right to purchase the Davis property at any time to a maximum of US\$800,000 plus 180 ounces of gold bullion. Upon commencement of production from the property, the Company shall pay a 2% NSR royalty with a buy down provision on the first 1% NSR royalty at the greater of \$2,000,000 and 1,400 ounces of gold bullion and the remaining 1% NSR royalty at the greater of \$6,000,000 and 4,000 ounces of gold bullion.

The Company entered into an option dated March 1, 2022 to purchase a claim within the Paradise property in Nevada USA. The option agreement shall continue for five years with the following cash minimum payments:

	\$USD	
Upon execution of the agreement	10,000	Paid on March 1, 2022
March 1, 2023	10,000	Paid on March 28, 2023
March 1, 2024	25,000	
March 1, 2025	25,000	
March 1, 2026	30,000	
March 1, 2027	650,000	
Total	750,000	

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets (Continued)

(d) Davis and Paradise Valley properties (Continued)

The Company has the option to purchase the claim at any time for the purchase price of USD\$750,000. Any of the above minimum payments shall be credited towards the purchase price.

On March 28, 2023, the Company made a second option payment of USD\$10,000 to acquire a claim at Paradise Valley property in Nevada, USA.

(e) Other Properties

Other properties consist of a portfolio of early-stage exploration projects located in Canada, the United States and Mexico. During the three months ended March 31, 2023, the Company recorded an impairment of acquisition cost of \$Nil (2022 - \$12,488) and deferred costs of \$129,596 (2022 - \$31,414) with respect to such properties. Each remaining property is carried at \$1 as at March 31, 2023.

Willow

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

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

	No. of Common Shares in Abacus	Fair value on receipt \$	Cumulative Amount of Exploration Expenditures (\$US)
Beginning balance May 18, 2018	83,334	31,667	100,000
February 22, 2019	41,667	2,917	400,000
February 22, 2020	41,667	4,167	1,000,000
February 22, 2021	83,333	11,667	1,800,000
February 22, 2022	166,667	10,000	-
February 7, 2023	2,000,000	80,000	-
December 31, 2025	-	-	5,000,000
Total	2,416,668	140,418	\$ 5,000,000

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

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

On February 9, 2022, the definitive agreement was amended to include a certain drill hole at a designated location on the property and to extend the completion of the US\$3 million cumulative exploration expenditures to December 31, 2022. On December 16, 2022, a second amendment was signed to extend the earn-in period.

Almadex Minerals Ltd.

Notes to the consolidated financial statements
For the three months ended March 31, 2023
(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets (Continued)

(e) Other Properties (Continued)

Willow (Continued)

to December 31, 2025 for 2,000,000 shares of Abacus on the condition that Abacus completes US\$5 million cumulative exploration expenditures by that time.

On February 7, 2023, the Company received 2,000,000 shares of Abacus at a fair value of \$80,000.

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.

On March 28, 2022, the IGC terminated its options on the Nicoamen and Merit projects.

Ponderosa

On September 11, 2019, the Company signed a definitive agreement to option a 60% interest in the Ponderosa project to 1201361 B.C. Ltd. (“Optionee”). Optionee can acquire a 60% interest in the property by incurring work expenditures totaling \$500,000, including 500 meters of drilling within three-years and completing a “liquidity event” within four years. In addition, the Optionee issued 5% of its issued capital to the Company, and will top-up to this amount at the time of a liquidity event.

A “liquidity event” is some form of transaction which results in the Optionee’s, or its affiliates’, common shares becoming publicly traded on a recognized stock exchange.

Upon completion of the 60% earn-in, Almadex and the Optionee have agreed to immediately form a 40/60 joint venture for the purpose of carrying out further exploration work on the project with the Optionee as operator and straight line dilution for failure to participate in work programs. If either party’s participating interest falls below 10%, their interest will be converted into a 2% NSR royalty.

On December 21, 2020, the liquidity event occurred where Company received a top up amount of 336,635 shares of 1201361 B.C. Ltd. and exchanged all of its shares of 1201361 B.C. Ltd. for 332,791 shares of Au Gold Corp. at fair value of \$16,639.

On February 3, 2023, the Company sold its remaining 40% interest in the Ponderosa Property to Au Gold Corp. for consideration of shares and NSR royalty. On February 9, 2023, the Company received 750,000 shares of Au Gold Corp at a fair value of \$30,000.

Royalty on the Elk property

On September 29, 2021, the Company sold its 2% NSR royalty on the Elk property to Star Royalties Ltd. (“Star Royalties”) for gross proceeds of \$13,561,506. The Company received USD\$10,000,000 in cash, 1,659,304 common shares of Star Royalties and 829,652 common shares warrants of Star Royalties exercisable for two years at \$0.70 per common share.

Almadex Minerals Ltd.

Notes to the consolidated financial statements
For the three months ended March 31, 2023
(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets *(Continued)*

(e) Other Properties (Continued)

Royalty on the El Encuentro property

On March 6, 2023 and on April 28, 2022, the Company received USD\$33,332 in cash from the sale of the 2% NSR royalty on its El Encuentro property. The payment is related to an advance annual royalty payment of up to USD\$100,000 per year in the event that commercial production does not occur prior to April 25, 2021.

9. Share Capital and Reserves

(a) Authorized share capital

At March 31, 2023, the Company's authorized share capital consisted of an unlimited number of common shares without par value.

(b) Warrants

The continuity of warrants for the period ended March 31, 2023 is as follows:

Expiry date	Exercise Price	December 31, 2022	Issued	Exercised	Expired	March 31, 2023
October 16, 2023 ⁽¹⁾	\$ 0.40	5,400,000	-	-	-	5,400,000
Warrants outstanding and exercisable		5,400,000	-	-	-	5,400,000
Weighted average exercise price		\$ 0.40	-	-	-	\$ 0.40

⁽¹⁾ On September 23, 2022, warrants with an expiry date of October 16, 2022 were extended to October 16, 2023.

(c) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period.

At March 31, 2023, the Company may reserve up to 500,252 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 ten years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the three months ended March 31, 2023 vested on the date of grant.

The continuity of stock options for the period ended March 31, 2023 is as follows:

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

9. Share Capital and Reserves (Continued)

(c) Stock option plan (Continued)

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired/cancelled	March 31, 2023
May 11, 2023	\$ 0.26	2,579,200	-	-	-	2,579,200
June 14, 2023	\$ 0.27	353,000	-	-	-	353,000
July 8, 2023	\$ 0.30	757,800	-	-	-	757,800
December 5, 2023	\$ 0.31	1,075,000	-	-	-	1,075,000
January 26, 2024	\$ 0.31	50,000	-	-	-	50,000
May 31, 2027	\$ 0.28	425,000	-	-	-	425,000
December 17, 2027	\$ 0.34	-	330,000	-	-	330,000
Options outstanding and exercisable		5,240,000	330,000	-	-	5,570,000
Weighted average exercise price		\$ 0.28	\$ 0.34	-	-	\$ 0.28

The fair value of the options granted during the period ended March 31, 2023, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.13%
Expected life	5.00 years
Expected volatility	47.72%
Expected dividend yield	Nil
Weighted average fair value per option	\$0.14

During the period ended March 31, 2023, the Company recognized share-based payments expense of \$46,200 (2022 - \$5,000) associated with the vesting of stock options granted.

10. Related Party Transactions and Balances

(a) Compensation of key management personnel

Key management personnel include these persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice President. These amounts are included within administrative services fee expense. The aggregate value of compensation to key management personnel was as follows:

	Three months ended March 31,	
	2023	2022
	\$	\$
Management fees ⁽¹⁾	160,713	111,263
Share-based payments	46,200	-
Directors' fees	-	-
	206,913	111,263

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

Almadex Minerals Ltd.

Notes to the consolidated financial statements
For the three months ended March 31, 2023
(Unaudited - Expressed in Canadian dollars)

10. Related Party Transactions and Balances (Continued)

(b) Other related party transactions

Administrative Services Agreement

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

At March 31, 2023, included in trade and other payables is \$178,988 (December 31, 2022 - \$117,044) due to Almaden. Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Other

Recorded in accounts receivable as at March 31, 2023 are \$87,174 (December 31, 2022 - \$80,727) and \$98,267 (December 31, 2022 - \$90,999) due from Almaden and Azucar with respect to 2021 mining exploration services rendered in Mexico.

11. Net Income per Share

Basic and diluted net income per share

The calculation of basic net income per share for the period ended March 31, 2023 was based on the net income attributable to common shareholders of \$253,146 (2022 – \$503,523) and a weighted average number of common shares outstanding of 60,702,521 (2022 – 60,584,969).

The calculation of diluted net income per share for the period ended March 31, 2023 includes a weighted average number of common shares outstanding of 61,897,586, adjusted for the effects of all dilutive potential common shares, which comprises 1,195,065 stock options and nil warrants.

The calculation of diluted net income per share for the period ended March 31, 2022 includes a weighted average number of common shares outstanding of 64,550,339, adjusted for the effects of all dilutive potential common shares, which comprises 3,965,370 stock options and nil warrants.

12. Supplemental Cash Flow Information

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

	March 31, 2023	December 31, 2022
Cash	\$ 5,455,053	\$ 5,642,012
Term Deposits	12,673,710	12,754,160
	18,128,763	18,396,172

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

12. Supplemental Cash Flow Information (Continued)

Supplemental information regarding non-cash transactions is as follows:

<u>Investing and financing activities</u>	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
Fair value of shares received on disposal of exploration and evaluation assets	110,000	10,000

As at March 31, 2023, \$47,281 of exploration and evaluation asset costs are included in trade and other payables (December 31, 2022 - \$70,429).

13. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The 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 March 31, 2023, 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:

<u>All amounts in Canadian dollars</u>	<u>US dollar</u>	<u>Mexican peso</u>
	\$	\$
Cash and cash equivalents	15,466,219	1,168,456
Accounts receivable and prepaid expenses	18,151	187,361
Gold loan receivable	5,330,283	-
Total assets	20,814,653	1,355,817
Trade and other payables	97,268	49,879
Total liabilities	97,268	49,879
Net assets	20,717,385	1,305,938

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$2,070,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$130,000.

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

13. Financial Instruments (Continued)

(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 drilling services charged to third parties, 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 March 31, 2023, 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 and cash flow from exploration and drilling services.

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 \$50,000.

Almadex Minerals Ltd.

Notes to the consolidated financial statements
For the three months ended March 31, 2023
(Unaudited - Expressed in Canadian dollars)

13. Financial Instruments (Continued)

(e) Commodity and equity price risk (Continued)

(ii) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(f) Classification of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities and investments	1,367,626	-	-	1,367,626
Gold loan receivable	5,330,283	-	-	5,330,283

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) and Star Royalties (Note 8) as an arrangement fee to cover the administrative costs of setting up the gold loan using the Black-Scholes option-pricing model and proceeds on sale of royalties respectively.

14. Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

Almadex Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

14. Management of Capital (Continued)

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.

15. Segmented Information

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

Geographic information is as follows:

	Gold loan receivable	Deferred income tax assets	Property and equipment	Exploration and evaluation assets	Reclamation deposit	March 31, 2023
	\$	\$	\$	\$	\$	\$
Canada	5,330,283	380,582	4,846	300,619	40,000	6,056,330
United States	-	-	245,030	1,098,732	-	1,343,762
Mexico	-	-	754,231	662,915	-	1,417,146
	5,330,283	380,582	1,004,107	2,062,266	40,000	8,817,238

The Company's revenue from interest income on cash and cash equivalents was earned in Canada. Other income from exploration and drilling services was earned in USA \$Nil (2022 - \$179,199) and Mexico \$Nil (2022 - \$1,233,207).

16. Subsequent Events

On May 12, 2023, the Company made an option payment of USD\$50,000 to acquire a claim at Davis property in Nevada, USA.

On May 12, 2023, the Company granted certain employees, consultants, officer, and directors an aggregate of 2,693,200 stock options in accordance with the terms of the Company's stock option plan, each of which is exercisable into one common share at an exercise price of \$0.31 per share until May 12, 2028.