Condensed Consolidated Interim Financial Statements of

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

For the three months ended March 31, 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 months ended March 31, 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)

	March 31, 2018	December 31, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	**6,520,172**	1,511,419
Accounts receivable and prepaid expenses (Note 4)	**1,004,870**	463,757
Marketable securities and investments (Note 5)	**-**	2,773,253
Assets held for sale (Note 9)	**4,420,291**	-
	11,945,333	4,748,429
Non-current assets		
Reclamation deposits	**-**	25,929
Contingent shares receivable (Note 6)	**-**	23,400
Property and equipment (Note 7)	**27,684**	875,698
Exploration and evaluation assets (Note 8)	**9,268,672**	9,098,599
	9,296,356	10,023,626
TOTAL ASSETS	**21,241,689**	14,772,055
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	**1,185,619**	341,580
Liabilities associated with assets held for sale (Note 9)	**4,169**	-
Total liabilities	**1,189,788**	341,580
EQUITY		
Share capital (Note 10)	**21,846,130**	15,977,418
Reserves (Note 10)	**2,209,900**	2,226,924
Deficit	**(4,004,129)**	(3,773,867)
Total equity	**20,051,901**	14,430,475
TOTAL EQUITY AND LIABILITIES	**21,241,689**	14,772,055

Commitments (Note 8(d))
Subsequent Events (Note 17)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 29, 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 loss and comprehensive loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2018	2017
	$	$
Revenue		
Interest income	**825**	2,188
Other income (Note 11(b))	**178,047**	39,903
	178,872	42,091
Expenses		
Administrative services fee (Note 11(a)(b))	**109,682**	104,494
Depreciation (Note 7)	**47,872**	51,853
Impairment of exploration and evaluation assets (Note 8(d))	**81,587**	51,000
Professional fees and office	**361,256**	28,723
Travel and promotion	**10,759**	10,230
Share-based payments (Note 10(c))	**-**	809,074
	611,156	1,055,374
Operating loss	**(432,284)**	(1,013,283)
Other income (loss)		
Gain on sale of exploration and evaluation assets (Note 8(d))	**39,167**	-
Gain on sale of marketable securities (Note 5)	**6,805**	271,855
Gain on sale of property and equipment (Note 7)	**69,553**	-
Gain (loss) on fair value of contingent shares receivable (Note 6)	**7,800**	(3,900)
Foreign exchange gain	**78,697**	30,243
Net loss for the period	**(230,262)**	(715,085)
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)	**177,936**	(12,582)
Reclassification adjustment relating to the sale of available-for-sale financial assets included in net loss, net of tax of $Nil	**(5,545)**	(248,967)
Other comprehensive income (loss) for the period	**172,391**	(261,549)
Loss and comprehensive loss for the period	**(57,871)**	(976,634)
Basic and diluted net loss per share (Note 12)	**(0.00)**	(0.02)

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 March 31,	
	2018	2017
	$	$
Operating activities		
Net loss for the period	**(230,262)**	(715,085)
Items not affecting cash		
Depreciation	**47,872**	51,853
(Gain) loss on fair value of contingent shares receivable	**(7,800)**	3,900
Gain on sale of marketable securities	**(6,805)**	(271,855)
Impairment of exploration and evaluation assets	**81,587**	51,000
Unrealized foreign exchange on reclamation deposit	**1,848**	239
Gain on sale of exploration and evaluation assets	**(39,167)**	-
Gain on sale of property and equipment	**(69,553)**	-
Share-based payments	**-**	809,074
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	**(868,311)**	(43,787)
Trade and other payables	**875,161**	(171,756)
Net cash used in operating activities	**(215,430)**	(286,417)
Investing activities		
Exploration and evaluation assets - costs	**(561,016)**	(692,665)
Property and equipment – purchase	**(28,241)**	(9,316)
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	**(455,114)**	(665,368)
Financing activities		
Issuance of shares, net of share issue costs	**5,270,077**	3,231,785
Options exercised	**409,220**	235,940
Net cash from financing activities	**5,679,297**	3,467,725
Change in cash and cash equivalents	**5,008,753**	2,515,940
Cash and cash equivalents, beginning of the period	**1,511,419**	2,679,135
Cash and cash equivalents, end of the period	**6,520,172**	5,195,075

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	**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	-	-	809,074	-	-	809,074	-	809,074
Private placement, net	2,496,000	3,231,785	-	-	-	-	-	3,231,785
Finders' warrants - private placement	-	(34,188)	-	34,188	-	34,188	-	-
Options exercised	998,000	235,940	-	-	-	-	-	235,940
Fair value of options transferred to share capital	-	53,100	(53,100)	-	-	(53,100)	-	-
Loss and comprehensive loss for the period	-	-	-	-	(261,549)	(261,549)	(715,085)	(976,634)
Balance, March 31, 2017	**47,830,369**	**15,580,084**	**1,346,873**	**34,188**	**1,607,954**	**2,989,015**	**(2,279,511)**	**16,289,588**
Share-based payments	-	-	597,440	-	-	597,440	-	597,440
Options exercised	492,500	248,050	-	-	-	-	-	248,050
Fair value of options transferred to share capital	-	18,284	(18,284)	-	-	(18,284)	-	-
Shares issued for exploration and evaluation assets	100,000	131,000	-	-	-	-	-	131,000
Loss and comprehensive loss for the period	-	-	-	-	(1,341,247)	(1,341,247)	(1,494,356)	(2,835,603)
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**
Private placement, net	4,000,000	5,270,077	-	-	-	-	-	5,270,077
Options exercised	1,306,000	409,220	-	-	-	-	-	409,220
Fair value of options transferred to share capital	-	189,415	(189,415)	-	-	(189,415)	-	-
Loss and comprehensive income (loss) for the period	-	-	-	-	172,391	172,391	(230,262)	(57,871)
Balance, March 31, 2018	**53,728,869**	**21,846,130**	**1,736,614**	**34,188**	**439,098**	**2,209,900**	**(4,004,129)**	**20,051,901**

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

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. Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

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

This is the first set of the Company’s financial statements where IFRS 9 has been applied. Changes to significant accounting policies are described in Note 3.

(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: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

3. Significant Accounting Policies *(Continued)*

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, but they also did not have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments

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 of 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 deposit 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, and 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)

3. Significant Accounting Policies *(Continued)*

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

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	March 31 2018	December 31, 2017
	$	$
Accounts receivable	**927,413**	395,780
Allowance for doubtful account	**-**	(4,455)
Prepaid expenses	**77,457**	72,432
	1,004,870	463,757

5. Marketable Securities and Investments

a) Marketable securities consist of common shares in publicly traded companies over which the Company does not have control or significant influence. Marketable securities are designated as FVOCI and valued at fair value of $235,237 as at March 31, 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. 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. This asset was reclassified to assets held for sale at March 31, 2018 (Note 9).

b) Investments consist of 1,597 ounces of gold bullion which is recorded at the fair value of $2,726,034 as at March 31, 2018 (December 31, 2017 - $2,586,436). The investments are designated as FVOCI 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. This asset was reclassified to assets held for sale at March 31, 2018 (Note 9).

6. 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 $31,200 (December 31, 2017 - $23,400) based on management's best estimate of the fair value of the Goldgroup common shares as at March 31, 2018, and a gain of $7,800 (March 31, 2017 – loss $3,900) on fair value adjustment in profit or loss during the three months ended March 31, 2018. This asset was reclassified to assets held for sale at March 31, 2018 (Note 9).

(Unaudited - Expressed in Canadian dollars)

7. 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	-	-	4,550	-	28,241
Disposals	-	-	-	-	(57,760)	(57,760)
March 31, 2018	**272,087**	**2,093**	**200**	**151,362**	**791,720**	**1,217,462**
Accumulated depreciation						
December 31, 2017	**76,718**	**26**	**77**	**31,636**	**262,826**	**371,283**
Depreciation	13,172	155	6	5,797	28,742	47,872
Disposals	-	-	-	-	(23,515)	(23,515)
March 31, 2018	**89,890**	**181**	**83**	**37,433**	**268,053**	**395,640**
Carrying amounts						
December 31, 2017	171,678	2,067	123	115,176	586,654	875,698
March 31, 2018	182,197	1,912	117	113,929	523,667	821,822
Less amounts reclassified to: assets held for sale (Note 9)	(182,196)	-	(117)	(88,158)	(523,667)	(794,138)
March 31, 2018	**1**	**1,912**	**-**	**25,771**	**-**	**27,684**

During the three months ended March 31, 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.

(Unaudited - Expressed in Canadian dollars)

8. 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	5,463	-	-	-	**5,463**
Closing balance – March 31, 2018	**739,263**	**1**	**1**	**17**	**739,282**
Deferred exploration costs:					
Opening balance - December 31, 2017	**8,140,474**	**224,306**	**-**	**-**	**8,364,780**
Costs incurred during the period:					
Drilling and related costs	68,687	-	-	-	**68,687**
Professional/technical fees	10,090	2,098	1,305	9,990	**23,483**
Claim maintenance/lease costs	36,570	15,952	29,948	53,345	**135,815**
Geochemical, metallurgy	14,565	-	-	-	**14,565**
Travel and accommodation	19,287	-	-	880	**20,167**
Geology, geophysics, exploration	193,341	7,347	888	13,983	**215,559**
Supplies and miscellaneous	16,384	-	398	1,324	**18,106**
Reclamation, environmental	5,935	-	-	-	**5,935**
Value-added tax	24,076	-	142	2,065	**26,283**
Impairment of deferred exploration costs	-	-	-	(81,587)	**(81,587)**
Total deferred exploration costs during the period	388,935	25,397	32,681	-	**447,013**
Closing balance – March 31, 2018	**8,529,409**	**249,703**	**32,681**	**-**	**8,811,793**
Total exploration and evaluation assets – March 31, 2018	**9,268,672**	**249,704**	**32,682**	**17**	**9,551,075**
Less amounts reclassified to:					
Assets held for sale (Note 9)	-	(249,704)	(32,682)	(17)	(282,403)
Total exploration and evaluation assets	**9,268,672**	**-**	**-**	**-**	**9,268,672**

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

(a) El Cobre

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

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets *(Continued)*

(b) El Chato

El Chato is a 100% owned project acquired by staking. This asset was reclassified to assets held for sale at March 31, 2018 (Note 9).

(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 royalty which is capped at $1,000,000. This asset was reclassified to assets held for sale at March 31, 2018 (Note 9).

(d) Other Properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, the United States and Mexico. During the year period March 31, 2018, the Company recorded an impairment of deferred costs of $81,587 (March 31, 2017 - $51,000) with respect to such properties. Each remaining property is carried at $1 as at March 31, 2018. These assets were reclassified to assets held for sale at March 31, 2018 (Note 9).

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 with a fair value of $10,250)
October 14, 2016:	$10,000 cash and 50,000 shares of Azucar (Paid and issued with a fair value of $42,000)
October 14, 2017:	$10,000 cash and 100,000 shares of Azucar (Paid and issued with a fair value of $131,000)
October 14, 2018:	$20,000 cash and 100,000 shares of Azucar
October 14, 2019:	$50,000 cash and 100,000 shares of Azucar
October 14, 2020:	$50,000 cash and 100,000 shares of Azucar

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

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

On signing:	$30,000 cash (Received) and 250,000 shares of Wolverine (Received, fair value of $22,500)
February 9, 2018:	250,000 shares of Wolverine (Received, fair value of $30,000)
February 9, 2019:	500,000 shares of Wolverine
February 9, 2020:	1,000,000 shares of Wolverine

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets *(Continued)*

(d) Other Properties *(continued)*

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

The estimated fair value of consideration to be received from Wolverine on option of the project by the Company to Wolverine is expected to be less than the consideration payable by the Company to the options. As a result, the project was impaired to $1 during the year ended December 31, 2017.

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

<u>Willow</u>

On February 14, 2017, the Company and its wholly-owned U.S. subsidiary, Azucar Americas Inc. signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. ("Abacus").

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.

Upon having earned its initial interest, Abacus will be required to incur minimum annual exploration expenditures of US$500,000 on the property and, by February 22, 2027, deliver a Feasibility Study in respect of the Willow project to Azucar, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, Azucar 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 Azucar, 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, Azucar's interest is a carried interest.

(Unaudited - Expressed in Canadian dollars)

8. Exploration and Evaluation Assets *(Continued)*

(d) Other Properties *(continued)*

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% net smelter return royalty on the Property.

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.

9. Assets Held For Sale

On May 8, 2018, the Company announced that the shareholders at its Special Meeting of shareholders have voted 99.97% in favour of approving a statutory plan of arrangement (the "Plan of Arrangement") of certain assets of assets which will be transferred to 1154229 B.C. Ltd ("Spinco"). Azucar shareholders will receive shares in Spinco in proportion to their shareholdings in Azucar (the "Spin-out"). Spinco was incorporated on February 26, 2018. Under the terms of Plan of Arrangement, Azucar's current shareholders will receive for each existing share of Azucar held as at the closing date of the Plan of Arrangement, one "new" share of Azucar and one share of Spinco.

In conjunction with the Plan of Arrangement, the Company entered into a subscription agreement with Newcrest International Pty Ltd, a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") pursuant to which Newcrest agreed to acquire 14,391,568 common shares of Azucar (subject to adjustment) by way of a non-brokered private placement for aggregate gross proceeds of $19,074,425 (the "Private Placement"). The Private Placement will close in conjunction with the proposed Plan of Arrangement, subject to customary conditions of closing including the completion of the Spin-out transaction. Upon completion of the Private Placement, Newcrest will hold 19.9% of the issued common shares of Azucar and will have no ownership interest in Spinco.

Spinco will hold the following key assets and liabilities:

	March 31, 2018	December 31, 2017
Assets held for sale:		
Accounts receivable and prepaid expenses	**$327,198**	$ -
Marketable securities and investments	**2,961,271**	-
Reclamation deposits	**24,081**	-
Contingent shares receivable	**31,200**	-
Property and equipment	**794,138**	-
Exploration and evaluation assets	**282,403**	-
	$4,420,291	$ -
Liabilities directly associated with assets held for sale:		
Trade and other payables	**$4,169**	$ -

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves

(a) Authorized share capital

At March 31, 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 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 issue costs included a finders' fee of $166,555 in cash. In connection with the private placement, the Company also incurred $163,368 in other cash share issue costs. These amounts were recorded as reduction to share capital. The proceeds of the private placement were allocated entirely to share capital.

(b) Warrants

The continuity of warrants for the period ended March 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Issued	Exercised	Expired	March 31, 2018
August 27, 2019	$ 2.00	1,248,000	-	-	-	1,248,000
August 27, 2019	$ 1.35	44,400	-	-	-	44,400
March 27, 2020	$ 2.00	-	1,999,995	-	-	1,999,995
Warrants outstanding and exercisable		**1,292,400**	**1,999,995**	**-**	**-**	**3,292,395**
Weighted average exercise price		$ 1.98	$ 2.00	-	-	$ 1.99

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(c) ***Stock option plan*** *(continued*

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At March 31, 2018, the Company may reserve up to 1,975,387 shares that may be granted as stock options. The exercise price of any option cannot be less than the volume weighted average trading price of the shares for the five trading days immediately preceding the date of the grant. The maximum term of all options is five years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the year ended March 31, 2018 vested on the date of grant.

The continuity of stock options for the period ended March 31, 2018 is as follows:

Expiry date	Exercise price	December 31, 2017	Granted	Exercised	Expired/ cancelled	March 31, 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	-	(12,000)	-	60,000
June 8, 2018	$ 0.38	1,227,500	-	(835,000)	-	392,500
June 18, 2018	$ 0.34	150,000	-	-	-	150,000
August 28, 2018	$ 0.16	694,200	-	(405,000)	-	289,200
August 28, 2018	$ 0.65	151,000	-	-	-	151,000
December 17, 2018	$ 0.15	60,000	-	-	-	60,000
December 17, 2018	$ 1.18	90,000	-	-	-	90,000
January 2, 2019	$ 0.24	210,000	-	-	-	210,000
February 27, 2019	$ 1.35	115,000	-	-	-	115,000
May 5, 2019	$ 1.10	583,000	-	-	(10,000)	573,000
July 2, 2019	$ 0.30	90,000	-	-	-	90,000
July 2, 2019	$ 1.37	877,800	-	-	-	877,800
April 30, 2020	$ 1.04	300,000	-	-	-	300,000
Options outstanding and exercisable		**4,713,500**	**-**	**(1,306,000)**	**(10,000)**	**3,397,500**
Weighted average exercise price		$ 0.70	-	$ 0.31	$ 1.10	$ 0.85

Refer to Note 17 for details of options exercised subsequent to March 31, 2018.

(Unaudited - Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) Stock option plan *(continued)*

During the three months ended March 31, 2018, the Company recognized share-based payments expenses of $Nil (2017 - $809,074) associated with the vesting of stock options granted.

11. Related Party Transactions and Balances

(a) Compensation of key management personnel

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

	Three months ended March 31,	
	2018	2017
Management fees[1]	**75,900**	70,575
Share-based payments	**-**	508,780
	75,900	579,355

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

(b) Other related party transactions

Administrative Services Agreement

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

At March 31, 2018, included in trade and other payables is $325,033 (December 31, 2017 - $195,550) due to Almaden.

Other

At March 31, 2018, other income of $178,047 (March 31, 2017 - $39,903) was paid by Almaden to the Company for drill equipment rental services in Mexico of which of $178,047 (December 31, 2017 - $153,038) is recorded in accounts receivable.

At March 31, 2018, the Company paid a company controlled by a Director of the Company $7,721 (March 31, 2017 - $24,569) for geological services included in exploration and evaluation assets.

(Unaudited - Expressed in Canadian dollars)

12. Net Loss per Share

Basic and diluted net loss per share

The calculation of basic net loss per share for the three months ended March 31, 2018 was based on the net loss attributable to common shareholders of $230,262 (2017 - $715,085) and a weighted average number of common shares outstanding of 48,725,969 (2017 – 46,140,547).

The calculation of diluted net loss per share for the period ended March 31, 2018 did not include the effect of stock options and warrants as they are anti-dilutive.

13. Supplemental Cash Flow Information

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

	March 31, 2018	December 31, 2017
	$	$
Cash	**6,520,172**	1,211,419
Term Deposits	**-**	300,000
	6,520,172	1,511,419

Supplemental information regarding non-cash transactions is as follows:

Investing and financing activities	**March 31, 2018**	March 31, 2017
	$	$
Fair value of shares received on disposal of exploration and evaluation assets ($22,500 was accrued at December 31, 2016)	-	22,500
Fair value of shares received included in marketable securities	-	22,500
Fair value of finders' warrants	-	31,080
Fair value of options reclassified to share capital on exercise	189,415	53,100

As at March 31, 2018, $52,698 (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 values of assets held for sale.

There have been no changes during the three months ended March 31, 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 March 31, 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:

All amounts in Canadian dollars	**US dollar**	**Mexican peso**
	$	**$**
Cash and cash equivalents	437,250	386,687
Accounts receivable and prepaid expenses	-	419,309
Total assets	**437,250**	**805,996**
Trade and other payables	44,202	998
Total liabilities	**44,202**	**998**
Net assets	**393,048**	**804,998**

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by $39,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by $80,000.

(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.

14. Financial Instruments *(Continued)*

(b) Credit risk *(Continued)*

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 March 31, 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 loss by $Nil.

(i) Commodity price risk

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

A 1% change in the price of gold would affect the fair value of the Company's gold investment by $27,000.

(ii) Equity price risk

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

(f) Classification of Financial instruments

IFRS 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;

14. Financial Instruments *(Continued)*

(f) Classification of Financial instruments *(Continued)*

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

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

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets held for sale (Note 9)	2,961,271	31,200	-	2,992,471

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.

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.

(Unaudited - Expressed in Canadian dollars)

16. Segmented Information

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

Geographic information is as follows:

	Property and equipment	Exploration and evaluation assets	March 31, 2018
	$	$	$
Canada	1	-	1
Mexico	27,683	9,268,672	9,296,355
	27,684	**9,268,672**	**9,296,356**

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 Events

The Company received $80,030 on the exercise of 199,000 stock options with exercise prices from $0.37 to $0.46

On May 18, 2018, the Company changed its name from Almadex Minerals Limited to Azucar Minerals Ltd. ("Azucar") (TSX-V: AMZ; OTCQX: AXDDF) and completed a statutory Plan of Arrangement whereby the Company's early stage exploration projects, royalty interests, and certain other assets were spun-out into a new company, 1154229 B.C. Ltd., which was subsequently re-named Almadex Minerals Ltd. (TSX-V: DEX). Azucar will retain 100% ownership of the El Cobre gold/copper porphyry project, subject to royalty interests.

In conjunction with the Plan of Arrangement, the Company entered into a subscription agreement with Newcrest Canada Holdings Inc., a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") pursuant to which Newcrest acquired 14,391,568 common shares of Azucar by way of a non-brokered private placement for aggregate gross proceeds of $19,074,425. Newcrest now holds 19.9% of the issued common shares of Azucar.

Furthermore, as part of the Plan of Arrangement, the Company issued 4,000,000 shares to Almadex Minerals Ltd. at a price of approximately $1.28 per share.