Consolidated Financial Statements of

Almadex Minerals Limited

For the year ended December 31, 2017 and 2016

Almadex Minerals Limited
December 31, 2017 and 2016

Table of contents

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Almadex Minerals Limited

We have audited the accompanying consolidated financial statements of Almadex Minerals Limited, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive income (loss), cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Almadex Minerals Limited as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 26, 2018

Almadex Minerals Limited
Consolidated statements of financial position
(Expressed in Canadian dollars)

	December 31, 2017	December 31, 2016
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	**1,511,419**	2,679,135
Accounts receivable and prepaid expenses (Note 4)	**463,757**	221,410
Marketable securities and investments (Note 5)	**2,773,253**	3,960,064
	4,748,429	6,860,609
Non-current assets		
Reclamation deposits (Note 3(l))	**25,929**	27,576
Contingent shares receivable (Note 7)	**23,400**	50,700
Property and equipment (Note 8)	**875,698**	963,900
Exploration and evaluation assets (Note 9)	**9,098,599**	5,419,777
	10,023,626	6,461,953
TOTAL ASSETS	**14,772,055**	13,322,562
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	**341,580**	333,139
Total liabilities	**341,580**	333,139
EQUITY		
Share capital (Note 10)	**15,977,418**	12,093,447
Reserves (Note 10)	**2,226,924**	2,460,402
Deficit	**(3,773,867)**	(1,564,426)
Total equity	**14,430,475**	12,989,423
TOTAL EQUITY AND LIABILITIES	**14,772,055**	13,322,562

Commitments (Note 9(b))
Subsequent Events (Note 18)

These consolidated financial statements are authorized for issue by the Board of Directors on April 26, 2018.

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 consolidated financial statements.

Almadex Minerals Limited

Consolidated statements of loss and comprehensive income (loss)

(Expressed in Canadian dollars)

	Years ended December 31, **2017**	2016
	$	$
Revenue		
Interest income	**19,794**	19,574
Other income (Note 11(b))	**300,247**	233,911
	320,041	253,485
Expenses		
Administrative services fee (Note 11(a)(b))	**492,478**	458,798
Depreciation (Note 8)	**216,259**	130,262
Impairment of exploration and evaluation assets (Note 9)	**1,008,726**	466,259
Office	**55,123**	62,869
Professional fees	**374,718**	262,941
Transfer agent and filing fees	**13,626**	10,366
Travel and promotion	**61,013**	50,757
Share-based payments (Note 10(d))	**1,406,514**	388,610
	3,628,457	1,830,862
Operating loss	**(3,308,416)**	(1,577,377)
Other income (loss)		
Gain on investment in associate (Note 6)	**-**	501,660
Gain on sale of exploration and evaluation assets (Note 9(d))	**89,052**	314,977
Gain on sale of marketable securities (Note 5)	**1,123,701**	309,167
Gain on sale of property and equipment (Note 8)	**-**	15,834
Gain (loss) on fair value of contingent shares receivable (Note 7)	**(27,300)**	7,200
Foreign exchange loss	**(86,478)**	(51,486)
Net loss for the year	**(2,209,441)**	(480,025)
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)	**(699,126)**	1,688,391
Reclassification adjustment relating to the sale of available-for-sale financial assets included in net loss, net of tax of $Nil	**(903,670)**	135,200
Other comprehensive income (loss) for the year	**(1,602,796)**	1,823,591
Loss and comprehensive income (loss) for the year	**(3,812,237)**	1,343,566
Basic and diluted net loss per share (Note 12)	**(0.05)**	(0.01)

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

Almadex Minerals Limited

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Years ended December 31,	
	2017	2016
	$	$
Operating activities		
Net loss for the year	**(2,209,441)**	(480,025)
Items not affecting cash		
Gain on investment in associate	**-**	(501,660)
Depreciation	**216,259**	130,262
(Gain) loss on fair value of contingent shares receivable	**27,300**	(7,200)
Gain on sale of marketable securities	**(1,123,701)**	(309,167)
Impairment of exploration and evaluation assets	**1,008,726**	466,259
Unrealized foreign exchange on reclamation deposit	**1,647**	771
Gain on sale of property and equipment	**-**	(15,834)
Gain on sale of exploration and evaluation assets	**(89,052)**	(314,977)
Share-based payments	**1,406,514**	388,610
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	**(264,847)**	61,838
Trade and other payables	**(30,893)**	127,458
Net cash used in operating activities	**(1,057,488)**	(453,665)
Investing activities		
Exploration and evaluation assets - costs	**(4,534,662)**	(2,510,355)
Net proceeds from sale of exploration and evaluation assets	**-**	314,978
Property and equipment – purchase	**(128,057)**	(511,459)
Net proceeds from sale of property and equipment	**-**	27,888
Net proceeds from sale of investment in associate	**-**	2,000,000
Net proceeds from sale of marketable securities	**836,716**	777,117
Reclamation deposit	**-**	5,000
Net cash from (used in) investing activities	**(3,826,003)**	103,169
Financing activities		
Issuance of shares, net of share issue costs	**3,231,785**	-
Options exercised	**483,990**	116,058
Warrants exercised	**-**	16,872
Net cash from financing activities	**3,715,775**	132,930
Change in cash and cash equivalents	**(1,167,716)**	(217,566)
Cash and cash equivalents, beginning of year	**2,679,135**	2,896,701
Cash and cash equivalents, end of year	**1,511,419**	2,679,135

Supplemental cash flow information – Note 13

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

Almadex Minerals Limited
Consolidated statement of changes in equity
(Expressed in Canadian dollars)

	Share Capital		Reserves					
	Number of shares	Amount	Share-based payments	Warrants	Available-for-sale financial assets	Total Reserves	**Deficit**	**Total**
		$	$	$	$	$	$	$
Balance, January 1, 2016	**43,938,969**	**11,907,544**	**213,262**	**-**	**45,912**	**259,174**	**(1,084,401)**	**11,082,317**
Share-based payments	-	-	388,610	-	-	388,610	-	388,610
Options exercised	301,800	116,058	-	-	-	-	-	116,058
Fair value of options transferred to share capital	-	10,973	(10,973)	-	-	(10,973)	-	-
Warrants exercised	45,600	16,872	-	-	-	-	-	16,872
Shares issued for exploration and evaluation assets	50,000	42,000	-	-	-	-	-	42,000
Loss and comprehensive income	-	-	-	-	1,823,591	1,823,591	(480,025)	1,343,566
Balance, December 31, 2016	**44,336,369**	**12,093,447**	**590,899**	**-**	**1,869,503**	**2,460,402**	**(1,564,426)**	**12,989,423**
Share-based payments	-	-	1,406,514	-	-	1,406,514	-	1,406,514
Private placement, net	2,496,000	3,231,785	-	-	-	-	-	3,231,785
Fair value of finders' warrants	-	(34,188)	-	34,188	-	34,188	-	-
Options exercised	1,490,500	483,990	-	-	-	-	-	483,990
Fair value of options transferred to share capital	-	71,384	(71,384)	-	-	(71,384)	-	-
Shares issued for exploration and evaluation assets	100,000	131,000	-	-	-	-	-	131,000
Loss and comprehensive loss	-	-	-	-	(1,602,796)	(1,602,796)	(2,209,441)	(3,812,237)
Balance, December 31, 2017	**48,422,869**	**15,977,418**	**1,926,029**	**34,188**	**266,707**	**2,226,924**	**(3,773,867)**	**14,430,475**

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

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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").
These consolidated financial statements have been prepared on a historical cost basis except for cash flows and financial instruments classified as fair value through profit or loss, and available-for-sale that have been measured at fair value.

(b) Basis of preparation

These consolidated financial statements have been prepared on the basis of IFRS standards that are effective as at December 31, 2017.

(c) Functional currency

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar.

(d) Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated 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.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. Basis of Presentation *(Continued)*

(d) Significant accounting judgments and estimates (continued)

<u>Critical Judgments</u>

- The assessment that the Company had significant influence over the investment in Gold Mountain Mining Corporation ("Gold Mountain") up to July 7, 2016 (Note 6) which resulted in the use of the equity method for accounting for this investment. In making their judgement, management considered its percentage ownership, the composition of the Board of Directors of Gold Mountain, the common directors and management between Gold Mountain and the Company and the intercompany transactions and relationship with Gold Mountain and concluded that significant influence existed until July 7, 2016.

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

<u>Estimates</u>

- The recoverability of accounts receivable which is included in the consolidated statements of financial position;
- The estimated annual gains or losses from profit or loss and dilution of investment in associate;
- The estimated useful lives of property and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;
- The value of the exploration and evaluation assets which are recorded in the consolidated statement of financial position;
- The Company uses the Black-Scholes option pricing model to determine the fair value of options and finders' warrants in order to calculate share-based payments expense. Certain inputs into the model are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control;
- The assessment of indications of impairment of each exploration and evaluation asset and related determination of the net realizable value and impairment of those assets where applicable;
- The estimated fair value of contingent share payments receivable in the event that Goldgroup Mining Inc. achieves some or all of the specified resource and production levels described in Note 7(b).

3. Significant Accounting Policies

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Jurisdiction	Nature of operations
Almadex America Inc.	USA	exploration company
Republic Resources Ltd.	Canada	service company
Ixtaca Precious Metals Inc.	Canada	holding company (inactive)
Pangeon Holdings Ltd.	Canada	holding company (inactive)
Almadex Royalties Limited	Canada	holding company (inactive)
Almaden de Mexico, S.A. de C.V.	Mexico	exploration company (inactive)
Minera Gavilan, S.A. de C.V.	Mexico	exploration company
Minera Alondra, S.A. de C.V.	Mexico	holding company

Subsidiaries are entities controlled by the Company and are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments where the Company has the ability to exercise significant influence are accounted for using the equity method. Under this method, the Company's share of the investee's profit or loss and change in net assets is included in profit or loss and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, all assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

(c) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, including contingent shares receivable, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

3. Significant Accounting Policies *(Continued)*

(c) Financial instruments (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. This category includes cash and cash equivalents and accounts receivable.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. This category includes reclamation deposits.

Available-for- sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income and equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of significant or prolonged decline in value, the amount of the loss is removed from equity and recognized in profit or loss. This category includes marketable securities and investments.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of two categories, depending on the purpose of the liability. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes trade and other payables, all of which are recognized at amortized cost.

(d) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

3. Significant Accounting Policies (*Continued)*

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses and are depreciated annually on a declining-balance basis at the following rates:

Automotive equipment	30%
Computer hardware	30%
Geological library	20%
Field equipment	20%
Drill equipment	20%

(f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognized:

Interest income
Revenue is recognized as interest accrues on cash and cash equivalent balances.

Other income
Revenue from other income consists of equipment rentals and contract exploration services provided to third parties and are recognized upon completion of the services for which the measurement of the consideration can be reasonably assured and the ultimate collection is reasonably assured.

(g) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims to which the Company has rights and crediting all proceeds received from farm-out arrangements or recovery of costs against the cost of the related claims. Acquisition costs include, but are not exclusive to land surface rights acquired. Deferred exploration costs include, but are not exclusive to geological, geophysical studies, annual mining taxes, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to profit or loss on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of an impairment

All capitalized exploration and evaluation expenditures are monitored for indications of impairment.

The Company considers the following facts and circumstances in determining if it should test exploration and evaluation assets for impairment:

(i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

3. Significant Accounting Policies *(Continued)*

(g) Exploration and evaluation (continued)

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

(iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that deferred exploration expenditures are not expected to be recovered, an impairment is charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

An impairment charge relating to an exploration and evaluation asset may be subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. General exploration costs in areas of interest in which the Company has not secured rights are expensed as incurred.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes costs recovered on exploration and evaluation assets in income when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

(h) Impairment of property and equipment

Property and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

3. Significant Accounting Policies *(Continued)*

(h) Impairment of property and equipment (continued)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount by way of recording an impairment charge to profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

(i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(j) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. Significant Accounting Policies *(Continued)*

(k) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company, in addition to the proportionate amount of reserves originally created at the issuance of the stock options or warrants. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

(l) Reclamation and closure cost obligations

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

At December 31, 2017, the Company has $2,500 (2016 – $2,500) of reclamation deposits held with the Ministry of Mines of British Columbia and $23,429 (2016 - $25,076) of reclamation deposits held with the State of Nevada.

When the Company enters into an option agreement on its exploration and evaluations assets, as part of the option agreement, responsibility for any reclamation and remediation becomes the responsibility of the optionee.

(m) Net loss per share

The Company presents the basic and diluted net loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted net loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares (Note 12).

(Expressed in Canadian dollars)

3. Significant Accounting Policies *(Continued)*

(n) Future accounting standards

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.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of this standards to have a significant impact on its consolidated financial statements.

- 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. The Company does not expect the adoption of this standards to have a significant impact on its consolidated financial statements.

- IFRS 16: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is evaluating this standard to determine its impact.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	December 31 2017	December 31, 2016
	$	$
Accounts receivable	**395,780**	184,723
Allowance for doubtful account	**(4,455)**	(4,455)
Prepaid expenses	**72,432**	41,142
	463,757	221,410

At December 31, 2017, the Company has recorded value added taxes of $319,918 (2016 - $190,253) included in exploration and evaluation assets as the value added tax relates to certain projects and will be recovered when the assets are sold (Note 9).

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 $186,817 as at December 31, 2017 (2016 - $1,502,920). 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 $2,586,436 as at December 31, 2017 (2016 - $2,457,144). 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 (loss). The valuation of the gold bullion investment is determined in whole by reference to the closing price of gold at each reporting period.

(Expressed in Canadian dollars)

6. Investment in Associate

Gold Mountain Mining Corporation

Pursuant to the 2015 Almaden's plan of arrangement, the Company received 26,750,000 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 loss until July 7, 2016 in the amount of $1,364,947 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 December 31, 2016 is as follows:

	December 31, 2016
	$
Balance, beginning of period	**1,539,870**
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 loss [1]	**(1,364,947)**
Balance, end of period	-

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

(2) As Gold Mountain was no longer considered an investment in associate effective July 7, 2016, the carrying value of the investment in associate was transferred to marketable securities with the gain on remeasurement recorded in profit or loss on the date of transfer, and any subsequent remeasurements recorded to other comprehensive income.

7. Contingent Shares Receivable

(a) Gold Mountain Mining Corporation

As part of the 2015 Almaden's 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 (2016 - $Nil) as at December 31, 2017, and a loss of $Nil (2016 - $4,500) on fair value adjustment in profit or loss during the years ended December 31, 2017, and 2016.

(b) Goldgroup Mining Inc.

As part of the 2015 Almaden's 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 $23,400 (2016 - $50,700) based on management's best estimate of the fair value of the Goldgroup common shares as at December 31, 2017, and a loss of $27,300 (2016 – gain $11,700) on fair value adjustment in profit or loss during the years ended December 31, 2017, and 2016.

(Expressed in Canadian dollars)

8. Property and Equipment

	Automotive equipment	Computer hardware	Geological library	Field equipment	Drill equipment	Total
	$	$	$	$	$	$
Cost						
December 31, 2016	**178,997**	**-**	**200**	**94,163**	**845,564**	**1,118,924**
Additions	69,399	2,093	-	52,649	3,916	128,057
December 31, 2017	**248,396**	**2,093**	**200**	**146,812**	**849,480**	**1,246,981**
Accumulated depreciation						
December 31, 2016	**23,697**	**-**	**46**	**13,803**	**117,478**	**155,024**
Depreciation	53,021	26	31	17,833	145,348	216,259
December 31, 2017	**76,718**	**26**	**77**	**31,636**	**262,826**	**371,283**
Carrying amounts						
December 31, 2016	155,300	-	154	80,360	728,086	963,900
December 31, 2017	**171,678**	**2,067**	**123**	**115,176**	**586,654**	**875,698**

	Automotive equipment	Computer hardware	Geological library	Field equipment	Drill equipment	Total
	$	$	$	$	$	$
Cost						
December 31, 2015	**63,049**	**-**	**200**	**55,261**	**503,477**	**621,987**
Additions	130,470	-	-	38,902	342,087	511,459
Disposals	(14,522)	-	-	-	-	(14,522)
December 31, 2016	**178,997**	**-**	**200**	**94,163**	**845,564**	**1,118,924**
Accumulated depreciation						
December 31, 2015	**3,941**	**-**	**8**	**2,303**	**20,978**	**27,230**
Disposals	(2,468)	-	-	-	-	(2,468)
Depreciation	22,224	-	38	11,500	96,500	130,262
December 31, 2016	**23,697**	**-**	**46**	**13,803**	**117,478**	**155,024**
Carrying amounts						
December 31, 2015	59,108	-	192	52,958	482,499	594,757
December 31, 2016	**155,300**	**-**	**154**	**80,360**	**728,086**	**963,900**

During the year ended December 31, 2016, the Company disposed of equipment with a net book value of $12,054 for proceeds of $27,888 resulting in a gain on sale of property and equipment of $15,834.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

Exploration and evaluation assets	El Cobre $	El Chato $	Los Venados $	Other Properties $	Total $
Acquisition costs:					
Opening balance – December 31, 2016	**47,261**	**1**	**49,663**	**22**	**96,947**
Proceeds from options	-	-	-	(106,500)	**(106,500)**
Additions	686,539	-	131,000	244,235	**1,061,774**
Gain on disposition	-	-	-	89,052	**89,052**
Impairment of acquisitions costs	-	-	(180,662)	(226,792)	**(407,454)**
Closing balance – December 31, 2017	**733,800**	**1**	**1**	**17**	**733,819**
Deferred exploration costs:					
Opening balance - December 31, 2016	**5,085,538**	**62,456**	**174,836**	**-**	**5,322,830**
Costs incurred during the period:					
Drilling and related costs	822,339	-	-	-	**822,339**
Professional/technical fees	9,948	591	1,055	40,465	**52,059**
Claim maintenance/lease costs	58,915	29,570	-	300,592	**389,077**
Geochemical, metallurgy	408,169	9,818	-	9,671	**427,658**
Travel and accommodation	131,394	4,768	-	3,860	**140,022**
Geology, geophysics, exploration	1,224,710	93,469	603	43,734	**1,362,516**
Supplies and miscellaneous	98,703	1,263	-	366	**100,332**
Reclamation, environmental	31,026	9,868	-	4,673	**45,567**
Value-added tax	269,732	12,503	97	37,586	**319,918**
Recovery of exploration costs	-	-	-	(16,266)	**(16,266)**
Impairment of deferred exploration costs	-	-	(176,591)	(424,681)	**(601,272)**
Total deferred exploration costs during the period	3,054,936	161,850	(174,836)	-	**3,041,950**
Closing balance – December 31, 2017	**8,140,474**	**224,306**	**-**	**-**	**8,364,780**
Total exploration and evaluation assets	**8,874,274**	**224,307**	**1**	**17**	**9,098,599**

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

Exploration and evaluation assets	El Cobre $	El Chato $	Los Venados $	Other Properties $	Total $
Acquisition costs:					
Opening balance – December 31, 2015	**47,261**	**1**	**20,163**	**21**	**67,446**
Proceeds from options	-	-	(22,500)	-	**(22,500)**
Additions	-	-	52,000	2	**52,002**
Disposal	-	-	-	(1)	**(1)**
Closing balance – December 31, 2016	**47,261**	**1**	**49,663**	**22**	**96,947**
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	608,822	-	-	-	**608,822**
Professional/technical fees	44,373	-	3,558	10,430	**58,361**
Claim maintenance/lease costs	64,411	15,839	41,752	250,266	**372,268**
Geochemical, metallurgy	214,192	13,502	32,244	40,688	**300,626**
Travel and accommodation	44,746	226	12,029	3,171	**60,172**
Geology, geophysics, exploration	608,105	46,787	70,883	133,622	**859,397**
Supplies and miscellaneous	15,504	-	-	9,654	**25,158**
Reclamation, environmental	69,355	2,157	5,218	6,153	**82,883**
Value-added tax	180,124	1,940	4,410	3,779	**190,253**
Recovery of exploration costs	-	-	(30,000)	(9,499)	**(39,499)**
Impairment of deferred exploration costs	-	(17,995)[1]	-	(448,264)	**(466,259)**
Total deferred exploration costs during the period	1,849,632	62,456	140,094	-	**2,052,182**
Closing balance – December 31, 2016	**5,085,538**	**62,456**	**174,836**	**-**	**5,322,830**
Total exploration and evaluation assets	**5,132,799**	**62,457**	**224,499**	**22**	**5,419,777**

[1] The Company wrote off all capitalized costs accumulated prior to September 30, 2016 of $17,995. During October 1, 2016 to December 31, 2016, the Company initiated an exploration program and incurred $62,456 of deferred exploration costs.

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) El Chato

El Chato is a 100% owned project acquired by staking.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(c) 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 and issued with a fair value of $10,250)
October 14, 2016:	$10,000 cash and 50,000 shares of Almadex (Paid and issued with a fair value of $42,000)
October 14, 2017:	$10,000 cash and 100,000 shares of Almadex (Paid and issued with a fair value of $131,000)
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.

On November 29, 2016, the Company signed a definitive agreement to option all of its interest in the Los Venados project to Wolverine Minerals Corp. ("Wolverine") in exchange for the following:

On signing: $30,000 cash (Received) and 250,000 shares of Wolverine received with a fair value of $22,500. This amount was accrued as at December 31, 2016.

February 9, 2018:	250,000 shares of Wolverine (Note 18)
February 9, 2019:	500,000 shares of Wolverine
February 9, 2020:	1,000,000 shares of Wolverine

The Company will retain a 2.0% NSR royalty. In addition, Wolverine has agreed to drill a minimum 1,000 meters by February 9, 2019, as part of the total required project expenditures of a minimum of US$500,000 by February 9, 2020.

The estimated fair value of consideration to be received from Wolverine on option of the project by the Company to Wolverine is expected to be less than the consideration payable by the Company to the options. As a result, the project has been impaired to $1 resulting in an impairment of acquisition and deferred cost of $357,253.

(d) Other Properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, the United States and Mexico. During the year ended December 31, 2017, the Company recorded an impairment of acquisition and deferred costs incurred of $651,473 (2016 - $448,264) with respect to such properties. Each remaining property is carried at $1 as at December 31, 2017.

On February 14, 2017, the Company and its wholly-owned U.S. subsidiary, Almadex Americas 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").

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(d) Other Properties *(continued)*

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 [1]	Fair value on receipt (CAD)	Cumulative Amount of Exploration Expenditures ($US)
February 22, 2017	41,667	$ 22,500	$ Nil
February 22, 2018 (Note 18)	41,667	-	100,000
February 22, 2019	41,667	-	400,000
February 22, 2020	41,667	-	1,000,000
February 22, 2021	83,333	-	1,800,000
February 22, 2022	166,667	-	3,000,000
Total	**416,668**	**$ 22,500**	**$ 3,000,000**

[1] On April 26, 2017, Abacus consolidated its common shares on the basis of one post-consolidated common shares for every six pre-consolidated common shares.

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 March 27, 2017, the Company received 41,667 shares of Abacus at a fair value of $22,500 and added new claims costing $17,443 that resulted in a $5,057 gain on sale of exploration and evaluation assets.

On May 24, 2017, the Company signed an agreement with Westhaven Ventures Inc. ("Westhaven") and Strongbow Exploration Ltd. ("Strongbow"), pursuant to which Westhaven acquired the Skoonka Creek gold property (the "Property"), which had been held by Strongbow and Almadex pursuant to a 65.74%/34.26% joint venture. In exchange for its interest in the Property, Almadex received 700,000 shares of Westhaven on May 25, 2017, at a fair value of $84,000 and a 2% net smelter return royalty on the Property.

Gain on sale of exploration and evaluation assets is comprised of the following:

	Years ended December 31, 2017	2016
Sale of El Encuentro	$ -	$ 314,977
Sale of Skoonka Creek	83,999	-
Option of Willow	5,057	-
Other [1]	(4)	-
Total gain on sale of exploration and evaluation assets	$ 89,052	$ 314,977

[1] Claims dropped in 2017, Llano Grande, Cenzontle, Cuautepec, and Chilcuautla.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(d) Other Properties (Continued)

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 (received $314,978) 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 December 31, 2017 and 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) Issuance of common shares in 2017 and 2016

During the year ended December 31, 2017, the Company issued 100,000 common shares at a fair value of $1.31 per share for a total fair value of $131,000 as a payment for the Los Venados Option Agreement (Note 9(b)).

On February 27, 2017, the Company closed a non-brokered private placement by the issuance of 2,496,000 units at a price of $1.35 per unit for gross proceeds to the Company of $3,369,600. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of $2.00 per share until August 27, 2019. Share issue costs included a finders' fee of $106,650 in cash, and finders' warrants to purchase up to 44,400 common shares at a price of $1.35 per common share until August 27, 2019. The fair value of the finders' warrants was $34,188. In connection with the private placement, the Company also incurred $31,165 in other cash share issue costs. These amounts were recorded as reduction to share capital. The proceeds of the private placement were allocated entirely to share capital.

During the year ended December 31, 2016, the Company issued 50,000 common shares at a fair value of $0.84 per share for a total fair value of $42,000 as a payment for the Los Venados Option Agreement (Note 9(b)).

(c) Warrants

The continuity of warrants for the years ended December 31, 2017 and 2016 are as follows:

Expiry date	Exercise Price	December 31, 2016	Issued	Exercised	Expired	December 31, 2017
August 27, 2019	$ 2.00	-	1,248,000	-	-	1,248,000
August 27, 2019	$ 1.35	-	44,400	-	-	44,400
Warrants outstanding and exercisable		**-**	**1,292,400**	**-**	**-**	**1,292,400**
Weighted average exercise price		-	$ 1.98	-	-	$ 1.98

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(c) ***Warrants*** *(Continued)*

Expiry date	Exercise Price	December 31, 2015	Issued	Exercised	Expired	December 31, 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	-

The fair value of finder's warrants granted during the year ended December 31, 2017, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.76%
Expected life	2.50 years
Expected volatility	103.46%
Expected dividend yield	Nil
Weighted average fair value per finder's warrant	$0.77

(d) ***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 December 31, 2017, the Company may reserve up to 128,787 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 year ended December 31, 2017 vested on the granted.

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) ***Stock option plan*** *(continued)*

The continuity of stock options for the year ended December 31, 2017 and 2016 are as follows:

Expiry date	Exercise price	December 31, 2016	Granted	Exercised	Expired/ cancelled	December 31, 2017
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	-	(73,500)	-	1,227,500
June 18, 2018	$ 0.34	150,000	-	-	-	150,000
August 28, 2018	$ 0.16	834,200	-	(140,000)	-	694,200
August 28, 2018	$ 0.65	151,000	-	-	-	151,000
December 17, 2018	$ 0.15	90,000	-	(30,000)	-	60,000
December 17, 2018	$ 1.18	90,000	-	-	-	90,000
January 2, 2019	$ 0.24	225,000	-	(15,000)	-	210,000
February 27, 2019	$ 1.35	-	115,000	-	-	115,000
May 5, 2019	$ 1.10	-	583,000	-	-	583,000
July 2, 2019	$ 0.30	90,000	-	-	-	90,000
July 2, 2019	$ 0.98	40,000	-	-	(40,000)	-
July 2, 2019	$ 1.37	-	877,800	-	-	877,800
April 30, 2020	$ 1.04	-	300,000	-	-	300,000
Options outstanding and exercisable		**4,368,200**	**1,875,800**	**(1,490,500)**	**(40,000)**	**4,713,500**
Weighted average exercise price		$ 0.35	$ 1.23	$ 0.32	$ 0.98	$ 0.70

Refer to Note 18 for details of options exercised subsequent to December 31, 2017.

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) ***Stock option plan*** *(continued)*

Expiry date	Exercise price	December 31, 2015	Granted	Exercised	Expired/ cancelled	December 31, 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	-	(10,800)	-	834,200
August 28, 2018	$ 0.65	-	151,000	-	-	151,000
December 17, 2018	$ 0.15	90,000	-	-	-	90,000
December 17, 2018	$ 1.18	-	90,000	-	-	90,000
January 2, 2019	$ 0.24	225,000	-	-	-	225,000
July 2, 2019	$ 0.30	90,000	-	-	-	90,000
July 2, 2019	$ 0.98	-	40,000	-	-	40,000
Options outstanding and exercisable		**4,271,000**	**1,692,000**	**(301,800)**	**(1,293,000)**	**4,368,200**
Weighted average exercise price		$ 0.40	$ 0.46	$ 0.38	$ 0.67	$ 0.35

The fair value of the options granted during the year ended December 31, 2017, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.87%
Expected life	2.23 years
Expected volatility	101.12%
Expected dividend yield	Nil
Weighted average fair value per option	$0.75

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) ***Stock option plan*** *(continued)*

The fair value of the options granted during the period ended December 31, 2016, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.55%
Expected life	2.00 years
Expected volatility	75%
Expected dividend yield	Nil
Weighted average fair value per option	$0.23

During the year ended December 31, 2017, the Company recognized share-based payments expenses of $1,406,514 (2016 - $388,610) associated with the vesting of stock options granted.

11. Related Party Transactions and Balances

(a) Compensation of key management personnel

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

	December 31, 2017	December 31, 2016
Management fees[1]	**348,600**	323,775
Share-based payments	**1,058,620**	298,100
	1,407,220	621,875

[1] Management fees are recorded within Administrative services fees.

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to Almaden pursuant to an Administrative Services Agreement dated May 15, 2015, 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 December 31, 2017, included in accounts payable is $195,550 (December 31, 2016 - $149,429) due to Almaden.

Other

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.

(Expressed in Canadian dollars)

11. Related Party Transactions and Balances *(Continued)*

(b) Other related party transactions *(Continued)*

At December 31, 2017, other income of $300,247 (2016 - $223,747) was paid by Almaden to the Company for drill equipment rental services in Mexico of which of $153,038 (2016 - $63,429) is recorded in accounts receivable.

At December 31, 2017, the Company paid a company controlled by a Director of the Company $109,454 (2016 - $67,955) for geological services included in exploration and evaluation assets.

12. Net Loss per Share

Basic and diluted net loss per share

The calculation of basic net loss per share for the year ended December 31, 2017 was based on the net loss attributable to common shareholders of $2,209,441 (2016 - $480,025) and a weighted average number of common shares outstanding of 47,619,132 (2016 – 44,084,512).

The calculation of diluted net loss per share for the years ended December 31, 2017 and 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:

	December 31, 2017	December 31, 2016
	$	$
Cash	**1,211,419**	1,379,135
Term Deposits	**300,000**	1,300,000
	1,511,419	2,679,135

Supplemental information regarding non-cash transactions is as follows:

Investing and financing activities	**December 31, 2017**	December 31, 2016
	$	$
Exploration and evaluation expenditures included in trade and other payables	79,651	40,317
Fair value of shares issued for exploration and evaluation assets	131,000	42,000
Fair value of shares received on disposal of exploration and evaluation assets ($22,500 was accrued at December 31, 2016)	129,000	-
Fair value of shares receivable included in marketable securities	-	22,500
Fair value of finders' warrants	34,188	-
Fair value of options reclassified to share capital on exercise	71,384	10,973

During the years ended December 31, 2017, and 2016, the Company paid $nil and $nil for income taxes and interest, respectively.

(Expressed in Canadian dollars)

14. Income Taxes

(a) The provision for income taxes differs from the amounts computed by applying the Canadian statutory rates to the net loss before income taxes due to the following:

	December 31, 2017	December 31, 2016
	$	$
Net loss for the year	**(2,209,441)**	(480,025)
Statutory rate	**26.00%**	26.00%
Expected income tax	**(574,455)**	(124,807)
Effect of different tax rates in foreign jurisdictions	**(155,059)**	(2,525)
Non-deductible share-based payments	**365,694**	101,039
Other permanent items	**(96,568)**	(212,533)
Change in unrecognized deductible temporary differences and other	**460,388**	238,826
	-	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

In December 2017, the United States Government proposed changes to the Federal corporate income tax rate to reduce the rate from 34% to 21% effective January 1, 2018 onwards. This change in tax rate was substantively enacted on December 22, 2017. The relevant deferred tax balances have been remeasured to reflect the decrease in the Company's Federal income tax rate from 34% to 21% applicable to the Company's US subsidiaries.

(b) The significant components of deferred income tax assets (liabilities) are as follows:

	December 31, 2017	December 31, 2016
	$	$
Deferred tax assets:		
Non-capital losses	**292,360**	1,668,082
	292,360	1,668,082
Deferred tax liabilities:		
Exploration and evaluation assets	**-**	(1,551,738)
Property and equipment	**(106,874)**	(103,162)
Marketable securities	**(171,797)**	-
Contingent shares receivable	**(13,689)**	(13,182)
	(292,360)	(1,668,082)
Net deferred tax liabilities	**-**	-

(Expressed in Canadian dollars)

14. Income Taxes *(Continued)*

(c) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	December 31, 2017	December 31, 2016
	$	$
Non-capital loss carry forwards	**8,165,992**	2,071,501
Capital loss carry forwards	**912,114**	89,278
Exploration and evaluation assets	**1,805,175**	1,397,582
Share issue costs	**124,345**	-
	11,007,626	3,558,361

At December 31, 2017, the Company had operating loss carry forwards available for tax purposes in Canada of $699,856 (2016 - $947,316) which expire between 2033 and 2037, in the United States of $338,454 (2016 - $261,313) which expire between 2031 and 2037 and in Mexico of $7,127,682 (2016 - $6,414,300) which expire between 2018 and 2027.

15. 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 reclamation deposits approximate fair value as the expected proceeds on redemption approximate its carrying value. See Note 15(f) for fair values of contingent shares receivable and marketable securities and investments.

The Company’s financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk

(a) Currency risk

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

15. Financial Instruments *(Continued)*

(a) Currency risk *(Continued)*

As at December 31, 2017, 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	301,903	327,795
Accounts receivable and prepaid expenses	5,765	317,221
Total assets	**307,668**	**645,016**
Trade and other payables	51,589	4,064
Total liabilities	**51,589**	**4,064**
Net assets	**256,079**	**640,952**

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by $26,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by $64,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

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

As at December 31, 2017, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

(c) Liquidity risk

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

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

(d) Interest rate risk

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

A 1% change in the interest rate would change the Company's net loss by $3,000.

(Expressed in Canadian dollars)

15. Financial Instruments *(Continued)*

(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 $26,000.

(ii) Equity price risk

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

(f) Classification of Financial instruments

IFRS 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

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

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Marketable securities and investments	2,773,253	-	-	2,773,253
Contingent shares receivable	-	23,400	-	23,400

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Marketable securities and investments	3,960,064	-	-	3,960,064
Contingent shares receivable	-	50,700	-	50,700

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.

(Expressed in Canadian dollars)

16. Management of Capital

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

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

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

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future. There have been no changes to the Company`s capital management approach during the year. The Company is not subject to externally imposed capital requirements.

17. 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:

2017	**All other non-current assets**	**Property and equipment**	**Exploration and evaluation assets**	**December 31, 2017**
	$	**$**	**$**	**$**
Canada	49,329	13,661	5	62,995
United States	-	-	4	4
Mexico	-	862,037	9,098,590	9,960,627
	49,329	**875,698**	**9,098,599**	**10,023,626**

2016	**All other non-current assets**	**Property and equipment**	**Exploration and evaluation assets**	**December 31, 2016**
	$	**$**	**$**	**$**
Canada	78,276	17,076	6	95,358
United States	-	-	4	4
Mexico	-	946,824	5,419,767	6,366,591
	78,276	**963,900**	**5,419,777**	**6,461,953**

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

18. Subsequent Events

The Company received $447,220 on the exercise of 1,406,000 stock options with exercise prices from $0.16 to $0.46

On February 9, 2018, the Company received 41,667 shares of Abacus at a fair value of $9,167.

On February 13, 2018, the Company received 250,000 shares of Wolverine at a fair value of $30,000.

The Company announced on February 26, 2018 that its Board of Directors has unanimously approved a strategic reorganization of its business, whereby Almadex's early stage exploration projects, royalty interests and certain other non-core assets will be transferred to a newly incorporated company ("Spinco"). Almadex shareholders would receive shares in Spinco in proportion to their shareholdings in Almadex (the "Spin-out"). Spinco was incorporated on February 26, 2018, as 1154229 B.C. Ltd.

In conjunction with the strategic reorganization, the Company reported that it had entered into a subscription agreement with Newcrest International Pty Ltd, a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") pursuant to which Newcrest agreed to acquire 14,342,129 common shares of Almadex (subject to adjustment) by way of a non-brokered private placement for aggregate gross proceeds of $19,074,425 (the "Private Placement"). The Private Placement will close in conjunction with the proposed spinout transaction referred to above, subject to customary conditions of closing including the completion of the Spin-out transaction. Upon completion of the Private Placement, Newcrest will hold 19.9% of the issued common shares of Almadex and will have no ownership interest in Spinco.

On April 9, the Company mailed to shareholders a management information circular pertaining to the proposed strategic re-organization to facilitate a shareholder vote scheduled for May 8, 2018.

On March 27, 2018, the Company closed on a $5,600,000 non-brokered private placement involving the issuance of 4,000,000 units at $1.40 per unit. Under the private placement the Company issued 4,000,000 common shares and 1,999,995 warrants. Each warrant allows the holder to purchase one common share of the Company at a price of $2.00 per share until March 27, 2020.