

Condensed Consolidated Interim Financial Statements of

Almadex Minerals Limited

For the three and nine months ended September 30, 2016
(Unaudited)

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

The accompanying unaudited condensed consolidated interim financial statements of Almadex Minerals Limited (“the Company”) for the three and nine months ended September 30, 2016 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 Limited

Condensed consolidated interim statements of financial position
(Unaudited – Expressed in Canadian dollars)

	September 30, 2016	December 31, 2015
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	3,607,701	2,896,701
Accounts receivable and prepaid expenses (Note 4)	323,888	260,748
Marketable securities and investments (Note 5)	4,776,713	2,562,892
	8,708,302	5,720,341
Non-current assets		
Investment in associate (Note 6)	-	1,539,870
Reclamation deposits	26,997	33,348
Contingent shares receivable (Note 7)	113,100	43,500
Property and equipment (Note 8)	633,505	594,757
Exploration and evaluation assets (Note 9)	4,654,981	3,338,094
	5,428,583	5,549,569
TOTAL ASSETS	14,136,885	11,269,910
LIABILITIES		
Current liabilities		
Trade and other payables	250,110	187,593
Total liabilities	250,110	187,593
EQUITY		
Share capital (Note 10)	12,020,313	11,907,544
Reserves (Note 10)	2,763,851	259,174
Deficit	(897,389)	(1,084,401)
Total equity	13,886,775	11,082,317
TOTAL EQUITY AND LIABILITIES	14,136,885	11,269,910

Subsequent Events (Note 17)

These unaudited condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 29, 2016.

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 Limited

Condensed consolidated interim statements of income (loss) and other comprehensive income
(Unaudited – Expressed in Canadian dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Period from incorporation on April 10, 2015 to September 30, 2015
	\$	\$	\$	\$
Revenue				
Interest income	2,261	3,831	10,014	3,831
Other income (Note 11(b))	126,019	-	170,482	-
	128,280	3,831	180,496	3,831
Expenses				
Administrative services fee (Note 11(b))	95,750	68,085	291,695	68,085
Depreciation (Note 8)	32,847	24,950	94,704	24,950
Impairment of exploration and evaluation assets (Note 9 (c))	264,662	61,478	426,230	61,478
Office and transfer agent	23,851	43,346	53,032	43,346
Professional fees	46,673	54,734	180,748	54,734
Share-based payments (Note 10 (c))	53,730	76,050	268,360	76,050
Travel and promotion	4,943	540	30,733	540
	522,456	329,183	1,345,502	329,183
Operating loss	(394,176)	(325,352)	(1,165,006)	(325,352)
Other income(loss)				
Gain (loss) on investment in associate (Note 6)	1,866,607	(21,516)	501,660	(21,516)
Gain on sale of exploration and evaluation assets (Note 9(c))	-	-	314,977	-
Gain (loss) on sale of marketable securities (Note 5)	468,912	(89,278)	506,815	(89,278)
Gain on sale of property and equipment (Note 8)	10,348	-	14,909	-
Gain (loss) on fair value of contingent shares receivable (Note 7)	3,900	(17,700)	69,600	(17,700)
Foreign exchange loss	(5,457)	(3,096)	(55,943)	(3,096)
Net income (loss) for the period	1,950,134	(456,942)	187,012	(456,942)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Net change in fair value of available-for-sale financial assets, net of tax of \$Nil (Note 5)	1,721,775	90,200	2,247,884	90,200
Reclassification adjustment relating to available-for-sale financial assets included in net loss, net of tax of \$Nil	(1,250)	-	(4,800)	-
Other comprehensive income for the period	1,720,525	90,200	2,243,084	90,200
Net income (loss) and other comprehensive income for the period	3,670,659	(366,742)	2,430,096	(366,742)
Basic and diluted net income (loss) per share (Note 12)	0.04	(0.02)	0.00	(0.03)

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

Almadex Minerals Limited

Condensed consolidated interim statement of cash flows
(Unaudited – Expressed in Canadian dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Period from incorporation on April 10, 2015 to September 30, 2015
	\$	\$	\$	\$
Operating activities				
Net loss for the period	1,950,134	(456,942)	187,012	(456,942)
Items not affecting cash				
(Gain) loss on investment in associate	(1,866,607)	21,516	(501,660)	21,516
Depreciation	32,847	24,950	94,704	24,950
(Gain) loss on fair value of contingent shares receivable	(3,900)	17,700	(69,600)	17,700
(Gain) loss on sale of marketable securities	(468,912)	89,278	(506,815)	89,278
Impairment of exploration and evaluation assets	264,662	61,478	426,230	61,478
Unrealized foreign exchange on reclamation deposit	(373)	-	1,351	-
Gain on sale of property and equipment	(10,348)	-	(14,909)	-
Gain on sale of exploration and evaluation assets	-	-	(314,977)	-
Share-based payments	53,730	76,050	268,360	76,050
Changes in non-cash working capital components				
Accounts receivable and prepaid expenses	(163,308)	232,268	(63,140)	232,268
Trade and other payables	(27,445)	179,450	15,452	179,450
Net cash used in operating activities	(239,520)	245,748	(477,992)	245,748
Investing activities				
Exploration and evaluation assets - costs	(808,978)	(71,807)	(1,696,053)	(71,807)
Net proceeds from sale of exploration and evaluation assets	-	-	314,978	-
Property and equipment – purchase	(109,156)	-	(144,183)	-
Net proceeds from sale of property and equipment	14,749	-	25,640	-
Net proceeds from sale of investment in associates	2,000,000	-	2,000,000	-
Net proceeds from sale of marketable securities	484,305	125,642	577,608	125,642
Reclamation deposit	-	-	5,000	-
Net cash used in investing activities	1,580,920	53,835	1,082,990	53,835
Financing activities				
Cash received from Almaden Minerals Ltd., pursuant to the Plan of Arrangement	-	3,000,000	-	3,000,000
Options exercised	77,040	-	89,130	-
Warrants exercised	16,872	-	16,872	-
Net cash from financing activities	93,912	3,000,000	106,002	3,000,000
Change in cash and cash equivalents	1,435,312	3,299,583	711,000	3,299,583
Cash and cash equivalents, beginning of period	2,172,389	100	2,896,701	100
Cash and cash equivalents, end of period	3,607,701	3,299,683	3,607,701	3,299,683

Supplemental cash flow information – Note 13

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

Almadex Minerals Limited

Condensed consolidated interim statement of changes in equity
(Unaudited – Expressed in Canadian dollars)

	Share Capital		Reserves			Deficit	Total
	Number of shares	Amount	Share-based payments	Available-for-sale financial assets	Total Reserves		
		\$	\$	\$	\$	\$	\$
Balance, April 10, 2015	100	100	-	-	-	-	100
Share-based payments	-	-	76,050	-	76,050	-	76,050
Transfer of net assets from Almaden Minerals Ltd. pursuant to the Plan of Arrangement	43,888,869	12,013,029	-	-	-	-	12,013,029
Loss and other comprehensive income for the period	-	-	-	90,200	90,200	(456,942)	(366,742)
Balance, September 30, 2015	43,888,969	12,013,129	76,050	90,200	166,250	(456,942)	11,722,437
Share-based payments	-	-	21,377	-	21,377	-	21,377
Shares issued for exploration and evaluation assets	50,000	10,250	-	-	-	-	10,250
Transfer of net assets from Almaden Minerals Ltd. pursuant to the Plan of Arrangement	-	(115,835)	115,835	-	115,835	-	-
Loss and other comprehensive income for the period	-	-	-	(44,288)	(44,288)	(627,459)	(671,747)
Balance, December 31, 2015	43,938,969	11,907,544	213,262	45,912	259,174	(1,084,401)	11,082,317
Share-based payments	-	-	268,360	-	268,360	-	268,360
Options exercised	201,000	89,130	-	-	-	-	89,130
Fair value of options transferred to share capital	-	6,767	(6,767)	-	(6,767)	-	-
Warrants exercised	45,600	16,872	-	-	-	-	16,872
Income and other comprehensive income for the period	-	-	-	2,243,084	2,243,084	187,012	2,430,096
Balance, September 30, 2016	44,185,569	12,020,313	474,855	2,288,996	2,763,851	(897,389)	13,886,775

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

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

1. Nature of Operations

Almadex Minerals Limited (the “Company” or “Almadex”) was incorporated on April 10, 2015 under the laws of the Province of British Columbia pursuant to a Plan of Arrangement to reorganize Almaden Minerals Ltd. (“Almaden”) which was completed on July 31, 2015. The Company’s intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada, the United States and Mexico. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Company’s registered and records office is Suite 1710 –1177 West Hastings Street, Vancouver, BC, Canada V6E 2L3.

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.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

3. Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB.

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 September 30, 2016 are not necessarily indicative of the results that may be expected for the period ending December 31, 2016.

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.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	September 30, 2016	December 31, 2015
	\$	\$
Accounts receivable	295,661	325,358
Allowance for doubtful account	(4,455)	(79,485)
Prepaid expenses	32,682	14,875
	323,888	260,748

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 available-for-sale and valued at fair value of \$2,006,360 as at September 30, 2016 (2015 - \$233,027). Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than significant or prolonged losses are recorded as other comprehensive income. The valuation of the common shares has been determined in whole by reference to the closing price traded on the exchange at each reporting date.
- b) Investments consist of 1,597 ounces of gold bullion which is recorded at the fair value of \$2,770,353 as at September 30, 2016 (2015 - \$2,374,153). The investments are designated as available-for-sale and valued at fair value. Unrealized gains and losses due to year end revaluation to fair value, other than those determined to be other than significant or prolonged losses are recorded as other comprehensive income. The valuation of the gold bullion investment is determined in whole by reference to the closing price of gold at each reporting period.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

6. Investment in Associate

Gold Mountain Mining Corporation

Pursuant to the Plan of Arrangement, the Company received 26.75 million shares of Gold Mountain Mining Corporation (“Gold Mountain”) representing a 38.8% interest in Gold Mountain. Gold Mountain is a publicly traded company of the TSX-V. Duane Poliquin (Chairman and Director of Almadex) and Morgan Poliquin (President, CEO and Director of Almadex) were directors of Gold Mountain until July 13, 2016.

Almadex had accounted for this investment using the equity method as the Company had determined that significant influence existed. The Company has recorded its equity share of Gold Mountain’s gain until July 7, 2016 in the amount of \$501,660 that includes a true-up of the deferred income tax expense recognized by Gold Mountain.

On July 7, 2016, the Company disposed of 20,000,000 common shares of Gold Mountain, by way of a private cash sale at a price of \$0.10 per share, for gross proceeds of \$2,000,000. Almadex holds its remaining Gold Mountain shares for investment purposes, and are recorded in marketable securities, and may increase or decrease its position in Gold Mountain based on market conditions or other relevant factors.

The continuity of the Company’s investment in associate for the period ended September 30, 2016 is as follows:

	September 30, 2016	December 31, 2015
	\$	\$
Balance, beginning of period	1,539,870	1,591,600
Proceeds on sale of investment in associate	(2,000,000)	-
Reclassified to marketable securities ⁽²⁾	(41,530)	-
Gain on disposal of investment in associate	1,866,607	-
Company’s share of net income (loss) ⁽¹⁾	(1,364,947)	(51,730)
Balance, end of period	-	1,539,870

⁽¹⁾ Represents share of net income (loss) to the date which significant influence ceased to exist, July 7, 2016.

⁽²⁾ As Gold Mountain was no longer considered an associate effective July 7, 2016, the carrying value of the investment was transferred to marketable securities with any unrealized gains recorded in other comprehensive income on the date of transfer.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

7. Contingent Shares Receivable

(a) Gold Mountain Mining Corporation

As part of the Plan of Arrangement, the Company held its right to receive an additional 2,000,000 common shares of Gold Mountain in escrow subject to the following release conditions:

- i. 1,000,000 common shares will be released upon the establishment of one million ounces of measured or indicated resource of gold on the Gold Mountain's Elk Gold Project; and
- ii. 1,000,000 common shares will be released upon the establishment of an additional one million ounces of measured and indicated resource of gold on the Gold Mountain's Elk Gold Project.

On July 26, 2016, the 2,000,000 escrow shares of Gold Mountain were cancelled, therefore the Company has recorded a contingent share receivable of \$Nil as at September 30, 2016, and a loss of \$10,500 on fair value adjustment in the statement of income (loss) during the period ended September 30, 2016.

(b) Goldgroup Mining Inc.

As part of the Plan of Arrangement, the Company obtained a contingent share receivable of 7,000,000 shares of Goldgroup Mining Inc. ("Goldgroup") which may be obtained upon satisfaction of the following conditions:

- i. 1,000,000 common shares will be received upon commencement of commercial production on the Caballo Blanco project ("Caballo Blanco");
- ii. 2,000,000 common shares will be received upon measured and indicated resources including cumulative production for Caballo Blanco reaching 2,000,000 ounces of gold;
- iii. 2,000,000 common shares will be received upon measured, indicated and inferred resources including cumulative production for Caballo Blanco reaching 5,000,000 ounces of gold; and
- iv. 2,000,000 common shares will be received upon measured, indicated and inferred resources including cumulative production for Caballo Blanco reaching 10,000,000 ounces of gold.

On December 24, 2014, Goldgroup sold Caballo Blanco to Timmins Gold Corp ("Timmins"). On July 22, 2016, Timmins Gold Corp ("Timmins") sold Caballo Blanco to Candelaria Mining Corp ("Candelaria"). If Candelaria achieves the above conditions, management believes that the bonus common shares will continue to be payable from Goldgroup.

The Company has recorded a contingent share receivable of \$113,100 based on management's best estimate of the fair value of the Goldgroup common shares as at September 30, 2016, and a gain of \$80,100 on fair value adjustment in the statement of income (loss) during the period ended September 30, 2016.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

8. Property and Equipment

	Automotive equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$		\$	\$
Cost					
December 31, 2015	63,049	200	55,298	503,477	622,024
Additions	109,330	-	34,853	-	144,183
Disposals	(12,575)	-	-	-	(12,575)
September 30, 2016	159,804	200	90,151	503,477	753,632
Accumulated depreciation					
December 31, 2015	3,941	8	2,340	20,978	27,267
Disposals	(1,844)	-	-	-	(1,844)
Depreciation	14,356	29	7,944	72,375	94,704
September 30, 2016	16,453	37	10,284	93,353	120,127
Carrying amounts					
December 31, 2015	59,108	192	52,958	482,499	594,757
September 30, 2016	143,351	163	79,867	410,124	633,505

During the period ended September 30, 2016, the Company disposed of equipment with a net book value of \$10,731 for proceeds of \$25,640 resulting in a gain on sale of property and equipment of \$14,909.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

	El Cobre	Los Venados	Other Properties	Total
	\$	\$	\$	\$
Exploration and evaluation assets				
Acquisition costs:				
Opening balance – December 31, 2015	47,261	20,163	22	67,446
Additions	-	-	2	2
Disposal	-	-	(1)	(1)
Closing balance – September 30, 2016	47,261	20,163	23	67,447
Deferred exploration costs:				
Opening balance - December 31, 2015	3,235,906	34,742	-	3,270,648
Costs incurred during the period:				
Drilling and related costs	418,247	-	-	418,247
Professional/technical fees	42,309	3,571	8,571	54,451
Claim maintenance/lease costs	64,337	41,752	256,129	362,218
Geochemical, metallurgy	107,087	22,544	42,094	171,725
Travel and accommodation	25,018	8,518	3,171	36,707
Geology, geophysics, exploration	368,534	53,255	98,301	520,090
Supplies and miscellaneous	10,171	-	9,654	19,825
Reclamation, environmental	63,925	5,218	8,310	77,453
Value-added tax	82,400	-	-	82,400
Impairment of deferred exploration costs	-	-	(426,230)	(426,230)
Total deferred exploration costs during the period	1,182,028	134,858	-	1,316,886
Closing balance – September 30, 2016	4,417,934	169,600	-	4,587,534
Total exploration and evaluation assets	4,465,195	189,763	23	4,654,981

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

(a) El Cobre

During 2011, Almaden completed the sale of its 30% interest in the Caballo Blanco property located in the state of Veracruz, Mexico to Goldgroup. As part of the sale, Goldgroup transferred to Almaden its 40% interest in the El Cobre property also located in the state of Veracruz, Mexico. The Company owns a 100% interest in the El Cobre property.

(b) Los Venados

On October 6, 2015, the Company 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 are as follows:

On signing:	\$10,000 cash and 50,000 shares of Almadex (Paid on October 15 and issued on October 14, 2015)
October 14, 2016:	\$10,000 cash and 50,000 shares of Almadex (Paid on October 13 and issued on October 3, 2016)

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(b) Los Venados (continued)

October 14, 2017:	\$10,000 cash and 100,000 shares of Almadex
October 14, 2018:	\$20,000 cash and 100,000 shares of Almadex
October 14, 2019:	\$50,000 cash and 100,000 shares of Almadex
October 14, 2020:	\$50,000 cash and 100,000 shares of Almadex

Almadex will meet minimum assessment requirements and pay claim taxes. Almadex will also make a one-time \$500,000 payment due when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified. The vendor will have a 2% NSR on the project, 100% of which can be purchased by the Company at any time for \$1,000,000.

(c) Other Properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, the United States and Mexico. During the nine months ended September 30, 2016, the Company recorded a write-down of deferred exploration costs incurred during the period of \$426,230 with respect to such properties. Each remaining property is carried at \$1 as at September 30, 2016.

On February 5, 2016, the Company acquired the Yago, Mezquites, and San Pedro properties in Mexico from a company in common with one of its directors in return for a 1% Net Smelter Return royalty which is capped at \$1,000,000.

On May 2, 2016, the Company closed on a sale of the El Encuentro property in Mexico with a carrying value of \$1, for proceeds of US\$250,000 cash and a 2% NSR royalty. The sale includes provisions for advance annual royalty payments in an amount up to US\$100,000 per year in the event that commercial production does not occur prior to January 1, 2021.

10. Share Capital and Reserves

(a) Authorized share capital

At September 30, 2016, 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 period ended September 30, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired	September 30, 2016
February 11, 2016	\$ 0.41	1,326,000	-	-	(1,326,000)	-
February 11, 2016	\$ 0.26	29,646	-	-	(29,646)	-
July 17, 2016	\$ 0.37	2,625,600	-	(45,600)	(2,580,000)	-
July 17, 2016	\$ 0.30	111,600	-	-	(111,600)	-
Warrants outstanding and exercisable		4,092,846	-	(45,600)	(4,047,246)	-
Weighted average exercise price		\$ 0.38	-	\$ 0.37	\$ 0.38	-

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

10. Share Capital and Reserves (Continued)

(c) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At September 30, 2016, the Company may reserve up to 79,557 shares that may be granted as stock options. The exercise price of any option cannot be less than the volume weighted average trading price of the shares for the five trading days immediately preceding the date of the grant. The maximum term of all options is five years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the nine months ended September 30, 2016 vested on the granted.

The continuity of stock options for the period ended September 30, 2016 is as follows:

Expiry date	Exercise price	December 31, 2015	Granted	Exercised	Expired/cancelled	September 30, 2016
May 6, 2016	\$ 0.31	39,000	-	(39,000)	-	-
June 8, 2016	\$ 0.67	1,287,000	-	-	(1,287,000)	-
July 14, 2016	\$ 0.32	78,000	-	(72,000)	(6,000)	-
August 15, 2016	\$ 0.60	90,000	-	(90,000)	-	-
October 10, 2016	\$ 0.28	90,000	-	-	-	90,000
January 6, 2017	\$ 0.23	708,000	-	-	-	708,000
May 4, 2017	\$ 0.44	120,000	-	-	-	120,000
June 8, 2017	\$ 0.46	45,000	-	-	-	45,000
September 11, 2017	\$ 0.53	300,000	-	-	-	300,000
November 22, 2017	\$ 0.51	60,000	-	-	-	60,000
April 4, 2018	\$ 0.40	54,000	-	-	-	54,000
May 6, 2018	\$ 0.37	-	39,000	-	-	39,000
May 6, 2018	\$ 0.46	-	72,000	-	-	72,000
June 8, 2018	\$ 0.38	-	1,300,000	-	-	1,300,000
June 18, 2018	\$ 0.34	150,000	-	-	-	150,000
August 28, 2018	\$ 0.16	845,000	-	-	-	845,000
August 28, 2018	\$ 0.65	-	151,000	-	-	151,000
December 17, 2018	\$ 0.15	90,000	-	-	-	90,000
January 2, 2019	\$ 0.24	225,000	-	-	-	225,000
July 2, 2019	\$ 0.30	90,000	-	-	-	90,000
Options outstanding and exercisable		4,271,000	1,562,000	(201,000)	(1,293,000)	4,339,000
Weighted average exercise price		\$ 0.40	\$ 0.41	\$ 0.44	\$ 0.67	\$ 0.32

The weighted average fair value of options granted during the nine months ended September 30, 2016, calculated using the Black-Scholes model at grant date, are as follows:

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

10. Share Capital and Reserves (Continued)

(c) Stock option plan (continued)

Weighted average assumptions used

Number of options	Date of grant	Fair value per share	Risk free interest rate	Expected life (in years)	Expected volatility	Expected dividends
39,000	May 6, 2016	\$ 0.17	0.54%	2	73.97%	\$Nil
1,300,000	June 8, 2016	\$ 0.16	0.54%	2	72.04%	\$Nil
72,000	July 15, 2016	\$ 0.18	0.60%	2	69.72%	\$Nil
151,000	August 11, 2016	\$ 0.27	0.57%	2	82.00%	\$Nil

Total share-based payments expenses as a result of options granted during the nine months ended September 30, 2016 was \$268,360 (2015 - \$76,050)

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. The aggregate value of compensation to key management personnel was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Management fees	64,875	43,250	194,625	43,250 ⁽ⁱ⁾
Share-based payments	35,100	67,050	207,900	67,050
	99,975	110,300	402,525	110,300

⁽ⁱ⁾ Included in the management fees were fees for services provided by the Chairman, President and Chief Executive Officer, Chief Financial Officer and Vice President Corporate Development paid to Almadex through the Administrative Services Agreement described below. These amounts are included within administrative services fee expense.

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to Almadex pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almadex provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

ATW Resources Ltd.

Almadex owns a 50% interest in ATW Resources Ltd. which holds title in trust for the ATW mineral property situated at MacKay Lake in the Northwest Territories included in other properties.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

11. Related Party Transactions and Balances (Continued)

(b) Other related party transactions (continued)

Other

At September 30, 2016, the Company included in other income \$160,317 paid by Almadex to the Company for drill equipment rental services in Mexico.

At September 30, 2016, the Company paid a company controlled by a Director of the Company \$67,955 for geological services.

12. Net Income (Loss) per Share

Basic and diluted net income per share

The calculation of basic net loss per share for the three months ended September 30, 2016 was based on the income attributable to common shareholders of \$1,950,134 and a weighted average number of common shares outstanding of 44,128,269.

The calculation of basic net loss per share for the nine months ended September 30, 2016 was based on the income attributable to common shareholders of \$187,012 and a weighted average number of common shares outstanding of 44,010,073.

The calculation of diluted net income per share for the three and nine month periods ended September 30, 2016 did not include the effect of stock options and warrants as they are anti-dilutive.

13. Supplemental Cash Flow Information

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

	September 30, 2016	December 31, 2015
Cash	\$ 1,807,701	\$ 1,096,701
Term Deposits	1,800,000	1,800,000
	3,607,701	2,896,701

As at September 30, 2016, \$69,294 (December 31, 2015 - \$22,229) of exploration and evaluation asset costs is included in trade and other payables.

Fair value of options reclassified to share capital on exercise \$6,767 (2015 - \$nil)

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 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

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(a) Currency risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

As at September 30, 2016, 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	325,107	101,792
Accounts receivable and prepaid expenses	-	157,613
Total assets	325,107	259,405
Trade and other payables	116,444	154
Total liabilities	116,444	154
Net assets	208,663	259,251

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income by \$21,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's net income by \$26,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. Cash equivalents mature at various dates during the twelve months following the statement of financial position date. The Company's excise tax included in accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

As at September 30, 2016, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to varying interest rates on cash and cash equivalents. The Company has no interest bearing debt.

A 1% change in the interest rate would change the Company's net income by \$18,000.

(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 has not hedged any of its potential future gold sales of the quantities held in investments. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company.

A 1% change in the price of gold would affect the fair value of the Company's gold investment by \$27,700.

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

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

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

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

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

14. Financial Instruments (Continued)

(f) Classification of Financial instruments (Continued)

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities and investments	4,776,713	-	-	4,776,713
Contingent shares receivable	-	113,100	-	113,100

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 public companies, as well as estimates regarding the likelihood of achieving certain milestones that would trigger the collection of the contingent shares receivable by the Company.

15. Management of Capital

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

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

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future.

16. Segmented Information

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

Geographic information is as follows:

	All other non-current assets	Property and equipment	Exploration and evaluation assets	September 30, 2016
	\$	\$	\$	\$
Canada	140,097	18,143	6	158,246
United States	-	-	4	4
Mexico	-	615,362	4,654,971	5,270,333
	140,097	633,505	4,654,981	5,428,583

The Company's revenue from interest income on corporate cash reserves was earned in Canada. Other income from drill equipment rental services was earned in Mexico.

Almadex Minerals Limited

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

17. Subsequent Events

On October 13, 2016, the Company paid \$10,000 to the optionor of the Los Venados project and issued 50,000 shares of Almadex as reference in Note 9(b).

On October 27, 2016, an option holder exercised 90,000 options at an exercise price of \$0.28 per share. On November 1, 2016, another option holder exercised 10,800 options at an exercise price of \$0.16 per share.

The Company granted 90,000 stock options to a director on October 27, 2016 at an exercise price of \$1.18 per share, expiring on December 17, 2018.