Condensed Consolidated Interim Financial Statements of

Azucar Minerals Ltd. **(formerly Almadex Minerals Limited)**

For the three and nine months ended September 30, 2018
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Azucar Minerals Ltd. (formerly Almadex Minerals Limited) ("the Company") for the three and nine months ended September 30, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

Azucar Minerals Ltd. (formerly Almadex Minerals Limited)

Condensed consolidated interim statements of financial position

(Unaudited - Expressed in Canadian dollars)

	September 30, 2018	December 31, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	**16,284,803**	1,511,419
Accounts receivable and prepaid expenses (Note 5)	**138,894**	463,757
Marketable securities and investments (Note 6)	**-**	2,773,253
	16,423,697	4,748,429
Non-current assets		
Reclamation deposits	**-**	25,929
Contingent shares receivable (Note 7)	**-**	23,400
Property and equipment (Note 8)	**27,570**	875,698
Exploration and evaluation assets (Note 9)	**11,792,358**	9,098,599
	11,819,928	10,023,626
TOTAL ASSETS	**28,243,625**	14,772,055
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	**621,232**	341,580
Total liabilities	**621,232**	341,580
EQUITY		
Share capital (Note 10)	**24,590,479**	15,977,418
Reserves (Note 10)	**2,990,104**	2,226,924
Equity (Deficit)	**41,810**	(3,773,867)
Total equity	**27,622,393**	14,430,475
TOTAL EQUITY AND LIABILITIES	**28,243,625**	14,772,055

Subsequent Event (Note 17)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 21, 2018.

They are signed on the Company's behalf by:

/s/Duane Poliquin
Director

/s/Mark T. Brown
Director

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

Azucar Minerals Ltd. (formerly Almadex Minerals Limited)
Condensed consolidated interim statements of comprehensive income (loss)
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	$	$	**$**	$
Revenue				
Interest income	**36,333**	4,940	**50,969**	17,101
Other income (Note 11(b))	**-**	57,949	**178,047**	147,509
	36,333	62,889	**229,016**	164,610
Expenses				
Administrative services fee (Note 11(a)(b))	**113,087**	110,006	**336,390**	314,678
Depreciation (Note 8)	**1,455**	55,144	**75,234**	160,421
Impairment of exploration and evaluation assets (Note 9(d))	**-**	467,296	**102,202**	538,402
Professional fees and office	**104,754**	113,752	**893,658**	278,816
Travel and promotion	**32,762**	11,839	**45,771**	47,709
Share-based payments (Note 10(c))	**1,108,576**	201,000	**1,524,381**	1,406,514
	1,360,634	959,037	**2,977,636**	2,746,540
Operating loss	**(1,324,301)**	(896,148)	**(2,748,620)**	(2,581,930)
Other income (loss)				
Gain (loss) on transfer of spin-out assets (Note 2)	**(189,367)**	-	**6,468,161**	-
Gain on sale of exploration and evaluation assets	**-**	-	**39,167**	89,054
Gain on sale of marketable securities	**-**	-	**6,805**	271,855
Gain on sale of property and equipment (Note 8)	**-**	-	**69,553**	-
Gain (loss) on fair value of contingent shares receivable (Note 7)	**-**	(7,800)	**7,800**	(23,400)
Foreign exchange loss	**(15,994)**	(55,026)	**(27,189)**	(43,521)
Net income (loss) for the period	**(1,529,662)**	(958,974)	**3,815,677**	(2,287,942)
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 6)	**-**	(80,257)	**177,936**	(500,202)
Reclassification adjustment relating to the sale of available-for-sale financial assets included in net loss, net of tax of $Nil (Note 2)	**-**	-	**(444,643)**	(248,967)
Other comprehensive loss for the period	**-**	(80,257)	**(266,707)**	(749,169)
Total comprehensive income (loss) for the period	**(1,529,662)**	(1,039,231)	**3,548,970**	(3,037,111)
Basic net income (loss) per share (Note 12)	**(0.02)**	(0.02)	**0.06**	(0.05)
Diluted net income (loss) per share (Note 12)	**(0.02)**	(0.02)	**0.06**	(0.05)

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

Azucar Minerals Ltd. (formerly Almadex Minerals Limited)
Condensed consolidated interim statements of cash flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	$	$	**$**	$
Operating activities				
Net income (loss) for the period	**(1,529,662)**	(958,974)	**3,815,677**	(2,287,942)
Items not affecting cash				
Depreciation	**1,455**	55,144	**75,234**	160,421
(Gain) loss on fair value of contingent shares receivable	**-**	7,800	**(7,800)**	23,400
Gain on sale of marketable securities	**-**	-	**(6,805)**	(271,855)
Impairment of exploration and evaluation assets	**-**	467,296	**102,202**	538,402
Unrealized foreign exchange on reclamation deposit	**-**	928	**1,748**	1,768
Gain on sale of exploration and evaluation assets	**-**	-	**(39,167)**	(89,054)
Gain on sale of property and equipment	**-**	-	**(69,553)**	-
Gain on transfer of spin-out assets (Note 2)	**189,367**	-	**(6,468,161)**	-
Share-based payments	**1,108,576**	201,000	**1,524,381**	1,406,514
Changes in non-cash working capital components				
Accounts receivable and prepaid expenses	**163,232**	101,015	**(49,111)**	(30,676)
Trade and other payables	**(183,548)**	17,772	**(45,492)**	(129,222)
Net cash used in operating activities	**(250,580)**	(108,019)	**(1,166,847)**	(678,244)
Investing activities				
Exploration and evaluation assets – costs	**(993,609)**	(1,428,320)	**(2,491,728)**	(3,430,976)
Property and equipment – purchase	**-**	(27,734)	**(30,971)**	(106,448)
Net proceeds from sale of property and equipment	**-**	-	**103,798**	-
Net proceeds from sale of marketable securities	**-**	-	**30,345**	36,613
Net cash used in investing activities	**(993,609)**	(1,456,054)	**(2,388,556)**	(3,500,811)
Financing activities				
Issuance of shares, net of share issue costs	**-**	-	**24,335,845**	3,231,785
Cash paid to Almadex pursuant to plan of arrangement	**-**	-	**(5,984,338)**	-
Cash in subsidiaries spun out to Almadex	**-**	-	**(756,216)**	-
Options exercised	**87,472**	159,000	**691,184**	448,640
Finders' warrants exercised	**-**	-	**42,312**	-
Net cash from financing activities	**87,472**	159,000	**18,328,787**	3,680,425
Change in cash and cash equivalents	**(1,156,717)**	(1,405,073)	**14,773,384**	(498,630)
Cash and cash equivalents, beginning of the period	**17,441,520**	3,585,578	**1,511,419**	2,679,135
Cash and cash equivalents, end of the period	**16,284,803**	2,180,505	**16,284,803**	2,180,505

Supplemental cash flow information (Note 13)

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

Azucar Minerals Ltd. (formerly Almadex Minerals Limited)
Condensed consolidated interim statement of changes in equity
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Reserves					
	Number of shares	Amount	Share-based payments	Warrants	Available-for-sale financial assets	Total Reserves	**Equity (Deficit)**	**Total**
		$	$	$	$	$	$	$
Balance, January 1, 2017	**44,336,369**	**12,093,447**	**590,899**	**-**	**1,869,503**	**2,460,402**	**(1,564,426)**	**12,989,423**
Share-based payments	-	-	1,406,514	-	-	1,406,514	-	1,406,514
Private placement, net	2,496,000	3,231,785	-	-	-	-	-	3,231,785
Finders' warrants - private placement	-	(34,188)	-	34,188	-	34,188	-	-
Options exercised	1,418,000	448,640	-	-	-	-	-	448,640
Fair value of options transferred to share capital	-	67,239	(67,239)	-	-	(67,239)	-	-
Loss and comprehensive loss for the period	-	-	-	-	(749,169)	(749,169)	(2,287,942)	(3,037,111)
Balance, September 30, 2017	**48,250,369**	**15,806,923**	**1,930,174**	**34,188**	**1,120,334**	**3,084,696**	**(3,852,368)**	**15,039,251**
Options exercised	72,500	35,350	-	-	-	-	-	35,350
Fair value of options transferred to share capital	-	4,145	(4,145)	-	-	(4,145)	-	-
Shares issued for exploration and evaluation assets	100,000	131,000	-	-	-	-	-	131,000
Loss and comprehensive loss for the period	-	-	-	-	(853,627)	(853,627)	78,501	(775,126)
Balance, December 31, 2017	**48,422,869**	**15,977,418**	**1,926,029**	**34,188**	**266,707**	**2,226,924**	**(3,773,867)**	**14,430,475**
Share-based payments – modification	-	(6,620)	1,524,381	6,620	-	1,531,001	-	1,524,381
Private placement, net	18,391,568	24,335,845	-	-	-	-	-	24,335,845
Options exercised	2,357,700	691,184	-	-	-	-	-	691,184
Fair value of options transferred to share capital	-	460,306	(460,306)	-	-	(460,306)	-	-
Finders' warrants exercised	44,400	42,312	-	-	-	-	-	42,312
Fair value of finders' warrants transferred to share capital	-	40,808	-	(40,808)	-	(40,808)	-	-
Transfer of net assets pursuant to spin-out (Note 2)	-	(21,310,774)	-	-	-	-	-	(21,310,774)
Shares issued to Almadex	4,000,000	4,360,000	-	-	-	-	-	4,360,000
Total comprehensive income (loss) for the period	-	-	-	-	(266,707)	(266,707)	3,815,677	3,548,970
Balance, September 30, 2018	**73,216,537**	**24,590,479**	**2,990,104**	**-**	**-**	**2,990,104**	**41,810**	**27,622,393**

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

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

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

2. Plan of Arrangement

On May 18, 2018, the spin-out of Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.) ("Almadex") became effective as all conditions to the statutory Plan of Arrangement (the "Plan of Arrangement") were satisfied or waived.

Pursuant to the Plan of Arrangement, Azucar's shareholders exchanged their existing common shares of Azucar and received one "new" Azucar common share and one common share of Almadex.

The carrying value of the net assets transferred to Almadex, pursuant to the Plan of Arrangement, consisted of the following assets and liabilities:

Assets:	
Cash paid to Almadex	$ 5,984,338
Shares issued to Almadex	4,360,000
Cash in subsidiaries spun out	756,216
Accounts receivable and prepaid expenses	373,974
Marketable securities and investments[1]	2,522,173
Reclamation deposits	24,181
Contingent shares receivable	31,200
Property and equipment	769,620
Exploration and evaluation assets	284,549
Total Assets	15,106,251
Liabilities:	
Trade and other payables	(3,264)
Carrying value of net assets	**15,102,987**
Fair value of net assets distributed	**21,571,148**
Gain on transfer on spin-out assets	**$ 6,468,161**

[1] The carrying value of the marketable securities spun out on May 18, 2018, reflects their mark to market fair value less an unrealized gain formerly included in reserves representing the accumulated other comprehensive income on available-for-sale financial assets of $439,098.

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the distribution of net assets to Azucar shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the consolidated statement of comprehensive income (loss).

The Plan of Arrangement resulted in a reduction of share capital amounting to $21,310,774 ($21,571,148 fair value of net assets less $260,374 (Note 9) net contribution from spin-out assets, related to historical equipment rental fees).

The fair value of the net assets distributed was based on the share price of Almadex on May 28, 2018, its first day of trading, of $0.40 per share multiplied by the total number of shares issued and outstanding, 53,927,869.

2. Plan of arrangement *(Continued)*

Under the terms of the Plan of Arrangement, each issued and outstanding Azucar option and warrant has been adjusted to compensate the option and warrant holders for the assets spun-out. The exercise price paid has been allocated between the Company and Almadex on the same ratio that the fair market value of the spin-out assets has, to the fair market value of the assets of the Company. See Note 10 (b) and (c).

3. Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards ("IAS") 34 "*Interim Financial Reporting"* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has adopted and applied IFRS 9 since January 1, 2018. Changes to significant accounting policies are described in Note 4.

(b) Basis of preparation

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes the Company will continue its operations for a reasonable period of time. The Company's ability to continue its operations is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

Except as described below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2017.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2018.

The following is an accounting standard issued but not yet effective:

- IFRS 16, *Leases*, is a 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 eventual application of this standard is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

4. Significant Accounting Policies

The Company has initially adopted IFRS 9, *Financial Instruments* from January 1, 2018. The effect of initially applying this standard did not have a material impact on the Company's financial statements and prior period amounts were not restated. A number of other new standards are also effective from January 1, 2018, however, were also not deemed to have a material impact on the Company's financial statements.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. There was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables, and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets including cash and cash equivalents, accounts receivable, and reclamation deposits are classified at amortized cost. The Company's marketable securities and investments, and contingent shares receivable, are classified as FVOCI. Trade and other payables is classified as other financial liabilities.

(ii) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model include cash and cash equivalents, accounts receivable, and reclamation deposits.

The adoption of the ECL impairment model had no impact on the carrying amounts of the Company's financial assets on the transition date, given the accounts receivable are substantially all current and there has been minimal historical customer default. Moreover, cash and cash equivalents have not been subject to historical credit risk, and reclamation deposits represent amounts that may be redeemed for their full carrying amount and are not subject to significant fluctuations in value.

(Unaudited - Expressed in Canadian dollars)

4. Significant Accounting Policies *(Continued)*

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. There have been no changes in estimates since the annual consolidated financial statements as at and for the year ended December 31, 2017.

5. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	September 30 2018	December 31, 2017
	$	$
Accounts receivable	**65,125**	395,780
Allowance for doubtful account	**-**	(4,455)
Prepaid expenses	**73,769**	72,432
	138,894	463,757

6. Marketable Securities and Investments

a) Marketable securities consist of common shares in publicly-traded companies over which the Company does not have control or significant influence. Marketable securities are designated as FVOCI and valued at fair value of $Nil as at September 30, 2018 (December 31, 2017 - $186,817). 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 common shares has been determined in whole by reference to the closing price traded on the exchange at each reporting date. These assets were transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

b) Investments consist of 1,597 ounces of gold bullion which is recorded at the fair value of $Nil as at September 30, 2018 (December 31, 2017 - $2,586,436). The investments are designated as FVOCI and valued at fair value. 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 gold bullion investment is determined in whole by reference to the closing price of gold at each reporting period. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

7. Contingent Shares Receivable

Goldgroup Mining Inc.

As part of the Plan of Arrangement with Almaden (Note 1), the Company obtained contingent shares receivable of 7,000,000 shares of Goldgroup Mining Inc. ("Goldgroup") which may be obtained upon satisfaction of the following conditions:

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

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

The Company has recorded contingent shares receivable of $Nil (December 31, 2017 - $23,400) based on management's best estimate of the fair value of the Goldgroup common shares as at September 30, 2018, and a gain of $7,800 (September 30, 2017 – loss of $23,400) on fair value adjustment in profit or loss during the nine months ended September 30, 2018. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

(Unaudited - Expressed in Canadian dollars)

8. Property and Equipment

	Automotive equipment	Computer hardware	Geological library	Field equipment	Drill equipment	Total
	$	$	$	$	$	$
Cost						
December 31, 2017	**248,396**	**2,093**	**200**	**146,812**	**849,480**	**1,246,981**
Additions	23,691	-	-	7,280	-	30,971
Disposals	-	-	-	-	(57,760)	(57,760)
September 30, 2018	**272,087**	**2,093**	**200**	**154,092**	**791,720**	**1,220,192**
Accumulated depreciation						
December 31, 2017	**76,718**	**26**	**77**	**31,636**	**262,826**	**371,283**
Depreciation	20,513	465	9	10,805	43,442	75,234
Disposals	-	-	-	-	(23,515)	(23,515)
September 30, 2018	**97,231**	**491**	**86**	**42,441**	**282,753**	**423,002**
Carrying amounts						
December 31, 2017	171,678	2,067	123	115,176	586,654	875,698
September 30, 2018	174,856	1,602	114	111,651	508,967	797,190
Less amount transferred to Almadex (Note 2)	(174,856)	-	(114)	(85,683)	(508,967)	(769,620)
September 30, 2018	**-**	**1,602**	**-**	**25,968**	**-**	**27,570**

During the nine months ended September 30, 2018, the Company disposed of equipment with a net book value of $34,245 for proceeds of $103,798 resulting in a gain on sale of property and equipment of $69,553 (2017 - $Nil).

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

Exploration and evaluation assets	El Cobre $	El Chato $	Yago $	Other Properties $	Total $
Acquisition costs:					
Opening balance – December 31, 2017	**733,800**	**1**	**1**	**17**	**733,819**
Additions	417,516	-	-	-	**417,516**
Closing balance – September 30, 2018	**1,151,316**	**1**	**1**	**17**	**1,151,335**
Deferred exploration costs:					
Opening balance - December 31, 2017	**8,140,474**	**224,306**	**-**	**-**	**8,364,780**
Costs incurred during the period:					
Contribution from spin-out [1] (Note 2)	260,374	-	-	-	**260,374**
Drilling and related costs	799,684	-	-	-	**799,684**
Professional/technical fees	51,300	2,098	1,736	10,708	**65,842**
Claim maintenance/lease costs	75,348	15,952	29,948	64,355	**185,603**
Geochemical, metallurgy	174,715	-	-	-	**174,715**
Travel and accommodation	105,237	-	-	4,637	**109,874**
Geology, geophysics, exploration	791,008	9,062	888	18,483	**819,441**
Supplies and miscellaneous	61,984	-	398	1,954	**64,336**
Reclamation, environmental	22,286	-	-	-	**22,286**
Value-added tax	158,632	-	142	2,065	**160,839**
Impairment of deferred exploration costs	-	-	-	(102,202)	**(102,202)**
Total deferred exploration costs during the period	2,500,568	27,112	33,112	-	**2,560,792**
Closing balance – September 30, 2018	**10,641,042**	**251,418**	**33,112**	**-**	**10,925,572**
Total exploration and evaluation assets – September 30, 2018	**11,792,358**	**251,419**	**33,113**	**17**	**12,076,907**
Less amounts transferred to Almadex (Note 2)	-	(251,419)	(33,113)	(17)	**(284,549)**
Total exploration and evaluation assets	**11,792,358**	**-**	**-**	**-**	**11,792,358**

[1] Contribution from spin-out assets relates to historical equipment rental fees paid by the Company that were previously eliminated due to an intercompany relationship which is now a third-party relationship.

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

(a) El Cobre

The Company owns a 100% interest in the El Cobre property.

(b) El Chato

El Chato is a 100% owned project acquired by staking. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(c) Yago

On February 5, 2016, the Company acquired the Yago, Mezquites, and San Pedro properties in Mexico from a company in common with one of its directors in return for a 1% Net Smelter Return ("NSR") royalty which is capped at $1,000,000. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

(d) Other Properties

Other properties consist of a portfolio of early-stage exploration projects located in Canada, the United States and Mexico. During the period ended September 30, 2018, the Company recorded an impairment of deferred costs of $102,202 (September 30, 2017 - $536,355) with respect to such properties. These properties were transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

Skoonka Creek

On May 24, 2017, the Company signed an agreement with Westhaven Ventures Inc. ("Westhaven") and Strongbow Exploration Ltd. ("Strongbow"), pursuant to which Westhaven acquired the Skoonka Creek gold property (the "Property"), which had been held by Strongbow and Azucar pursuant to a 65.74%/34.26% joint venture. In exchange for its interest in the Property, Azucar received 700,000 shares of Westhaven on May 25, 2017, at a fair value of $84,000 and a 2% NSR royalty on the Property. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

Los Venados

On October 6, 2015, the Company entered into an option to purchase a 100% interest in the Los Venados project in Sonora State Mexico. The Company's commitments to pay cash and issue common shares are as follows:

On signing:	$10,000 cash and 50,000 shares of Azucar (Paid and issued at a fair value of $10,250).
October 14, 2016:	$10,000 cash and 50,000 shares of Azucar (Paid and issued at a fair value of $42,000).
October 14, 2017:	$10,000 cash and 100,000 shares of Azucar (Paid and issued at a fair value of $131,000).
October 14, 2018:	$20,000 cash and 100,000 shares of Azucar subsequently paid by Almadex.
October 14, 2019:	$50,000 cash and 100,000 shares of Azucar payable by Almadex.
October 14, 2020:	$50,000 cash and 100,000 shares of Azucar payable by Almadex.

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

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

On signing:	$30,000 cash and 250,000 shares of Aloro (Received at a fair value of $22,500).
February 9, 2018:	250,000 shares of Aloro (Received at a fair value of $30,000).
February 9, 2019:	500,000 shares of Aloro to be received by Almadex.
February 9, 2020:	1,000,000 shares of Aloro to be received by Almadex.

(Unaudited - Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(d) Other Properties (continued)

Los Venados *(continued)*

Almadex will retain a 2.0% NSR royalty that was transferred from Azucar on May 18, 2018. 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.

On February 13, 2018, the Company received 250,000 shares of Aloro at a fair value of $30,000. This amount was recorded as gain on sale of exploration and evaluation assets.

Willow

On February 14, 2017, the Company 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 Company over a five-year period.

	No. of Common Shares in Abacus [1]	Fair value on receipt ($CAD)	Cumulative Amount of Exploration Expenditures ($US)
February 22, 2017	41,667	$ 22,500	$ Nil
February 22, 2018	41,667	9,167	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**	**$ 31,667**	**$ 3,000,000**

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

On February 9, 2018, the Company received 41,667 shares of Abacus at a fair value of $9,167. This amount was recorded as gain on sale of exploration and evaluation assets. This asset was transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves

(a) Authorized share capital

At September 30, 2018, the Company's authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

On May 18, 2018, the Company closed a non-brokered private placement by the issuance of 14,391,568 units at a price of approximately $1.325 per unit for gross proceeds to the Company of $19,074,425 and incurred $51,731 in other cash share issuance costs. The share issuance cost was recorded as reduction to share capital. The proceeds of the private placement were allocated entirely to share capital.

The Company issued 4,000,000 shares to Almadex at a price of $1.09 per share as part of the Plan of Arrangement (Note 2).

On March 27, 2018, the Company closed a non-brokered private placement by the issuance of 4,000,000 units at a price of $1.40 per unit for gross proceeds to the Company of $5,600,000. Under the private placement the Company issued 1,999,995 warrants. Each whole warrant allows the holder to purchase one common share of the Company at a price of $2.00 per share until March 27, 2020. Share issuance costs included a finders' fee of $166,555 in cash. In connection with the private placement, the Company also incurred $120,294 in other cash share issuance costs. These amounts were recorded as reduction to share capital. The proceeds of the private placement were allocated entirely to share capital.

(b) Warrants

The continuity of warrants for the period ended September 30, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Issued	Exercised	Expired	September 30, 2018
August 27, 2019	* $ 1.41	1,248,000	-	-	-	1,248,000
August 27, 2019	* $ 0.95	44,400	-	(44,400)	-	-
March 27, 2020	* $ 1.41	-	1,999,995	-	-	1,999,995
Warrants outstanding and exercisable		**1,292,400**	**1,999,995**	**(44,400)**	**-**	**3,247,995**
Weighted average exercise price		$ 1.40	$ 1.41	$ 0.95	-	$ 1.41

***** On May 18, 2018, the Company adjusted the exercise price on outstanding warrants proportionately to reflect the value transferred to Almadex. The weighted average exercise price as at December 31, 2017 changed from $1.98 to $1.40.

The fair value of the finders' warrants repriced during the period ended September 30, 2018 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.02%
Expected life	1.00 years
Expected volatility	82.40%
Expected dividend yield	Nil
Weighted average fair value per option	$0.61

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(c) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At September 30, 2018, the Company may reserve up to 1,046,654 shares that may be granted as stock options. The exercise price of any option cannot be less than the volume weighted average trading price of the shares for the five trading days immediately preceding the date of the grant. The maximum term of all options is five years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period.

The continuity of stock options for the period ended September 30, 2018 is as follows:

Expiry date	Exercise price	December 31, 2017	Granted	Exercised	Expired/ cancelled	September 30, 2018
April 4, 2018	$ 0.40	54,000	-	(54,000)	-	-
May 6, 2018	$ 0.37	39,000	-	(39,000)	-	-
May 6, 2018	$ 0.46	72,000	-	(72,000)	-	-
June 8, 2018	$ 0.38	935,000	-	(935,000)	-	-
June 8, 2018	* $ 0.27	292,500	-	(292,500)	-	-
June 18, 2018	* $ 0.24	150,000	-	(150,000)	-	-
August 28, 2018	$ 0.16	405,000	-	(405,000)	-	-
August 28, 2018	* $ 0.11	289,200	-	(289,200)	-	-
August 28, 2018	* $ 0.46	151,000	-	(121,000)	(30,000)	-
December 17, 2018	* $ 0.10	60,000	-	-	-	60,000
December 17, 2018	* $ 0.83	90,000	-	-	-	90,000
January 2, 2019	* $ 0.17	210,000	-	-	-	210,000
February 27, 2019	* $ 0.95	115,000	-	-	-	115,000
May 5, 2019	$ 1.10	10,000	-	-	(10,000)	-
May 5, 2019	* $ 0.78	573,000	-	-	-	573,000
July 2, 2019	* $ 0.21	90,000	-	-	-	90,000
July 2, 2019	* $ 0.97	877,800	-	-	-	877,800
April 30, 2020	* $ 0.73	300,000	-	-	-	300,000
April 28, 2021	$ 0.60	-	3,959,200	-	-	3,959,200
Options outstanding and exercisable		**4,713,500**	**3,959,200**	**(2,357,700)**	**(40,000)**	**6,275,000**
Weighted average exercise price		$ 0.53	0.60	$ 0.29	$ 0.62	$ 0.66

* On May 18, 2018, the Company adjusted the exercise price on outstanding stock options proportionately to reflect the value transferred to Almadex. The weighted average exercise price as at December 31, 2017 changed from $0.70 to $0.53.

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(c) Stock option plan (continued)

During the nine months ended September 30, 2018, the Company recognized share-based payments expense of $1,524,381 (2017 - $1,406,514) of which $415,805 is associated with the incremental fair value of stock options repriced as a result of the Plan of Arrangement.

The fair value of the options repriced and the options granted during the period ended September 30, 2018 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.08%
Expected life	1.81 years
Expected volatility	76.33%
Expected dividend yield	Nil
Weighted average fair value per option	$0.51

11. Related Party Transactions and Balances

(a) Compensation of key management personnel

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Management fees[(1)]	**75,900**	70,575	**227,700**	211,725
Share-based payments	**859,600**	201,000	**1,197,470** [(2)]	1,058,620
	935,500	271,575	**1,425,170**	1,270,345

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

(2) Includes share-based payments related to the incremental fair value of stock options repriced as a result of the Plan of Arrangement.

(b) Other related party transactions

Administrative Services Agreement

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

At September 30, 2018, included in trade and other payables is $89,528 (December 31, 2017 - $195,550) due to Almaden.

(Unaudited - Expressed in Canadian dollars)

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

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

Other

During the period ended September 30, 2018, other income of $178,047 (2017 - $147,509) was paid by Almaden to the Company for drill equipment rental services in Mexico.

During the period ended September 30, 2018, the Company paid Segerstrom Consulting LLC, a company controlled by a Director of the Company, $77,866 (2017 - $48,656) for geological services included in exploration and evaluation assets.

12. Net Income (Loss) per Share

Basic and diluted net income (loss) per share

The calculation of basic net income (loss) per share for the three months ended September 30, 2018 was based on net loss attributable to common shareholders of $1,529,662 (2017 – loss of $958,974) and a weighted average number of common shares outstanding of 73,027,494 (2017 – 48,012,326).

The calculation of basic net income (loss) per share for the nine months ended September 30, 2018 was based on net income attributable to common shareholders of $3,815,677 (2017 – loss of $2,287,942) and a weighted average number of common shares outstanding of 61,628,700 (2017 – 47,360,483).

The calculation of diluted net income (loss) per share for the nine months period ended September 30, 2018 includes the weighted average number of common shares outstanding adjusted for the effects of all potentially dilutive common shares, which comprise of 757,381 stock options and nil warrants.

The calculation of diluted net income (loss) per share for the three months ended September 30, 2018 did not include the effect of stock options and warrants, as they were considered anti-dilutive.

The calculation of diluted net income (loss) per share for the three and nine months ended September 30, 2017 did not include the effect of stock options and warrants, as they were considered anti-dilutive.

13. Supplemental Cash Flow Information

Cash and cash equivalents is comprised of the following:

	September 30, 2018	December 31, 2017
	$	$
Cash	**2,284,803**	1,211,419
Term Deposits	**14,000,000**	300,000
	16,284,803	1,511,419

(Unaudited - Expressed in Canadian dollars)

13. Supplemental Cash Flow Information *(Continued)*

Supplemental information regarding non-cash transactions is as follows:

	Nine months ended September 30	
Investing and financing activities	**2018**	2017
	$	$
Fair value of shares received on disposal of exploration and evaluation assets	-	129,000
Fair value of finders' warrants	6,620	34,188
Fair value of finders' warrants reclassified to share capital on exercise	40,808	-
Fair value of options reclassified to share capital on exercise	460,306	67,239
Contribution from spin-out in exploration and evaluation assets	260,374	-

As at September 30, 2018, $408,059 (December 31, 2017 - $79,651) of exploration and evaluation asset costs is included in trade and other payables.

14. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The Company's reclamation deposits approximate fair value as the expected proceeds on redemption approximate its carrying value. See Note 14(f) for fair value information.

There have been no changes during the nine months ended September 30, 2018, as to how the Company classifies its financial assets and liabilities by FVTPL, FVOCI, amortized cost, and other financial liabilities upon adoption of IFRS 9.

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

(a) Currency risk

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

As at September 30, 2018, the Company is exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

14. Financial Instruments *(Continued)*

(a) Currency risk *(Continued)*

All amounts in Canadian dollars	**US dollar**	**Mexican peso**
	$	**$**
Cash and cash equivalents	1,150,433	125,297
Total assets	**1,150,433**	**125,297**
Trade and other payables	63,248	441,325
Total liabilities	**63,248**	**441,325**
Net assets	**1,087,185**	**(316,028)**

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by $109,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by $32,000.

(b) Credit risk

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

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

As at September 30, 2018, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

(c) Liquidity risk

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

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

(d) Interest rate risk

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

A 1% change in the interest rate would change the Company's net income by $160,000.

14. Financial Instruments *(Continued)*

(e) Commodity and equity price risk

(i) Commodity price risk

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

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

(ii) Equity price risk

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

(f) Classification of Financial instruments

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Marketable securities (Note 2)	2,522,173	-	-	2,522,173
Contingent shares receivable (Note 2)	-	31,200	-	31,200

Level 2 inputs used in determining the fair value of contingent shares receivable includes the use of quoted market prices for the underlying shares of the public companies, as well as estimates regarding the likelihood of achieving certain milestones that would trigger the collection of the contingent shares receivable by the Company.

These assets were transferred to Almadex as detailed in the Plan of Arrangement on May 18, 2018 (Note 2).

(Unaudited - Expressed in Canadian dollars)

15. Management of Capital

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

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

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

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

16. Segmented Information

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

Geographic information is as follows:

	Property and equipment	Exploration and evaluation assets	September 30, 2018
	$	$	$
Mexico	27,570	11,792,358	11,819,928
	27,570	**11,792,358**	**11,819,928**

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

17. Subsequent Event

On October 17, 2018, Newcrest Canada Holding Inc. ("Newcrest") exercised its top-up rights pursuant to the May 18, 2018 Investor Right Agreement with the Company. Newcrest acquired 222,834 common shares of Azucar at a price of $0.5581 per share for a total of $124,364, thereby maintaining its ownership in the Company of 19.9%.