ALMADEX MINERALS LIMITED
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2016

INTRODUCTION

This Management’s Discussion and Analysis (“MD&A”) for Almadex Minerals Limited (“Almadex” or the “Company”) has been prepared based on information known to management as of April 27, 2017. This MD&A is intended to help the reader understand the consolidated financial statements of Almadex.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company’s board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board’s audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company’s properties, are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Company’s common share price and volume and other factors beyond the Company’s control. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from management’s expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents available under the Company's profile on SEDAR (www.sedar.com) and/or on the Company's website at www.almadexminerals.com.

HIGHLIGHTS

El Cobre

Almadex's technical work during the year was focused on its El Cobre gold-copper porphyry project. The El Cobre Project has a total area of 7,456 hectares and is located adjacent to the Gulf of Mexico, about 75 kilometres northwest of the city of Veracruz, Mexico and has excellent infrastructure. The project covers at least four separate porphyry centres. Porphyry mineralisation is exposed at surface and has been intersected in past drilling campaigns, within a roughly 25 square kilometre area of intense argillic and sericitic hydrothermal alteration, interpreted to represent the upper part of the porphyry environment.

Almadex's 2016 drill program at El Cobre commenced early in the year and is fully permitted. The program was intended to test targets in order to provide geochemical and alteration vectors for ongoing drilling, with initial work focused on the Encinal and Norte targets, which are located 4km apart.

Results of initial drilling at Norte were announced in August and included very encouraging intersections of gold and copper mineralization, including 163.50 metres grading 0.68 g/t gold and 0.29% copper, 150.90 metres grading 0.55 g/t gold and 0.22% copper, and 218.00 metres grading 0.70 g/t gold and 0.28% copper.

The mineralisation encountered to date in the Norte Zone is interpreted to be lithologically controlled and hosted by country rocks distal to the core of a porphyry system which management believes is yet to have been intersected. Geophysical sections highlight that the intersections are in a high level feature connected to a large coincident Induced Polarisation "IP" chargeability and magnetic susceptibility high at depth. The current data also suggests that the mineralisation trends to the south towards the undrilled high chargeability and magnetics target known as Villa Rica.

On going work at El Cobre is following up results to date and advancing other established target areas at the project.

Other projects

During the period covered by this report, Almadex entered into agreements to option the Venados project, located in Sonora, Mexico, and the Willow project, located in Nevada. In addition, early stage field work consisting of soil sampling, geophysical surveys and mapping continued on several of the Company's other projects, primarily in Mexico. Finally, in May 2016, the Company sold its El Encuentro project to McEwen Mining Inc. for US$250,000 and a 2.0% net smelter returns royalty ("NSR") royalty.

Financial Activities

On July 7, 2016, Almadex disposed of 20,000,000 shares of Gold Mountain Mining Corp. ("Gold Mountain") for gross proceeds of $2,000,000. Immediately after the sale, Almadex held approximately 9.8% of the issued common shares of Gold Mountain. In October, 2016, Gold Mountain completed a merger with Anthem United Inc. and Lowell Copper Ltd., with the surviving company to be known as JDL Gold Corp. In February 2017, JDL Gold Corp. announced its intention to merge with Luna Gold Corp. and change its name to Trek Mining Inc. Almadex holds its remaining share position in Trek Mining Inc. for investment purposes, and may increase or decrease this investment based on market conditions or other relevant factors.

OVERALL PERFORMANCE

Background

The Company is a mineral exploration and development company listed on the TSXV under the symbol "AMZ" and quoted on the OTCQB under the symbol "AXDDF". The Company was incorporated on April 10, 2015 under the laws of the Province of British Columbia in connection with the Plan of Arrangement. The Company's business activity is the acquisition and exploration of mineral properties in Canada, the United States and Mexico.

Almadex uses the same management team as Almaden Minerals Ltd. ("Almaden"), which has been focused on exploration and discovery in Mexico, the United States and Canada for the past 35 years. Traditionally, this approach has involved managing risk by forming joint ventures in which partner companies explore and develop such projects in return for the right to earn an interest in them. This approach has exposed shareholders to discovery and capital gains without as much funding and consequent share dilution as would be required through sole development of exploration properties. In some cases projects were advanced further when they were considered of such merit that the risk/reward ratio favored that approach. In other cases, if a property was optioned out with unsatisfactory results and returned to Almaden but considered by Almaden management to still have merit, the property rights were retained in order to demonstrate further potential. This is the fashion in which the Ixtaca discovery was made by Almaden, as the underlying project was optioned to three different partners prior to Almaden making the discovery in 2010.

Almadex's approach, described by some as prospect generation, is to more aggressively explore its projects before seeking partners for them. Because the Company has the technical capability to conduct its own geological and geochemical surveys and owns its own geophysical and drilling equipment, it is in a position to quickly eliminate and absorb the cost of projects that fail to show promise after initial testing and will be able to negotiate better deals for the few that deliver good results.

Company Mission and Focus

Almadex is an exploration company specializing in the discovery of new mineral prospects. The Company currently has an asset portfolio comprised of several exploration properties, numerous NSR royalties on projects managed by other companies, plus the gold bullion investment, marketable securities and cash and cash equivalents.

This portfolio of assets is the direct result of over 35 years of prospecting, discovery and deal-making by Almadex's predecessor company, Almaden. Almadex seeks to continue the discovery success of Almaden by combining its respected technical oversight with its seasoned team of Mexican geologists and drillers, 6 company-owned drills, and strong working capital position.

Qualified Person

Morgan Poliquin, Ph.D., P.Eng., a qualified person under the meaning of National Instrument 43-101 ("NI 43-101"), and the President, Chief Executive Officer and a director of Almadex, has reviewed and approved the technical content in this MD&A.

Use of the terms "Mineral Resources" and "Mineral Reserves"

All capitalized terms used in this section have the meaning given to them in NI 43-101.

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

MINERAL PROPERTIES

The following is a brief description of the more active mineral properties owned by the Company. Additional information can be obtained from Almadex's website www.almadexminerals.com.

El Cobre – Mexico

Historically, the El Cobre property formed part of Almaden's larger Caballo Blanco property. Pursuant to an agreement between Almaden and Goldgroup Mining Inc. ("Goldgroup") dated February 5, 2010, Goldgroup gained the right to acquire a 70% interest in Almaden's 100% owned Caballo Blanco project under the condition that a portion of the Caballo Blanco property, the El Cobre property, be transferred to a new entity, owned 60% by Almaden and 40% by Goldgroup. Subsequently, on October 17, 2011, Almaden closed an agreement with Goldgroup to sell its remaining 30% interest in the Caballo Blanco property and to acquire a 100% interest in the El Cobre property. This asset was transferred to Almadex as detailed in the Plan of Arrangement on July 31, 2015. Almadex now owns 100% interest in El Cobre, subject to a sliding-scale NSR equivalent to 0.5% in the event that production from the property exceeds 10,001 tonnes per day of ore. This NSR can be reduced to 0.25% at this production rate through the payment of US$3 million.

Location and Ownership

The 100% owned El Cobre Project has a total area of 7,456 hectares and is located adjacent to the Gulf of Mexico, about 75 kilometres northwest of the city of Veracruz, Mexico. Veracruz is a major port city and naval base with an international airport with numerous daily flights to and from Mexico City and other national and international destinations. The nearest supply centre to the Project is Cardel, a town of 20,000, located approximately 30 km south of the claim block, which is accessed via the Pan American Highway located roughly four kilometres by road from the claim boundary. Less than 10 km northeast of the Project sits Mexico's only nuclear power plant at

Laguna Verde and the project is crossed by the electrical power grid. Water is relatively abundant in small creeks at elevations below 200 metres throughout most of the year.

Recent Updates

There are four copper-gold porphyry targets within the El Cobre Project: Encinal, El Porvenir, Norte and Villa Rica along an almost four kilometre trend. The porphyries are defined by distinct Cu-Au soil anomalies, discrete positive magnetic features and extensive IP chargeability anomalies both at surface and at depth. The largest surface target area is the Villa Rica zone which has not been drill tested, and there are significant deep chargeability targets that have not been drill tested. Limited past RC and diamond drill testing at Encinal, El Porvenir and Norte has returned wide intercepts of porphyry copper-gold and narrow zones of intermediate sulphidation epithermal gold-silver vein mineralization.

All of the zones remain open along strike and at depth, with numerous past drill holes terminating in mineralization. In addition to the above, several anomalous areas remain untested by drilling, including the Villa Rica Zone that is defined by a strong north-northwest trending magnetic-chargeability high and associated copper-gold soil geochemical anomaly.

Almadex commenced drilling at El Cobre in February 2016, initially targeting the southernmost Encinal target. Initial results from this drilling were announced on June 1, 2016 with drillhole EC-16-008, the third hole of the program, having confirmed a porphyry system with intersections including 53 metres grading 0.27 g/t gold and 0.11% copper, from 346 metres down-hole depth. The interpretation was that this hole was located in a zone marginal to a potential copper-rich portion of the porphyry system. While the Company compiled this data to establish future drilling programs, the drill was moved to the Norte target, approximately 4km to the northwest.

On August 8th, 2016, Almadex announced partial assay results from EC-16-010, the first hole drilled at Norte since 2008, and on August 17th, 2016 followed up with a second release with additional assays.

From 153.50 to 317.00 meters, EC-16-010 intersected a zone of intense quartz stockwork veining, potassic alteration and copper-gold mineralisation. From 317.00 to 393.35 meters depth an altered but unmineralised dyke was intercepted. From 393.35 to 542.70 meters a further interval of intense veining, alteration and mineralisation was intersected. Although no significant copper or gold values were returned below this depth, porphyry style alteration continues to the end of the hole.

Hole EC-16-010 included the following intersections:

From 153.50 to 317.00 metres, 163.50 meters @ 0.68 g/t gold and 0.29% copper*
- Including 249.50 to 317.00, 67.50 meters @ 1.12 g/t gold and 0.40% copper*
- Including 274.00 to 317.00, 43.00 meters @ 1.61 g/t gold and 0.41% copper*
- Including 289.00 to 305.50, 16.50 meters @ 2.54 g/t gold and 0.63% copper*

From 391.80 to 542.70 metres, 150.90 meters @ 0.55 g/t gold and 0.22% copper
- Including 402.00 to 536.00, 134.00 meters @ 0.61 g/t gold and 0.24% copper
- Including 424.50 to 435.00, 10.50 meters @ 0.89 g/t gold and 0.26% copper
- Including 472.50 to 534.50, 62.00 meters @ 0.86 g/t gold and 0.33% copper

*Interval reported in news release of August 8th, 2016; other intervals reported in news release dated August 17, 2016.

Subsequent drill results announced in October, November, December, and January 2017, support the interpretation that the Norte drilling to date has intersected shallow dipping to flat lying mineralisation with significant gold values, that represents a distal and high level portion of a porphyry system. The current data suggests that the mineralisation trends to the south towards the undrilled high chargeability and magnetics target known as Villa Rica.

For the year ended December 31, 2016, the Company incurred a total of $1,849,632 exploration costs with respect to the El Cobre property. For the period from incorporation on April 10, 2015 to December 31, 2015, the Company incurred a total of $47,879 exploration costs with respect to the El Cobre property.

Upcoming / Outlook

The Norte Zone holes have been successful in defining the potential of the El Cobre project to host a large porphyry copper-gold deposit. At the same time it is clear that the intersections of porphyry mineralisation encountered in past drilling, which has been the focus of the 2016 drilling to date, are peripheral to a possible porphyry centre. In the past, the Company has conducted several campaigns of soil sampling and geophysical surveys including airborne magnetics, shallow IP and 35.8 line kilometers of deep Titan-24 IP. The current data suggests that the mineralisation trends to the south towards the undrilled high chargeability and magnetics target known as Villa Rica. Future work at El Cobre will follow up results to date and continue to advance other established target areas at the project.

Other properties

Other properties consist of a portfolio of early stage exploration projects located in Canada, the United States and Mexico. During the year ended December 31, 2016, the Company incurred exploration costs of $457,763 on a care and maintenance basis and recorded a write-down of $448,264 with respect to these properties. During the three months ended December 31, 2015 and for the period from incorporation on April 10, 2015 to December 31, 2015, the Company incurred exploration costs of $118,753 on a care and maintenance basis and recorded a write-down of $544,454 with respect to these properties.

RISK FACTORS

The Company is engaged in exploration for mineral deposits. These activities involve significant risks which, even with careful evaluation, experience and knowledge, may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Market volatility for marketable securities and investments

The Company's marketable securities consist of shares of exploration companies which are historically very volatile. The Company's investments consist of gold bullion with fluctuating market prices. There is no assurance that the Company will be able to recover the current fair market value of those shares. The Company also may hold a large number of shares which may be difficult to sell in illiquid markets from time to time.

Industry

The Company is engaged in the exploration and development of mineral properties which is an inherently risky business. There is no assurance that a mineral deposit will ever be discovered, developed and economically produced. Few exploration projects result in the discovery of commercially mineable ore deposits. If market conditions make financings difficult, it may be difficult for the Company to find joint venture partners. The Company may be unsuccessful in identifying and acquiring projects of merit.

Mineral resource estimates

The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

Prices of gold, silver and other metals

The price of gold is affected by numerous factors including central bank sales or purchases, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities.

The price of silver is affected by similar factors and, in addition, is affected by having more industrial uses than gold, as well as sometimes being produced as a by-product of mining for other metals with its production thus being more dependent on demand for the main mine product than supply and demand for silver. The prices of other metals and mineral products that the Company may explore for have the same or similar price risk factors.

Cash flows and additional funding requirements

The Company currently has no revenue from operations. In order to continue to advance and develop the El Cobre project, the Company will have to raise additional capital. The sources of funds currently available to the Company include equity capital, potential debt capital or the offering of an interest in its projects to another party. The Company currently has sufficient financial resources to undertake all of its currently planned exploration and development programs.

Exchange rate fluctuations

Fluctuations in currency exchange rates, principally the Canadian/U.S. Dollar and the Canadian/Mexican Peso exchange rates, can impact cash flows. The exchange rates have varied substantially over time. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which will impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rates fluctuation.

Environmental

The Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by NGOs opposed to mining has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

Laws and regulations

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws and relies on its land men and legal counsel in Canada, Mexico and the United States.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Possible dilution to present and prospective shareholders

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective shareholders. The Company has traditionally sought joint venture partners to fund in whole or in part exploration projects. Offering an interest in its projects to partners would dilute the Company's interest in the projects.

Material risk of dilution presented by large number of outstanding share purchase options and warrants

At April 27, 2017, there were 4,363,000 stock options and 1,292,400 warrants outstanding. Directors and officers hold 3,526,000 of the options and 837,000 options are held by employees and consultants of the Company.

Trading volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares.

Volatility of share price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

Competition

There is competition from other mining exploration companies with operations similar to Almadex. Many of the companies with which it competes have operations and financial strength greater than the Company.

Dependence on management

The Company depends heavily on the business and technical expertise of its management.

Conflict of interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. If a conflict arises, the Company may miss the opportunity to participate in certain transactions.

Impairment of Exploration and Evaluation Assets

The Company assesses its exploration and evaluation assets quarterly to determine whether any indication of impairment exists. Common indications of impairment, which is often judgemental, include, but are not limited to, that: the right to explore the assets has expired or will soon expire and is not expected to be renewed, substantive expenditure of further exploration is not planned, or the results are not compelling enough to warrant further exploration by the Company.

At December 31, 2016, the Company concluded that impairment indicators existed with respect to certain of its exploration and evaluation assets. An impairment of exploration and evaluation assets of $466,264 for the year ended December 31, 2016 (April 10, 2015 to December 31, 2015 $544,454), has been recognized.

Material Financial and Operations Information

Summary of Quarterly Results

Selected Annual Financial Information

	Year ended December 31, 2016	From April 10, 2015 to December 31, 2015
	$	$
Total revenues	253,485	86,662
Net loss for the year	(480,025)	(1,084,401)
Net loss per share - basic	(0.01)	(0.05)
Net loss per share - diluted	(0.01)	(0.05)
Impairment of exploration and evaluation assets	466,259	544,454
Share-based payments	388,610	97,427
Working capital	6,527,470	5,532,748
Total assets	13,322,562	11,269,910
Cash dividends declared – per share	Nil	Nil

Summary of Quarterly Results

The following is a summary of the Company's financial results since becoming a reporting issuer for the quarters ending at the dates noted:

	Q4 Dec 2016 Quarter	Q3 Sep 2016 Quarter	Q2 Jun 2016 Quarter	Q1 Mar 2016 Quarter	Q4 Dec 31 2015 Quarter	Q3 Sep 2015 Quarter	Q2 Jun 2015 Quarter
	$	$	$	$	$	$	$
Total revenue	72,989	128,280	15,421	36,795	82,831	3,831	-
Net income (loss)	(667,037)	1,950,134	(117,924)	(1,645,198)	(627,459)	(456,942)	-
Income (loss) per share – basic	(0.01)	0.04	(0.00)	(0.04)	(0.03)	(0.02)	-
Income (loss) per share – diluted	(0.01)	0.04	(0.00)	(0.04)	(0.03)	(0.02)	-
Write-down of interests in exploration and evaluation assets	40,069	264,662	39,847	121,721	482,976	61,478	-
Administrative services fee	167,103	95,750	95,757	100,188	113,320	68,085	-
Share-based payments	120,250	53,730	214,630	-	21,377	76,050	-
Working capital	6,527,470	8,458,192	5,105,026	5,099,818	5,532,748	5,832,989	100
Total assets	13,322,562	14,136,885	10,326,468	9,843,208	11,269,910	11,951,635	100
Cash dividends declared	-	-	-	-	-	-	-

Results of Operations and Financial Results

Results of Operations for the Three Months Ended December 31, 2016

For the three months ended December 31, 2016, the Company recorded a net loss of $667,037 (2015 - $627,459) or a basic and diluted net loss of $0.01 per share (2015 - $0.03). Because the Company is a mineral exploration company, it has no revenue from mining operations. The revenue of $72,989 during the three months ended December 31, 2016 consisted of interest income of $9,560 (2015 - $4,320) from cash balances and $63,429 (2015 - $78,511) earned from drilling equipment rental services.

A significant portion of total expenses of $485,360 during the three months ended December 31, 2016 (2015 - $712,231) were related to general and administrative expenses such as administrative service fees of $167,103 (2015 - $113,320), share-based payments of $120,250 (2015 - $21,377) and professional fees of $82,193 (2015 – $63,821) to operate a public company. The decrease of $226,871 in total expenses from the three months ended December 31, 2016 compared to December 31, 2015 relates to a lower impairment of exploration and evaluation assets in 2016 due to the Company's commitment to do more exploration work. The administrative services fee was paid to Almaden during the three months ended December 31, 2016 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items in the three months ended December 31, 2016 included impairment of exploration and evaluation assets of $40,029 (2015 - $482,976), loss on investment in associates of $Nil (2015 - $30,214), and loss on fair value of contingent shares receivable of $62,400 (2015 gain - $14,100). Impairment of exploration and evaluation assets fluctuates period to period based on management's evaluation of the carrying value of each exploration and evaluation asset interest held at that time. The Company did not record any loss on investment in associates during the three months ended December 31, 2016 as Gold Mountain was no longer considered an investment in associate and thus transferred the carrying value of the investment in associate to marketable securities. The contingent shares receivable is based on the fair value of the common shares of Goldgroup Mining Inc. ("Goldgroup") held by the Company as at December 31, 2016.

Results of Operations for the Year Ended December 31, 2016

For the year ended December 31, 2016, the Company recorded a net loss of $480,025 (2015 - $1,084,401) or a basic and diluted net loss of $0.01 per share (2015 - $0.05). The Company has no revenues from mining operations as it only conducts exploration work. The revenue of $253,485 during the year ended December 31, 2016 consisted of interest income of $19,574 (2015 - $8,151) from cash balances. Other income of $233,911 (2015 - $78,511) consist of drilling equipment rental services of $223,746 to Almaden and geophysical services of $10,165 performed to third parties.

A significant portion of total expenses of $1,830,862 during the year ended December 31, 2016 (2015 - $1,041,413) were related to general and administrative expenses such as share-based payments of $388,610 (2015 - $97,427), professional fees of $262,941 (2015 - $118,555), travel and promotion of $50,757 (2015 - $15,540) and various other expenses incurred by the Company to review business opportunities and to communicate with shareholders. An administrative services fee of $458,798 (From August 2015 to December 2015 - $181,405) was paid to Almaden during the year ended December 31, 2016 for providing office space, executive management services, marketing support and technical oversight to Almadex.

Significant non-cash items during the year ended December 31, 2016 included impairment of exploration and evaluation assets of $466,259 (2015 - $544,454), share-based payments of $388,610 (2015 - $97,427), gain on investment in associates of $501,660 (2015 loss - $51,730) and gain on fair value of contingent shares receivable of $7,200 (2015 loss - $3,600). Impairment of exploration and evaluation assets fluctuates period to period based on management's evaluation of the carrying value of each exploration and evaluation asset interest held at that time. The share-based payments are recognized on the grant of stock options. The gain on investment in associate relates to the sale of 20 million shares of Gold Mountain and recognition of the equity loss during the year ended December 31, 2016. The contingent shares receivable is based on the fair value of the common shares of Goldgroup Mining Inc. ("Goldgroup") held by the Company as at December 31, 2016.

Liquidity and Capital Resources

At December 31, 2016, the Company had working capital of $6,527,470, including cash and cash equivalents of $2,679,135.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year as many expenditures are considered discretionary by management. The Company has no material commitments for the next fiscal year. Management has a proven track record to be able to raise money even in a very challenging financial marketplace.

Three Months Ended December 31, 2016

Net cash used in operations during the three months ended December 31, 2016 was $24,327 (2015 - $285,731), after adjusting for non-cash activities.

Net cash from investing activities of $979,821 (2015 - $117,251) during the three months ended December 31, 2016 relates to net proceeds from sale of marketable securities of $199,509 (2015 – Nil). Cash used in investing activities relates to expenditures on exploration and evaluation assets of $814,302 (2015 - $117,251) mainly on the El Cobre project and equipment acquisition of 367,276 (2015 - $Nil).

Net cash from financing activities during the three months ended December 31, 2016 was $26,928 (2015 - $Nil), as a result of stock options exercised.

Year Ended December 31, 2016

Net cash used in operations during the year ended December 31, 2016 was $453,665 (2015 - $39,983), after adjusting for non-cash activities.

Net cash from investing activities of $103,169 (2015 - $63,416) during the year ended December 31, 2016 relates to net proceeds from sale of marketable securities of $777,117 (2015 - $125,642), the net proceeds from the sale of El Encuentro project of $314,978, and the net proceeds from sale of investment in associates of $2,000,000. Cash used in investing activities relates to expenditures on exploration and evaluation assets of $2,510,355 (2015 - $189,058) mainly on the El Cobre project.

Net cash from financing activities during the year ended December 31, 2016 was $132,930 (2015 - $3,000,000 received from Almaden), as a result of stock options and warrants exercised.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

	Number of Common Shares Issued & Outstanding	Share Capital Amount
December 31, 2015	43,938,969	$11,907,544
December 31, 2016	44,336,369	$12,093,447
April 27, 2017	47,830,369	$15,583,240

Share issuances during fiscal 2016

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

The following table summarizes information about warrants outstanding at April 27, 2017:

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

The table in Note 11(c) to the consolidated financial statements summarizes information about warrants outstanding at December 31, 2016.

The Company grants directors, officers, employees and contractors options to purchase common shares under its Stock Option Plan. This plan and its terms are detailed in Note 11(d) to the consolidated financial statements for the period ended December 31, 2016, which are available on SEDAR at www.sedar.com.

During the year ended December 31, 2016 and to the date of this MD&A, the Company granted the following stock options:

Number of Stock Options Granted	Price Per Share	Expiry Date
39,000	$0.37	May 6, 2018
1,300,000	$0.38	June 8, 2018
72,000	$0.46	May 6, 2018
151,000	$0.65	August 28, 2018
90,000	$1.18	December 17, 2018
40,000	$0.98	July 2, 2019
877,800	$1.37	July 2, 2019
115,000	$1.35	February 27, 2019

The table in Note 11(d) to the consolidated financial statements summarizes information about stock options outstanding at December 31, 2016.

The following table summarizes information about stock options outstanding at April 27, 2017:

Expiry date	Exercise price	December 31, 2015	Granted	Exercised	Expired/ cancelled	April 27, 2017
January 6, 2017	$ 0.23	708,000	-	(708,000)	-	-
May 4, 2017	$ 0.44	120,000	-	(45,000)	-	75,000
June 8, 2017	$ 0.46	45,000	-	-	-	45,000
September 11, 2017	$ 0.53	300,000	-	-	-	300,000
November 22, 2017	$ 0.51	60,000	-	-	-	60,000
April 4, 2018	$ 0.40	54,000	-	-	-	54,000
May 6, 2018	$ 0.37	39,000	-	-	-	39,000
May 6, 2018	$ 0.46	72,000	-	-	-	72,000
June 8, 2018	$ 0.38	1,300,000	-	(60,000)	-	1,240,000
June 18, 2018	$ 0.34	150,000	-	-	-	150,000
August 28, 2018	$ 0.16	834,200	-	(140,000)	-	694,200
August 28, 2018	$ 0.65	151,000	-	-	-	151,000
December 17, 2018	$ 0.15	90,000	-	(30,000)	-	60,000
December 17, 2018	$ 1.18	90,000	-	-	-	90,000
January 2, 2019	$ 0.24	225,000	-	(15,000)	-	210,000
February 27, 2019	$ 1.35	-	115,000	-	-	115,000
July 2, 2019	$ 0.30	90,000	-	-	-	90,000
July 2, 2019	$ 0.98	40,000	-	-	-	40,000
July 2, 2019	$ 1.37	-	877,800	-	-	877,800
Options outstanding and exercisable		**4,368,200**	**992,800**	**(998,000)**	**-**	**4,363,000**
Weighted average exercise price		$ 0.35	$ 1.37	$ 0.24	-	$ 0.60

As of date of this MD&A, there were 47,830,369 common shares issued and outstanding and 53,485,769 common shares outstanding on a diluted basis.

Environmental Provisions and Potential Environmental Contingency

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Company estimates that future reclamation and site restoration costs based on the Company's exploration activities to date are not significant however the ultimate amount of reclamation and other future site restoration costs to be incurred in the future is uncertain.

Off-Balance Sheet Arrangements

None.

Contractual Commitments

None.

Proposed Transactions

None.

Transactions with Related Parties

(a) Compensation of key management personnel

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The aggregate value of compensation to key management personnel was as follows:

Year ended December 31, 2016	Fees	Share-based Payments	Total
	$	$	$
Chairman	72,000	60,600	132,600
President & CEO	119,250	66,300	185,550
CFO	72,150	15,300	87,450
VP Corporate Development	60,375	94,200	154,575
Directors	-	61,700	61,700
	323,775	298,100	621,875

From incorporation on April 10, 2015 to December 31, 2015	Fees	Share-based Payments	Total
	$	$	$
Chairman	30,000	13,069	43,069
President & CEO	33,125	25,382	58,507
CFO	23,125	8,168	31,293
VP Corporate Development	21,875	7,624	29,499
Directors	-	32,294	32,294
	108,125	86,536	194,661

Fees are paid to Almaden for services provided by key management pursuant to the Administrative Services Agreement between Almadex and Almaden, as further described below.

(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.

ATW Resources Ltd.

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

Other

At December 31, 2016, the Company included in other income $223,747 (2015 - $78,511) paid by Almaden to the Company for drill equipment rental services in Mexico.

At December 31, 2016, the Company paid a company controlled by a Director of the Company $67,955 (2015 - $5,813) for geological services.

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.

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 bond approximates fair value as the expected proceeds on redemption approximate its carrying value.

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 December 31, 2016, the Company was 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	337,540	167,408
Account receivables and prepaid expenses	9,590	93,253
Total assets	**347,130**	**260,661**
Trade and other payables	85,241	4,795
Total liabilities	**85,241**	**4,795**
Net assets	**261,889**	**255,866**

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

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

(b) Credit risk

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

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

As at December 31, 2016, 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 $13,000.

(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 $24,500.

(ii) Equity price risk

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

(f) Classification of Financial instruments

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

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

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

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

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

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

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

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

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 through its current operating period.

Subsequent Event

On February 15, 2017, the Company and its wholly-owned U.S. subsidiary, Almadex Americas Inc. signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. ("Abacus").

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 2,500,000 shares to the Company over a five year period following TSX Venture Exchange approval of the definitive agreement. Upon having earned this initial interest, Abacus will be required to incur minimum annual exploration expenditures of US$500,000 on the property and, within 10 years of the Approval, deliver a Feasibility Study in respect of the Willow project to Almadex, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, Almadex may elect to become operator of the project, and the parties will enter into a 60:40 joint venture agreement with standard dilution provisions.

On February 27, 2017, the Company closed on a $3,369,600 non-brokered private placement involving the issuance of 2,496,000 units at $1.35 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of $2.00 per share until August 27, 2019.

The Company received $235,940 on the exercise of 998,000 stock options with exercise prices from $0.15 to $0.44

On January 11, 2017 and February 27, 2017, the Company granted to employees, officers and directors, pursuant to its stock option plan, 877,800 and 115,000 stock options at exercise prices of $1.37 and $1.35 per share expiring on July 2, 2019 and February 27, 2019 respectively.

Information on the Board of Directors and Management

Directors:
Duane Poliquin, P.Eng
Morgan Poliquin, P.Eng, Ph.D.
Douglas McDonald, M.A.Sc, B.Com.
Jack McCleary, P.Geol
Larry Segerstrom, MBA, MSc
Mark T. Brown, CPA, CA
William J. Worrall, Q.C.

Audit Committee members:
Mark T. Brown, CPA, CA
Douglas McDonald, M.A.Sc, B.Com.
Jack McCleary, P.Geol

Compensation Committee members:
Jack McCleary, P.Geol
Duane Poliquin, P.Eng.
William J. Worrall, Q.C.

Nominating & Corporate Governance Committee members:
Mark T. Brown, CPA, CA
Morgan Poliquin, P.Eng, Ph.D.
William J. Worrall, Q.C.

Management:
Duane Poliquin, P.Eng – Chairman
Morgan Poliquin, Ph.D., P.Eng – Chief Executive Officer, President
Korm Trieu, CPA, CA – Chief Financial Officer
Douglas McDonald, M.A.Sc, B.Com. – Vice President, Corporate Development