

ALMADEX MINERALS LIMITED

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

to be held on Tuesday, May 8, 2018

and

MANAGEMENT INFORMATION CIRCULAR

with respect to a proposed

ARRANGEMENT

involving

1154229 B.C. Ltd.

Dated as of Friday, April 6, 2018

April 6, 2018

Dear Shareholders:

You are cordially invited to attend the special meeting of shareholders of Almadex Minerals Limited (“**Almadex**”) to be held at 11:00 a.m. (Vancouver time) on Tuesday, May 8, 2018 at the offices of Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, in Vancouver, British Columbia.

At the meeting, shareholders will be asked to consider and, if thought fit, to pass, with or without variation, a special resolution to approve a statutory plan of arrangement (the “**Plan of Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia). The Plan of Arrangement involves, among other things, the distribution of common shares of 1154229 B.C. Ltd. (“**Spinco**”) to current shareholders of Almadex on a basis of one Spinco share per common share of Almadex outstanding (an “**Almadex Share**”). Almadex will transfer to Spinco its early stage exploration projects, royalty interests and certain other non-core assets, excluding the El Cobre property.

The board of directors of Almadex, after receiving legal and financial advice, has determined that the Plan of Arrangement is in the best interests of Almadex and is fair to the Almadex shareholders and unanimously recommends that the shareholders vote in favour of the special resolution. Each executive officer and director of Almadex, holding approximately 3,424,359 Almadex Shares, representing approximately 6.4% of the issued and outstanding Almadex Shares, have entered into support and voting agreements whereby they have agreed to vote all of their Almadex Shares in favour of the Plan of Arrangement.

The accompanying notice of meeting and management information circular provide a full description of the Plan of Arrangement and include certain additional information to assist you in considering how to vote in respect of the Plan of Arrangement. You are encouraged to consider carefully all of the information in the accompanying management information circular, including the documents incorporated by reference therein. If you require assistance, you should contact your financial, legal or other professional advisor.

Your vote is important regardless of the number of common shares of Almadex that you own. If you are a registered holder of common shares of Almadex, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy by no later than 11:00 a.m. (Vancouver time) on Friday, May 4, 2018, to ensure that your shares are voted at the meeting in accordance with your instructions, whether or not you are able to attend in person. If you hold your common shares of Almadex through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your shares.

On behalf of Almadex, we would like to thank all shareholders for their ongoing support.

Yours very truly,

(signed) “Morgan Poliquin”

MORGAN POLIQUIN

President, Chief Executive Officer and Director

**ALMADEX MINERALS LIMITED
NOTICE OF SPECIAL MEETING**

NOTICE IS HEREBY GIVEN THAT, pursuant to an order of the Supreme Court of British Columbia (the “**Court**”) dated Thursday, April 5, 2018 (the “**Interim Order**”), a special meeting (the “**Meeting**”) of the shareholders of Almadex Minerals Limited (“**Almadex**”) will be held at 11:00 a.m. (Vancouver time) on Tuesday, May 8, 2018 at the offices of Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, in Vancouver, British Columbia for the following purposes:

1. to consider and, if thought fit, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) to approve a statutory plan of arrangement (the “**Plan of Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) which involves, among other things, the distribution of common shares of 1154229 B.C. Ltd. (“**Spinco**”) to current shareholders of Almadex on a basis of one Spinco share per common share of Almadex outstanding, all as more particularly described in the management information circular (the “**Information Circular**”); and
2. to transact such further or other business as may properly come before the Meeting and any adjournments and postponements thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting. Please read it carefully. Copies of the Arrangement Resolution, the Plan of Arrangement, the Interim Order and Notice of Hearing for Final Order are attached to the Information Circular as Schedules “A”, “B”, “C”, and “D”, respectively.

Registered shareholders have a right of dissent in respect of the proposed Plan of Arrangement and to be paid the fair value of their common shares of Almadex. The dissent rights are described in the accompanying Information Circular (and specifically in Schedule “E”). Failure to strictly comply with the required procedure may result in the loss of any right of dissent.

Only shareholders of record at the close of business Thursday, March 29, 2018 will be entitled to receive notice of and vote at the Meeting.

DATED this 6th day of April, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “Morgan Poliquin”

Morgan Poliquin, President, Chief Executive Officer and Director

<p>Registered shareholders of Almadex unable to attend the Meeting are requested to date, sign and return their form of proxy in the enclosed envelope by no later than 11:00 a.m. (Vancouver time) on Friday, May 4, 2018. If you are a non-registered shareholder of Almadex and receive these materials through your broker or through another intermediary, please follow the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.</p>

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ALMADEX MINERALS LIMITED

MANAGEMENT INFORMATION CIRCULAR

SUMMARY

The following is a summary of the principal features of the statutory plan of arrangement (the “Plan of Arrangement”) and certain other matters and should be read together with the more detailed information, schedules, and financial data and statements contained elsewhere in this information circular (the “Information Circular”) and incorporated in this Information Circular by reference. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Information Circular.

THE MEETING

Date, Time and Place of Meeting

The special meeting (the “**Meeting**”) of holders (“**Almadex Shareholders**”) of common shares (“**Almadex Shares**”) of Almadex Minerals Limited (“**Almadex**”) will be held on Tuesday, May 8, 2018, at 11:00 a.m. (Vancouver time) at the offices of Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, in Vancouver, British Columbia.

The Record Date

Only Almadex Shareholders of record at the close of business (Vancouver time) on Thursday, March 29, 2018 (the “**Record Date**”) will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

This Information Circular is furnished in connection with the solicitation of proxies by management of Almadex for use at the Meeting.

At the Meeting, Almadex Shareholders will be asked to approve a Plan of Arrangement.

THE PLAN OF ARRANGEMENT

Purpose

Almadex is engaged in the business of the acquisition, exploration and development of mineral properties. Almadex has property interests in Canada, U.S. and Mexico.

Almadex intends to reorganize its business by transferring its early stage exploration projects, royalty interests and its other assets, other than the El Cobre Property (collectively, the “**Transferred Assets**”) to Spinco. The Transferred Assets will be transferred to Spinco in advance of completion of the Plan of Arrangement.

The Plan of Arrangement involves, among other things, the distribution of common shares (“**Spinco Shares**”) of 1154229 B.C. Ltd. (“**Spinco**”) held by Almadex to Almadex Shareholders on the basis of one Spinco Share per Almadex Share held. Upon completion of the Plan of Arrangement, Almadex Shareholders will hold one Almadex Share and one Spinco Share for each Almadex Share held.

Listing of Spinco Shares

Spinco has applied to list the Spinco Shares on the TSX Venture Exchange (the “**TSX-V**”). Listing will be subject to Spinco fulfilling all the listing requirements of the TSX-V. Spinco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on a U.S. marketplace.

Reasons for the Plan of Arrangement and Recommendation of the Board of Directors of Almadex (the “Almadex Board”)

After careful consideration, the Almadex Board, after receiving legal and financial advice, has unanimously determined that the Plan of Arrangement is in the best interests of Almadex and is fair to the Almadex Shareholders. Accordingly, the Almadex Board unanimously recommends that Almadex Shareholders vote FOR the special resolution authorizing and approving the Plan of Arrangement (the “Arrangement Resolution”).

The Almadex Board believes the Plan of Arrangement is in the best interests of Almadex for the following reasons:

- (a) The Plan of Arrangement is expected to allow Almadex to focus on the development of its El Cobre copper-gold porphyry exploration project (the “**El Cobre Project**”), which is located in the state of Veracruz, Mexico;
- (b) The Plan of Arrangement will allow Almadex to raise significant funding necessary to advance the El Cobre Project without diluting Almadex Shareholders’ interests in the Transferred Assets;
- (c) The Plan of Arrangement is expected to maximize shareholder value by allowing the market to value the El Cobre Project independently of the Transferred Assets; and
- (d) It is expected that holding the Transferred Assets in Spinco will accelerate development of the Transferred Assets.

Each executive officer and director of Almadex, representing approximately 6.4% of the issued and outstanding Almadex Shares, have entered into support and voting agreements (the “**Support and Voting Agreements**”) whereby they have agreed to vote all of their Almadex Shares in favour of the Plan of Arrangement.

In the course of its deliberations, the Almadex Board also identified and considered a variety of risks and potentially negative factors, including, but not limited to the risks set out under “The Plan of Arrangement – Plan of Arrangement Risk Factors”.

The foregoing discussion summarizes the material information and factors considered by the Almadex Board in their consideration of the Plan of Arrangement. The Almadex Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Almadex Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Almadex Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination. Individual members of the Almadex Board may have given different weight to different factors.

Investment by Newcrest Mining Limited

On February 26, 2018, Almadex entered into a subscription agreement with Newcrest International Pty Ltd (“**Newcrest**”), a wholly owned subsidiary of Newcrest Mining Limited (ASX: NCM), pursuant to which Newcrest agreed to acquire 14,025,312 Almadex Shares by way of a non-brokered private placement at a price of \$1.36 per share for aggregate gross proceeds of \$19,074,425 (the “**Private Placement**”). The

Private Placement will close as part of the Plan of Arrangement. **Upon completion of the Private Placement, Newcrest will hold 19.9% of the issued Almadex Shares and will have no ownership interest in Spinco.**

Newcrest Mining Limited is one of the world's largest gold mining companies, operating mines in Australia and Asia-Pacific and Africa regions. Newcrest Mining Limited has extensive experience developing and operating successful mines in culturally and geographically diverse environments, and also seeks to identify and secure large mineral districts, or provinces, in order to establish long term mining operations. Newcrest Mining Limited has extensive experience in exploring and operating gold and copper porphyry deposits through its ownership of the Cadia Hill operation in NSW, Australia, and its interest in the Wafi-Golpu project in Papua New Guinea.

Upon completion of the Private Placement, Newcrest and Almadex will enter into:

- (a) an investor rights agreement providing, among other things, a standstill and lock-up on customary terms and conditions, participation rights in favour of Newcrest to maintain its pro-rata interest in Almadex, and the right of Newcrest to designate one nominee to the board of directors of Almadex; and
- (b) a technical advisory agreement providing the basis upon which Newcrest will provide certain technical advice to Almadex to assist with advancing the evaluation of project development options at the El Cobre Project.

The proceeds of the Private Placement will be paid by Newcrest to Almadex's escrow agent, Computershare Trust Company of Canada (the "**Escrow Agent**"), by April 12, 2018 if certain conditions are satisfied, which include (i) Almadex obtaining the interim order (the "**Interim Order**") of the Supreme Court of British Columbia (the "**Court**") dated April 5, 2018 pursuant to Section 291 of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), (ii) Almadex calling the Meeting and the delivery of this circular to Almadex Shareholders, and (iii) the TSX-V's conditional acceptance of the Plan of Arrangement and the Private Placement. These proceeds will then be released by the Escrow Agent to Almadex one (1) day that is not a Saturday, Sunday or civic or statutory holiday in British Columbia (a "**Business Day**") prior to the effective date of the Plan of Arrangement (the "**Effective Date**").

The majority of the proceeds of the Private Placement will be used by Almadex to fund the development of the El Cobre Project.

Summary and Effect of the Plan of Arrangement

Prior to the Plan of Arrangement, Almadex will have effected the transfer of the Transferred Assets to Spinco and will hold all of the then outstanding Spinco Shares.

Pursuant to the Plan of Arrangement, the following steps will be deemed to have occurred in the following order:

- (a) Each common share in the authorized share structure of Almadex ("**Almadex Old Share**") in respect of which an Almadex Shareholder has exercised Dissent Rights (as defined below in "Rights of Dissent") and for which the Almadex Shareholder is ultimately entitled to be paid fair value (each a "**Dissent Share**") will be deemed to have been repurchased by Almadex for cancellation in consideration for a debt-claim against Almadex to be paid the fair value of such Dissent Share in accordance with the Plan of Arrangement, net of any applicable withholding tax, and such Dissent Share will thereupon be cancelled;

- (b) The authorized share structure of Almadex will be reorganized and altered by:
- (i) changing the identifying name of the issued and unissued Almadex Old Shares from “Common shares” to “Class A Common shares” and amending the special rights and restrictions attached to such shares to provide the holders thereof with two votes in respect of each share held; and
 - (ii) creating a new class of shares without par value issuable in an unlimited number with the identifying name “Class B Common shares” (the “**Almadex New Shares**”) having special rights and restrictions identical to those attaching to the Almadex Old Shares prior to the amendments described above;
- (c) Almadex will issue 4,000,000 fully paid and non-assessable Almadex New Shares to Spinco for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Almadex New Shares and in consideration therefor, Spinco will issue the number of fully paid and non-assessable Spinco Shares having a fair market value equal to the fair market value of Almadex New Shares received to Almadex for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Spinco Shares;
- (d) The issued and outstanding Spinco Shares will be subdivided into that number of Spinco Shares equal to the number of issued and outstanding Almadex Shares;
- (e) Each holder of an option to acquire Almadex Old Shares (an “**Almadex Option**”) will dispose of its Almadex Option and in consideration therefor will concurrently receive
- (i) one option to acquire an Almadex New Share (an “**Almadex Replacement Option**”) having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Option by (B) the quotient obtained by dividing the 20 Day VWAP of an Almadex New Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent and subject to adjustment; and
 - (ii) one option to acquire a Spinco Share (a “**Spinco Replacement Option**”) having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Option by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share for that period, rounded to the nearest whole cent and subject to adjustment;

and all Almadex Options will thereupon be cancelled (each such disposition, receipt, and cancellation, collectively, an “**Option Exchange**”), provided that the exercise prices of each Almadex Replacement Option and each Spinco Replacement Option issued pursuant to an Option Exchange will be and be deemed to be automatically increased if necessary so that the aggregate amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time (the “**In the Money Amount**”) thereof immediately after the Option Exchange does not exceed the In the Money Amount of the exchanged Almadex Option determined immediately before the Option Exchange, with the intention that subsection 7(1.4) of the *Income Tax Act* (Canada), as amended from time to time (the “**ITA**”) will apply to each Option Exchange;

- (f) Each outstanding common share purchase warrant exercisable to acquire an Almadex Share (an “**Almadex Warrant**”) will remain outstanding in accordance with its terms and will, in lieu of being exercised for one (1) Almadex Old Share, be exercisable for

- (i) one (1) Almadex New Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of an Almadex New Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent; and
 - (ii) one (1) Spinco Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent;
- (g) Each Almadex Shareholder will dispose of each Almadex Old Share held to Almadex in exchange for:
- (i) one fully paid and non-assessable Almadex New Share having an issue price equal to the fair market value thereof; and
 - (ii) one Spinco Share (the “**Share Exchange**”),
- and in respect thereof:
- (iii) the name of each Almadex Shareholder will be removed from the central securities register for the Almadex Old Shares and added to the central securities register for the Almadex New Shares and the Spinco Shares as the holder of the number of Almadex New Shares and Spinco Shares, respectively, received pursuant to the Share Exchange;
 - (iv) the Almadex Old Shares will be cancelled and the capital in respect of such shares will be reduced to nil; and
 - (v) an amount equal to the capital of the Almadex Old Shares immediately before the Share Exchange less the aggregate fair market value of the Spinco Shares distributed on the Share Exchange, will be added to the capital in respect of the Almadex New Shares issued on the Share Exchange;
- (h) The authorized share structure of Almadex will be reorganized and altered by:
- (i) eliminating the Almadex Old Shares from the authorized share structure of Almadex; and
 - (ii) changing the identifying name of the issued and unissued Almadex New Shares from “Class B Common shares” to “Common shares”;
- (i) Almadex will issue to Newcrest a number of fully paid and non-assessable Almadex New Shares having an aggregate issue price equal to \$19,074,425 such that immediately after the issuance, Newcrest will own 19.9% of the issued and outstanding Almadex New Shares and, in respect thereof:
- (i) Newcrest will be added to the central securities register for the Almadex New Shares as the holder of that number of Almadex New Shares; and
 - (ii) an amount equal to the issue price of the Almadex New Shares so issued will be added to the capital in respect of the Almadex New Shares;
- (j) Almadex will change its name to “Azucar Minerals Ltd.”; and
- (k) Spinco will change its name to “Almadex Minerals Ltd.”

See “The Plan of Arrangement” for additional information. A copy of the Plan of Arrangement is attached hereto as Schedule “B”.

Recommendation

The Almadex Board unanimously recommends that the Almadex Shareholders vote FOR the Arrangement Resolution. See “The Plan of Arrangement – Reasons for the Plan of Arrangement and Recommendation of the Almadex Board”.

Conditions to the Plan of Arrangement

Completion of the Plan of Arrangement is subject to a number of specified conditions being met on or before the Effective Date, including:

- (a) the Interim Order shall not have been set aside or modified in a manner unacceptable to any of Almadex and Spinco (the “**Parties**” and “**Party**” means any one of them), acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the required number of votes cast by Almadex Shareholders at the Meeting, in accordance with the Interim Order;
- (c) the Court shall have determined that the terms and conditions of the exchange of Almadex Shares for Spinco Shares in the Plan of Arrangement are procedurally and substantively fair to Almadex Shareholders, and the order made after application to the Court pursuant to section 291 of the BCBCA approving the Plan of Arrangement (the “**Final Order**”) shall have been obtained in form and substance satisfactory to all Parties, each acting reasonably, not later than Sunday, May 27, 2018 (the “**Outside Date**”) or such later date as the Parties may agree;
- (d) any securities to be issued in the United States pursuant to the Arrangement shall be issued in accordance with and exempt from registration requirements under applicable exemptions from registration under the *U.S. Securities Act of 1933*, as amended (the “**U.S. Securities Act**”);
- (e) the consent to the Plan of Arrangement of the holders of Almadex Options shall have been obtained in form and substance satisfactory to the Parties;
- (f) the transfer of the Transferred Assets from Almadex to Spinco shall have been completed to the satisfaction of the Parties, acting reasonably;
- (g) the TSX-V shall have given conditional acceptance to the listing thereon of the Spinco Shares to be distributed pursuant to the Plan of Arrangement, subject to compliance with the usual requirements of the TSX-V;
- (h) Newcrest will have concurrently closed its subscription for a number of common shares which will represent 19.9% of the outstanding Almadex New Shares following the 12:01 a.m. on the Effective Date (the “**Effective Time**”);
- (i) all material consents, orders, rulings, approvals and assurances, including regulatory and judicial approvals and orders, required for the completion of the transactions provided for in the Arrangement Agreement dated as of March 22, 2018 between Almadex and Spinco, and any amendments thereto (the “**Arrangement Agreement**”) and the Plan of Arrangement shall have been obtained or received from the authorities, including applicable orders, rulings, no action letters and registrations pursuant to Securities Legislation to permit the Spinco Shares to be distributed pursuant to the Plan of Arrangement;

- (j) no action shall have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of, or relating to, the Plan of Arrangement and there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and no cease trading or similar order with respect to any securities of any of the Parties shall have been issued and remain outstanding;
- (k) none of the consents, orders, rulings, approvals or assurances required for the implementation of the Plan of Arrangement shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the Parties, acting reasonably;
- (l) no law, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Plan of Arrangement, including any material change to the income tax laws of Canada, which would have a material adverse effect upon Almadex Shareholders, holders of options to acquire Almadex Shares ("**Almadex Optionholders**"), and holders of Almadex share purchase warrants ("**Almadex Warrantholders**") if the Plan of Arrangement is completed;
- (m) the Arrangement Agreement shall not have been terminated; and
- (n) Dissent Rights (as defined below in "Rights of Dissent") shall not have been exercised by Almadex Shareholders holding more than five percent (5%) of the issued and outstanding Almadex Shares.

Rights of Dissent

Registered Almadex Shareholders have the right to dissent with respect to the proposed Plan of Arrangement and to be paid the fair value of their Almadex Shares upon strict compliance with the provisions of the Interim Order and applicable law ("**Dissent Rights**"). See "Rights of Dissenting Almadex Shareholders". It is a condition of the Plan of Arrangement that Dissent Rights shall not have been exercised in the aggregate for more than 5% of the outstanding Almadex Shares.

Entitlement to and Delivery of Share Evidence

Each registered Almadex Shareholder will receive a letter of transmittal containing instructions with respect to the deposit of certificates for Almadex Shares for use in exchanging their Almadex Share certificates for Direct Registration System ("**DRS**") statements representing:

- (a) Almadex New Shares; and
- (b) Spinco Shares,

to which they are entitled under the Arrangement. Upon return of a properly completed letter of transmittal, together with certificates formerly representing Almadex Shares and such other documents as Computershare Investor Services Inc. ("**Computershare**") may require, DRS statements for the appropriate number of Almadex New Shares and Spinco Shares will be distributed.

INCOME TAX CONSIDERATIONS

Almadex Shareholders, Almadex Optionholders and holders of Almadex Warrantholders should consult their own tax advisors about the applicable Canadian federal, provincial, local and foreign tax consequences of the Plan of Arrangement.

Summary of Canadian Federal Income Tax Considerations

A summary of the principal Canadian federal income tax considerations in respect of the Arrangement is included under the heading "Canadian Federal Income Tax Considerations" and the following is qualified in its entirety thereby.

Almadex does not expect that any Holder (as defined below in "Canadian Federal Income Tax Considerations") will receive a taxable dividend on the Share Exchange. Each Holder will realize a capital gain equal to the amount, if any, by which the fair market value of the Spinco Shares received by the Holder at the time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Holder exceeds the adjusted cost base, as defined in the ITA, of the Holder's Almadex Shares determined immediately before the Share Exchange.

A Non-resident Holder (as defined below in "Canadian Federal Income Tax Considerations") will not be subject to Canadian federal income tax in respect of any such capital gain unless the Non-resident Holder's Almadex Shares, at the time of the Share Exchange, are "taxable Canadian property" and are not "treaty-protected property" as defined in the ITA.

A summary of the principal Canadian federal income tax considerations in respect of the Plan of Arrangement is included under the heading "Canadian Federal Income Tax Considerations" and the foregoing is qualified in full by the information in such section.

Summary of Certain United States Federal Income Tax Considerations

A U.S. Holder (as defined below in "Certain United States Federal Income Tax Considerations") of Almadex Shares generally will be subject to tax on the receipt of Spinco Shares under the Plan of Arrangement as discussed below in "Certain United States Federal Income Tax Considerations."

In addition, Almadex and/or Spinco may be a PFIC (as defined below in "Certain United States Federal Income Tax Considerations") for the current taxable year and may be a PFIC for future taxable years, subjecting the U.S. Holders of Spinco Shares, Almadex New Shares and/or Almadex Shares, as applicable, to certain adverse tax consequences. If either Almadex or Spinco is a PFIC for a taxable year, the complex and adverse U.S. federal income tax rules relating to PFICs would apply to U.S. Holders of shares in such entity, potentially resulting in gains realized on the disposition of such shares, as well as certain distributions on such shares, being taxed punitively and being subject to an interest charge. Further, certain non-corporate U.S. Holders would not be eligible for the preferential U.S. tax rates on dividends (if any) paid by Almadex or Spinco, as applicable. While the U.S. federal income tax consequences of holding an interest in a PFIC can be mitigated through "qualified electing fund" ("**QEF**") and "mark to market" elections, these elections require compliance with certain U.S. tax return and reporting requirements; they may or may not be available; and, if made, they may accelerate the timing of income recognition and/or result in the recognition of ordinary income rather than capital gain. In addition, special adverse rules would apply to U.S. Holders of Spinco Shares or Almadex Shares for any year in which Spinco or Almadex (as applicable) is a PFIC and has a direct or indirect subsidiary that is also a PFIC (a "**Subsidiary PFIC**"). For a more detailed discussion of the consequences of Almadex or Spinco being classified as a PFIC, including a discussion of a QEF election and a Mark-to-Market Election (as defined under "Certain United States Federal Income Tax Considerations" below), which could mitigate certain of the adverse tax consequences described above, see "Certain United States Federal Income Tax Considerations" below. The foregoing is qualified in full by the information provided in that section. U.S. Holders are strongly encouraged to read that section in full and to consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences to them, in light of their particular circumstances, of the acquisition, ownership, and disposition of Spinco Shares, Almadex New Shares and Almadex Shares.

COURT APPROVAL AND EFFECTIVE DATE

The Plan of Arrangement requires approval by the Court under Section 288 of the BCBCA. Prior to the mailing of the Information Circular, Almadex obtained the Interim Order, which provides for the calling and holding of the Meeting, the Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Schedule "C" to this Information Circular. Subject to the approval of the Arrangement Resolution by Almadex Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on Thursday, May 10, 2018.

At the hearing, the Court will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Plan of Arrangement to those to whom securities will be distributed. The Court may approve the Plan of Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. Prior to the hearing on the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption under the U.S. Securities Act with respect to the Spinco Shares to be distributed pursuant to the Plan of Arrangement. It is presently contemplated that the Effective Date will be on or about Friday, May 18, 2018. See "The Plan of Arrangement – Court Approval of the Plan of Arrangement and Effective Date".

SECURITIES LAW INFORMATION FOR CANADIAN SHAREHOLDERS

The distribution of the Spinco Shares pursuant to the Plan of Arrangement will be exempt from the prospectus requirements of Canadian securities legislation. With certain exceptions, the Spinco Shares may generally be resold in each of the provinces of Canada, provided the trade is not a "control distribution" as defined in the applicable legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

Upon completion of the Plan of Arrangement, Spinco will be a reporting issuer in British Columbia, Alberta and Ontario.

See "Securities Laws Considerations – Canadian Securities Laws".

SECURITIES LAW INFORMATION FOR UNITED STATES SHAREHOLDERS

The Spinco Shares to be distributed to Almadex Shareholders pursuant to the Plan of Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in section 3(a)(10) under the U.S. Securities Act (the "**Section 3(a)(10) Exemption**") and exemptions provided under the securities laws of each state of the United States in which a U.S. Shareholder resides. The restrictions on resale of shares imposed by the U.S. Securities Act will depend on whether the holder of the Spinco Shares distributed pursuant to the Plan of Arrangement is an "affiliate" of Spinco after the Plan of Arrangement. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. See "Securities Laws Considerations – U.S. Securities Laws".

ALMADEX SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the periods indicated which is qualified by the more complete information contained in the audited financial statements of Almadex for the periods ended December 31, 2016 and 2015, as filed on SEDAR at www.sedar.com and incorporated by reference into this Information Circular.

	As at December 31,	
	2016	2015
	(audited)	(audited)
Cash and cash equivalents	2,679,135	2,896,701
Accounts receivable and prepaid expenses	221,410	260,748
Marketable securities and investments	3,960,064	2,562,892
Other assets	6,461,953	5,549,569
Total assets	13,322,562	11,269,910
Current liabilities	333,139	187,593
Shareholders' equity	12,989,423	11,082,317
Total liabilities and shareholders' equity	13,322,562	11,269,910

	As at December 31,	
	2016	2015
Revenue	253,485	86,662
Expenses	(1,830,862)	(1,041,413)
Other income (losses)	1,097,352	(129,650)
Total loss for the year	(480,025)	(1,084,401)

SPINCO SELECTED PRO FORMA UNAUDITED CONSOLIDATED SUMMARY FINANCIAL INFORMATION

The following table sets out selected unaudited consolidated pro forma financial information for Spinco as at September 30, 2017, assuming completion of the Plan of Arrangement, and subject to certain adjustments and assumptions, all of which is qualified by the more complete information contained in the unaudited pro forma consolidated financial statements of Spinco as at September 30, 2017 attached as Schedule "F" to this Information Circular (the "**Pro Forma Financial Statements**").

	As at September 30, 2017
Cash	6,259,529
Accounts receivable and prepaid expenses	150,961
Marketable securities and investments	8,693,406
Other assets	1,395,803
Total assets	16,499,699
Current liabilities	18,637
Shareholders' equity	16,481,062
Total liabilities and shareholders' equity	16,499,699

SPINCO PRO FORMA SHARE CAPITALIZATION

Assuming an issued capital of 53,728,869 Almadex Shares immediately prior to the completion of the Plan of Arrangement, there will be approximately 53,728,869 Spinco Shares issued and outstanding upon completion of the Plan of Arrangement.

There would also be Spinco Replacement Options and Spinco Warrants outstanding upon completion of the Plan of Arrangement exercisable to purchase 3,397,500 and 3,292,395 Spinco Shares, respectively.

RISK FACTORS

There are risks associated with the completion of the Plan of Arrangement. These risks include: (i) Almadex and Spinco may not obtain the necessary approvals for completion of the Plan of Arrangement on satisfactory terms or at all; (ii) the Arrangement Agreement, and any amendments thereto, may be terminated in certain circumstances; and (iii) the market price for the Almadex Shares may decline.

An investment in a natural resource issuer involves a significant degree of risk. The Spinco Shares to be distributed to the Almadex Shareholders pursuant to the Plan of Arrangement are speculative and subject to a number of risks.

Almadex Shareholders should review carefully the risk factors set forth under “The Plan of Arrangement – Plan of Arrangement Risk Factors” in this Information Circular and under “Spinco – Risk Factors” in this Information Circular.

FORWARD-LOOKING STATEMENTS

Statements contained in this Information Circular that are not historical facts are forward-looking statements within the meaning of U.S. and Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to: (i) the completion and the Effective Date of the Plan of Arrangement; (ii) the date of the hearing for the Final Order; (iii) the timing for delivery of DRS statements representing Spinco Shares; and (iv) payments to be made with respect to royalty interests held by Almadex and to be acquired by Spinco. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “scheduled”, “estimates”, “intends”, “objectives”, “potential”, “possible”, “believes” or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, or “occur”. These forward-looking statements and forward-looking information are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements or forward-looking information. Such assumptions and factors include the approval Arrangement Resolution, the approval of the Plan of Arrangement by the Court, and the receipt of the required governmental and regulatory approvals and consents. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Almadex and Spinco, post-Plan of Arrangement, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration and/or reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled “Risk Factors” in this Information Circular. Although Almadex and Spinco have attempted to identify important factors that could affect Almadex and Spinco and may cause actual actions, events or results to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements or forward looking information. The forward-looking statements and forward-looking information in this Information Circular speak only as of the date hereof. Almadex and Spinco do not undertake any obligation to publicly update forward-looking statements and forward-looking information contained herein to reflect events or circumstances after the date hereof, except as required by law.

Forward-looking statements and other information contained herein concerning the mining industry and Almadex’s and Spinco’s (the “**Companies**”, and each the “**Company**” as the context requires) expectations concerning the mining industry are based on estimates prepared by the Companies using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Companies not aware of any misstatements regarding any mining industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Certain historical and forward-looking information contained or incorporated by reference in this Information Circular has been provided by, or derived from information provided by, certain persons other than Almadex. Although Almadex does not have any knowledge that would indicate that any such information is untrue or incomplete, Almadex assumes no responsibility for the accuracy and completeness of such information or the failure by such other persons to disclose events which may have occurred or may affect the completeness or accuracy of such information but which is unknown to Almadex.

NOTE TO UNITED STATES SHAREHOLDERS

THE SECURITIES DISTRIBUTABLE IN CONNECTION WITH THE PLAN OF ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Spinco Shares to be distributed under the Plan of Arrangement have not been registered under the U.S. Securities Act, and are being issued in reliance on the Section 3(a)(10) Exemption thereof on the basis of the approval of the Court, which will consider, among other things, the procedural and substantive fairness of the terms and conditions of the Plan of Arrangement to Almadex Shareholders as further described under “Securities Laws Considerations – U.S. Securities Laws”. The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the United States Securities Exchange Act, as amended (the “**U.S. Exchange Act**”). Accordingly, this Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Almadex Shareholders in the United States (“**U.S. Shareholders**”) should be aware that such requirements are different than those of the United States.

Likewise, information concerning the properties and operations of Almadex and Spinco has been prepared in accordance with Canadian standards, and may not be comparable to similar information for United States companies. In particular, disclosure of scientific or technical information regarding mineral prospects in this Information Circular has been made in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. For example, the terms “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” are used in this Information Circular to comply with the reporting standards in Canada. While those terms are recognized and required by Canadian regulations, the SEC does not recognize them and disclosure of information concerning such categories is generally not permitted in documents filed with the SEC. Almadex Shareholders are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources, inferred mineral resources or probable mineral reserves will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Disclosure of “contained ounces” is permitted disclosure under Canadian regulations however, the SEC normally only permits issuers to report mineralization that does not constitute reserves as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this Information Circular containing descriptions of the Companies’ mineral properties may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Financial statements and information included or incorporated by reference herein have been prepared in accordance with international financial reporting standards as issued by the International Accounting Standards Board (“**IFRS**”), and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements of United States companies.

Almadex Shareholders should be aware that the distribution of the securities described herein may have tax consequences both in the United States and in the Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. See “Certain United States Federal Income Tax Considerations” for a summary of material federal income tax consequences to U.S. Almadex Shareholders. Almadex Shareholders should consult their own tax advisors as to the tax consequences of the distribution of securities described herein.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that Almadex and Spinco are incorporated or organized outside the United States, that some or all of their officers and directors and the experts named herein may be residents of a foreign country, and that all or a substantial portion of the assets of Almadex and Spinco and said persons are located outside the United States. As a result, it may be difficult or impossible for Almadex's U.S. Shareholders to effect service of process within the United States upon Almadex or Spinco, their directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

TECHNICAL AND THIRD PARTY INFORMATION

The disclosure in this Information Circular relating to properties and operations on the properties on which Almadex or Spinco holds or will hold royalty interests is based on information publicly disclosed by the owners or operators of those properties and information/data available in the public domain as at April 6, 2018 (except where stated otherwise), and none of this information has been independently verified by Almadex or Spinco. Specifically, as a royalty holder, Almadex and Spinco have limited, if any, access to properties included their respective portfolios of royalty assets. Additionally, Almadex and Spinco may from time to time receive operating information from the owners and operators of the properties, which they are not permitted to disclose to the public.

Except with respect to the El Chato property (the "**El Chato Property**") and the El Cobre property (the "**El Cobre Property**"), Almadex and Spinco are dependent on publicly available information to prepare required disclosure pertaining to material properties on which Almadex and Spinco hold or will hold direct or royalty interests and generally have limited or no ability to independently verify such information. Although Almadex and Spinco do not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by operators may relate to a larger property than the area covered by Almadex or Spinco's royalty interest. Royalty interests often cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of the property.

The disclosure in this Information Circular of a scientific or technical nature for the El Chato Property is based on a NI 43-101 technical report dated April 6, 2018 (the "**El Chato Report**") entitled Technical Report on the El Chato Property, Puebla, Mexico and prepared by Kristopher J. Raffle of APEX Geoscience Ltd., a qualified person for the purposes of NI 43-101. The El Chato Report has been filed on SEDAR under Almadex's profile at www.sedar.com.

The disclosure in this Information Circular of a scientific or technical nature for the Tuligtic property (the "**Tuligtic Property**") is based on the technical report titled "Pre-Feasibility Study of the Ixtaca Gold Silver Project Puebla State, Mexico", which was prepared in accordance with NI 43-101 and is dated May 17, 2017 (the "**Ixtaca PFS**"). The independent qualified persons responsible for preparing the Ixtaca PFS are: Jesse Aarsen, P.Eng. and Tracey Meintjes, P.Eng. of Moose Mountain Technical Services, Ken Embree, P.Eng. of Knight Piésold, Kristopher Raffle, P.Geo. of APEX Geoscience Ltd., and Gary Giroux, M.A.Sc., P.Eng. of Giroux Consultants Ltd., all of whom are Qualified Persons for the purposes of NI 43-101. The Ixtaca PFS has been filed on SEDAR under the profile of Almaden Minerals Ltd. ("**Almaden**") at www.sedar.com.

The qualified person for the purposes of NI 43-101 who is responsible for the scientific and technical information contained in this Information Circular, including that based upon the disclosure made by third

parties as set out above, is Morgan Poliquin, P.Eng and the President, Chief Executive Officer and Director of Almadex.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed by Almadex with the BCSC and the securities regulatory authorities in each of Alberta and Ontario, are specifically incorporated by reference into, and form an integral part of, this Information Circular: the audited consolidated financial statements of Almadex and the related notes thereto, for the years ended December 31, 2016 and 2015 and the report of independent registered chartered accountant thereon; and the management, discussion and analysis filed in connection with the above financial statements.

Copies of the documents incorporated herein by reference may be obtained on request without charge, from the Chief Financial Officer (the “CFO”) of Almadex at Suite 210-1333 Johnston Street, Vancouver, British Columbia V6H 3R9 (telephone: (604) 689-7644). All of these documents are also available through the internet on SEDAR, which can be accessed online at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained in this Information Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical financial statements of Almadex contained in this Information Circular are reported in Canadian dollars and have been prepared in accordance with IFRS. All references to dollar amounts in this Information Circular are to Canadian dollars unless stated otherwise or the context otherwise requires.

DATE OF INFORMATION

Information contained in this Information Circular is as at Friday, April 6, 2018, unless otherwise indicated.

GLOSSARY OF DEFINED TERMS

In this Information Circular, the following capitalized words and terms shall have the following meanings:

20 Day VWAP	In respect of a security means the volume weighted average price of the security on the principal exchange on which the security is traded for the period of twenty trading days beginning on the first trading day after the Effective Date.
2018 Budget Tax Proposals	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations”.
AA	Atomic absorption.
Abacus	Abacus Mining and Exploration Corp.
Administrative Services Agreement	The administrative services agreement dated Thursday, March 29, 2018 between Spinco and Almaden.
Ag	Silver.
allowable capital loss	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses”.
Almaden	Almaden Minerals Ltd., a corporation existing under the BCBCA.
Almaden de Mexico	Almaden de Mexico, S.A. de C.V.
Almadex	A company incorporated under the laws of the Province of British Columbia known as Almadex Minerals Ltd. at the commencement of the Plan of Arrangement and renamed “Azucar Minerals Ltd.” pursuant to Subsection 2.2(j) in the Plan of Arrangement.
Almadex America	Almadex America Inc.
Almadex Board	The board of directors of Almadex.
Almadex New Shares	The Class B Common shares in the authorized share structure of Almadex created pursuant to Paragraph 2.2(b)(ii) in the Plan of Arrangement and whose identifying name is changed to “Common shares” pursuant to Paragraph 2.2(h)(ii) in the Plan of Arrangement.
Almadex Old Shares	The Common shares in the authorized share structure of Almadex whose identifying name is changed to “Class A Common shares” pursuant to Paragraph 2.2(b)(i) in the Plan of Arrangement and which are eliminated from Almadex’s authorized share structure pursuant to Paragraph 2.2(h)(i) in the Plan of Arrangement.
Almadex Optionholders	At the relevant time, the holders of Almadex Options.
Almadex Option Plan	Almadex’s rolling stock option plan, dated July 12, 2017.
Almadex Options	An option exchangeable into an Almadex Share pursuant to the Almadex Option Plan.

Almadex Replacement Option	An option to acquire an Almadex New Share granted by Almadex to a holder of an Almadex Option pursuant to an option exchange in accordance with Subsection 2.2(e) in the Plan of Arrangement, with the exercise price of each such Almadex Replacement Option determined in accordance with the Plan of Arrangement and the other terms and conditions of each such Almadex Replacement Stock Option determined in accordance with the Almadex Option Plan and any agreements thereunder including, where necessary, appropriate adjustments to any performance-based or other vesting conditions, as such plan and agreements may be amended by the board of directors of Almadex or a committee thereof.
Almadex Shareholders	At the relevant time, the holders of Almadex Shares.
Almadex Shares	Almadex Old Shares prior to the Effective Time and Almadex New Shares after the Effective Time.
Almadex Warrantholders	At the relevant time, the holders of Almadex Warrants.
Almadex Warrants	Common share purchase warrants of Almadex exercisable to acquire Almadex Shares.
ALS	ALS Minerals.
Antofagasta	Antofagasta Minerals S.A.
Applicable Law	Any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, order (including any securities laws or requirements of stock exchanges and any consent decree or administrative order), or Authorization of a Governmental Entity in any case applicable to any specified Person, property, transaction or event, or any such Person's property or assets.
Arrangement or Plan of Arrangement	An arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement as Schedule "B" hereto, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of Almadex and Spinco, each acting reasonably.
Arrangement Agreement	The Arrangement Agreement dated as of Thursday, March 22, 2018 between Almadex and Spinco, and any amendments thereto.
Arrangement Resolution	The special resolution of Almadex Shareholders authorizing and approving the Plan of Arrangement at the Meeting, substantially in the form attached as Schedule "A" to this Information Circular.
ASD	ASD Inc.
Asset Transfer Agreement	The asset transfer agreement dated March 22, 2018 between Almadex and Spinco.
ATW	ATW Resources Ltd.

Au	Gold.
Authorization	Any authorization, approval, consent, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Entity having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters.
BCBCA	<i>Business Corporations Act</i> (British Columbia), as amended.
Business Day	A day which is not a Saturday, Sunday, or a day when commercial banks are not open for business in Vancouver, British Columbia.
Carve-Out Entity	Almadex Minerals Limited's portion of business activities that relates to the early stage exploration projects, royalty interests and certain other non-core assets.
Carve-Out Financial Statements	The audited carve-out consolidated financial statements and unaudited carve-out consolidated financial statements of the Spinco Business, attached as Schedule "H".
Cash	An amount of cash which will be transferred from Almadex to Spinco immediately prior to the Effective Date, which will at a minimum be sufficient to meet its working capital and mineral exploration requirements for its next fiscal year.
CCPC	Canadian-controlled private corporation.
CDS	The Canadian Depository for Securities Limited.
Cease Trade Order	A cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Claims	Has the meaning ascribed to it under "Tuligtic Property Mineral Claims – Project Description, Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography".
COBE	Code of Business Ethics.
CODE	Code of Business Conduct and Ethics for Directors.
Code	United States Internal Revenue Code of 1986, as amended.
Company	Almadex or Spinco, as the context requires, and means Almadex and Spinco when used in the plural.
Computershare	Computershare Investor Services Inc.

Court	The Supreme Court of British Columbia.
Cu	Copper.
Discounted Market Price	Has the meaning ascribed to it in Policy 1.1 of the TSX-V Corporate Finance Manual.
Dissent Procedures	The procedures to be taken by a registered Almadex Shareholder in exercising Dissent Rights.
Dissent Rights	The rights of a registered Almadex Shareholder to dissent in respect of the Plan of Arrangement and receive fair value for all Almadex Shares held, in the manner set forth in the Interim Order and sections 242 to 247 of the BCBCA, as the same may be modified by the Interim Order or the Final Order, as more particularly described under the heading “Rights of Dissenting Almadex Shareholders”.
Dissent Share	Has the meaning ascribed to it under “Summary – The Plan of Arrangement – Summary and Effect of the Plan of Arrangement”.
Dissenting Resident Holder	A registered Resident Holder who validly exercises Dissent Rights.
Dissenting U.S. Holder	A registered U.S. Holder that exercises the right to dissent from the Arrangement.
DRS	Direct Registration System.
EDGAR	Electronic Data Gathering, Analysis and Retrieval of the SEC.
Effective Date	The second Business Day after the date upon which the Parties have confirmed in writing (such confirmation not to be unreasonably withheld or delayed) that all conditions to the completion of the Plan of Arrangement have been satisfied or waived in accordance with the Arrangement Agreement and all documents and instruments required under the Arrangement Agreement, the Plan of Arrangement and the Final Order have been delivered.
Effective Time	12:01 a.m. on the Effective Date.
El Chato Project	El Chato exploration project in Puebla, Mexico.
El Chato Property	El Chato property in Puebla, Mexico with a total area of 5,332 hectares.
El Chato Report	Technical Report on the El Chato Property dated April 6, 2018 entitled Technical Report on the El Chato Property, Puebla, Mexico and prepared by Kristopher J. Raffle of APEX Geoscience Ltd.
El Chato Report QP	Kristopher J. Raffle, B.Sc., P. Geo., principal and consultant of Apex Geoscience Ltd. and a Qualified Person as defined by NI 43-10 and author of the El Chato Report.

EI Cobre Project	The EI Cobre gold-copper porphyry project, located in the state of Veracruz, Mexico, as such Project is described in the the technical report titled “NI 43-101 Technical Report on The EI Cobre Property, Veracruz, Mexico”, dated November 3, 2014, prepared by APEX Geoscience Ltd. as filed on SEDAR.
EI Cobre Property	All of the property, assets, undertaking, approvals, licenses, permits and rights of any of Almadex, Pangeon Holdings Ltd. and Minera Alondra S.A. de C.V in and relating to the Project, including real property, personal property and other mineral rights, mineral concessions and other mineral interests.
Electing Almadex Shareholder	A U.S. Holder that has made a timely QEF Election or Mark-to-Market Election with respect to its Almadex Shares.
Encumbrance	Any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation, title retention right, or any other encumbrance or prior claim of any nature or kind whatsoever.
Escrow Agent	Computershare Trust Company of Canada.
FA	Fire-assay.
Final Order	The final order made after application to the Court pursuant to Section 291 of the BCBCA approving the Plan of Arrangement as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal, which order will include a statement to the following effect: “The terms and conditions of the Plan of Arrangement are procedurally and substantially fair to Almadex Shareholders and are hereby approved by the Court”.
g	A gram.
g/t	Grams-per-tonne.
Gavilán	Minera Gavilán, S.A. de C.V.
Gold Inventory	1,597 ounces of gold bullion.
Gold Mountain	Gold Mountain Mining Corporation.
Governmental Entity	Any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange.

Holder	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations”.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
INEGI	The National Institute for Statistics and Geography of Mexico.
Information Circular	The notice of the Meeting and this accompanying management information circular, together with all schedules, appendices and exhibits thereto and any information incorporated by reference therein, to be delivered to Almadex Shareholders in connection with the Meeting.
Informe Preventivo	The preventive report required by SEMARNAT which outlines the methods by which the owner of a mining claim will maintain compliance with applicable regulations.
Interim Order	The interim order made after application to the Court pursuant to Section 291 of the BCBCA, providing for, among other things, the calling and holding of the Meeting and the requisite majority for the approval of the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably), as attached as Schedule “C” hereto.
Intermediary	Has the meaning ascribed to it under the heading “General Proxy Information – Non-Registered Holders”.
In the Money Amount	At a particular time with respect to an Almadex Option, Almadex Replacement Option, or Spinco Replacement Option means the amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time.
IP	Induced polarization.
IRS	Internal Revenue Service (United States).
ITA	The <i>Income Tax Act</i> , R.S.C. 1985 (5th Supp.) c.1, as amended.
Ixtaca Deposit	Part of the Tuligtic Project, which comprises approximately 7,220 hectares, located in the states of Puebla, Mexico.
Ixtaca PFS	The Pre-Feasibility Study on the Ixtaca Project.
Ixtaca Precious Metals	Ixtaca Precious Metals Inc.
Ixtaca Project	Defined resource and related engineering studies on a portion of the Tuligtic Property.
Logan Interest	Has the meaning ascribed to it under the heading “1154229 B.C. Ltd. - Description of the Business – Non-Material Properties – Canadian Projects – Logan”.
LOM	Life of mine.

Management Proxyholders	The officers and/or directors whose names are printed in the enclosed form of proxy.
Manifestacion de Impacto Ambiental or MIA	Has the meaning ascribed to it under “Tuligtic Property Mineral Claims – Project Description, Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography”.
Mark-to-Market Election	A mark-to-market election with respect to shares of a PFIC under Section 1296 of the Code.
MD&A	Management Discussion & Analysis
Meeting	The special meeting of Almadex Shareholders scheduled to be held on Tuesday, May 8, 2018, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Almadex Resolution and for any other purpose set out in this Information Circular.
Meeting Materials	Almadex’s proxy-related materials for the Meeting.
MXP	Mexican Pesos.
Newcrest	Newcrest International Pty Ltd.
NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
NI 52-110	National Instrument 52-110 – <i>Audit Committees</i> .
NI 54-101	National Instrument 54-101 – <i>Communication with Beneficial Owners of Securities of a Reporting Issuer</i> .
NI 58-101	National Instrument 58-101 – <i>Disclosure of Corporate Governance Practices</i> .
Non-Electing Almadex Shareholder	A U.S. Holder of Almadex Shares that has not made a timely QEF Election or a Mark-to-Market Election with respect to its Almadex Shares.
Non-Electing Shareholder	A U.S. Holder of Almadex Shares, Almadex New Shares or Spinco Shares that has not made a timely QEF Election or a Mark-to-Market Election with respect to its Almadex Shares, Almadex New Shares or Spinco Shares, respectively.
Non-Registered Holder	Has the meaning ascribed to it under the heading “General Proxy Information – Non-Registered Holders”.
Non-resident Holder	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations”.
Northeast Ridge	The geological ridge formation in the north-eastern part of the El Chato Property.
Notice of Hearing of Petition	The notice of hearing of petition for the Final Order, as attached as Schedule “D”.

NPV	Net present value.
NSR	Net smelter return.
Option Exchange	Has the meaning ascribed to it under the heading “Summary – Summary and Effect of the Plan of Arrangement”.
Outside Date	Sunday, May 27, 2018.
Parent PFIC	A PFIC that owns, directly or indirectly, shares of a Subsidiary PFIC.
Parties	Together, Almadex and Spinco and “ Party ” means any one of them.
Person	Includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, Governmental Entities or any other type of organization or entity, whether or not a legal entity.
PFIC	Passive foreign investment company.
ppb	Parts per billion.
ppm	Parts per million.
Private Placement	Has the meaning ascribed to it under the heading “The Plan of Arrangement – Reasons for the Plan of Arrangement and Recommendation of the Almadex Board – Investment by Newcrest Mining Limited”.
Pro Forma Financial Statements	The unaudited pro forma consolidated financial statements of Spinco as at December 31, 2016, attached hereto as Schedule “F”.
Proposed Amendments	All specific proposals to amend the ITA and Regulations.
Prospec MB	Prospec MB Inc.
QA/QC	Quality assurance and quality control.
QEF	Qualified electing fund.
QEF Election	Election to treat a PFIC as a QEF under Section 1295 of the Code.
QFC	Qualified foreign corporation.
RDSP	Registered disability savings plan.
Record Date	Thursday, March 29, 2018, being the date for determining Almadex Shareholders entitled to receive notice of and vote at the Meeting.
Registered Plans	An RRSP, RRIFs, RESP, RDSP, TFSA or deferred profit sharing plan.
Regulation S	Regulation S promulgated under the U.S. Securities Act.
Regulations	Regulations under the ITA.

Republic	Republic Resources Inc.
Resident Holder	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations”.
RESP	Registered education savings plan.
Response to Petition	Has the meaning ascribed to it under the heading “The Plan of Arrangement – Court Approval of the Plan of Arrangement and Effective Date”.
Royaltyco	Almadex Royalties Limited, a company existing under the BCBCA and a wholly-owned subsidiary of Spinco.
RRIF	Registered retirement income fund.
RRSP	Registered retirement savings plan.
SEC	The United States Securities and Exchange Commission.
Section 3(a)(10) Exemption	The exemption from registration requirements of the U.S. Securities Act provided under Section 3(a)(10) thereof.
Securities Acts	The securities acts or the equivalent securities legislation of British Columbia, Alberta and Ontario, as amended.
Securities Laws or Securities Legislation	The Securities Acts, the U.S. Securities Act and U.S. Exchange Act, the “blue sky” or securities laws of the states of the United States, each as now enacted or as amended and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such laws, as well as the rules, regulations, by-laws and policies of the TSX-V.
Securities Regulators	Collectively, the securities regulators or other securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario and in any other jurisdictions whose Securities Laws are applicable to Almadex, and the TSX-V.
SEDAR	The System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.
SEMARNAT	The Secretary of Environment and Natural Resources in Mexico.
SGM	Mexican Geological Service.
Share Exchange	Has the meaning ascribed to it under the heading “Summary – The Plan of Arrangement – Summary and Effect of the Plan of Arrangement”.
Southwest Ridges	The geological ridge formations in the south-western part of the El Chato Property.
Spinco	A company incorporated under the laws of the Province of British Columbia known at the commencement of this Plan of Arrangement as 1154229 B.C. Ltd. and renamed “Almadex Minerals Ltd.” pursuant to Subsection 2.2(k) in the Plan of Arrangement.

Spinco Board	The board of directors of Spinco.
Spinco Business	The business of Spinco.
Spinco Diversity Policy	Written policy with respect to the identification and nomination of women directors.
Spinco Option Plan	The Spinco stock option plan.
Spinco Options	Options to acquire Spinco Shares granted pursuant to the Spinco Option Plan.
Spinco Replacement Option	An option to acquire a Spinco Share granted by Spinco to a holder of an Almadex Option pursuant to an option exchange in accordance with Subsection 2.2(e) in the Plan of Arrangement, with the exercise price of each such Spinco Replacement Option determined in accordance with the Plan of Arrangement and the other terms and conditions of each such Spinco Replacement Option determined in accordance with the Spinco Option Plan and any agreements thereunder and including, where necessary, appropriate adjustments to any performance-based or other vesting conditions, as such plan or agreements may be amended by the board of directors of Spinco or a committee thereof.
Spinco Shareholders	At the relevant time, the holders of Spinco Shares.
Spinco Shares	Common shares in the authorized share structure of Spinco.
Spinco Warrants	Common share purchase warrants of Spinco exercisable to acquire Spinco Shares, issued pursuant to Subsection 2.2(f) in the Plan of Arrangement.
STP	Securities Trading Policy.
Subsidiary PFIC	Any subsidiary of a PFIC that is also a PFIC.
Support and Voting Agreements	The support and voting agreements among Almadex and each executive officer and director of Almadex whereby each executive officer and director has agreed to vote all of their Almadex Shares in favour of the Plan of Arrangement.
SWIR	Short-wave infrared spectrometry.
taxable capital gain	Has the meaning ascribed to it under the heading “Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses”.
TCJA	The budget reconciliation act commonly referred to as the “Tax Cuts and Jobs Act” signed into law by President Trump on December 22, 2017.
TFSA	Tax-free savings account.
TMVB	Trans Mexican Volcanic Belt.

Transferred Assets	The assets to be transferred to Spinco prior to the completion of the Plan of Arrangement, which assets include: (i) a 100% interest in the El Chato Project; (ii) a 1.75% NSR on the El Cobre Property; (iii) a 2% NSR on the Tuligtic Property; (iv) a portfolio of 16 additional NSR royalties on exploration projects in Mexico, Canada and the United States; (v) a portfolio of 18 additional exploration projects; (v) equity holdings in Royaltyco, Ixtaca Precious Metals, Republic, ATW, Almaden de Mexico, Almadex America and Gavilán; (vi) the Gold Inventory; (vii) all marketable securities; and (viii) Cash.
Treasury Regulations	Treasury regulations promulgated under the Code.
TSX-V	TSX Venture Exchange or any successor thereto.
Tuligtic Property	Tuligtic property located in Puebla State, Mexico with a total area of 7,220 hectares.
Tuligtic Royalty Agreement	The royalty agreement between Minera Gorrion S.A. de C.V. and Gavilán dated December 22, 2011.
U.S. Exchange Act	The United States Securities Exchange Act of 1934, as amended.
U.S. Holder	Has the meaning ascribed to it under the heading “Certain United States Federal Income Tax Considerations”.
U.S. Securities Act	The United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
U.S. Shareholders	Almadex Shareholders in the United States.
United States	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.
United States Person	Has the meaning ascribed to it under the heading “Certain United States Federal Income Tax Considerations”.
WP	Whistleblower Policy.
wt	Weight.
Yukon	Yukon Zinc Corporation.
Yukon Consent	Has the meaning ascribed to it under the heading “1154229 B.C. Ltd. - Description of the Business – Non-Material Properties – Canadian Projects – Logan”.

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Almadex for use at the Meeting and any adjournments or postponements thereof.

Solicitations will be made by mail and possibly supplemented by telephone, electronic means or other personal contact to be made without special compensation by directors, officers and regular employees of Almadex. It is not anticipated that any solicitation will be made by specially engaged employees or soliciting agents. The cost of solicitation will be borne by Almadex. No director of Almadex has informed management in writing that he or she intends to oppose any action intended to be taken by management at the Meeting.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representation must not be relied upon as having been authorized by Almadex. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate a person who will vote the proxy on behalf of a registered Almadex Shareholder in accordance with the instructions given by the Almadex Shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers and/or directors of Almadex (the “**Management Proxyholders**”).

An Almadex Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Almadex Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided. A proxyholder need not be an Almadex Shareholder.

VOTING BY PROXY

Only registered Almadex Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Almadex Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting accompanying this Information Circular in accordance with the instructions of the Almadex Shareholder on any ballot that may be called for and if the Almadex Shareholder specifies a choice with respect to any matter to be acted upon, the Almadex Shares will be voted accordingly.

If an Almadex Shareholder does not specify a choice and the Almadex Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the Arrangement Resolution, and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to the Arrangement Resolution and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to the Arrangement Resolution are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the Management Proxyholders to vote in accordance with their best judgment on such matters or business on any ballot that may be called for. At

the time of printing this Information Circular, management of Almadex know of no such amendments, variations or other matters to come before the Meeting.

See also the accompanying form of proxy for instructions as to use of telephone and internet voting.

COMPLETION AND RETURN OF PROXY

Each proxy must be dated and signed by the registered Almadex Shareholder or by his/her attorney authorized in writing. In case of a corporation, the proxy must be dated and executed under its corporate seal or signed by the authorized representative, a duly authorized person or attorney for the corporation. A corporation may appoint, by instrument in writing, a person to act as its authorized representative at the Meeting and for that purpose, the instrument appointing the authorized representative must be received at the same place and at least the number of days specified to receive the proxies or be deposited with the chair of the Meeting, or a person designated by the chair of the Meeting, prior to commencement of the Meeting.

Completed forms of proxy for Almadex and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or other authority must be received at the office of its registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 9th Floor, 100 University Avenue, Toronto, ON, M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or adjournment or postponement thereof, unless the chairman of the Meeting elects to exercise his/her discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only registered Almadex Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Almadex Shareholders are not registered Almadex Shareholders because the shares they own are not registered in their names. More particularly, a Person is not a registered Almadex Shareholder in respect of shares which are held on behalf of that Person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with current securities regulatory policy, the Almadex has distributed proxy-related materials for the Meeting (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries.

Current securities regulatory policy requires Intermediaries to forward the Meeting Materials to, and to seek voting instructions from, Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete this form of proxy and **submit it to the Almadex, c/o Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, fax number: 1 (416) 263-9261; or**
- (b) more typically, be given a voting instruction or proxy authorization form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company (such as Broadridge Financial**

Solutions Inc.), will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for this proxy form to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy form, properly complete and sign the proxy form and return it to the Intermediary or its service company, or otherwise communicate voting instructions to the Intermediary or its service company (by way of telephone or the Internet, for example) in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Holder cannot use a proxy authorization form to vote shares directly at the Meeting.**

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own.

The Meeting Materials are being sent to both registered and non-registered owners of shares. If you are a Non-Registered Holder and Almadex or its agent has sent the Meeting Materials directly to you as a non-objecting beneficial owner under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding shares on your behalf. By choosing to send the Meeting Materials to you directly, Almadex (and not the Intermediary holding shares on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. Management of Almadex does not intend to pay for Intermediaries to forward to objecting beneficial owners under NI 54-101 the Meeting Materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the Meeting Materials unless the Intermediary holding shares on behalf of the objecting beneficial owner assumes the cost of delivery. Almadex does not reimburse Intermediaries, CDS or agents for the costs incurred in obtaining authorization from Non-Registered Holders to execute forms of proxy.

Non-Registered Holders cannot be recognized at the Meeting for purposes of voting their shares in person or by way of depositing a form of proxy. If you are a Non-Registered Holder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your Intermediary well in advance of the Meeting to determine how you can do so.

Non-Registered Holders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the registered Almadex Shareholder or the registered Almadex Shareholder’s attorney authorized in writing, or if the registered Almadex Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited either at the registered office of Almadex at any time up to and including the last Business Day preceding the day of the Meeting, or any adjournment or postponement thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the chair of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, and upon either of such deposits the proxy is revoked.

Only registered Almadex Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must arrange for their Intermediaries to revoke the proxy on their behalf.

RECORD DATE, QUORUM AND VOTING OF SHARES

Almadex has set Thursday, March 29, 2018, as the Record Date for the Meeting. Only Almadex Shareholders as of the Record Date are entitled to receive notice of and to vote at the Meeting.

A quorum for the Meeting is two persons being present in person or being represented by proxy.

Almadex is authorized to issue an unlimited number of Almadex Shares without par value, of which 53,728,869 Almadex Shares were issued and outstanding as of April 6, 2018. Each issued and outstanding Almadex Share confers upon its holder the right to one vote.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and the officers of Almadex, at the date hereof, no person holds, directly or indirectly, or has control or direction over more than ten (10%) per cent of the outstanding Almadex Shares.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of Almadex, nor any person who beneficially owns, directly or indirectly, or who exercises control or direction over Almadex Shares carrying more than 10% of the voting rights attached to all outstanding Almadex Shares, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transaction since the commencement of Almadex's last completed financial year or in any proposed transaction not otherwise disclosed herein which, in either case, has affected or will materially affect Almadex.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers or employees of Almadex or any of its subsidiaries, nor any associates or affiliates of the foregoing, is or has been indebted to Almadex or any of its subsidiaries, in connection with a purchase of securities or otherwise, at any time since the beginning of Almadex's most recently completed financial year. No such indebtedness is outstanding as at the date of this Information Circular nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Almadex or any of its subsidiaries under any securities purchase programs or otherwise. Almadex has no securities purchase or other programs.

DIRECTORS' AND OFFICERS' INDEMNITY AND INSURANCE

Almadex has contracted with each director and officer to indemnify each of them against liability incurred in their capacity as an officer or director to the extent permitted in accordance with the provisions of the BCBCA. Almadex has obtained insurance coverage for such indemnity to a policy limit aggregate of \$5,000,000 with a deductible of \$50,000 per claim.

MANAGEMENT CONTRACTS

No management functions of Almadex or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of Almadex or its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Information Circular: (i) no director, proposed director or executive officer of Almadex; (ii) no person or company who beneficially owns, or controls or directs, directly or indirectly, or a combination of both, Almadex Shares, carrying more than 10% of the voting rights attached to the outstanding Almadex Shares; (iii) no director or executive officer of a person or company that is itself

an insider or subsidiary of Almadex; and (iv) no associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of Almadex's most recently completed financial year, or in any proposed transaction that has materially affected or would materially affect Almadex, except with respect to an interest arising from the ownership of Almadex Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of Almadex Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Davidson & Company, LLP, Chartered Professional Accountant is the auditor of Almadex, first appointed the auditor of Almadex effective October 9, 2015.

The transfer agent and registrar for the Almadex Shares in Canada is Computershare Investor Services Inc. at its office in Toronto, Ontario.

THE PLAN OF ARRANGEMENT

APPROVAL OF ARRANGEMENT RESOLUTION

At the Meeting, Almadex Shareholders will be asked to approve the Arrangement Resolution, substantially in the form set out in Schedule "A" to this Information Circular. In order for the Arrangement Resolution to be approved, it must be passed by a two-thirds majority of votes cast by the Almadex Shareholders present in person or by proxy and entitled to vote at the Meeting.

BACKGROUND TO THE ARRANGEMENT

Almadex is engaged in the business of the acquisition, exploration and development of mineral properties. Almadex has property interests in Canada, U.S. and Mexico.

On February 26, 2018, Almadex announced its intention to reorganize its business by transferring its early stage exploration projects, royalty interests and its other assets, other than the El Cobre Property, to Spinco. These Transferred Assets will be transferred to Spinco in advance of the Plan of Arrangement. The Transferred Assets include:

1. a 100% interest in the El Chato exploration project in Mexico (the "**El Chato Project**"). This exploration property is material to Spinco;
2. a portfolio of 18 other exploration projects;
3. a 1.75% net smelter returns ("**NSR**") royalty on the El Cobre Property;
4. a 2% NSR royalty on the Tuligtic Property. This royalty is material to Spinco;
5. a portfolio of 16 additional NSR royalties on exploration projects in Mexico, Canada and United States;
6. equity holdings in Almadex Royalties Ltd. ("**Royaltyco**"), Ixtaca Precious Metals Inc. ("**Ixtaca Precious Metals**"), Republic Resources Inc. ("**Republic**"), ATW Resources Ltd. ("**ATW**"), Almaden de Mexico, S.A. de C.V. ("**Almaden de Mexico**"), Almadex America Inc. ("**Almadex America**") and Minera Gavilán, S.A. de C.V. ("**Gavilán**");
7. 1,597 ounces of gold bullion ("**Gold Inventory**");
8. all marketable securities; and

9. an amount of cash (“**Cash**”), which will be at a minimum sufficient to meet its working capital and mineral exploration requirements for its next fiscal year.

Pursuant to an asset transfer agreement dated March 22, 2018 (the “**Asset Transfer Agreement**”), the majority of the Transferred Assets have been transferred to Spinco.

The Cash was not transferred under the Asset Transfer Agreement and will instead be transferred immediately prior to the Effective Date to allow Almadex and Spinco to properly allocate funds between the Parties. Equity holdings in Almadex America were transferred under an agreement separate from the Asset Transfer Agreement, effective March 22, 2018.

Pursuant to the Plan of Arrangement, the Almadex Shareholders will receive shares in Spinco in proportion to their shareholdings in Almadex. There will be no change in Almadex Shareholders’ existing interests in Almadex.

REASONS FOR THE PLAN OF ARRANGEMENT AND RECOMMENDATION OF THE ALMADEX BOARD

After careful consideration, the Almadex Board has unanimously determined that the Plan of Arrangement is fair and in the best interests of Almadex and the Almadex Shareholders. Accordingly, the Almadex Board unanimously recommends that Almadex Shareholders vote FOR the Arrangement Resolution.

The Almadex Board believes the Plan of Arrangement is in the best interests of Almadex for the following reasons:

- (a) The Plan of Arrangement is expected to allow Almadex to focus on the development of its El Cobre Project, which is located in Veracruz, Mexico;
- (b) The Plan of Arrangement will allow Almadex to raise significant funding necessary to advance the El Cobre Project without diluting Almadex Shareholders’ interests in the Transferred Assets;
- (c) The Plan of Arrangement is expected to maximize shareholder value by allowing the market to value the El Cobre Project independently of the Transferred Assets; and
- (d) It is expected that holding the Transferred Assets in Spinco will accelerate development of the Transferred Assets.

Each executive officer and director of Almadex, representing 6.4% of the issued and outstanding Almadex Shares, have entered into Support and Voting Agreements with Almadex, pursuant to which the executive officers and directors have agreed to, among other things, until the earlier of the (i) Effective Date, and (ii) termination of the Arrangement Agreement in accordance with its terms:

- (a) vote (or cause to be voted) all of the Almadex Shares of which such executive officers and directors beneficially own in favour of the Arrangement (and any other matter necessary for the consummation of the Plan of Arrangement) at the Meeting;
- (b) deliver duly executed proxies relating to the Almadex Shares of which such executive officer or director beneficially owns, directing Almadex’s proxy nominee to vote in favour of the Arrangement (and any other matters necessary for the consummation of the Plan of Arrangement) at the Meeting and not revoke such proxies without written consent of Almadex;
- (c) not to exercise any rights of appraisal or rights of dissent in connection with the Arrangement;

- (d) not to take any action which may in any way adversely affect the success of the Arrangement (except in their capacity as director or officer to the extent permitted by the Arrangement Agreement);
- (e) except as permitted by the Arrangement Agreement, not to, directly or indirectly, make, participate in, discuss or negotiate an acquisition proposal; and
- (f) not to, directly or indirectly, sell, transfer, pledge or assign or agree to sell, transfer, pledge or assign any of their Almadex Shares or any interest therein, except in limited circumstances.

Pursuant to the Support and Voting Agreements, the executive officers and directors shall not be limited or restricted in any way whatsoever in the exercise of their fiduciary duties as a director or executive officer of Almadex including, without limitation, responding in such capacity as a director or executive officer of Almadex to an acquisition proposal and making any determinations in that regard in the exercise of such fiduciary duties, subject to compliance with the terms of the Arrangement Agreement.

In the course of its deliberations, the Almadex Board also identified and considered a variety of risks and potentially negative factors, including, but not limited to the risks set out under “The Plan of Arrangement – Plan of Arrangement Risk Factors”

The foregoing discussion summarizes the material information and factors considered by the Almadex Board in their consideration of the Plan of Arrangement. The Almadex Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Almadex Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Almadex Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination. Individual members of the Almadex Board may have given different weight to different factors.

Investment by Newcrest Mining Limited

On February 26, 2018, Almadex entered into a subscription agreement with Newcrest, a wholly owned subsidiary of Newcrest Mining Limited pursuant to which Newcrest agreed to acquire 14,025,312 Almadex Shares by way of a non-brokered private placement at a price of \$1.36 per share for aggregate gross proceeds of \$19,074,425. The Private Placement will close as part of the Plan of Arrangement. **Upon completion of the Private Placement, Newcrest will hold 19.9% of the issued Almadex Shares, and will have no ownership interest in Spinco.**

Newcrest Mining Limited is one of the world’s largest gold mining companies, operating mines in Australia and Asia–Pacific and Africa regions. Newcrest Mining Limited has extensive experience developing and operating successful mines in culturally and geographically diverse environments, and also seeks to identify and secure large mineral districts, or provinces, in order to establish long term mining operations. Newcrest Mining Limited has extensive experience in exploring and operating gold and copper porphyry deposits through its ownership of the Cadia Hill operation in NSW, Australia, and its interest in the Wafi-Golpu project in Papua New Guinea.

Upon completion of the Private Placement, Newcrest and Almadex will enter into:

- (a) an investor rights agreement providing, among other things, a standstill and lock-up on customary terms and conditions, participation rights in favour of Newcrest to maintain its pro-rata interest in Almadex, and the right of Newcrest to designate one nominee to the board of directors of Almadex; and

- (b) a technical advisory agreement providing the basis upon which Newcrest will provide certain technical advice to Almadex to assist with advancing the evaluation of project development options at the El Cobre Project.

The proceeds of the Private Placement will be paid by Newcrest to the Escrow Agent by April 12, 2018 if certain conditions are satisfied, which include (i) Almadex obtaining an interim order, (ii) Almadex calling the Meeting and the delivery of this circular to Almadex Shareholders, and (iii) the TSX-V's conditional acceptance of the Plan of Arrangement and the Private Placement. These proceeds will then be released by the Escrow Agent to Almadex one Business Day prior the Effective Date.

The majority of the proceeds of the Private Placement will be used by Almadex to fund the development of the El Cobre Project.

STEPS OF THE PLAN OF ARRANGEMENT

- (a) Each Dissent Share will be deemed to have been repurchased by Almadex for cancellation in consideration for a debt-claim against Almadex to be paid the fair value of such Dissent Share in accordance with the Plan of Arrangement, net of any applicable withholding tax, and such Dissent Share will thereupon be cancelled;
- (b) The authorized share structure of Almadex will be reorganized and altered by:
 - (i) changing the identifying name of the issued and unissued Almadex Shares from "Common shares" to "Class A Common shares" and amending the special rights and restrictions attached to such shares to provide the holders thereof with two votes in respect of each share held; and
 - (ii) creating the Almadex New Shares having special rights and restrictions identical to those attaching to the Almadex Shares prior to the amendments described above;
- (c) Almadex will issue 4,000,000 fully paid and non-assessable Almadex New Shares to Spinco for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Almadex New Shares and in consideration therefor, Spinco will issue the number of fully paid and non-assessable Spinco Shares having a fair market value equal to the fair market value of Almadex New Shares received to Almadex for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Spinco Shares;
- (d) The issued and outstanding Spinco Shares will be subdivided into that number of Spinco Shares equal to the number of issued and outstanding Almadex Shares;
- (e) Each holder of an Almadex Option will dispose of its Almadex Option and in consideration therefor will concurrently receive
 - (i) one Almadex Replacement Option having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Option, by (B) the quotient obtained by dividing the 20 Day VWAP of an Almadex New Share for the period beginning immediately after the conclusion of the Spinco Arrangement by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent and subject to adjustment; and
 - (ii) one Spinco Replacement Option having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Option by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Share by the aggregate of the 20 Day VWAP of an

Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent and subject to adjustment;

and all Almadex Options will thereupon be cancelled (each such disposition, receipt, and cancellation, collectively, an “**Option Exchange**”), provided that the exercise prices of each Almadex Replacement Option and each Spinco Replacement Option issued pursuant to an Option Exchange will be and be deemed to be automatically increased if necessary so that the aggregate In the Money Amount thereof immediately after the Option Exchange does not exceed the In the Money Amount of the exchanged Almadex Option determined immediately before the Option Exchange, with the intention that subsection 7(1.4) of the ITA will apply to each Option Exchange;

- (f) Each outstanding Almadex Warrant will remain outstanding in accordance with its terms and will, in lieu of being exercised for one (1) Almadex Old Share, be exercisable for
- (i) one (1) Almadex New Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of an Almadex New Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent; and
 - (ii) one (1) Spinco Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Share by the aggregate of the 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent;
- (g) Each Almadex Shareholder will dispose of each Almadex Old Share held to Almadex in exchange for:
- (i) one fully paid and non-assessable Almadex New Share having an issue price equal to the fair market value thereof; and
 - (ii) one Spinco Share (the “**Share Exchange**”);
- and in respect thereof:
- (iii) the name of each Almadex Shareholder will be removed from the central securities register for the Almadex Old Shares and added to the central securities register for the Almadex New Shares and the Spinco Shares as the holder of the number of Almadex New Shares and Spinco Shares, respectively, received pursuant to the Share Exchange;
 - (iv) the Almadex Old Shares will be cancelled and the capital in respect of such shares will be reduced to nil; and
 - (v) an amount equal to the capital of the Almadex Old Shares immediately before the Share Exchange less the aggregate fair market value of the Spinco Shares distributed on the Share Exchange, will be added to the capital in respect of the Almadex New Shares issued on the Share Exchange;
- (h) The authorized share structure of Almadex will be reorganized and altered by:
- (i) eliminating the Almadex Old Shares from the authorized share structure of Almadex; and
 - (ii) changing the identifying name of the issued and unissued Almadex New Shares from “Class B Common shares” to “Common shares”;

- (i) Almadex will issue to Newcrest a number of fully paid and non-assessable Almadex New Shares having an aggregate issue price equal to \$19,074,425 such that immediately after the issuance, Newcrest will own 19.9% of the issued and outstanding Almadex New Shares and, in respect thereof:
 - (i) Newcrest will be added to the central securities register for the Almadex New Shares as the holder of that number of Almadex New Shares; and
 - (ii) an amount equal to the issue price of the Almadex New Shares so issued will be added to the capital in respect of the Almadex New Shares;
- (j) Almadex will change its name to “Azucar Minerals Ltd.”; and
- (k) Spinco will change its name to “Almadex Minerals Ltd.”

A copy of the Plan of Arrangement is attached hereto as Schedule “B”.

EFFECT OF THE PLAN OF ARRANGEMENT

Upon completion of the Plan of Arrangement, Almadex Shareholders will continue to hold Almadex Shares in the same number as prior to the Plan of Arrangement. Almadex Shareholders will receive Spinco Shares in proportion to their shareholdings in Almadex by way of the Share Exchange, pursuant to which each existing Almadex Old Share is exchanged for one Almadex New Share and one Spinco Share.

PLAN OF ARRANGEMENT RISK FACTORS

There are risks associated with the Plan of Arrangement including:

Almadex and Spinco may not obtain the necessary approvals for completion of the Plan of Arrangement on satisfactory terms or at all

Completion of the Plan of Arrangement is subject to the approval of the Court and the receipt of all necessary Almadex Shareholder approval and third-party consents. There can be no certainty, nor can there be any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

The Arrangement Agreement may be terminated in certain circumstances

Almadex and Spinco may terminate the Arrangement Agreement and the Plan of Arrangement in certain circumstances. Accordingly, there can be no certainty that the Arrangement Agreement will not be terminated before the completion of the Plan of Arrangement.

The market price for the Almadex Shares may decline

If the Arrangement Resolution is not approved by the Almadex Shareholders or, even if the Arrangement Resolution is approved, as a result of the Transferred Assets being transferred to Spinco, an entity separate from Almadex, the market price of the Almadex Shares may decline to the extent that the current Market Price of the Almadex Shares reflects a market assumption that the Plan of Arrangement will be completed or to the extent the current market price of the Almadex Shares reflects the value associated with the Transferred Assets, as applicable.

EFFECTIVE DATE AND CONDITIONS OF THE PLAN OF ARRANGEMENT

If the Arrangement Resolution is approved, the Final Order is obtained approving the Plan of Arrangement, every requirement of the BCBCA relating to the Plan of Arrangement has been complied with and all other conditions disclosed under “The Plan of Arrangement - Conditions to the Plan of Arrangement Becoming

Effective” are met or waived, the Plan of Arrangement will become effective. Almadex presently expects that the Effective Date will be on or about Friday, May 18, 2018.

Conditions to the Plan of Arrangement Becoming Effective

Completion of the Plan of Arrangement is subject to a number of specified conditions being met, including:

- (a) the Interim Order shall not have been set aside or modified in a manner unacceptable to any of the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the required number of votes cast by Almadex Shareholders at the Meeting, in accordance with the Interim Order;
- (c) the Court shall have determined that the terms and conditions of the exchange of Almadex Shares for Spinco Shares in the Plan of Arrangement are procedurally and substantively fair to Almadex Shareholders, and the Final Order shall have been obtained in form and substance satisfactory to all Parties, each acting reasonably, not later than the Outside Date or such later date as the Parties may agree;
- (d) any securities to be issued in the United States pursuant to the Arrangement shall be issued in accordance with and exempt from registration requirements under applicable exemptions from registration under the U.S. Securities Act;
- (e) the consent to the Plan of Arrangement of the holders of Almadex Options shall have been obtained in form and substance satisfactory to the Parties;
- (f) the transfer of the Transferred Assets from Almadex to Spinco shall have been completed to the satisfaction of the Parties, acting reasonably;
- (g) the TSX-V shall have given conditional acceptance to the listing thereon of the Spinco Shares to be distributed pursuant to the Plan of Arrangement, subject to compliance with the usual requirements of the TSX-V;
- (h) Newcrest will have concurrently closed its subscription for a number of common shares which will represent 19.9% of the outstanding Almadex New Shares following the Effective Time;
- (i) all material consents, orders, rulings, approvals and assurances, including regulatory and judicial approvals and orders, required for the completion of the transactions provided for in the Arrangement Agreement and the Plan of Arrangement shall have been obtained or received from the authorities, including applicable orders, rulings, no action letters and registrations pursuant to Securities Legislation to permit the Spinco Shares to be distributed pursuant to the Plan of Arrangement;
- (j) no action shall have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of, or relating to, the Plan of Arrangement and there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and no cease trading or similar order with respect to any securities of any of the Parties shall have been issued and remain outstanding;
- (k) none of the consents, orders, rulings, approvals or assurances required for the implementation of the Plan of Arrangement shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the Parties, acting reasonably;

- (l) no law, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Plan of Arrangement, including any material change to the income tax laws of Canada, which would have a material adverse effect upon Almadex Shareholders, Almadex Optionholders and Almadex Warranholders if the Plan of Arrangement is completed;
- (m) the Arrangement Agreement shall not have been terminated; and
- (n) Dissent Rights shall not have been exercised by Almadex Shareholders holding more than five percent (5%) of the issued and outstanding Almadex Shares.

The obligation of each Party to complete the transactions contemplated by the Arrangement Agreement is further subject to the condition, which may be waived by such Party without prejudice to its right to rely on any other condition in its favour, that the covenants of the other Party to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed by it and that the representations and warranties of the other Party shall be true and correct in all material respects as at the Effective Date (except for representations and warrants made as of the specified date, the accuracy of which shall be determined as at that specified date), with the same effect as if such representations and warranties had been made at, and as of, such time and each such Party shall receive a certificate, dated the Effective Date, of a senior officer of each other Party confirming the same.

The Arrangement Agreement provides that it may be terminated in certain circumstances before the Effective Date notwithstanding approval of the Plan of Arrangement by the Almadex Shareholders and the Court.

In addition, each of Almadex's and Spinco's duty to complete its obligations under the Arrangement Agreement is conditional upon the other party performing all of its covenants under the Arrangement Agreement and that each of the representations and warranties made by the other party is true and correct as of the Effective Date.

ADDITIONAL TERMS OF THE ARRANGEMENT AGREEMENT

In addition to the terms and conditions of the Arrangement Agreement set out elsewhere in this Information Circular, additional terms described below apply. The description of the Arrangement Agreement, both below and elsewhere in this Circular, is summary only, not comprehensive and is qualified in its entirety by reference to the terms of the Arrangement Agreement which may be found at www.sedar.com.

Mutual Covenants of Almadex and Spinco

Each of Spinco and Almadex covenants with the other Party that, subject to the terms and conditions of the Arrangement Agreement, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, it shall:

- (a) use commercially reasonable efforts and do all things reasonably required of it to cause the Plan of Arrangement to become effective on or before the Outside Date;
- (b) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may reasonably be required, both prior to and after the Effective Date, to facilitate the carrying out of the intent and purposes of the Arrangement Agreement;
- (c) use commercially reasonable efforts to cause each of the conditions precedent, which are within its control, to be satisfied on or prior to the Outside Date;

- (d) not take any action, shall refrain from taking any action, and shall not permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to, individually or in the aggregate, materially impede or materially delay the consummation of the Arrangement or the other transactions contemplated herein;
- (e) use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its subsidiaries to, cause the representations and warranties: (i) that are qualified by reference to a material adverse effect or materiality, remain true and correct in all respects; or (ii) that are not qualified by reference to a material adverse effect or materiality, remain true and correct in all material respects; as of the Effective Date as if such representations and warranties were made at and as of such date except to the extent such representations and warranties speak as of an earlier date;
- (f) use commercially reasonable efforts to: (i) defend all lawsuits or other legal, regulatory or other proceedings against itself or any of its subsidiaries challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated hereby; (ii) appeal, overturn or have lifted or rescinded any injunction or restraining order or other order relating to itself or any of its subsidiaries which may materially adversely affect the ability of the Parties to consummate the Arrangement; and (iii) appeal or overturn or otherwise have lifted or rendered non-applicable in respect of the Arrangement, any Applicable Law that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins Almadex or Spinco from consummating the Arrangement; and
- (g) carry out the terms of the Interim Order and Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which Applicable Laws may impose on it or its subsidiaries or Affiliates with respect to the transactions contemplated hereby;
- (h) take or permit to be taken all actions necessary to ensure that the Arrangement complies with the requirements of Section 3(a)(10) of the U.S. Securities Act and the relevant interpretations and guidance of the staff of the SEC related thereto;
- (i) use commercially reasonable efforts to cause the Spinco Shares to be listed on the TSX-V with effect as soon as practicable following the Effective Date; and
- (j) cooperate with and assist each other in dealing with transitional matters relating to or arising from the Arrangement or the Arrangement Agreement.

Almadex's Covenants

- (a) Almadex covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of Spinco; (ii) as required or permitted by the Arrangement Agreement; or (iii) as required by Applicable Law; Almadex shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course, and Almadex shall use commercially reasonable efforts to maintain and preserve intact its and its subsidiaries' business organization, assets, properties, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which Almadex or any of its subsidiaries has material business relations;
- (b) Almadex covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of Spinco; (ii) as required or permitted by the Arrangement Agreement; (iii) as required by Applicable Law; or (iv) as

contemplated by Almadex disclosure letter, Almadex shall not, and shall not take any action to permit any of its subsidiaries to, directly or indirectly:

- (i) amend or propose to amend any of Almadex's constituting documents or the articles of incorporation, articles of amalgamation, by-laws, shareholders agreements or similar organizational documents of any of its subsidiaries;
- (ii) split, combine, reclassify or amend the terms of any shares of Almadex or of any subsidiary;
- (iii) reduce the capital of Almadex or any of its subsidiaries;
- (iv) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of capital stock of Almadex or any of its subsidiaries;
- (v) other than the issuance of Almadex Shares in connection with the exercise of Almadex Options or Almadex Warrants granted prior to the date hereof, issue, grant, deliver, sell, pledge or otherwise encumber, or authorize the issuance, grant, delivery, sale, pledge or other Encumbrance of, any shares of capital stock or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of Almadex or any of its subsidiaries;
- (vi) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any assets, securities, properties, interests or businesses, other than ordinary course acquisitions of equipment or inventory or ordinary course acquisitions under procurement contracts;
- (vii) sell, lease, transfer or otherwise dispose, directly or indirectly, in one transaction or in a series disposed of related transactions, any of Almadex's or its subsidiaries' assets, other than the sale, lease, transfer or other disposition of equipment or inventories or of obsolete or worn-out assets in the ordinary course;
- (viii) create, incur, assume or suffer to exist, or permit one of its subsidiaries to create, incur, assume or suffer to exist any Encumbrance in the ordinary course;
- (ix) reorganize, amalgamate or merge Almadex or any subsidiary;
- (x) adopt a plan of liquidation or resolutions providing for the liquidation, winding-up or dissolution of Almadex or any of its subsidiaries;
- (xi) pay, discharge or satisfy any claim, liability, indebtedness or obligation prior to the same being due other than in the ordinary course;
- (xii) create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof other than in the ordinary course;
- (xiii) make any loan or advance to, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than in the ordinary course;
- (xiv) make any material change in Almadex's accounting principles, except as required by concurrent changes in IFRS, or pursuant to written instructions, comments or orders of a Securities Regulators;

- (xv) enter into any material agreement or modify or amend in any material respect, transfer or terminate any material contract, or waive, release, or assign any material rights or claims thereto or thereunder, other than in the ordinary course; and
 - (xvi) enter into or terminate any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or other financial instruments or like transaction, other than in the ordinary course; and
- (c) Almadex covenants and agrees that during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the termination of the Arrangement Agreement in accordance with its terms, Almadex and its subsidiaries will:
- (i) ensure that the information set forth in this Information Circular relating to Almadex and its subsidiaries, and their respective businesses and properties and the effect of the Plan of Arrangement thereon will be true, correct and complete in all material respects and will not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made;
 - (ii) make application to the applicable regulatory authorities for such orders under applicable securities and/or corporate laws as may be necessary or desirable in connection with the Plan of Arrangement;
 - (iii) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Plan of Arrangement; and
 - (iv) use commercially reasonable efforts to obtain:
 - (A) the consent to the Plan of Arrangement of the holders of Almadex Options; and
 - (B) such other consents, orders, rulings or authorizations, approvals and assurances as are necessary or desirable for the implementation of the Plan of Arrangement.

Spinco's Covenants

Spinco hereby covenants and agrees with Almadex that during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of Almadex; (ii) as required or permitted by the Arrangement Agreement; or (iii) as required by Applicable Law, Spinco shall:

- (a) not issue any additional Spinco Shares or other securities of Spinco other than in connection with the Plan of Arrangement or transactions required in order to effect the Plan of Arrangement;
- (b) not issue or enter into any agreement or agreements to issue or grant options, warrants or rights to purchase any Spinco Shares or other securities of Spinco;
- (c) not alter or amend its constating documents as the same exist at the date of the Arrangement Agreement except as specifically provided for hereunder;
- (d) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Plan of Arrangement; and

- (e) use its commercially reasonable efforts to obtain such consents, orders, rulings or approvals and assurances as are necessary or desirable for the implementation of the Plan of Arrangement.

COURT APPROVAL OF THE PLAN OF ARRANGEMENT AND EFFECTIVE DATE

The Plan of Arrangement requires the approval of the Court under the BCBCA.

On Thursday, April 5, 2018, prior to mailing of the material in respect of the Meeting, Almadex obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters and issued a notice of hearing of petition (the “**Notice of Hearing of Petition**”) for the Final Order to approve the Plan of Arrangement. Attached to this Information Circular as Schedule “C” is a copy of the petition and Interim Order and as Schedule “D” is the Notice of Hearing of Petition for the Final Order.

Subject to the approval of the Arrangement Resolution by Almadex Shareholders at the Meeting, the Court hearing in respect of the Final Order is scheduled to take place at 9:45 a.m., Vancouver time, on Thursday, May 10, 2018, or as soon thereafter as counsel for Almadex may be heard, at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Arrangement Resolution at the Meeting. ***Almadex Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.***

At the Court hearing, Almadex Shareholders who wish to participate or to be represented or to present evidence or argument may do so, subject to the rules of the Court. Although the authority of the Court is very broad under the BCBCA, Almadex has been advised by counsel that the Court will consider, among other things, the procedural and substantive fairness and reasonableness of the terms and conditions of the Plan of Arrangement to Almadex Shareholders and the rights and interests of every person affected. The Court may approve the Plan of Arrangement as proposed or as amended in any manner as the Court may direct. The Final Order is required for the Plan of Arrangement to become effective and, prior to the hearing of the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption under the U.S. Securities Act with respect to the Spinco Shares to be distributed pursuant to the Plan of Arrangement. See “Securities Laws Considerations – U.S. Securities Laws”.

Under the terms of the Interim Order, each Almadex Shareholder will have the right to appear and make representations at the application for the Final Order. Any person desiring to appear at the hearing to be held by the Court to approve the Plan of Arrangement pursuant to the Notice of Hearing is required to file with the Court and serve upon Almadex at the address set out below, on or before 4:00 p.m., Vancouver time, on Wednesday, May 9, 2018, a response to petition (“**Response to Petition**”), together with any evidence or materials which are to be presented to the Court. The Response to Petition and supporting materials must be delivered, within the time specified, to Almadex at the following address:

Attention: Steve Warnett
Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia V7X 1T2

It is presently contemplated that the Effective Date will be on or about Friday, May 18, 2018.

LISTING OF SPINCO SHARES AND APPROVAL OF THE TSX VENTURE EXCHANGE

Spinco has applied to list the Spinco Shares on the TSX-V. Listing will be subject to the issuer fulfilling all the listing requirements of the TSX-V. Spinco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on a U.S. marketplace.

The Arrangement Agreement provides that receipt of all regulatory approvals, including without limitation, the conditional acceptance of the TSX-V for the listing of the Spinco Shares to be issued pursuant to the Plan of Arrangement, is a condition precedent to the Plan of Arrangement becoming effective.

FEES AND EXPENSES

All expenses incurred in connection with the Plan of Arrangement and the transactions contemplated thereby shall be paid by the party incurring such expenses.

RIGHTS OF DISSENTING ALMADEX SHAREHOLDERS

Almadex Shareholders who wish to dissent should take note that the procedures for dissenting to the Plan of Arrangement (the “Dissent Procedures”) require strict compliance with Sections 237 to 247 of the BCBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement.

As indicated in the Notice of the Meeting, any **registered** holder of Almadex Shares is entitled to be paid the fair value of such shares in accordance with Section 245 of the BCBCA if such holder duly dissents in respect of the Plan of Arrangement and the Plan of Arrangement becomes effective. An Almadex Shareholder is not entitled to dissent with respect to such holder’s shares if such holder votes any of those shares in favour of the Arrangement Resolution.

If a registered Almadex Shareholder exercises Dissent Rights, Almadex will on the Effective Date set aside a number of the Spinco Shares, respectively, which are attributable under the Plan of Arrangement to the Dissenting Shares. If an Almadex Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, the Dissenting Shares held by such an Almadex Shareholder will be deemed to be repurchased by Almadex in accordance with the terms of the Plan of Arrangement and Almadex will pay the amount to be paid in respect of the Dissenting Shares, and the Spinco Shares which were set aside will be cancelled.

A brief summary of the provisions of Sections 237 to 247 of the BCBCA is set out below.

A written notice of dissent from the Arrangement Resolution pursuant to Section 242 of the BCBCA, must be sent to Almadex by a dissenting Almadex Shareholder by 4:00 p.m., Vancouver time, on Friday, May 4, 2018. The notice of dissent should be delivered by registered mail to Almadex at the address for notice described below. After the Arrangement Resolution is approved by Almadex Shareholders and within one month after Almadex notifies the dissenting Almadex Shareholder of Almadex’s intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, the dissenting Almadex Shareholder must send to Almadex, a written notice that such Almadex Shareholder requires the purchase of all of the Almadex Shares in respect of which such holder has given notice of dissent, together with the share certificate or certificates representing those Almadex Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Almadex Shareholder on behalf of a beneficial holder). A dissenting Almadex Shareholder who does not strictly comply with the Dissent Procedures or, for any other reason, is not entitled to be paid fair value for his, her or its Dissenting Shares will be deemed to have participated in the Plan of Arrangement on the same basis as non-dissenting Almadex Shareholders.

Any dissenting Almadex Shareholder who has duly complied with Section 244(1) of the BCBCA or Almadex may apply to the Court, and the Court may determine the fair value of the Dissenting Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on Almadex to apply to the Court. The dissenting Almadex Shareholder will be entitled to receive the fair value that the Dissenting Shares had immediately before the passing of the Arrangement Resolution.

Addresses for Notice

All notices of dissent to the Plan of Arrangement pursuant to Section 242 of the BCBCA should be sent to Almadex at:

Almadex Minerals Limited
Attention: The Secretary
210-1333 Johnston Street
Vancouver, BC V6H 3R9

Strict Compliance with Dissent Provisions Required

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Almadex Shareholder who seeks payment of the fair value of the Almadex Shares held and is qualified in its entirety by reference to Sections 237 to 247 of the BCBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement. A copy of the Interim Order is attached to this Information Circular as Schedule "C". Sections 237 to 247 of the BCBCA are reproduced in Schedule "E" to this Information Circular. The Dissent Procedures must be strictly adhered to and any failure by an Almadex Shareholder to do so may result in the loss of that holder's Dissent Rights. Accordingly, each Almadex Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures and consult such holder's legal advisers.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes the principal Canadian federal income tax consequences under the ITA generally applicable to Almadex Shareholders in respect of the disposition of Almadex Shares pursuant to the Arrangement, and the acquisition, holding, and disposition of Almadex New Shares and Spinco Shares acquired pursuant to the Arrangement.

In this summary, an otherwise undefined term that first appears in quotation marks has the meaning ascribed to it in the ITA.

Comment is restricted to Almadex Shareholders who, for purposes of the ITA, (i) hold their Almadex Shares, and will hold their Almadex New Shares and Spinco Shares solely as capital property, and (ii) deal at arm's length with and are not affiliated with Spinco and Almadex (each such Almadex Shareholder, a "**Holder**").

Generally a Holder's Almadex Share, Almadex New Share or Spinco Share will be considered to be capital property of the Holder provided that the Holder does not hold the share in the course of carrying on a business of buying and selling securities and has not acquired the share in one or more transactions considered to be an adventure in the nature of trade.

A Resident Holder (as defined below under "Holders Resident in Canada") whose Almadex Shares, Almadex New Shares or Spinco Shares might not otherwise be capital property may in certain circumstances irrevocably elect under subsection 39(4) of the ITA to have those shares, and all other "Canadian securities" held by the Resident Holder in the taxation year of the election or in any subsequent taxation year treated as capital property. Resident Holders should consult their own tax advisers regarding the advisability of making such an election.

This summary does not apply to a Holder that:

- (a) is a "financial institution" for the purposes of the mark-to-market rules in the ITA or a "specified financial institution";
- (b) is a person or partnership an interest in which is a "tax shelter investment";

- (c) has elected to report its Canadian federal income tax results in a currency other than Canadian currency;
- (d) has entered or will enter into a “derivative forward agreement”, a “synthetic disposition arrangement”, or a “synthetic equity arrangement”;
- (e) has acquired Almadex Shares, or will acquire Almadex New Shares or Spinco Shares, on the exercise of an employee stock option; or
- (f) holds one or more Almadex Warrants or Almadex Options.

Each such Holder should consult the Holder’s own tax advisers with respect to the consequences of the Arrangement.

This summary is based on the current provisions of the ITA, the regulations thereunder (the “**Regulations**”), and our understanding of the current published administrative practices and policies of the Canada Revenue Agency. This summary takes into account all specific proposals to amend the ITA and Regulations (the “**Proposed Amendments**”) announced by the Minister of Finance (Canada) prior to the date hereof, including those released with the 2018 federal budget on February 27, 2018 (the “**2018 Budget Tax Proposals**”). It is assumed that the Proposed Amendments will be enacted as currently proposed and that there will be no other change in law or administrative or assessing practice, whether by legislative, governmental, or judicial action or decision, although no assurance can be given in these respects. This summary does not take into account provincial, territorial or foreign income tax considerations, which may differ materially from the Canadian federal income tax considerations discussed below.

Additional considerations, not discussed in this summary, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes, or does not deal at arm’s length for purposes of the ITA with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of Almadex New Shares or Spinco Shares, controlled by a non-resident corporation for purposes of the foreign affiliate dumping rules in section 212.3 of the ITA. Such Holders should consult their Canadian tax advisers with respect to the consequences of the Arrangement.

This summary is of a general nature only and is not and should not be construed as legal or tax advice to any particular person. Each person who may be affected by the Arrangement should consult the person’s own tax advisers with respect to the person’s particular circumstances.

HOLDERS RESIDENT IN CANADA

This portion of this summary applies solely to Holders each of whom is or is deemed to be resident solely in Canada for the purposes of the ITA and any applicable income tax treaty or convention (each a “**Resident Holder**”).

Exchange of Almadex Shares for Almadex New Shares and Spinco Shares

A Resident Holder who exchanges his, her or its Almadex Shares for Almadex New Shares and Spinco Shares pursuant to the Arrangement will be deemed to have received a taxable dividend equal to the amount, if any, by which the fair market value of the Spinco Shares distributed to the Resident Holder pursuant to the Share Exchange at the time of the Share Exchange exceeds the “paid-up capital” of the Resident Holder’s Almadex Shares determined at that time. Any such taxable dividend will be taxable as described below under “Holders Resident in Canada - Taxation of Dividends”. Almadex expects that the fair market value of all Spinco Shares distributed to Almadex Shareholders pursuant to the Share Exchange under the Arrangement will not exceed the paid-up capital of the Almadex Shares. Accordingly, Almadex does not expect that any Resident Holder will be deemed to receive a taxable dividend on the Share

Exchange. However, fair market value is a question of fact and there can be no assurance that the Canada Revenue Agency will accept Almadex's internal valuation.

A Resident Holder who exchanges his, her or its Almadex Shares for Almadex New Shares and Spinco Shares on the Share Exchange will realize a capital gain equal to the amount, if any, by which the fair market value of those Spinco Shares at the time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Resident Holder as described in the preceding paragraph, exceeds the adjusted cost base of the Resident Holder's Almadex Shares determined immediately before the Share Exchange. Any capital gain so realized will be taxable as described below under "Holders Resident in Canada - Taxation of Capital Gains and Losses".

The Resident Holder will acquire the Spinco Shares received on the Share Exchange at a cost equal to their fair market value at that time, and the Almadex New Shares received on the Share Exchange at a cost equal to the amount, if any, by which the adjusted cost base of the Resident Holder's Almadex Shares immediately before the Share Exchange exceeds the fair market value of the Spinco Shares at the time of the Share Exchange.

Disposition of Almadex New Shares or Spinco Shares after the Arrangement

A Resident Holder who disposes or is deemed to dispose of an Almadex New Share or Spinco Share generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition therefor are greater (or less) than the adjusted cost base of the share to the Resident Holder, less reasonable costs of disposition. Any such capital gain or capital loss will be taxable or deductible as described below under "Holders Resident in Canada – Taxation of Capital Gains and Capital Losses".

Taxation of Dividends

A Resident Holder who is an individual (other than certain trusts) and receives or is deemed to receive a taxable dividend in a taxation year on the Holder's Almadex Shares, Almadex New Shares, or Spinco Shares will be required to include the amount of the dividend in income for the year, subject to the dividend gross-up and tax credit rules applicable to taxable dividends received by a Canadian resident individual from a taxable Canadian corporation, including the enhanced dividend gross-up and tax credit applicable to the extent that Almadex or Spinco, as the case may be, designates the taxable dividend to be an "eligible dividend" in accordance with the ITA. Almadex and Spinco have made no commitments in this regard. Dividends received by an individual may give rise to alternative minimum tax.

A Resident Holder that is a corporation and receives or is deemed to receive a taxable dividend in a taxation year on its Almadex Shares, Almadex New Shares, or Spinco Shares must include the amount in its income for the year, but generally will be entitled to deduct an equivalent amount from its taxable income. A Resident Holder that is a "private corporation" or a "subject corporation" may be liable under Part IV of the ITA to pay a refundable tax of 38 1/3% on any such dividends to the extent that the dividend is deductible in computing the corporation's taxable income.

Taxation of Capital Gains and Capital Losses

A Resident Holder who realizes a capital gain or capital loss in a taxation year on the actual or deemed disposition of an Almadex Share, Almadex New Share or Spinco Share generally will be required to include one half of any such capital gain (a "**taxable capital gain**") in income for the year, and entitled to deduct one half of any such capital loss (an "**allowable capital loss**") against taxable capital gains realized in the year and, to the extent not so deductible, in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances specified in the ITA.

The amount of any capital loss realized by a Resident Holder that is a corporation on the actual or deemed disposition of an Almadex Share, Almadex New Share or Spinco may be reduced by the amount of dividends received or deemed to have been received by it on the share (or on a share substituted therefor)

to the extent and in the circumstances described in the ITA. Similar rules may apply where the corporation is a member or beneficiary of a partnership or trust that held the share, or where a partnership or trust of which the corporation is a member or beneficiary is itself a member of a partnership or a beneficiary of a trust that held the share.

A Resident Holder that is a “Canadian-controlled private corporation” (“**CCPC**”) throughout the relevant taxation year may be liable to pay an additional refundable tax of 10 2/3% on its “aggregate investment income” for the year, which includes taxable capital gains.

The 2018 Budget Tax Proposals include amendments to the ITA applicable to taxation years that begin after 2018 which limit the extent to which a CCPC can claim a refund of a refundable tax. The 2018 Budget Tax Proposals also include amendments to the ITA to limit the availability of the small business deduction for CCPCs earning “adjusted aggregate investment income” (as defined in the 2018 Budget Tax Proposals) exceeding \$50,000 in a taxation year that begins after 2018.

Alternative Minimum Tax on Individuals

A Resident Holder who is an individual (including certain trusts) and receives a taxable dividend on, or realizes a capital gain on the disposition of, an Almadex Share, Almadex New Share or Spinco share may thereby be liable for alternative minimum tax to the extent and within the circumstances set out in the ITA.

Dissenting Shareholders

A Resident Holder who validly exercises Dissent Rights (a “**Dissenting Resident Holder**”) and to whom Almadex consequently pays the fair value of his, her or its Almadex Shares will be deemed to receive a taxable dividend in the taxation year of payment equal to the amount, if any, by which the payment (excluding interest) exceeds the paid-up capital of the Dissenting Resident Holder’s Almadex Shares determined immediately before the Arrangement. Any such taxable dividend will be taxable as described above under “Holders Resident in Canada – Taxation of Dividends”. The Dissenting Resident Holder will also realize a capital gain (or capital loss) equal to the amount, if any, by which the payment (excluding interest), less any such deemed taxable dividend, exceeds (is exceeded by) the adjusted cost base of the Dissenting Resident Holder’s Almadex Shares determined immediately before the Arrangement. Any such capital gain or loss will generally be taxable or deductible as described above under “Holders Resident in Canada – Taxation of Capital Gains and Capital Losses”.

The Dissenting Resident Holder will be required to include any portion of the payment that is on account of interest in income in the year received.

Eligibility for Investment – Almadex New Shares and Spinco Shares

An Almadex New Share will be a “qualified investment” for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”) or a tax-free savings account (“**TFSA**”) and collectively, “**Registered Plans**”) at any time at which the Almadex New Shares are listed on a “designated stock exchange” (which includes the TSX-V), or Almadex is a “public corporation”.

A Spinco Share will be a qualified investment for a Registered Plan at any time at which the Spinco Shares are listed on a “designated stock exchange” (which includes the TSX-V), or Spinco is a “public corporation”. If the Spinco Shares are not listed on a designated stock exchange at the time they are distributed pursuant to the Arrangement, but become so listed before Spinco’s “filing-due date” for its first taxation year and Spinco makes the appropriate election in its tax return for that year, Spinco will be deemed to be a public corporation from the beginning of the year and the Spinco Shares consequently will be considered to be qualified investments for Registered Plans from their date of issue. Spinco intends that the Spinco Shares

will be listed on a designated exchange before the filing-due date for its first taxation year, and Spinco intends to make the appropriate election in its tax return for that year.

Notwithstanding the foregoing, if the Almadex New Shares or Spinco Shares are a “prohibited investment” for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the ITA. The Almadex New Shares and Spinco Shares will not be a “prohibited investment” for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, (i) deals at arm’s length with Almadex or Spinco, as applicable, for purposes of the ITA and (ii) does not have a “significant interest”, within the meaning of subsection 207.01(4) of the ITA, in Almadex or Spinco, as applicable. In addition, the Almadex New Shares and Spinco Shares will not be a prohibited investment if such securities are “excluded property”, for purposes of the prohibited investment rules, for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisers as to whether the Almadex New Shares or Spinco Shares will be a prohibited investment for such RRSP, RRIF, TFSA, RESP or RDSP in their particular circumstances.

HOLDERS NOT RESIDENT IN CANADA

This portion of this summary applies solely to Holders each of whom at all material times for the purposes of the ITA (i) has not been and is not resident or deemed to be resident in Canada for purposes of the ITA and (ii) does not and will not use or hold Almadex Shares, Almadex New Shares, or Spinco Shares in connection with carrying on a business in Canada (each a “**Non-resident Holder**”).

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada and elsewhere, or an “authorized foreign bank”. Such Non-resident Holders should consult their own tax advisers with respect to the Arrangement.

Exchange of Almadex Shares for Almadex New Shares and Spinco Shares

The discussion of the tax consequences of the Share Exchange for Resident Holders under the heading “Holders Resident in Canada - Exchange of Almadex Shares for Almadex New Shares and Spinco Shares” generally will also apply to Non-resident Holders in respect of the Share Exchange. The general taxation rules applicable to Non-resident Holders in respect of a deemed taxable dividend or capital gain arising on the Share Exchange are discussed below under the headings “Holders Not Resident in Canada – Taxation of Dividends” and “Holders Not Resident in Canada – Taxation of Capital Gains and Capital Losses” respectively.

Taxation of Dividends

A Non-resident Holder to whom Almadex or Spinco pays or credits (or is deemed to pay or credit) an amount as a dividend in respect of the Holder’s Almadex Shares, Almadex New Shares, or Spinco Shares will be subject to Canadian withholding tax equal to 25% (or such lower rate as may be available under an applicable income tax convention, if any) of the gross amount of the dividend. The payor of the dividend will be required to withhold the Canadian withholding tax from the dividend and remit the withheld amount to the Canada Revenue Agency for the Non-resident Holder’s account.

Taxation of Capital Gains and Capital Losses

A Non-resident Holder will not be subject to Canadian federal income tax in respect of any capital gain arising on an actual or deemed disposition of an Almadex Share, Almadex New Share or Spinco Share unless at the time of disposition the share is “taxable Canadian property”, and is not “treaty-protected property”.

Generally, an Almadex Share, Almadex New Share, or Spinco Share, as applicable, of the Non-resident Holder will not be taxable Canadian property of the Holder at any time at which the share is listed on a “designated stock exchange” (which includes the TSX-V) unless, at any time during the 60 months immediately preceding the disposition of the share,

- (a) the Non-resident Holder, one or more persons with whom the Non-resident Holder did not deal at arm’s length, partnerships in which the Non-resident Holder or persons with whom the Non-resident Holder did not deal at arm’s length held membership interests (directly or indirectly), or any combination of the foregoing, owned 25% or more of the issued shares of any class of the capital stock of Almadex or Spinco, as applicable, and
- (b) the share derived more than 50% of its fair market value directly or indirectly from, or from any combination of, real property situated in Canada, “Canadian resource properties”, “timber resource properties”, and interest, rights or options in or in respect of any of the foregoing.

Shares may also be deemed to be taxable Canadian property under other provisions of the ITA.

Generally, an Almadex Share, Almadex New Share, or Spinco Share, as applicable, of the Non-resident Holder will be treaty-protected property of the Holder at the time of disposition if at that time any income or gain of the Holder from the disposition of the share would be exempt from Canadian income tax under Part I of the ITA because of a tax treaty between Canada and another country.

A Non-resident Holder who disposes or is deemed to dispose of an Almadex Share, Almadex New Share, or Spinco Share that, at the time of disposition, is taxable Canadian property and is not treaty-protected property will realize a capital gain (or capital loss) equal to the amount, if any, by which the Holder’s proceeds of disposition of the share exceeds (or is exceeded by) the Non-resident Holder’s adjusted cost base of the share and reasonable costs of disposition. The Non-resident Holder generally will be required to include one half of any such capital gain (taxable capital gain) in the Holder’s taxable income earned in Canada for the year of disposition, and be entitled to deduct one half of any such capital loss (allowable capital loss) against taxable capital gains included in the Holder’s taxable income earned in Canada for the year of disposition and, to the extent not so deductible, against such taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances set out in the ITA.

Dissenting Non-Resident Holders

The discussion above applicable to Resident Holders under the heading “Holders Resident in Canada - Dissenting Shareholders” will generally also apply to a Non-resident Holder who validly exercises Dissent Rights in respect of the Arrangement. The Non-resident Holder generally will be subject to Canadian federal income tax in respect of any deemed taxable dividend or capital gain or loss arising as a consequence of the exercise of Dissent Rights as discussed above under the headings “Holders Not Resident in Canada – Taxation of Dividends” and “Holders Not Resident in Canada – Taxation of Capital Gains and Capital Losses” respectively.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material U.S. federal income tax consequences to a U.S. Holder, as defined below, of the Arrangement and the ownership and disposition of Almadex New Shares and Spinco Shares received in the Arrangement. This summary does not address the U.S. federal income tax consequences to Optionholders regarding their Options, to Warrant holders regarding their Warrants.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated under the Code (“**Treasury Regulations**”), administrative pronouncements, rulings or practices, and judicial decisions, all as of the date of this Information Circular. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, and may result in U.S. federal income tax consequences significantly different from those discussed in this

Information Circular. No legal opinion from U.S. legal counsel has been or will be sought or obtained regarding the U.S. federal income tax consequences of the Arrangement. In addition, this summary is not binding on the U.S. Internal Revenue Service (the “**IRS**”), and no ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal income tax consequences discussed in this Information Circular. There can be no assurance that the IRS will not challenge any of the conclusions described in this Information Circular or that a U.S. court will not sustain such a challenge.

This summary is for general informational purposes only and does not address all possible U.S. federal tax issues that could apply with respect to the Arrangement. This summary does not take into account the facts unique to any particular U.S. Holder that could impact its U.S. federal income tax consequences with respect to the Arrangement. This discussion is not, and should not be, construed as legal or tax advice to a U.S. Holder. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income, U.S. state and local, and foreign tax consequences of the Arrangement and the ownership and disposition of Almadex Shares, Almadex New Shares, or Spinco Shares.

This summary does not address the U.S. federal income tax consequences to U.S. Holders subject to special rules, including but not limited to U.S. Holders that: (i) are banks, financial institutions, or insurance companies; (ii) are regulated investment companies or real estate investment trusts; (iii) are brokers, dealers, or traders in securities or currencies; (iv) are tax-exempt organizations; (v) hold Almadex Shares (or after the Arrangement, Almadex New Shares or Spinco Shares) as part of hedges, straddles, constructive sales, conversion transactions, or other integrated investments; (vi) except as specifically provided below, acquire Almadex Shares (or after the Arrangement, Spinco Shares) as compensation for services or through the exercise or cancellation of employee stock options or warrants; (vii) have a functional currency other than the U.S. dollar; (viii) own or have owned directly, indirectly, or by operation of certain constructive ownership rules 10% or more of either the value or the voting power of all outstanding shares of Almadex (and after the Arrangement, Almadex and Spinco); (ix) are U.S. expatriates; (x) are subject to the alternative minimum tax; (xi) are subject to the base erosion minimum tax introduced by the budget reconciliation act commonly referred to as the “Tax Cuts and Jobs Act” (the “**TCJA**”); (xii) are subject to the tax on global intangible low-taxed income introduced by the TCJA; (xiii) are eligible for a deduction for a portion of foreign-derived intangible income or global intangible low-tax income both introduced by the TCJA; (xiv) are subject to the tax on offshore earnings accumulated before 2018 imposed by the TCJA; or (xv) owns or will own Almadex Shares, Almadex New Shares and/or Spinco that it acquired at different times or at different market prices or that otherwise have different per share cost bases or holding periods for U.S. tax purposes. In addition, this discussion does not address any U.S. federal estate, gift, or other non-income tax, or any state, local, or non-U.S. tax consequences of the Arrangement. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of Spinco Shares.

For the purposes of this summary, “**U.S. Holder**” means a beneficial owner of Almadex Shares, Spinco Shares or Almadex New Shares (as applicable) that is a U.S. person for U.S. federal income tax purposes (a “**United States Person**”), other than certain pass-through entities as described in the following paragraph. The term “United States Person” refers to: (i) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes; (ii) a corporation or a partnership (or other entity taxable as a corporation or partnership for U.S. federal income tax purposes) created or organized under the laws of the U.S., any U.S. state, or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust that (a) is subject to the primary jurisdiction of a court within the U.S. and for which one or more United States Persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a United States Person.

If a pass-through entity, including a partnership or other entity taxable as a partnership for U.S. federal tax purposes, holds Almadex Shares, Almadex New Shares or Spinco Shares the U.S. federal income tax treatment of an owner or partner generally will depend on the status of such owner or partner and on the activities of the pass-through entity. This summary does not address any U.S. federal income tax consequences to such owners or partners of a pass-through entity holding Almadex Shares, Almadex New Shares or Spinco Shares and such persons are urged to consult their own tax advisor.

For purposes of this summary, “non-U.S. Holder” means a beneficial owner of Almadex Shares, Almadex New Shares or Spinco Shares (as applicable) other than a United States Person. This summary does not address the U.S. federal income tax consequences of the Arrangement to non-U.S. Holders. Accordingly, non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income, U.S. state and local, and foreign tax consequences (including the potential application and operation of any income tax treaties) of the Arrangement.

This summary assumes that Almadex Shares, Almadex New Shares and Spinco Shares are or will be held as capital assets (generally, property held for investment), within the meaning of the Code, in the hands of a U.S. Holder at all relevant times.

U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ARRANGEMENT

The Arrangement will be effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law. Therefore, the U.S. federal income tax consequences of certain aspects of the Arrangement are not certain. Nonetheless, Almadex believes, and the following discussion assumes, that (a) the renaming and redesignation of the Almadex Shares and (b) the exchange by the Shareholders of the redesignated Almadex Shares for Almadex New Shares and Spinco Shares, taken together, will properly be treated for U.S. federal income tax purposes, under the step-transaction doctrine or otherwise, as (i) a tax-deferred exchange by the Shareholders of their Almadex Shares for Almadex New Shares, either under Section 1036 or Section 368(a)(1)(E) of the Code, combined with (ii) a distribution of the Spinco Shares to the Shareholders under Section 301 of the Code. In addition, except as discussed below, a U.S. Holder should have the same basis and holding period in Almadex New Shares as such U.S. Holder had in its Almadex Shares exchanged therefore.

There can be no assurance that the IRS will not challenge the U.S. federal income tax treatment of the Arrangement or that, if challenged, a U.S. court would not agree with the IRS. Each U.S. Holder should consult its own tax advisor regarding the proper treatment of the Arrangement for U.S. federal income tax purposes.

Reporting Requirements for Significant Holders

Assuming that the Arrangement qualifies as a reorganization within the meaning of Section 368(a)(1)(E) of the Code, U.S. Holders that are “significant holders” within the meaning of U.S. Treasury Regulation Section 1.368-3(c) are required to report certain information to the IRS on their U.S. federal income tax returns for the taxable year in which the Arrangement occurs and all such U.S. Holders must retain certain records related to the Arrangement. Each U.S. Holder should consult its own tax advisor regarding its information reporting and record retention responsibilities in connection with the Arrangement.

Receipt of Spinco Shares pursuant to the Arrangement

Subject to the “passive foreign investment company” (“PFIC”) rules discussed below under “U.S. Federal Income Tax Consequences of the Arrangement - Potential Application of the PFIC Rules” a U.S. Holder that receives Spinco Shares pursuant to the Arrangement will be treated as receiving a distribution of property in an amount equal to the fair market value of the Spinco Shares received on the distribution date (without reduction for any Canadian income or other tax withheld from such distribution). Such distribution would be taxable to the U.S. Holder as a dividend to the extent of Almadex’s current and accumulated earnings and profits. To the extent the fair market value of the Spinco Shares distributed exceeds Almadex’s adjusted tax basis in such shares (as calculated for U.S. federal income tax purposes), the proposed Arrangement can be expected to generate additional earnings and profits for Almadex in an amount equal to the excess of the fair market value of the Spinco Shares distributed by Almadex and Almadex’s basis in those shares for U.S. income tax purposes. Any such dividend generally will not be eligible for the “dividends received deduction” in the case of U.S. Holders that are corporations. To the extent that the fair market value of the Spinco Shares exceeds the current and accumulated earnings and profits of Almadex, the distribution of the Spinco Shares pursuant to the Arrangement will be treated first as a non-taxable return of capital to the extent of a U.S. Holder’s tax basis in the Almadex Shares, with any remaining amount of the distribution being taxed as a capital gain. Preferential tax rates apply to long-term capital gains of a U.S.

Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation.

A dividend paid by Almadex to a U.S. Holder who is an individual, estate or trust generally will be taxed at the preferential tax rates applicable to long-term capital gains if Almadex is a “qualified foreign corporation” (“**QFC**”) and certain holding period and other requirements for the Almadex Shares are met. Almadex generally will be a QFC as defined under Section 1(h)(11) of the Code if Almadex is eligible for the benefits of the Canada - U.S. Tax Convention or its shares are readily tradable on an established securities market in the U.S. However, even if Almadex satisfies one or more of these requirements, Almadex will not be treated as a QFC if Almadex is a PFIC (as defined below) for the tax year during which it pays a dividend or for the preceding tax year. See the section below under the heading “U.S. Federal Income Tax Consequences of the Arrangement - Potential Application of the PFIC Rules.”

If a U.S. Holder is not eligible for the preferential tax rates discussed above, a dividend paid by Almadex to a U.S. Holder generally will be taxed at ordinary income tax rates (rather than the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

A surtax of 3.8% will apply to so-called “net investment income” of U.S. Holders who are individuals, estates or taxable trusts to the extent that such person’s “modified adjusted gross income” (in the case of individuals) or “adjusted gross income” (in the case of an estate or trust) exceeds certain thresholds. Net investment income generally includes interest, dividends, royalties, rents, gross income from a trade or business involving passive activities, and net gain from the disposition of property (other than property held in a non-passive trade or business). To the extent that the receipt of Spinco Shares is treated as a dividend or as capital gain, such dividend income or capital gain generally will constitute net investment income. Each U.S. Holder should consult such U.S. Holder’s own tax advisor regarding the applicability of the tax on net investment income to that U.S. Holder.

Dissenting U.S. Holders

Subject to the PFIC rules discussed below under “U.S. Federal Income Tax Consequences of the Arrangement - Potential Application of the PFIC Rules,” a U.S. Holder that exercises the right to dissent from the Arrangement (a “**Dissenting U.S. Holder**”) and receives cash for such U.S. Holder’s Almadex Shares generally will recognize gain or loss in an amount equal to the difference, if any, of (a) the amount of cash received by such U.S. Holder in exchange for the Almadex Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and (b) the adjusted tax basis of such U.S. Holder in the Almadex Shares surrendered, provided such U.S. Holder does not actually or constructively own any Almadex New Shares after the Arrangement. Such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Almadex Shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code.

If a U.S. Holder that exercises the right to dissent from the Arrangement and receives cash for such U.S. Holder’s Almadex Shares actually or constructively owns Almadex New Shares after the Arrangement, all or a portion of the cash received by such U.S. Holder may be taxable as a distribution under the same rules as discussed under “U.S. Federal Income Tax Consequences of the Arrangement - Receipt of Spinco Shares pursuant to the Arrangement” above.

As discussed previously, a surtax of 3.8% will be imposed on “net investment income” of certain U.S. Holders, to the extent that net investment exceeds certain thresholds. Net investment income generally will include, among other things, gain recognized by a Dissenting U.S. Holder on the receipt of cash in exchange for their Almadex Shares. Dissenting U.S. Holders should consult their tax advisors regarding the effect, if any, of this surtax on their exercise of the right to dissent from the Arrangement.

Potential Application of the PFIC Rules

The tax considerations of the Arrangement to a particular U.S. Holder will depend on whether Almadex was a PFIC during any proxy year in which a U.S. Holder owned Almadex Shares. In general, a foreign (non-U.S.) corporation is a PFIC for any taxable year in which either (i) 75% or more of the foreign corporation's gross income is passive income, or (ii) 50% or more of the average quarterly value of the foreign corporation's assets produced are held for the production of passive income. Passive income includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Passive income does not include gains from the sale of commodities that arise in the active conduct of a commodities business by a non-U.S. corporation, provided that certain other requirements are satisfied. In determining whether or not it is classified as a PFIC, a foreign corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest by value.

The determination of PFIC status is inherently factual and generally cannot be determined until the close of the taxable year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. U.S. Holders are urged to consult their own U.S. tax advisors regarding the application of the PFIC rules to the Arrangement. Certain subsidiaries and other entities in which a PFIC has a direct or indirect interest could also be PFICs ("**Subsidiary PFICs**") with respect to a United States Person owning an interest in the first-mentioned PFIC. Almadex has not made a determination as to whether it was a PFIC in prior years and does not commit to make any such determination in the current or future years.

If Almadex is a PFIC or was a PFIC at any time during a U.S. Holder's holding period for the Almadex Shares, the effect of the PFIC rules on a U.S. Holder receiving Spinco Shares pursuant to the Arrangement will depend on whether such U.S. Holder has made a timely and effective election to treat Almadex as a QEF under Section 1295 of the Code (a "**QEF Election**") or has made a mark-to-market election with respect to its Almadex Shares under Section 1296 of the Code (a "**Mark-to-Market Election**"). In this summary, a U.S. Holder that has made a timely QEF Election or Mark-to-Market Election with respect to its Almadex Shares is referred to as an "**Electing Almadex Shareholder**" and a U.S. Holder that has not made a timely QEF Election or a Mark-to-Market Election with respect to its Almadex Shares is referred to as a "**Non-Electing Almadex Shareholder.**" For a description of the QEF Election and Mark-to-Market Election, U.S. Holders should consult the discussion below under "U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - Passive Foreign Investment Company Rules – QEF Election" and "– Mark-to-Market Election".

An Electing Almadex Shareholder generally would not be subject to the default rules of Section 1291 of the Code discussed below upon the receipt of the Spinco Shares pursuant to the Arrangement. Instead, the Electing Almadex Shareholder generally would be subject to the rules described below under "U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - Passive Foreign Investment Company Rules – QEF Election" and "– Mark-to-Market Election".

With respect to Non-Electing Almadex Shareholder, if Almadex is a PFIC or was a PFIC at any time during a U.S. Holder's holding period for the Almadex Shares, the default rules under Section 1291 of the Code will apply to gain recognized on any disposition of Almadex Shares and to "excess distributions" from Almadex (generally, distributions received in the current taxable year that are in excess of 125% of the average distributions received during the three preceding years (or during the U.S. Holder's holding period for the Almadex Shares, if shorter)). Under Section 1291 of the Code, any such gain recognized on the sale or other disposition of Almadex Shares and any excess distribution must be ratably allocated to each day in a Non-Electing Almadex Shareholder's holding period for the Almadex Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before Almadex became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year without regard to the Non-Electing Almadex Shareholder's U.S. federal income tax net operating losses or other attributes and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such prior year. Such

Non-Electing Almadex Shareholders that are not a corporation must treat any such interest paid as “personal interest,” which is not deductible.

If the distribution of the Spinco Shares pursuant to the Arrangement constitutes an “excess distribution” or results in the recognition of capital gain as described above under “U.S. Federal Income Tax Consequences of the Arrangement - Receipt of Spinco Shares pursuant to the Arrangement” with respect to a Non-Electing Almadex Shareholder, such Non-Electing Almadex Shareholder will be subject to the rules of Section 1291 of the Code discussed above upon the receipt of the Spinco Shares. In addition, if Spinco constitutes a Subsidiary PFIC of Almadex for the tax year of the distribution of the Spinco Shares pursuant to the Arrangement, such distribution may be treated, under proposed Treasury Regulations, as the “indirect disposition” by a Non-Electing Almadex Shareholder of such Non-Electing Almadex Shareholder’s indirect interest in Spinco, which generally would be subject to the rules of Section 1291 of the Code discussed above.

U.S. FEDERAL INCOME TAX CONSEQUENCES RELATED TO THE OWNERSHIP AND DISPOSITION OF SPINCO SHARES, ALMADEX NEW SHARES AND ALMADEX SHARES

If the Arrangement is approved by the Shareholders, each Shareholder will ultimately receive one Spinco Share and one Almadex New Share for each Almadex Share held by such Shareholder. If the Arrangement is not approved by the Shareholders, each Shareholder shall retain its Almadex Shares. The U.S. federal income tax consequences to a U.S. Holder related to the ownership and disposition of Spinco Shares, Almadex New Shares or Almadex Shares, as the case may be, will generally be the same and are described below.

In General

The following discussion is subject to the rules described below under the heading “U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - Passive Foreign Investment Company Rules.”

Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Spinco Share, Almadex New Share or Almadex Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the distributing company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the distributing company is a PFIC, except that, if the dividend is an “excess distribution,” it will be subject to the punitive tax rules applicable to excess distributions. See the discussion below under the heading “U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - Passive Foreign Investment Company Rules – Default Rules under Section 1291 of the Code”. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the distributing company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the shares of the distributing company and thereafter as gain from the sale or exchange of such shares. See the discussion below under the heading “U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - In General - Sale or Other Taxable Disposition of Shares.” However, the distributing company may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution with respect to the Spinco Shares, Almadex New Shares or Almadex Shares will constitute ordinary dividend income. Dividends received on Spinco Shares, Almadex New Shares or Almadex Shares generally will not be eligible for the “dividends received deduction.” In addition, distributions from Spinco or Almadex (either on Almadex New Shares or Almadex Shares) will not constitute qualified dividend income eligible for the preferential tax rates applicable to long-term capital gains if the distributing company were a PFIC either in the year of the distribution or in the immediately preceding year, or if the distributing company is not eligible for the benefits of the Canada - U.S. Tax Convention and its shares are not readily tradable on an established securities market in the U.S. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Shares

Upon the sale or other taxable disposition of Spinco Shares, Almadex New Shares or Almadex Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder's tax basis in such shares sold or otherwise disposed of. A U.S. Holder's tax basis in Spinco Shares, Almadex New Shares or Almadex Shares generally will be such holder's U.S. dollar cost for such shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the shares have been held for more than one year.

Preferential tax rates apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company Rules

If Spinco or Almadex were to constitute a PFIC under the meaning of Section 1297 of the Code (as described above under "U.S. Federal Income Tax Consequences of the Arrangement – Receipt of Spinco Shares pursuant to the Arrangement") for any year during a U.S. Holder's holding period, then certain potentially adverse rules will affect the U.S. federal income tax consequences to such U.S. Holder resulting from the acquisition, ownership and disposition of Spinco Shares, Almadex New Shares or Almadex Shares, as applicable. Almadex has not made a determination as to whether it was a PFIC in prior years and does not commit to make any such determination in the current or future years. In addition, Spinco does not commit to make any determination as to whether it will be a PFIC in the current or future years. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge whether Almadex (or a Subsidiary PFIC as defined below) was a PFIC in a prior year or whether Spinco or Almadex is a PFIC in the current or future years. Each U.S. Holder should consult its own tax advisor regarding the PFIC status of Spinco, Almadex and any of their Subsidiary PFICs. Neither Spinco nor Almadex currently intend to provide information to its shareholders concerning whether it is a PFIC for 2017 or future years.

Under certain attribution rules, if either Spinco or Almadex is a PFIC, U.S. Holders will generally be deemed to own their proportionate share of its direct or indirect equity interest in any subsidiary that is also a PFIC (a "**Subsidiary PFIC**"), and will be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale of the Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, and their proportionate share of (a) any excess distributions on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by Spinco or Almadex or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. Moreover, a QEF election or Mark-to-Market Election that is made for shares of the Parent PFIC would not apply to a Subsidiary PFIC. While a separate QEF Election may be made for a Subsidiary PFIC, the Parent PFIC may not be in possession of and may not be able (or willing) to provide the financial information to U.S. Holders that would allow them to make a QEF Election for any Subsidiary PFIC. A Mark-to-Market Election generally may not be made with respect to a Subsidiary PFIC. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of Spinco Shares, Almadex New Shares or Almadex Shares are made.

Default PFIC Rules Under Section 1291 of the Code

If either Spinco or Almadex is a PFIC for any tax year during which a U.S. Holder owns Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, the U.S. federal income tax consequences to such U.S. Holder of the acquisition, ownership, and disposition of such shares will depend on whether and when such U.S. Holder makes a QEF Election to treat Spinco or Almadex, as applicable, and each Subsidiary PFIC, if any, as a QEF under Section 1295 of the Code or makes a Mark-to-Market Election under Section 1296 of the Code. A U.S. Holder that does not make either a timely QEF Election or a Mark-

to-Market Election with respect to its Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, will be referred to in this summary as a “**Non-Electing Shareholder.**”

A Non-Electing Shareholder will be subject to the rules of Section 1291 of the Code (described below) with respect to (a) any gain recognized on the sale or other taxable disposition of Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, and (b) any excess distribution received on the Spinco Shares, Almadex New Shares or Almadex Shares, as applicable. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder’s holding period for the applicable shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, (including an indirect disposition of the stock of any Subsidiary PFIC), and any “excess distribution” received on such shares, must be ratably allocated to each day in a Non-Electing Shareholder’s holding period for the respective shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year without regard to the shareholder’s net operating losses or other U.S. federal income tax attributes, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing Shareholder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible.

If either Spinco or Almadex is a PFIC for any tax year during which a Non-Electing Shareholder holds Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, the applicable company will continue to be treated as a PFIC with respect to such Non-Electing Shareholder, regardless of whether that company ceases to be a PFIC in one or more subsequent tax years. A Non-Electing Shareholder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above), but not loss, as if such shares were sold on the last day of the last tax year for which the applicable company was a PFIC.

QEF Election

A U.S. Holder that makes a timely and effective QEF Election for the first tax year in which its holding period of its Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to those shares. A U.S. Holder that makes a timely and effective QEF Election will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (a) the net capital gain of Spinco or Almadex, as applicable, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of Spinco or Almadex, as applicable, which will be taxed as ordinary income to such U.S. Holder. Generally, “net capital gain” is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and “ordinary earnings” are the excess of (a) “earnings and profits” over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which Spinco or Almadex, as applicable, is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder. However, for any tax year in which Spinco or Almadex, as applicable, is a PFIC and has no net income or gain as determined for U.S. income tax purposes, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible.

A U.S. Holder that makes a timely and effective QEF Election with respect to Spinco or Almadex, as applicable, generally (a) may receive a tax-free distribution from the applicable company to the extent that such distribution represents “earnings and profits” of the distributing company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder’s tax basis in the shares of the applicable company to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally

will recognize capital gain or loss on the sale or other taxable disposition of Spinco Shares, Almadex New Shares or Almadex Shares, as applicable.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if such QEF Election is made for the first year in the U.S. Holder’s holding period for the Spinco Shares, Almadex New Shares or Almadex Shares in which Spinco or Almadex, as applicable, was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year. If a U.S. Holder does not make a timely and effective QEF Election for the first year in the U.S. Holder’s holding period for the Spinco Shares, Almadex New Shares or Almadex Shares, the U.S. Holder may still be able to make a timely and effective QEF Election in a subsequent year if such U.S. Holder meets certain requirements and makes a “purging” election to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such shares were sold for their fair market value on the day the QEF Election is effective. If a U.S. Holder owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. Holder is a direct shareholder and the Subsidiary PFIC in order for the QEF rules to apply to both PFICs.

A QEF Election will apply to the tax year for which such QEF Election is timely made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, Spinco or Almadex ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which Spinco or Almadex, as applicable, is not a PFIC. Accordingly, if Spinco or Almadex becomes a PFIC in a subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which Spinco or Almadex, as applicable, qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurances that Spinco or Almadex will satisfy the record keeping requirements that apply to a QEF, or that Spinco or Almadex will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in the event that Spinco or Almadex is a PFIC. Neither Spinco nor Almadex commits to provide information to its shareholders that would be necessary to make a QEF Election with respect to Spinco or Almadex for any year in which it is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Spinco Shares, Almadex New Shares or Almadex Shares (or with respect to any Subsidiary PFIC). Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

A U.S. Holder makes a QEF Election by attaching a completed IRS Form 8621, including a PFIC Annual Information Statement, to a timely filed United States federal income tax return. However, if Spinco or Almadex does not or cannot provide the required information with regard to Spinco, Almadex or any of their Subsidiary PFICs, U.S. Holders will not be able to make a QEF Election for such entity and will continue to be subject to the rules discussed above that apply to Non-Electing Shareholders with respect to the taxation of gains and excess distributions.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, are marketable stock. These shares generally will be “marketable stock” if they are regularly traded on: (i) a national securities exchange that is registered with the Securities and Exchange Commission; (ii) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934; or (iii) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that: (i) such foreign exchange has trading volume, listing, financial disclosure, and surveillance requirements, and meets other requirements and the laws of the country in which such foreign exchange is located, and together with the rules of such foreign exchange, ensure that such requirements are actually enforced; and (ii) the rules of such foreign exchange effectively promote active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be “regularly traded” for any calendar year

during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. There is no assurance that Spinco Shares, Almadex New Shares or Almadex Shares will be marketable stock for this purpose.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Spinco Shares, Almadex New Shares or Almadex Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for such shares or such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, those shares.

A U.S. Holder that makes a Mark-to-Market Election with respect to Spinco Shares, Almadex New Shares or Almadex Shares will include in ordinary income, for each tax year in which Spinco or Almadex, as applicable, is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the applicable shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in such shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in the applicable shares, over (b) the fair market value of such shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election with respect to Spinco Shares, Almadex New Shares or Almadex Shares generally also will adjust such U.S. Holder's tax basis in the applicable shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of such shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years). Losses that exceed this limitation are subject to the rules generally applicable to losses provided in the Code and Treasury Regulations.

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Spinco Shares, Almadex New Shares or Almadex Shares, as applicable, cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Spinco Shares, Almadex New Shares or Almadex Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the application of the default rules of Section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

Each U.S. Holder that has a direct or indirect interest in shares of a PFIC generally would be required to file an IRS Form 8621, if, during such year, the U.S. Holder received distributions or recognized gain with respect to shares of the PFIC, or was deemed to receive an indirect distribution from a Subsidiary PFIC or to recognize gain on an indirect disposition of Subsidiary PFIC stock. Form 8621 also is used to make certain elections with respect to PFICs, including a QEF election and a mark-to-market election. In addition, subject to certain rules intended to avoid duplicative filings, U.S. Holders generally must file an annual information return on IRS Form 8621 with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. Each U.S. Holder should consult its tax advisor regarding these and any other applicable information or other reporting requirements. Each U.S. Holder should consult its tax advisor regarding these and any other relevant information or other reporting requirements.

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Spinco Shares, Almadex New Shares or Almadex Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which such shares are transferred.

Certain additional adverse rules may apply with respect to a U.S. Holder if Spinco or Almadex is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses Spinco Shares, Almadex New Shares or Almadex Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such shares.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with its own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult with its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Spinco Shares, Almadex New Shares or Almadex Shares.

Additional Considerations

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the Arrangement or in connection with the ownership or disposition of Spinco Shares, Almadex New Shares or Almadex Shares may elect to deduct or credit such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source". Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. However, the amount of a distribution with respect to the Spinco Shares, Almadex New Shares or Almadex Shares that is treated as a "dividend" may be different for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in (in some cases) a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income with the result that credits generated within a specific category of income may only offset income taxes with respect to foreign source income within that same category of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules. As described above under "U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of Spinco Shares, Almadex New Shares and Almadex Shares - Passive Foreign Investment Companies Rules - Other PFIC Rules," special rules also apply to foreign tax credits that a U.S. Holder may claim with respect to a distribution from a PFIC.

Receipt of Foreign Currency

The value of any cash payment in Canadian dollars to a U.S. Holder will be translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the dividend, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. A U.S. Holder will generally have a basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and converts or disposes of the Canadian dollars after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, which generally will be U.S. source income or loss for foreign tax credit purposes.

Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Additional Tax on Passive Income

As discussed previously, a surtax of 3.8% will be imposed on “net investment income” of certain U.S. Holders, to the extent that net investment exceeds certain thresholds. Net investment income generally will include, among other things, dividends paid on Spinco Shares, Almadex New Shares and Almadex Shares and net gain from the disposition of such shares. U.S. Holders should consult with their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of Spinco Shares, Almadex New Shares or Almadex Shares.

Information Reporting and Backup Withholding Tax

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, section 6038D generally imposes U.S. return disclosure obligations (and related penalties) on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of \$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-United States Person, any financial instrument or contract held for investment that has an issuer or counterparty other than a United States Person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their shares are held in an account at a domestic financial institution. A U.S. Holder’s disclosure of foreign financial assets pursuant to section 6038D of the Code should be made on IRS Form 8938. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns under these rules, including the requirement to file an IRS Form 8938 and FinCen Form 114.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of (a) distributions on the Spinco Shares, Almadex New Shares or Almadex Shares, (b) proceeds arising from the sale or other taxable disposition of Spinco Shares, Almadex New Shares or Almadex Shares, or (c) any payments received in connection with the Arrangement (including, but not limited to, U.S. Holders exercising dissent rights under the Arrangement) generally may be subject to information reporting and backup withholding tax, at the rate of 24% (for tax years after 2017 and before 2026) if a U.S. Holder (i) fails to furnish its correct U.S. taxpayer identification number (generally on Form W-9), (ii) furnishes an incorrect U.S. taxpayer identification number, (iii) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (iv) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder’s U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO SECURITYHOLDERS WITH RESPECT TO THE DISPOSITION OF THOSE SECURITIES PURSUANT TO THE ARRANGEMENT OR THE OWNERSHIP AND DISPOSITION OF THOSE SECURITIES RECEIVED PURSUANT TO THE ARRANGEMENT. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

SECURITIES LAWS CONSIDERATIONS

The following is a brief summary of the securities law considerations applying to the transactions contemplated herein.

CANADIAN SECURITIES LAWS

Each Holder is urged to consult such Holder's professional advisers to determine the Canadian conditions and restrictions applicable to trades in the Spinco Shares.

Status under Canadian Securities Laws

Almadex is a reporting issuer in the following jurisdictions in Canada: British Columbia, Alberta and Ontario. Almadex Shares currently trade on the TSX-V. After the Plan of Arrangement, Spinco will be a reporting issuer in British Columbia, Alberta and Ontario.

Spinco has applied to list the Spinco Shares on the TSX-V. Listing will be subject to the issuer fulfilling all the listing requirements of the TSX-V. Spinco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on a U.S. marketplace.

Distribution and Resale of Spinco Shares Under Canadian Securities Laws

The distribution of the Spinco Shares pursuant to the Plan of Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation. With certain exceptions, the Spinco Shares may generally be resold in each of the provinces of Canada provided the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid to a person or company in respect of the trade and, if the selling security holder is an insider or officer of Spinco, the insider or officer has no reasonable grounds to believe that Spinco is in default of securities legislation.

U.S. SECURITIES LAWS

Status Under U.S. Securities Laws

Each of Almadex and Spinco is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act. The Spinco Shares are not listed for trading, and Spinco does not intend to seek a listing for the Spinco Shares at this time on a stock exchange in the United States.

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to U.S. Shareholders. All U.S. Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Spinco Shares distributed to them under the Plan of Arrangement complies with applicable securities laws. **Further information applicable to U.S. Shareholders is disclosed under the heading "Note to United States Shareholders".**

The following discussion does not address the Canadian securities laws that will apply to the distribution of the Spinco Shares or the resale of these shares by U.S. Shareholders within Canada. U.S. Shareholders

reselling their Spinco Shares in Canada must comply with Canadian securities laws, as outlined elsewhere in this Information Circular.

Exemption from the Registration Requirements of the U.S. Securities Act

The Spinco Shares to be distributed pursuant to the Plan of Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, but will be issued in reliance upon the Section 3(a)(10) Exemption under the U.S. Securities Act and exemptions provided under the securities laws of each state of the United States in which U.S. Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Spinco Shares distributed in connection with the Plan of Arrangement. See “The Plan of Arrangement – Conduct of Meeting and Other Approvals – Court Approval of the Plan of Arrangement” above.

Resales of Spinco Shares after the completion of the Plan of Arrangement

The manner in which a shareholder of Spinco may resell in the United States the Spinco Shares received on completion of the Plan of Arrangement will depend on whether such holder is, at the time of such resale, an “affiliate” of Almadex or Spinco, or has been such an “affiliate” at any time within 90 days immediately preceding the resale in question.

As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, that issuer. Typically, persons who are executive officers, directors or 10% (or greater) holders of an issuer are considered to be its “affiliates,” as well as any other person or group that actually controls the issuer. Persons who are affiliates of Almadex on completion of the Plan of Arrangement will be deemed to be “affiliates” of Spinco for at least 90 days thereafter.

Persons who were not affiliates of Almadex upon completion of the Arrangement (or during the 90 days immediately preceding it), and are not affiliates of Spinco after the completion of the Plan of Arrangement, may resell the Spinco Shares that they receive in connection with the Plan of Arrangement in the United States, as well as outside the United States pursuant to SEC Regulation S (“**Regulation S**”) (discussed below), without restriction under the U.S. Securities Act.

Persons who are affiliates of Spinco after completion of the Plan of Arrangement, as well as, at any time during the 90 day period immediately following completion of the Arrangement, persons who were affiliates of Almadex upon completion of the Plan of Arrangement, may not sell their Spinco Shares that they receive in connection with the Plan of Arrangement in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 under the U.S. Securities Act or Rule 904 of Regulation S.

Rule 144

In general, Rule 144 under the U.S. Securities Act provides that persons who are affiliates of Spinco after the Plan of Arrangement or, at any time during the 90 day period immediately following completion of the Arrangement, persons who were affiliates of Almadex upon completion of the Plan of Arrangement, will be entitled to sell **inside** the United States, during any three-month period, a portion of the Spinco Shares that they receive in connection with the Plan of Arrangement, provided that the number of such shares sold does not exceed the greater of one percent of the number of then outstanding securities of such class or, if such securities are listed on a United States securities exchange (which Spinco does not intend to seek at this time), the average weekly trading volume of such securities during the four-week period preceding

the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Spinco. Persons who are affiliates of Spinco after the Plan of Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of Spinco.

Regulation S

Subject to certain limitations, all holders of Spinco Shares may immediately resell such securities **outside** the United States, without registration under the U.S. Securities Act, pursuant to Regulation S under the U.S. Securities Act. Generally, subject to certain limitations, holders of Spinco Shares who are not its affiliates, or who are its affiliates solely by virtue of being its officer and/or director and who pay nothing other than a usual and customary broker's commission in connection with the transaction, may, under the securities laws of the United States, resell their Spinco Shares in an "offshore transaction" (which would include a sale through the TSX-V) if neither the seller, any affiliate of the seller, nor any person acting on their behalf engages in any "directed selling efforts" in the United States. For the purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the resale transaction. Under Regulation S, certain additional restrictions and qualifications are applicable to holders of Spinco Shares who are its affiliates other than by virtue of being its officer and/or director.

The foregoing discussion is only a general overview of the requirements of United States Securities Laws for the resale of the Spinco Shares received under the Plan of Arrangement. Holders of Spinco Shares are urged to seek legal advice prior to any resale of such securities to ensure that the resale is made in compliance with the requirements of applicable securities legislation.

Issuance of Spinco Replacement Stock Options and Spinco Shares upon exercise of the Spinco Replacement Stock Options

The issuance of the Spinco Replacement Stock Options to Optionholders that are in the United States or that are United States Persons will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon certain exemptions from registration, including Section 4(a)(2) under the U.S. Securities Act, and exemptions provided under the securities laws of each state of the United States in which U.S. Optionholders reside.

The Spinco Shares issuable upon exercise of the Spinco Replacement Stock Options have not been registered under the U.S. Securities Act or under applicable state securities laws. As a result, the Spinco Replacement Stock Options may not be exercised by or on behalf of a person in the United States or a United States Person, and the Spinco Shares issuable upon exercise thereof in the United States or by a U.S. Person may not be offered or resold, unless such securities have been registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

Issuance of Spinco Warrants and Spinco Shares upon exercise of the Spinco Warrants

The issuance of the Spinco Warrants to Warranholders that are in the United States or that are United States Persons will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon certain exemptions from registration, including Section 4(a)(2) under the U.S. Securities Act, and exemptions provided under the securities laws of each state of the United States in which U.S. Warranholders reside.

The Spinco Shares issuable upon exercise of the Spinco Warrants have not been registered under the U.S. Securities Act or under applicable state securities laws. As a result, the Spinco Warrants may not be exercised by or on behalf of a person in the United States or a Person may not be offered or resold, unless

such securities have been registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

ALMADEX MINERALS LIMITED

Information relating to Almadex is available on SEDAR at www.sedar.com. Almadex Shareholders may contact Almadex's Corporate Secretary by phone at (604) 689-7644, or by mail at Suite 210-1333 Johnston Street, Vancouver, British Columbia, V6H 3R9 to request copies of Almadex's financial statements and management's discussion and analysis.

Almadex's financial information is provided in Almadex's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

1154229 B.C. LTD.

The following describes the business of Spinco, post-Plan of Arrangement, and should be read together with the Pro Forma Financial Statements, attached hereto as Schedule "F", and the audited carve-out consolidated financial statements and unaudited carve-out consolidated financial statements (the "**Carve-Out Financial Statements**") of the business of Spinco (the "**Spinco Business**") attached hereto as Schedule "H".

NAME ADDRESS AND INCORPORATION

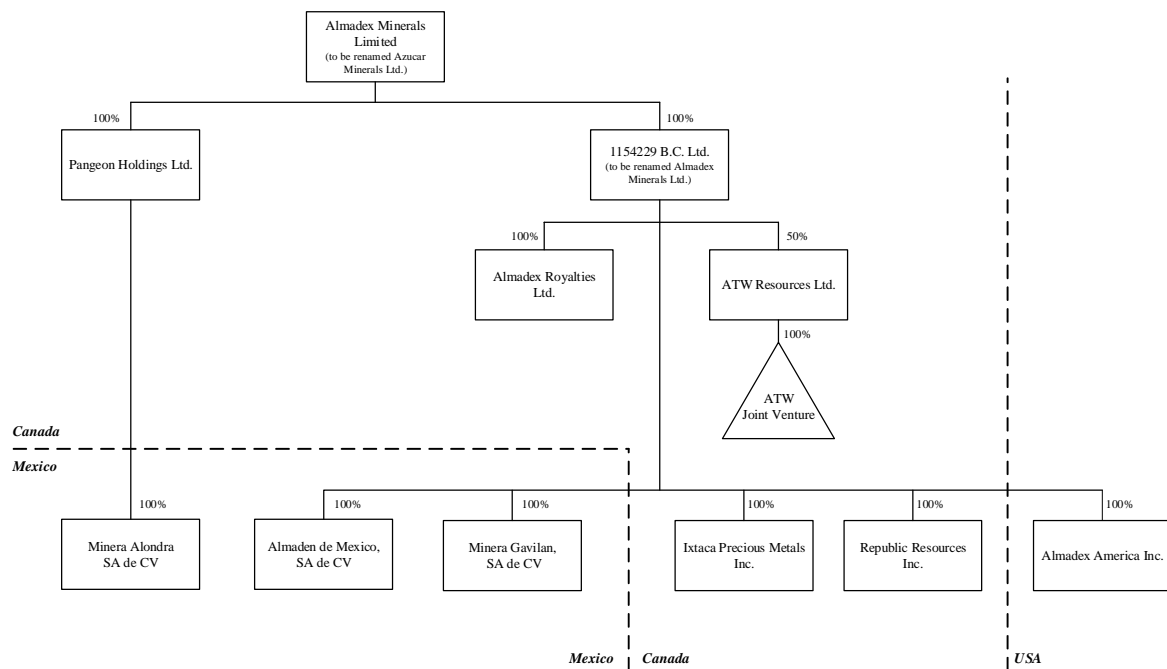
Spinco was incorporated under the BCBCA on February 26, 2018 as 1154229 B.C. Ltd. The articles of Spinco include an advance notice requirement for the nomination and election of directors. Spinco is not currently a reporting issuer and its shares are not listed on any stock exchange. If the Plan of Arrangement is completed, Spinco will be a reporting issuer in British Columbia, Alberta and Ontario.

Spinco has applied to list the Spinco Shares on the TSX-V. Listing will be subject to the issuer fulfilling all the listing requirements of the TSX-V. Spinco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on a U.S. marketplace.

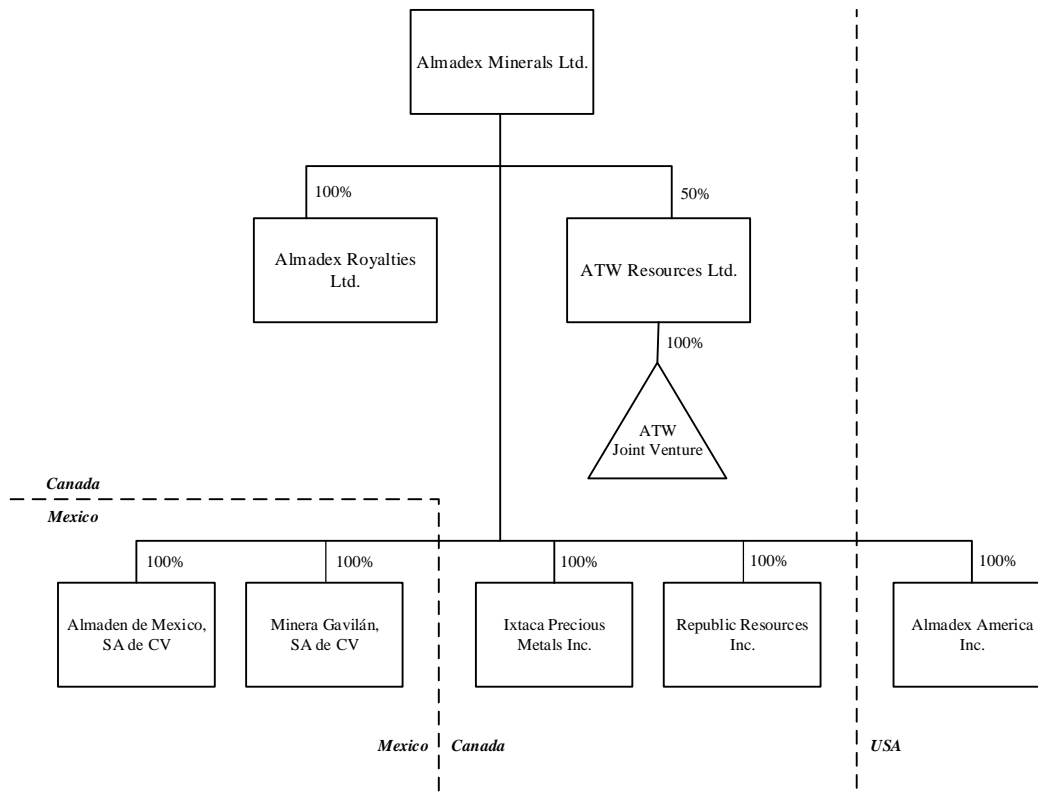
The registered office of Spinco is located at 1200 Waterfront Centre, 200 Burrard Street Vancouver, British Columbia, V7X 1T2 and the principal office of Spinco is located at Suite 210-1333 Johnston Street, Vancouver, British Columbia, V6H 3R9.

INTERCORPORATE RELATIONSHIPS

Set out below is the corporate structure of Almadex immediately prior to the Effective Date:



Set out below is the corporate structure of Spincio immediately after the Effective Date:



DESCRIPTION OF BUSINESS

Prior to the Effective Date, Almadex will transfer the Transferred Assets to Spinco. These assets include:

1. a 100% interest in the El Chato Project. This exploration property is material to Spinco;
2. a portfolio of 18 other exploration projects;
3. a 1.75% NSR royalty on the El Cobre Property;
4. a 2% NSR royalty on the Tuligtic Property. This royalty is material to Spinco;
5. a portfolio of 16 additional NSR royalties on exploration projects in Mexico, Canada and United States;
6. equity holdings in Royaltyco, Ixtaca Precious Metals, Republic, ATW, Almaden de Mexico, and Gavilán;
7. Gold Inventory;
8. all marketable securities; and
9. the Cash.

A description of the properties and royalties that Spinco has acquired is set out below under the headings "Spinco Properties" and "Spinco Royalties".

As noted in the diagram above, prior to the Effective Date Spinco will own the interest in the following subsidiaries:

1. Royaltyco;
2. Almaden de Mexico;
3. Gavilán;
4. Ixtaca Precious Metals;
5. Republic;
6. Almadex America; and
7. ATW.

Spinco's intention going forward is to continue to develop its mineral properties, either by undertaking exploration directly or indirectly through joint ventures or other business arrangements, and to manage its interest in the 18 NSR royalties, the marketable securities and Gold Inventory acquired from Almadex. Spinco's future business is likely to include the acquisition, through staking activity or otherwise, of additional mineral assets and Spinco therefore anticipates that its directly held mineral property and royalty portfolio will evolve with the business.

Spinco Properties

Material Property – El Chato

Spinco indirectly holds, through Gavilán, a 100% interest in the El Chato Project. The following is a description of the El Chato Property. See “Technical and Third Party Information” above.

The technical information included in this section is a summary of the technical information disclosed in the Technical Report on the El Chato Property Puebla, Mexico, effective January 26, 2018 prepared by Kristopher J. Raffle, B.Sc., P. Geo., principal and consultant of Apex Geoscience Ltd. and a Qualified Person as defined by NI 43-10 (the “**El Chato Report QP**”).

Property Description Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography

The El Chato Property has a total area of 5,332 hectares and is located in Puebla State, Mexico, approximately 70 kilometres northeast of the city of Puebla and 165 kilometres east of Mexico City. It is bounded by latitudes 19°25'6.65" N and 19°30'11.13" N, and longitudes 97°39'59.14" W and 97°30'22.09" W, and is centred at approximately 19°27'30" N latitude and 97°33'56" W longitude. The El Chato Property is located within the 1:50,000 scale Mexican Topographic Map sheets E14B25 (Xonacatlan) and E14B35 (Guadalupe Victoria) and covers part of the Trans-Mexican Volcanic Belt (“**TMVB**”). The El Chato mining claim is registered to Minera Gavilán. Mining concession registrations expire after 50 years from the date of their recording and may be extended for an equal term if the holder requests an extension within five years prior to the expiration date.

El Chato Property Mining Claim

Claim Number	Claim Name	Title Holder	Acquired
238640	El Chato	Minera Gavilán, S.A. de C.V.	11/10/2011

To maintain a mining claim in good standing, holders are required to provide evidence of the exploration and/or exploitation work carried out on the claim under the terms and conditions stipulated in the Mining Law, and to pay mining duties established under the Mexican Federal Law of Rights, Article 263. Exploration work can be evidenced with investments made on the lot covered by the mining claim, and the exploitation work can be evidenced the same way, or by obtaining economically utilizable minerals. Chapter 2, Article 59 of the Mexican Law Regulation (2012) indicates the minimum exploration expenditures or the value of the mineral products to be obtained. The El Chato Property is currently subject to annual exploration/exploitation expenditure requirements of \$10,761,050.16 MXN (approximately \$753,273.51 CAD) per year.

Subject to the Mining Law, any company conducting exploration, exploitation and refining of minerals and substances requires previous authorization from the Secretary of Environment and Natural Resources (“**SEMARNAT**”). Because mining exploration activities are regulated under Official Mexican Norms (specifically NOM-120), submission of an Environmental Impact Statement (“**Manifestacion de Impacto Ambiental**” or “**MIA**”) is not required provided exploration activities do not exceed disturbance thresholds established by NOM-120. Exploration activities require submission to SEMARNAT of a significantly less involved preventive report (“**Informe Preventivo**”), which outlines the methods by which the owner will maintain compliance with applicable regulations. If the exploration activities detailed within the Informe Preventivo exceed the disturbance thresholds established by NOM-120, SEMARNAT will inform the title holder that an MIA is required within a period of no more than 30 days.

The present scale of exploration activities within the El Chato Property are subject to NOM-120 regulation. In the future, if it is anticipated that levels of exploration activities will significantly increase, thus, submission of an MIA may be required. In 2017, Almadex submitted an Informe Preventivo to SEMARNAT in order to conduct preliminary exploration drilling, which has since expired. Almadex intends to re-submit the Informe

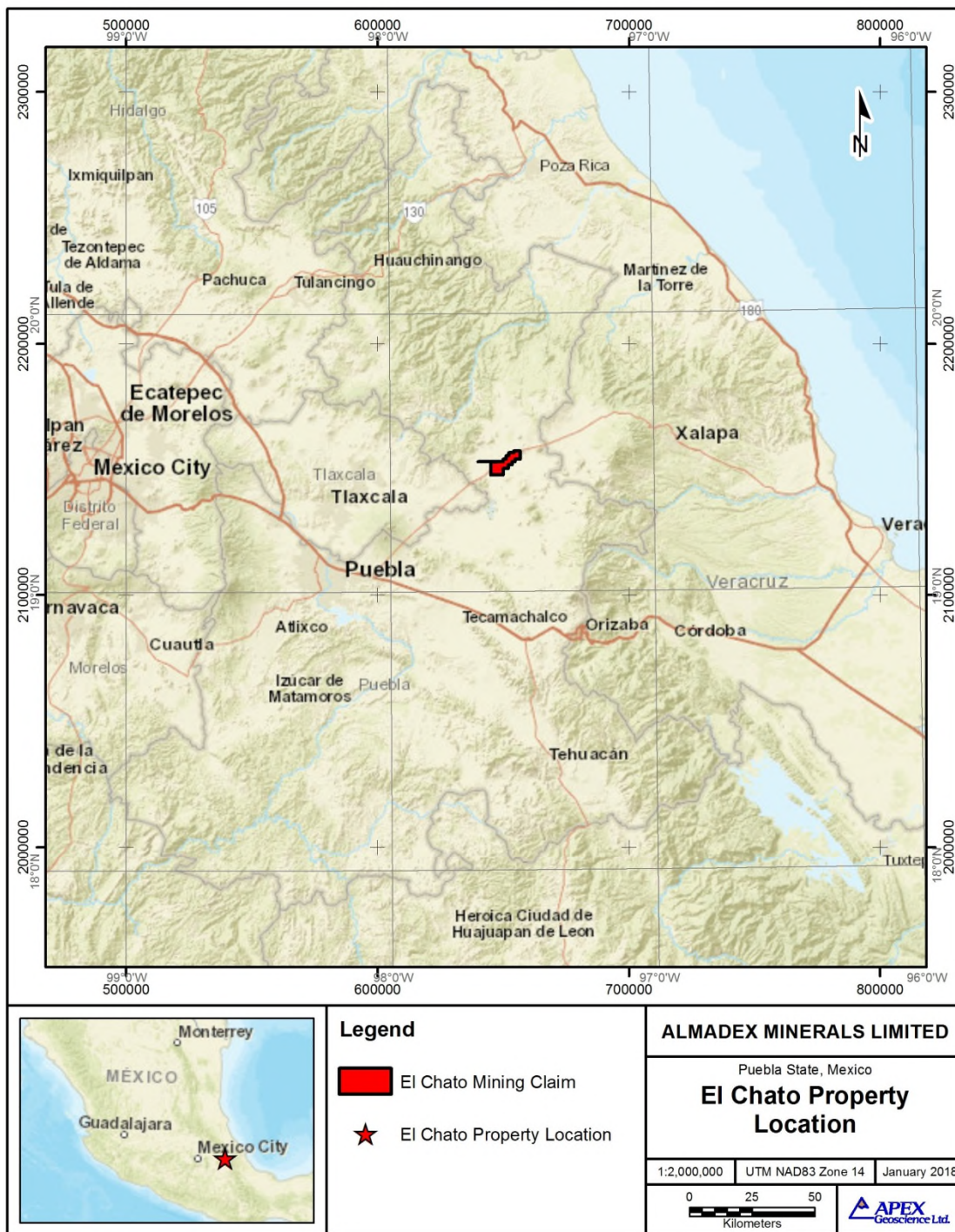
Preventivo in 2018 that would allow for up-scaling exploration activities in the area. Almadex has negotiated surface land use agreements with landowners within the area in preparation for further exploration activities.

At present, the El Chato Report QP is not aware of any environmental liabilities to which the El Chato Property may be subject, or any other significant risk factors that may affect access, title, or Almadex's right or ability to perform work on the El Chato Property.

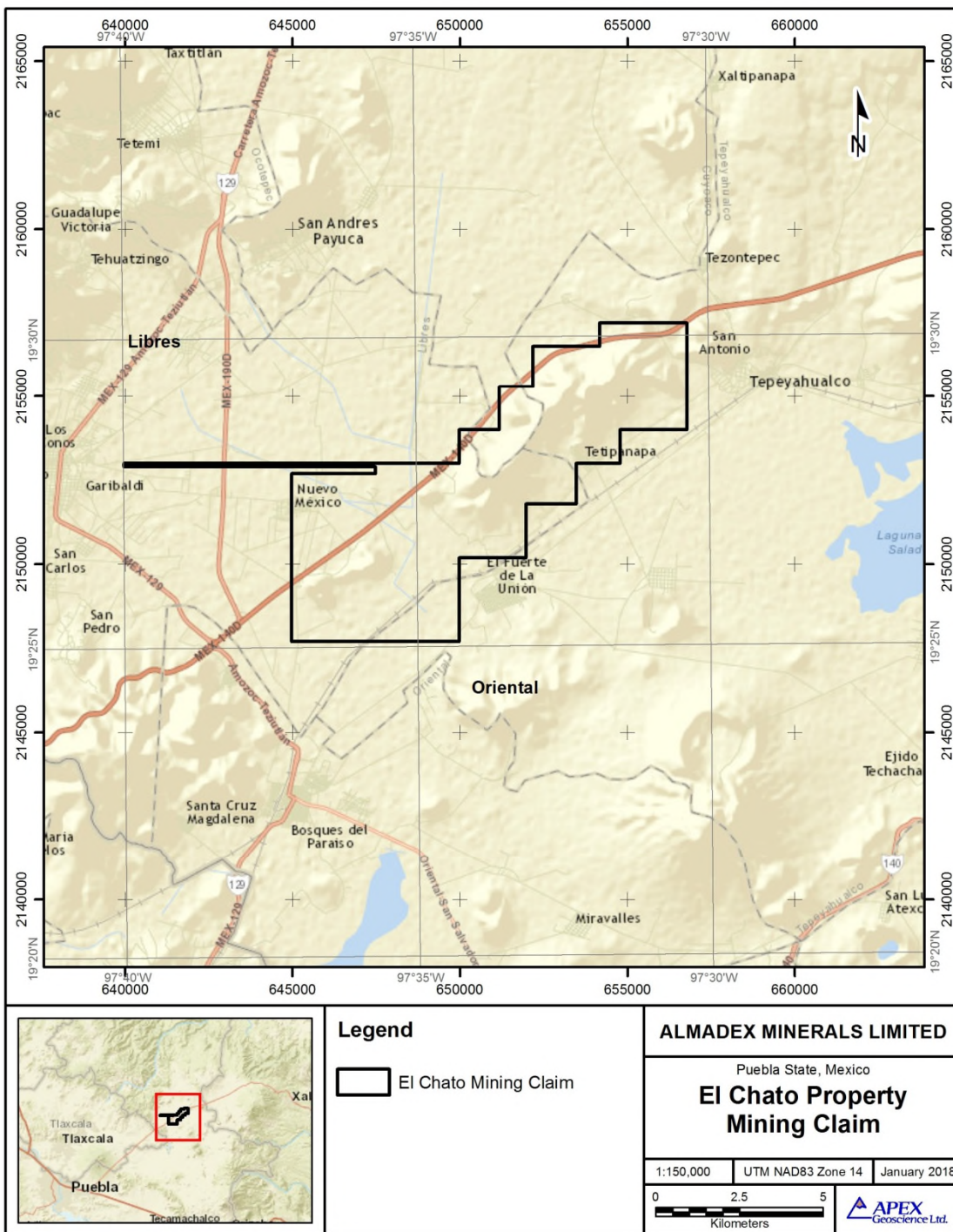
Puebla is served by Hermanos Serdán International Airport, which provides daily service to numerous domestic and international destinations. Puebla is approximately one (1) hour and 20 minutes from the El Chato Property by road. The El Chato Property can be accessed via Mexican Federal Highways 140D in the northern part of the El Chato Property and 129D on the Eastern flank. The nearest supply center is Libres, a town with a population of approximately 31,000 people, located west of the El Chato Property. Any services and supplies not available in surrounding towns can be acquired in Puebla.

The El Chato Property is characterized by mountainous terrain in the Northeast and mainly flat agricultural land in the Southwest. The climate in Puebla is generally warm and temperate, being classified as subtropical highland variety under the Köppen climate classification. In general, weather conditions favor field operation year-round particularly during the dry season (November through April).

El Chato Property Location



El Chato Property Mining Claim



History

The mining title was conferred by the Dirección General de Minas in Mexico (DGM, General Mine Management, Mexican Authority) to Minera Gavilán, for exploration and mining between October 11, 2011 and October 10, 2061, in an area initially covering 16,120 ha. On January 30, 2015, Gavilán filed documents for reduction of the tenement surface to the 5,332 hectares presented in the El Chato Report. This request is still being processed. On May 15, 2015, Almaden transferred its interest in Minera Gavilán to Almadex.

Historical mining work in the area around El Chato focused primarily on aggregates and dimensional stone. The National Institute for Statistics and Geography of Mexico (“**INEGI**”) identifies an aggregate processing plant in the town of Oriental, south of the El Chato Property, and the Mexican Geological Service (“**SGM**”) has records of multiple aggregate and dimensional stone deposits in the area. A single lead-zinc-copper showing is identified by the SGM in the Northeast corner of the El Chato Property. The showing is associated with disseminated hydrothermal sulphide mineralization. No alteration type is noted.

In the Northeast of the El Chato Property adjacent to Highway 140D, there is a small, approximately two (2) m by two (2) m open cut extending three (3) m into the hillside on a steep downward angle. About four (4) to five (5) metres up the hill is a second near-vertical cut. Tailings piles are located adjacent to the excavations. The workings appear to target copper mineralization, as is evidenced by significant malachite staining of the surrounding rocks. The age of the workings is unknown, but the condition of the access trail and vegetation growth indicates that they are likely fairly old.

No other evidence of historical metals exploration or mining on the El Chato Property has been encountered in the field or the literature. The El Chato Report QP is not aware of any significant modern exploration on the El Chato Property prior to the title acquisition by Minera Gavilán.

Starting in late 2011, Almaden commenced exploration activities at El Chato. Exploration work between 2011 and 2017 comprised mapping, rock and soil sampling, stream sediment sampling, and induced polarization geophysical surveys. To date, no drilling has been completed on the El Chato Property.

Geological Setting, Mineralization and Deposit Types

Regional Geology

The El Chato Property is situated in the Sierra Norte de Puebla, part of the TMVB, a Neogene continental magmatic arc formed by more than 8,000 volcanic edifices and several intrusive bodies with a general east-west orientation, that extends 1,000 kilometres from the Pacific Ocean to the Gulf Coast in Central Mexico, ranging in width from ten (10) to 300 kilometres. The TMVB is controlled by a complex extensional tectonic regime, whose volcanic products are underlain by basement units with widely different ages, compositions and thicknesses. Calc-alkaline and alkaline rocks are distributed all along the TMVB; however alkaline rocks (sodium-potassium) tend to be more abundant at both the West and East ends of the TMVB.

The TMVB is the most recent episode of a long lasting magmatic activity which, since the Jurassic, produced a series of partially overlapping arcs as a result of the eastward subduction of the Farellon plate beneath Western Mexico.

Several geological episodes have been distinguished during the evolution of the TMVB: (1) effusive volcanism of intermediate composition date in the early to mid-Miocene (approximately 20 to eight (8) Ma) related to melting of the subducted slab; (2) a late Miocene (~11 Ma) episode of eastward migrating mafic volcanism north of the previously formed arc; (3) a latest Miocene (7.5 to 3.5 Ma) silicic episode became bimodal (mafic-silicic) in the early Pliocene, and marked the beginning of trench-ward migration of volcanism; and (4) late Pliocene and Pleistocene development of a compositionally diverse volcanic arc.

The regional trend of the arc rocks is west-northwest; though more northerly trending transform faults, forming at a high angle to the TMVB, provide a structural control on the volcanic units. Compressional

strike-slip and extensional faults also developed as a result of compressional and extensional periods during subduction. The Northeast-Southwest San Antonio fault system, which was still active during the late Pliocene, before the reactivation of the Taxco-Queretaro fault system, is characterized by extensional left-lateral oblique-slip kinematics. North-northwest trending regional faults were right lateral in the Miocene, whereas the north-northeast to north-south trending faults are related to the regional horst-and-graben development and likely to be purely extensional with possibly a component of right lateral movement, or trans-tensional.

Property Geology

Most of the rock units at the El Chato Property are associated with Pleistocene to Holocene (<1.8 Ma) siliceous volcanism. INEGI provides regional geology maps report a minor Mesozoic mudstone unit cropping out at the base of the Northeast ridge in the Northeastern part of the El Chato Property (the “**Northeast Ridge**”), and widespread Cenozoic volcanic, subvolcanic and intrusive (granitic) rocks, as well as Quaternary sediment deposits.

Field observations identified several main lithologies at El Chato, comprising andesites, rhyolites and other volcanic rocks, including andesitic tuffs (crystal, lithic, lapilli) and volcanic breccias, presumably of mostly Cenozoic age.

Regional structures are evident in the relief of the El Chato Property. The northeast trending Northeast Ridge in the Northeastern part of the El Chato Property forms a distinctive geomorphological feature. Within this ridge, the main structures trend northeast, including veins steeply dipping northwest, while volcanic-clastic bedding is mostly trending north-south. The Northeast Ridge appears to be dissected by a north-northeast to northeast trending structure with a right lateral displacement. In the Southwest of the El Chato Property is an area of structurally controlled advanced argillic alteration, with northeast and northwest trending structural features.

Widespread hydrothermal alteration is evident throughout the El Chato Property forming apparent zonation patterns and is interpreted to represent the lithocap of a porphyry system. Mapping, soil sampling and short-wave infrared spectrometry (“**SWIR**”) analysis have identified argillic alteration as the most extensive alteration assemblage at surface.

Mineralization

Rock, soil and stream sediment sampling at the El Chato Property have identified three main anomalies of interest: the Northeast Ridge, the Central Monticule and the Southwest Ridges (“**Southwest Ridges**”). The Northeast Ridge is associated with a multi-element geochemical anomaly that includes copper, silver, minor gold and other base metals, within Cenozoic intrusives and subvolcanics. The area is also known to host copper bearing veins weathering to malachite, and possibly chrysocolla and spangolite.

Immediately southwest of the Northeast Ridge is a minor monticule associated with copper, gold and silver rock and soil geochemical anomalies, hosted within Cenozoic felsic igneous rocks (granite and rhyolite). Mineralization at the Central Monticule is likely associated with northeast trending structures.

Approximately two (2) to three (3) kilometres southwest of the Central Monticule are the Southwest Ridges. Stream sediment sampling defined a copper-silver anomaly coincident with elevated values for arsenic, bismuth, and antimony in soil samples. Rock sampling also identified anomalous molybdenum values in the area. The Southwest Ridges anomalies appear to be associated with argillic and advanced argillic alteration.

Anomalies within the Northeast Ridge and the distribution of hydrothermal alteration appear to be consistent with shallow porphyry style mineralization, whereas the alterations associated with anomalies in the Southwest Ridges may be considered representative of the upper part of a high-sulfidation epithermal system.

Deposit Types

The principal deposit types of interest at the El Chato Property are porphyry copper-gold and high-sulphidation epithermal mineralization. Porphyry style mineralization is associated with the Northeast Ridge area, and shallow, epithermal high-sulphidation advanced argillic alteration is found in the Southwest part of the El Chato Property. The Southwest area is of interest for its potential to host a deeper mineralized hydrothermal system. Mineralization potential at depth has yet to be tested.

Porphyry Copper ± Gold ± Molybdenum Deposits

Porphyry copper ± gold ± molybdenum systems are voluminous (10 to 100 km³) zones of hydrothermally altered rock centred on porphyry stocks that may also contain skarn, carbonate-replacement, sediment-hosted, and high and intermediate-sulphidation epithermal base and precious metal mineralization. These systems are commonly found in orogenic belts at convergent plate boundaries, commonly linked to subduction-related magmatism. They also occur in association with emplacement of high-level stocks during extensional tectonism related to strike-slip faulting and back-arc spreading following continent margin accretion.

High-Sulphidation Epithermal Gold-Silver ± Copper Deposits

Gold and silver deposits that form at shallow crustal depths (<1,500 m) are interpreted to be controlled principally by the tectonic setting and composition of the mineralizing hydrothermal fluids. Three classes of epithermal deposits (high-sulphidation, intermediate-sulphidation and low-sulphidation) are recognized by the oxidation state of sulphur in the mineralogy, the form and style of mineralization, the geometry and mineralogy of alteration zoning, and the ore composition. Overlapping characteristics and gradations between epithermal classes may occur within a district or even within a single deposit.

High-sulphidation and intermediate-sulphidation systems are most commonly hosted by subduction-related andesite/dacite volcanic arc rocks, which are dominantly calc-alkaline in composition. Low-sulphidation systems are more restricted, generally to rift-related bimodal (basalt, rhyolite) or alkalic volcanic sequences. The gangue mineralogy, metal contents and fluid inclusion studies indicate that near neutral pH hydrothermal fluids with low to moderate salinities form low- and intermediate-sulphidation class deposits whereas high-sulphidation deposits are related to more acidic fluids with variable low to high salinities. Low- and intermediate-sulphidation deposits are typically more vein-style while high-sulphidation deposits commonly consist primarily of replacement and disseminated styles of mineralization with subordinate veining. Epithermal mineralization and alteration at El Chato is believed to represent a high-sulphidation system.

Native gold and electrum are the primary ore-bearing minerals in high-sulphidation deposits, along with variable amounts of pyrite, copper-bearing sulphides and sulfosalts such as enargite, luzonite, covellite, tetrahedrite and tennantite, plus sphalerite and telluride minerals. Enargite dominates the copper sulphides, indicating a high-sulphidation state.

Exploration

Almaden commenced exploration at the El Chato Property in late 2011 and Almadex continued work as of May 2015. Between 2011 and 2017, exploration work at the El Chato Property comprised of rock, soil and stream geochemical sampling, induced polarization (“IP”) geophysical surveys, and geological mapping. To date, a total of 98 rock samples, 534 soil samples and 16 stream sediment samples have been collected, and 69.1 line-kilometres of IP has been completed. Spectral analysis was performed on 582 of the soil samples, distributed in 477 locations within the El Chato Property, in order to identify hydrothermal alteration minerals.

Stream Sediment Sampling

A total of 16 stream sediment silt samples were collected at the El Chato Property during the 2012 field programs. Samples were collected from second order drainages covering the El Chato Property at a density of about one (1) sample per square-kilometre.

The specific sample collection methods employed are not known, however the El Chato Report QP does not rule these samples as not representative of their respective source drainages. These samples show copper anomalous values in the Northeast Ridge. Similarly, stream sediment anomalous values were detected for molybdenum and arsenic in the Southwest Ridges.

Rock Grab Sampling

A total of 98 rock samples were collected through the main three anomalies of the El Chato Property and adjacent areas. The Northeast Ridge and the Southwest monticule copper-gold anomalies are consistent with the soil sample anomalies and are considered mostly copper-gold anomalies. Rock grab samples collected by Almaden or Almadex were from both representative and apparently mineralized lithologies in outcrop, talus and transported boulders within creeks throughout the El Chato Property.

A total of 21 samples returned gold values greater than ten (10) parts per billion ("**ppb**") and four (4) samples returned gold values greater than 100 ppb. A total of 12 samples returned silver values greater than ten (10) parts per million ("**ppm**") and five (5) of these returned values greater than 100 ppm. A total of 20 samples returned copper higher than 0.01%, five greater than 0.1% including four greater than 1% and one of 21% copper.

Sample 17KRP801, collected from a small underground cut in the vicinity of the contact between the granites and the felsic volcanic rocks in the Northeast Ridge yielded values of 2.1% copper, 317 ppm silver and 0.033 ppm gold. In the same area, another grab sample outside of the old mine working, yielded 3.5% copper, 259 ppm silver and 121 ppb gold. The highest gold value corresponds to a sample within the granitoid body and yielded 193 ppb gold, 68.3 ppm silver and 0.01% copper. Most rock samples showing anomalous values for copper, silver, gold and other elements were collected either from the granitoids or in the vicinity of the granitoids within the Northeast Ridge and the Central Monticule. The Southwest Ridges exhibit anomalous values for molybdenite with a rock sample yielding 178 ppm molybdenum within the area of argillic/advanced argillic alteration in the recent silicic volcanic rocks. Based on rock sample assays, positive correlation coefficients were established between gold, silver, arsenic and other base metals. A very weak, yet positive, correlation between gold and copper was also determined.

Soil Sampling

A total of 534 soil samples covering an approximately 16 kilometres by four (4) kilometres area have been collected within the El Chato Property. Soil sampling was initially carried out by Almaden in 2012 on survey lines horizontally spaced at 50 m intervals. Through this program precious, base metals and pathfinders element anomalies were identified and followed up with soil surveys in 2017 with complimentary grids and linear surveys. Three types of anomalies were noted:

1. A copper/multi-element anomaly coincident with the Northeast Ridge.
2. A copper/silver/gold anomaly at the Central Monticule southwest of the Northeast Ridge.
3. An arsenic/bismuth/molybdenum anomaly at the Southwest Ridges associated with advanced argillic and argillic alteration making northwest and east-northeast trends.

The highest copper value was 98.7 ppm while the highest gold value for soil samples was gold value obtained was 67.7 ppb gold, from the Northeast quadrant of the grid where a clustering of anomalous samples defines an approximately 500 m by 800 m gold in soil anomaly.

Previous soil sampling programs at the El Chato Property were followed up with soil sampling for SWIR alteration mineral analysis. A total of 582 soil samples were collected for this purpose, distributed in 477 locations within the El Chato Property (105 locations include more than one sample). Sample spectrum was analyzed by means of Terraspec® through the Spectral Geologist software.

Minerals that were defined through SWIR Terraspec® analyses include: montmorillonite, siderite, illite, chlorite, very minor epidote, kaolite, alunite, pyrophyllite, dickite among others. These minerals are typical of hydrothermal alteration assemblages within porphyry and epithermal environments.

Geophysics

Regional Airborne Magnetism and Gravimetry

Gravimetric anomalies within the TMVB suggest that there is an increase in crust thickness from the Mexican Pacific coast to the interior where the Earth's crust reaches thickness between 40 and 45 kilometres. This thickness increase seems to have a relationship with the abundance of primitive magma along the TMVB. The most recent publicly available compilation of magnetometry data, by the SGM was done with data collected up to 2009 and published in 2016 (<https://www.gob.mx/sgm/acciones-y-programas/geofisica>).

According to the SGM regional airborne, significant magnetic highs in the Eastern and central segment of the TMVB, where the El Chato Property is located, are evident. These magnetic anomalies are coincident with copper-gold soil anomalies within the Northeast Ridge.

Ground Geophysics

The El Chato Property has been partially covered by ground conventional IP/resistivity surveys targeting strategic zones. IP geophysics was carried out by Prospec MB Inc. ("**Prospec MB**") and Parral Chi. between 2011 and 2012 and by Prospec MB between 2016 and 2017 along several survey lines parallel to soil surveys and a few trending northwest-southeast survey lines. The total accumulated length for these surveys is approximately 69 kilometres. Based on the density of information, one general IP inversion model was created for the Northeast Ridge and another IP inversion model was created for the area covering the Central Monticule and the Southwest Ridges.

In the Northeast Ridge, chargeability is moderate close to surface and increases with depth, particularly coincident with the ridge relief. At depth, within the Northeastern segments of this Northeast Ridge, at 2,010 m above sea level, a high chargeability and contrasting low resistivity response is apparent. The coincidence of these features, together with copper/multi-element geochemical anomalies at surface, makes the Northeast Ridge an interesting target for further exploration.

The 3D inversion geophysical model developed for the Central Monticule and the Southwest Ridges exhibits anomalies of interest. The Central Monticule shows zones of high chargeability at depth which are coincident with copper-silver-gold anomalies at surface and the occurrence of an intrusive body cropping out at surface. In the Southwest Ridges, zones of high chargeability and contrasting low/high resistivity anomalies are located below the area in which hydroxyl and advanced argillic alteration have been detected. These geophysical anomalies in the Southwest Ridges are coincident with arsenic geochemical anomalies defined from soil sampling. Thus, this area can be considered an interesting target for testing deep seated epithermal style mineralization.

Drilling

No drilling has been conducted on the El Chato Property as of the Effective Date.

Sampling, Analyses and Data Verification

Sample Preparation and Analyses

Rock Grab, Soil and Silt Geochemical Samples

Rock grab, soil and silt geochemical samples were bagged in the field either in poly bags or in micropore bags for humid soil samples by Gavilán's personnel. From the field, samples were transported to the Ixtaca project facilities for storage prior to transportation. In preparation for shipping, samples were placed into plastic twine (rice) sacks and sealed using locking plastic cable ties.

Custody of samples is handed over to ALS Minerals ("ALS") at the Ixtaca project's Santa Maria sample storage facility. ALS sends its own trucks to Ixtaca's facilities for picking up samples and transporting them to its sample preparation facility in Zacatecas, Mexico. Prepared sample pulps were then forwarded by ALS personnel to ALS laboratories in North Vancouver, British Columbia for analysis.

At ALS Zacatecas sample preparation facilities, rock grab samples were dried prior to preparation and then crushed to ten (10) mesh (70% minimum pass) using a jaw crusher. The samples were then split using a riffle splitter, and sample splits were further crushed to pass 200 mesh (85% minimum pass) using a ring mill pulverizer (ALS PREP-31 procedure). Soil and silt samples were dried and sieved to 80 mesh.

Rock grab samples are subject to gold determination via a 50 gram ("g") fire-assay ("FA") fusion utilizing atomic absorption spectroscopy ("AA") finish with a lower detection limit of 0.005 ppm gold (5 ppb) and upper limit of ten (10) ppm gold (ALS method Au-AA24). Silver, base metal and pathfinder elements are analyzed by 33-element inductively coupled plasma atomic emission spectroscopy (ICP-AES), with a 4-acid digestion (ALS method ME-ICP61).

Soil and stream samples were analyzed for gold via aqua-regia digestion of a 50 g sample utilizing and ICP-MS finish with a lower detection limit of 0.1 ppb gold and an upper limit of 100 ppb gold (ALS "ultra-trace" method Au-ST44).

Silver, base metal and pathfinder elements for soils were analyzed by 48-element inductively coupled plasma atomic absorption spectroscopy (ICP-AES), with a 4-acid digestion (ALS method ME-MS61). For stream samples they were analyzed by 51-element inductively coupled plasma atomic absorption spectroscopy (ICP-AES), with aqua regia digestion (ALS method ME-MS41).

Soil Samples for SWIR Analysis

Soil samples for spectral analysis were mostly taken as close to altered bedrock as possible in order to increase the detection rate of hypogene alteration minerals over weathering ones. Base of the C horizon was the preferred as target horizon and clay-rich soil with rock chip fragments from the bedrock was considered the best media. However, when soil profiles were very deep, clay-rich soil samples from the base of B or B/C transition were used. Sampling in alluvial zones was avoided to ensure spectral data was reflecting in situ, bedrock anomalism. Samples were stored in micropore bags in order to allow for drying. Drying samples helps avoid interference in the water range of the spectra which affects mineral crystallinity calculations.

Absorption spectra were obtained with an ASD Inc. ("ASD") unit TerraSpec® SWIR spectrometer. The TerraSpec® requires calibrating with a clean, white Spectralon disk every 20 samples. Representative portions of the rock or soil sample were analysed. Portions of the samples that contained higher than average concentrations of quartz, sulfides or magnetite were avoided to minimize reductions in the spectral response by these opaque minerals. Spectra were acquired using RS3 software linked to the TerraSpec®. Calibration was done at the beginning of the session and every half an hour. White reference was collected every 200 readings, dark current every 40 readings. Each scan lasted 20 seconds.

Qualified Person's Rock Grab Samples

Rock grab samples collected by the El Chato Report QP, were placed into sealed plastic bags and submitted to the ALS preparation laboratory in Zacatecas. Prepared sample pulps were then forwarded by ALS personnel to ALS laboratories in North Vancouver, British Columbia for gold FA and ICP-MS analysis.

The samples were dried prior to preparation and then crushed to ten (10) mesh (70% minimum pass) using a jaw crusher. The samples were then split using a riffle splitter, and sample splits were further crushed to pass 200 mesh (85% minimum pass) using a ring mill pulverizer (ALS PREP-31 procedure).

Rock samples collected by the El Chato Report QP were subject to gold determination via a 50 g AA finish FA fusion with a lower detection limit of 0.005 ppm gold (5 ppb) and upper limit of ten (10) ppm gold (ALS method Au-AA24).

Silver, base metal and pathfinder elements for rock and soil samples were analyzed by 33-element ICP-AES, with a four acid digestion (ALS method ME-ICP61).

Quality Assurance / Quality Control Procedures

For the El Chato rock grab, soil geochemical programs Almadex relied on external quality assurance and quality control ("**QA/QC**") measures employed by ALS. QA/QC measures at ALS include routine screen tests to verify crushing efficiency, sample preparation duplicates (every 50 samples), and analytical quality controls (blanks, standards, and duplicates).

Analytical Standards

A total of 39 different analytical standards were used by the laboratory for the El Chato surface sampling programs between 2011 and 2017. These standards are certified for a set of elements depending on analysis (e.g. gold, mercury, lead, zinc among others).

Blanks

Almaden and Almadex relied on blanks inserted by the analytical laboratory ALS for the 2011 to 2017 surface exploration rock and soil sampling programs. ALS inserted one to two blanks per 20 samples (5-10%) in every batch of samples to be analyzed.

Laboratory Duplicates

As part of their internal QA/QC program, ALS completed routine re-analysis of prep (coarse reject) and pulp duplicates to monitor precision. ALS performed multi-element analysis of 15 samples, that is, approximately one (1) sample per 50 samples analyzed between 2011 and 2017 for the rock and soil sampling programs. Multi-element ICP61 analysis was carried out in two (2) rock samples and multi-element MS61 analysis on 13 soil samples.

Data Verification

The El Chato Report QP conducted a reconnaissance of the El Chato Property in 2012 to assess the El Chato Property initially and in September, 2017 the El Chato Report QP returned to verify the El Chato Reported exploration results. The El Chato Report QP completed a traverse along the Northeast Ridge, the Central Monticule and the Southwest Ridges and collected surface rock grab samples for data verification purposes. All information was forwarded to Almaden and Almadex for inclusion into their rock sample database and results were used for exploration and the El Chato Report.

Based on the results of grab-rock samples from traverses within the area visited by the El Chato Report QP, the El Chato Report QP has no reason to doubt the El Chato Reported exploration results. Slight

variation in assays is expected due to variable distribution of ore minerals within the area but the analytical data is considered to be representative of the surface samples.

Mineral Processing and Metallurgical Testing

No metallurgical testing analyses have been carried out on the El Chato Property as of the Effective Date.

Mineral Resource Estimates

No mineral resource estimates are available for the El Chato Property as of the Effective Date.

Interpretation, Conclusions and Recommendations

Between 2011 and 2017 Almaden and Almadex completed surface IP/resistivity geophysical surveys, rock, stream and soil geochemistry, and geologic mapping at the El Chato Property. Exploration has resulted in the definition of three areas of porphyry and epithermal copper-gold mineralization known as the Northeast Ridge, the Central Monticule and the Southwest Ridges.

Surface mapping and soil geochemical surveys over the El Chato Property defined three main anomalies:

1. Soil, rock multi-element copper, silver gold, lead, zinc, arsenic and antimony anomaly at the Northeast Ridge.
2. Soil and rock copper, gold, silver anomaly at the Central Monticule.
3. Soil arsenic-bismuth, rock molybdenum and stream sediment copper, silver anomalies within the Southwest Ridges.

The multi-element copper anomalies at the Northeast Ridge are associated with felsic intrusive rocks (granites) in contact to felsic volcanic rocks exhibiting argillic (illite-montmorillonite), but also structurally controlled carbonate/argillic (siderite+-montmorillonite) alteration as well as propylitic (epidote-chlorite-carbonate) alteration, mostly in the vicinity of the contact to sedimentary rocks. Discrete structures showing copper bearing supergene minerals at surface (malachite, chrysochola), with selective samples exhibiting grades up to 21.1% copper, are consistent with this anomaly, possibly representing a distal porphyry environment. IP/resistivity 3D geophysical inversion model for this area defined zones of high chargeability at depths with moderate to high resistivity. The Central Monticule exhibits similar features as per rock types, including felsic intrusives and felsic volcanics.

The Southwest Ridges anomaly is outlined by highly mobile elements such as arsenic and bismuth mostly within felsic volcanic rocks and volcanic breccias. ASTER mapping has highlighted areas of hydroxyl within these ridges, consistent with surface mapping and SWIR soil analyses which defined contours of advanced argillic and argillic alterations. These alteration patterns are considered representative epithermal environments. Furthermore, IP/resistivity 3D inversion model for this area defined zones of high chargeability (in excess of 30 milliradians) in coincidence with low resistivity at depths between ~250-400 m below surface.

All these anomalies remain untested by drilling. Their features and consistency between rock types, geochemical anomalies and geophysical responses make these areas of merit for further follow up through diamond drilling exploration programs.

Exploration activities conducted by Almadex in the project area have been limited to geologic mapping, surface geochemical, and geophysical surveys. As of the effective date of this report, no mining operations have been carried out by Almadex in the El Chato Property and no mineral resources have been defined. Further studies are required in order to determine whether or not mineralization in the project is of economic

significance. There can be no guarantee that further exploration will result in the discovery or definition of mineral resources of any category.

Recommendations

Based on the presence of porphyry copper and epithermal features exposed at surface including favourable lithology and alteration features coincident with chargeability geophysical anomalies as well as copper and gold and arsenic-bismuth soil geochemical anomalies; the El Chato Property is of a high priority for follow-up exploration.

The 2018 exploration program should include but not be limited to:

- Soil sampling program at the Northeast Ridge for SWIR and geochemistry parallel to current lines for following up anomalies preliminarily defined. Three lines are proposed with a sample spacing of 50 m. The estimated number of samples is 220 samples, at \$50.00 per soil sample (all-up) for a total cost of \$11,000.00.
- Soil sampling infill programs at the Southwest Ridges for SWIR and geochemistry analysis within areas anomalous in arsenic and coincident with advanced argillic hydrothermal alteration. Surveys of 25 m x 25 m grids and extension of the current soil grid in the Southwest Ridges to 200-300 m northeast are recommended. The estimated amount of soil samples is 500, at \$50.00 per soil sample (all-up) for a total cost of \$25,000.00.
- Diamond drilling of approximately 14 holes totalling 7,000 m designed to test copper bearing/multi-element soil/rock geochemical anomalies at the Northeast Ridge and the Central Monticules as well as combined IP chargeability plus alteration features and arsenic-bismuth anomalies in the Southwest Ridges. Drilling should be carried out in two phases. The phase 2 exploration is contingent on the results of phase 1 exploration. Phase 1 drilling should include diamond drilling of an initial eight (8) holes totalling 4,000 m followed by phase 2 drilling of an additional six (6) holes totalling 3,000 m. The estimated cost to complete phase 1 and phase 2 drilling is \$770,000.00.
- More specifically, the phase 1 exploration should include: 1) Six (6) holes totalling 3,000 m designed to target untested chargeability geophysical anomalies coincident with alteration features in the Southwest Ridges. 2) One (1) drill hole totalling 500 m designed to test the Central Monticule copper-gold-silver anomaly at depth. 3) One (1) drill hole totalling approximately 500 m designed to target the untested chargeability and copper multi-element soil anomaly located at the Northeast Ridge. 4) Six (6) holes totalling approximately 3,000 m designed to follow up on anomalies tested by phase 1 drilling in each zone.

Thus, the total budget proposed for the exploration program in 2018 at the El Chato Property is \$795,000.00 (all-up).

Proposed 2018 Drilling Budget for El Chato

Budget Item	Estimated Cost
Soil sample infill program Northeast Ridge with 220 samples @ \$50.00/sample (all-up)	\$11,000.00
Soil sample infill program Southwest Ridges with 500 samples @ \$50.00/sample (all-up)	\$25,000.00
Initial diamond drilling to extend known mineralization at the El Chato Property PHASE 1: Diamond drilling 4,000 m (@ \$110.00/metre all-up)	\$440,000.00
TOTAL PHASE 1:	\$440,000.00

Budget Item	Estimated Cost
Additional diamond drilling to follow up on phase 1 drilling and extend known mineralization at the El Chato Property <u>PHASE 2:</u> Diamond drilling 3,000 m (@ \$110.00/metre all-up)	\$330,000.00
	\$330,000.00
TOTAL PHASE 2:	\$330,000.00
TOTAL PROJECT COSTS, excluding GST	\$795,000.00

Non-Material Properties

Mexican Projects

Viky Project

Spinco indirectly holds, through Gavilán, 100% of the Viky project, which is comprised of three claims totaling approximately 170 hectares, located in Coahuila State, Mexico and were acquired in 2006. The road accessible claims cover an area of silver-lead-zinc mineralization and silicification hosted in carbonate rocks and interpreted to represent the distal part of a carbonate replacement deposit, a common style of mineralization in northern Mexico. Past work included surface sampling, geophysics and drilling by a past partner and Almadex. As at December 31, 2016, the carrying value of the Viky property was \$1.00.

San Carlos Project

Spinco indirectly owns, through Gavilán, 100% of the San Carlos Project, which is comprised of one claim covering approximately 20 hectares. The claim is located in the northern Mexican State of Tamaulipas and is road accessible, about three hours south of Monterrey City. Almadex had two past partners explore the San Carlos project. The results of this work have defined a large intrusion hosted copper-gold porphyry system in the general area associated with peripheral base and precious metal skarn mineralisation developed in carbonate country rocks to the intrusive complex. Past work included surface sampling, geophysics and drilling. As at December 31, 2016, the carrying value of the San Carlos property was \$1.00.

Caldera Project

Spinco indirectly owns, through Gavilán, 100% of the Caldera project, which is accessible by road, located in Puebla State, Mexico and originally acquired in 2007 through staking. The claim covers an approximately 3,469 hectare area of acid-sulphate alteration developed in volcanic rocks including zones of massive to vuggy silica, quartz-alunite and kaolinite. The alteration is interpreted to represent the upper parts of a high sulphidation system with potential for gold, silver and copper mineralization. Past work includes mapping, rock, soil and stream sediment sampling, geophysics and drilling. As at December 31, 2016, the carrying value of the Caldera property was \$1.00.

Lajas Project

Spinco indirectly owns, through Gavilán, 100% of the Lajas project, which is accessible by road, located in San Luis Potosí State, Mexico, originally acquired by staking and covering approximately 10,500 hectares. The claims cover an area of low-sulphidation epithermal veining with potential to host gold and silver mineralization. Past work includes mapping, sampling and geophysics. As at December 31, 2016, the carrying value of the Lajas property was \$1.00.

Nueva Espana

Spinco indirectly owns, through Gavilán, 100% of the Nueva Espana project, which is accessible by road, located in Puebla State, Mexico and originally acquired through staking. The claim covers approximately 2,130 hectare area of clay alteration silicification and veining developed in volcanic and carbonate rocks. The alteration is interpreted to represent a low-sulphidation vein system. There are numerous historic pits and shallow workings. Past work includes mapping, rock, soil and stream sediment sampling, geophysics. As at December 31, 2016, the carrying value of the Nueva Espana property was \$1.00.

Yago

Spinco indirectly owns, through Gavilán, 100% of the Yago project located in the state of Nayarit near the Pacific Coast of Mexico, seven kilometers from highway 15 which is one of the major thoroughfares from the United States to Mexico City. The project covers an area of extensive epithermal quartz-adularia veining. Many of the veins have had historic production of bonanza grades.

Mezquites

Spinco indirectly owns, through Gavilán, 100% of the Mezquites project which is located in state of Nayarit, is road accessible and covers an area of 23 hectares covering hydrothermal alteration and epithermal veining prospective for gold and silver. Past work includes surface mapping, sampling and geophysics.

San Pedro

Spinco indirectly owns, through Gavilán, 100% of the San Pedro project which is located in Jalisco State, Mexico and also features high sulphidation epithermal style mineralization, including vuggy silica and is prospective for gold and silver. The property covers an area of 1050 hectares.

US Projects

Willow

Spinco indirectly owns, through Almadex America, 100% of the Willow Project, which is located in Douglas County Nevada and totals roughly 1,400 hectares. The Willow project covers an area of intense hydrothermal alteration interpreted to represent a porphyry "lithocap", the hydrothermal alteration overlying a large porphyry system with significant copper, gold and molybdenum potential. The alteration is characterized by silicification, brecciation and alunite, kaolinite and dickite alteration, all features typical of high sulphidation gold systems that overlie copper-gold porphyry systems in the lithocap environment. Past work includes surface sampling, mapping and several campaigns of surface geophysics which have defined both epithermal gold targets and porphyry copper-gold targets. As at December 31, 2016, the carrying value of the Willow property was \$1.00.

On February 14, 2017, Almadex and Almadex America signed a definitive agreement to option up to 75% of its interest in the Willow project to Abacus Mining and Exploration Corp. ("**Abacus**"). Abacus can earn an initial 60% interest by incurring work expenditures totalling \$3,000,000 and issuing a total of 416,668 shares to Almadex over a five year period. Abacus will then be required to incur minimum annual exploration expenditures of \$500,000 on the property and, by February 22, 2027, deliver a feasibility study to Almadex at which point a 75:25 joint venture will be formed. If Abacus fails to incur the required annual expenditures, Almadex may elect to become operator of the project, at which point the parties will enter into a 60:40 joint venture agreement.

Paradise Valley

Spinco indirectly owns, through Almadex America, the Paradise Valley project, which was acquired by staking, covers roughly 1,270 hectares and is located in Nye County, Nevada. The Paradise Valley project

covers an area of intense hydrothermal alteration interpreted to represent a high sulphidation gold system similar to the nearby Paradise Peak gold deposit mined historically. Past work includes surface mapping, sampling and geophysics. As at December 31, 2016, the carrying value of the Paradise Valley property was \$1.00.

Veta Project

Spinco indirectly owns, through Almadex America, the Veta project, which was acquired by staking, covers roughly 33 hectares and is located in Mineral County, Nevada. The Veta project covers an area of intense hydrothermal alteration interpreted to represent a high sulphidation gold system similar to the nearby Sante Fe gold deposit mined historically. Past work includes surface mapping and sampling. As at December 31, 2016, the carrying value of the Veta property was \$1.00.

Monte Cristo Project

Spinco indirectly owns, through Almadex America, the Monte Cristo project, which was acquired by staking, covers roughly 170 hectares and is located in Esmeralda County, Nevada. The project covers an area of hydrothermal alteration and quartz veining interpreted to represent a low sulphidation gold-silver system. Past work includes limited surface mapping and sampling. As at December 31, 2016, the carrying value of the Monte Cristo property was \$1.00.

Canadian Projects

Merit

The 100% Spinco owned Merit project covers an area of epithermal gold-silver veining and is about 1,907 hectares in size. The Merit property is easily accessed by road, 30 kilometres west from the city of Merritt, B.C. and is situated in the Spence's Bridge Gold Belt. Previous work includes surface sampling, mapping, geophysics and drilling. As at December 31, 2016, the carrying value of the Merit property was \$1.00.

Logan

Spinco has a 40% interest contingent on the receipt of a consent (the “**Yukon Consent**”) from Yukon Zinc Corporation (“**Yukon**”), carried to a positive production decision by 60% partner Yukon Zinc Corporation, in the Logan silver-zinc property (the “**Logan Interest**”). The Logan Interest will return to Almadex if the Yukon Consent is never received. The property is located 108 kilometers northwest of Watson Lake and 38 kilometers north of the Alaska Highway in the Watson Lake Mining District, Southern Yukon. Between 1979 and 1988 a considerable amount of work was done on the Logan property, including mapping, geochemistry, geophysical surveys, road and airstrip construction, and 103 diamond drill holes. In 2004 Yukon released an independently estimated NI 43-101 Inferred mineral resource of 13,080,000 tonnes grading 5.10% zinc and 23.7 g/t silver using a 3.5% zinc equivalent cutoff that is based upon metal prices of US\$0.43/lb zinc, US\$5.50/oz silver, and recoveries of 94% and 64% respectively. As at December 31, 2016, the carrying value of the Logan property was \$1.00.

ATW

The ATW project is owned by ATW and located in the Northwest Territories roughly 300 kilometers northeast of Yellowknife, covering roughly 8,989 hectares. ATW is 50% owned by Spinco and 50% owned by Williams Creek Explorations Ltd., however economic interests in the ATW project are governed by a joint venture agreement which attributes an approximate 66% interest to Almadex, a 30% interest to Williams Creek, and a 4% participating interest to Dominion Diamond Corporation (previously Harry Winston Diamond Corporation). Spinco is the ATW project operator. The ATW project covers an area prospective for diamond bearing kimberlite pipes and is located in close proximity to a number of active diamond projects: The Diavik Mine lies about 29 kilometres north, the Snap Lake project is about 68 kilometres southwest, the Mountain Province/De Beers Gachoo Kue project is about 72 kilometres

southeast, and Peregrine Diamonds Ltd's DO-27 kimberlite lies 20 kilometres to the northeast. Since 1992 when the property was acquired through staking, Almadex, along with former and present partners and optionees, traced a diamondiferous kimberlite indicator mineral (KIM) plume in glacial till roughly 20 kilometres "up ice" and easterly under the claim block and Mackay Lake. Studies of recovered KIM grains suggested the possibility of two sources for the KIMS within this confined area. As at December 31, 2016, the carrying value of the property was \$1.00.

Ponderosa

The Ponderosa property is 100% owned by Spinco and was acquired by staking in late 2005. The claim group covers 41.5 hectares within the Spences Bridge Group volcanic assemblage. The Ponderosa property is located 25 kilometers southwest of Merritt, B.C. and has good road access. Previous work includes surface sampling, mapping, geophysics and drilling. As at December 31, 2016, the carrying value of the Ponderosa property was \$1.00.

Munro Lake

The 100% Spinco owned Munro Lake porphyry molybdenum-copper-silver project was acquired in 1986 through staking and covers an area of 124 hectares. The Munro Lake project is near Summerland, B.C. and is road-accessible. The Munro Lake project is located roughly 20 kilometers south of the Brenda molybdenum-copper porphyry deposit. Spinco believes the mineralization at Munro Lake to be genetically similar to that mined at Brenda where production began in early 1970 and ended in June, 1990. The claim retained is also prospective for silver mineralization. Work to date on the Munro Lake project includes ground geophysics (induced polarization and magnetics), soil geochemistry and diamond drilling programs. As at December 31, 2016, the carrying value of the Munro Lake property was \$1.00.

Nicoamen River

Spinco owns 100% of the Nicoamen River project, which was originally acquired by staking and covers roughly 3,332 hectares prospective for epithermal gold silver mineralization. Previous work includes surface sampling, mapping and geophysics. As at December 31, 2016, the carrying value of the Nicoamen River property was \$1.00.

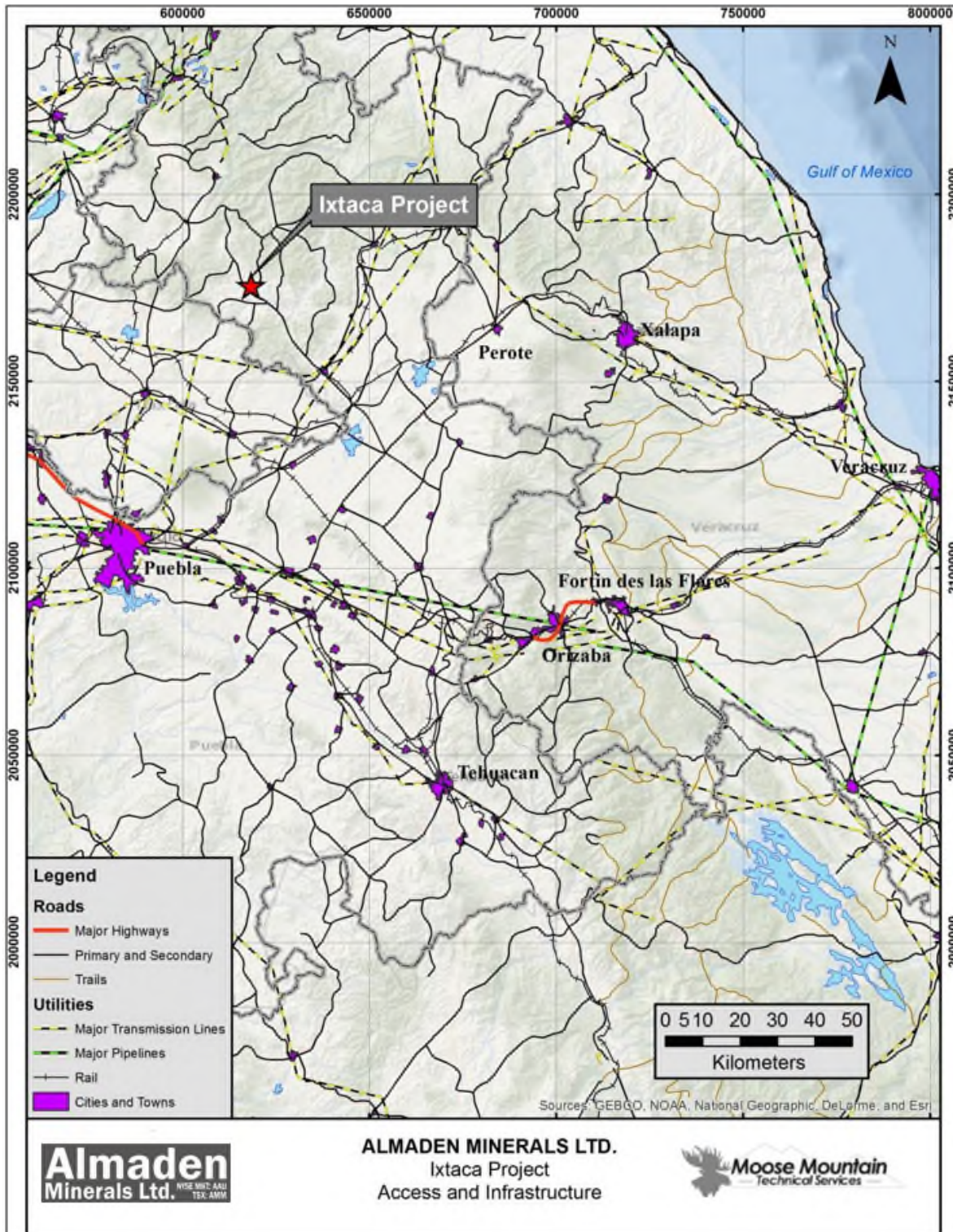
Spinco Royalties

Material Royalties - Tuligtic

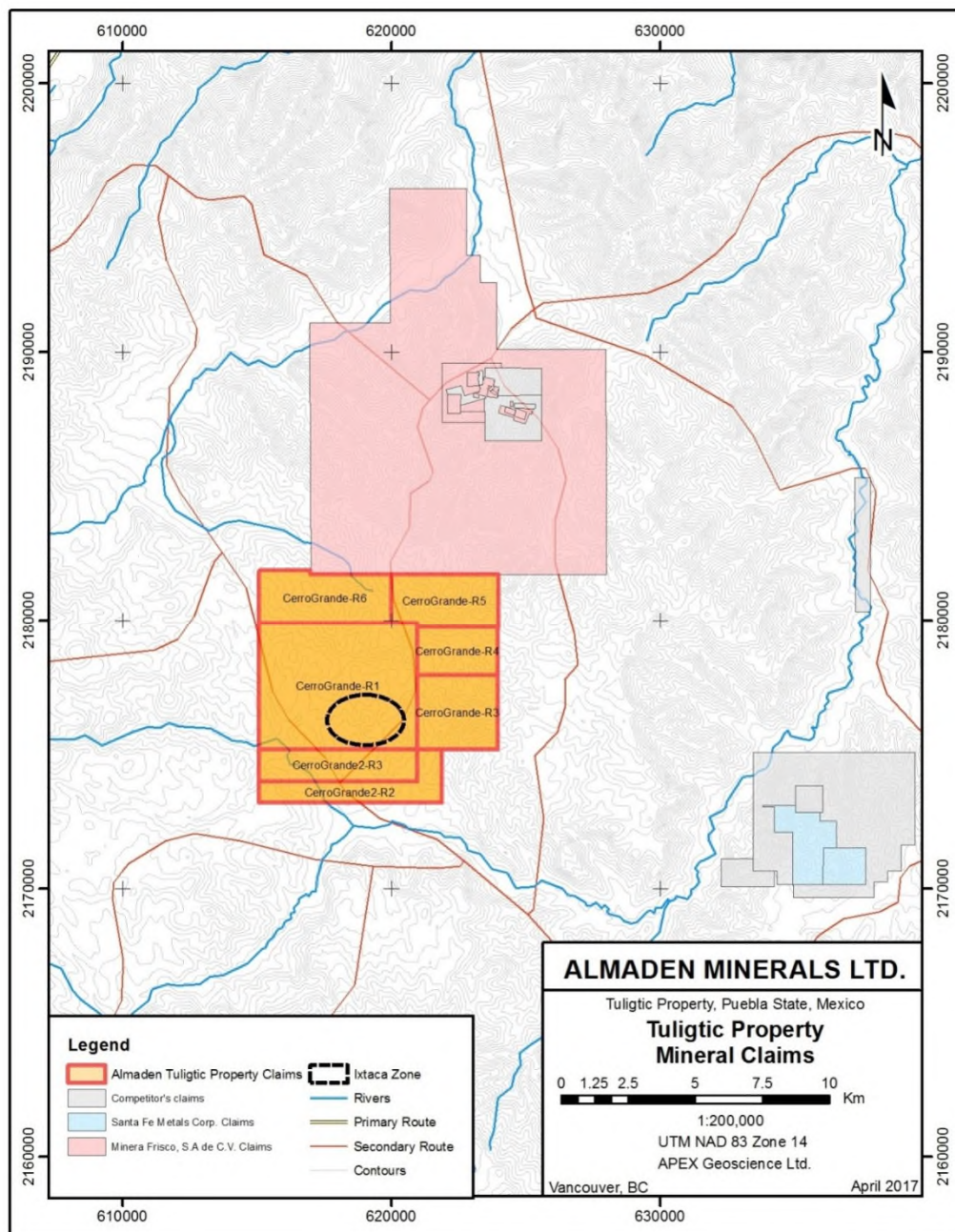
Spinco indirectly owns, through Royaltyco, a 2% NSR royalty on the Tuligtic Property which is located in Puebla State, Mexico. Tuligtic comprises 7,220 hectares, lying within the Trans Mexican Volcanic Belt. The Tuligtic Property is 95 kilometres north of Puebla city, or 150 kilometres east of Mexico City.

Tuligtic is 100% owned by Almaden, a public company which trades on the TSX and NYSE American Exchanges. Almaden acquired Tuligtic through staking in 2001, and work has focused on the Ixtaca zone, which Almaden discovered in 2010.

Tuligtic Property General Location



Tuligtic Property Mineral Claims



Project Description, Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Ixtaca deposit (“**Ixtaca Deposit**”), the epithermal gold-silver target within the Tuligtic Property, is located eight (8) kilometres northwest of the town of San Francisco Ixtacamaxitlán, the county seat of the municipality of Ixtacamaxitlán, Puebla State.

The defined resource and related engineering studies on a portion of the Tuligtic Property (the “**Ixtaca Project**”) is accessible by driving 40 kilometres east along Highway 119 from Apizaco; an industrial centre located approximately 50 kilometres north of Puebla City, and then north approximately 20 kilometres along a paved road to the town of Santa Maria. The trip from Apizaco to site can be driven in approximately 1.5

hours. There is also access to the Tuligtic Property using gravel roads from the northeast via Tezhuitan and Cuyoaco, from the south via Libres and from the northwest via Chignahuapan. The Xicohtencatl Industrial complex lies 30 kilometres southwest by paved road from the Tuligtic Property, and houses agricultural, chemical, biomedical and industrial manufacturing facilities and is serviced by rail. Puebla, the fourth largest city in Mexico has a population in excess of four (4) million people, and includes one of the largest Volkswagen automotive plants outside Germany.

The topography on the Tuligtic Property is generally moderate to steep hills with incised stream drainages. Elevation ranges from 2,300 metres above sea level in the south to 2,800 metres in the north. Vegetation is dominantly cactus and pines and the general area is somewhat cultivated with subsistence vegetables, bean and corn crops. The region has a temperate climate with mean monthly temperatures ranging from 16°C in June to 12°C in January. The area experiences approximately 714 millimetres of precipitation annually with the majority falling during the rainy season, between June and September. Annual evapotranspiration is estimated to be 774 millimetres.

The Tuligtic Property was staked by Almaden in 2001, following the identification of surficial clay deposits that were interpreted to represent high-level epithermal alteration. The Tuligtic Property originally consisted of approximately 14,000 hectares, but during 2015 Almaden filed applications to reduce the aggregate claim size at the Tuligtic Property to those areas still considered prospective. The Tuligtic Property is held 100% by Minera Gorrion S.A. de C.V., a subsidiary of Almaden Minerals Ltd. through the holding company, Puebla Holdings Inc., subject to a 2% NSR in favour of Almadex Minerals Limited. The Tuligtic Property currently consists of seven mineral claims totaling 7,220 hectares (the “**Claims**”).

Claim Name	Claim Number	Valid Until Date	Area (Ha)
Cerro Grande - R1	219469	March 5, 2059	2773
Cerro Grande -R3	219469	March 5, 2059	824
Cerro Grande - R4	219469	March 5, 2059	540
Cerro Grande - R5	219469	March 5, 2059	785
Cerro Grande - R6	219469	March 5, 2059	938
Cerro Grande 2 - R2	233434	February 23, 2059	652
Cerro Grande 2 - R3	233434	February 23, 2059	708
Total			7220

Claim numbers shown in the above table reflect the pre-reduction titles. Updated claim numbers for the reduced areas will be issued following the completion of the Mexican claim reduction process.

Subject to the Mexico mining laws, any company conducting exploration, exploitation and refining of minerals and substances requires previous authorization from the SEMARNAT. Because mining exploration activities are regulated under Official Mexican Norms (specifically NOM-120) submission of a Manifestacion de Impacto Ambiental is not required provided exploration activities do not exceed disturbance thresholds established by NOM-120. Exploration activities require submission to SEMARNAT of a significantly less involved “Preventive Report” (Informe Preventivo) which outlines the methods by which the owner will maintain compliance with applicable regulations. If the exploration activities detailed within the Preventive Report exceed the disturbance thresholds established by NOM-120, SEMARNAT will inform the owner that a MIA is required within a period of no more than 30 days.

The present scale of exploration activities within the Tuligtic Property are subject to NOM-120 regulation. In future, if significantly increased levels of exploration activities are anticipated submission of an Environmental Impact Statement may be required. Almaden has negotiated voluntary surface land use agreements with surface landowners within the exploration area prior to beginning activities. To May, 2017, Almaden had secured through purchase agreements over 1,018 hectares, from numerous independent owners.

On December 22, 2011, Minera Gorrion, S.A. de C.V., a 99.9% owned subsidiary of Almaden, entered into a royalty agreement with Gavilán, which on the Effective Date will be a 99.9% owned subsidiary of

Spinco (the “**Tuligtic Royalty Agreement**”). This royalty was subsequently transferred to Royaltyco. Pursuant to the Tuligtic Royalty Agreement, Minera Gorrion, S.A. de C.V. shall pay a 2% NSR on all products produced from the Claims quarterly on the last day of the month following the end of the calendar quarter.

History

Throughout the Tuligtic Property there is evidence that surficial clay deposits have once been mined. This clay alteration attracted Almaden to the area and has been interpreted to represent high-level epithermal alteration. To the authors’ knowledge no modern exploration has been conducted on the Ixtaca Project prior to Almaden’s acquisition of claims during 2001 and there is no record of previous mining; as such, this is a maiden discovery.

On May 9, 2002, Almaden entered into a joint venture agreement with BHP Billiton World Exploration Inc. to undertake exploration in eastern Mexico. Initial helicopter-borne reconnaissance programs were completed in May 2003 and March 2004 on select targets within the joint venture area of interest. The work resulted in the acquisition of five (5) separate properties, in addition to the previously acquired Cerro Grande claim of the present day Tuligtic Property. Following a review of the initial exploration data, effective January 20, 2005, BHP Billiton World Exploration Inc. relinquished its interest in the six properties to Almaden (Almaden, 2005). The joint venture was terminated in 2006 (Almaden, 2006).

During January 2003, Almaden completed a program of geologic mapping, rock, stream silt sampling and IP geophysical surveys at the Tuligtic Property (then known as the Santa Maria Prospect). The exploration identified both a porphyry copper and an epithermal gold target within an approximately five (5) by five (5) kilometres area of intensely altered rock. At the porphyry copper target, stockwork quartz-pyrite veins associated with minor copper mineralization overprint earlier potassic alteration within a multi-phase intrusive body. A single north-south oriented IP survey line identified a greater than two (2) kilometres long elevated chargeability response coincident with the exposed altered and mineralized intrusive system. Volcanic rocks exposed one (1) kilometres to the south of the mineralized intrusive display replacement silicification and sinter indicative of the upper parts of an epithermal system (the Ixtaca zone). Quartz-calcite veins returning anomalous values in gold and silver and textural evidence of boiling have been identified within limestone roughly 100 metres below the sinter. The sinter and overlying volcanic rocks are anomalous in mercury, arsenic, and antimony (Almaden, 2004).

Additional IP surveys and soil sampling were conducted in January and February 2005, further defining the porphyry copper target as an area of high chargeability and elevated copper, molybdenum, silver and gold in soil. A total of eight (8) east-west oriented lines, three (3) kilometres in length, spaced at intervals of 200 metres have been completed over mineralized intrusive rocks intermittently exposed within gullies cutting through the overlying unmineralized ash deposits (Almaden, 2006).

The Tuligtic Property was optioned to Pinnacle Mines Ltd. in 2006 and the option agreement has been terminated in 2007 without completing significant exploration (Almaden, 2007).

The Tuligtic Property was subsequently optioned to Antofagasta Minerals S.A. (“**Antofagasta**”) on March 23, 2009. During 2009 and 2010 Antofagasta, under Almaden operation, carried out IP geophysical surveys and a diamond drill program targeting the copper porphyry prospect. Three additional IP survey lines were completed, and in conjunction with the previous nine (9) IP lines, a two (2) by 2.5 kilometres chargeability high anomaly, open to the west and south, was defined (Almaden, 2011). The 2009 drilling consisted of 2,973m within seven (7) holes that largely intersected skarn type mineralization.

Highlights of the drill program include:

- 38m of 0.13% Copper (“**Cu**”) from 164 to 202m and 0.11% Cu from 416 to 462m within hole DDH-01;
- 20m of 0.17% Cu from 94 to 114m and 26m of 0.14% Cu from 316 to 342m in hole DDH-02;
- 58m of 0.17% Cu from 366 to 424m in hole DDH-03 (including 14m of 0.27% Cu from 410 to 424m);

- 2m of 0.63% Cu from 18 to 20m in hole DDH-04; and
- 20m of 0.11% Cu from 276 to 296m and 8m of 0.13% Cu in hole DDH-05.

Molybdenum values are anomalous ranging up to 801 ppm (0.08%). Elevated gold values were also encountered including two (2) metres of 1.34 grams-per-tonne ("**g/t**") from 178 to 180m in DDH-01.

On February 16, 2010, Almaden announced that Antofagasta terminated its option to earn an interest in the Tuligtic Property (Almaden, 2009).

In July 2010, Almaden initiated a preliminary diamond drilling program to test epithermal alteration within the Tuligtic Property, resulting in the discovery of the Ixtaca zone. The target was based on exploration data gathered by Almaden since 2001 including high gold and silver in soil and a chargeability and resistivity high anomaly (derived from an IP geophysical survey conducted by Almaden) topographically beneath Cerro Caolin, a prominent clay and silica altered hill. This alteration, barren in gold and silver, was interpreted by Almaden to represent the top of an epithermal system which required drill testing to depth. The first hole, TU-10-001 intersected 302.42 metres of 1.01g/t gold and 48g/t silver and multiple high grade intervals including 44.35 metres of 2.77g/t gold and 117.7g/t silver.

Geological Setting and Mineralization

Two styles of alteration and mineralization are identified in the area: (1) copper- molybdenum porphyry style alteration and mineralization hosted by diorite and quartz- diorite intrusions; (2) silver-gold low-sulphidation epithermal quartz-bladed calcite veins hosted by carbonate rocks and spatially associated with overlying volcanic hosted texturally destructive clay alteration and replacement silicification.

Outcropping porphyry-style alteration and mineralization is observed in the bottoms of several drainages where the altered intrusive complex is exposed in erosional windows beneath post mineral unconsolidated ash deposits. Multiple late and post mineral intrusive phases are identified crossing an early intensely altered and quartz-veined medium-grained feldspar phyric diorite named the principal porphyry. Other intrusive types include late and post mineral mafic dykes and an inter-mineral feldspar-quartz phyric diorite. Late mineral mafic dykes are fine grained and altered to chlorite with accessory pyrite. Calc-silicate (garnet-clinopyroxene) altered limestone occurs in proximity to the intrusive contacts and is crosscut by late quartz-pyrite veins. Early biotite alteration of the principal porphyry consists of biotite-orthoclase flooding of the groundmass. Quartz veins associated with early alteration have irregular boundaries and are interpreted to be representative of A-style porphyry veins. These are followed by molybdenite veins which are associated with the same wall rock alteration. Chalcopyrite appears late in the early alteration sequence. Late alteration is characterized by intense zones of muscovite-illite-pyrite overprinting earlier quartz-K-feldspar-pyrite ± chalcopyrite veining and replacing earlier hydrothermal orthoclase and biotite. Stockwork quartz-pyrite crosscuts the A-style veins and is associated with muscovite-illite alteration of biotite. The quartz-sericite alteration can be texturally destructive resulting in white friable quartz-veined and pyrite rich rock. Pyrite is observed replacing chalcopyrite and in some instances chalcopyrite remains only as inclusions within late stage pyrite grains.

Epithermal mineralization on the Tuligtic Property is considered to have no genetic relationship to the porphyry alteration and mineralization described above. The epithermal system is well preserved and there is evidence of a paleosurface as steam heated kaolinite and replacement silica alteration occur at higher elevations where the upper part of the Coyoltepec pyroclastic deposit is preserved below looks to the toward Cerro Caolin with relative positions of altered volcanics, unconformity, limestone and the Main Ixtaca vein swarm).

The Upper Tamaulipas formation carbonates (limestone and shale units), the dykes that crosscut it and the upper Coyoltepec volcanic subunit (variously referred to as volcanics, tuff or ash) are the host rocks to the epithermal system at Ixtaca. The epithermal alteration occurs over a roughly five (5) by five (5) kilometres area and occurs as intense kaolinite-alunite alteration and silicification in volcanic rocks. This alteration is interpreted to represent the upper portion of a well preserved epithermal system. The bulk of the

mineralisation occurs in the carbonate (limestone and shale) as colloform banded epithermal vein zones. Unlike many epithermal vein systems in Mexico, the bulk of the veining in the Ixtaca zone has low base metal contents and gold and silver occur as electrum and other sulphides. SEM work has demonstrated that silver does not occur with galena or tetrahedrite in any significant way. In the main limestone unit (80% of recoverable metal in the Ixtaca PFS) the silver to gold ratio of the mineralisation is roughly estimated to average ~65:1 while in the shale it is roughly estimated to be slightly higher at ~75:1.

The veining of Ixtaca Project epithermal system displays characteristics representative of low and intermediate sulphidation deposits. These include typical mill feed and gangue mineralogy (electrum silver (“**Ag**”)-sulphides, sphalerite, galena, adularia, quartz and carbonates), mineralization dominantly in open space veins (colloform banding, cavity filling).

At the base of the overlying clay altered volcanics disseminated gold-silver mineralisation occurs in association with pyrite and minor veining. Locally this mineralisation can be high grade but largely is associated with lower Ag:gold (“**Au**”) ratios roughly estimated to average 20:1.

To date two main vein orientations have been identified in the Ixtaca Deposit:

- 060 trending sheeted veins hosted by limestone;
- 330 trending veins hosted by shale;

The bulk of the resource and over 80% of the mill feed is hosted by the limestone in the Main Ixtaca and Ixtaca North zones as swarms of sheeted and anastomosing high grade banded epithermal veins. There is no disseminated mineralisation within the host rock to the vein swarms, which is barren and unaltered limestone. To the northeast of the limestone hosted mineralisation, the Chemalaco zone, a 330 striking and west dipping vein zone hosted by shale, also forms part of the deeper resource.

The Main Ixtaca and Ixtaca North vein swarms are spatially associated with two altered and mineralised sub parallel ENE (060 degrees) trending, sub-vertical to steeply north dipping dyke zones. The Main Ixtaca dyke zone is approximately 100 metre wide and consists of a series of two (2) metre to over 20 metre true width dykes. The Ixtaca North dyke zone is narrower and comprises a steeply north-dipping zone of two or three discrete dykes ranging from five (5) to 20 metre in width.

Individual veins and veinlets within the Main Ixtaca and Ixtaca North vein swarm zones cannot be separately modelled. The vein swarms are modelled as zones which include the vein zone is comprised of anastomosing veins. Wireframes were created that constrain the higher grade, more densely veined areas, however as the vein swarms are anastomosing and sheeted in nature, these wireframes include significant barren limestone material enclosed by veins within the vein swarm.

The Main and North zones have been defined over 650 metres and tested over 1000 metres strike length with high-grade mineralization intersected to depths up to 350m vertically from surface. The strike length of the Chemalaco zone has been extended to 450 metres with high-grade mineralization intersected to a vertical depth of 550 metres, or approximately 700 metres down-dip. In 2016 Almaden conducted a drill program to test for additional veins to the north of the Ixtaca North Zone. This program resulted in better definition of the Ixtaca North zone and was successfully demonstrated that limestone mineralization remains open to the north and at depth.

The Chemalaco zone dips moderately-steeply at approximately 22 degrees to the west-southwest. An additional sub-parallel zone has been defined underneath the Chemalaco zone dipping 25 to 50 degrees to the west-southwest, intersected to a vertical depth of 250 metres, approximately 400 metres down-dip over a 250 metres strike length. The Chemalaco zone remains open to depth and along strike to the northwest. Additional parallel veins further to the east have been identified in core and the zone is remains open in this direction as well. In the Chemalaco zone, assays indicate that, while mineralisation appears similar in core, higher silver grades occur in the upper portion of the drilled area and higher gold grades occur at depth.

The Main Ixtaca, Ixtaca North and Chemalaco vein zones are largely concealed by overlying altered volcanic rocks although the limestone and Main Ixtaca zone of veining does crop out on the west side of Cerro Caolin, the hill under which the Main Ixtaca zone occurs. The volcanic above the Main Ixtaca zone are intensely clay altered and locally silicified but barren of significant gold and silver at surface. The Cerro Caolin volcanic hosted clay alteration zone extends to the southeast roughly one (1) kilometer and represents a significant drill target.

Studies of mineral assemblages in hand specimen, transmitted and reflected light microscopy and SEM analyses have been carried out in order to construct a paragenetic sequence of mineral formation. This work completed by Herrington (2011) and Staffurth (2012) reveals that veining occurs in three main stages. The first stage is barren calcite veining. This is followed by buff brown and pink colloform carbonate and silicate veins containing abundant silver minerals and lower gold. The third stage of veining contains both gold and silver mineralization. The dominant gold-bearing mineral is electrum, with varying Au:Ag ratios. The majority of grains contain 40-60wt (“**weight**”) % gold but a few have down to 20wt% (Staffurth, 2012). Gold content occasionally varies within electrum grains, and some larger grains seem to be composed of aggregates of several smaller grains of differing composition (Staffurth, 2012). Electrum often appears to have been deposited with late galena-clausthalite both of which are found as inclusions or in fractures in pyrite. It is also closely associated with silver minerals as well as sphalerite and alabandite. Gold is also present in uytendogaardtite (Ag_3AuS_2). This mineral is associated with electrum, chalcopyrite, galena, alabandite, silver minerals, and quartz in stage three mineralization (Herrington, 2011; Staffurth, 2012). Apart from electrum, the dominant silver bearing minerals are polybasite (-pearceite) minor argentian tetrahedrite plus acanthite-naumannite, pyrargyrite and stephanite. They are associated with sulphides or are isolated in gangue minerals (Staffurth, 2012).

Regional Geology

The Ixtaca Project is situated within the TMVB, a tertiary to recent intrusive volcanic arc extending approximately east-west across Mexico from coast to coast and ranging in width from ten (10) to 300 kilometres. The TMVB is the most recent episode of a long lasting magmatic activity which, since the Jurassic, produced a series of partially overlapping arcs as a result of the eastward subduction of the Farallon plate beneath western Mexico (Ferrari, 2011). The basement rocks of the eastern half of the TMVB are Precambrian terranes, including biotite orthogneiss and granulite affected by granitic intrusions, grouped into the Oaxaquia microcontinent (Ferrari et al., 2011; Fuentes-Peralta and Calderon, 2008). These are overlain by the Paleozoic Mixteco terrane, consisting of a metamorphic sequence known as the Acatlan complex and a fan delta sedimentary sequence known as the Matzitzi formation. Another sedimentary complex is found on top of the Mixteco terrane, represented by various paleogeographic elements such as the Mesozoic basins of Tlaxiaco, Zongolica, Zapotitlan, and Tampico-Misantla (Fuentes-Peralta and Calderon, 2008). The subducting plates associated with the TMVB are relatively young, with the Rivera plate dated at 10Ma years and the Cocos plate at 11 to 17 Ma.

The timing and nature of volcanism in the TMVB has been described by Garcia-Palomo et al. (2002). The oldest volcanic rocks in the central-eastern part of the TMVB were erupted approximately 13.5Ma ago, followed by a nearly 10Ma hiatus. Volcanic activity in the area resumed around 3.0-1.5Ma. The composition of volcanic rocks ranges from basalt to rhyolite and exhibits calc-alkaline affinity. Extensive silicic volcanism in this area has been related to partial melting of the lower crust, hydrated by infiltration of slab-derived fluids during flat subduction (Ferrari et al., 2011). The Sierra Madre Occidental (SMO) style of volcanism is silicic and explosive as opposed to intermediate and effusive volcanism characteristic of the TMVB. Volcanic centres in the region have been controlled by northeast-southwest trending normal faults, associated with horst-and-graben structures, resulting from a stress field with a least principal stress (σ_3) oriented to the northwest.

The regional trend of the arc rocks is west-northwest; though more northerly trending transforms faults, forming at a high angle to the TMVB, provide a structural control on the volcanic units (Coller, 2011). Compressional strike-slip and extensional faults also developed as a result of compressional and extensional periods during subduction. The northeast-southwest San Antonio fault system, which is still active during Late Pliocene, before the reactivation of the Taxco-Queretaro fault system, is characterized

by extensional left-lateral oblique-slip kinematics (Coller, 2011). Bellotti et al. (2006) show that north-northwest trending regional faults have been right lateral in the Miocene, whereas the north-northeast to north-south trending faults observed at Ixtaca by Coller (2011) are related to the regional horst-and-graben development and likely to be purely extensional with possibly a component of right lateral movement, or transtensional.

Property Geology

The stratigraphy of the Tuligtic Property can be divided into two main sequences: a Mesozoic sedimentary rock sequence related to the Zongolica basin and a sequence of late Tertiary igneous extrusive rocks belonging to the TMVB (Fuentes-Peralta & Calderon, 2008; Tritlla et al., 2004). The sedimentary sequence is locally intruded by plutonic rocks genetically related to the TMVB. The sedimentary complex at Tuligtic corresponds to the Upper Tamaulipas formation (Reyes-Cortes 1997). This formation, Late Jurassic to Early Cretaceous in age, is regionally described (Reyes-Cortes, 1997) as a sequence of grey-to-white limestone, slightly argillaceous, containing bands and nodules of black chert. The drilling conducted by Almaden allows for more detailed characterisation of the Upper Tamaulipas Formation carbonate units in the Tuligtic Property. The sequence on the Ixtaca Project consists of clastic calcareous rocks. The limestone unit variably bedded, generally light grey but locally dark grey to black, with local chert rich sections graded into what have been named transition units and shale (also black shale). The transition units are brown calcareous siltstones and grainstones. These rocks are not significant in the succession but mark the transition from limestone to underlying calcareous shale. Typical of the transition units are coarser grain sizes. The lower calcareous “shale” units exhibit pronounced laminated bedding and is typically dark grey to black in colour, although there are green coloured beds as well. The shale units appear to have been subjected to widespread calc-silicate alteration.

Both the shale and transition units have very limited surface exposure and may be recessive. The entire carbonate package of rocks has been intensely deformed by the Laramide orogeny, showing complex thrusting and chevron folding in the hinge zones of a series of thrust-related east verging anticlines in the Ixtaca area (Tritlla et al., 2004; Coller, 2011). The calcareous shale units appear to occupy the cores of the anticlines while the thick bedded limestone units occupy the cores of major synclines identified in the Ixtaca zone.

The Tamaulipas Formation carbonate rocks are intruded in the mid-Miocene by a series of magmatic rocks. The compositions are very variable, consisting of hornblende-biotite-bearing tonalites, quartz-plagioclase-hornblende diorites, and, locally, aphanitic diabase dykes (Carrasco-Nunez et al., 1997). In the central part of the Tuligtic Property porphyry mineralization is hosted by and associated with a hornblende-biotite-quartz pyritic granodiorite body. The contact between the granodiorite and the limestone is marked by the development of a prograde skarn.

In the Ixtaca Deposit epithermal area of the Ixtaca Project, the limestone basement units are crosscut by intermediate dykes that are often intensely altered. In the vicinity of the Ixtaca zone these dykes are well mineralized especially at their contacts with limestone country rock. Petrography has shown that epithermal alteration in the dykes, marked by illite, adularia, quartz and pyrite overprints earlier calc-silicate endoskarn mineralogies (Leitch, 2011). Two main orientations are identified for dykes in the Ixtaca area; 060 degrees (parallel to the Main Ixtaca and Ixtaca North zones) and 330 degrees (parallel to the Chemalaco zone).

An erosional unconformity surface has been formed subsequent to the intrusion of the porphyry mineralization-associated granodiorites. This paleo topographical surface locally approximates the current topography. Although not well exposed the unconformity is marked by depression localised accumulations of basal conglomerate comprised of intrusive and sedimentary boulders.

This deformed Mesozoic sedimentary sequence is discordantly overlain by late Cenozoic extrusive rocks whose genetic and tectonic interrelations are yet to be fully explained. Two main volcanoclastic units are recognized in the Tuligtic Property: the Coyoltepec Pyroclastic deposit and the Xaltipan Ignimbrite (Carrasco-Nunez et al., 1997). Both units are covered by a thin (up to 1m) quaternary ‘tegument’ (Morales-Ramirez 2002) of which only a few patches are left in the area of the Tuligtic Property, but it is still

widespread in the surrounding areas. This tegument is unconsolidated and composed of a very recent ash fall tuff rich in heavy minerals (mainly magnetite, apatite, and pyroxene).

The extensively altered pre-mineral Coyoltepec pyroclastic deposit is divided by Carrasco-Nunez et al. (1997) into two subunits: the lower Coyoltepec subunit, which is not exposed in the area of the Ixtaca Project, consists of a stratified sequence of surge deposits and massive, moderately indurated pyroclastic flow deposits with minor amounts of pumice and altered lithic clasts.

The upper Coyoltepec subunit, the main unit outcropping in the Tuligtic Property, consists of a basal breccia or conglomerate overlain by bedded crystal tuff (volcanic). The basal breccia is comprised of a lithic rhyolite tuff matrix composed of massive, indurated, coarse-gravel sized, lithic-rich pyroclastic flow deposits with pumice, andesitic fragments, free quartz, K-feldspar, plagioclase crystals, and minor amounts of limestone and shale clasts (Tritlla et al., 2004). The Coyoltepec volcanics (referred to as ash, volcanic and tuff) are altered and mineralized. Gold silver mineralization is marked by widespread disseminated pyrite and quartz-calcite veinlets. The Coyoltepec volcanics are locally oxidised and weathered near surface and along structures.

The post-mineral Xaltipan ignimbrite is not seen in the Ixtaca area and mainly found in topographic lows south of the Tuligtic Property. It consists of a very recent ($0.45 \pm 0.09\text{Ma}$, Carrasco-Nunez et al., 1997), pinkish to brownish-grey rhyolitic ignimbrite unit with different grades of welding, containing abundant pumice fragments, andesite lithic fragments, and small clasts of black obsidian (Tritlla et al., 2004).

Exploration

Between 2004 and 2014, Almaden's exploration at the Tuligtic Property has included ASTER satellite hydroxyl alteration studies, surface lithology and alteration mapping, rock and soil geochemical sampling, ground magnetics, IP and resistivity, Controlled Source Audio-frequency Magnetotelluric (CSAMT), and Controlled Source Induced Polarization (CSIP) geophysical surveys. The work to date has resulted in the identification of eight anomalous areas: the Ixtaca, Southeast Clay Alteration, Tano, Ixtaca East, Caleva, Azul West, Azul and Sol zones. Detailed exploration results for the Tuligtic Property have been disclosed in a previous technical report for the Tuligtic Property by Raffle et al. (2013) and are summarized below.

Rock Geochemistry

Between 2004 and 2014 a total of 468 rock geochemical samples have been collected on the Tuligtic Property over a six (6) by six (6) kilometres area. Rock sampling, guided by concurrent soil geochemical surveys, has been concentrated around the Ixtaca zone and an area extending four (4) kilometres to the north-northeast over the copper porphyry target located between the Caleva and Azul zone soil geochemical anomalies.

Rock grab samples collected by Almaden are from both representative and apparently mineralized lithologies in outcrop, talus and transported boulders within creeks throughout the Tuligtic Property. Rock samples ranging from 0.5 to 2.5 kilograms in weight and are placed in uniquely labelled poly samples bags and their locations are recorded using handheld GPS accurate to plus or minus five (5) metre accuracy.

Of the 468 rock grab samples collected, a total of 48 samples returned assays of greater than 100 ppb Au, and up to 6.14 g/t Au. A total of 51 rock samples returned assays of greater than 10g/t Ag and up to 600g/t Ag.

Gold and silver mineralization occurs within the Ixtaca zone, and is associated with anomalous arsenic, mercury (\pm antimony). To the northeast of the Ixtaca zone zinc, copper and locally anomalous gold, silver and lead (\pm arsenic) values occur in association with calc-silicate skarn and altered intrusive rocks.

Basement carbonate units, altered intrusive, and locally calc-silicate skarn mineralization occur as erosional windows beneath altered and locally mineralised volcanic. Surface mineralization at the Ixtaca zone occurs

as limestone boulders containing quartz vein fragments and high level epithermal alteration within overlying volcanic rocks as well several small outcrops of epithermal veined limestone. Epithermal alteration and mineralization is observed overprinting earlier skarn and porphyry style alteration and mineralization. Numerous small skarn-related showings exist at the north end Ixtaca Project. Near the Caleva soil anomaly, a small (200 by 100 metres) skarn zone hosts sphalerite, galena and chalcocopyrite quartz vein stockwork mineralization along the contact zone between limestone and altered and mineralized intrusive rocks to the east.

Soil Geochemistry

The collection of 4,760 soil samples by Almaden between 2005 and 2011 resulted in the identification of eight anomalous areas: the Ixtaca, Southeast Clay Alteration zone, Tano, Ixtaca East, Tano, Caleva, Azul West, Azul and Sol zones. During 2013, an additional 1,035 soil samples have been collected to extend soil grid lines to the west and locally infill existing grid lines, for a total of 5,795 soil samples.

Samples have been collected at 50 metre intervals along a series of 200 metres spaced east-west oriented lines. Infill lines spaced at 100 metres have been completed over gold and silver anomalies at the Caleva and Ixtaca East zones, and The Tano zone roughly 2.5 kilometres west of the Ixtaca zone. Subsequently, detailed 50 metres by 50 metres grid sampling of the Ixtaca zone and select grid infill of the Azul and Sol zones was completed. Soil samples are collected by hand from a small hole dug with a non-metallic pick or hoe. The sample depth is typically ten (10) centimetres, or at least deep enough to be below the interpreted surficial organic layer. Sample bags are labelled with a unique sample number.

Based on the distribution of soil geochemical anomalies and the mapped geology it is apparent that the locally occurring thin (<2 metres thick overlying and unconsolidated post mineral volcanics and soil deposits obscure rock geochemical anomalies from the underlying epithermal system. Significant and anomalous precious metal in soils occur where this unit has been eroded away and volcanic and carbonate hosted mineralisation occurs at surface. Anomalous thresholds (greater than the 95th percentile) for gold and silver are calculated to be 17.1ppb Au and 0.59ppm Ag, respectively. A total of 288 samples contain anomalous Au, including 141 samples with coincident Ag anomalies.

The Ixtaca zone drainage area produces the largest Au and Ag response within the Tuligtic Property. Base metals do not correlate significantly with the Ixtaca zone, and epithermal trace metal suite elements anomalies occur peripherally within altered volcanic rocks.

Roughly two (2) kilometres to the southwest at ~240 degrees, along strike from the Ixtaca Deposit is the Tano zone of high gold and silver in soil where there has been a limited number of exploration holes drilled (highest gold intercept of 2.00 meters of 1.76 g/t gold and 5.45 g/t silver in hole TZ-12-003). In the intervening two (2) kilometers between the Tano zone and Ixtaca Deposit soils were not significantly anomalous but this is an area covered in post mineral material.

Similarly, along strike at 060 azimuth, roughly two (2) kilometres to the northeast the Ixtaca Deposit, is the Ixtaca East zone of clay alteration and high gold in soil. Two drainages from this area returned high gold in silt, 700 and 900 ppb respectively.

Base metals correlate well with Au-Ag at the Caleva, Azul, and Sol zones to such an extent they are best termed Cu-Zn (Au-Ag) anomalies. Significant high level epithermal suite trace element soil anomalies occur from Cerro Caolin (immediately above the Main Ixtaca zone) to over a kilometer to the southeast in an area of outcropping clay altered volcanic. This anomaly and clay alteration defines the southeast Alteration zone.

Ground Geophysics

Magnetics

During 2010, Almaden completed an 84 line- kilometres ground magnetic survey over a four (4) kilometres by 4.5 kilometres area covering the copper porphyry target area north of the Ixtaca zone. The survey comprised a series of 200 metres spaced east-west oriented lines with magnetic readings collected at 12.5m intervals along each line.

The survey identified a broad poorly defined, approximately 100 nano-Tesla magnetic high anomaly that corresponds in part with mapped altered quartz-monzonite porphyry rocks. Numerous, 30 to 50 nano-Tesla short strike length north-northwest trending linear magnetic high anomalies parallel the regional structural grain, and the strike of bedding within Upper Tamaulipas formation calcareous rocks suggesting structural and/or lithologic control of magnetic anomalies.

Induced Polarization/Resistivity

Concurrent with 2010 ground magnetic surveys, Almaden completed 108 line- kilometres of 100m “a” spacing pole-dipole IP / resistivity geophysical surveys over the Ixtaca Project area. The survey employed a series of overlapping east-west and north-south oriented lines spaced at intervals of 100 metres.

Resistivity anomalies appear to be controlled largely by the distribution of more resistive basement carbonate lithologies. Resistivity low (conductive) anomalies are common along local topographic high ridges and plateaus where significant thicknesses of more conductive altered volcanic rocks remain. Nevertheless the discovery drillhole TU-10-001, targeted a coincident chargeability and resistivity high interpreted to represent epithermal veining beneath the barren clay alteration of Cerro Caolin. The Main Ixtaca vein zone was intersected where this anomaly occurs. Many similar resistivity and chargeability highs were detected in the IP survey and require drill testing.

The survey also defines a 1,000 by 200 metres north-northwest trending 20 to 30 metres V/V chargeability anomaly coincident with mapped calc-silicate skarn mineralization and the Caleva zone soil geochemical anomaly. While poorly constrained by a single north-south oriented survey line, the anomaly extends a further one (1) kilometres north over the porphyry copper anomaly area. Partial survey coverage of the Ixtaca East zone multi-element soil geochemical anomaly defines a 700 x 500m elliptical seven (7) to 15mV/V chargeability anomaly along its western margin.

CSAMT/CSIP

During 2011, Zonge International Inc. on behalf of Almaden completed a Controlled Source Audio-frequency Magnetotelluric (CSAMT) and Controlled Source Induce Polarization (CSIP) geophysical survey at the Tuligic Property over a six (6) by four (4) kilometre area.

The survey totalled 48.5 line- kilometres, including six lines oriented north-south (N16E azimuth, CSAMT and CSIP), and eight perpendicular east-west oriented lines (N104E azimuth, CSAMT only). Survey line spacing varied from 170 to 550 metres utilizing an array of six 25 metres dipoles.

2-D (north-south line) smooth-model resistivity data defines a northwest trending resistivity anomaly west of the Ixtaca Main zone, and an east-west trending resistivity anomaly through the Ixtaca zone. The northwest trending anomaly passes through drill sections 10+200 east to 10+400 east, and may reflect limestone rocks on the west limb of an east-verging antiform. A similar northwest trending conductive anomaly immediately to the east may represent calcareous shale rocks within the core of the antiform. The significance of the east-west trending anomaly is not known given the context of the current geologic model.

2-D (east-west line) smooth-model resistivity data shows a strong resistivity anomaly associated with the core of the Ixtaca Main zone, and surface outcropping limestone. To the northeast, a resistivity anomaly

coincident with the Chemalaco zone may reflect complex structural geology patterns and the relatively resistive limestone and Chemalaco dyke lithologies.

A number of subvertical resistivity and conductivity anomalies are evident in the 1-D and 2-D inversions. These anomalies likely represent structures that could also host veins. Further review of this data is planned in order to better define drill targets based on this survey.

Drilling

The purpose of the Ixtaca PFS was to provide a technical summary and updated mineral resource estimate with respect to the Ixtaca Deposit in relation to diamond drilling completed subsequent to the November 13, 2012 cut-off date of the maiden mineral resource estimate (Raffle et al., 2013). Since 2010, a total of 514 diamond drillholes have been drilled at the Tuligtic Property, totaling 166,944 metres (not including 31 geotechnical holes). Drilling progress since 2010 is summarized below.

The Main Ixtaca zone of mineralization has been defined as a sub-vertical body trending northeast over a 650 metres strike length. The Ixtaca North zone has been further defined over a 400m strike length as two discrete parallel sub-zones having a true-thickness of five (5) to 35 metres, and spaced 20 to 70 metres apart. The Chemalaco zone is moderate to steeply west-southwest dipping that has been defined over a 450 metres strike length with high-grade mineralization intersected to a vertical depth of 600 metres or approximately 700 metres down-dip.

In July 2010 Almaden initiated a preliminary diamond drilling program to test epithermal alteration within the Tuligtic Property, resulting in the discovery of the Main Ixtaca zone. The first hole, TU-10-001, intersected 302.42 metres of 1.01g/t Au and 48g/t Ag and multiple high grade intervals including 1.67m of 60.7g/t Au and 2,122g/t Ag. Almaden drilled 14 holes totalling 6,465 metres during 2010, defined the Main Ixtaca zone over a 400 metre strike length, and initiated drilling along 50m north-northwest oriented sections. During 2011, Almaden drilled an additional 85 holes totalling 30,644m, which resulted in the discovery of the Ixtaca North zone and testing of the Main Ixtaca zone over a 600 metres strike length on 50 metre sections. Almaden discovered the Chemalaco zone in early 2012 and continued drilling of the Ixtaca North and Main Ixtaca zones. Almaden drilled 131 holes totalling 46,237 metres on the Tuligtic Property from the beginning of 2012 until the November 13, 2012 maiden mineral resource estimate cut-off, for a total of 83,346 metres in 230 drillholes.

During 2013 and subsequent to the November 13, 2012 cut-off of the maiden mineral resource estimate, Almaden drilled 198 holes totalling 55,467 metres (428 holes in total up to the end of 2013 comprising the resource estimate of Raffle and Giroux, 2014). A total of 79 holes have been drilled at the Main Ixtaca zone, 40 holes at the Ixtaca North zone and 79 holes at the Chemalaco zone. Drilling during 2013 focused on expanding the deposit and upgrading resources previously categorized as Inferred to higher confidence measured and indicated categories.

Drilling during 2014 through 2016 comprised 86 additional drill holes totalling 28,131 metres (including three (3) exploration drill holes at the (Casa) Azul zone and one (1) at the Tano zone. Of the holes drilled within the Ixtaca Deposit during 2014, 2015, and 2016, 31 were geotechnical holes. During 2016 a total of 33 holes totalling 10,514 metres further delineated and expanded North zone mineralization. The remainder were exploration holes testing mineralized zones at depth below the pit described in this report. Drilling at the Casa Azul zone returned intersected porphyritic intrusive and limestone-skarn mineralization returning locally elevated zinc, copper and silver values.

Of the 514 holes to date, approximately 215 holes have been completed on the Main Ixtaca zone, 148 at the Ixtaca North zone, and 142 at the Chemalaco zone. The diamond drillholes range from a minimum length of 60m to a maximum of 701m, and average 326m. All drilling completed at the Ixtaca zone has been diamond core of NQ2 size (5.08 centimetres diameter). Drilling has been performed using four diamond drills owned and operated by Almaden via its wholly owned operating subsidiary Minera Gavilán, S.A. de C.V. The 2010 through 2016 diamond drill programs have been completed under the supervision of Almaden personnel. Drillhole collars have been spotted using a handheld GPS and compass, and

subsequently have been surveyed using a differentially corrected GPS. Each of the holes is marked with a small cement cairn inscribed with the drillhole number and drilling direction.

Drillholes have been surveyed down hole using Reflex EZ-Shot or EX-Trac instruments following completion of each hole. Down hole survey measurements have been spaced at 100 metre intervals during 2010 drilling and have been decreased to 50m intervals in 2011. During 2012 and 2013, select drillholes within all three mineralized zones have been surveyed at 15 metre intervals. All drilling during 2014 through 2016 were surveyed at 15m intervals. A total of 5,835 drillhole orientation measurements (excluding 514 collar surveys) have been collected for an average down hole spacing of 29 metres. A total of 40 drillholes (12,171 metres), apart from the collar survey, have not been surveyed downhole; and a total of five drillholes (1,672 metres) have been surveyed at the end of hole only. Drillholes having no down hole survey have been assumed to have the orientation of the collar. Drillhole data has been plotted in the field and has been inspected. Down hole data returning unrealistic hole orientations have been flagged and removed from the database.

At the rig, drill core is placed in plastic core boxes labeled with the drillhole number, box number, and an arrow to mark the start of the tray and the down hole direction. Wooden core blocks are placed at the end of each core run (usually three (3) metres, or less in broken ground). Throughout the day and at the end of each shift drill core is transported to Almaden's Santa Maria core logging, sampling and warehouse facility.

Geotechnical logging is comprised of measurements of total core recovery per-run, RQD (the total length of pieces of core greater than twice the core width divided by the length of the interval, times 100), core photography (before and after cutting), hardness testing and measurements of bulk density using the weight in air-weight in water method.

Drill core is logged based on lithology, and the presence of epithermal alteration and mineralization. All strongly altered or epithermal-mineralized intervals of core are sampled. Almaden employs a maximum sample length of two (2) to three (3) metres in unmineralized lithologies, and a maximum sample length of 1m in mineralized lithologies. During the years 2010 and 2011 Almaden employed a minimum sample length of 20 centimetres. The minimum sample length was increased to 50 centimetres from 2012 onwards to ensure the availability of sufficient material for replicate analysis. Geological changes in the core such as major alteration or mineralization intensity (including large discrete veins), or lithology are used as sample breaks.

The Upper Tamaulipas formation, the dykes that crosscut it and the upper Coyoltepec volcanic subunit are the main host rocks to the epithermal vein system at Ixtaca. In the Main and Ixtaca North zones veining strikes dominantly east northeast-west northwest (060 degrees) parallel to a major dyke trend and at a very high angle to the north to north-northwest bedding and fold structures within the limestones. The veins of the Chemalaco zone are hosted by the shaley carbonate units (black shale) and strike to the north-northwest, dipping to the south-southwest. In the footwall to Chemalaco zone a parallel dyke has been identified which is altered and mineralized. The Chemalaco zone and the dyke are interpreted to strike parallel to bedding and to core an antiform comprised of shale.

Sampling, Analysis and Security

Rock Grab and Soil Geochemical Samples

Rock grab and soil geochemical samples have been transported by Almaden field personnel to the Santa Maria core facility where they are placed in into sealed plastic twine (rice) sacks, sealed using single plastic cable ties. Custody of samples is handed over to ALS at the Santa Maria core facility. ALS sends its own trucks to the Ixtaca Project to transport samples to its sample preparation facility in Guadalajara or Zacatecas, Mexico. Prepared sample pulps are then forwarded by ALS personnel to the ALS North Vancouver, British Columbia laboratory for analysis.

ALS is an International Standards Organization (ISO) 9001:2008 and ISO 17025-2005 certified geochemical analysis and assaying laboratory. ALS is independent of Almaden and the authors.

ALS reported nothing unusual with respect to the shipments, once received and Mr. Kristopher J. Raffle, P.Geo., has no reason to believe that the security of the samples has been compromised.

At the ALS Zacatecas and Guadalajara sample preparation facilities, rock grab samples are dried prior to preparation and then crushed to ten (10) mesh (70% minimum pass) using a jaw crusher. The samples are then split using a riffle splitter, and sample splits are further crushed to pass 200 mesh (85% minimum pass) using a ring mill pulverizer (ALS PREP-31 procedure). Soil samples are dried and sieved to 80mesh.

Rock grab samples are subject to gold determination via a 50 g FA fusion utilizing AA finish with a lower detection limit of 0.005ppm Au (5 ppb) and upper limit of 10ppm Au (ALS method Au-AA24). A 50g prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5ml dilute nitric acid and 0.5ml concentrated hydrochloric acid. The digested solution is cooled, diluted to a total volume of 4ml with de-mineralized water, and analyzed by atomic absorption spectroscopy against matrix-matched standards.three (3) parts hydrochloric acid and one (1) part nitric acid (aqua regia). Dissolved gold is then determined by ICP-MS.

Silver, base metal and pathfinder elements for rock and soil samples are analyzed by 33-element inductively coupled plasma atomic emission spectroscopy (ICP-AES), with a 4-acid digestion (ALS method ME-ICP61). A 0.25g prepared sample is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by ICP-AES. For rock samples only, following this analysis, the results are reviewed for high concentrations of bismuth, mercury, molybdenum, silver and tungsten and diluted accordingly. Samples meeting this criterion are then analyzed by inductively coupled plasma mass spectrometry (ICP-MS, ALS method ME-MS61). Results are corrected for spectral inter-element interferences. Four acid digestions are able to dissolve most minerals; however, depending on the sample matrix, not all elements are quantitatively extracted.

Almaden Drill Core

All strongly altered or epithermal-mineralized intervals of core have been sampled. Almaden employs a maximum sample length of two (2) to three (3) metres in unmineralized lithologies, and a maximum sample length of one (1) metre in mineralized lithologies. During the years 2010 and 2011 Almaden employed a minimum sample length of 20 centimetres. The minimum sample length was increased to 50 centimetres from 2012 onwards to ensure the availability of sufficient material for replicate analysis. Sampling always begins at least five samples above the start of mineralization. Geological changes in the core such as major alteration or mineralization intensity (including large discrete veins), or lithology are used as sample breaks.

Drill core is half-sawn using industry standard gasoline engine-powered diamond core saws, with fresh water cooled blades and "core cradles" to ensure a straight cut. For each sample, the core logging geologist marks a cut line down the centre of the core designed to produce two halves of equal proportions of mineralization. This is accomplished by marking the cut line down the long axis of ellipses described by the intersection of the veins with the core circumference.

Areas of very soft rock (e.g. fault gouge), are cut with a machete using the side of the core channel to ensure a straight cut. Areas of very broken core (pieces <1 centimetres) are sampled using spoons. In all cases, the right hand side of the core (looking down the hole) is sampled. After cutting, half the core is placed in a new plastic sample bag and half is placed back in the core box. Between each sample, the core saw and sampling areas are washed to ensure no contamination between samples. Field duplicate, blank and analytical standards are added into the sample sequence as they are being cut.

Sample numbers are written on the outside of the sample bags twice and the numbered tag from the ALS sample book is placed inside the bag with the half core. Sample bags are sealed using single plastic cable-ties. Sample numbers are checked against the numbers on the core box and the sample book.

Drill core samples collected by the Almaden are placed into plastic twine (rice) sacks, sealed using single plastic cable ties. ALS sends its own trucks to the Ixtaca Project to take custody of the samples at the Santa Maria core facility and transport them to its sample preparation facility in Guadalajara or Zacatecas, Mexico. Prepared sample pulps are then forwarded by ALS personnel to the ALS North Vancouver, British Columbia laboratory for analysis.

Drill core samples are subject to gold determination via a 50 gram AA finish FA fusion with a lower detection limit of 0.005ppm Au (5ppb) and upper limit of 10ppm Au (ALS method Au-AA24). A 50g prepared sample is fused with a flux mixture, inquarted with six (6) milligram of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5 millilitre dilute nitric acid and 0.5 millilitre concentrated hydrochloric acid. The digested solution is cooled, diluted to a total volume of four (4) millilitre with de-mineralized water, and analyzed by atomic absorption spectroscopy against matrix-matched standards.

Over limit gold values (>10ppm Au) are subject to gravimetric analysis, whereby a 50 gram prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents in order to produce a lead button. The lead button containing the precious metals is cupelled to remove the lead. The remaining gold and silver bead is parted in dilute nitric acid, annealed and weighed as gold (ALS method Au-GRA22).

Silver, base metal and pathfinder elements for drill core samples have been analyzed by 33- element ICP-AES, with a 4-acid digestion, a lower detection limit of 0.5ppm Ag and upper detection limit of 100ppm Ag (ALS method ME-ICP61). A 0.25 gram prepared sample is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by ICP-AES (ALS method ME-ICP61). Four acid digestions are able to dissolve most minerals; however, depending on the sample matrix, not all elements are quantitatively extracted.

Over limit silver values (>100ppm Ag) have been subject to 4-acid digestion ICP-AES analysis with an upper limit of 1,500ppm Ag (ALS method ME-OG62). A prepared sample is digested with nitric, perchloric, hydrofluoric, and hydrochloric acids, and then evaporated to incipient dryness. Hydrochloric acid and de-ionized water is added for further digestion, and the sample is heated for an additional allotted time. The sample is cooled and transferred to a 100 millilitre volumetric flask. The resulting solution is diluted to volume with de-ionized water, homogenized and the solution is analyzed by ICP-AES. Ultra-high grade silver values (>1,500ppm Ag) are subject to gravimetric analysis with an upper detection limit of 10,000ppm Ag (Ag-GRA22).

Drill Core Collected for Check Assays by a Qualified Person

The collected drill core samples have been placed into sealed plastic bags and transported by Mr. Kristopher J. Raffle, P.Geo., (considered "the author" in this Section of the report) to ALS North Vancouver, British Columbia laboratory for gold FA and ICP-MS analysis. The author did not have control over the samples at all times during transport; however the author has no reason to believe that the security of the samples has been compromised.

The samples are dried prior to preparation and then crushed to 10mesh (70% minimum pass) using a jaw crusher. The samples are then split using a riffle splitter, and sample splits are further crushed to pass 200mesh (85% minimum pass) using a ring mill pulverizer (ALS PREP-31 procedure).

Drill core samples collected by Kristopher J. Raffle, P.Geo., have been subject to gold determination via a 50 gram (g) AA finish FA fusion with a lower detection limit of 0.005ppm Au (5ppb) and upper limit of 10ppm Au (ALS method Au-AA24). A 50 gram prepared sample is fused with a flux mixture, inquarted with 6mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5 millilitre dilute nitric acid and 0.5 millilitre concentrated hydrochloric acid. The digested solution is cooled, diluted to

a total volume of four (4) millilitre with de-mineralized water, and analyzed by atomic absorption spectroscopy against matrix-matched standards.

Silver, base metal and pathfinder elements for rock and soil samples are analyzed by 33-element inductively coupled plasma atomic emission spectroscopy (ICP-AES), with a 4-acid digestion. A 0.25 gram prepared sample is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by ICP-AES. Following this analysis, the results are reviewed for high concentrations of bismuth, mercury, molybdenum, silver and tungsten and diluted accordingly. Samples meeting this criterion are then analyzed by inductively coupled plasma mass spectrometry (ICP-MS, ALS method ME-MS61). Results are corrected for spectral inter-element interferences. Four acid digestions are able to dissolve most minerals; however, depending on the sample matrix, not all elements are quantitatively extracted.

Over limit silver values (>100ppm Ag) are subject to 4-acid digestion, ICP-AES analysis with an upper limit of 1,500ppm Ag (ALS method ME-OG62). A prepared sample is digested with nitric, perchloric, hydrofluoric, and hydrochloric acids, and then evaporated to incipient dryness. Hydrochloric acid and de-ionized water is added for further digestion, and the sample is heated for an additional allotted time. The sample is cooled and transferred to a 100 millilitre volumetric flask. The resulting solution is diluted to volume with de-ionized water, homogenized and the solution is analyzed by ICP-AES.

Quality Assurance / Quality Control Procedures

For the Tuligtic Property rock grab sample and soil geochemical programs, Almaden relies on external QA/QC measures employed by ALS. QA/QC measures at ALS include routine screen tests to verify crushing efficiency, sample preparation duplicates (every 50 samples), and analytical quality controls (blanks, standards, and duplicates). QC samples are inserted with each analytical run, with the minimum number of QC samples dependant on the rack size specific to the chosen analytical method. Results for quality control samples that fall beyond the established limits are automatically red-flagged for serious failures and yellow-flagged for borderline results. Every batch of samples is subject to a dual approval and review process, both by the individual analyst and the Department Manager, before final approval and certification. The author has no reason to believe that there are any issues or problems with the preparation or analyzing procedures utilized by ALS.

Drill core samples are subject to Almaden's internal QA/QC program that includes the insertion of analytical standard, blank and duplicate samples into the sample stream. A total of 15 QA/QC samples are present in every 100 samples sent to the laboratory.

QA/QC sample results are reviewed following receipt of each analytical batch. QA/QC samples falling outside established limits are flagged and subject to review and possibly re-analysis, along with the ten (10) preceding and succeeding samples (prior to August 7, 2012, a total of five samples preceding and five samples succeeding the reviewable QA/QC sample have been re-analyzed). Where the re-analyses fall within acceptable QA/QC limits the values are added to the drill core assay database. Summary results of Almaden's internal QA/QC procedures are presented below.

In Mr. Raffle's opinion, Almaden's QA/QC procedures are reasonable for this type of deposit and the current level of exploration. A total of 14,731 QA/QC analytical standard, blank and duplicate samples have been submitted for analysis. Based on the results of the QA/QC sampling summarized below, the analytical data is considered to be accurate; the analytical sampling is considered to be representative of the drill sample, and the analytical data to be free from contamination. The analytical data is suitable for inclusion into a mineral resource estimate.

Analytical Standards

A total of 19 different analytical standards have been used on the Ixtaca Project. Since November 13, 2012 and drillhole TU-12-221 (the end of the Maiden resource estimate cut-off), nine (9) different analytical

standards have been used and are the basis for the section herein. Please refer to the 2013 Almaden NI 43-101 (Raffle et al. 2013) report for a detailed discussion of the previously used standards.

Each standard has an accepted gold and silver concentration as well as known “between laboratory” standard deviations, or expected variability, associated with each standard. The standards include seven multi-element gold-silver standards with accepted values ranging from 0.564 to 3.88g/t Au, and 14.4 to 152.0g/t Ag. One analytical standard for every 20 samples (5%) is inserted into the sample stream at the ‘05’, ‘25’, ‘45’, ‘65’ and ‘85’ positions.

Between 2010 and 2013 Almaden employed two separate criteria by which standards have been assigned “pass” or “reviewable” status.

Up to drillhole TU-12-130 a reviewable standard had been defined as any standard occurring within a reported mineralized interval returning greater than three (3) standard deviations (3SD) above the accepted value for gold or silver. Beginning with drillhole TU-12-131, a reviewable standard is now defined as any standard occurring anywhere in a drillhole returning >3SD above or below the accepted value for gold or silver. In addition, two standards analyzed consecutively returning values >2SD above or below the accepted value for the same element (gold or silver) are classified as reviewable.

All standard samples returning gold or silver values outside the established criteria are reviewed. A decision to conduct reanalysis of samples surrounding the reviewable standard is based on whether the standard returned a value above or below the accepted value (low, or slightly high >3SD values are allowed after data review) or if it occurred within a reported interval (>3SD values are allowed outside of reported intervals) Prior to August 7, 2012, when a reviewable standard has been recognized the five preceding and five succeeding samples, in addition to the standard have been subject to review and possibly re-analysis. After August 7, 2012 when a reviewable standard is recognized, the ten preceding and ten succeeding samples, in addition to the standard is subject to review and possibly re-analysis. The results of re-analysis are then compared to the original analysis. Provided that no significant systematic increase or decrease in gold and silver values is noted and the re-analyzed standard returned values within the expected limits, the QA/QC concern is considered resolved and the re-analyzed standard value and surrounding reanalyzed samples are added to the drillhole database.

A total of 7,283 analytical standards have been inserted into the sample stream of 126,382 assays for gold and silver for the 514 drillholes. Of the 7,283 standards, a total of 2,356 have been subject to review criteria in place up to drillhole TU-12-130. Of the remaining 4,490 samples subject to the current review criteria (TU-12-131 and later), 1,708 samples have been included in the maiden mineral resource estimate up to hole TU-12-221 (Raffle et al., 2013). QA/QC results with respect to the remaining 3,219 standards are reported herein (TU-12-222 and later).

Of the 3,219 QA/QC samples inserted into the sample stream since November 13, 2012, a total of 191 (5.9%) have been initially reviewable as a result of two consecutive standards returning >2SD from the accepted value, or a single standard returning >3SD from the accepted value for gold or silver. These standards have been re-analysed and all but nine (9) passed the repeat analysis. Of the nine (9) re-analysis failures, five (5) were outside reported mineralized intervals. Of the remaining four (4) re-analysis failures occurring within reported mineralized intervals, two (2) returned <3SD below the accepted value for Au, and one (1) >3SD above the accepted value for Ag.

Blanks

Local limestone gravel is used for coarse “blank” samples to monitor potential contamination during the sample preparation procedure. One blank for every 20 samples (5%) is inserted into the sample stream at the ‘10’, ‘30’, ‘50’, ‘70’, and ‘90’ positions. Blank samples returning values of greater than 50ppb Au and/or 5ppm Ag are flagged for review.

Prior to August 7, 2012, reviewable blank samples occurring outside a reported mineralized intercept have not been subject to re-analysis. In the event that a blank returned values above the accepted limits for gold or silver (prior to August 7, 2012), the blank and five samples on either side have been re-analyzed. To provide additional confidence, on August 7, 2012, Almaden increased the number of samples re-analyzed to ten samples on either side of the blank in question. The results of re-analysis are then compared to the original analysis. Provided that no significant systematic increase or decrease in gold and silver values is noted and the re-analyzed blank does not return values above the accepted limits; the QA/QC concern is considered resolved and the re-analyzed blank value and surrounding reanalyzed samples are added to the drillhole database.

Of the 3,184 blank samples analyzed since November 13, 2012, a total of 11 blanks have returned assays greater than the accepted values of 50ppb Au and 5ppm Ag. Of these, nine blanks have returned greater than 50ppb Au, and six blanks returned greater than 5ppm Ag. These blanks occurred within mineralized intervals, and as such have been re-assayed. When re-assayed, all blanks except one sample returned values below the accepted values for Au and Ag. The single remaining failed blank sample immediately follows a high grade sample that returned an assay of 5,310ppm Ag and in this case it is reasonable that a certain amount of carryover occurred.

Duplicates

Quartered-core duplicate samples are collected to assess the overall repeatability of individual analytical values. One core duplicate for every 20 samples (5%) is inserted into the sample stream at the '15', '35', '55', '75', and '95' positions. A total of 3,120 quarter-core duplicates have been inserted into the sample stream beginning with drillhole TU-12-222.

As part of their internal QA/QC program, ALS completes routine re-analysis of prep (coarse reject) and pulp duplicates to monitor precision. ALS analyzed a total of 1,031 prep duplicates for gold, and 1,064 for silver. A total of 2,449 pulp duplicates have been analyzed for gold and 1,944 for silver.

Charts showing original versus duplicate quarter-core, prep, and pulp duplicate values for gold and silver show a significant and progressive increase in sample repeatability. Increased repeatability is expected as the level of duplicate sample homogenization increases from low (quarter-core) to moderate (prep) and high (pulp). The data indicates a high level of repeatability for both prep (coarse reject) and pulp duplicates. This is interpreted to indicate a low "nugget" effect with respect to Ixtaca gold and silver analyses. Excluding primary geologic heterogeneity (quarter-core), the data show a homogenous distribution of gold and silver values within Ixtaca drill core.

Independent Audit of Almaden Drillhole Database

Between August 23 and September 26, 2012 and subsequently January 2 and January 21, 2014 APEX Geoscience Ltd. personnel, under the direct supervision of Kristopher J. Raffle, P.Ge., conducted an independent audit of Almaden's drillhole database. The audit included systematic checks of database values for drill collar coordinate, downhole survey, and drill core, analytical standard, duplicate, and blank sample assays against the original field survey files and laboratory certificates. In addition, APEX Geoscience Ltd. conducted a review of the Almaden QA/QC database, summary results of which is presented within Section 11.2 above.

Collar Coordinate and Downhole Survey Databases

A total of 22 diamond drillhole collar locations have been confirmed by Kristopher J. Raffle, P.Ge., following site visits to the Tuligtic Property on October 18, 2011, September 23, 2012 and November 20, 2013. The drill locations have been compared with the Almaden database used in the mineral resource estimate and are deemed to be accurate. In addition, Almaden has provided APEX Geoscience Ltd. with copies of all original down hole survey field records. Original field records for a total of 42 drillholes have

been checked against database values used for the mineral resource estimate. No discrepancies have been found.

Drill Core Assay Database

A total of 126,382 drill core samples exist within the drill database (514 drillholes in total). The database audit consisted of checking 10,885 database gold and silver values against the original ALS analytical certificates. The audit specifically focused on assays within reported mineralized intercepts. No discrepancies have been identified between the original ALS analytical certificates and Almaden's drillhole database values.

Mineral Resource Estimates

The Ixtaca Deposit is an epithermal gold-silver deposit, mostly hosted by veins in limestone and shale basement rocks with a minor component of disseminated mineralisation hosted in overlying volcanic rocks. In this Ixtaca PFS the limestone host rock comprised 82% of the metal produced, volcanic 8% and black shale 10% on a gold-equivalent basis using a 69:1 silver to gold ratio.

On January 31, 2013 Almaden announced a maiden resource on the Ixtaca zone, which was followed by a resource update on January 22, 2014. Since that time 33,618 metres of drilling have been completed in 122 holes, and this data is also included in the mineral resource estimate which has been prepared in accordance with NI 43-101 by Gary Giroux, P.Eng., qualified person under the meaning of NI 43-101, and summarised in the Table 1 below. The data available for the resource estimation consisted of 545 drill holes assayed for gold and silver. Wireframes constraining mineralised domains were constructed based on geologic boundaries defined by mineralisation intensity and host rock type. Higher grade zones occur where there is a greater density of epithermal veining. These higher grade domains have good continuity and are cohesive in nature.

Of the total drill holes, 472 intersected the mineralised solids and were used to make the resource estimate. Capping was completed to reduce the effect of outliers within each domain. Uniform down hole three (3) meter composites were produced for each domain and used to produce semivariograms for each variable. Grades were interpolated into blocks ten (10) by ten (10) by six (6) meters in dimension by ordinary kriging. Specific gravities were determined for each domain from drill core. Estimated blocks were classified as either measured, indicated or inferred based on drill hole density and grade continuity.

Cautionary Note to U.S. Shareholders concerning estimates of Measured and Indicated Resources

This section uses the terms "measured resources" and "indicated resources". We advise U.S. Shareholders that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. **U.S. Shareholders are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to U.S. Shareholders concerning estimates of Inferred Resources

This section uses the term "inferred resources". We advise U.S. Shareholders that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **U.S. Shareholders are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

Table 1- Ixtaca zone NI 43-101 Measured, Indicated and Inferred Mineral Resource Statement with the Base Case 0.3 g/t AuEq Cut-Off highlighted from January 2017 Resource Statement. Also shown are the 0.5, 0.7 and 1.0 g/t AuEq cut-off results. AuEq calculation based average prices of \$1250/oz gold and \$18/oz silver.

MEASURED RESOURCE							
AuEq Cut-off	Tonnes > Cut-off	Grade>Cut-off			Contained Metal x 1,000		
(g/t)	(tonnes)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (ozs)	Ag (ozs)	AuEq (ozs)
0.30	42,450,000	0.57	35.74	1.09	779	48,780	1,482
0.50	30,940,000	0.71	44.39	1.34	701	44,160	1,337
0.70	23,310,000	0.83	52.47	1.59	625	39,320	1,192
1.00	16,430,000	1.01	62.28	1.91	533	32,900	1,006
INDICATED RESOURCE							
AuEq Cut-off	Tonnes > Cut-off	Grade>Cut-off			Contained Metal x 1,000		
(g/t)	(tonnes)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (ozs)	Ag (ozs)	AuEq (ozs)
0.30	83,370,000	0.45	22.54	0.77	1,195	60,410	2,064
0.50	50,220,000	0.60	29.56	1.02	964	47,730	1,650
0.70	32,280,000	0.75	35.72	1.26	776	37,070	1,311
1.00	18,260,000	0.97	43.47	1.59	568	25,520	936
INFERRED RESOURCE							
AuEq Cut-off	Tonnes > Cut-off	Grade>Cut-off			Contained Metal x 1,000		
(g/t)	(tonnes)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (ozs)	Ag (ozs)	AuEq (ozs)
0.30	47,050,000	0.30	19.15	0.58	457	28,970	874
0.50	19,860,000	0.45	27.31	0.85	288	17,440	540
0.70	10,260,000	0.61	32.98	1.09	202	10,880	359
1.00	4,430,000	0.88	38.50	1.43	125	5,480	204

- This mineral resource estimate was prepared by Gary Giroux, P.Eng. in accordance with NI 43-101, with an effective date of January 17, 2017.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- The estimate of mineral resources may be materially affected by environmental, permitting, legal or other relevant issues. The mineral resources have been classified according to the CIM Definition Standards for mineral resources and mineral reserves in effect as of the date of this news release.
- All figures were rounded to reflect the relative accuracy of the estimates.
- Metal assays were capped where appropriate.

Mineral Reserve Estimate

The Ixtaca PFS describes the mineral reserve estimation methodology and summarizes the key assumptions used, and to which this estimate is subject. The qualified person responsible for the Mineral Reserve is Jesse Aarsen, P.Eng., of Moose Mountain Technical Services. The mineral reserve is a subset of the mineral resource comprising only measured and indicated mineral resource blocks that contribute positive economic value and that are planned for processing during the life-of-mine plan.

Table 2 – Mineral Reserves

	Tonnes	Diluted Average Grades		Contained Metal	
		(millions)	Au (g/t)	Ag (g/t)	Au - '000 ozs
Proven	28.4	0.68	45.0	623	41,032
Probable	36.8	0.57	32.0	669	37,793
TOTAL	65.1	0.62	37.7	1,292	78,825

Notes to Mineral Reserve table:

- Mineral reserves have an effective date of March 30, 2017. All mineral reserves in this table are proven and probable mineral reserves. The mineral reserves are not in addition to the mineral resources, but are a subset thereof. All mineral reserves stated above account for mining loss and dilution.
- Associated metallurgical recoveries (gold and silver, respectively) have been estimated as 90% and 90% for limestone, 50% and 90% for volcanic, 50% and 90% for black shale.
- Reserves are based on a US\$1,250/oz gold price, US\$18/oz silver price and an exchange rate of US\$1.00:MXP20.00.
- Reserves are converted from resources through the process of pit optimization, pit design, production schedule and supported by a positive cash flow model.
- Rounding as required by reporting guidelines may result in summation differences.

Mining Operations, Exploration and Development

Pre-Feasibility Study

On April 3, 2017, Almaden announced results of the Ixtaca PFS and resource update prepared in accordance with NI 43-101 for its 100% owned Ixtaca Deposit, located in Puebla State, Mexico.

Highlights of the Ixtaca PFS are summarized below (all values shown are in US Dollars).

IXTACA PFS UPDATE HIGHLIGHTS (all values shown are in \$US; base case uses \$1250/oz gold and \$18/oz silver prices):

- Pre-tax net present value (“NPV”) (5%) of \$484 million and internal rate of return of 54%;
- After-tax NPV(5%) of \$310 million and internal rate of return of 41%;
- Initial capital of \$117 million;
- After-tax payback of initial capital in 2.2 years;
- Total life of mine (“LOM”) production of 1.04 million ounces of gold and 70.9 million ounces of silver doré produced on site (2.07 million gold equivalent ounces, or 143 million silver-equivalent ounces at a 69:1 silver to gold ratio);
- Average annual production over the first nine (9) years of 88,780 ounces gold and 5.47 million ounces silver (168,100 gold equivalent ounces, or 11.6 million silver equivalent ounces);
- Operating cost \$706 per gold equivalent ounce, or \$10.20 per silver equivalent ounce;
- All-in sustaining costs, including operating costs, sustaining capital, expansion capital, private and public royalties, refining and transport of \$862 per gold equivalent ounce, or \$12.50 per silver equivalent ounce;
- Proven and probable minerals reserves of 65 million tonnes averaging 0.62 g/t gold and 37.8 g/t silver (average head grade of 1.16 g/t gold equivalent using a 69:1 silver to gold ratio).

The Ixtaca PFS was based on the NI 43-101 updated resource estimate which was also announced by Almaden on April 3, 2017.

Mining under the proposed production plan

The Ixtaca Project in the Ixtaca PFS is planned as an open pit mining operation using contractor mining with initial production in 2019 at a mill feed rate of 7,650 tonnes per day during Years 1-4 and a ramp up to 15,300 tonnes per day from Year 5 onwards.

Estimated mining inventory is comprised of 326 million tonnes of rock and 65 million tonnes of mill feed with an average mill feed grade of 0.62 grams per tonne gold and 37.7 grams per tonne silver. A total of 1.04 million ounces of gold and 70.9 million ounces of silver would be produced over the 14 year mine life.

The ultimate open pit is separated into seven mining phases. The mine plan consists of one year of pre-stripping (prior to ore processing start-up), and fourteen years of open pit mining. Stockpile reclaim will be fed to the processing facility throughout the mine life. All open pit ore and reclaimed stockpile material will be fed to a primary crusher near the pit rim and transported to the processing facility on an overland conveyor.

Processing

The Ixtaca PFS incorporates the Rock Creek process plant which was optioned by Almaden in October, 2015. The plant will operate initially at an average throughput of 7,650 tpd and expanding to 15,300 tpd by year 5, producing gold and silver doré on site. The process plant includes the following key design criteria:

- Three-stage crushing followed by grinding to P80 passing 75 microns;
- Gravity concentration with intensive leaching of gravity concentrate;
- Flotation of gravity concentration tails;
- Carbon-in-Pulp to recover gold and silver from flotation concentrate and gravity leach tails;
- An elution circuit to strip loaded carbon, electrowinning and smelting to produce a precious metal doré;
- Cyanide destruction;
- Final tailings are thickened, then delivered to the tailings management facility.

Projected Production and Processing Summary

Ore Reserves	65 million tonnes	
Average Processing Rate	7,650 tpd Year 1 to 4, 15,300 tpd Year 5 onwards	
LOM Strip Ratio	5 : 1	
	Gold	Silver
Average Mill Feed Grade	0.62 g/t	37.7 g/t
Average Process Recoveries	81%	90%
Average Annual Production LOM (ounces)	78,100	5,290,000
Total Production (ounces)	1,043,000	70,932,000

Capital and Operating Costs

The total estimated initial capital cost for the Ixtaca Project is US\$116.9 million and sustaining capital (including expansion capital) is US\$119.7 million over the LOM. The estimated expansion capital of US\$72.1 million will be funded from cashflow. The estimated LOM operating costs are US\$22.5 per tonne mill feed.

The following tables summarize the cost components:

Initial Capital Costs (US\$ Millions)

Mining	\$12.1
Process	\$35.6
Tailings Management Facility (TMF)	\$11.7
Water Management	\$5.4
Onsite Infrastructure	\$7.6
Offsite Infrastructure	\$7.8
Environmental	\$1.8
Indirects, EPCM, Contingency and Owner's Costs	\$34.9
Total	\$116.9

Expansion Capital Costs (US\$ millions)

Mining	\$1.3
Process	\$35.4
Infrastructure	\$12.2
TMF and Water Management	\$3.4
Indirects, EPCM, Contingency and Owner's Costs	\$19.7
Total	\$72.1

LOM Average Operating Costs (US\$)

Mining costs	\$1.70	\$/tonne mined
Mining costs	\$10.0	\$/tonne milled
Processing	\$11.6	\$/tonne milled
G&A	\$0.8	\$/tonne milled
Total	\$22.5	\$/tonne milled

Economic Results and Sensitivities

A summary of financial outcomes comparing base case metal prices to two alternative metal price situations is presented below. The Ixtaca PFS base case prices are derived from a combination of spot prices and current common peer usage, while the alternate cases consider the Ixtaca Project's economic outcomes at varying prices witnessed at some point over the three years prior to this study.

Summary of Ixtaca Economic Results and Sensitivities to Precious Metal Prices (US\$ Million)

	Lower Case		Base Case		Upper Case	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Gold Price (US\$/oz)	\$1150		\$1250		\$1350	
Silver Price (US\$/oz)	\$15		\$18		\$21	
NPV (5% discount rate)	\$275	\$175	\$484	\$310	\$693	\$443
Internal Rate of Return (%)	38%	28%	54%	41%	70%	52%
Payback (years)	2.4	2.6	2.0	2.2	1.6	1.9

The operating costs are projected to be US\$22.5 per tonne milled. The following table shows the sensitivity of project economics to a 10% change in the operating costs, assuming base case metals prices.

Summary of Ixtaca Economic Results and Sensitivities to Operating Costs (US\$ million)

	Lower Case		Base Case		Upper Case	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Operating costs (US\$/t milled)	-10%		\$22.5/t		+10%	
NPV (5% discount rate)	\$581	\$372	\$484	\$310	\$386	\$248
Internal Rate of Return (%)	61%	46%	54%	41%	48%	35%
Payback (years)	1.9	2.1	2.0	2.2	2.1	2.3

The Ixtaca Project is also sensitive to the exchange rate between U.S. dollars and Mexican Pesos (“**MXP**”). The Ixtaca PFS assumes an exchange rate of 20.00 MXP per U.S. dollar, and the following table shows the sensitivity of project economics to different exchange rates assuming base case metals prices.

Summary of Ixtaca Economic Results and Sensitivities to Exchange Rates (US\$ million)

	Lower Case		Base Case		Upper Case	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Exchange Rate (MXP:USD)	18.00		20.00		22.00	
NPV (5% discount rate)	\$380	\$243	\$484	\$310	\$569	\$364
Internal Rate of Return (%)	47%	35%	54%	41%	60%	45%
Payback (years)	2.1	2.3	2.0	2.2	1.9	2.1

Enhancement Opportunities

Following review of the resource report and Ixtaca PFS, Almaden intends to explore the possibility of further Ixtaca Project enhancements in the following areas:

- Almaden will be conducting further drilling in areas internal to and within close proximity of the Ixtaca PFS pit. The focus of drilling will be to add additional resources which could be mined either by open pit or underground methods for inclusion in future engineering studies;
- The key limestone unit accounts for 99% of total gold equivalent ounces in the first three (3) years of production and 82% of total gold equivalent ounces produced over the life of mine. Metallurgical recoveries on the key limestone unit are indicated to be 90% for gold and 90% for silver. Metal recoveries within the black shale unit, which currently accounts for approximately 10% of total gold equivalent ounces produced in this Ixtaca PFS, are indicated to be 50% for gold and 90% for silver based on preliminary testing. The black shale unit will be a focus of future work as a number of potential avenues to improve gold recovery have not yet been explored.

Exploration Opportunities

The Ixtaca Deposit is one of several exploration targets on the wholly owned Tuligtic Property. The Tuligtic Property covers an area of high level epithermal clay alteration. The Ixtaca Project area is partially covered by volcanic ash deposits which mask underlying alteration, potential vein zones and associated soil responses. In areas devoid of this covering ash, soil sampling has defined several distinct zones of elevated gold and silver values and trace elements typically associated with epithermal vein systems. The Ixtaca zone is one of the largest areas of gold/silver soil response but it is also one of the areas with the least ash cover on the Ixtaca Project. Management believes that the other altered and geochemically anomalous areas could represent additional zones of underlying quartz-carbonate epithermal veining like the Ixtaca zone.

The potential quantity and grade of these exploration targets is conceptual in nature. There has been insufficient exploration and/or study to define these exploration targets as a Mineral Resource. It is uncertain if additional exploration will result in these exploration targets being delineated as a Mineral Resource. The potential quantity and grade of these exploration targets has not been used in the Ixtaca PFS.

Recent Developments

Since completion of the Ixtaca PFS, Almaden has continued collecting the data necessary for a Feasibility Study on Ixtaca. Work of note includes continued geotechnical drilling as well as the collection of additional samples for Feasibility-level metallurgical work.

Almaden is also in the final stage of preparing an Environmental Impact Assessment (Manifiesto de Impacto Ambiental) for Ixtaca and expects to submit the MIA this year.

Exploration drilling within the Ixtaca PFS pit area also continues. On August 23, 2017, Almaden announced results of drillhole TU-17-504 which intersected significant mineralisation in an upper portion of the Ixtaca PFS pit which was modelled as waste material in the Ixtaca PFS (74.5 meters grading 0.66 g/t Au and 45.1 g/t Ag). This hole also further demonstrated the potential for high grade veins deeper within the Ixtaca North zone, with the deeper highlights including 10.5m grading 3.54 g/t Au and 306.9 g/t Ag, and 0.70m grading 22.30 g/t Au and 2,600 g/t Ag. Subsequent holes in this area have intersected new and significant mineralisation in an upper portion of the Ixtaca PFS pit which was modelled as waste material in the Ixtaca PFS.

As disclosed in a press release dated March 21, 2018, Almaden has selected a team of independent engineers including SRK Consulting (U.S.), Inc. (SRK) and Moose Mountain Technical Services to lead a Feasibility Study.

Various programs currently underway include:

- A resource model update to include new drill hole data;
- Metallurgical test work to:
 - demonstrate repeatability of metallurgical performance;
 - test opportunities to further improve metallurgical performance;
- Process and Infrastructure FS engineering design;
- Mine planning and production optimization studies;
- Further disassembly of the Rock Creek processing plant to accelerate preparations for moving the plant to the Ixtaca site;
- Construction and commissioning project management planning;
- Geotechnical site investigation work; and
- Water management studies.

Non-Material Royalties

Mexican Royalties

The following table lists Mexican non-material royalties Almadex has transferred to Spinco.

<u>Asset</u>	<u>Operator</u>	<u>Interest and %</u>
Caballo Blanco – Veracruz State	Candelaria Mining Corp.	1.5% NSR
El Fuego Project – Oaxaca State	Gold Resource Corp.	2% NSR
Cerro Colorado Claim – Oaxaca State	Gold Resource Corp.	2% NSR
La Bufa Project – Chihuahua State	Endeavour Silver Corp.	2% NSR
El Cobre – Veracruz State	Almadex Minerals Limited	1.75% NSR
El Encuentro – Sinaloa State	McEwen Mining Inc.	2% NSR
Los Venados – Sonora State	Aloro Mining Corp.	2% NSR

Caballo Blanco

Spinco owns, indirectly through Gavilán, a 1.5% NSR royalty on the Caballo Blanco project, which is 100% owned by Candelaria Mining Corp. The Caballo Blanco project is located on the eastern coast of Mexico in the state of Veracruz, 65 kilometers northwest of the city of Veracruz.

In April 2017, Candelaria Mining Corp. published an updated NI 43-101 compliant resource incorporating 55 additional drill holes completed since the last mineral resources estimate. Using a cut-off of 0.11 g/t Au defined indicated resources of 31.2 million tonnes grading 0.52 g/t Au, and inferred resources of 8.6 million tonnes grading 0.34 g/t Au.

In June 2017, Candelaria Mining Corp. announced a \$9.7 million investment by Agnico Eagle to fund the advancement and exploration of Caballo Blanco. However, in October 2017, Candelaria Mining Corp. announced that due to the political climate and upcoming elections, it had decided to retract its environmental permit for the Caballo Blanco project.

El Fuego (2% NSR)

The El Fuego project is 100% owned by Gold Resource Corp. (NYSE American: GORO) and is located in Oaxaca State, Mexico and it is road accessible. The El Fuego project is located roughly 20 kilometers from Gold Resource Corp.'s operating Arista gold silver mine. The El Fuego project is prospective for epithermal style gold and silver deposits. Past work includes surface sampling, geophysics and drilling. As yet no resource has been defined.

Cerro Colorado (2% NSR)

The Cerro Colorado claim is 100% owned by Gold Resource Corp. and is located in Oaxaca State, Mexico. The claim forms part of Gold Resource Corp.'s El Chamizo project and is located roughly 20 kilometers from Gold Resource Corp.'s operating Arista gold silver mine. The Cerro Colorado project is prospective for epithermal style gold and silver deposits. Past work includes surface sampling, geophysics and drilling. As yet no resource has been defined.

La Bufa (2% NSR)

The La Bufa project is 100% owned by Endeavour Silver Corp. (TSX-V: EDR) and is located adjacent to Endeavour Silver Corp.'s existing exploration properties in the Guadalupe y Calvo gold-silver district, Chihuahua, Mexico. Past work includes surface sampling, mapping and drilling. The La Bufa claim covers 2,311 hectares and surrounds the El Rosario historic mine owned by Endeavour Silver Corp. and is in turn surrounded by additional Endeavour Silver Corp. properties. As yet no resource has been defined on the La Bufa property.

El Cobre (1.75% NSR)

The El Cobre project is 100% owned by Almadex. The El Cobre project has a total area of approximately 7,300 hectares and is located adjacent to the Gulf of Mexico, about 75 kilometers northwest of the city of Veracruz, Mexico. There are four copper-gold porphyry targets currently known within the El Cobre Project: Villa Rica (Raya Tembrillo), Norte, Encinal, and El Porvenir, defined by distinct Cu-Au soil anomalies, discrete positive magnetic features and a large IP chargeability anomaly. The largest target area is the Villa Rica zone. First pass drilling at the Villa Rica (Raya Tembrillo) target in 2017 intersected a chalcocite dominant enriched copper zone right from surface as well as hypogene mineralisation at depth. At this time the extent and orientation of both the hypogene and enriched mineralisation are not understood. Further drilling in the area is planned.

Limited past RC and diamond drill testing at the Encinal, El Porvenir, and Norte targets has returned wide intercepts of porphyry copper-gold and narrow zones of intermediate sulphidation epithermal gold-silver vein mineralization, with selected intercepts as follows:

El Porvenir Zone: Drilling has demonstrated that the system persists at least to 400 m depth. Significant copper and gold grades were intersected such as 0.16% Cu and 0.39 g/t Au over 290 m in hole DDH04CB1. In addition, hole EC-13-004 intersected 0.23% Cu and 0.36 g/t Au over 106 m, to a depth of 504 m, again indicating potentially significant mineralization at depth. Drilling at the El Porvenir zone is currently underway. On December 5, 2017, Almadex announced results for holes 040 and 042, the first holes drilled on this target since 2013. Intercepts included 108.00 meters grading 0.88 g/t Au and 0.29% Cu, and 80.00 meters grading 1.11 g/t Au and 0.36% Cu (EC-17-040).

Encinal Zone: Hole CB5 intersected a highly altered breccia pipe containing fragments of stockwork veining and porphyry mineralisation across which 18.28 meters returned 1.42 g/t Au and 0.10% Cu. The breccia pipe occurs in a large alteration zone, IP chargeability high and magnetics low which has not been tested to depth. On June 19, 2017 Almadex announced that a new area of exposed stockwork quartz veining and gold mineralisation had been identified in the Encinal zone. On June 29, 2017 Almadex announced the results of initial drilling on this exposed stockwork (Hole EC-17-025) which returned results including 34.47 meters grading 0.73 g/t Au and 0.20% Cu.

Norte Zone: All five holes drilled in the Norte zone prior to 2016 intersected porphyry-style mineralization. Hole 08-CBCN-022, one of the deepest holes drilled at Norte in 2008, returned values of 0.14% Cu with 0.19 g/t Au over 259 m and 08-CBCN-19 intersected 41.15 meters averaging 0.42 g/t gold and 0.27% copper to the end of the hole at 187.45 meters. Drilling at the Norte zone in 2016 and 2017 has resulted in the highest grade intersections to date at the El Cobre project, including 114.60 meters grading 1.33 g/t Au and 0.48% Cu (Hole EC-17-018, see press release of April 5, 2017), 80.50 meters grading 1.34 g/t Au and 0.46% Cu (Hole EC-16-012, see press release of October 24, 2016), 70.45 meters grading 2.32 g/t Au and 0.59% Cu (Hole EC-17-026, see press release of July 25, 2017), and 534.90 meters grading 0.90 g/t Au and 0.30% Cu (Hole EC-17-029, see press release of August 15, 2017). Since the Norte zone discovery, Almadex has been carrying out a systematic drill campaign to define this target. Future Norte drilling will focus on defining the high grade zone now emerging from the Norte drill program.

El Encuentro (2% NSR)

The El Encuentro project is 100% owned by McEwen Mining Inc. The El Encuentro project is located approximately ten (10) kilometers from McEwen Mining Inc.'s operating El Gallo gold and silver mine in Sinaloa State, Mexico. The claims making up the project cover an area of hydrothermal alteration and gold and silver mineralization. Significant gold and silver surface sample results were returned from trench sampling in 1996.

Los Venados (2% NSR)

On November 29, 2016, Almadex announced it had signed a definitive agreement to option all of its interest in the Los Venados project to Aloro Mining Corp. (TSX-V: AORO, formerly Wolverine Minerals Corp.). Under the agreement, Wolverine Minerals Corp. agreed to drill a minimum 1,000 meters by the second anniversary date of approval of the agreement by the TSX-V as part of the total required project expenditures of a minimum of US\$500,000 by the third anniversary of the approval of the agreement by the TSX-V. Los Venados lies within the emerging Mulatos gold mining district of high sulphidation epithermal gold deposits. Almadex had completed rock and soil sampling, which included 229 samples, and an 8.6 line-kilometres IP survey which identified geophysical targets coincident with the soil and alteration anomalies. Almadex had also signed surface agreements and received full SEMARNAT environmental approval for a drill program.

Canadian Royalties

The following table lists non-material Canadian royalties Almadex has transferred to Spinco.

Asset	Operator	Interest and %
Elk – British Columbia	Equinox Gold Corp.	2% NSR
MOR Property – Yukon	Alianza Minerals Ltd.	2% NSR
Goz Creek Property - Yukon	Alianza Minerals Ltd.	2% NSR
Tim Property - Yukon	Alianza Minerals Ltd.	2% NSR
Prospector Mountain Property – Yukon	Alianza Minerals Ltd.	2% NSR
Ram Gold Property – Yukon	Long & Associates	2% NSR
Prospect Valley Gold Property – British Columbia	Westhaven Ventures Inc.	2% NSR

<u>Asset</u>	<u>Operator</u>	<u>Interest and %</u>
Dill Property – British Columbia	Francis LaRoche and Michael Adam	2% NSR
Skoonka Creek – British Columbia	Westhaven Minerals	2% NSR

Elk (2% NSR)

Spinco owns a 2% NSR royalty on the Elk project, which is 100% owned by Equinox Gold Corp. (TSX-V: EQX) and located near Merritt, B.C., within the Similkameen Mining District. The Elk project consists of 27 contiguous mineral claims and one mining lease covering 16,566 hectares.

According to Equinox Gold Corp.'s management discussion and analysis of financial condition and the results of operations as at September 30, 2017, which has been filed on SEDAR, approximately 51,500 ounces of gold were produced between 1992 and 1995 from a test pit and underground mining exploration. A total of 6,597 tonnes of mineralized material with an average grade of 16.7 grams per tonne gold was extracted from a bulk sample pit, for a total production of 3,696 troy ounces of gold in 2014. Thus far, 6,710 tonnes have been removed, leaving a permitted allowance of 4,290 tonnes of mineralized material.

MOR (2% NSR)

The MOR property is owned by Alianza Minerals Ltd. and is located 35 kilometers east of Teslin, Yukon, and 1.5 kilometers north of the paved, all weather Alaska Highway. A planned hydro-electric generating station is sited three kilometers southwest of the MOR property. The port of Skagway lies 295 kilometers southwest of the MOR property by road. The MOR property covers geology prospective for base and precious metal volcanogenic massive sulphide style deposits. The stratigraphy is believed to be part of the Yukon-Tanana-Terrane, having similarities to the Finlayson Lake District which hosts several significant VMS deposits including Wolverine and Kud Ze Kayah. Past work includes surface sampling, geophysics and drilling. As yet no resource has been defined.

Goz Creek (2% NSR)

The Goz Creek property is owned by Alianza Minerals Ltd. and consists of 90 mineral claims located 180 kilometers northeast of Mayo, Yukon. The Goz Creek property covers an area of Lower Cambrian carbonate rocks that host Mississippi Valley Type mineralization.

Tim (2% NSR)

The Tim property is owned by Alianza Minerals Ltd. and consists of mineral claims located 72 kilometers west of Watson Lake, Yukon and 12 kilometers northeast of the Silvertip deposit. The Tim property is accessible by road. The Tim property claims cover an area of anomalous silver-lead-zinc in soil geochemistry. Trenching in 1988 by Cordilleran Engineering uncovered silver, lead, zinc bearing iron and manganese oxides over widths of up to 30 m over a strike length of one kilometer. The Tim property has the potential to host a carbonate replacement - manto style deposit, similar in nature to the nearby Silvertip/Midway deposit, owned by Coeur Mining, Inc. As yet no resource has been defined.

Prospector Mountain (2% NSR)

The Prospector Mountain property is owned by Alianza Minerals Ltd. and covers an area prospective for epithermal gold silver and porphyry copper gold mineralization the Prospector Mountain project is located 90 kilometers northwest of Carmacks, Yukon. Past work includes surface sampling, geophysics and drilling. As yet no resource has been defined.

Ram (2% NSR)

The Ram property is owned by Long & Associates and is located within the Tintina gold belt, approximately 75 kilometers south of Ross River in the Yukon. The Ram property consists of mineral claims covering an area prospective for gold and is road accessible. Past work includes surface sampling, geophysics and drilling. As yet no resource has been defined.

Prospect Valley (2% NSR)

The Prospect Valley property is 100% owned by Westhaven Ventures Inc. (TSX-V: WHN) and is road-accessible from Merritt, B.C. It is situated in the Spences Bridge Gold Belt. The Prospect Valley property covers an area prospective for controlled epithermal gold and silver deposits. Past work includes surface sampling, geophysics and diamond drilling. NI 43-101 mineral resource estimates were calculated on two of these gold prospects, the North Discovery zone and South Discovery zone. The North and South Discovery zones host a combined inferred mineral resource estimated at 166,000 ounces gold grading 0.511 g/t gold in 10,077,000 metric tonnes above a cut-off grade of 0.30g/t gold. The zones remain open for expansion in all directions with a still open central target zone stretching over three kilometers in length. The potential quantity and grade of these exploration targets are conceptual in nature. There has been insufficient exploration and/or study to define these exploration targets as a mineral resource. It is uncertain if additional exploration will result in these exploration targets being delineated as a mineral resource. The Prospect Valley property is host to a number of other gold prospects not yet drilled. Mineralogical and alteration studies indicate potential for a high grade mineral system at depth.

Dill (2% NSR)

The Dill project is 100% owned by Francis LaRoche and Michael Adam. The 400-hectare, road-accessible Dill property is located 47 kilometres southeast of Merritt in southern B.C., approximately 45 kilometers north of the Copper Mountain mine, owned by Copper Mountain Mining Corp.

Skoonka Creek (2% NSR)

The Skoonka Creek property is 100% owned by Westhaven Ventures Inc. (TSX-V: WHN). The Skoonka Creek property is situated near the northern end of the Spences Bridge Gold Belt in British Columbia. The property is approximately 15 kilometers from the Trans-Canada Highway and the CPR Railway Line and 12 kilometers east of Lytton, British Columbia. Past work includes prospective mapping, soil sampling, geophysics and diamond drilling.

US Royalties

The following table lists US royalties Almadex has transferred to Spinco.

<u>Asset</u>	<u>Operator</u>	<u>Interest and %</u>
BP Property – Nevada	Alianza Minerals Ltd.	2% NSR

BP (2% NSR)

The road-accessible BP property is 100% owned by Alianza Minerals Ltd. and located on the Carlin Trend between the Rain Mine and the Bald Mountain Mine. The BP project is prospective for gold and features Carlin-style pathfinder elements and geological settings believed to be supportive of this model. Past work includes surface mapping and sampling. As yet no resource has been defined.

SELECTED PRO FORMA FINANCIAL INFORMATION

Spinco has not completed a financial year and has not yet conducted any business. The following is a summary of certain financial information on a pro forma basis for Spinco as at December 31, 2016 assuming

completion of the Plan of Arrangement and should be read in conjunction with the Pro Forma Financial Statements of Spinco attached as Schedule “F” to this Information Circular.

	As at September 30, 2017	
	Actual	Pro Forma As Adjusted
Cash and cash equivalents	\$100	\$6,259,529
Accounts receivable and prepaid expenses	0	150,961
Marketable securities.....	0	8,693,406
Other assets	0	1,395,803
Total assets	\$100	\$16,499,699
Current liabilities	\$0	18,637
Shareholders’ equity	\$100	16,481,062
Total liabilities and shareholders’ equity	\$100	\$16,499,699

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

Background

Spinco is an exploration stage company engaged in the acquisition, exploration and development of mineral properties focused in Canada, the United States and Mexico with the aim of developing them to a stage where can be exploited at a profit or where joint ventures may be arranged whereby other companies provide funding for development and exploration.

Company Mission and Focus

Spinco is focused on exploration efforts in Mexico, United States and Canada, seeking to identify new projects through early stage grassroots exploration and managing risk by forming joint ventures in which partner companies explore and develop such projects in return for the right to earn an interest in them. Through this means, Spinco endeavours to expose its shareholders to discovery and capital gain without as much funding and consequent share dilution as would be required if Spinco were to have developed all these projects without a partner. Spinco will advance projects further when they are considered of such merit that the risk/reward ratio favors this approach. If a property has been optioned out with unsatisfactory results but it is considered by Spinco to still have merit, Spinco may do more work to demonstrate further.

Spinco’s intention going forward is to expand this business model, described by some as prospect generation, by more aggressively exploring several of its projects before seeking partners for them. In this way, Spinco expects to attract stronger partners for options and joint ventures. Because Spinco has the technical capability to conduct its own geological and geochemical surveys and owns its own geophysical and drilling equipment, it is in a position to quickly eliminate and absorb the cost of projects that fail to show promise after initial testing and expects to negotiate better deals for the few that deliver good results. In addition, Spinco will manage its interest in the NSR royalties, the marketable securities and the Gold Inventory acquired from Almadex. Spinco’s future business is likely to include the acquisition, through staking activity or otherwise, of additional mineral assets and Spinco therefore anticipates that its directly held mineral property and royalty portfolio will evolve with the business.

Overall Performance

Below is a discussion of overall performance, results of operations, financial operations and cash flows. See also “*Information Regarding Almadex Minerals Limited – Post Closing - Description of Business*”.

Recent Developments

On February 26, 2018, Almadex announced its intention to reorganize its business by transferring the Transferred Assets to Spinco. Pursuant to the Plan of Arrangement, Almadex Shareholders will receive shares in Spinco in proportion to their shareholdings in Almadex.

On March 1, 2018, Almadex announced a non-brokered private placement financing of 4,000,000 Almadex Shares and 1,999,995 non-transferrable common share purchase warrants, which closed on March 27, 2018 and raised \$5,600,000. Each non-transferrable common share purchase warrant entitles the holder thereof to purchase one Almadex Share at a price of \$2.00 per Almadex Share for a period of two (2) years. All participants in this private placement are shareholders as of the Record Date and can vote on the Arrangement.

Annual MD&A – Spinco

Selected Financial Data

	As at date of incorporation February 26, 2018
Total revenue	\$Nil
Net loss for the year	\$Nil
Loss per share	\$Nil
Total assets	\$100
Total long term liabilities	\$Nil

Results of Operations

Spinco was incorporated on February 26, 2018 under the laws of the Province of British Columbia as a wholly-owned subsidiary of Almadex. Spinco has no activities since incorporation and thus the results of operations were deemed not meaningful for discussion purposes.

Annual Carve-Out MD&A

This MD&A of Almadex Carve-Out (“**Carve-Out Entity**”) has been prepared by management as of April 6, 2018 and should be read in conjunction with the audited Carve-Out Entity combined financial statements and related notes thereto of the Carve-Out Entity for the year ended December 31, 2016 and 2015, which were prepared in accordance with IFRS. All dollars figures are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Carve-Out Entity disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Description of Business

The Carve-Out Entity is an exploration stage entity that is engaged directly in the exploration and development of exploration and evaluation properties in Canada, US and Mexico. The address of the Carve-Out Entity’s registered office is Suite 210-1333 Johnston Street, Vancouver, British Columbia V6H 3R9.

The Carve-Out Entity is in the business of exploring and developing new mineral projects and has not yet determined whether these projects are economically recoverable mineral reserves. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Carve-Out Entity to obtain the necessary financing or participation of joint venture partners to complete development of the properties and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

Selected Financial Data

	Year ended December 31, 2016	Period from April 10, 2015 to December 31, 2015
Total revenue	\$233,919	\$78,571
Net income (loss) for the year	\$383,858	(\$925,381)
Income (loss) per share	\$Nil	\$Nil
Total assets	\$5,794,800	\$5,241,154
Total long term liabilities	\$Nil	\$Nil

Results of Operations

For the year ended December 31, 2016, the Carve-Out Entity recorded a net income of \$383,858 compared to a net loss of \$925,381 for the period ended December 31, 2015. The increase of \$1,309,239 in net income was primarily the result of increases in Other Income from Gain on Investment in Associate of \$501,660, Gain on Sale of Exploration and Evaluation Assets of \$314,977 and Gain on Sale of Marketable Securities of \$309,167. The Company has no revenues from mining operations as it only conducts exploration work. The revenue of \$233,919 during the year ended December 31, 2016 consisted of interest income of \$8 (2015 - \$60) from cash balances. Other income of \$233,911 (2015 - \$78,511) consist of drilling equipment rental services of \$223,746 to Almaden and geophysical services of \$10,165 performed to third parties.

A significant portion of total expenses of \$1,029,160 during the year ended December 31, 2016 (2015 - \$858,973) were related to general and administrative expenses such as share-based payments of \$108,811 (2015 - \$56,508), professional fees of \$144,963 (2015 - \$83,528), travel and promotion of \$16,952 (2015 - \$9,013) and various other expenses incurred by the Company to review business opportunities and to communicate with shareholders. An administrative services fee of \$128,463 (From August 2015 to December 2015 - \$105,215) was paid to Almaden during the year ended December 31, 2016 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items during the year ended December 31, 2016 included impairment of exploration and evaluation assets of \$466,259 (2015 - \$544,454), share-based payments of \$108,811 (2015 - \$56,508), gain on investment in associates of \$501,660 (2015 loss - \$51,730) and gain on fair value of contingent shares receivable of \$7,200 (2015 loss - \$3,600). Impairment of exploration and evaluation assets fluctuates period to period based on management's evaluation of the carrying value of each exploration and evaluation asset interest held at that time. The share-based payments are recognized on the grant of stock options. The gain on investment in associate relates to the sale of 20 million shares of Gold Mountain and recognition of the equity loss during the year ended December 31, 2016. The contingent shares receivable is based on the fair value of the common shares of Goldgroup Mining Inc. ("**Goldgroup**") held by the Company as at December 31, 2016.

Liquidity and Capital Reserves

At December 31, 2016, the Company had working capital of \$4,401,050, including cash and cash equivalents of \$388,965.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year as many expenditure are considered discretionary

by management. The Company has no material commitments for the next fiscal year. Management has a proven track record to be able to raise money even in a very challenging financial marketplace.

Related Party Transactions

The Carve-Out Entity had related party transactions with Almaden through an administrative services agreement dated May 15, 2015. Almaden provides administration, accounting and other office services (including the furnishing of rent, executive management, marketing support, technical oversight, and financial/corporate secretary duties) to the Carve-Out Entity on a cost-recovery basis.

Management services include Almaden's Chairman, the President and Chief Executive Officer, the Chief Financial Officer and the Vice-President Corporate Development. During the year ended December 31, 2016, the Carve-Out Entity incurred \$90,657 (2015 - \$62,713) of costs associated with the management of the Carve-Out Entity. The cost allocation is on a pro-rata basis of exploration and evaluation activities of Almadex. The cost allocation is applied to the director's fees, salaries, consulting fees and share based compensation.

Financial Instruments

The fair values of the Carve-Out Entity's cash and cash equivalent, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

The Carve-Out Entity's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

(a) Currency risk

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

As at December 31, 2016, the Carve-Out Entity 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	\$ 81,629	\$ 164,626
Accounts receivable and prepaid expenses	-	93,253
Total assets	\$ 81,629	\$ 257,879
Trade and other payables	\$ 2,220	4,599
Total liabilities	\$ 2,220	\$ 4,599
Net assets	\$ 79,409	\$ 253,280

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Carve-Out Entity's net income by \$8,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Carve-Out Entity's net income by \$25,000.

(b) **Credit risk**

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

To mitigate exposure to credit risk on cash and cash equivalents, the Carve-Out Entity 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, 2016, the Carve-Out Entity'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 Carve-Out Entity will not be able to meet its financial obligations as they fall due. The Carve-Out Entity 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 Carve-Out Entity is not exposed to varying interest rates on cash. The Carve-Out Entity has no interest bearing debt.

(e) **Price risk**

(i) *Commodity price risk*

The ability of the Carve-Out Entity to explore its exploration and evaluation assets and the future profitability of the Carve-Out Entity are directly related to the market price of gold and other precious metals. The Carve-Out Entity has not hedged any of its potential future gold sales of the quantities held in investments. The Carve-Out Entity monitors gold prices to determine the appropriate course of action to be taken by the Carve-Out Entity.

A 1% change in the price of gold would affect the fair value of the Carve-Out Entity's gold investment by \$24,500.

(ii) *Equity price risk*

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

(f) **Classification of Financial Instruments**

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

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

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

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

The following table sets forth the Carve-Out Entity's financial assets measured at fair value by level within the fair value hierarchy.

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
2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities and investments	2,562,892	-	-	2,562,892
Contingent shares receivable	-	43,500	-	43,500

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 Carve-Out Entity.

Capital Management

As a separate resource exploration activity, the Carve-Out Entity does not have capital and its equity is a carve-out amount from Almadex's equity. Almadex has no debt and does not expect to enter into debt financing. The Carve-Out Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Carve-Out Entity has no traditional revenue sources aside from interest, and other income (Note 12(b)). Going forward, it must generate funds through the sale or option of its exploration and evaluation assets. The Carve-Out Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral property interests; and/or its ability to borrow or raise additional funds from equity markets.

Critical Accounting Estimates

The preparation of these Carve-Out Entity combined 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 Carve-Out Entity combined financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and

estimates are pervasive throughout the Carve-Out Entity combined 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:

Critical Judgments

- The assessment that the Carve-Out Entity has significant influence over the investment in Gold Mountain Mining Corporation (“**Gold Mountain**”) (Note 7) which results 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 Carve-Out Entity and the intercompany transactions and relationship with Gold Mountain and concluded that significant influence exists.
- The analysis of the functional currency for each entity of the Carve-Out Entity. In concluding that the Canadian dollar is the functional currency of the Carve-Out Entity and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Carve-Out Entity operates. As no single currency was clearly dominant, the Carve-Out Entity also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Estimates

- The recoverability of accounts receivable which is included in the Carve-Out Entity combined statements of financial position.
- The carrying value of investment in associate, and the estimated annual gains or losses from profit or loss and dilution, and the recoverability of the carrying value which is included in the carve-out combined statements of financial position.
- The estimated useful lives of property and equipment which are included in the Carve-Out Entity combined statements of financial position and the related depreciation included in the Carve-Out Entity combined statements of comprehensive income (loss).
- The value of the exploration and evaluation assets which is recorded in the Carve-Out Entity combined statements of financial position.
- The Carve-Out Entity 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 Carve-Out Entity’s control.
- The assessment of indications of impairment of each exploration and evaluation asset and related determination of the net realizable value and write-down of those assets where applicable.
- The estimated fair value of contingent shares receivable in the event that Gold Mountain Mining Corporation achieves some or all of the specified resource and production levels described in Note 8(a).
- 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 8(b).

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 Carve-Out Entity and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Carve-Out Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Carve-Out Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Carve-Out Entity is currently evaluating this standard to determine its impact.

AUTHORIZED AND ISSUED CAPITAL

The authorized capital of Spinco consists of an unlimited number of common shares without par value, of which 100 Spinco Shares are issued and outstanding as of the date of this Information Circular. Immediately prior to 12:01 a.m. (Vancouver time) on the Effective Date, Almadex will own all of the outstanding Spinco Shares.

Assuming an issued capital of 53,728,869 Almadex Shares immediately prior to the completion of the Plan of Arrangement, there will be approximately 53,728,869 Spinco Shares issued and outstanding upon completion of the Plan of Arrangement.

Based on this assumption, there will also be Spinco Replacement Options and Spinco Warrants outstanding upon completion of the Plan of Arrangement exercisable to purchase 3,397,500 and 3,292,395 Spinco Shares, respectively.

The holders of Spinco Shares ("**Spinco Shareholders**") are entitled to one vote for each Spinco Share held on all matters to be voted on by Spinco Shareholders. Spinco Shareholders are entitled to receive such dividends as may be declared by the directors of Spinco out of funds legally available for that purpose. Each Spinco Share is equal to every other Spinco Share and all Spinco Shares participate equally on liquidation or distribution of assets. There are no pre-emptive, redemption, purchase or conversion rights attached to the Spinco Shares.

DIVIDENDS

Spinco has not, since the date of incorporation, declared or paid any dividends on Spinco Shares, and Spinco does not currently have a policy with respect to the payment of dividends.

CONSOLIDATED CAPITALIZATION

The following table sets forth our cash and cash equivalents, and consolidated capitalization, as at the date of this Information Circular. The following table should be read in conjunction with the annual consolidated financial statements of Spinco and the Pro Forma Financial Statements, including the notes thereto, contained elsewhere in this Information Circular.

The pro forma fully diluted capital of Spinco, upon completion of the Arrangement is also set out below.

	As at September 30, 2017	
	Actual	Pro Forma As Adjusted
Shareholders' equity		
Common Shares	100	17,686,213
Accumulated other comprehensive loss	-	-
Deficit	-	(1,205,151)
Total shareholders' equity	<u>\$100</u>	<u>\$16,481,062</u>
Total capitalization	<u>\$100</u>	<u>\$16,481,062</u>

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

As at the date of this Information Circular there are no stock options of Spinco outstanding. The following table shows the number of Spinco Replacement Options that are anticipated to be outstanding upon completion of the Arrangement.

Group	Securities Under Options Granted (#)	Exercise or Base Price of original Almadex Options (\$/Security)⁽²⁾	Market Value of Securities Underlying Spinco Options on the Date of Grant (\$/Security)⁽²⁾	Expiration Date
Directors and executive officers of Spinco ⁽¹⁾	2,599,000	-	-	May 6, 2018 – April 30, 2020
Employees and consultants of Spinco and Spinco's subsidiaries	798,500	-	-	May 6, 2018 – July 2, 2019
Directors, executive officers, employees and consultants of Almadex ⁽³⁾	3,397,500	-	-	May 6, 2018 – April 30, 2020

Notes:

(1) Spinco Replacement Options will be granted to 7 directors and 1 executive officer of Spinco.

(2) The exercise price of original Almadex Options and the market value of securities underlying Spinco Options will be calculated as described below.

(3) Almadex and Spinco will have the same directors, executive officers, employees and consultants on the Effective Date, and a total of 3,397,500 Spinco Replacement Options are anticipated to be granted to this group of persons on the Effective Date.

Approximately 3,397,500 Spinco Replacement Options will be issued on the Effective Date to holders of Almadex Options pursuant to the Plan of Arrangement. Each Spinco Replacement Option will have an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Almadex Option by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Share by the aggregate 20 Day VWAP of an Almadex New Share and the 20 Day VWAP of a Spinco Share, rounded to the nearest whole cent and subject to adjustment.

Stock Option Plan

The Spinco stock option plan (the "**Spinco Option Plan**") was approved by the board of directors of Spinco (the "**Spinco Board**") on March 29, 2018. It is substantially similar to the Almadex's rolling stock option plan dated July 12, 2017 (the "**Almadex Option Plan**"). Under the Spinco Option Plan, options to acquire Spinco Shares ("**Spinco Options**") are authorized to be granted to a maximum of 10% of the issued and outstanding Spinco Shares at the time of the grant.

Under the Spinco Option Plan, eligible participants include:

- (a) an employee, senior officer or director of Spinco or any related company;
- (b) a consultant;
- (c) an issuer, all the voting securities of which are held by persons described in (a) and (b); and
- (d) a management company employee.

A maximum of 5,372,886 Spinco Shares will be issuable under the Spinco Option Plan being 10% of the expected issued and outstanding Spinco Shares as of the Effective Date. A total of 3,397,500 Spinco Replacement Options are expected to be issued under the Spinco Option Plan on the Effective Date pursuant to the Plan of Arrangement. There are, therefore, 3,397,500 Spinco Shares issuable through options available for grant under the Spinco Option Plan, representing 6.3% of the issued and outstanding Spinco Shares as of the Effective Date.

The maximum percentage of Spinco Shares which may be issued to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Spinco Shares calculated on date the Spinco Options are granted. The maximum percentage of Spinco Shares which may be issued to insiders of Spinco (as a group) at any point in time must not exceed 10% of the issued Spinco Shares and in any 12 month period must not exceed 10% of the issued Spinco Shares, calculated on the date the Spinco Option is granted to any insider of Spinco. The Spinco Option Plan contains provisions that limit the number of shares reserved for any one consultant or person providing investor relations activities to 2% of the issued Spinco Shares in any 12 month period. This limitation, as it relates to persons providing investor relations activities, applies only if the Spinco Shares are listed in Canada only on the TSX-V.

The exercise price for the Spinco Options is to be the price per Spinco Share specified in the Spinco Option Plan which cannot be less than the discounted market price (the "**Discounted Market Price**").

Spinco Options granted to consultants performing investor relations activities vest over a 12 month period with no more than 25% of such options so granted vesting in any three month period. The term of any Spinco Option granted under the Spinco Option Plan will generally expire five years following the date of grant period.

Spinco Options will terminate on the earliest of the following:

- (a) **Termination Date** – The termination date specified for such Spinco Option in the Spinco Option Plan;
- (b) **Death of Spinco Optionee** – If the employment of a Spinco Optionee as an employee of, or the services of a consultant providing services to, Spinco or any related company, or the employment of a Spinco Optionee as a management company employee, or the position of the Spinco Optionee as a director or senior officer of Spinco or any related company, terminates as a result of such Spinco Optionee's death, any Spinco Options held by such Spinco Optionee shall pass to the qualified successor of the Spinco Optionee and shall be exercisable by such qualified successor until the earlier of a period of twelve months following the date of such death and the expiry of the term of the Spinco Option;
- (c) **Cessation of Employment** – Upon a Spinco Optionee's employment with Spinco being terminated for cause, any option not exercised terminates immediately. If a Spinco Optionee is a director and is removed from office, any option not exercised terminates immediately. If a Spinco Optionee becomes permanently disabled, any option may be exercised for a period of six months after the date of permanent disability. If a Spinco Optionee's employment, office, term as a director, or

service provider relationship is ended or expires other than by termination for cause, such option may be exercised for a period of thirty days after such ending;

- (d) **Amalgamation** – In the event of Spinco proposing to amalgamate, merge or consolidate with or into any other company (other than with a wholly owned subsidiary of Spinco) or to liquidate, dissolve or wind up, or in the event an offer to purchase the Spinco Shares or any part thereof shall be made to all the holders of Spinco Shares, Spinco shall have the right, upon written notice to each Spinco Optionee holding options under the Spinco Option Plan, to permit the exercise of all such options within the 30 day period next following the date of such notice and to determine that upon expiration of such 30 day period that all rights of the Spinco Optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and to have no force and effect; and
- (e) **Sale, Transfer, Assignment or Hypothecation** – The date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Spinco Option.

Spinco Options granted under the Spinco Option Plan are generally not assignable or transferable.

The Spinco Option Plan provides that, subject to the approval of the TSX-V, if required, and the terms of the Spinco Option Plan, the Spinco Board may terminate, suspend or discontinue the Spinco Option Plan at any time or amend or revise the terms of the Spinco Option Plan.

Notwithstanding the generality of the foregoing, the power of the Spinco Board to amend the Spinco Option Plan is limited to the following:

- (a) amendments to fix typographical errors; and
- (b) amendments to clarify existing provisions that do not have the effect of altering the scope, nature and intent of such provisions.

Because the Spinco Option Plan is silent in respect thereof, shareholder approval is required for any other amendment or revision to the terms of the Spinco Option Plan and nothing in the Spinco Option Plan shall be construed as authorizing the directors to make amendments to the Spinco Option Plan without Spinco Shareholder approval to effect:

- (a) any amendment to the number of securities issuable under the Spinco Option Plan;
- (b) any change to eligible participants to be granted Spinco Options under the Spinco Option Plans;
- (c) any change to the limitations under the Spinco Option Plan on the number of Spinco Options that may be granted to any one Person or category of Persons;
- (d) the method for determining the exercise price of the Spinco Options; and
- (e) the expiry and termination provisions applicable to the Spinco Options.

PRIOR SALES

The following table summarizes the sales of Spinco Shares within the 12 months prior to the date of this Information Circular. On the Effective Date, it is expected that a total of 53,728,869 Spinco Shares will become outstanding pursuant to the Plan of Arrangement.

<u>Date</u>	<u>Number of Spinco Shares</u>	<u>Proceeds</u>	<u>Value per Spinco Share</u>
February 26, 2018	100	\$100	\$1

MARKET FOR SECURITIES

Currently, there is no market for Spinco Shares. It is a condition precedent to the completion of the Plan of Arrangement that Spinco Shares be conditionally accepted for listing by the TSX-V. Spinco has applied to list the Spinco Shares on the TSX-V. Listing will be subject to the Spinco fulfilling all the listing requirements of the TSX-V. Spinco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on a U.S. marketplace.

PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of this Information Circular, to the knowledge of Spinco's directors and executive officers, no person will beneficially own, directly or indirectly, or exercise control or direction over, Spinco Shares carrying 10% or more of the voting rights attaching to all issued and outstanding Spinco Shares, following completion of the Plan of Arrangement.

DIRECTORS AND OFFICERS

Information respecting the Spinco directors and officers is provided below. The directors of Spinco will hold office until the next annual meeting or until their successor is elected or appointed.

The names and location of residence, offices held and principal occupations during the past five years of the directors and executive officers of Spinco, upon completion of the Plan of Arrangement, are as follows:

<u>Name and Residence</u>	<u>Principal Occupation During Past Five Years</u>	<u>Director Since</u>	<u>Number of Spinco Shares Held (upon completion of Plan of Arrangement)</u>
DUANE POLIQUIN ⁽³⁾ British Columbia, Canada Chairman and Director	Registered Professional Geological Engineer; Chairman and Director of Almadex; Chairman and Director of Almaden; Director of Gold Mountain Mining Corporation	February 26, 2018	1,613,641
MORGAN POLIQUIN ⁽²⁾ British Columbia, Canada President, Chief Executive Officer and Director	Registered Professional Geological Engineer; President, Director and CEO of Almadex; President, Director and CEO of Almaden; Director of Gold Mountain Mining Corporation	February 26, 2018	1,331,188

Name and Residence	Principal Occupation During Past Five Years	Director Since	Number of Spinco Shares Held (upon completion of Plan of Arrangement)
DOUGLAS MCDONALD ⁽¹⁾ British Columbia, Canada Vice President, Corporate Development and Director	Vice President, Corporate Development of Almadex; Vice President, Corporate Development of Almaden, previously Vice President, Investment Banking at Salman Partners Inc.	February 26, 2018	124,200
JOHN (JACK) McCLEARY ^{(1) (3)} Alberta, Canada Director	Registered Professional Geologist	February 26, 2018	319,330
LARRY SEGERSTROM British Columbia, Canada Director	President of Metallum Exploration Ltd.; President and CEO of by BYG Ventures Ltd. (2012-2015)	February 26, 2018	Nil
MARK T. BROWN ^{(1) (2)} British Columbia, Canada Director	President and Director of Pacific Opportunity Capital Ltd.	February 26, 2018	24,000
WILLIAM J. WORRALL ^{(2) (3)} British Columbia, Canada Director	Barrister and Solicitor; Principal of William J. Worrall, Q.C. Law Corp., a member of Lexas Law Group, an Association of Law Corporations, until his retirement on December 31, 2012.	February 26, 2018	7,500
KORM TRIEU British Columbia, Canada CFO	CFO of Almadex; CFO of Almaden	February 26, 2018	4,500

Notes:

- (1) Member of the Spinco Audit Committee
- (2) Member of the Spinco Nomination and Corporate Governance Committee
- (3) Member of the Spinco Compensation Committee.

Upon the completion of the Plan of Arrangement, the directors and officers as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 3,424,359 Spinco Shares representing approximately 6.4% of the issued Spinco Shares.

Cease Trade Orders, Bankruptcies or Sanctions

No current director or executive officer of Spinco is, as at the date hereof, or was within ten (10) years before the date hereof, a director, chief executive officer (“CEO”) or CFO of any company (including Spinco) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (a “Cease Trade Order”) that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO of such issuer, or (b) was subject to a Cease Trade Order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No current director or executive officer of Spinco, nor any Spinco Shareholder holding a sufficient number of Spinco securities to affect materially the control of Spinco (a) is, as at the date hereof, or has been within the ten (10) years before the date hereof, a director or executive officer of any company (including Spinco) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder, except as follows:

Larry Segerstrom filed for Chapter 7 bankruptcy protection with the United States Bankruptcy Court, District of Arizona on January 13, 2015. A discharge of debtor was ordered on April 28, 2015 by a U.S. bankruptcy judge.

In addition, no current director or executive officer of Spinco, nor any Spinco Shareholder holding a sufficient number of Spinco securities to affect materially the control of Spinco, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

There are no known existing or potential conflicts of interest between Spinco and any of its directors, executive officers, or other members of management, as a result of such individual's outside business interests at the date hereof.

EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

For the period from Spinco's incorporation of the date of this Information Circular, no compensation was paid to any of the officers or directors of Spinco. Spinco's executive officers will not receive salaried compensation. Instead, executive management services will be provided to Spinco by Almadex pursuant to an Administrative Services Agreement. See "Material Agreements".

Non-executive directors' of Spinco do not currently receive any directors' fees and are not expected to receive any directors' fees in Spinco's first year following the Effective Date. The distribution of non-executive directors' fees will be reviewed annually by the Spinco Board. The Spinco Board, upon its review, may elect to distribute non-executive directors' fees in accordance with industry standards.

Each director will be entitled to participate in any security-based compensation arrangement or other plan adopted by Spinco from time to time with the approval of the Spinco Board. The directors will be reimbursed for expenses incurred on Spinco's behalf.

The Spinco Compensation Committee will periodically review the adequacy and form of the compensation of directors and executive officers and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and executive officer, and to report and make recommendations to the Spinco Board accordingly. See "Audit Committee and Corporate Governance – Compensation Committee".

Option-Based Awards

The Spinco Option Plan will be administered by the Compensation Committee of the Spinco Board, which will designate, in each year, the recipients of Spinco Options and the terms and conditions of each grant,

in each case in accordance with applicable securities laws and stock exchange requirements. The options and shares available to be issued under Spinco's Stock Option Plan will be used to retain and motivate current directors, officers, employees, consultants and attract new directors, officers, employees and consultants.

The Spinco Option Plan will be a rolling stock option plan, and will be substantively similar to the Almadex Option Plan (as described above). Under the Spinco Option Plan, options are authorized to be granted to the maximum of 10% of the issued and outstanding Spinco Shares at the time of the grant. Spinco will have no other equity compensation plans that are not previously approved by Spinco Shareholders.

Pursuant to TSX-V rules, upon the Spinco Shares being listed on the TSX-V, the Spinco Option Plan must be approved annually at the Spinco annual general meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness owing to Spinco from any of its executive officers or directors or any former director or executive officer or any subsidiary of Spinco or any associate of such person, including indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spinco or a subsidiary of Spinco.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

The Spinco Board

The Spinco Board is currently comprised of seven (7) directors. Messrs. McCleary, Segerstrom, Worrall, and Brown are considered to be "independent" directors for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Messrs. D. Poliquin, M. Poliquin, and D. McDonald are not independent as they are executive officers of Spinco. As such, a majority (4 of 7) of the directors are independent.

Certain of our directors are directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions, as set out below.

Director	Name of Issuer(s)
Duane Poliquin	Almaden Minerals Ltd., Almadex Minerals Limited
Morgan Poliquin	Almaden Minerals Ltd., Almadex Minerals Limited
John (Jack) McCleary	Almaden Minerals Ltd., Almadex Minerals Limited
William Worrall	Almaden Minerals Ltd., Almadex Minerals Limited
Mark. T Brown	Almaden Minerals Ltd., Almadex Minerals Limited, Alianza Minerals Ltd., Avrupa Minerals Ltd., Big Sky Petroleum Corp., Strategem Capital Corp., Sutter Gold Mining Inc., Paget Minerals Ltd., Mountain Boy Minerals Ltd.
Larry Segerstrom	Almadex Minerals Limited, Cerro Mining Corp.
Douglas McDonald	Almadex Minerals Limited

Spinco's independent directors are not expected to hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. In order to facilitate open and candid discussion among independent directors, from time to time as circumstances dictate, the non-independent directors and any representatives of management in attendance at meetings of the Spinco Board are expected to be excused.

The Spinco Board is of the view that appropriate structures and procedures are in place to allow the Spinco Board to function independently of management while continuing to provide Spinco with the benefit of having a chairman with extensive experience and knowledge of Spinco's business.

Mandate of the Spinco Board

The mandate of the Spinco Board is to supervise the management of the business of the affairs of Spinco and to act with a view to the best interests of Spinco. In fulfilling its mandate, the Spinco Board, among other matters, is responsible for:

- (a) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan, taking into account the risk and opportunities of Spinco's business;
- (b) identifying the principal risks of Spinco's business and implementing appropriate systems to manage such risks;
- (c) satisfying itself, to the extent reasonably feasible, of the integrity of the CEO and other executive officers (if any) and ensuring that all such officers create a culture of integrity throughout Spinco and developing programs of succession planning (including appointing, training and monitoring senior management);
- (d) creating Spinco's internal control and management information systems and creating appropriate policies for matters including communications, securities trading, privacy, audit, whistleblowing and codes of ethical conduct;
- (e) managing its affairs including selecting its chair, nomination of candidates for election to the Spinco Board, constituting committees of the Spinco Board and determining director compensation; and
- (f) engaging any necessary internal and/or external advisors.

Position Descriptions

The Spinco Board has approved written position descriptions for Spinco's chairman of the Board and Spinco's CEO and CFO.

Orientation and Continuing Education and Nomination of Directors

The Spinco Board has appointed the Spinco Nomination and Corporate Governance Committee comprised of independent directors. The mandate of this committee includes the following duties and responsibilities:

- (a) recommend to the Spinco Board written mandates or terms of reference for the Spinco Board and for each of the committees of the Spinco Board, and a Code of Ethics for all directors, officers and employees of Spinco;
- (b) review the composition and size of the Spinco Board and its committee structure and make recommendations to the Spinco Board for changes;
- (c) recruit new directors, develop lists of candidates, interview and recommend new directors to the Spinco Board; and
- (d) recommend to the Spinco Board an orientation and education program for new directors.

Ethical Business Conduct

The Spinco Board responsibilities are governed by the BCBCA, the articles of Spinco, the mandate of the Spinco Board and the various codes of conduct adopted by the Spinco Board. The Spinco Board has adopted a Code of Business Conduct and Ethics for Directors (“**CODE**”), a Code of Business Ethics applicable to all employees, officers and consultants of Spinco (“**COBE**”), a Securities Trading Policy (“**STP**”) relating to trading and confidentiality obligations of employees, officers and directors of Spinco, and a WP. In addition the CEO and CFO of Spinco specifically acknowledge the obligation to adhere to and advocate the establishment of standards reasonably necessary to deter wrongdoing and to promote full, fair, timely and understandable disclosure in reports and documents that Spinco files with, or submits to, securities regulators and in other public communications made by Spinco, compliance with the laws, rules and regulations of federal, provincial and local governments and other appropriate regulatory agencies, and prompt reporting to Spinco’s Audit Committee of any violation of this code of which the CEO or CFO have actual knowledge.

Copies of the CODE, COBE, STP, WP, the undertaking of the CEO and CFO together with the Privacy Policy and the statements of responsibilities and duties of the Spinco Nomination and Corporate Governance Committee, the Spinco Compensation Committee and the Spinco Audit Committee Charter may be viewed in due course on Spinco’s website.

Spinco Board Nomination

The Spinco Board is responsible for approving directors for nomination and election and filling vacancies among the directors. In connection with the nomination or appointment of individuals as directors, the Spinco Board will consider the competencies and skills required by the Spinco Board, the competencies and skills of the existing directors and the appropriate size of the Spinco Board. In all cases the Spinco Board will consider the recommendations of the Spinco Nominations and Corporate Governance Committee and Spinco Compensation Committee. The Spinco Nominations and Corporate Governance Committee and Spinco Compensation Committees are composed entirely of independent directors.

Assessments

Pursuant to its mandate, the Spinco Nominations and Corporate Governance Committee will establish and administer a process for assessing the effectiveness of the Spinco Board as a whole, the committees of the Spinco Board, the chairman of the Spinco Board, the committee chairs and individual directors. The Spinco Nominations and Corporate Governance Committee will report regularly to the Spinco Board on all of its activities and findings.

Director Term Limits and Other Mechanisms of Spinco Board Renewal

Spinco has not adopted term limits or other mechanisms for board renewal. Given this recent composition of the Spinco Board, Spinco does not consider it is yet appropriate to force any term limits or other mechanisms of board renewal at this time.

Policies Regarding the Representation of Women on the Spinco Board

Spinco plans to adopt a written policy with respect to the identification and nomination of women directors (the “**Spinco Diversity Policy**”). The Spinco Diversity Policy will require that the Spinco Board consider diversity on the Spinco Board from a number of aspects, including but not limited to gender, age, ethnicity and cultural diversity. In addition, when assessing and identifying potential new members to join the Spinco Board or Spinco’s executive team, the Spinco Board shall consider the current level of diversity on the Spinco Board and the executive team. As the Spinco Diversity Policy has not yet been adopted, Spinco is not yet able to measure its effectiveness.

Consideration of the Representation of Women in the Director Identification and Selection Process

Pursuant to the Spinco Diversity Policy, the Spinco Board will consider and evaluate the representation of women on the Spinco Board when identifying and nominating candidates for election and re-election to the Spinco Board. Spinco will focus its search for new directors purely based on the qualification of potential candidates, regardless of their gender.

Consideration Given to the Representation of Women in Executive Officer Appointments

Pursuant to the Spinco Diversity Policy, the Spinco Board will consider and evaluate the representation of women in Spinco's executive officer positions when identifying and nominating candidates for appointment as executive officers. Spinco will focus its search for new executive officers purely based on the qualification of potential candidates, regardless of their gender.

Spinco's Targets Regarding the Representation of Women on the Spinco Board and in Executive Officer Positions

Spinco has not established a target for the representation of women on the Spinco Board or in executive officer positions of Spinco by a specific date. Spinco does not think it is appropriate to set targets because Spinco focuses its search for new directors and executive officers purely based on the qualification of potential candidates, regardless of their gender.

Number of Women on the Spinco Board and in Executive Officer Positions

As at the date of this Information Circular, none of Spinco's directors are women. As at the date of this Information Circular, none of the executive officers of Spinco are women.

Audit Committee

Audit Committee Charter

The full text of the charter of the Spinco Audit Committee is attached to this Information Circular as Schedule "I" of the Information Circular.

Summary

The primary function of the Spinco Audit Committee is to assist the Spinco Board in fulfilling its oversight responsibilities, primarily through overseeing management's conduct of Spinco's accounting and financial reporting process and systems of internal accounting and financial controls; selecting, retaining and monitoring the independence and performance of Spinco's external auditor, including overseeing the audits of Spinco's financial statements, and approving any non-audit services; and providing an avenue of communication among the external auditor, management and the Spinco Board.

Composition of the Audit Committee

The Spinco Audit Committee is comprised of Mark Brown, Douglas McDonald and John (Jack) McCleary, each of whom is financially literate. Mark Brown and John (Jack) McCleary are independent within the meaning of National Instrument 52-110 – Audit Committees ("NI 52-110").

Relevant Education and Experience

Mark Brown is president and director of Pacific Opportunity Capital Ltd., a financial consulting and merchant banking firm active in venture capital markets in North America. Mr. Brown's background includes managing financial departments of two TSE 300 mining corporations: Eldorado Gold and Miramar Mining as controller.

Mr. Brown has a Bachelor of Commerce from the University of British Columbia and became a Chartered Accountant while with PriceWaterhouseCoopers in 1993.

Douglas McDonald is Vice President, Corporate Development of Almaden Minerals Ltd. from 2014 to present and a Director and Vice President, Corporate Development of Almadex from 2015 to present. Mr. McDonald served as Vice President, Investment Banking with Salman Partners Inc., a resource-focused investment dealer. In that capacity, he was lead banker on several capital market and merger and acquisition transactions, which required an extensive knowledge of the financial reporting requirements for mineral exploration and development companies.

John (Jack) McCleary Jack McCleary is a registered professional geologist with 40 years' experience in petroleum and mineral exploration. He has held executive positions with several junior resource companies and for many years was a Vice President of Dominion Securities Ltd. Mr. McCleary also served as Director and President of Canadian Hydro Developers Inc. and Troymin Resources Ltd., Mr. McCleary's work at Dominion Securities and his subsequent experience as a high level executive with responsibility for all aspects of the business have provided him with a thorough understanding of financial reporting standards and practices.

External Auditor

Service Fees

Spinco has not paid any fees to Davidson & Company LLP in respect of audit fees, audit-related fees, tax fees or other fees for the period from incorporation to April 6, 2018. Any audit-related fees relating to Spinco have been paid to Davidson & Company LLP by Almadex.

Nominations and Corporate Governance Committee

Spinco has formed the Spinco Nominations and Corporate Governance Committee comprised of William Worrall, Mark Brown and Morgan Poliquin. William Worrall and Mark Brown are independent within the meaning of NI 58-101. In accordance with its mandate, the Spinco Corporate Governance and Nominations Committee is expected to:

- (a) recommend to the Spinco Board written mandates or terms of reference for the Board and for each of the committees of the Spinco Board, and a Code of Ethics for all directors, officers and employees of Spinco;
- (b) review the composition and size of the Spinco Board and its committee structure and make recommendations to the Spinco Board for changes;
- (c) recruit new directors, develop lists of candidates, interview, and recommend new directors to the Spinco Board;
- (d) recommend to the Spinco Board an orientation and education program for new directors;
- (e) report to the Spinco Board, in the manner and to the extent the committee deems appropriate, on the effectiveness of the performance of the Spinco Board as a whole, the committees of the Spinco Board and the contribution of individual directors, including specifically reviewing areas in which the Spinco Board's effectiveness may be enhanced taking into account the suggestions of all directors guidelines under National Policy 58-201 – *Corporate Governance Guidelines* and rules which are in effect by regulatory bodies or other sources which the committee deems appropriate;
- (f) recommend to the Spinco Board the approval of the engagement of any outside expert by a director at the expense of Spinco when that is appropriate and necessary for the purpose of allowing that director to discharge his duties and responsibilities;

- (g) review related-party transactions to ensure that Spinco's interests are protected and that they are appropriately disclosed, where required, in external documents;
- (h) review and recommend disclosure describing the governance of Spinco included in the Annual Information Circular and in the Annual Report;
- (i) establish guidelines for corporate disclosures in news releases that enhance their credibility and impact and monitor adherence thereto, other than those disclosures reviewed by the Spinco Audit Committee; and
- (j) undertake other assignments related to corporate governance that may be requested by the Spinco Board.

Compensation Committee

Spinco has formed a Spinco Compensation Committee comprised of John (Jack) McCleary, William Worrall and Duane Poliquin. John (Jack) McCleary and William Worrall are independent within the meaning NI 58 – 101. In accordance with its mandate, the Spinco Compensation Committee is expected to:

- (a) review Spinco's overall compensation strategy and objectives;
- (b) review and assess the CEO's performance against pre-agreed objectives and recommend to the Spinco Board the compensation of the CEO (in each case, without the CEO being present during the deliberations and vote);
- (c) review performance assessments of the Spinco's other officers and, upon the advice of the CEO, recommend to the Spinco Board the compensation of the officers;
- (d) review and recommend to the Board policies related to providing Spinco stock to executives and employees (e.g., stock option plan, share purchase plan);
- (e) review executive appointments, employment agreements and terminations;
- (f) review senior management succession plans and participate in the recruitment of executives, especially succession to the CEO;
- (g) review and recommend to the Spinco Board the amount and form of directors' compensation; and
- (h) review and recommend the disclosures describing executive compensation and development.

Other Committees

Spinco has only the three (3) committees, namely: Audit Committee, Compensation Committee and the Nomination and Corporate Governance Committee.

RISK FACTORS

In addition to the other information contained in this Information Circular, the following factors should be considered carefully when considering risks related to holding Spinco Shares.

Future issuances of securities will dilute shareholder interests

Issuances of additional securities including, but not limited to, its common shares pursuant to any financing and otherwise, will result in a substantial dilution of the equity interests of any persons who may become Spinco Shareholders as a result of or subsequent to the Plan of Arrangement.

Almadex may be a PFIC for past, current or future taxable years, and Spinco may be a PFIC for the current year or for future taxable years

Certain adverse U.S. federal income tax rules generally apply to a U.S. Holder that owns or disposes of stock in a non-U.S. corporation that is classified as a PFIC. Almadex may be classified as a PFIC for the 2018 taxable year and may be classified as a PFIC for past or subsequent taxable years. In addition, Spinco may be a PFIC for the 2018 taxable year and may be classified as a PFIC for subsequent taxable years. If either Almadex or Spinco is a PFIC for a taxable year, the complex U.S. federal income tax rules relating to PFICs would apply to U.S. Holders of shares in such entity, potentially resulting in gains realized on the disposition of such shares being treated as ordinary income rather than as capital gains, and the application of interest charges to those gains as well as to certain distributions. Further, certain non-corporate U.S. Holders would not be eligible for the preferential U.S. tax rates on dividends (if any) paid by Almadex or Spinco, as applicable. While the U.S. federal income tax consequences of holding an interest in a PFIC can be mitigated through QEF and "mark to market" elections, these elections require compliance with certain U.S. tax return and reporting requirements; they may or may not be available; and, if made, they may accelerate the timing of income recognition and/or result in the recognition of ordinary income rather than capital gain. In addition, special adverse rules would apply to U.S. Holders of Spinco Shares or Almadex Shares for any year in which Spinco or Almadex is a PFIC and has a subsidiary that is also a PFIC (a "**Subsidiary PFIC**") For a more detailed discussion of the consequences of Almadex or Spinco being classified as a PFIC, including a discussion of a QEF election and a Mark-to-Market Election, which could mitigate certain of the adverse tax consequences described above, see "Certain United States Federal Income Tax Considerations". The foregoing is qualified in full by the information provided in that section. U.S. Holders are strongly encouraged to read that section in full and to consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences to them, in light of their particular circumstances, of the acquisition, ownership, and disposition of Spinco Shares, Almadex New Shares and Almadex Shares.

Fluctuation of mineral prices may adversely affect Spinco's financial results

Factors beyond the control of Spinco may affect the marketability of any ore or minerals discovered at and extracted from properties in which Spinco has an interest. Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors which will be beyond Spinco's control including international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors cannot accurately be predicted.

Title to Spinco's interests may be disputed

The acquisition of title to interests in resource properties is a very detailed and time-consuming process. Title to and the area of resource concessions may be disputed. There is no guarantee of title to any of Spinco's assets. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Title may be based upon interpretation of a country's laws, which laws may be ambiguous, inconsistently applied and subject to reinterpretation or change.

Spinco may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Spinco's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Spinco invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated.

Environmental regulations may adversely affect Spinco's projects

Operations in which Spinco has an interest will be subject to environmental regulations promulgated by various government agencies from time to time. Violation of existing or future environmental rules may result in various fines and penalties.

Political, economic and social conditions may adversely affect Spinco's investments

Spinco's investments may be adversely affected by political, economic and social uncertainties which could have a material adverse effect on Spinco's results of operations and financial condition. Certain areas in which Spinco will hold or may acquire properties have experienced and may continue to experience local political unrest and disruption which could potentially affect Spinco's projects or interests. Changes in leadership, social or political disruption or unforeseen circumstances affecting political, economic and social structure could adversely affect Spinco's property interests or restrict its operations. Spinco's mineral exploration and development activities may be affected by changes in government regulations relating to the mining industry and may include regulations on production, price controls, labour, export controls, income taxes, expropriation of property, environmental legislation and safety factors.

The comprehensive tax reform bill recently enacted by the United States Congress could adversely affect the business and financing condition of Almadex America

On December 22, 2017, President Trump signed into law the TCJA, that significantly changes the federal income taxation of U.S. business entities. The TCJA, among other things, reduces the U.S. federal corporate income tax rate to 21%, partially limits the deductibility of business interest expense and net operating losses, imposes a one-time tax on unrepatriated earnings from certain foreign subsidiaries, taxes offshore earnings at reduced rates regardless of whether they are repatriated and allows the immediate deduction of certain new investments instead of deductions for depreciation expense over time. We are still evaluating the impact of the TCJA on Almadex America. Despite the reduction in the corporate income tax rate, we cannot yet conclude that the overall impact of the TCJA to Almadex America is positive.

Statutory and regulatory compliance is complex and may result in delay or curtailment of Spinco's operations

The current and future operations of Spinco will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Spinco will apply for all necessary permits for the exploration work it intends to conduct, however such permits are, as a practical matter, subject to the discretion of government authorities and there can be no assurance that Spinco will be successful in obtaining or maintaining such permits. Further, there can be no assurance that all permits which Spinco or its operating partners may require for future exploration or development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which Spinco may undertake or in which it has an interest.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, including but not limited to changes in the laws or future laws of Mexico, could have a material adverse impact on Spinco and cause increases in capital expenditures or require abandonment or delays in exploration, development and operation of mineral properties in which Spinco has an interest.

Risks associated with Spinco's activities may not be insurable

Spinco's business will be subject to a number of risks and hazards and no assurance can be given that insurance to cover the risks to which Spinco's activities will be subject will be available at all or at

commercially reasonable premiums. Spinco expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Spinco expects to carry liability insurance with respect to its mineral exploration operations, but is not currently covered by any form of political risk insurance or any form of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to Spinco. If Spinco is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

Spinco depends on key management and employees

Recruiting and retaining qualified personnel will be critical to Spinco's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Spinco's business activity grows, Spinco will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that Spinco will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If Spinco is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on Spinco's future cash flows, earnings, results of operations and financial condition.

Spinco's operations are subject to human error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Spinco's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Spinco. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Spinco might undertake and legal claims for errors or mistakes by Spinco personnel.

Spinco may encounter difficulties in conducting its business through foreign subsidiaries

Spinco will be conducting a portion of its business through one or more foreign subsidiaries, and a portion of its assets may be held by such entities. Accordingly, any limitation on the transfer of cash or other assets between Spinco and its subsidiaries, or among its subsidiaries, could restrict Spinco's ability to fund operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Spinco's valuation.

Spinco is a Canadian corporation. All of its directors and officers are residents of Canada and a significant part of its assets are, or will be, located outside of the United States. As a result, it may be difficult or impossible for U.S. Spinco Shareholders to effect service of process within the United States upon Spinco, its directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Spinco Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

Risks associated with conflicts of interest

Certain of the directors and officers of Spinco also serve as directors and/or officers of other companies or other managerial positions involved or related to natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Spinco will be made in accordance with their

duties and obligations to deal fairly and in good faith with a view to the best interests of Spinco and its Spinco Shareholders based on its business plan. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

Mineral resource and reserve calculations are only estimates

Any figures presented for mineral resources in this Information Circular and those which may be presented in the future or any figures for mineral reserves that may be presented by Spinco in the future are and will only be estimates. There is a degree of uncertainty attributable to the calculation of mineral reserves and mineral resources. Until mineral reserves or mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only and no assurances can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any of Spinco's projects to development, it must rely upon estimated calculations as to the mineral resources and grades of mineralization on our properties.

The estimating of mineral reserves and mineral resources is a subjective process that relies on the judgment of the persons preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While Spinco believes that the mineral resource estimates included in this Information Circular are well established and reflect management's best estimates, by their nature mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. There can be no assurances that actual results will meet the estimates contained in feasibility studies. As well, further studies are required.

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserve or mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. We cannot provide assurance that mineralization can be mined or processed profitably.

Mineral resource estimates have been determined and valued based on assumed future metal prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in Market Prices for copper, zinc, lead, gold and silver may render portions of related mineralization uneconomic and result in reduced reported mineral resources, which in turn could have a material adverse effect on results of operations or financial condition. Spinco cannot provide assurance that mineral recovery rates achieved in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

A reduction in any mineral reserves that may be estimated by Spinco in the future could have an adverse impact on its future cash flows, earnings, results of operations and financial condition. No assurances can be given that any mineral resource estimates will ultimately be reclassified as mineral reserves.

Uncertainty exists related to inferred mineral resources

There is a risk that inferred mineral resources referred to in this Information Circular cannot be converted into measured or indicated mineral resources as there may be limited ability to assess geological continuity. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Market for securities

There is currently no market through which the Spinco Shares may be sold and Spinco Shareholders may not be able to resell the Spinco Shares acquired under the Plan of Arrangement. There can be no assurance that an active trading market will develop for the Spinco Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of the Spinco Shares immediately after the Effective Date.

There can be no assurance that fluctuations in the trading price will not materially adversely impact on Spinco's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of Spinco's knowledge, following due enquiry there are no legal proceedings or regulatory actions material to Spinco to which Spinco is a party, or has been a party since its incorporation.

To the best of Spinco's knowledge, following due enquiry there have been no penalties or sanctions imposed against Spinco by a court relating to federal, state, provincial and territorial securities legislation or by a securities regulatory authority since our incorporation, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Spinco and it has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed elsewhere in this Information Circular, no director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Spinco Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect Spinco within the three years preceding the date of this Information Circular.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Spinco's auditors are Davidson & Company LLP, having an address at Suite 1200 – 609 Granville Street, Vancouver, BC V7Y 1G6.

The transfer agent and registrar for the Spinco Shares in Canada is Computershare Investor Services Inc. at its office in Toronto, Ontario.

INTEREST OF EXPERTS

The Carve-Out Financial Statements included in Schedule "H" of this Information Circular have been included in reliance upon the report of Davidson & Company LLP, Chartered Professional Accountants, also included herein, and upon the authority of such firm as experts in accounting and auditing.

The Financial Statements of Spinco included in Schedule "G" of this Information Circular have been included in reliance upon the report of Davidson & Company LLP, Chartered Professional Accountants, also included herein, and upon the authority of such firm as experts in accounting and auditing.

Davidson & Company LLP, are independent of Spinco within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

MATERIAL CONTRACTS

The only agreements or contracts that Spinco will be a party to and which may be reasonably regarded as being currently material to Spinco, on a pro forma basis are:

1. The Arrangement Agreement dated March 22, 2018 made between Almadex and Spinco as described under “The Plan of Arrangement” in this Information Circular;
2. The Tuligtic Royalty Agreement; and
3. An administrative services agreement (the “**Administrative Services Agreement**”) dated March 29, 2018 between Spinco and Almaden, pursuant to which Almaden will provide office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services, to be billed on a monthly basis. Monthly billings will be based on an allocation of approximately 20% of the salary and employment expenses of existing Almaden staff (Chairman, President and CEO, VP Corporate Development, CFO, Senior Geologist, Controller, Administrator, Marketing support) and 20% of rent, or approximately \$25,000 per month. The Administrative Services Agreement provides for adjustment of expenses and rent based on reasonable estimates of time allocation between Spinco and Almaden (i.e., an exploration discovery by Spinco could significantly change the proportion of executive time required to be spent on that company). Any additional expenses (such as IT expenses, office supplies, etc.) are to be charged monthly at cost. The Administrative Services Agreement has a five year term, subject to automatic renewal annually thereafter (unless six months’ advance notice of intent to terminate is given).

A copy of any material contract or report may be inspected at any time up to the commencement of the Meeting during normal business hours at Suite 210-1333 Johnston Street, Vancouver, British Columbia, V6H 3R9.

ADDITIONAL INFORMATION

Almadex’s financial information is included in the consolidated financial statements of Almadex and the notes thereto, Management Discussion and Analysis and auditor’s report for the financial year ended December 31, 2016.

Additional information relating to Almadex can be found at www.sedar.com. A copy of the following documents may be obtained, without charge, upon request to the CEO of the Company at Suite 210-1333 Johnston Street, Vancouver, British Columbia, V6H 3R9, Phone (604) 689-7644 Fax (604) 689-7645:

- (a) the comparative financial statements of Almadex for the financial year ended December 31, 2016 together with the accompanying report of the auditor thereon and related Management Discussion and Analysis and any interim financial statements of Almadex for periods subsequent to December 31, 2016 and related Management Discussion and Analysis; and
- (b) this Information Circular.

APPROVALS

The contents and the mailing to Almadex Shareholders of this Information Circular have been approved by the Almadex Board.

**BY THE ORDER OF THE BOARD OF DIRECTORS OF
ALMADEX MINERALS LIMITED**

(signed) "Duane Poliquin"

Duane Poliquin, Chair

(signed) "Morgan Poliquin"

Morgan Poliquin, President & CEO

Vancouver, British Columbia

April 6, 2018

SCHEDULE "A"
ARRANGEMENT RESOLUTION

BE IT RESOLVED, as a special resolution, THAT:

1. the Plan of Arrangement, as it may be modified, supplemented or amended in accordance with its terms, under Section 288 of the *Business Corporations Act* (British Columbia) attached as Schedule "B" to the Information Circular of Almadex Minerals Limited ("**Almadex**") accompanying the Notice of Meeting is authorized, approved and adopted;
2. the Arrangement Agreement dated as of Thursday, March 22, 2018 between Almadex and Spinco and all transactions contemplated therein, and any amendments thereto, the actions of the directors of Almadex in approving the Plan of Arrangement and the Arrangement Agreement and the actions of the directors and officers of Almadex in executing and delivering the Arrangement Agreement and causing the performance by Almadex of its obligations thereunder are hereby confirmed, ratified, authorized and approved;
3. notwithstanding that this resolution has been passed (and the Plan of Arrangement approved and agreed to) by Almadex or that the Arrangement has been approved by the Supreme Court of British Columbia, the board of directors of Almadex, without further notice to or approval of the shareholders of Almadex, may, in accordance with the terms of the Plan of Arrangement, elect not to proceed with the Plan of Arrangement or otherwise give effect to this Special Resolution, at any time prior to the Plan of Arrangement becoming effective; and
4. any one or more of the directors and officers of Almadex be authorized and directed to perform all such acts, and things and execute, under the seal of Almadex or otherwise, all such documents and other writings, as may be required to give effect to the true intent of this resolution.

SCHEDULE "B"
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the respective meanings set forth below:

"20 Day VWAP" in respect of a security means the volume weighted average price of the security on the principal exchange on which the security is traded for the period of twenty trading days beginning on the first trading day after the Effective Date;

"Arrangement Agreement" means the agreement dated March 22, 2018 between Parentco and Spinco to which this Plan of Arrangement is attached as Exhibit A, as it may be supplemented or amended from time to time;

"BCBCA" means the Business Corporations Act (British Columbia);

"Business Day" means a day which is not a Saturday, Sunday, or a day when commercial banks are not open for business in Vancouver, British Columbia;

"Computershare" means Computershare Investor Services Inc.;

"Court" means the Supreme Court of British Columbia;

"Dissent Rights" has the meaning attributed to that term in section 3.1 of this Plan of Arrangement;

"Dissent Share" has the meaning attributed to that term in subsection 2.2(a) of this Plan of Arrangement;

"Dissenting Shareholder" means a registered Parentco Shareholder that has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Parentco Old Common Shares in respect of which Dissent Rights are validly exercised by such Parentco Shareholder;

"Effective Date" means the second Business Day after the date upon which the Parties have confirmed in writing (such confirmation not to be unreasonably withheld or delayed) that all conditions to the completion of the Plan of Arrangement have been satisfied or waived in accordance with Article 5 of the Arrangement Agreement and all documents and instruments required under the Arrangement Agreement, the Plan of Arrangement and the Final Order have been delivered;

"Effective Time" means 12:01 a.m. on the Effective Date;

"Eligible Dividend" has the meaning attributed to that term in subsection 89(1) of the Income Tax Act (Canada);

"Encumbrance" means any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt,

liability or obligation, title retention right, or any other encumbrance or prior claim of any nature or kind whatsoever;

“Final Order” means the order made after application to the Court pursuant to section 291 of the BCBCA approving the Plan of Arrangement as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal, which order will include a statement to the following effect: “The terms and conditions of the Plan of Arrangement are procedurally and substantially fair to Parentco Shareholders and are hereby approved by the Court.”;

“In the Money Amount” at a particular time with respect to a Parentco Stock Option, Parentco Replacement Stock Option, or Spinco Replacement Stock Option means the amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time;

“Interim Order” means the order made after application to the Court pursuant to section 291 of the BCBCA, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably);

“Meeting” means the annual general and special meeting of Parentco Shareholders scheduled to be held on May 8, 2018 and any adjournment(s) or postponement(s) thereof, to be called to consider, and if deemed advisable, approve the Parentco Resolution;

“Newcrest” means Newcrest International Pty Ltd.;

“Option Exchange” has the meaning attributed to that term in subsection 2.2(e) of this Plan of Arrangement;

“Parentco” means a company incorporated under the laws of the Province of British Columbia known as Almadex Minerals Limited at the commencement of this Plan of Arrangement and renamed “Azucar Minerals Ltd.” pursuant to subsection 2.2(j) of this Plan of Arrangement;

“Parentco New Common Shares” means the Class B Common shares in the authorized share structure of Parentco created pursuant to paragraph 2.2(b)(ii) of this Plan of Arrangement and whose identifying name is changed to “Common shares” pursuant to paragraph 2.2(h)(ii) of this Plan of Arrangement;

“Parentco Old Common Shares” means the Common shares in the authorized share structure of Parentco whose identifying name is changed to “Class A Common shares” pursuant to paragraph 2.2(b)(i) of this Plan of Arrangement and which are eliminated from Parentco’s authorized share structure pursuant to paragraph 2.2(h)(i) this Plan of Arrangement;

“Parentco Replacement Stock Option” means an option to acquire a Parentco New Common Share granted by Parentco to a holder of a Parentco Stock Option pursuant to an Option Exchange, with the exercise price of each such Parentco Replacement Stock Option determined in accordance with this Plan of Arrangement and the other terms and conditions of each such Parentco Replacement Stock Option determined in accordance with the Parentco Stock Option Plan and any agreements thereunder including, where necessary, appropriate adjustments to any performance-based or other vesting conditions, as such plan and agreements may be amended by the Board or a committee thereof;

“Parentco Resolution” means the special resolution of Parentco Shareholders approving the Plan of Arrangement;

“Parentco Shareholder” means, at a particular time, a holder of one or more Parentco Old Common Shares;

“Parentco Stock Option” means an option granted pursuant to the Parentco Stock Option Plan exercisable to acquire a Parentco Old Common Share;

“Parentco Stock Option Plan” means the Parentco rolling stock option plan dated July 12, 2017;

“Parentco Warrant” means a common share purchase warrant of Parentco exercisable to acquire a Parentco Old Common Share;

“Parties” means Parentco and Spinco;

“Plan of Arrangement, “hereof”, “herein”, “hereunder” and similar expressions means this Plan of Arrangement, including the appendices hereto, and any amendments, variations or supplements hereto made in accordance with the terms hereof and the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order;

“Share Exchange” has the meaning attributed to that term in subsection 2.2(g) of this Plan of Arrangement;

“Spinco” means a company incorporated under the laws of the Province of British Columbia known at the commencement of this Plan of Arrangement as 1154229 B.C. Ltd. and renamed “Almadex Minerals Ltd.” pursuant to subsection 2.2(k) of this Plan of Arrangement;

“Spinco Common Shares” means the common shares in the authorized share structure of Spinco;

“Spinco Replacement Stock Option” means an option to acquire a Spinco Common Share granted by Spinco to a holder of an Parentco Stock Option pursuant to an Option Exchange, with the exercise price of each such Spinco Replacement Stock Option determined in accordance with this Plan of Arrangement and the other terms and conditions of each such Spinco Replacement Stock Option determined in accordance with the Spinco Stock Option Plan and any agreements thereunder and including, where necessary, appropriate adjustments to any performance-based or other vesting conditions, as such plan or agreements may be amended by the board of directors of Spinco or a committee thereof;

“Spinco Stock Option Plan” means the Spinco stock option plan; and

“Tax Act” means the Income Tax Act, R.S.C. 1985 (5th Supp.) c.1, as amended.

1.2 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

1.3 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections and other parts and the insertion of headings are for convenience only and will not affect the construction or interpretation of this Plan of Arrangement.

1.4 Date of Any Action

If any date on which any action is required to be taken hereunder by any Party is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

Time will be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Vancouver, British Columbia unless otherwise stipulated herein.

1.6 Currency

All references to currency in this Plan of Arrangement are to Canadian dollars, being lawful money of the Canada.

1.7 Statutory References

Unless otherwise expressly provided herein, any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations.

1.8 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2 THE ARRANGEMENT

2.1 Effectiveness

Subject to the terms of the Arrangement Agreement, the Arrangement will become effective at the Effective Time and be binding at and after the Effective Time on: (i) Spinco, (ii) Parentco, (iii) Parentco Shareholders, (iv) holders of Parentco Stock Options, and (v) holders of Parentco Warrants.

2.2 The Arrangement

Commencing at the Effective Time, the events and transactions set out in Subsections (a) to (h) inclusive will occur and be deemed to occur in the order set out below without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction:

- (a) Each Parentco Old Common Share in respect of which a Parentco Shareholder has exercised Dissent Rights and for which the Parentco Shareholder is ultimately entitled to be paid fair value (each a "Dissent Share") will be deemed to have been repurchased by Parentco for cancellation in consideration for a debt-claim against Parentco to be paid the fair value of such Dissent Share in accordance with Article 3 of this Plan of Arrangement, net of any applicable withholding tax, and such Dissent Share will thereupon be cancelled;
- (b) The authorized share structure of Parentco will be reorganized and altered by
 - (i) changing the identifying name of the issued and unissued Parentco Old Common Shares from "Common shares" to "Class A Common shares" and amending the special rights and restrictions attached to such shares to provide the holders thereof with two votes in respect of each share held, and
 - (ii) creating a new class of shares without par value issuable in an unlimited number with the identifying name "Class B Common shares" having special rights and restrictions identical to those attaching to the Parentco Old Common Shares prior to the amendments described in paragraph (b)(i) above;
- (c) Parentco will issue 4,000,000 fully paid and non-assessable Parentco New Common Shares to Spinco for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Parentco New Common Shares and in consideration therefor, Spinco will issue the number of fully paid and non-

assessable Spinco Common Shares having a fair market value equal to the fair market value of the Parentco New Common Shares received to Parentco for an aggregate issue price equal to the fair market value thereof and add an amount equal to such issue price to the capital of the Spinco Common Shares;

- (d) The issued and outstanding Spinco Common Shares will be subdivided into that number of Spinco Common Shares equal to the number of issued and outstanding Parentco Old Common Shares;
- (e) Each holder of a Parentco Stock Option will dispose of and be deemed to dispose of the Parentco Stock Option and in consideration therefor will concurrently receive
 - (i) one Parentco Replacement Stock Option having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Parentco Stock Option by (B) the quotient obtained by dividing the 20 Day VWAP of a Parentco New Common Share by the aggregate of the 20 Day VWAP of a Parentco New Common Share and the 20 Day VWAP of a Spinco Common Share, rounded to the nearest whole cent and subject to adjustment as set out below, and
 - (ii) one Spinco Replacement Stock Option having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Parentco Stock Option by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Common Share by the aggregate of the 20 Day VWAP of a Parentco New Common Share and the 20 Day VWAP of a Spinco Common Share, rounded to the nearest whole cent and subject to adjustment as set out below,

and all Parentco Stock Options will thereupon be cancelled (each such disposition, receipt, and cancellation, collectively, an "Option Exchange"), provided that the exercise prices of each Parentco Replacement Stock Option and each Spinco Replacement Stock Option issued pursuant to an Option Exchange will be and be deemed to be automatically increased if necessary so that the aggregate In the Money Amounts thereof immediately after the Option Exchange does not exceed the In the Money Amount of the exchanged Parentco Stock Option determined immediately before the Option Exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each Option Exchange;

- (f) Each outstanding Parentco Warrant will remain outstanding in accordance with its terms and will, in lieu of being exercisable for one (1) Parentco Old Common Share, be exercisable for:
 - (i) one (1) Parentco New Common Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Parentco Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of a Parentco New Common Share by the aggregate of the 20 Day VWAP of a Parentco New Common Share and the 20 Day VWAP of a Spinco Common Share, rounded to the nearest whole cent, and
 - (ii) one (1) Spinco Common Share having an exercise price equal to the product obtained by multiplying: (A) the exercise price of the Parentco Warrant by (B) the quotient obtained by dividing the 20 Day VWAP of a Spinco Common Share by the aggregate of the 20 Day VWAP of a Parentco New Common Share and the 20 Day VWAP of a Spinco Common Share, rounded to the nearest whole cent;
- (g) Each Parentco Shareholder will dispose of each Parentco Old Common Share held to Parentco and in consideration therefor Parentco will issue or distribute to the Parentco Shareholder

- (i) one fully paid and non-assessable Parentco New Common Share having an issue price equal to the fair market value thereof, and
 - (ii) one Spinco Common Share (the "Share Exchange"),
- and, in respect thereof,
- (iii) the name of each Parentco Shareholder will be removed from the central securities register for the Parentco Old Common Shares and added to the central securities register for the Parentco New Common Shares and the Spinco Common Shares as the holder of the number of Parentco New Common Shares and Spinco Common Shares, respectively, received pursuant to the Share Exchange,
 - (iv) the Parentco Old Common Shares will be cancelled and the capital in respect of such shares will be reduced to nil, and
 - (v) an amount equal to the capital of the Parentco Old Common Shares immediately before the Share Exchange less the aggregate fair market value of the Spinco Common Shares distributed on the Share Exchange will be added to the capital in respect of the Parentco New Common Shares issued on the Share Exchange;
- (h) The authorized share structure of Parentco will be reorganized and altered by
- (i) eliminating the Parentco Old Common Shares from the authorized share structure of Parentco, and
 - (ii) changing the identifying name of the issued and unissued Parentco New Common Shares from "Class B Common shares" to "Common shares";
- (i) Parentco will issue to Newcrest a number of fully paid and non-assessable Parentco New Common Shares having an aggregate issue price equal to CAD\$19,074,425 such that immediately after the issuance, Newcrest will own 19.9% of the issued and outstanding Parentco New Common Shares and, in respect thereof:
- (i) Newcrest will be added to the central securities register for the Parentco New Common Shares as the holder of that number of Parentco New Common Shares, and
 - (ii) an amount equal to the issue price of the Parentco New Common Shares so issued will be added to the capital in respect of the Parentco New Common Shares;
- (j) Parentco will change its name to "Azucar Minerals Ltd."; and
- (k) Spinco will change its name to "Almadex Minerals Ltd."

2.3 Completion Time Procedures

On or immediately prior to the Effective Date, Parentco will deliver or arrange to be delivered to Computershare certificates representing the Spinco Common Shares required hereunder, which certificates will be distributed to Parentco Shareholders in accordance with Article 4 hereof.

ARTICLE 3 DISSENT RIGHTS

3.1 Dissent Rights of Parentco Shareholders

(1) Each registered Parentco Shareholder may exercise dissent rights under section 238(1)(d) of the BCBCA ("Dissent Rights") in connection with the Arrangement with respect to the registered Parentco Shareholder's Parentco Old Common Shares pursuant to and in the manner set forth in the Interim Order, sections 242 to 247 of the BCBCA and this Article, as the same may be modified by the Interim Order or the Final Order, provided that the written notice setting forth the objection of such registered Parentco Shareholders to the Arrangement and exercise of Dissent Rights must be received by Parentco not later than 4:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Meeting or any date to which the Meeting may be postponed or adjourned. Registered Parentco Shareholders who duly exercise such Dissent Rights and who:

- (b) are ultimately entitled to be paid fair value for their Dissent Shares will be deemed not to have participated in the Share Exchange and such Dissent Shares will be deemed to have been repurchased by Parentco for cancellation at the Effective Time in consideration for a debt-claim against Parentco to be paid the fair value of such Dissent Shares, which fair value will be determined as of the close of business on the Business Day before the day on which the Parentco Resolution is passed, and will not be entitled to any other payment or consideration, and the name of each such Dissenting Shareholder will thereupon be removed from the register of holders of Parentco Old Common Shares; or
- (c) are ultimately not entitled, for any reason, to be paid fair value for their Parentco Old Common Shares will be deemed to have participated in the Plan of Arrangement on the same basis as any non-dissenting Parentco Shareholder as at and from the Effective Time and will be treated in the same manner as such a holder, on the basis set out in this Plan of Arrangement.

(2) The aggregate of all amounts paid to Parentco Shareholders by Parentco in respect of Dissent Shares in accordance with Subsection 3.1(1)(a) will be deducted from the stated capital account maintained by Parentco for the Parentco Old Common Shares.

(3) The amount of any deemed dividend resulting from application of subsection 84(3) of the Tax Act to the repurchase of Dissent Shares held by Dissenting Shareholders is hereby designated by Parentco as an Eligible Dividend.

(4) All payments made to a Dissenting Shareholder pursuant to this Article will be subject to, and paid net of, all applicable withholding taxes.

3.2 General – Dissent Rights

For greater certainty, in addition to any other restrictions in section 242 to 247 of the BCBCA, no person who has voted in favour of this Plan of Arrangement will be entitled to dissent with respect to the Plan of Arrangement.

ARTICLE 4 DELIVERY OF SECURITIES

4.1 Delivery of Securities

Upon completion of the Plan of Arrangement, Parentco will deliver to each Parentco Shareholder a certificate representing the Spinco Common Shares to which such holder is entitled to receive hereunder.

4.2 Withholding Rights

Parentco and Computershare shall be entitled to deduct and withhold from any amount otherwise payable to any Parentco Shareholder such amounts as Parentco or Computershare is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Parentco Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

4.3 No Encumbrances

Any distribution of securities pursuant to this Plan of Arrangement shall be free and clear of any Encumbrances.

ARTICLE 5 AMENDMENTS

5.1 Amendments

Parentco, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Meeting, approved by the Court.

5.2 Effectiveness of Amendments Made Prior to or at the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Parentco at any time prior to or at the Meeting with or without any prior notice or communication, and if so proposed and accepted by the Parentco Shareholders voting at the Meeting, will become part of this Plan of Arrangement for all purposes.

5.3 Effectiveness of Amendments Made Following the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Parentco after the Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the Meeting will be effective and will become part of the Plan of Arrangement for all purposes.

5.4 Effectiveness of Amendments Made After the Effective Date

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date if mutually agreed upon by Parentco and Spinco, provided that it concerns a matter which, in the reasonable opinion of Parentco and Spinco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interest of any holder of Parentco New Common Shares or Spinco Common Shares.

SCHEDULE "C"
INTERIM ORDER

[attached]



S-184370

No.
Vancouver Registry

In the Supreme Court of British Columbia

In the Matter of the *Business Corporations Act*,
S.B.C. 2002 c.57,

In the Matter of a Proposed Arrangement among
Almadex Minerals Limited, its Shareholders, Optionholders and
Warrantholders and
1154229 B.C. Ltd.

Almadex Minerals Limited

Petitioner

ORDER MADE AFTER APPLICATION

BEFORE MASTER *TOKAREK*) 05/April/2018
)

ON THE APPLICATION of the Petitioner, without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on April 5, 2018; on hearing Michelle T. Maniago, counsel to the Petitioner, and on reading the Petition to the Court herein and the affidavit of Korm Trieu, sworn April 4, 2018; and upon being advised that it is Almadex Minerals Limited's intention to rely upon Section 3(a)(10) of the *United States Securities Act of 1933*, as amended (the "1933 Act") as a basis for an exemption from the registration requirements of the 1933 Act with respect to the issuance of common shares of 1154229 B.C. Ltd. in exchange for common shares of Almadex Minerals Limited under the proposed Plan of Arrangement based on the Court's approval of the Arrangement;

THIS COURT ORDERS that:

1. Almadex Minerals Limited ("Almadex") may call, and hold at 11:00 a.m. on May 8, 2018, a special meeting of the holders of its issued and outstanding common shares (the "Meeting"), to consider, and if deemed advisable to pass, with or without variation, a special resolution (the "Arrangement Resolution") approving a proposed arrangement (the "Arrangement") involving Almadex, its shareholders, optionholders and warrantholders, and 1154229 B.C. Ltd. ("1154229") under an arrangement agreement dated March 22, 2018 (the "Arrangement Agreement").

2. Almadex will call and hold the Meeting in accordance with the *Business Corporations Act*, S.B.C. 2002, c.57 and its articles.
3. Almadex will mail or deliver to its shareholders, optionholders and warrant holders (the “**Securityholders**”) in paper or electronic format or any combination of those, notice of the Meeting and an information circular, being in substantially the form contained in Exhibit “B” to the affidavit of Korm Trieu sworn April 4, 2018 in this proceeding, with such amendments as counsel for Almadex may advise are necessary or desirable, provided they are not inconsistent with the terms of the interim order in this proceeding. Almadex shareholders will also receive a form of proxy. Almadex will mail or deliver applicable materials to its Securityholders at least 21 days before the date of the Meeting, excluding the dates of mailing or delivery and the Meeting, in accordance with the *Business Corporations Act* and National Instrument 54-101 of the Canadian Securities Administrators – *Communication with Beneficial Owners of Securities of a Reporting Issuer*. That mailing or delivery will be valid and timely notice of the meeting by Almadex to its Securityholders.
4. The persons entitled to vote at the meeting, in person or by proxy, will be Almadex’s shareholders of record as of the close of business on March 29, 2018.
5. The accidental omission to give notice of the Meeting to, or the non-receipt of notice by, any Almadex Securityholder will not invalidate any resolution passed or proceeding taken at the Meeting.
6. The resolution approving the arrangement will be effective if passed by not less than 66⅔% of the votes cast by Almadex’s shareholders present in person or by proxy at the Meeting. Almadex’s shareholders will be entitled to one vote for each Almadex share held.
7. Almadex may adjourn or postpone the Meeting from time to time (with the prior written consent of 1154229) without the need for the approval of this Court, and without the necessity of first convening the Meeting or first obtaining any vote of the shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement of the Meeting shall be given by press release, by newspaper advertisement, by email or by mail, as determined by Almadex to be the most appropriate method of communication.

8. The adjournment or postponement of the Meeting will not change the record date for the Meeting.

9. At any subsequent reconvening of the Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of the Meeting.

10. In all other respects, the terms, restrictions and conditions of Almadex's constating documents, including quorum requirements, apply in respect of the Meeting.

11. Almadex may make, subject to the terms of the Arrangement Agreement, such amendments, modifications or supplements to the Plan of Arrangement at any time and from time to time prior to the Meeting, without any additional notice to the Securityholders, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to Almadex shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and approval by this Court at the Final Hearing for the approval of the Arrangement and, if the Court directs, approved by and communicated to the Securityholders, unless the amendments, modifications or supplements concern a matter which, in the reasonable opinion of Almadex and 1154229, is of an administrative nature required to better give effect to the implementation of the Arrangement and is not materially adverse to the financial or economic interests of any Almadex shareholder.

12. Almadex's registered shareholders will have the right to dissent from the Arrangement Resolution and to be paid the fair value of their Almadex shares, as if ss. 237 to 247 of the *Business Corporations Act* applied to the proposed Arrangement, as modified by Article 3 of the plan of arrangement, the interim order and the final order in this proceeding. A dissenting shareholder who does not strictly comply with the dissent procedures in s. 237 to 247 of the *Business Corporations Act*, as modified by Article 3 of the plan of arrangement and the interim order in this proceeding, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting shareholder.

13. On approval of the proposed Arrangement at the Meeting as described in the interim order, Almadex may apply to this Court for approval of the Arrangement, at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on May 10, 2018 at 9:45 a.m., or as soon afterward as practicable.

14. The mailing or delivery of the material described in the interim order will be valid and timely service of the petition and the affidavit of Korm Trieu on, and notice of hearing of the Petition to, all persons entitled to be served or receive notice. No other form of service or notice need be made or given. No other material need be served on such persons in respect of this proceeding.

15. Any Securityholder may appear on the application for approval of the proposed Arrangement by this Court, provided they file with this Court and deliver to the solicitors for Almadex by 4:00 p.m. (Vancouver time) on May 9, 2018 a Response to Petition setting out their address for service, and all evidence they intend to present to this Court.

16. If the application for approval of the proposed Arrangement is adjourned, only those persons who have filed and delivered a response, in accordance with paragraph 15 above, need to be notified of the adjourned date.


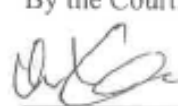
17. Almadex is at liberty to apply to vary the interim order.

18. Rules 8-1, 8-2 and 16-1 of the Supreme Court Civil Rules will not apply to any further applications in respect of this proceeding, including the application for approval of the proposed arrangement application and any application to vary the interim order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of
 party lawyer for Petitioner
Michelle T. Maniago

By the Court. 


Registrar



SCHEDULE "D"
NOTICE OF HEARING FOR FINAL ORDER

[attached]



No. S-184370
Vancouver Registry

In the Supreme Court of British Columbia

In the Matter of the *Business Corporations Act*,
S.B.C. 2002 c.57,

In the Matter of a Proposed Arrangement among
Almadex Minerals Limited, its Shareholders, Optionholders and
Warranholders and
1154229 B.C. Ltd.

Almadex Minerals Limited

Petitioner

NOTICE OF HEARING

To: The shareholders, optionholders and warranholders of Almadex Minerals Limited.

TAKE NOTICE that the petition of Almadex Minerals Limited dated 5 April 2018 will be heard at the courthouse at 800 Smithe Street, Vancouver, British Columbia on 10 May 2018 at 9:45 a.m.

1. **Date of hearing**

The petition is unopposed.


2. **Duration of hearing**

The hearing will take 15 minutes.

3. **Jurisdiction**

This matter is not within the jurisdiction of a master because it seeks a final order.

Date: 05 ^{APR} / 05 / 2018



Signature of
 petitioner lawyer for petitioner
Stephen T.C. Warnett

No. S-_____

In the Supreme Court of British Columbia

In the Matter of the *Business Corporations
Act*,
S.B.C. 2002 c.57,

In the Matter of a Proposed Arrangement
among
Almadex Minerals Limited, its Shareholders,
Optionholders and Warranholders and
1154229 B.C. Ltd.

Almadex Minerals Limited
Petitioner

NOTICE OF HEARING

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Telephone: (604) 687-5744
Attn: Stephen T.C. Warnett

SCHEDULE "E"
S. 237 TO 247 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

Division 2 of Part 8 (sections 237 to 247) of The *BC Business Corporations Act*, S.B.C. 2002, c.57

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by a court order, or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1)

(g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

- (i) the date on which the shareholder learns that the resolution was passed, and
- (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

- (i) the names of the registered owners of those other shares,
- (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
- (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE "F"
UNAUDITED PRO FORMA CONSOLIDATED
FINANCIAL STATEMENTS OF SPINCO

1154229 B.C. Ltd. "SpinCo"
Pro Forma Consolidated Financial Statements

September 30, 2017
(Unaudited – Prepared by Management)

1154229 B.C. Ltd. “Spinco”

Pro Forma consolidated statement of financial position

As at September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

	A	B		C	A+B+C
	1154229 B.C. Ltd.	Carve-out	Pro Forma Notes	Pro Forma Adjustments	Pro Forma Balance Combined
	\$	\$		\$	\$
ASSETS					
Current assets					
Cash	100	259,429	4(a)	6,000,000	6,259,529
Accounts receivable and prepaid expenses	-	150,961		-	150,961
Marketable securities and investments	-	3,575,136	4(b)	5,118,270	8,693,406
	100	3,985,526		11,118,270	15,103,896
Non-current assets					
Reclamation deposits	-	25,808		-	25,808
Contingent shares receivable	-	27,300		-	27,300
Property and equipment	-	906,687		-	906,687
Exploration and evaluation assets	-	436,008		-	436,008
	-	1,395,803		-	1,395,803
TOTAL ASSETS	100	5,381,329		11,118,270	16,499,699
LIABILITIES					
Current liabilities					
Trade and other payables	-	18,637		-	18,637
Total liabilities	-	18,637		-	18,637
EQUITY					
Share capital (no par value, authorized unlimited)	100	-	4(a)(b)(c)	17,686,113	17,686,213
Reserves	-	6,567,843	4(c)	(6,567,843)	-
Deficit	-	(1,205,151)		-	(1,205,151)
Total equity	100	5,362,692		11,118,270	16,481,062
TOTAL EQUITY AND LIABILITIES	100	5,381,329		11,118,270	16,499,699

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

1154229 B.C. Ltd. “Spinco”

Pro Forma consolidated statement of comprehensive loss

Nine months ended September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

	A	B	C	A+B+C	
	1154229 B.C. Ltd.	Carve-out	Pro Forma Notes	Pro Forma Adjustments	Pro Forma Balance Combined
	\$	\$			\$
Revenue					
Interest income	-	4			4
Other income	-	147,509			147,509
	-	147,513			147,513
Expenses					
Administrative services fee	-	56,642			56,642
Depreciation	-	160,338			160,338
Impairment of exploration and evaluation assets	-	538,402			538,402
Professional fees and office	-	83,767			83,767
Transfer agent and filing fees	-	6,818			6,818
Travel and promotion	-	8,586			8,586
Share-based payments	-	253,173			253,173
	-	1,100,908			1,100,908
Operating loss	-	(953,395)			(953,395)
Other income(loss)					
Gain on sale of exploration and evaluation assets	-	89,054			89,054
Gain on sale of marketable securities	-	271,855			271,855
Loss on fair value of contingent shares receivable	-	(23,400)			(23,400)
Foreign exchange loss	-	(47,742)			(47,742)
Net loss for the year	-	(663,628)			(663,628)
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	-	(500,202)			(500,202)
Reclassification adjustment relating to available-for-sale financial assets included in net loss, net of tax of \$Nil	-	(248,967)			(248,967)
Other comprehensive loss for the period	-	(749,169)			(749,169)
Total comprehensive loss for the period	-	(1,412,797)			(1,412,797)
Basic and diluted net loss per share	-	-			(0.01)
Weighted average number of common shares outstanding	100	-		53,728,869	53,728,969

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

1154229 B.C. Ltd. “Spinco”

Pro Forma consolidated statement of comprehensive income

Year ended December 31, 2016

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

	A	B	C	A+B+C	
	1154229 B.C. Ltd.	Carve-out	Pro Forma Notes	Pro Forma Adjustments	Pro Forma Balance Combined
	\$	\$			\$
Revenue					
Interest income	-	8	-	-	8
Other income	-	233,911	-	-	233,911
	-	233,919	-	-	233,919
Expenses					
Administrative services fee	-	128,463	-	-	128,463
Depreciation	-	130,262	-	-	130,262
Impairment of exploration and evaluation assets	-	466,259	-	-	466,259
Professional fees and office	-	175,511	-	-	175,511
Transfer agent and filing fees	-	2,902	-	-	2,902
Travel and promotion	-	16,952	-	-	16,952
Share-based payments	-	108,811	-	-	108,811
	-	1,029,160	-	-	1,029,160
Operating loss	-	(795,241)	-	-	(795,241)
Other income(loss)					
Gain on investment in associate	-	501,660	-	-	501,660
Gain on sale of exploration and evaluation assets	-	314,977	-	-	314,977
Gain on sale of marketable securities	-	309,167	-	-	309,167
Gain on sale of property and equipment	-	15,834	-	-	15,834
Gain on fair value of contingent shares receivable	-	7,200	-	-	7,200
Foreign exchange gain	-	30,261	-	-	30,261
Net income for the year	-	383,858	-	-	383,858
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	-	1,688,391	-	-	1,688,391
Reclassification adjustment relating to available-for-sale financial assets included in net income, net of tax of \$Nil	-	135,200	-	-	135,200
Other comprehensive income for the year	-	1,823,591	-	-	1,823,591
Total comprehensive income for the year	-	2,207,449	-	-	2,207,449
Basic and diluted net income per share	-	-	-	-	0.01
Weighted average number of common shares outstanding	100	-	53,728,869	53,728,869	

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

1154229 B.C. Ltd. “Spinco”

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian dollars, except percentage amounts and share information)

1. PLAN OF ARRANGEMENT

The unaudited pro forma financial statements have been compiled for purposes of inclusion in an Information Circular for Almadex Minerals Limited. (“Almadex” or the “Company”).

Almadex announced on February 26, 2018 that its Board of Directors has unanimously approved a strategic reorganization of its Exploration Business. Almadex’s early stage exploration projects, royalty interests and certain other non-core assets are being spun out to a newly incorporated company *1154229 B.C. Ltd. (“SpinCo”)* in exchange for shares of Spinco.

Almadex will transfer to its shareholders, by way of an arrangement (the “Arrangement Agreement”) under the *Business Corporations Act* (British Columbia), all of the shares of SpinCo by way of a reduction and return of share capital. Upon closing of the transaction, SpinCo will be owned exclusively by existing Almadex shareholders in identical proportion to their pre-SpinCo Arrangement shareholdings of Almadex. Closing of the Spinco Arrangement is subject to several conditions including, but not limited to, approval by Almadex shareholders and the receipt of court and necessary regulatory approvals.

2. BASIS OF PRESENTATION

These unaudited pro forma consolidated financial statements give effect to the Arrangement Agreement whereby Almadex will transfer its interests detailed in the carve-out combined financial statements to SpinCo for shares in SpinCo.

The unaudited pro forma consolidated financial statements have been compiled from and include:

- An unaudited pro forma consolidated statement of financial position, which combines the statement of financial position of SpinCo as at February 26, 2018 and the carve-out combined statement of financial position of Almadex Minerals Carve-out (“Carve-out”) as at September 30, 2017, giving effect to the Arrangement Agreement as if it occurred on September 30, 2017; and
- An unaudited pro forma consolidated statements of comprehensive loss, which combines the statement of comprehensive loss of SpinCo at the date of incorporation and the carve-out combined statement of loss of Carve-out for the year ended December 31, 2016 and nine months ended September 30, 2017 giving effect to the Arrangement Agreement as if it had occurred on January 1, 2016.

1154229 B.C. Ltd. “Spinco”

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian dollars, except percentage amounts and share information)

2. BASIS OF PRESENTATION *(Continued)*

These unaudited pro forma consolidated financial statements are provided for illustrative purposes only, and do not purport to represent the financial position that would have resulted had the Arrangement Agreement actually occurred on September 30, 2017 or the results of operations that would have resulted had the Arrangement Agreement actually occurred on January 1, 2016. Further, these pro forma consolidated financial statements are not necessarily indicative of the future financial position or results of operations on SpinCo as a result of the Arrangement Agreement. These unaudited pro forma consolidated financial statements should be read in conjunction with the audited carve-out combined financial statements of Carve-out for the years ended December 31, 2016 and 2015, unaudited carve-out combined interim financial statements of Carve-out for the nine months ended September 30, 2017 and the audited financial statements of SpinCo as at its incorporation on February 26, 2018, all of which are contained within the information circular.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited pro forma consolidated financial statements are those as set out in Almadex Minerals Carve-out audited combined financial statements for the years ended December 31, 2016 and 2015, and unaudited combined financial statements for the nine months ended September 30, 2017.

4. PRO FORMA ASSUMPTIONS

The pro forma consolidated statements of financial position and pro forma consolidated statement of comprehensive loss are based on the following assumptions:

- (a) SpinCo will receive \$6,000,000 in cash as part of the Arrangement Agreement.
- (b) SpinCo will also receive approximately 4,000,000 common shares of Almadex at a price of approximately \$1.28 per common share as part of the Arrangement Agreement. The fair value of the Almadex common shares to be issued has yet to be determined. The estimated share price of Almadex was based on the current market capital adjusted for the fair value of net assets to be spun out divided by the number of common shares issued by Almadex.
- (c) The amount contained within reserves of \$6,567,843 is transferred to share capital upon issuance of 53,728,869 common shares of SpinCo.

SCHEDULE "G"
AUDITED FINANCIAL STATEMENTS OF SPINCO

1154229 B.C. Ltd. "SpinCo"

Statement of Financial Position
As at the Date of Incorporation
February 26, 2018

INDEPENDENT AUDITORS' REPORT

To the Directors of
Almadex Minerals Limited

We have audited the accompanying statement of financial position of 1154229 B.C. Ltd. (the “Financial Statement”), as at the date of incorporation on February 26, 2018, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statement

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

Auditors’ Responsibility

Our responsibility is to express an opinion on this statement of financial position based on our audit. We conducted our audit 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 statement of financial position is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial position. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the statement of financial position, 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 statement of financial position 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 statement of financial position.

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

Opinion

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of 1154229 B.C. Ltd. as at February 26, 2018 in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 22, 2018

1154229 B.C. Ltd. “SpinCo”

Statement of financial position

(Expressed in Canadian dollars)

	February 26, 2018
	\$
Assets	
Cash	100
Total Assets	100
Shareholder’s Equity	
Share capital – unlimited shares authorized, 100 issued and outstanding (Note 1)	100
Total Shareholder’s Equity	100

These financial statements are authorized for issue by the Board of Directors of 1154229 B.C. Ltd. on March 22, 2018

Approved by the Board of Directors

/s/ Duane Poliquin
Director

/s/ Morgan Poliquin
Director

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

1154229 B.C. Ltd. “Spinco”

Notes to the Financial Statements

As at the date of Incorporation February 26, 2018

(Expressed in Canadian dollars, except share information)

1. ORGANIZATION

1154229 B.C. Ltd. (the “Company”) was incorporated on February 26, 2018 under the laws of Canada Business Corporations Act as part of a plan of arrangement (the “Arrangement”) to reorganize Almadex Minerals Limited (“Almadex”). The Company’s intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada, US and Mexico. To date, the Company has not commenced operations. The Company’s head office is located at Suite 210 – 1333 Johnston Street, Vancouver, BC V6H 3R9, Canada. The Company issued one hundred common shares upon incorporation. The common shares have no par value and the number of authorized common shares is unlimited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statement of financial position has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Separate Statements of Income, Changes in Shareholder’s Equity and Cash Flows have not been presented as there have been no activities for the Company to date.

**SCHEDULE “H”
AUDITED CARVE-OUT COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

Carve-out combined financial statements of

Almadex Minerals Carve-out

For the year ended December 31, 2016, and
the period from April 10, 2015 to December 31, 2015

Almadex Minerals Carve-out

December 31, 2016 and the period from April 10, 2015 to December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Almadex Minerals Limited

We have audited the accompanying Carve-out financial statements of Almadex Minerals Carve-out, which comprise the Carve-out combined statements of financial position as at December 31, 2016 and 2015, and the Carve-out combined statements of comprehensive income (loss), cash flows, and changes in equity for the year ended December 31, 2016 and the period from incorporation on April 10, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory information (the "Carve-out financial statements").

Management's Responsibility for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these Carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of Carve-out 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 Carve-out 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 Carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Carve-out financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Carve-out 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 Carve-out 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 Carve-out 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 Carve-out financial statements present fairly, in all material respects, the financial position of Almadex Minerals Carve-out as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and the period from incorporation on April 10, 2015 to December 31, 2015, in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 22, 2018

Almadex Minerals Carve-out

Carve-out combined statements of financial position

(Expressed in Canadian dollars)

	December 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current assets		
Cash	388,965	173,847
Accounts receivable and prepaid expenses (Note 5)	116,617	238,013
Marketable securities and investments (Note 6)	3,960,064	2,562,892
	4,465,646	2,974,752
Non-current assets		
Investment in associate (Note 7)	-	1,539,870
Reclamation deposits (Note 4(j))	27,576	33,348
Contingent shares receivable (Note 8)	50,700	43,500
Property and equipment (Note 9)	963,900	594,757
Exploration and evaluation assets (Note 10)	286,978	54,927
	1,329,154	2,266,402
TOTAL ASSETS	5,794,800	5,241,154
LIABILITIES		
Current liabilities		
Trade and other payables	64,596	113,712
Total liabilities	64,596	113,712
EQUITY		
Reserves (Note 11)	6,271,727	6,052,823
Deficit	(541,523)	(925,381)
Total equity	5,730,204	5,127,442
TOTAL EQUITY AND LIABILITIES	5,794,800	5,241,154

Commitments (Note 10(a))

Subsequent events (Note 18)

The accompanying notes are an integral part of these carve-out combined financial statements.

These carve-out combined financial statements are authorized for issue by the Board of Directors of Almadex Minerals Limited on March 22, 2018.

They are signed on the Entity's behalf by:

/s/Duane Poliquin
Director

/s/Mark T. Brown
Director

Almadex Minerals Carve-out

Carve-out combined statements of financial position

(Expressed in Canadian dollars)

	December 31, 2016	Period from April 10, 2015 to December 31, 2015
	\$	\$
Revenue		
Interest income	8	60
Other income (Note 12(b))	233,911	78,511
	233,919	78,571
Expenses		
Administrative services fee (Note 12(a)(b))	128,463	105,215
Depreciation (Note 9)	130,262	27,267
Impairment of exploration and evaluation assets (Note 10(c))	466,259	544,454
Office	30,548	4,780
Professional fees	144,963	83,528
Transfer agent and filing fees	2,902	28,208
Travel and promotion	16,952	9,013
Share-based payments (Note 11)	108,811	56,508
	1,029,160	858,973
Operating loss	(795,241)	(780,402)
Other income (loss)		
Gain (loss) on investment in associate (Note 7)	501,660	(51,730)
Gain on sale of exploration and evaluation assets (Note 10(c))	314,977	-
Gain (loss) on sale of marketable securities (Note 6)	309,167	(89,278)
Gain (loss) on sale of property and equipment (Note 9)	15,834	(947)
Gain (loss) on fair value of contingent shares receivable (Note 8)	7,200	(3,600)
Foreign exchange gain	30,261	576
Net income (loss) for the period	383,858	(925,381)
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 6)	1,688,391	45,912
Reclassification adjustment relating to available-for-sale financial assets included in net loss, net of tax of \$Nil	135,200	-
Other comprehensive income for the period	1,823,591	45,912
Total comprehensive income (loss) for the period	2,207,449	(879,469)

The accompanying notes are an integral part of these carve-out combined financial statements.

Almadex Minerals Carve-out

Carve-out combined statements of financial position

(Expressed in Canadian dollars)

	December 31, 2016	Period from April 10, 2015 to December 31, 2015
	\$	\$
Operating activities		
Net income (loss) for the period	383,858	(925,381)
Items not affecting cash		
(Gain) loss on investment in associate	(501,660)	51,730
Depreciation	130,262	27,267
(Gain) loss on fair value of contingent shares receivable	(7,200)	3,600
(Gain) loss on sale of marketable securities	(309,167)	89,278
Impairment of exploration and evaluation assets	466,259	544,454
Unrealized foreign exchange on reclamation deposit	771	(3,114)
(Gain) loss on sale of property and equipment	(15,834)	947
Gain on sale of exploration and evaluation assets	(314,977)	-
Share-based payments	108,811	56,508
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	143,896	(95,283)
Net contribution of working capital items from subsidiaries acquired pursuant to the Almadex Plan of Arrangement	-	232,647
Trade and other payables	(67,204)	41,735
Net cash from operating activities	17,815	24,388
Investing activities		
Exploration and evaluation assets - costs	(660,723)	(141,179)
Net proceeds from sale of exploration and evaluation assets (Note 10(c))	314,978	-
Property and equipment – purchase	(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	777,117	125,642
Reclamation deposit	5,000	-
Net cash from (used in) investing activities	1,952,801	(15,537)
Financing activities		
Funding provided by (to) Almadex Minerals Limited	(1,755,498)	164,996
Net cash from (used in) financing activities	(1,755,498)	164,996
Change in cash	215,118	173,847
Cash, beginning of period	173,847	-
Cash, end of period	388,965	173,847
Supplemental cash flow information – Note 13		

The accompanying notes are an integral part of these carve-out combined financial statements.

Almadex Minerals Carve-out

Carve-out combined statements of financial position

(Expressed in Canadian dollars)

	Reserves			(Deficit) Capital contribution	Total
	Funded by Almadex Minerals Limited	Equity settled share- based payments (Note 11)	Available- for-sale financial assets		
	\$	\$	\$	\$	\$
Balance, April 10, 2015	-	-	-	-	-
Transfer of net assets from Almadex Minerals Limited	5,940,153	-	-	-	5,940,153
Share-based payments	-	66,758	-	-	66,758
Loss and other comprehensive income for the period	-	-	45,912	(925,381)	(879,469)
Balance, December 31, 2015	5,940,153	66,758	45,912	(925,381)	5,127,442
Total funding withdrawn by Almadex Minerals Limited for the year	(1,755,498)	-	-	-	(1,755,498)
Share-based payments	-	150,811	-	-	150,811
Net income and other comprehensive income for the year	-	-	1,823,591	383,858	2,207,449
Balance, December 31, 2016	4,184,655	217,569	1,869,503	(541,523)	5,730,204

The accompanying notes are an integral part of these carve-out combined financial statements.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

1. Nature of Operations

Almadex Minerals Carve-out (“Carve-out” or the “Entity”) is an exploration stage entity that is engaged directly in the acquisition and exploration of exploration and evaluation properties in Canada, the United States and Mexico (the “Exploration Business”) (Note 3). To date, the Entity has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Entity’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 carve-out combined financial statements have been prepared in accordance with International Financial Reporting (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of preparation

These carve-out combined financial statements have been prepared on the basis of IFRS standards that are effective as at December 31, 2016, and on a historical cost basis except for financial instruments classified as fair value through profit or loss, and available-for-sale that have been measured at fair value.

The purpose of these carve-out combined financial statements is to provide general purpose historical financial information of the Entity for the inclusion in the Listing Application in connection with the Arrangement Agreement detailed in Note 3. Therefore, these carve-out combined financial statements present the historical financial information of those subsidiaries (Note 4(a)) making up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities of certain subsidiaries are included, and allocations of shared income and expenses of Almadex that are attributable to the Entity.

The basis of preparation for the carve-out combined statements of financial position, comprehensive income (loss), changes in equity and cash flows of Carve-out have been applied. These carve-out combined financial statements have been extracted from historical accounting records of Almadex with estimates used, when necessary, for certain allocations.

- The carve-out combined statements of financial position reflect the assets and liabilities recorded by Almadex which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the subsidiaries making up the Entity;
- The carve-out combined statements of comprehensive income (loss) include a pro-rata allocation of Almadex’s income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Almadex’s exploration and evaluation assets, and based on specifically identifiable activities attributable to the subsidiaries. The allocation of income and expenses for each period presented is as follows: 2016 – 28%, 2015 – 58%. These percentages are considered reasonable under the circumstances;
- Income taxes have been calculated as if Carve-out had been a separate legal entity and had filed separate tax returns for the periods presented.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

2. Basis of Presentation (Continued)

(b) Basis of preparation (Continued)

Management cautions readers of these carve-out financial statements that the Carve-out results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had Carve-out been a separate entity. Further, the allocation of income and expenses in these carve-out statements of comprehensive income (loss) does not necessarily reflect the nature and level of Carve-out's future income and operating expenses. Almadex's investment in Carve-out, presented as equity in these carve-out financial statements, includes the accumulated total comprehensive income (loss) of Carve-out.

(c) Functional currency

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

(d) Significant accounting judgments and estimates

The preparation of these carve-out combined 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 carve-out combined financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the carve-out combined 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:

Critical Judgments

- The assessment that the Entity has significant influence over the investment in Gold Mountain Mining Corporation ("Gold Mountain") (Note 7) which results 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 Entity and the intercompany transactions and relationship with Gold Mountain and concluded that significant influence exists.
- The analysis of the functional currency for each entity of the Carve-out. In concluding that the Canadian dollar is the functional currency of the Entity and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Entity operates. As no single currency was clearly dominant, the Entity also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

2. Basis of Presentation (Continued)

(d) Significant accounting judgments and estimates (Continued)

Estimates

- The recoverability of accounts receivable which is included in the carve-out combined statements of financial position;
- The carrying value of investment in associate, and the estimated annual gains or losses from profit or loss and dilution, and the recoverability of the carrying value which is included in the carve-out combined statements of financial position;
- The estimated useful lives of property and equipment which are included in the carve-out combined statements of financial position and the related depreciation included in the carve-out combined statements of comprehensive income (loss);
- The value of the exploration and evaluation assets which is recorded in the carve-out combined statements of financial position;
- The Entity 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 Entity's control;
- The assessment of indications of impairment of each exploration and evaluation asset and related determination of the net realizable value and write-down of those assets where applicable;
- The estimated fair value of contingent shares receivable in the event that Gold Mountain Mining Corporation achieves some or all of the specified resource and production levels described in Note 8(a);
- 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 8(b).

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

3. Arrangement Agreement

Almadex Minerals Limited (the “Company” or “Almadex”) was incorporated on April 10, 2015 under the laws of the Province of British Columbia pursuant to the 2015 plan of arrangement to reorganize Almadex Minerals Ltd. (“Almadex”) which was completed on July 31, 2015.

The Company announced on February 26, 2018 that its Board of Directors has unanimously approved a strategic reorganization of its exploration business (the “Almadex Plan of Arrangement”). Almadex’s early stage exploration projects, royalty interests and certain other non-core assets are being spun out to, 1154229 B.C. Ltd., a newly incorporated company (“SpinCo”). Almadex shareholders will receive shares in SpinCo in proportion to their shareholdings in Almadex. There will be no change to shareholders’ existing interests in the Company. Warrant holders and option holders of Almadex will receive warrants and options, respectively, of SpinCo which are proportionate to, and reflective of the terms of, their existing warrants and options, respectively.

SpinCo will hold the following key assets:

- a portfolio consisting of interests in 19 exploration projects;
- a 1.75% net Smelter Return (“NSR”) royalty on the Company’s El Cobre property in Mexico;
- a 2% NSR royalty on the Company’s Tuligic Property in Mexico, which hosts the Ixtaca gold-silver development project operating by Almadex Minerals Ltd.;
- a portfolio of 16 additional NSR royalties on exploration projects in Mexico, Canada and the United States identified through the Company’s past prospect generator activities;
- up to 4,000,000 shares of Almadex; and,
- at a minimum, sufficient working capital to satisfy stock exchange requirements.

Almadex will transfer to its shareholders, by way of the Almadex Plan of Arrangement under the *Business Corporations Act* (British Columbia), all of the shares of Carve-out by way of a reduction and return of share capital. Upon closing of the transaction, Carve-out will be owned exclusively by existing Almadex shareholders in identical proportion to their pre-Carve-out arrangement shareholdings of Almadex. Closing of the Almadex Plan of Arrangement is subject to several conditions including, but not limited to, approval by Almadex shareholders and the receipt of court and necessary regulatory approvals.

Almadex intends to apply for a listing of the shares of SpinCo on the TSX Venture Exchange (“TSX-V”). Any such listing will be subject to SpinCo fulfilling all of the requirements of the TSX-V.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant accounting policies

The significant accounting policies used in the preparation of these carve-out combined financial statements as listed below are the same as those used by Almadex for the preparation of its annual financial statements for the year ended December 31, 2016.

(a) *Basis of combination*

These carve-out combined financial statements include the accounts of the following companies:

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

On November 30, 2015, the Entity sold Compania Minera Zapata, S.A. de C.V., an inactive Mexican subsidiary at cost of \$8,340 (\$49,999 MXN) and realized no gain or loss in the Statement of Comprehensive Income (Loss).

Subsidiaries are entities controlled by the Entity and are included in the carve-out combined financial statements from the date that control commences until the date that control ceases.

Investments where the Entity has the ability to exercise significant influence are accounted for using the equity method (Note 7). Under this method, the Entity's share of the investee's profit or loss is included in the statement of operations 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 carve-out combined financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Entity'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 statements of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant accounting policies (Continued)

(c) Financial instruments

Financial assets

The Entity classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Entity'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 statements of financial position at fair value with changes in fair value recognized in profit or loss.

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 accounts receivable.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity'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 and which include marketable securities and investments 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.

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose of the liability. The Entity'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.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant accounting policies (Continued)

(d) 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%
Geological library	20%
Field equipment	20%
Drill equipment	20%

(e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Entity 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 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.

(f) Exploration and evaluation assets

The Entity 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 Entity 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.

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

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant Accounting Policies (Continued)

(f) Exploration and evaluation assets (Continued)

- (i) the period for which the Entity 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;
- (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.

An impairment charge relating to an exploration and evaluation asset is 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 Entity 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 Entity to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

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

Expenditures are transferred to mining properties and leases or assets under construction once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the work completed to date supports the future development of the property.

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, plant and equipment.

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

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it 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.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant Accounting Policies (Continued)

(g) 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 Entity 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.

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.

(h) 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.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant Accounting Policies (Continued)

(i) Share-based payments

The Entity benefits from Almadex's stock option plan which allows employees, directors, officers and consultants to acquire shares of Almadex. 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.

(j) 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, 2016, the Entity has \$2,500 (2015 – \$7,500) of reclamation deposits held with the Ministry of Mines of British Columbia and \$25,076 (2015 – \$25,848) of reclamation deposits held with the State of Nevada.

When the Entity 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.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

4. Significant Accounting Policies (Continued)

(k) 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 Entity.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Entity is currently evaluating this standard to determine its impact.

5. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses consist of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Accounts receivable	101,743	311,623
Allowance for doubtful account	(4,455)	(79,485)
Prepaid expenses	19,329	5,875
	116,617	238,013

At December 31, 2016, the Entity has recorded value added taxes of \$10,129 (2015 - \$Nil) 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 10).

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

6. Marketable securities and Investments

- a) Marketable securities consist of common shares in publicly traded companies over which the Entity does not have control or significant influence. Marketable securities are designated as available-for-sale and valued at fair value of \$1,502,920 as at December 31, 2016 (2015 - \$220,029). 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 \$2,457,144 as at December 31, 2016 (2015 - \$2,342,863). 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.

7. Investment in associate

Gold Mountain Mining Corporation

Pursuant to the Almadex Plan of Arrangement (Note 3), the Entity 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 the Entity) and Morgan Poliquin (President, CEO and Director of the Entity) were directors of Gold Mountain until July 13, 2016.

The Entity had accounted for this investment using the equity method as the Entity had determined that significant influence existed. The Entity has recorded its equity share of Gold Mountain's loss until July 7, 2016 in the amount of \$1,364,947 (2015 – \$51,730) that includes a true-up of the deferred income tax expense recognized by Gold Mountain.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

7. Investment in associate (Continued)

Gold Mountain Mining Corporation (Continued)

On July 7, 2016, the Entity 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. The Entity 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 Entity's investment in associate for the periods ended December 31, 2016 and 2015 is as follows:

	December 31, 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	-
Entity's share of net loss ⁽¹⁾	(1,364,947)	(51,730)
Balance, end of period	-	1,539,870

- (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.
- (3) The following table summarizes the financial information of Gold Mountain for its year ended December 31, 2015.

	December 31, 2015
	\$
Current assets	2,633,639
Non-current assets	27,753,453
Current liabilities	32,892
Non-current liabilities	5,105,381
Revenue	10,695
Loss	3,748,803

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

8. Contingent shares receivable

(a) Gold Mountain Mining Corporation

As part of the Almadex Plan of Arrangement (Note 3), the Entity 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 Entity has recorded a contingent share receivable of \$Nil (2015 - \$4,500) as at December 31, 2016, and a loss of \$4,500 (2015 - \$7,500) on fair value adjustment in the statement of loss during the period ended December 31, 2016.

(b) Goldgroup Mining Inc.

As part of the Almadex Plan of Arrangement (Note 3), the Entity 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 Entity has recorded a contingent share receivable of \$50,700 (2015 - \$39,000) based on management's best estimate of the fair value of the Goldgroup common shares as at December 31, 2016, and a gain of \$11,700 (2015 - \$3,900) on fair value adjustment in the statement of comprehensive (income) loss during the period ended December 31, 2016.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

9. Property and equipment

	Automotive equipment	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 period ended December 31, 2016, the Entity 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.

	Automotive equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$
Cost:					
April 10, 2015	-	-	-	-	-
Additions - Contribution from spinout assets July 31, 2015 (Note 3)	63,049	200	56,245	503,477	622,971
Disposals	-	-	(984)	-	(984)
December 31, 2015	63,049	200	55,261	503,477	621,987
Accumulated depreciation:					
April 10, 2015	-	-	-	-	-
Disposals	-	-	(37)	-	(37)
Depreciation	3,941	8	2,340	20,978	27,267
December 31, 2015	3,941	8	2,303	20,978	27,230
Carrying amounts:					
April 10, 2015	-	-	-	-	-
December 31, 2015	59,108	192	52,958	482,499	594,757

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

10. Exploration and evaluation assets

	Los Venados	El Chato	Other Properties	Total
	\$	\$	\$	\$
Exploration and evaluation assets				
Acquisition costs:				
Opening balance – December 31, 2015	20,163	1	21	20,185
Proceeds from options	(22,500)	-	-	(22,500)
Additions	52,000	-	2	52,002
Disposal	-	-	(1)	(1)
Closing balance – December 31, 2016	49,663	1	22	49,686
Deferred exploration costs:				
Opening balance - December 31, 2015	34,742	-	-	34,742
Costs incurred during the period:				
Professional/technical fees	3,558	-	10,430	13,988
Claim maintenance/lease costs	41,752	15,839	250,266	307,857
Geochemical, metallurgy	32,244	13,502	40,688	86,434
Travel and accommodation	12,029	226	3,171	15,426
Geology, geophysics, exploration	70,883	46,787	133,622	251,292
Supplies and miscellaneous	-	-	9,654	9,654
Reclamation, environmental	5,218	2,157	6,153	13,528
Value-added tax	4,410	1,940	3,779	10,129
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	140,094	62,456	-	202,550
Closing balance – December 31, 2016	174,836	62,456	-	237,292
Total exploration and evaluation assets	224,499	62,457	22	286,978

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

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

10. Exploration and evaluation assets (Continued)

	Los Venados	Other Properties	Total
Exploration and evaluation assets	\$	\$	\$
Acquisition costs:			
Opening balance - April 10, 2015	-	-	-
Contribution from Almaden spinout July 31, 2015	-	13,165	13,165
Additions	20,163	-	20,163
Impairment of acquisition costs	-	(13,143)	(13,143)
Closing balance – December 31, 2015	20,163	22	20,185
Deferred exploration costs:			
Opening balance - April 10, 2015	-	-	-
Costs incurred during the period:			
Contribution from Almaden spinout July 31, 2015	-	412,558	412,558
Professional/technical fees	1,221	7,551	8,772
Claim maintenance/lease costs	-	86,107	86,107
Geochemical, metallurgy	15,331	-	15,331
Travel and accommodation	2,194	-	2,194
Geology, geophysics, exploration	15,996	25,095	41,091
Impairment of deferred exploration costs	-	(531,311)	(531,311)
Closing balance - December 31, 2015	34,742	-	34,742
Total exploration and evaluation assets	54,905	22	54,927

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

(a) Los Venados

On October 6, 2015, the Entity entered into an option to purchase a 100% interest in the Los Venados project in Sonora State Mexico. If the Entity continues with the project, the Entity's commitments to pay cash and give Almadex common shares received from Almadex as part of its carve-out working capital through the closing of the Almadex Plan of Arrangement (Note 3) are as follows:

On signing:	\$10,000 cash and 50,000 shares of Almadex (Paid and issued)
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 after September 31, 2017)
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 Minerals Carve-out

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For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

10. Exploration and evaluation assets (Continued)

(a) Los Venados (Continued)

The Entity will meet minimum assessment requirements and pay claim taxes. The Entity 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 Entity at any time for \$1,000,000.

On November 29, 2016, the Entity signed a definitive agreement to option all of its interest in the Los Venados project to Aloro Mining Corp. (formerly Wolverine Minerals Corp.) (“Aloro”) in exchange for the following:

On signing:	\$30,000 cash (Received) and 250,000 shares of Aloro (Accrued received at fair value of \$22,500 after December 31, 2016)
February 9, 2018:	250,000 shares of Aloro (Received after December 31, 2017)
February 9, 2019:	500,000 shares of Aloro
February 9, 2020:	1,000,000 shares of Aloro

The Entity will retain a 2.0% NSR royalty. In addition, Aloro 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. As at December 31, 2016, the Entity accrued \$22,500 representing the fair value of 250,000 Aloro shares receivable.

(b) El Chato

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

(c) 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, 2016, the Entity recorded a write-down of capitalized costs incurred of \$448,264 (2015 - \$544,454) with respect to such properties. Each remaining property is carried at \$1 as at December 31, 2016.

On February 5, 2016, the Entity 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 Entity 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.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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Presented in Canadian dollars

11. Reserves

Almadex Minerals Limited's investment in the operations of Carve-out is presented as Reserves in the carve-out combined financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation, the accumulated net contributions from Almadex and that portion of the share-based payments allocated to Carve-out based on the percentage detailed in Note 2(b). The portion of the share-based payments was determined based on the exploration costs incurred on Carve-out properties over the year ended December 31, 2016 and period from incorporation on April 10, 2015 to December 31, 2015. The share-based payments of \$150,811 during the year 2016 included share-based payment expense of \$108,811 and 50,000 Almadex common shares issued at fair value of \$42,000 for the acquisition of exploration and evaluation assets (Note 10(a)). The share-based payments of \$66,758 during the period 2015 included share-based payment expense of \$56,508 and 50,000 Almadex common shares issued at fair value of \$10,250 for the acquisition of exploration and evaluation assets acquisition (Note 10(a)).

Net financing transactions with Almadex Minerals Limited as presented in the carve-out combined statements of cash flows represents the net contributions related to the funding of operations between Carve-out and Almadex.

12. 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 Almadex and the Entity 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 allocated was as follows:

	December 31, 2016	Period from April 10, 2015 to December 31, 2015
Management fees	90,657	62,713
Share-based payments	83,468	50,191
	174,125	112,904

The cost allocation is on a pro-rata basis of exploration and evaluation activities of Almadex based on the percentages detailed in Note 2(b).

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

For the year ended December 31, 2016 and from the period from April 10, 2015 to December 31, 2015

Presented in Canadian dollars

12. Related Party Transactions and Balances (Continued)

(b) Other related party transactions

Administrative Services Agreement

The Entity paid administrative services fees to Almaden Minerals Ltd. (“Almaden”), an affiliated company, pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almaden provides the Entity with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services. The administrative services expense allocation is on a pro-rata basis of exploration and evaluation activities of Almadex based on the percentages detailed in Note 2(b).

ATW Resources Ltd.

The Entity 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.

Other

On February 5, 2016, the Entity acquired the Yago, Mezquites, and San Pedro properties in Mexico from a company in common with one of its directors.

At December 31, 2016, the Entity included in other income \$223,747 (2015 - \$78,511) paid by Almaden to the Entity for drill equipment rental services in Mexico.

13. Supplemental cash flow information

Supplemental information regarding non-cash transactions is as follows:

Investing and financing activities	December 31, 2016	December 31, 2015
	\$	\$
Fair value of Almadex common shares issued for exploration and evaluation assets included in reserves (Note 10(a))	42,000	10,250
Fair value of shares receivable included in exploration and evaluation assets	22,500	-
Exploration and evaluation expenditures included in trade and other payables	40,317	22,229
Transfer from investment in associate to marketable securities	44,139	-
Other comprehensive income attributable to marketable securities and investments	1,820,983	45,912
Transfer from investment in associate to other comprehensive income	2,609	-

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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14. Income taxes

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

	December 31, 2016	December 31, 2015
	\$	\$
Net income (loss) for the period	383,858	(925,381)
Statutory rate	26.00%	26.00%
Expected income tax	99,803	(240,599)
Effect of different tax rates in foreign jurisdictions	(2,395)	(23,083)
Non-deductible share-based payments	28,291	2,533
Other permanent items	(172,452)	25,992
Change in unrecognized deductible temporary differences and other	46,753	(222,478)
	-	-

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

	December 31, 2016	December 31, 2015
	\$	\$
Deferred tax assets:		
Non-capital losses	1,789,818	912,118
Deferred tax liabilities:		
Exploration and evaluation assets	(1,564,790)	(897,521)
Property and equipment	(103,162)	(3,287)
Marketable securities and investments	(108,684)	-
Contingent shares receivable	(13,182)	(11,310)
	(1,789,818)	(912,118)
Net deferred tax liabilities	-	-

- (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, 2016	December 31, 2015
	\$	\$
Non-capital loss carry forwards	1,548,620	6,521,581
Capital loss carry forwards	-	-
Exploration and evaluation assets	1,397,582	2,854,599
Property and equipment	-	219,840
Marketable securities	-	20,751
	2,946,202	9,616,771

At December 31, 2015, the Entity had operating loss carry forwards available for tax purposes in Canada of \$447,513 (2015 - \$241,745) which expire between 2033 and 2036, in the United States of \$261,313 (2015 - \$189,484) which expire between 2031 and 2036 and in Mexico of \$6,391,221 (2015 - \$9,119,792) which expire between 2018 and 2026.

Almadex Minerals Carve-out

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15. Financial instruments

The fair values of the Entity's cash, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The Entity's reclamation bond approximates fair value as the expected proceeds on redemption approximate its carrying value.

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

As at December 31, 2016, the Entity 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	81,629	164,626
Accounts receivable and prepaid expenses	-	93,253
Total assets	81,629	257,879
Trade and other payables	2,220	4,599
Total liabilities	2,220	4,599
Net assets	79,409	253,280

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Entity's profit or loss by \$8,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Entity's profit or loss by \$25,000.

(b) Credit risk

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

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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Presented in Canadian dollars

15. Financial Instruments (Continued)

(b) Credit risk (Continued)

To mitigate exposure to credit risk on cash, the Entity 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, 2016, the Entity's maximum exposure to credit risk is the carrying value of its cash and accounts receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity 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 Entity is not exposed to varying interest rates on cash. The Entity has no interest bearing debt.

(e) Price risk

(i) Commodity price risk

The ability of the Entity to explore its exploration and evaluation assets and the future profitability of the Entity are directly related to the market price of gold and other precious metals. The Entity has not hedged any of its potential future gold sales of the quantities held in investments. The Entity monitors gold prices to determine the appropriate course of action to be taken by the Entity.

A 1% change in the price of gold would affect the fair value of the Entity's gold investment by \$24,500.

(ii) Equity price risk

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

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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15. Financial Instruments (Continued)

(f) Classification of Financial instruments risk

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

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

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

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

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

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

2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities and investments	2,562,892	-	-	2,562,892
Contingent shares receivable	-	43,500	-	43,500

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 Entity.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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16. Segmented information

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

Geographic information is as follows:

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	286,968	1,233,792
	78,276	963,900	286,978	1,329,154

2015	All other non-current assets	Property and equipment	Exploration and evaluation assets	December 31, 2015
	\$	\$	\$	\$
Canada	1,616,718	21,344	6	1,638,068
United States	-	-	4	4
Mexico	-	573,413	54,917	628,330
	1,616,718	594,757	54,927	2,266,402

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

17. Capital Management

As a separate resource exploration activity, Carve-out does not have share capital and its equity is a carve-out amount from Almadex's equity. Almadex has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources aside from interest, and other income (Note 12(b)). Going forward, it must generate funds through the sale or option of its exploration and evaluation assets. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral property interests; and/or its ability to borrow or raise additional funds from equity markets.

Almadex Minerals Carve-out

Notes to the carve-out combined financial statements

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18. Subsequent events

(a) Willow

On February 14, 2017, the Entity and its wholly-owned U.S. subsidiary, Almadex America Inc. signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. (“Abacus”). Abacus can earn an initial 60% interest in the Willow project by incurring work expenditures on the project totaling US\$3,000,000 and issuing a total of 416,668 shares to the Entity 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	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 this initial interest, Abacus will be required to incur minimum annual exploration expenditures of US\$500,000 on the property and, by February 22, 2027, deliver a Feasibility Study in respect of the Willow project to the Entity, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, the Entity may elect to become operator of the project, and the parties will enter into a 60:40 joint venture agreement with standard dilution provisions.

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

On March 27, 2017, the Entity received 41,667 shares of Abacus at a fair value of \$22,500.

(b) Other Properties

On May 24, 2017, the Entity 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 the Entity pursuant to a 65.74%/34.26% joint venture. In exchange for its interest in the Property, the Entity 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.

Condensed carve-out combined interim financial statements of

Almadex Minerals Carve-out

For the three and nine months ended September 30, 2017
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CARVE-OUT COMBINED
INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed carve-out combined interim financial statements of Almadex Minerals Carve-out (“the Entity”) for the three and nine months ended September 30, 2017 have been prepared by the management of Almadex Minerals Limited (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 interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed carve-out combined interim financial statements of the Entity 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 condensed carve-out combined interim financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity’s auditor.

Almadex Minerals Carve-Out

Condensed carve-out combined interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash	259,429	388,965
Accounts receivable and prepaid expenses (Note 4)	150,961	116,617
Marketable securities and investments (Note 5)	3,575,136	3,960,064
	3,985,526	4,465,646
Non-current assets		
Reclamation deposits	25,808	27,576
Contingent shares receivable (Note 6)	27,300	50,700
Property and equipment (Note 7)	906,687	963,900
Exploration and evaluation assets (Note 8)	436,008	286,978
	1,395,803	1,329,154
TOTAL ASSETS	5,381,329	5,794,800
LIABILITIES		
Current liabilities		
Trade and other payables	18,637	64,596
Total liabilities	18,637	64,596
EQUITY		
Reserves (Note 9)	6,567,843	6,271,727
Deficit	(1,205,151)	(541,523)
Total equity	5,362,692	5,730,204
TOTAL EQUITY AND LIABILITIES	5,381,329	5,794,800

Commitments (Note 8(a))

Subsequent Events (Note 8(a)(c))

These condensed carve-out combined interim financial statements are authorized for issue by the Board of Directors on March 22, 2018.

They are signed on the Entity's behalf by:

/s/Duane Poliquin
Director

/s/Mark T. Brown
Director

The accompanying notes are an integral part of these unaudited condensed carve-out combined interim financial statements

Almadex Minerals Carve-Out

Condensed carve-out combined interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue				
Interest income	1	3	4	7
Other income (Note 10(b))	57,949	126,019	147,509	170,482
	57,950	126,022	147,513	170,489
Expenses				
Administrative services fee (Note 10(a)(b))	19,801	30,640	56,642	93,342
Depreciation (Note 7)	55,061	32,847	160,338	94,704
Impairment of exploration and evaluation assets (Note 8)	467,296	264,662	538,402	426,230
Professional fees and office	52,909	45,256	83,767	131,282
Travel and promotion	2,131	2,723	8,586	12,387
Share-based payments (Note 9)	36,180	17,193	253,173	85,875
	633,378	393,321	1,100,908	843,820
Operating loss	(575,428)	(267,299)	(953,395)	(673,331)
Other income (loss)				
Gain on investment in associate	-	1,866,607	-	501,660
Gain on sale of exploration and evaluation assets (Note 8)	-	-	89,054	314,977
Gain on sale of marketable securities (Note 5)	-	468,912	271,855	506,815
Gain on sale of property and equipment	-	10,348	-	14,909
Gain (loss) on fair value of contingent shares receivable (Note 6)	(7,800)	3,900	(23,400)	69,600
Foreign exchange gain (loss)	48,439	13,212	(47,742)	620
Net income (loss) for the period	(534,789)	2,095,680	(663,628)	735,250
Other comprehensive income (loss)				
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)	(80,257)	1,721,775	(500,202)	2,247,884
Reclassification adjustment relating to available-for-sale financial assets included in net loss, net of tax of \$Nil	-	(1,250)	(248,967)	(4,800)
Other comprehensive income (loss) for the period	(80,257)	1,720,525	(749,169)	2,243,084
Total comprehensive income (loss) for the period	(615,046)	3,816,205	(1,412,797)	2,978,334

accompanying notes are an integral part of these unaudited condensed carve-out combined interim financial statements.

Almadex Minerals Carve-Out

Condensed carve-out combined interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	\$	\$
Operating activities		
Net income (loss) for the period	(663,628)	735,250
Items not affecting cash		
Gain on investment in associate	-	(501,660)
Depreciation	160,338	94,704
Gain (loss) on fair value of contingent shares receivable	23,400	(69,600)
Gain on sale of marketable securities	(271,855)	(506,815)
Impairment of exploration and evaluation assets	538,402	426,230
Unrealized foreign exchange on reclamation deposit	1,768	1,351
Gain on sale of property and equipment	-	(14,909)
Gain on sale of exploration and evaluation assets	(89,054)	(314,977)
Share-based payments	253,173	85,875
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	(56,843)	74,890
Trade and other payables	(74,249)	(54,546)
Net cash used in operating activities	(178,548)	(44,207)
Investing activities		
Exploration and evaluation assets - costs	(676,588)	(514,025)
Net proceeds from sale of exploration and evaluation assets	-	314,978
Property and equipment – purchase	(103,125)	(144,183)
Net proceeds from sale of property and equipment	-	25,640
Net proceeds from sale of marketable securities	36,613	577,608
Net proceeds from sale of investment in associates	-	2,000,000
Reclamation deposit	-	5,000
Net cash from (used in) investing activities	(743,100)	2,265,018
Financing activities		
Funding provided by (to) Almadex Minerals Limited	792,112	(2,069,991)
Net cash from (used in) financing activities	792,112	(2,069,991)
Change in cash	(129,536)	150,820
Cash, beginning of period	388,965	173,847
Cash, end of period	259,429	324,667
Supplemental cash flow information – Note 11		

The accompanying notes are an integral part of these unaudited condensed carve-out combined interim financial statements.

Almadex Minerals Carve-Out

Condensed carve-out combined interim statements of financial position

(Unaudited - Expressed in Canadian dollars)

	Reserves				Deficit	Total
	Funded by Almadex Minerals Limited	Equity settled share -based payments (Note 9)	Available-for- sale financial assets	Total Reserves		
	\$	\$	\$	\$	\$	\$
Balance, January 1, 2016	5,940,153	66,758	45,912	6,052,823	(925,381)	5,127,442
Total funding withdrawn by Almadex Minerals Limited	(2,069,991)	-	-	(2,069,991)	-	(2,069,991)
Share-based payments	-	85,875	-	85,875	-	85,875
Income and other comprehensive income for the period	-	-	2,243,084	2,243,084	735,250	2,978,334
Balance, September 30, 2016	3,870,162	152,633	2,288,996	6,311,791	(190,131)	6,121,660
Total funding provided by Almadex Minerals Limited	314,493	-	-	314,493	-	314,493
Share-based payments	-	64,936	-	64,936	-	64,936
Loss and other comprehensive loss for the period	-	-	(419,493)	(419,493)	(351,392)	(770,885)
Balance, December 31, 2016	4,184,655	217,569	1,869,503	6,271,727	(541,523)	5,730,204
Total funding provided by Almadex Minerals Limited	792,112	-	-	792,112	-	792,112
Share-based payments	-	253,173	-	253,173	-	253,173
Loss and other comprehensive loss for the period	-	-	(749,169)	(749,169)	(663,628)	(1,412,797)
Balance, September 30, 2017	4,976,767	470,742	1,120,334	6,567,843	(1,205,151)	5,362,692

The accompanying notes are an integral part of these unaudited condensed carve-out combined interim financial statements.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

Almadex Minerals Carve-out (“Carve-out” or the “Entity”) is an exploration stage entity that is engaged directly in the acquisition and exploration of exploration and evaluation properties in Canada, the United States and Mexico (the “Exploration Business”). To date, the Entity has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Entity’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 carve-out combined interim financial statements (“carve-out 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 carve-out financial statements are prepared on a going concern basis, which assumes the Entity will continue its operations for a reasonable period of time. The Entity’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 carve-out financial statements include the accounts of the Entity 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 Entity since the end of the last annual reporting period.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity for the inclusion in the Listing Application in connection with the Arrangement Agreement detailed in the Note 3 of the Entity’s annual audited carve-out financial statements for the year ended December 31, 2016. Therefore, these carve-out combined financial statements present the historical financial information of those subsidiaries making up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities of certain subsidiaries are included, and allocations of shared income and expenses of Almadex that are attributable to the Entity.

The basis of preparation for the carve-out combined interim statements of financial position, comprehensive income (loss), changes in equity and cash flows of Carve-out have been applied. These carve-out financial statements have been extracted from historical accounting records of Almadex with estimates used, when necessary, for certain allocations.

- The carve-out combined statements of financial position reflect the assets and liabilities recorded by Almadex which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the subsidiaries making up the Entity;

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

2. Basis of Presentation *(Continued)*

(b) Basis of preparation (Continued)

- The carve-out combined statements of comprehensive income (loss) include a pro-rata allocation of Almadex's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Almadex's exploration and evaluation assets, and based on specifically identifiable activities attributable to the subsidiaries. The allocation of income and expenses for each period presented is as follows: nine months ended September 30, 2017 – 18% and nine months ended September 30, 2016 – 32%. These percentages are considered reasonable under the circumstances.
- Income taxes have been calculated as if Carve-out had been a separate legal entity and had filed separate tax returns for the periods presented.

Management cautions readers of these carve-out financial statements that the Carve-out results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had Carve-out been a separate entity. Further, the allocation of income and expenses in these carve-out statements of comprehensive income (loss) does not necessarily reflect the nature and level of Carve-out's future income and operating expenses. Almadex's investment in Carve-out, presented as equity in these carve-out financial statements, includes the accumulated total comprehensive income (loss) of Carve-out.

(c) 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 Entity.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Entity does not expect a significant impact on its financial statements upon adoption of this standard.
- 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 Entity is currently evaluating this standard to determine its impact.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

3. Significant Accounting Policies

These carve-out financial statements have been prepared in accordance with IFRS as issued by the IASB. These carve-out 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 Entity's financial position, results of operations and cash flows have been included. Operating results for the nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 2(d) of the Entity's annual audited carve-out combined financial statements for the year ended December 31, 2016. There have been no changes to the Entity's critical accounting estimates and judgments during the nine months ended September 30, 2017.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	September 30, 2017	December 31, 2016
	\$	\$
Accounts receivable	140,716	101,743
Allowance for doubtful account	(4,455)	(4,455)
Prepaid expenses	14,700	19,329
	150,961	116,617

5. Marketable Securities and Investments

- a) Marketable securities consist of common shares in publicly traded companies over which the Entity does not have control or significant influence. Marketable securities are designated as available-for-sale and valued at fair value of \$1,017,846 as at September 30, 2017 (December 31, 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 (loss). The valuation of the common shares has been determined in whole by reference to the closing price traded on the exchange at each reporting date.
- b) Investments consist of 1,597 ounces of gold bullion which is recorded at the fair value of \$2,557,290 as at September 30, 2017 (December 31, 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.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

6. Contingent Shares Receivable

(c) Gold Mountain Mining Corporation

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

- iii. 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
- iv. 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 Entity has recorded a contingent share receivable of \$Nil (December 31, 2016 - \$Nil) as at September 30, 2017, and a loss of \$Nil (September 30, 2016 - \$10,500) on fair value adjustment in the statement of comprehensive loss during the period ended September 30, 2017.

(d) Goldgroup Mining Inc.

As part of the Almadex Plan of Arrangement, the Entity obtained a right to receive of 7,000,000 common shares of Goldgroup Mining Inc. ("Goldgroup") which may be obtained upon satisfaction of the following conditions:

- v. 1,000,000 common shares will be received upon commencement of commercial production on the Caballo Blanco project ("Caballo Blanco");
- vi. 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;
- vii. 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
- viii. 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 Entity has recorded a contingent share receivable of \$27,300 (December 31, 2016 - \$50,700) based on management's best estimate of the fair value of the Goldgroup common shares as at September 30, 2017, and a loss of \$23,400 (September 30, 2016 gain - \$80,100) on fair value adjustment in the statement of comprehensive income (loss) during the period ended September 30, 2017.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

7. Property and Equipment

	Automotive equipment	Geological library	Field equipment	Drill equipment	Total
	\$	\$	\$	\$	\$
Cost					
December 31, 2016	178,997	200	94,163	845,564	1,118,924
Additions	69,398	-	29,811	3,916	103,125
September 30, 2017	248,395	200	123,974	849,480	1,222,049
Accumulated depreciation					
December 31, 2016	23,697	46	13,803	117,478	155,024
Depreciation	38,771	23	12,585	108,959	160,338
September 30, 2017	62,468	69	26,388	226,437	315,362
Carrying amounts					
December 31, 2016	155,300	154	80,360	728,086	963,900
September 30, 2017	185,927	131	97,586	623,043	906,687

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets

	Los Venados	El Chato	Willow	Other Properties	Total
	\$	\$	\$	\$	\$
Exploration and evaluation assets					
Acquisition costs:					
Opening balance – December 31, 2016	49,663	1	1	21	49,686
Proceeds on disposition	-	-	(22,500)	(84,000)	(106,500)
Additions	-	-	17,443	211,445	228,888
Gain on disposition	-	-	5,057	83,997	89,054
Impairment of acquisitions costs	-	-	-	(211,445)	(211,445)
Closing balance – September 30, 2017	49,663	1	1	18	49,683
Deferred exploration costs:					
Opening balance - December 31, 2016	174,836	62,456	-	-	237,292
Costs incurred during the period:					
Professional/technical fees	959	543	5,822	12,530	19,854
Claim maintenance/lease costs	-	29,570	-	269,144	298,714
Geochemical, metallurgy	-	31,004	-	642	31,646
Travel and accommodation	-	4,768	-	628	5,396
Geology, geophysics, exploration	603	62,727	12,491	4,174	79,995
Supplies and miscellaneous	-	1,263	-	366	1,629
Reclamation, environmental	-	5,383	-	2,599	7,982
Value-added tax	97	12,116	-	34,827	47,040
Recovery of exploration costs	-	-	(16,266)	-	(16,266)
Impairment of deferred exploration costs	-	-	(2,047)	(324,910)	(326,957)
Total deferred exploration costs during the period	1,659	147,374	-	-	149,033
Closing balance – September 30, 2017	176,495	209,830	-	-	386,325
Total exploration and evaluation assets	226,158	209,831	1	18	436,008

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets *(Continued)*

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

(a) Los Venados

On October 6, 2015, the Entity entered into an option to purchase a 100% interest in the Los Venados project in Sonora State Mexico. If the Entity continues with the project, the Entity's commitments to pay cash and give Almadex common shares received from Almadex as part of its carve-out working capital through the closing of the Almadex Plan of Arrangement as follows:

October 6, 2015:	\$10,000 cash and 50,000 shares of Almadex (Paid and issued)
October 14, 2016:	\$10,000 cash and 50,000 shares of Almadex (Paid and issued)
October 14, 2017:	\$10,000 cash and 100,000 shares of Almadex (Paid and issued subsequent to September 30, 2017)
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

The Entity will meet minimum assessment requirements and pay claim taxes. The Entity 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 Entity at any time for \$1,000,000.

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

November 29, 2016:	\$30,000 cash (Received) and 250,000 shares of Aloro (Received at fair value of \$22,500)
February 9, 2018:	250,000 shares of Aloro (Received after December 31, 2017)
February 9, 2019:	500,000 shares of Aloro
February 9, 2020:	1,000,000 shares of Aloro

The Entity will retain a 2% NSR royalty. In addition, Aloro 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.

(b) El Chato

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

(c) Willow

On February 14, 2017, the Entity and its wholly-owned U.S. subsidiary, Almadex America Inc. signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. ("Abacus").

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets (Continued)

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

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

On March 27, 2017, the Entity received 41,667 shares of Abacus at a fair value of \$22,500. As at September 30, 2017, the Entity accrued \$22,500 representing the fair value of 41,667 Abacus shares receivable which was received subsequent to December 31, 2017.

(d) Other Properties

On May 24, 2017, the Entity 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 the Entity pursuant to a 65.74%/34.26% joint venture. In exchange for its interest in the Property, the Entity 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.

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, 2017, the Entity recorded a write-down of capitalized costs incurred of \$536,355 (September 30, 2016 - \$426,230) with respect to such properties. Each remaining property is carried at \$1 as at September 30, 2017.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

9. Reserves

Almadex Minerals Limited's ("Almadex") investment in the operations of Carve-out is presented as Reserves in the carve-out financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation, the accumulated net contributions from Almadex and that portion of the share-based payments allocated to Carve-out based on the percentage detailed in Note 2(b). The portion of the share-based payments was determined based on the exploration costs incurred on Carve-out properties over the nine months ended September 30, 2017 and 2016. The share-based payments included in the reserves for the period ended September 30, 2017 are consisted of the share-based payment expense of \$253,173 (2016 - \$85,875).

Net financing transactions with Almadex as presented in the carve-out combined interim statements of cash flows represents the net contributions related to the funding of operations between Carve-out and Almadex.

10. Related Party Transactions and Balances

(b) 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 Entity 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 allocated was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Management fees	12,704	20,760	38,111	62,280
Share-based payments	36,180	7,776	190,552	66,528
	48,884	28,536	228,663	128,808

The cost allocation is on a pro-rata basis of exploration and evaluation activities of Almadex based on the percentages detailed in Note 2(b).

(b) Other related party transactions

Administrative Services Agreement

The Entity paid administrative services fees to Almadex pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almadex provides the Entity with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services ("management fees"). The administrative services expense allocation is on a pro-rata basis of exploration and evaluation activities of Almadex based on the percentages detailed in Note 2(b).

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 Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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

Other

During the period ended September 30, 2017, the Entity included in other income \$147,210 (2016 - \$160,317) paid by Almaden to the Entity for drill equipment rental services in Mexico.

11. Supplemental Cash Flow Information

Supplemental information regarding non-cash transactions for the nine months ended September 30, 2016 and 2017 is as follows:

Investing and financing activities	2017	2016
	\$	\$
Fair value of shares received on disposal of exploration and evaluation assets (\$22,500 included in accounts receivable (Note 8(c)(d)))	129,000	-
Other comprehensive (loss) income attributable to marketable securities and investments	(749,169)	2,240,475
Transfer from investment in associate to other comprehensive income	-	2,609

As at September 30, 2017, \$68,607 (December 31, 2016 - \$40,317) of exploration and evaluation asset costs is included in trade and other payables.

12. Financial Instruments

The fair values of the Entity's cash, accounts receivable, and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The Entity's reclamation deposits approximate fair value as the expected proceeds on redemption approximate its carrying value. See Note 12(f) for fair values of contingent shares receivable and marketable securities and investments.

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

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

12. Financial Instruments (Continued)

(a) Currency risk (Continued)

As at September 30, 2017, the Entity 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	33,303	115,277
Accounts receivable and prepaid expenses	-	131,616
Total assets	33,303	246,893
Trade and other payables	5,804	2,171
Total liabilities	5,804	2,171
Net assets	27,499	244,722

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Entity's profit or loss by \$2,700.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Entity's profit or loss by \$24,000.

(b) Credit risk

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

To mitigate exposure to credit risk on cash, the Entity 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, 2017, the Entity's maximum exposure to credit risk is the carrying value of its cash, and accounts receivable.

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

12. Financial Instruments *(Continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity 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 Entity is not exposed to varying interest rates on cash. The Entity has no interest bearing debt.

(e) Price risk

(i) Commodity price risk

The ability of the Entity to explore its exploration and evaluation assets and the future profitability of the Entity are directly related to the market price of gold and other precious metals. The Entity has not hedged any of its potential future gold sales of the quantities held in investments. The Entity monitors gold prices to determine the appropriate course of action to be taken by the Entity.

A 1% change in the price of gold would affect the fair value of the Entity's gold investment by \$26,000.

(ii) Equity price risk

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

(f) Classification of Financial instruments

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

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

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

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

Almadex Minerals Carve-Out

Notes to the condensed carve-out combined interim financial statements

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

12. Financial Instruments (Continued)

(f) Classification of Financial instruments (continued)

The following table sets forth the Entity'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	3,575,136	-	-	3,575,136
Contingent shares receivable	-	27,300	-	27,300

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 Entity.

13. Management of Capital

As a separate resource exploration activity, Carve-out does not have share capital and its equity is a carve-out amount from Almadex's equity. Almadex has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources aside from interest, and other income (Note 10(b)). Going forward, it must generate funds through the sale or option of its exploration and evaluation assets. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral property interests; and/or its ability to borrow or raise additional funds from equity markets.

14. Segmented Information

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

Geographic information is as follows:

	All other non-current assets	Property and equipment	Exploration and evaluation assets	September 30, 2017
	\$	\$	\$	\$
Canada	53,108	14,514	5	67,627
United States	-	-	4	4
Mexico	-	892,173	435,999	1,328,172
	53,108	906,687	436,008	1,395,803

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

SCHEDULE "I"

AUDIT COMMITTEE CHARTER

Purpose

To assist the Board of Directors of the Company (the "Board") in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the company's process for monitoring compliance with laws and regulations and this code of conduct (the "Charter").

This Charter is created in order to define the Committee's objectives, the range of its authority, the scope of its activities and its duties and responsibilities. It is intended to give Committee members, management and external auditors a clear understanding of their respective roles. The Committee and the Board will review and assess the adequacy of this Charter annually.

Rules and Regulations

The Committee and its members are governed by the relevant laws, regulations and rules respecting audit committees to which the Company is subject, as promulgated by federal, state or provincial governments, the Securities and Exchange Commission, the Canadian Securities Commissions and Administrators and any other regulatory body or exchange or organised marketplace (collectively, "Regulatory Bodies").

Authority

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- With the consent of the Board, retain outside counsel, accountants or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees-all of whom are directed to cooperate with the Committee's requests-or external parties.
- Meet with Company officers, external auditors or outside counsel, as necessary.
- The Committee is responsible for recommending to the Board the compensation of the external auditors.
- Subject to the requirements of the Business Corporations Act (British Columbia), the Board maintains the ultimate authority to submit proposals to the shareholders of the Company for the appointment or removal of the external auditors and the determination of such external auditors' compensation.
- Approval of non-audit services by the Auditors
- The Committee approves or pre-approves all non-audit services (as defined in the Sarbanes-Oxley Act of 2002, NI 52-110 and any other applicable audit committee rules, regulations and policies) rendered by the external auditors of the Company for the benefit of the Company or any of its subsidiaries. The Committee may establish policies and procedures for the pre-approval of non-audit services in accordance with applicable audit committee rules.

Composition

The Committee will consist of at least two and no more than four members of the Board. The Board will appoint committee members and the committee chair.

The majority of the Committee members must be independent, and each member must be financially literate, as defined by applicable regulation and the Board. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Meetings

The Committee will meet at least once a year, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Minutes will be prepared.

Responsibilities

The Committee will carry out the following responsibilities.

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report before release and consider the accuracy and completeness of the information.
- Review with management and the auditors all matters required to be communicated to the Board under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of auditor involvement.
- Review interim financial reports with management before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.

Internal Control

- Consider the effectiveness of the Company's internal control over annual and interim financial reporting, including information technology security and control.
- Understand the scope of auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Audit

- Review the auditors' proposed audit scope and approach, significant accounting policies, audit conclusions regarding significant accounting estimates/reserves and proposed fee arrangements for ongoing and special projects.

- Review the performance of the auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- The Committee is responsible for overseeing the work of any external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and external auditors regarding financial reporting.
- The Committee will review with management and the external auditors the Company's compliance with laws and regulations having to do with accounting and financial matters.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Company legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues and related recommendations.
- Provide an open avenue of communication between the auditors and the Board.
- Review any other reports the company issues that relate to Committee responsibilities.

Other Responsibilities

- The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Perform other activities related to this charter as requested by the Board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes.

- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis.
- The Committee approves all services to be rendered by the Board or by related entities to such directors (related party transactions).