



None  
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

59,122,321

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes  No

As a foreign private issuer that prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Registrant is required to submit to the SEC and post on its corporate website Interactive Data Files (as defined by Item 11 of Regulation S-T) pursuant to Rule 405 of Regulation S-T.

However, it is the view of the SEC's Division of Corporation Finance and Office of the Chief Accountant that the Registrant is not required to submit to the SEC and post on its corporate website Interactive Data Files until the SEC specifies on its website an IFRS taxonomy for use by foreign private issuers in preparing their Interactive Data Files.

As of the submission date of this Annual Report on Form 20-F, the SEC has not specified an IFRS taxonomy for the Registrant to use in preparing its Interactive Data Files.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other



If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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### Glossary of Geologic and Mining Terms

**Adularia:** A colourless, moderate to low-temperature variety of orthoclase feldspar typically with a relatively high barium content. It is a prominent constituent of low sulphidation epithermal veins.

**Alkalic Intrusive:** An igneous rock emplaced below ground level in which the feldspar is dominantly sodic and or potassic.

**Alkalinity:** The chemical nature of solutions characterized by a high concentration of hydroxyl ions.

**Alteration:** Usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

**Andesite:** A dark-coloured, fine-grained extrusive rock that, when porphyritic, contains phenocrysts composed primarily of zoned sodic plagioclase (esp. andesine) and one or more of the mafic minerals (eg. Biotite, horn-blende, pyroxene), with a ground-mass composed generally of the same minerals as the phenocrysts; the extrusive equivalent of diorite. Andesite grades into latite with increasing alkali feldspar content, and into dacite with more alkali feldspar and quartz. It was named by Buch in 1826 from the Andes Mountains, South America.

**Anomalous:** A geological feature, often subsurface, distinguished by geological, geochemical or geophysical means, which is detectably different than the general surroundings and is often of potential economic value.

**Anomaly:** Any concentration of metal noticeably above or below the average background concentration.

**Argillic:** A form of alteration characterised by the alteration of original minerals to clays.

**Arsenopyrite:** A sulphide of arsenic and iron with the chemical composition FeAsS.

**Assay:** An analysis to determine the presence, absence or quantity of one or more components.

**Axis:** An imaginary hinge line about which the fold limbs are bent. The axis of a fold can be at the top or bottom of the fold, can be tilted or horizontal.

**Batholith:** An intrusion, usually granitic, which has a large exposed surface area and no observable bottom. Usually associated with orogenic belts.

**Bathymetry survey:** A geophysical survey that uses echo sounding to determine water depth.

**Breccia:** Rock consisting of more or less angular fragments in a matrix of finer-grained material or cementing material.

**Brecciated:** Rock broken up by geological forces.

**Bulk sample:** A very large sample, the kind of sample to take from broken rock or of gravels and sands when testing placer deposits.

**Calc-silicate:** Calcium-bearing silicate minerals. These minerals are commonly formed as a result of the interaction of molten rock and its derived, hot hydrothermal fluids with very chemically reactive calcium carbonate (limestone). Calc-silicate minerals include garnet, pyroxene, amphibole and epidote. These minerals are commonly described as skarn and are genetically and spatially associated with a wide range of metals



Carbonate replacement deposit: A style of silver lead zinc mineralization in limestones.

Chert: A very fine grained siliceous rock. Many limestones contain nodules and thin lenses of chert.

Chip sample: A sample composed of discontinuous chips taken along a surface across a given line.

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**Claim:** That portion of public mineral lands, which a party has staked or marked out in accordance with provincial or state mining laws, to acquire the right to explore for the minerals under the surface.

**Clastic:** Consisting of rock material that has been mechanically derived, transported, and deposited. Such material is also called detrital.

**Cleavage:** The tendency of a crystal to split, or break, along planes of structural weakness.

**Columnar Jointing:** A pattern of jointing that breaks rock into rough, six-sided columns. Such jointing is characteristic of basaltic flows and sills and is believed to result from shrinkage during cooling.

**Concordant Bodies:** Intrusive igneous bodies whose contacts are parallel to the bedding of the intruded rock.

**Conglomerate:** Rock composed of mostly rounded fragments which are of gravel size or larger in a finer grained matrix.

**Craton:** A central stable region common to nearly all continents and composed chiefly of highly metamorphosed Precambrian rocks.

**Cretaceous:** Geological time period between 136 and 64 million years ago.

**Crystalline:** Means the specimen is made up of one or more groups of crystals.

**Cut-off grade:** The minimum grade of mineralization used to establish quantitative and qualitative estimates of total mineralization.

**Dacite:** A fine grained acid volcanic rock, similar to rhyolite in which the feldspar is predominantly plagioclase.

**Degradation:** The ongoing process of erosion in a stream.

**Diabase:** Igneous hypabyssal rocks. The name is applied differently in different parts of the world leading to considerable confusion.

**Diagenesis:** The changes that occur in a sediment during and after lithification. These changes include compaction, cementation, replacement, and recrystallization.

**Diamond drill:** A type of rotary drill in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock which is recovered in long cylindrical sections.

**Dilution:** Results from the mixing in of unwanted gangue or waste rock with the ore during mining.

**Dip:** Geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault planes, etc.

**Discordant Bodies:** Intrusive igneous bodies whose contacts cut across the bedding, or other pre-existing structures, to the intruded rock.

**Disseminated deposit:** Deposit in which the mineralization is scattered through a large volume of host rock, sometimes as separate mineral grains, or sometimes along joint or fault surfaces.

Dolomite: A magnesium bearing limestone usually containing at least 15% magnesium carbonate.

Dunite: An intrusive, monomineralic, ultramafic rock composed almost completely of magnesian olivine.

Dyke: A tabular, discordant, intrusive igneous body.

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Earn in: The right to acquire an interest in a property pursuant to an Option Agreement.

Ejecta: Pyroclastic material thrown out or ejected by a volcano. It includes ash, volcanic bombs, and lapilli.

Epithermal: Epithermal deposits are a class of ore deposits that form generally less than 1 km from surface. These deposits, which can host economic quantities of gold, silver, copper, lead and zinc are formed as a result of the precipitation of ore minerals from up-welling hydrothermal fluids. There are several classes of epithermal deposits that are defined on the basis of fluid chemistry and resulting alteration and ore mineralogy. Fluid chemistry is largely controlled by the proximity to igneous intrusive rocks and as a result igneous fluid content.

Extrusive Rock: Igneous rock that has solidified on the earth's surface from volcanic action.

Fault: A fracture in a rock where there had been displacement of the two sides.

Faults: Breaks in rocks with noticeable movement or displacement of the rocks on either side of the break.

Feldspar: A group of aluminum silicate minerals closely related in chemical composition and physical properties. There are two major chemical varieties of feldspar: the potassium aluminum, or potash, feldspars and the sodium-calcium-aluminum, or plagioclase, feldspars. The feldspars possess a tetrahedral framework of silicon and oxygen, with the partial substitution of aluminum for the silicon. They make up about 60 percent of the earth's crust.

Felsic: Light coloured silicate minerals, mainly quartz and feldspar, or an igneous rock comprised largely of felsic minerals (granite, rhyolite).

Fluid inclusion: A cavity, with or without negative crystal faces, containing one or two fluid phases, and possibly one or more minute crystals, in a host crystal. If two fluid phases are present, the vapour phase (bubble) may show Brownian motion.

Folds: Are flexures in bedded or layered rocks. They are formed when forces are applied gradually to rocks over a long period of time.

Fracture: Breaks in a rock, usually due to intensive folding or faulting.

Gabbro: A group of dark-colored, basic intrusive igneous rocks composed principally of basic plagioclase (commonly labradorite or bytownite) and clinopyroxene (augite), with or without olivine and orthopyroxene; also, any member of that group. It is the approximate intrusive equivalent of basalt. Apatite and magnetite or ilmenite are common accessory minerals.

Gambusino: Small miners working without machinery.

Gangue: Term used to describe worthless minerals or rock waste mixed in with the valuable minerals.

Geochemical Anomaly: An area of elevated values of a particular element in soil or rock samples collected during the preliminary reconnaissance search for locating favourable metal concentrations that could indicate the presence of surface or drill targets.

Geochemistry: The study of the chemistry of rocks, minerals, and mineral deposits.

Geophysics: The study of the physical properties of rocks, minerals, and mineral deposits.

Gneiss: A coarse grained metamorphic rock characterized by alternating bands of unlike minerals, commonly light bands of quartz and feldspar and dark bands of mica and hornblende.

Gossan: The leached and oxidised near surface part of a sulphide mineral deposit, usually consisting largely of hydrated iron oxides left after copper and other minerals have been removed by downward leaching.

Gouge: The finely ground rock that results from the abrasion along a fault surface.

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**Grade:** The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

**Granite:** A coarse grained, plutonic igneous rock that is normally pale pink, pale pink-brown, or pale grey, and composed of quartz, alkali feldspar, micas and accessory minerals.

**Granodiorite:** A coarse grained, plutonic igneous rock that is normally pale grey, and composed of quartz, calc-alkali feldspar, micas and accessory minerals.

**Gravity survey:** A geophysical survey which measures the variations of the earth's gravitational field in order to differentiate between rocks of contrasting specific gravities.

**Grid:** A network composed of two sets of uniformly spaced parallel lines, usually intersecting at right angles and forming squares, superimposed on a map, chart, or aerial photograph, to permit identification of ground locations by means of a system of coordinates and to facilitate computation of direction and distance and size of geologic, geochemical or geophysical features.

**Hanging wall and Footwall:** Terms used in reference to faults where when mining along a fault, your feet would be in the footwall side of the fault and the other side would be "hanging" over your head.

**Hectare:** A square of 100 metres on each side.

**Host rock:** The rock within which the ore deposit occurs.

**Hydrothermal:** Of or pertaining to hot water, to the action of hot water, or to the products of this action, such as a mineral deposit precipitated from a hot aqueous solution; also, said of the solution itself. "Hydrothermal" is generally used for any hot water, but has been restricted by some to water of magmatic origin.

**Igneous:** Means a rock formed by the cooling of molten silicate material.

**Ignimbrite:** The rock formed by the widespread deposition and consolidation of ash flows and nuees ardentes. The term includes welded tuff and nonwelded but recrystallized ash flows.

**Induced polarization (I.P.) method:** The method used to measure various electrical responses to the passage of alternating currents of different frequencies through near-surface rocks or to the passage of pulses of electricity.

**Intermediate:** An igneous rock made up of both felsic and mafic minerals (diorite).

**Intrusion:** General term for a body of igneous rock formed below the surface.

**Intrusive Rock:** Any igneous rock solidified from magma beneath the earth's surface.

**Joint venture agreement:** An agreement where the parties agree to the terms on which a property will be jointly explored, developed, and mined. (See also "Option agreement" and "Earn in").

**Jurassic:** Geological time period between 195 and 136 million years ago.

Kimberlite: A kimberlite is a pipe-like volcano sourced from deep within the earth under extreme temperatures and pressures. It is the host rock for diamonds and diamond indicator minerals such as kimberlitic ilmenites and garnets.

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**K-silicate:** Potassium-bearing silicates. Potassium silicates are very common rock-forming minerals, however they are also formed by the interaction of hydrothermal fluids derived from the cooling intrusive rocks that are genetically and spatially associated with porphyry and epithermal deposits. Potassium feldspar (orthoclase) and potassium mica (biotite) are both commonly closely associated with copper-molybdenum ore in porphyry copper deposits.

**K-spar:** Potassium feldspar.

**Lamprophyre:** A group of dike rocks in which dark minerals occur both as phenocrysts and in the groundmass and light minerals occur in the groundmass. Essential constituents are biotite, hornblende, pyroxene, and feldspar or feldspathoids. Most lamprophyres are highly altered. They are commonly associated with carbonatites.

**Lava:** Means an igneous rock formed by the cooling of molten silicate material which escapes to the earth's surface or pours out onto the sea floor.

**Limestone:** Sedimentary rock that is composed mostly of carbonates, the two most common of which are calcium and magnesium carbonates.

**Lithosphere:** The crust and upper mantle, located above the asthenosphere and composing the rigid plates.

**Mafic:** A general term used to describe ferromagnesian minerals. Rocks composed mainly of ferromagnesian minerals are correctly termed melanocratic.

**Magma:** Naturally occurring molten rock material, generated within the earth and capable of intrusion and extrusion, from which igneous rocks have been derived through solidification and related processes. It may or may not contain suspended solids (such as crystals and rock fragments) and/or gas phases.

**Massive:** Implies large mass. Applied in the context of hand specimens of, for example, sulphide ores, it usually means the specimen is composed essentially of sulphides with few, if any, other constituents.

**Metamorphic:** Means any rock which is altered within the earth's crust by the effects of heat and/or pressure and/or chemical reactions. Pertains to the process of metamorphism or to its results.

**Metasediment:** A sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.

**Metavolcanic:** An informal term for volcanic rocks that show evidence of having been subject to metamorphism.

**Mineral claim:** A legal entitlement to minerals in a certain defined area of ground.

**Mineral Deposit or Mineralized Material:** A mineralized underground body which has been intersected by sufficient closely spaced drill holes and or underground sampling to support sufficient tonnage and average grade of metal(s) to warrant further exploration-development work. This deposit does not qualify as a commercially mineable ore body (Reserves), as prescribed under Commission standards, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results is concluded

**Mineral:** A naturally occurring, inorganic, solid element or compound that possesses an orderly internal arrangement of atoms and a unique set of physical and chemical properties.

**Mineralization:** Usually implies minerals of value occurring in rocks.



Monocline: A structure in which a bed exhibits local steepening of otherwise uniform dip.

National Instrument 43-101: A rule developed by the Canadian Securities Administrators and administered by the provincial securities commissions that govern how issuers disclose scientific and technical information about their mineral projects to the public. It covers oral statements as well as written documents and websites. It requires that all disclosure be based on advice by a “qualified person” and in some circumstances that the person be independent of the issuer and the property.

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Net profits interest: A contractual granted right to some portion of the profits after deduction of expenses sometimes expressed as a form of royalty.

Net smelter returns: Means the amount actually paid to the mine or mill owner from the sale of ore, minerals and other materials or concentrates mined and removed from mineral properties. A royalty based on net smelter returns usually provides cash flow that is free of any operating or capital costs and environmental liabilities.

Option agreement: An agreement where the optionee can exercise certain options to acquire or increase an interest in a property by making periodic payments or share issuances or both to the optionor or by exploring, developing or producing from the optionor's property or both. Usually upon the acquisition of such interest, all operations thereafter are on a joint venture basis.

Ore: A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.

Ore reserve: The measured quantity and grade of all or part of a mineralized body in a mine or undeveloped mineral deposit for which the mineralization is sufficiently defined and measured on three sides to form the basis of at least a preliminary mine production plan for economically viable mining.

Orogeny: The process of forming mountains by folding and thrusting.

Outcrop: An in situ exposure of bedrock.

Overburden: A general term for any material covering or obscuring rocks from view.

oz/t or opt: Ounces per ton.

Paleozoic: An era of geologic time, from the end of the Precambrian to the beginning of the Mesozoic, or from about 570 to about 225 million years ago.

Panel Sample: A large volume/weight continuous rock chip sample collected over a definite area (e.g. 0.25m X 0.50m), and to a uniform depth (e.g. 2.5cm or 1 inch), on a mineral zone. Panel sampling is generally employed in a trenching program to obtain more representative grades particularly of a narrow mineralized structure such as a vein.

Peridotite: A coarse grained ultramafic rock commonly consisting of olivine and pyroxenes.

Phenocrysts: An unusually large crystal in a relatively finer grained matrix.

Phonolite: Any extrusive rock composed of alkali feldspar, mafic minerals and any feldspathoid, such as nepheline, leucite, or sodalite.

Pluton: Term for an igneous intrusion, usually formed from magma.

Porphyry: An igneous rock composed of larger crystals set within a finer ground mass.

Preliminary Economic Assessment: A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social and

environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.

Pyroclastic rock: A rock of volcanic origin consisting of highly variable mixture of rock fragments, cinders and ashes and bits of crystals and glass.

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Pyroxenites: Ultramafic plutonic rock chiefly composed of pyroxene, with accessory hornblende, biotite, or olivine.

Quartz monzonite: A coarse grained, plutonic igneous rock that is normally pale pink, and composed of quartz, alkali feldspar, micas and accessory minerals.

Rare Earth: A group of rare metallic chemical elements with consecutive atomic numbers of 57 to 71.

Reclamation bond: A bond usually required by governmental mining regulations when mechanized work on a property is contemplated. Proceeds of the bond are used to reclaim any workings or put right any damage if reclamation undertaken does not satisfy the requirements of the regulations.

Reserve: That part of a mineral deposit which could be economically extracted or produced at the time of the reserve determination.

Reserves: A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

Reverse circulation drill: A rotary percussion drill in which the drilling mud and cuttings return to the surface through the drill pipe.

Rhyolite: The fine grained equivalent of a granite.

Royalty interest: A royalty, the calculation and payment of which is tied to some production unit such as tonne of concentrate or ounce of gold or silver produced. A common form of royalty interest is based on the net smelter return.

Sample: Small amount of material that is supposed to be absolutely typical or representative of the object being sampled.

Sandstone: Composed of sand-sized fragments cemented together. As a rule the fragments contain a high percentage of quartz.

Schist: A strongly foliated crystalline rock, formed by dynamic metamorphism, that has well-developed parallelism of more than 50% of the minerals present, particularly those of lamellar or elongate prismatic habit, e.g. mica and hornblende.

Sedimentary: A rock formed from cemented or compacted sediments.

Sediments: Are composed of the debris resulting from the weathering and breakup of other rocks that have been deposited by or carried to the oceans by rivers, or left over from glacial erosion or sometimes from wind action.

Selvage: A marginal zone, as in a dyke or vein, having some distinctive feature of fabric or composition.

Sericite: A fine-grained variety of mica occurring in small scales, especially in schists.

Shale: An argillaceous rock consisting of silt or clay-sized particles cemented together. Most shales are quite soft, because they contain large amounts of clay minerals.

Shear zone: Where a fault affects a width of rock rather than being a single clean break, the width of affected rock is referred to as the shear zone. The term implies movement, i.e. shearing.

Silicate: Most rocks are made up of a small number of silicate minerals ranging from quartz ( $\text{SiO}_2$ ) to more complex minerals such as orthoclase feldspar ( $\text{KAlSi}_3\text{O}_8$ ) or hornblende ( $\text{Ca}_2\text{Na}(\text{Mg,Fe})_4(\text{Al,Fe,Ti})\text{Si}_8\text{O}_{22}(\text{OH})_2$ ).

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Sill: Tabular intrusion which is sandwiched between layers in the host rock.

Skarn: A thermally altered impure limestone in which material has been added to the original rock. Skarns are generally characterized by the presence of calcium and silica rich minerals. Many skarns contain sulphide minerals which in some cases can be of economic value.

Sonic drill: A drill used to penetrate soft sediments where the drill advance by means of slow rotations and sonic vibrations. Samples of very soft material can be collected with this system.

Stock: An igneous intrusive body of unknown depth with a surface exposure of less than 104 square kilometres. The sides, or contacts, of a stock, like those of a batholith, are usually steep and broaden with depth.

Stockwork: A mineral deposit consisting of a three-dimensional network of closely spaced planar or irregular veinlets.

Strike: The bearing, or magnetic compass direction, of an imaginary line formed by the intersection of a horizontal plane with any planar surface, most commonly with bedding planes or foliation planes in rocks.

Sulphide minerals: A mineral compound characterized by the linkage of sulfur with a metal or semimetal; e.g., galena.

Syncline: A fold in which the bed has been forced down in the middle or up on the sides to form a trough.

Tailings: Material rejected from a mill after recoverable valuable minerals have been extracted.

Tailings pond: A pond where tailings are disposed of.

Till: An unsorted sediment made up of clay, sand and boulders left in the wake of a glaciation.

Tonne: Metric ton – 1,000 kilograms – equivalent to 1.1023 tons.

Tourmaline: A group of minerals of general formula  $(\text{Na,Ca})(\text{Mg,Fe}^{+2},\text{Fe}^{+3},\text{Al,Li})_3\text{Al}_6(\text{BO}_3)_3\text{Si}_6\text{O}_{18}(\text{OH})_4$ ; it sometimes contains fluorine in small amounts. Also, any mineral of the tourmaline group. Tourmaline occurs in 3-, 6-, or 9-sided prisms, usually vertically striated, or in compact or columnar masses; it is commonly found as an accessory mineral in granitic pegmatites, and is widely distributed in acid igneous rocks and in metamorphic rocks. It can indicative of alteration associated with porphyry style mineralization.

Tremolite: A white to dark-gray monoclinic mineral of the amphibole group:  $\text{Ca}_2\text{Mg}_5\text{Si}_8\text{O}_{22}(\text{OH})_2$ . It occurs in long blade-shaped or short stout prismatic crystals, and also in columnar or fibrous masses, esp. in metamorphic rocks such as crystalline dolomitic limestone and talc schist. It is a constituent of much commercial talc. alteration — usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

Triassic: Geological time period between 225 and 195 million years ago.

Tuff: A finer grained pyroclastic rock made up mostly of ash and other fine grained volcanic material.

Veins: The mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.

Vuggy silica: In a high sulphidation epithermal environment, the highly acidic waters have dissolved everything but silica resulting in a highly porous and porous marker rock which is a good host for gold deposition. It is an indicator mineralization typical of epithermal rocks.

Waste: Rock which is not ore. Usually referred to that rock which has to be removed during the normal course of mining in order to get at the ore.

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### Notes Concerning Terminology Related to Resources and Reserves

The terms “mineral resource”, “measured mineral resource”, “indicated mineral resource”, “inferred mineral resource”, “mineral reserve”, “probable mineral reserve” and “proven mineral reserve” used in this Annual Report are Canadian mining terms as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council. On November 14, 2004 and November 27, 2010, CIM Council adopted an update to the CIM Definition Standards to reflect the more detailed guidance available and effect certain editorial changes required to maintain consistency with current regulations. This version of the CIM Definition Standards includes further editorial changes required to maintain compatibility with the new version of National Instrument 43-101 which is became law in 2011. The CIM Definition Standards can be viewed on the CIM website at [www.cim.org](http://www.cim.org). In accordance with Industry Guide 7, Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations, issued by the U. S. Securities and Exchange Commission, reserve is termed “mineral deposit”.

## DEFINITIONS

### Qualified Person

Mineral Resource and Mineral Reserve estimates and resulting Technical Reports must be prepared by or under the direction of, and dated and signed by, a Qualified Person. A “Qualified Person” means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association. The Qualified Person(s) should be clearly satisfied that they could face their peers and demonstrate competence and relevant experience in the commodity, type of deposit and situation under consideration. If doubt exists, the person must either seek or obtain opinions from other colleagues or demonstrate that he or she has obtained assistance from experts in areas where he or she lacked the necessary expertise. Determination of what constitutes relevant experience can be a difficult area and common sense has to be exercised. For example, in estimating Mineral Resources for vein gold mineralization, experience in a high-nugget, vein-type mineralization such as tin, uranium etc. should be relevant whereas experience in massive base metal deposits may not be. As a second example, for a person to qualify as a Qualified Person in the estimation of Mineral Reserves for alluvial gold deposits, he or she would need to have relevant experience in the evaluation and extraction of such deposits. Experience with placer deposits containing minerals other than gold, may not necessarily provide appropriate relevant experience for gold. In addition to experience in the style of mineralization, a Qualified Person preparing or taking responsibility for Mineral Resource estimates must have sufficient experience in the sampling, assaying, or other property testing techniques that are relevant to the deposit under consideration in order to be aware of problems that could affect the reliability of the data. Some appreciation of extraction and processing techniques applicable to that deposit type might also be important.

Estimation of Mineral Resources is often a team effort, for example, involving one person or team collecting the data and another person or team preparing the Mineral Resource estimate. Within this team, geologists usually occupy the pivotal role. Estimation of Mineral Reserves is almost always a team effort involving a number of technical disciplines, and within this team mining engineers have an important role. Documentation for a Mineral Resource and Mineral Reserve estimate must be compiled by, or under the supervision of, a Qualified Person(s), whether a geologist, mining engineer or member of another discipline. It is recommended that, where there is a clear division of responsibilities within a team, each Qualified Person should accept responsibility for his or her particular contribution. For example, one Qualified Person could accept responsibility for the collection of Mineral Resource data, another for the Mineral Reserve estimation process, another for the mining study, and the project leader could accept responsibility for the overall document. It is important that the Qualified Person accepting overall responsibility for a Mineral Resource and/or Mineral Reserve estimate and supporting documentation, which has been prepared in whole or in part by others, is satisfied that the other contributors are Qualified Persons with respect to the work for which



they are taking responsibility and that such persons are provided adequate documentation.

**Preliminary Feasibility Study (Pre-Feasibility Study)**

The CIM Definition Standards requires the completion of a Preliminary Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves.

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A Preliminary Feasibility Study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

### Feasibility Study

A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

### Exploration Information

Exploration information means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit. It is recognised that in the review and compilation of data on a project or property, previous or historical estimates of tonnage and grade, not meeting the minimum requirement for classification as Mineral Resource, may be encountered. If a Qualified Person reports Exploration Information in the form of tonnage and grade, it must be clearly stated that these estimates are conceptual or order of magnitude and that they do not meet the criteria of a Mineral Resource.

### Mineral Resource

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. A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

### Inferred Mineral Resource

An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Due to the uncertainty

that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

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### Indicated Mineral Resource

An “Indicated Mineral Resource” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.

### Measured Mineral Resource

A “Measured Mineral Resource” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

### Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven 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 Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term “Mineral Reserve” need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

### Probable Mineral Reserve

A “Probable Mineral Reserve” is the economically mineable part of an Indicated and, in some circumstances, a Measured 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.

**Proven Mineral Reserve**

A “Proven Mineral Reserve” is the economically mineable part of a Measured 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 is justified. Application of the Proven Mineral Reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

Table of ContentsCAUTIONARY NOTE TO U.S. INVESTORS REGARDING MINERAL RESOURCE AND  
MINERAL RESERVE ESTIMATES

As used in this Annual Report on Form 20-F, the terms “Mineral Reserve,” “Proven Mineral Reserve” and “Probable Mineral Reserve” are Canadian mining terms defined in accordance with NI 43-101 and the CIM Standards. These definitions differ from the definitions in SEC Industry Guide 7 under the U.S. Securities Act. Under SEC Industry Guide 7, a reserve is defined as that part of a mineral deposit which could be economically and legally extracted or produced at the time the reserve determination is made. The terms “Mineral Resource,” “Measured Mineral Resource,” “Indicated Mineral Resource” and “Inferred Mineral Resource” are defined in and required to be used by NI 43-101. However, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any all, or any part of a mineral deposit in these categories will ever be converted into reserves. “Indicated, Mineral Resource” and “Inferred Mineral Resource” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or preliminary feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations. However, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this Annual Report on Form 20-F and the exhibits filed herewith or incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under United States federal securities laws and the rules and regulations promulgated thereunder. Further, the term “mineralized material” as used in this Annual Report on Form 20-F does not indicate “reserves” by SEC standards. We cannot be certain that mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves”. Investors are cautioned not to assume that mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

## Conversion Table

## Metric Imperial

1.0 millimetre (mm) = 0.039 inches (in)

1.0 metre (m) = 3.28 feet (ft)

1.0 kilometre (km) = 0.621 miles (mi)

1.0 hectare (ha) = 2.471 acres (ac)

1.0 gram (g) = 0.032 troy ounces (oz)

1.0 metric tonne (t) = 1.102 short tons (ton)

1.0 g/t = 0.029 oz/ton

Unless otherwise indicated, all dollar (\$) amounts referred to herein are in Canadian dollars.

## Glossary of Abbreviations

Ag: Silver

Ag gm/t: Silver grade measured in grams per metric tonne  
Converts to ounces per ton by dividing by 34.286

Au: Gold

Au gm/t: Gold grade measured in grams per metric tonne  
Converts to ounces per ton by dividing by 34.286

Ba: Barium

Co: Cobalt



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CRD: Carbonate replacement deposit  
Cu: Copper  
EIS: Environmental Impact Statement  
Fe: Iron  
gpm: gallons per minute  
gpt: grams per tonne  
g/t: grams per tonne  
IP: Induced Polarization geophysical survey  
Ni: Nickel  
NSR: net smelter return royalty  
opt: ounces per ton  
Oz: Troy ounce  
Pb: Lead  
Pd: Palladium  
PGM: Platinum group minerals  
Pt: Platinum  
S: Sulphur  
tpd: Tonnes per day  
ton: Short ton (2,000 pounds)  
tonne: Metric ton (1000 kilograms - 2204.62 pounds)  
VLF: Very low frequency electromagnetic geophysical survey  
VMS: Volcanogenic massive sulphide

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 20-F and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern our anticipated results and developments in our operations in future periods, planned exploration and development of our properties, plans related to our business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning Mineral Reserve and Mineral Resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if a property is developed, and in the case of Mineral Reserve, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain events or results “may”, “could”, “would”, “might” or “will” (or the negative and grammatical variations of any of these terms and similar expressions) be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the sections entitled “ITEM 3. KEY INFORMATION - Risk Factors”, “ITEM 4.B. INFORMATION ON THE COMPANY - Business Overview”, “ITEM 4. INFORMATION ON THE COMPANY - Property, Plants and Equipment” and “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS” and in the exhibits attached to this Annual Report on Form 20-F. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the Company’s forward-looking statements. The Company’s forward-looking statements are based on beliefs, expectations and opinions of the Company’s management on the date the statements are made and the Company does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs,



expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Please consult the Company's public filings at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov) for further, more detailed information concerning these matters.

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## PART I

## Item 1. Identity of Directors, Senior Management and Advisors

Not applicable

## Item 2. Offer Statistics and Expected Timetable

Not applicable

## Item 3. Key Information

The following selected financial data of the Company for Fiscal 2011, Fiscal 2010 and Fiscal 2009 ended December 31st was derived from the consolidated financial statements of the Company included elsewhere in this 20-F Annual Report. The selected financial data should be read in conjunction with the consolidated financial statements and other information included immediately following the text of this Annual Report.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Until December 31, 2008, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Effective January 1, 2009 the Company adopted IFRS.

Pursuant to SEC Release No. 33-8879 “Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Reporting Standards Without Reconciliation to U.S. GAAP”, the Company includes selected financial data prepared in compliance with IFRS as issued by IASB without reconciliation to U.S. GAAP.

The basis of preparation is described in detail Note 2 to our consolidated financial statements.

Table No. 1  
Selected Financial Data  
(expressed in thousands of Canadian dollars, except share and per share data)

	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2009
Revenues	\$249	\$234	\$2,441
Net income (loss)	7,295	(3,465 )	(2,286 )
Basic net income (loss) per common share	0.13	(0.07 )	(0.05 )
Diluted net income (loss) per common share	0.12	(0.07 )	(0.05 )
Weighted average shares (000)	57,269	51,188	45,847
Working capital	30,513	29,187	14,530
Mineral properties	10,470	4,439	8,417
Net assets	53,340	35,694	25,171
Total assets	53,905	36,343	25,659
Capital stock	73,354	62,854	50,878
Dividends declared per share	0	0	0

## Canadian/U.S. Dollar Exchange Rates

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in Canadian dollars (CDN\$).

Table No. 2 sets forth the exchange rate for the Canadian dollars at the end of the five most recent fiscal periods ended at December 31st, the average rates for the period, the range of high and low rates and the close for the period. Table No. 3 sets forth the range of high and low rates for each month during the previous six months. For purposes of this table, the rate of exchange means the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. The table sets forth the number of Canadian Dollars required under that formula to buy one U.S. Dollar. The average rate means the average of the exchange rates on the last day of each month during the period.

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Table No. 2  
Canadian Dollar/U.S. Dollar Exchange Rates for Five Most Recent Financial Years

	Average	High	Low	Close
Fiscal Year Ended 12/31/2011	\$0.99	\$1.06	\$0.94	\$1.02
Fiscal Year Ended 12/31/2010	1.03	1.08	1.00	1.00
Fiscal Year Ended 12/31/2009	1.14	1.30	1.03	1.05
Fiscal Year Ended 12/31/2008	1.06	1.30	0.97	1.22
Fiscal Year Ended 12/31/2007	1.07	1.19	0.92	0.99

Table No. 3  
U.S. Dollar/Canadian Dollar Exchange Rates for Previous Six Months

	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012
High	\$1.04	\$1.06	\$1.05	\$1.04	\$1.03	\$1.00
Low	0.98	0.99	1.01	1.01	1.00	0.99

The exchange rate was \$1.00 on March 23, 2012.

#### Risk Factors

##### General Risk Factors Attendant to Resource Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Presently, the Company is in the exploration stage and there is no assurance that a commercially viable ore deposit (a reserve) exists in any of its properties or prospects until further exploration work is done and a comprehensive economic evaluation based upon that work is concluded. The Company has financed its operations principally through the sale of equity securities, entering into joint venture arrangements and the sale of its inventory of gold. The recoverability of mineral properties is dependent on the establishment of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and ultimately upon future profitable production or the realization of proceeds from the disposition of the properties.

##### Uncertainty in Discovering Commercially Mineable Ore Deposits

There is no certainty that the expenditures to be made by the Company in the exploration of its properties and prospects as described herein will result in discoveries of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or

unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

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### History of Net Losses, Lack of Cash Flow and Assurance of Profitability

The Company had net losses in a number of years since its date of incorporation. Due to the nature of the Company's business, there can be no assurance that the Company will be profitable. The Company had net income of \$7,294,858 in Fiscal 2011 and net losses of \$3,464,652 in Fiscal 2010 and \$2,285,959 in Fiscal 2009.

The Company currently has no revenues from operations as all of its properties and prospects are in the exploration stage. There is no assurance that the Company will receive revenues from operations at any time in the near future. During Fiscal 2011 and 2010, revenue consisted of interest and other income from office rental and contract exploration services provided to third parties. During Fiscal 2009, the Company also had revenue from drilling services provided to third parties. Otherwise, the Company has had no prior year's history of earnings or cash flow other than the NSR royalty from the La Trinidad Mine and the bulk sampling on the Elk gold property. The Company has not paid dividends on their shares since incorporation and the Company does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company was through the sale of its equity shares and entering into joint venture agreements. The only source of funds available to the Company is through the sale of its inventory of gold, the sale of its equity shares and entering into joint venture agreements. Any future additional equity financing would cause dilution to current stockholders.

### Uncertainty of Obtaining Additional Funding Requirements

If the Company's exploration programs are successful, additional capital will be required for the development of an economic ore body and to place it in commercial production. The only sources of future funds presently available to the Company are the sale of its inventory of gold, sale of equity capital or the offering by the Company of an interest in its properties and prospects to be earned by another party or parties carrying out further development thereof. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in such properties, dilute its interests in the properties and/or reduce or terminate its operations.

### Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of the conduct of its business by the issuance for cash securities of the Company or incurring debt, or a combination of the two. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company usually seeks joint venture partners to fund in whole or in part exploration projects. This dilutes the Company's interest in properties it has acquired.

### Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques. Material changes in mineral prices may affect the economic viability of any project.

### Environmental Regulations

The current and anticipated future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a

result of the need to comply with applicable laws, regulations and permits. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations, or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

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Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

The enactment of new laws or amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

As a requirement for performing certain exploration activities, the Company has \$124,764 on deposit as reclamation bonds for exploration work and site disturbance on the Elk and other prospects in Canada and the United States. These allocated funds have been deposited for the benefit of the Province of British Columbia and the State of Nevada until released upon approval from the Province and State after all necessary reclamation work on the properties has been performed. If the reclamation is more prolonged and requires funds in addition to those already allocated, the Company could be forced to pay for the extra work and it could have a significant negative impact upon the Company's financial position and operations.

### No Guarantee of Title to Mineral Properties

While the Company has investigated title to all of its mineral properties and prospects, and, to the best of its knowledge, title to all of its properties and prospects in which it has the right to acquire or earn an interest are in good standing as of the date of this Annual Report, this should not be construed as a guarantee of title. The properties and prospects may be subject to prior unregistered agreements or transfers unknown to the Company and title may be affected by undetected defects, e.g. defects in staking or acquisition process.

As there are unresolved native land claim issues in British Columbia and the Yukon Territory, the Company's properties and prospects in these jurisdictions may be affected in the future.

If title is disputed, the Company will have to defend its ownership through the courts, which would likely be an expensive and protracted process and have a negative effect on the Company's operations and financial condition. In the event of an adverse judgment, the Company could lose its property rights.

### Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares. Due to the reduced liquidity in the secondary markets, shareholders may find it more difficult to sell their shares.

### Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, exploration and financial results, and other factors could have a significant effect on the price of the Company's shares.

### Material Risk of Dilution Presented by Large Number of Outstanding Share Purchase Options and Warrants

As of March 27, 2012 there were share purchase options outstanding allowing the holders of these options to purchase 5,430,000 shares of common stock. Directors and officers of the Company hold 4,510,000 of these share purchase options. An additional 920,000 share purchase options are held by employees and consultants of the Company. Given the fact that as of March 27, 2012 there were 59,122,321 shares of common stock outstanding, the exercise of all of



the existing share purchase options would result in further dilution to the existing shareholders and could depress the price of the Company's shares. The exercise of all outstanding share purchase options would cause the number of issued and outstanding common shares to rise 8.5%.

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### No Proven Reserves

The properties and prospects in which the Company has an interest or the properties in which the Company has the right to earn an interest are in the exploratory stage only, are without a known body of ore and are not in commercial production. If the Company does not ultimately find a body of economically recoverable ore, it would either have to acquire additional exploration projects, or terminate its operations.

### Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. 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 judgement. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limiting to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

### Foreign Incorporation and Civil Liabilities

The Company was created under amalgamation under the laws of the Province of British Columbia, Canada. All of the Company's directors and officers are residents of Canada and substantially all of the Company's assets and its subsidiaries are located outside the United States. Consequently, it may be difficult for United States investors to effect service of process in the United States upon those directors and officers who are not residents of the United States, or to realize in the United States upon judgements of United States courts predicated upon civil liabilities under applicable United States laws.

### Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. Duane Poliquin and Morgan Poliquin also serve as directors of Gold Mountain Mining Corporation. James McInnes also serves as a director of Cosigo Resources Inc. Joseph Montgomery also serves as a director of Infrastructure Materials Corp. and Cosigo Resources Inc. Gerald Carlson also serves as a director and President of Windstorm Resources Inc., President of Iron South Mining Inc., a director of Blue Sky Uranium Corp., and a director of Tarsis Resources Ltd. Barry Smee also serves as a director of Platinum Group Metals Ltd. Mark Brown also serves as a director and CFO of Big Sky Petroleum Corporation and Pitchstone Exploration Ltd. He also serves as a director of Avrupa Minerals Ltd. and Estrella Gold Corporation. He also serves as a CFO for Tarsis Resources Ltd. These associations may give rise from time to time to conflicts of interest, as a result of which, the Company may miss the opportunity to participate in certain transactions.

### Foreign Operations

The Company currently has exploration projects located in Mexico and the United States. The Company's foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labor practices and disputes, and uncertain political and economic environments, as well as risks of war and civil disturbances, or other risk that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies of the United States affecting foreign trade, investment and taxation.

Foreign Currency Fluctuations

At the present time, some of the Company's activities are carried on outside of Canada. Accordingly, it is subject to risks associated with fluctuations of the rate of exchange between the Canadian dollar and foreign currencies.

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The Company is currently not engaged in currency hedging to offset any risk of exchange rate fluctuation and currently has no plans to engage in currency hedging.

### Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected geological formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to or loss of life and property, environmental damage and possible legal liability for any or all damage or loss. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and the incurring of such liabilities would reduce the funds available for exploration activities.

### The Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for such development or for the development of other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The Company anticipates that it will need to recruit qualified personnel in all areas of its operations. There can be no assurance that the Company will be effective in retaining its current personnel or attracting and retaining additional qualified personnel, expanding its operational capacity or otherwise managing growth. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

### Lack of a Dividend Policy

The Company does not intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends which the Company may pay will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

### Competition

There is competition from other mining exploration companies with operations similar to those of the Company's. Many of the mining companies with which the Company competes have operations and financial strength many times greater than that of the Company. Such competitors could outbid the Company for such projects, equipment or personnel, or produce minerals at a lower cost which would have a negative effect on the Company's operations and financial condition.

### Dependence on Key Personnel

The Company depends highly on the business and technical expertise of its management and key personnel, in particular, Duane Poliquin and Morgan Poliquin. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries. In Fiscal 2007, the Company took out an accidental death insurance policy on Duane Poliquin with a \$2,000,000 limit. However, the loss or unavailability of any of its key personnel could have a negative effect on the Company's ability to operate effectively.



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## Item 4. Information on the Company

## History and Development of the Company

The head office of the Company is located at 750 West Pender Street, Suite 1103, Vancouver, British Columbia, Canada, V6C 2T8. The registered and records office of the Company is 1199 West Hastings Street, Suite 950, Vancouver, British Columbia, Canada, V6E 3T5.

The contact persons are Duane Poliquin, Chairman and Morgan Poliquin, President. The telephone number is (604) 689-7644. The fax number is (604) 689-7645. The email address is info@almadenminerals.com. The web-site address is www.almadenminerals.com.

The Company was created by amalgamation under the laws of the Province of British Columbia of its predecessor companies, Almaden Resources Corporation and Fairfield Minerals Ltd., effective December 31, 2001. The Company operates under the laws of the Business Corporations Act (British Columbia).

The Company's common shares began trading on The Toronto Stock Exchange ("TSX") under the symbol "AMM" on February 11, 2002 and on the American Stock Exchange, now the NYSE Amex, under the symbol "AAU" on December 19, 2005. Almaden Resources Corporation's initial public offering on the Vancouver Stock Exchange was pursuant to a prospectus dated October 10, 1986. The shares of Fairfield Minerals Ltd. began trading on the Vancouver Stock Exchange on July 18, 1986 and on The Toronto Stock Exchange on May 21, 1990.

There have been no public takeover offers by third parties in respect of the Company's shares and the Company has made no public takeover offers in respect of any other company's shares.

## Organizational Structure

The Company currently has five wholly-owned subsidiaries that were formed to hold properties in their respective jurisdictions. These subsidiaries are:

	Jurisdiction	Nature of operations
Almaden America Inc.	USA	exploration company
Republic Resources Ltd.	Canada	service company
Ixtaca Precious Metals Inc.	Canada	holding company
Almaden de Mexico, S.A. de C.V.	Mexico	exploration company
Minera Gavilan, S.A. de C.V.	Mexico	exploration company
Compania Minera Zapata, S.A. de C.V.	Mexico	exploration company
Minera Gorrion, S.A. de C.V.	Mexico	exploration company

At December 31, 2011, the Company owned a 50% share interest in ATW Resources Ltd. ("ATW"), a company incorporated in the Northwest Territories, Canada on January 6, 1993, a 14.8% share interest in Tarsis Resources Ltd. (formerly Tarsis Capital Corp.), a company incorporated in Alberta, Canada on October 21, 2005 and continued into British Columbia on June 2, 2008 and a 38.8% share interest in Gold Mountain Mining Corporation, a company incorporated in British Columbia, Canada on June 12, 2008 (formerly Beanstalk Capital Inc. and Set For Growth Developments Ltd.).

## Business of the Company

The Company is engaged in the business of the acquisition, exploration and when warranted, development of mineral properties. The Company has property interests in Canada, United States and Mexico. None of the Company's property interests are beyond exploration stage. Presently there is no assurance that any of the Company's mining

properties or prospects contain a commercially viable ore body (reserve) until further exploration work is done and final feasibility study based upon such work is concluded. The Company is in the exploration stage and has not generated any revenues from operations.

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### Business Overview

#### Maintaining properties

The following is a general statement about government requirements for holding mineral properties in the jurisdictions where the Company works.

In Canada, mining law is a provincial or territorial matter. Maintaining a mineral property requires annual assessment work or cash in lieu of work. Prior to starting a work program, an application describing the program is submitted to the government authorities and this is then distributed for comment to various departments for review, such as fisheries or forestry, that may discern impact from the proposed work. The government has an obligation to consult with First Nation groups in the area that may have a land claim over the mineral claims, but this consultation is often delegated to the Company to handle. A memorandum of understanding may have to be negotiated with the First Nation before the government will issue a permit to work. If there is to be any environmental impact, an appropriate reclamation amount is determined and a bond is posted by the Company for this amount before the permit is issued.

In the United States, federal mining laws govern mining claims on federal land, including land administered by the Bureau of Land Management (“BLM”). A payment of US\$140 per claim is payable to the BLM by September 1 of each year per twenty acre mining claim. This is filed in advance for the upcoming assessment year. Prior to any exploration activity, an Exploration Plan is submitted to the BLM that outlines the work program and describes any proposed land disturbance. Reclamation plans are also submitted and an appropriate bond to ensure such reclamation is done may have to be provided before the permit is issued.

In Mexico, mining law is a federal matter. The government requires annual assessment work and expenditures per hectare which increase with the size and age of the claim. Land taxes per hectare also have to be paid by January 31 and July 31 each year. Both amounts are subject to inflation accounting and the inflation adjustment number for each fiscal period is published in the official gazette. Under the Mexican Constitution and the mining and environmental laws of Mexico, all mining projects are subject to Federal legal control; State and Municipal governments have small participation in the permitting process. This control is exercised from the exploration phase through the closure phase of a mining project. Prior to the initiation of exploration activities, concession owners are required to file a notice of commencement of exploration activities in conformity with Mexican Official Norm 120 (NOM-120); prior to initiation of construction activities (and also in some more intrusive exploration activities), mining projects are required to apply for and obtain an environmental impact authorization and a land use permit from the Mexican Federal environmental agency SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales). This requires the presentation of an environmental impact manifest and a technical study which deals with the impacts, the environmental mitigation, and habitat compensation to the satisfaction of the authorities having environmental jurisdiction.

#### Competition

The mineral property exploration and development business, in general, is intensively competitive and there is not any assurance that even if commercial quantities of ore are discovered, a ready market will exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations; the proximity and capacity of natural resource markets and processing equipment; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of mineral and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may make it difficult for us to receive an adequate return on investment.

We compete with many companies possessing greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified



employees.

Seasonality

The climate in the Project Areas is marked by dry, cold winters and a distinct rainy season. The rainy season typically begins in May or June and continues until late September to October. In most years roads remain passable and exploration can be done throughout the rainy season. Seasonal changes do not have a material impact on our exploration expenditures.

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### Exploration Program Protocols

#### General Sample Handling and Quality Control Program for Exploration Programs

The Company employs a strict quality control program for samples taken during its exploration programs. For drilling programs a quality control program is in place which includes the insertion of blanks, field duplicates and certified standards into the sample stream.

#### Chain of Custody

Samples of rock and drill core and cuttings are sealed by the sampler and kept under control of a qualified person until they are shipped to a laboratory.

#### Sample Handling

Sample handling for drilling programs is described more fully below. Soil and stream sediment samplers have been trained to industry standard levels of sampling methodology. In general, the Company sieves stream sediment samples to -20 mesh in the field during preparation. Samplers are required to not wear any jewellery or clothing or use equipment which may contaminate the sample. All sample locations are geographically located at the time of sampling using the Global Positioning System. The Company has prepared standardized sample information cards for samplers to record information concerning the sample location, type and medium. Outcrop, float and dump rock samples are collected by geologists who record similarly ordered geologic information relating to the sample taken.

#### Blanks

Blank material, a sample of crushed and pulverized rock, known to contain very low or non detectable concentration of gold, is inserted as a pulp into the sample stream on an interval of every 20 samples. Blanks are intended to detect possible contamination.

#### Duplicates

During drill programs the company routinely includes a field duplicate into the sample stream, spaced at 20 sample intervals. Field duplicate samples are splits of drill core or reverse circulation cuttings from the sample interval. The resulting two field duplicate samples are submitted with separate sample numbers “blind” to the assay lab and separately treated as normal samples. The samples are taken randomly with no regard to rock type, geographic position or degree of alteration or mineralization. These field duplicated are then used to detect the cumulative uncertainties associated with the entire sampling and analytical process.

#### Standards

During drill programs the company routinely includes a field duplicate into the sample stream, spaced at 20 sample intervals. Certified standards are purchased from CDN Resource Labs of Vancouver and are prepared by this professional third party lab according to industry standard and accepted methodologies. Standards are utilized to monitor the accuracy of the laboratory work.

#### Sample Handling for Drill Programs

##### Core Box Preparation

Plastic core boxes are used for the storage of core. Each box is labelled by the drillers at the rig with the drill-hole number, a box number and an arrow to mark the start of the tray and the down-hole direction. Wooden core blocks, with the metreage in black marker pen, are inserted by the drillers at the end of each core run (usually 3 m or less). These core run intervals are checked and recorded by the geologist during mark up (see below). When filled with core the boxes are sealed with a plastic lid by the drillers and transported to the core logging facility.

#### Sample and Corebox Markup

Once at the core logging facility, the core boxes are marked up with the starting and ending metreage, written at the ends of the trays with a marker. An aluminum tag with the hole number, box number and metreage is then stapled to the front of each tray. The core blocks are then covered with an aluminum permi-tag with the depth inscribed and written over in black marker pen for clarity in core tray photographs. The start and end of each selected sample interval is marked with a red wax pencil mark across the core and sample numbers are written on the edge of the core box channels at the start and end of each sample interval. Intervals denoting the position in the sample tag sequence of field duplicate, blank and analytical standards are also marked on the core box. Different coloured tape was stapled to the boxes to indicate the position and type of duplicate sample. A permanent aluminum tag with the sample number inscribed on them was stapled to the inside of the core box channel at the start of each sample interval. A cut line was marked on the core as a guide for sawing of half-core samples for assay. The cut line position is marked by fitting the ends of the core together, to align them as they came out of the hole, and using a ruler to draw a line down the core axis with a red wax pencil. This mark-up is done after the trays are photographed. Cut line positions are selected by the logging geologist to produce two halves with equal proportions of mineralization. Typically this is done by marking the cut line down the long axis of the ellipses described by the intersection of the veins with the core circumference. Each tray is digitally photographed before core cutting and sampling.

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### Core Logging

Before cutting and sampling the core, the following tables of data are recorded on paper and then entered into the Almaden drillhole database system:

### Geotechnical Logging

1. Core box record sheet: Beginning and end from/to intervals for each core box.
2. For each core run (from and to) a record of the core size, metres of core recovered for the interval, RQD (the total length of pieces of core in the interval that are twice the width of the core divided by the length of the interval, times 100) and hardness (on a scale from 1 to 5, from softest to hardest).
3. A drilling daily control sheet showing the progress of the rig for each shift.

### Geological Logging

1. Geology Log: Intervals selected by the geologist recording a detailed description of the lithology, texture, alteration, mineral assemblage and intensity and level of oxidation/weathering. Structural measurements (i.e. the angle of structures to the core axis) are also recorded. The cover sheet includes details such as surveyed collar co-ordinates, downhole survey data, core size depths, drilling dates and sample number series. A graphic log column with a sketch of the geology is also included.

2. Veining and Mineralization: (Intervals on this form are the same as the sample intervals). Estimates of the percent veining and the percentage of different minerals represented in either vein, breccia or disseminated form, i.e. quartz, carbonates, pyrite etc. (Sometimes completed after sampling).

3. Sample Sheet: A record of the sample intervals, sample numbers and duplicate, blank and analytical standard numbers as well as magnetic susceptibility measurements taken on each sample (using a handheld magnetic susceptibility metre pushed against the core).

4. Hole Summary: An abbreviated hole log that summarizes the important features of a drill hole. A summary drill hole trace giving the geologist the opportunity to summarize the hole and sketch in structural orientations in a form easily transferred to sections. All logs are saved on the server along with the core photos and other data from each hole.

### SAMPLE INTERVAL SELECTION

All strongly altered or mineralized intervals of core were sampled. Sampling always began at least 5 samples above the start of mineralization. Sample intervals were selected using the following criteria.

- Maximum sample length of 2 m in unmineralized lithologies
- Maximum sample length of 1 m in mineralized lithologies
- Minimum sample length of 50 cm. Geological changes in the core such as major mineralization/alteration intensity and lithology changes were used as sample breaks.
- Core size changes and any zones of core loss were used as sample breaks.
- Large discrete veins that might possibly be modeled or mined as separate structures were sampled separately.

The begin/end marks were placed so that the entire vein ended up in the sample(s) and the vein is not smeared into samples on either side.

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### Sampling Procedure

All samples were originally cut in half using custom-made, gasoline engine-powered diamond core saws. All were recently changed to electric powered saws. Each saw has sliding trays and customized “core cradles” sized for each core diameter in order to ensure a straight cut down the cut line and to minimize the loss of friable core during cutting. Areas of very soft rock (e.g. fault gouge), are cut with a machete, using the side of the core channel to ensure a straight cut. Areas of very broken core (pieces <1 cm) were sampled using spoons. The following standard sampling procedures were employed:

The right hand side of the core (looking down the hole) was always sampled. After cutting, half the core was placed in a new plastic sample bag and half was placed back in the core box. Between each sample, the core saw and sampling table areas were washed to ensure no contamination between samples. Field duplicate, blank and analytical standards were added into the sample sequence as they were being cut. After cutting of samples containing visible gold, a piece of abrasive quartz sandstone was cut to clean the diamond blade. This was done to prevent contamination of the following sample with gold that may have become smeared onto the blade.

Sample numbers were written on the outside of the sample bags twice and the tag from the sample book was placed inside the bag with the half core. The bags were sealed using single-use plastic cable ties.

Sample numbers on the bags were checked against the numbers on the core box and the sample book.

The core cutting area is within the core logging shed and the logging geologists regularly checked the precision of the core cutting and sampling. The sealed plastic sample bags were placed in large plastic twine (rice) sacks (usually between 8 and 10 samples per sack) and sealed using single-use plastic cable ties. The sacks were weighed and the sack number, sample numbers, sack weight and date written on the outside of the sacks.

### Company’s Principal Properties

The Company has two principal property interests: (1) the Tuligtic prospect (100% interest) which includes the Ixtaca zone in Mexico, and (2) the El Cobre copper-gold prospect (100% interest).

The Company does not deem its other exploration projects to be material properties. The Company plans to conduct preliminary exploration on the projects however there are no current plans to conduct advanced exploration on these projects.

## PRINCIPAL PROPERTIES INTERESTS

### The Tuligtic Prospect – Mexico

#### Location and Access

The property is located roughly 82 kilometers north-northeast of the City of Puebla, the capital of the state of Puebla, and one of the five most important colonial cities in Mexico. Puebla City is located to the east of Mexico City and west of Mexico’s main port, Veracruz, on the main route between the two. The project is located east of Apizaco, an industrial centre located 51 kilometers north of Puebla City along Highway 119. The project area is most easily accessed via Highway 119 from Apizaco, Tlaxcala to the Ciudad Industrial Zicotencatl and 42 kilometers east along the paved road toward Ixtacamaxtitlan passing through the communities of Lázaro Cárdenas and Emiliano Zapata. A gravel road connects the paved highway with the town of Santa Maria 3.2 kilometers north of the bridge crossing the Rio Apulco. The Ixtaca Zone of the Tuligtic project, and drill sites, are located between the communities of Santa Maria and Zacatepec, a further 2.5 kilometers north along the recently graded gravel road. The 61 kilometers total distance from Apizaco can be driven in approximately 1.5 hours. The property can also be accessed by gravel roads from the NW via Chignahuapan, from the NE via Tezhuitán and Cuyoaco and from the south via Libres.

The towns of Santa Maria and Zacatepec are serviced by the national electricity grid and rare wired telephone lines and recently have cellular telephone coverage.

The climate of the region is temperate with temperatures averaging 10°C in December to 19°C in May-June. Annual precipitation averages over 600mm, three-quarters falling in the rainy season May through September. The project area is located in the Sierras Altas subprovince of the Sierra Madre Oriental at the northern edge of the Trans-Mexican Volcanic Belt (TMVB). The area is dominated by moderate- to steep-sided hills of altered volcanic rock and volcanoclastic sediments locally deeply incised to bedrock by intermittent streams. Elevation varies from 2300 meters above sea level in the south to 2800 masl in the north. The area is partially cultivated with corn, beans, vegetables and pasture land. Vegetation on non-cultivated land is dominated by either cactus or pines.

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## Claims and Title

The Tuligtic property consists of two claims held 100% by Compañía Minera Gorrion S.A. de C.V., a wholly-owned subsidiary of Almaden Minerals Limited. The claims, tabularized below, cover an area of over 14, 000 hectares and were staked subsequent to recognition of alteration during a helicopter-borne reconnaissance exploration program in 2001. Official title documents have been issued for both claims, the details of which are summarized below.

Claim Name	Claim Number	Valid Until Date	Area (hectares)	Location
Cerro Grande	219469	March 5, 2059	11, 201.55	Tetela de Ocampo Ixtacamaxtitlan Aquixtla, Pue.
Cerro Grande 2	233434	February 23, 2059	3,028	Zautla, Pue.
Total			14, 229.55	

## Geological Setting of the Tuligtic Project and Ixtaca Zone

The Tuligtic property is underlain by chevron-folded limestones, shales and sandstones of the Tamaulipas Formation intruded by Tertiary granodioritic plutons and smaller porphyritic bodies and dikes, all unconformably overlain by lithic rhyolite tuff of the Coyoltepec Pyroclastic Deposit.

Outcrops of the Tamaulipas Formation are rare in the centre of the property in the area of concentrated drilling. Chevron-folded medium-bedded limestones and shales form steep-sided canyons and cliffs in the southwest and north parts of the property. The limestones are locally altered to red-green garnet-diopside skarn near the contact with intrusions. The sedimentary rocks are intruded by a several plutonic phases comprising a regional and pre-mineral granodiorite body to the north which in turn was intruded by a complex multi-phase diorite to quartz diorite intrusive body. This latter intrusive complex has undergone classic porphyry-style potassic and phyllic alteration and veining associated with copper-molybdenum-gold mineralization. The sedimentary and plutonic rocks are overlain by two episodes of pyroclastic rocks: (1) intensely to texturally destructive argillic and silicic altered lithic-crystal tuffs and (2) unconsolidated post-mineral fine-grained brown ash.

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

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



stage pyrite grains.

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The Ixtaca epithermal gold-silver vein zone is exposed roughly one kilometer to the south of the outcropping intrusive. At surface, it is characterized by friable, texturally destructive clay alteration developed in what is interpreted to have been a fine-grained volcanoclastic. Strataform zones of opaline silicification are associated with this alteration zone. Analysis of the argillic alteration indicated presence of kaolinite, alunite and cristobalite typical of alteration that forms above mineralization in active geothermal systems. Quartz-bladed calcite veins were identified cropping out in limestone roughly 100 meters beneath the exposed tabular silica zones. Initial sampling as part of this study of these veins and from float boulders of breccia containing quartz vein fragments have returned anomalous values in gold and silver. Samples of strataform silicification and altered volcanic rocks returned anomalous values of Hg, As and Sb. These findings are consistent with a highly preserved low-sulfidation epithermal vein system. Drilling has shown that the limestone stratigraphy is comprised of lime mudstone units higher in the succession to shaley units deeper in the succession. Veins encountered in drilling appear to be sub parallel to dykes which cross cut the limestone succession. The dykes and their margins are commonly the locus of veining. The present drilling program has been designed to better understand the more densely veined portions of the vein zone, where higher grades have been recognized to be located, as well as defining the confines of veining.

Preliminary mineralogy shows that the veins are largely comprised of carbonate and lesser quartz. The veins variously mineralized with sulfides (pyrite-sphalerite-galena-minor chalcopyrite, rare arsenopyrite, pyrrhotite, possible relict marcasite?), local Ag sulfosalts or sulfides (possibly including but not restricted to, tetrahedrite, ruby silver, i.e. the proustite-pyrargyrite and/or pearcrite-polybasite series, and acanthite), and native gold or electrum.

The Main Ixtaca zone of veining is thought to have a north-easterly trend which is the apparent trend of the dykes (060 azimuth). At present the Main Ixtaca Zone is interpreted to be sub-vertical with local variations. The drilling completed to date has traced mineralisation over 1,000 meters along this northeast trend. Based upon observations at surface and of core as drilling progresses, there seems to be a variety of veinlet orientations within the other parts of the Ixtaca zone.

### History of Past Work

To the Company's knowledge no modern exploration was carried out on the project prior to Almaden's acquisition of the property area by staking in 2001. Evidence of historic mining of clay (kaolinite) deposits from surface is evident throughout the property area.

The Company conducted multiple surface geologically focused exploration programs which included surface geological and alteration mapping, prospecting and rock and stream sediment sampling. These programs identified two distinct styles of alteration and mineralization; copper porphyry style mineralization located in the north central part of the claim block and roughly one kilometer south, gold-silver epithermal vein style mineralization located in the south central part of the claim block. Subsequent programs of increasingly detailed grid based soil sampling and surface geophysics (induced polarization and magnetics) were carried out which defined targets within both areas of identified mineralization.

In 2006, the Tuligtic project was optioned to Pinnacle Mines Ltd. In 2007 this option agreement was terminated. In 2009 the property was optioned to Antofagasta Minerals S.A. under terms whereby it could earn a 75% interest in the property. In 2009 and 2010 Antofagasta Minerals S.A., under Almaden operation, conducted a geophysical and exploration drilling program on the copper porphyry area of the project. The program consisted of three lines of IP geophysics and 2,522 meters of diamond drilling in six holes. The IP chargeability results, along with that of previous programs carried out by Almaden, defined a 2 by 2.5 kilometer chargeability high the limits of which are currently only defined to the west and south. The drilling intersected skarn and porphyry copper-molybdenum mineralization in an intrusive complex. Four of the six drillholes were oriented within thirty degrees of north south and located within a 200 by 300 meter area roughly in the central portion of the IP chargeability anomaly. These holes were selected based on intensely altered and quartz-veined porphyry exposed in the drainages in the central portion of the chargeability

anomaly. The drilling program encountered sub economic porphyry mineralisation. The mineralized intersections, despite being largely in skarn and uneconomic, are considered by the Company to be encouraging for the greater porphyry potential of the system. Antofagasta Minerals S.A. terminated its option on the project in March 2010.

In July 2010 Almaden initiated a diamond drilling program on the gold-silver epithermal vein target area of the project located roughly 1 kilometers to the south of the porphyry prospect on the project. The first hole in this program (results announced in August, 2010) intersected a zone of banded carbonate-quartz epithermal veining with gold and silver values. This hole constitutes the discovery of the Ixtaca Zone of veining. The entire hole cut through a vein zone of varying intensity of veining and intersected 302.41m of 1.01 g/t Au & 48 g/t Ag. Within this broad zone of veining several higher grade veins were intersected including a 1.67 meter interval that returned 60.66 g/t Au and 2112g/t Ag. Immediately after this discovery the Company initiated a follow-up drill program which had expanded to two drills by the end of 2010. In 2010 6,465.12 meters were drilled in 14 holes. In 2011 the program was expanded to four drills and a further 30,759.54 meters were drilled in 81 holes.

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### Present Condition of Project and 2012 Exploration Program

The property is without known reserves and the 2012 exploration program is exploratory in nature. The Company intends to produce the first resource estimate on the Ixtaca Zone in 2012 based on results of the current exploration program. At present over 30,000 meters of drilling has been planned for the 2012 exploration program which is underway with four drills operating.

Mr. Norm Dircks, P.Geo., a qualified person (“QP”) under the meaning of NI 43-101, is the QP and project manager of Almaden’s 2012 Ixtaca Zone exploration program. The analyses are presently carried out at ALS Laboratories of North Vancouver using industry standard analytical techniques. For gold, samples are first analysed by fire assay and atomic absorption spectroscopy (“AAS”). Samples that return values greater than 10 g/t gold using this technique are then re-analysed by fire assay but with a gravimetric finish. Silver is first analysed by Inductively Coupled Plasma - Atomic Emission Spectroscopy (“ICP-AES”). Samples that return values greater than 100 g/t silver by ICP-AES are then re analysed by HF-HNO<sub>3</sub>-HClO<sub>4</sub> digestion with HCL leach and ICP-AES finish. Of these samples those that return silver values greater than 1,500 g/t are further analysed by fire assay with a gravimetric finish. Blanks, field duplicates and certified standards were inserted into the sample stream as part of Almaden’s quality assurance and control program which complies with National Instrument 43-101 requirements.

### The El Cobre Prospect - Mexico

#### Location and Access

The property is located in the state of Veracruz roughly 75 kilometers northwest of the City of Veracruz. The property is accessible by road along the Pan American Highway (Federal Highway 180) north from Veracruz. Various roads provide access to the centre of the claim block. Logistically, it is extremely well situated with the Pan-American Highway located 3 kilometers to the east of the property and ready access to power (Laguna Verde Nuclear Power Plant located 15 kilometers north).

The topography on the property is rugged with elevations ranging from 10 m to 400 m. Trees and scrub growth cover much of the hillsides, however, various trails and dirt roads provide good access to many parts of the property.

A warehouse and core facility has been established in the town of Tinajitas providing a base with good access to all parts of the property.

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## Claims and Title

Almaden Minerals Ltd., through its wholly owned Mexican subsidiary Minera Gavilan S.A. de C.V., owns a 100% interest in the El Cobre project subject to a 0.5% NSR payable to a third party, 50% of which may be purchased for \$US1.5 MM. The below table shows the title numbers and expiry dates for the list of current titled claims.

Claim Name	Title Number	File Number	Area in Hectares	Expiry Date
CABALLO BLANCO III	218457	5/1/0667	1145.00	04/11/2052
CABALLO BLANCO V	218955	5/1/0674	450.00	27/01/2053
CABALLO BLANCO VIII	223360	108/72	965.81	02/12/2054
(GPO) REYNA NEGRA FRACCIÓN 2	221152	5/1/716	65.97	02/12/2053
RED. REYNA NEGRA FRACCIÓN 4	224416	05/02/2023	25.15	02/12/2053
C. B. X-b	237405	108/120	2653.56	08/12/2060
C. B. X-a	237440	108/119	1721.00	15/12/2060

## Geological Setting of the El Cobre Project

Central Mexico is dominated by an east-west belt of Miocene to sub-recent calc-alkaline andesitic to dacitic volcanic rocks and active volcanoes known as the Trans Mexican Volcanic Belt (TMVB). At the eastern end of the TMVB, where the El Cobre Property is located, Quaternary basalts that are associated with the Eastern Alkalic Province cover Oligocene andesitic to basaltic volcanic rocks of the TMVB. The property itself is largely underlain by a sequence of andesitic to dacitic lithic tuffs, crystal tuffs and volcanic breccias. These volcanic centers are bound by and possibly in fault contact with basalt flows and related clastic rocks. Large arcuate faults are present and are interpreted to represent normal faults associated with caldera development. Fine-grained, magnetic monzonite and diorite intrusions and dykes have been identified in several locations on the property and these are interpreted to be the causative intrusions for the porphyry style mineralization identified on the project.

## History of Past Work

To the Company's knowledge no modern exploration was carried out on the project prior to Almaden's acquisition of the property in 1994.

In 1994 Almaden Minerals Ltd., through its wholly owned subsidiary Minera Gavilan S.A. de C.V., signed an option agreement whereby Almaden had the option to acquire a 100% interest in the claims. This option has been exercised.

From 1995 to 1998, Almaden Minerals Ltd completed extensive exploration work mainly concentrated on porphyry Cu-Au and Au-Ag vein targets in the El Cobre area. Surface work included extensive grid based soil sampling and ground induced polarization (IP) and magnetics geophysics. This work also included 17 RC drill holes designed to test soil geochemical and IP geophysical anomalies spatially associated with mineralized float and outcrop. The 17-hole reverse circulation drill program totalled 2,390 meters and was completed in the spring of 1998. Several zones of gold and silver mineralized quartz-barite veins were intersected including the zone in hole CB-4 which cut 40 meters of 1.4g/t gold and 9.0 g/t silver. Shallow drillholes into an intrusive returned 107 meters of 0.25g/t gold and 0.18% copper in one hole and 40 meters averaging 0.39g/t gold and 0.15% copper in another. Drill testing of a third zone with two holes returned 20 meters of 0.45g/t gold and 0.11% copper and 15 meters of 0.23g/t gold and 0.16% copper. Based on this work, it was interpreted that these holes tested the top of a porphyry system.

In 2001, Noranda optioned the Caballo Blanco property from Almaden and drilled 7 very widely spaced diamond drill holes totaling 1,641 meters. No significant copper mineralization was intersected and despite significant alteration and anomalous gold mineralization in several holes, Noranda terminated its option in the fall of 2002.

In 2002 the project was optioned to Comaplex Minerals Corp. under terms whereby Comaplex could earn a 60% interest in the project which Comaplex exercised in 2006. In 2004 Comaplex drilled two diamond drill holes on the El Cobre project for a total of 515.8 meters. This drilling confirmed the presence of significant porphyry style copper-gold mineralization. DDH 04CB1 drilled in an area that had shown significant results in the past returned 290 meters that averaged 0.39 g/t gold and 0.16% copper. The drill hole is associated with a prominent magnetic feature and a large gold soil anomaly. In 2007 Almaden purchased Comaplex Mineral's 60% interest in the project in its entirety for a cash payment of US\$1.25 Million.

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In 2007 prospecting conducted by Almaden resulted in the discovery of a new zone of porphyry mineralization named Pedrero in the north part of the project.

Also in 2007 Almaden optioned the project to Canadian Gold Hunter Corp. under terms whereby Canadian Gold Hunter could earn a 70% interest in the project from Almaden. In 2008 Canadian Gold Hunter drilled 10 diamond drill holes on the project for a total of 2,837.14 meters. At Pedrero drilling confirmed the presence of porphyry mineralization. The final 41.15 meters of 08CBCN-019 graded 0.272% copper and 0.415 g/t gold before the hole was lost in a fault. Significant sections with strong quartz stockwork were encountered in hole 09CBCN-042 and the final 137 meters returned 0.105% copper and 0.100 g/t gold.

In 2010 NGEX Resources Inc. (successor to Canadian Gold Hunter Corp.) sold its option to acquire a 70% interest in the project to Goldgroup Mining at which point a 60 (Almaden) / 40 (Goldgroup Mining) joint venture was initiated. In 2011 Almaden acquired a 100% interest in the project as part of the consideration of the sale of Almaden's interest in the adjacent Caballo Blanco project to Goldgroup Mining. Also in 2011 Almaden contracted a TITAN 24 deep earth imaging induced polarization survey on the project which was completed in January of 2012.

### Present Condition of Project and 2012 Exploration Program

The property is without known reserves and the 2012 exploration program is exploratory in nature. From late November 2011 to January 2012 a TITAN 24 deep induced polarization surface geophysical program was conducted. For 2012 Almaden has planned an initial 3,500 diamond drilling program on the project designed to test the porphyry copper-gold targets defined by past work on the property.

The planned 2012 exploration program will be under the direction of Mr. Norm Dircks, P.Geo., a qualified person ("QP") under the meaning of NI 43-101. It is anticipated that the analyses will be carried out using industry standard analytical techniques as follows: For gold, samples are first analysed by fire assay and atomic absorption spectroscopy ("AAS"). Samples that return values greater than generally 10 g/t gold using this technique are then re-analysed by fire assay but with a gravimetric finish. Silver is first analysed by Inductively Coupled Plasma - Atomic Emission Spectroscopy ("ICP-AES"). Samples that return values greater than generally 100 g/t silver by ICP-AES are then re-analysed by HF-HNO<sub>3</sub>-HClO<sub>4</sub> digestion with HCL leach and ICP-AES finish. Of these samples those that return silver values greater than generally 1,500 g/t are further analysed by fire assay with a gravimetric finish. Blanks, field duplicates and certified standards were inserted into the sample stream as part of Almaden's quality assurance and control program which complies with National Instrument 43-101 requirements.

### NON-PRINCIPAL PROPERTIES INTERESTS

The Company has assembled a portfolio of mineral exploration projects, including the Principal properties Tuligtic and El Cobre, through its ongoing grass roots exploration efforts. While the properties are largely at early stages of exploration they represent opportunities for the discovery of gold, silver and copper deposits. Almaden's business model is to find and acquire mineral properties and develop them by seeking partnerships with third party exploration and development companies and retaining a carried interest.



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The Tuligtic and El Cobre projects are considered principal properties because past drilling has confirmed the presence of significant mineralization that has a reasonable chance of being economic although as yet no resources have been defined on these projects. Non principal projects have not yet had drilling results that indicate the presence of significant mineralization. Nevertheless the non-material projects are deemed worthy of preliminary exploration and drilling. Below is a list of Non-Principal properties and their current status with respect to agreements with others. In 2011 Almaden carried out preliminary work programs on some of these Non-Principal projects including a geophysical survey at the Willow project in Nevada, USA and a geochemical survey on the ATW diamond prospect in Canada. Almaden hopes to advance all these Non-Principal projects with preliminary exploration programs in 2012, whether carried out by the Company or by partners. The Company may form new agreements to explore these projects and, if negative exploration results are received, drop projects on this list.

Name	Location	Interest
ATW	Canada	Joint Venture, 58.8% Interest
Elk	Canada	2% NSR Royalty
Dill	Canada	2% NSR Royalty
Logan	Canada	Joint Venture, 40% Interest
Merit	Canada	Optioned to Suburst Exploration
Munro Lake	Canada	100% owned
Nicoamen River	Canada	100% owned
Ponderosa	Canada	100% owned
Scoonka Creek	Canada	Joint Venture, 34.14% Interest
Yukon/BC Projects (8) Sold to Tarsis Resources	Canada	2% NSR Royalty
Black Jack Springs	USA	100% owned
BP	USA	100% owned
Monte Cristo	USA	100% owned
Newark Valley	USA	100% owned
Paradise Valley	USA	100% owned
Veta	USA	100% owned
Willow	USA	100% owned
Bufa	Mexico	2% NSR Royalty
Caballo Blanco	Mexico	1.5% NSR Royalty
Caldera	Mexico	Optioned to Windstorm Resources
Campanario	Mexico	100% owned
Cerro Colorado	Mexico	100% owned
El Chato	Mexico	100% owned
El Cobre	Mexico	100% owned
El Encuentro	Mexico	100% owned
El Realito	Mexico	100% owned
Erika	Mexico	2% NSR Royalty
Fuego	Mexico	100% owned
Joya	Mexico	100% owned
Lajas	Mexico	100% owned
Matehuapil	Mexico	Optioned to Golden Minerals Company
Mezquites	Mexico	100% owned
Ocotzingo	Mexico	100% owned
Picacho	Mexico	100% owned
San Carlos	Mexico	100% owned
San Pedro	Mexico	100% owned
Tanquecillos	Mexico	100% owned

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Terrerillos	Mexico	100% owned
Tropico	Mexico	0.8% NSR Royalty
Tuligtic	Mexico	100% owned
Viky	Mexico	100% owned
Yago	Mexico	100% owned

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Item 5. Operating and Financial Review and Prospects

Operating Results

The following discussion and analysis of the results of operations and the Company's financial position should be read in conjunction with the consolidated financial statements and related notes for the years ended December 31, 2011, 2010 and 2009 appearing under Item 17 – Financial Statements and listed under Item 19 – Exhibits.

The Company's consolidated financial statements are stated in Canadian Dollars and have been prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

The Company is in the business of acquiring and exploring mineral properties and prospects in Canada, the United States and Mexico with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide, in whole or in part, funding for development and exploitation. At that stage, the Company's operations would, to some extent, be dependent on the world market prices of any minerals mined. The Company does not have producing properties and operations on its properties and prospects are exploratory searches for mineable deposits.

Fiscal 2011 compared to Fiscal 2010

The Company's operations during the year ended December 31, 2011 ("Fiscal 2011") produced net income of \$7,294,858 or \$0.13 per share compared to a net loss of \$3,464,652 or \$0.07 per share for the fiscal year ended December 31, 2010 ("Fiscal 2010"). The income is primarily due to the sale of the Elk and Caballo Blanco properties. In July 2011, the Company completed the sale of the Elk Gold Project to Gold Mountain Mining Corporation ("Gold Mountain") for 35 million common shares of Gold Mountain and a 2% NSR. The Company then sold 8.25 million of the 35 million shares of Gold Mountain to third parties at \$0.355 per share for proceeds of \$2,928,750. An additional 2,000,000 common shares will be held in escrow subject to the following conditions: 1,000,000 common shares upon the establishment of 1,000,000 ounces of measured or indicated reserves of gold on the property; and 1,000,000 common shares upon the establishment of an additional 1,000,000 ounces of measured or indicated reserves of gold on the property. Any bonus shares not released from escrow within five years will be cancelled. The Company has recorded the contingent share receivable at its fair value of \$144,000. In October 2011, the Company completed the sale of its 30% interest in the Caballo Blanco project to Goldgroup Mining Inc. ("Goldgroup") for US\$2.5 million cash, 7 million common shares of Goldgroup and a 1.5% NSR. An additional 7 million shares will be issued to the Company under the following conditions: 1 million upon commencement of commercial production, 2 million upon measured and indicated resources including cumulative production reaching 2 million ounces of gold, 2 million shares upon measured, indicated and inferred resources including cumulative production reaching 5 million ounces of gold and 2 million shares upon measured, indicated and inferred resources including cumulative production reaching 10 million ounces of gold. The Company recorded the contingent share receivable at its fair value of \$518,700. Goldgroup also transferred to Almaden its 40% interest in the El Cobre property. The Company now owns a 100% interest in the El Cobre subject to a sliding scale royalty payable to a third party.

During Fiscal 2011, the income on mineral property options totalled \$15,072,485 from the sales discussed above. During Fiscal 2010, the income on mineral property options consisted of the receipt of 6,000,000 shares of Lincoln Mining Corporation with a fair market value on receipt of \$1,770,000 pursuant to the sale of the Company's Bufa prospect and the receipt of 2,560,000 shares of Skeena Resources Ltd. with a fair market value on receipt of \$153,600 pursuant to the sale of the Company's 40% interest in the Tropic prospect. Income on mineral property options consists of equity securities and/or cash payments received pursuant to mineral property option agreements and reflect the excess of market value, in the case of the marketable securities, at the time of receipt over the carrying value of the property.

During Fiscal 2011, the Company determined it no longer had significant influence over Tarsis. As a result, the Company classified its interest in Tarsis to marketable securities from investment in associate and recognized a gain on reclassification in the amount of \$1,077,223 which is included in gain (loss) on investment in associate. Prior to this determination and reclassification the Company recognized a loss on dilution of \$122,843 as a result of a private placement in Tarsis and recorded its equity share of Tarsis' loss during Fiscal 2011 of \$25,193 which is also included in gain (loss) on investment in associate. During Fiscal 2010, the Company recognized a loss of \$151,926 in its equity investment in Tarsis. During Fiscal 2010, the Company recognized a loss of \$168,449 on the deemed partial dilution of the Company's investment in Tarsis from 27.6% to 16.7%.

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Because the Company is an exploration company, it has no revenue from mining operations. During Fiscal 2011 and 2010, revenue consisted primarily of interest income and other income from office rental and contract exploration services provided to third parties.

General and administrative expenses were \$2,096,097 in Fiscal 2011, an increase from \$1,493,611 in Fiscal 2010. The most significant increase is in salaries and benefits with the hiring of a full-time CFO. The Company participated in a number of investor conferences such as the New Orleans Investment Conference, the Agora Financial Symposium in Vancouver, the Precious Metals Summit 2011 in Colorado, the Prospectors and Developers Association Conference in Toronto and the World Resource Investment Conference in Vancouver. The Chairman and CEO made presentations to potential investors in New York, Los Angeles and Minneapolis. The Chairman also made presentations to potential investors in London and Paris. The Company also retained Casey Research for a sponsored profile on the Kitco Casey website and Michael S. Fulp for website sponsorship for part of the year. Director's fees totalling \$33,000 were paid during both years ended December 31, 2011 and 2010.

General exploration expenses were \$961,992 in the year ended December 31, 2011, compared to \$646,358 in Fiscal 2010. These expenditures vary according to management decisions on work to be done on any property.

Significant non-cash items in Fiscal 2011 include income on mineral property options and share-based payments. Share-based payments are recognized for stock options granted. This expense is directly related to, and fluctuates based on, the number of options granted during any period. Significant non-cash items in Fiscal 2010 include income on mineral property options, share-based payments and impairment of interests in mineral properties. Impairments of interests in mineral properties fluctuate period to period based on management's evaluation of the carrying value of each mineral property interest held at that time.

### Fiscal 2010 compared to Fiscal 2009

The Company's operations during the year ended December 31, 2010 ("Fiscal 2010") produced a net loss of \$3,464,652 or \$0.07 per share compared to a net loss of \$2,285,959 or \$0.05 per share for the fiscal year ended December 31, 2009 ("Fiscal 2009"). The increase in net loss was primarily due to the Company not earning other income from drill programs undertaken on behalf of third parties while utilizing the drill to advance its own properties and the non-cash expense of share-based compensation recorded on the grant of stock options. Share-based compensation is directly related to, and fluctuates based on, the number of stock options granted and vested during any period.

During Fiscal 2010, the income on mineral property options consisted of the receipt of 6,000,000 shares of Lincoln Mining Corporation with a fair market value on receipt of \$1,770,000 pursuant to the sale of the Company's Bufa prospect and the receipt of 2,560,000 shares of Skeena Resources Ltd. with a fair market value on receipt of \$153,600 pursuant to the sale of the Company's 40% interest in the Tropicico prospect. During Fiscal 2009, the income on mineral property options consisted of the receipt of 100,000 shares of Skeena Resources Ltd. pursuant to a 2008 option agreement with a fair market value of \$4,000 and the receipt of 200,000 shares of Lincoln Gold Corporation pursuant to a 2007 option agreement with a fair market value of \$6,900 and the receipt of British Columbia mining exploration tax credit of \$97,348 including interest. Income on mineral property options consists of equity securities and/or cash payments received pursuant to mineral property option agreements and reflect the excess of market value, in the case of the marketable securities, at the time of receipt over the carrying value of the property. During Fiscal 2010, the Company recognized a loss of \$151,926 in its equity investment in Tarsis compared to a loss of \$90,908 in Fiscal 2009. During Fiscal 2010, the Company recognized a loss of \$168,449 on the deemed partial dilution of the Company's investment in Tarsis from 27.6% to 16.7%. In Fiscal 2009, the Company recognized a loss of \$196,476 on the deemed partial dilution of the Company's investment from 33.2% to 27.6%. During Fiscal 2009 the Company recognized a permanent impairment in the amount of \$80,600. In Fiscal 2010, the loss on the sale of the sale of securities was higher when compared to Fiscal 2009. The Company disposes of its equity securities when, in the view of management, favorable market conditions exist for any of its holdings. During Fiscal 2010, the Company also

recognized an income tax recovery of \$305,766 from premiums on flow-through share issuances. Also, the fluctuation in the exchange rate for the U.S. and Canadian dollars resulted in a smaller loss on foreign exchange in Fiscal 2010 when compared to Fiscal 2009.

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Because the Company is an exploration company, it has no revenue from mining operations. During Fiscal 2010 and 2009, revenue consisted primarily of other income from contract exploration services provided to third parties although revenue was significantly lower during the current year due to the Company not earning other income from drill programs undertaken on behalf of third parties while utilizing the drill to advance its own properties.

General and administrative expenses were \$1,493,611 in Fiscal 2010, an increase from \$1,291,253 in Fiscal 2009. This increase is primarily due to increases in stock exchange fees and travel and promotion. Stock exchange fees increased due to the increase in the Company's share price. The Company participated in the Vancouver Resource Investment Conference, the Prospectors and Developers Association Conference in Toronto, the Atlanta Investment Conference, the Khandaker Mining World Institutional Conference in New York, the Casey Research Crisis & Opportunity Summit in Las Vegas, the Agora Financial Symposium and the New Orleans Investment Conference. The Company continued to retain Casey Research for a sponsored profile on the Kitco Casey website and also retained Michael S. Fulp for website sponsorship.

General exploration expenses were \$646,358 in Fiscal 2010, comparable to \$665,055 in Fiscal 2009.

Significant non-cash items in Fiscal 2010 include income on mineral property options, share-based compensation and write-down of interests in mineral properties. Significant non-cash items in Fiscal 2009 include write-down of interests in mineral properties. Write-downs of interests in mineral properties fluctuate period to period based on management's evaluation of the carrying value of each mineral property interest held at that time.

## Liquidity and Capital Resources

### Fiscal 2011

At the end of Fiscal 2011, the Company had working capital of \$30,513,403 including cash and cash equivalents of \$21,184,159 compared to working capital of \$29,187,035 including cash and cash equivalents of \$16,087,832 and a short term investment of \$2,000,000 at the end of Fiscal 2010. In addition, the market value of the Company's inventory of gold bullion (1,597 ounces) at December 31, 2011 was \$2,547,173 or \$2,272,405 above book value as presented in the financial statements.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for the foreseeable future. The Company has no long-term debt.

Cash used in operations in Fiscal 2011 was \$3,568,646 (2010 - \$1,539,439) after adjusting for non-cash activities. Significant changes in non-cash items in the current period include income on mineral property options and share-based payments. Significant changes in non-cash items in the comparable period include income on mineral property options, share-based payments and write-down of mineral properties which fluctuate period to period based on management's evaluation of the carrying value of each mineral property interest held at that time.

Cash from investing activities in Fiscal 2011 was \$1,402,531 (2010 - cash used of \$6,993,557). Significant items in the current period include expenditures on mineral property interests of \$6,197,667 (2010 - \$5,478,095), proceeds from mineral properties of \$5,871,380 (2010 - \$15,000) and the maturing of a short-term investment of \$2,000,000 (2010 - purchase of short-term investment of \$2,000,000). Significant investments made in mineral property interests include drilling on the Tuligtic property in Mexico (\$4,630,341), geophysical surveys undertaken on the El Cobre property in Mexico (\$609,059), exploration on the ATW project in the Northwest Territories (\$326,446) and the Willow project in Nevada (260,575). Significant investments made in mineral property interests in the comparable period include camp construction and a drill program on the Elk gold property in BC (\$2,514,617) and the staking of additional claims and drilling on the Tuligtic property in Mexico (\$1,579,083).





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During Fiscal 2011, the Company received a total of \$7,262,442 net of share issue costs on closing a private placement financing of 100,000 common flow-through shares at a price of \$4.00 per share, on the exercise of 2,030,000 stock options and on the exercise of 1,481,499 warrants. During Fiscal 2010, the Company received \$11,172,391 net of share issue costs on closing several private placement financings and the exercise of options and warrants and the income tax recovery discussed above. One private placement consisted of 3,000,000 common shares at a price of \$2.50 per share and its over-allotment of 450,000 common shares also at a price of \$2.50 per share, one consisted of 1,003,821 common flow-through shares at a price of \$1.20 per share with 49,997 broker's warrants entitling the brokers to purchase 49,997 common non-flow-through shares until June 29, 2011 issued to brokers in consideration of their services, and one consisted of 350,000 units at a price of \$1.00 per unit. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.00 per share until March 16, 2011. 4,375 non-flow-through common shares and 2,625 flow-through common shares were issued to finders in respect of this placement. And one consisted of 81,200 common flow-through shares at a price of \$3.50 per share. 895,000 stock options and 740,658 warrants were also exercised during the year.

## Fiscal 2010

At the end of Fiscal 2010, the Company had working capital of \$29,187,035 including cash and cash equivalents of \$16,087,832 and a short term investment of \$2,000,000 compared to working capital of \$14,529,582 including cash and cash equivalents of \$13,142,671 at December 31, 2009. The increase in working capital and cash and cash equivalents is primarily due to several private placement financings and the exercise of options and warrants. In addition, the market value of the Company's inventory of gold bullion (1,597 ounces) at December 31, 2010 was \$2,268,986 or \$1,994,218 above book value as presented in the financial statements. Should the Company dispose of all its marketable securities at one particular time, it may not realize the value stated on its balance sheet. Instead, the Company disposes of equities when favorable market conditions exist for any of its holdings.

The Company's cash resources are sufficient to meet its anticipated working capital and mineral exploration requirements for 2011 and 2012. The Company has no long-term debt.

Cash used in operating activities during Fiscal 2010 was \$1,233,673 compared to \$946,188 during Fiscal 2009. Significant non-cash expenses are discussed above.

Cash flows from financing activities during Fiscal 2010 were \$11,172,391 compared to \$2,700,202 during Fiscal 2009. The source of cash during Fiscal 2010 is from closing several private placement financings and the exercise of options and warrants. The Company also recognized an income tax recovery on premiums on flow-through shares issuances. One private placement consisted of 3,000,000 common shares at a price of \$2.50 per share and its over-allotment of 450,000 common shares also at a price of \$2.50 per share, one consisted of 1,003,821 common flow-through shares at a price of \$1.20 per share with 49,997 broker's warrants entitling the brokers to purchase 49,997 common non-flow-through shares until June 29, 2011 issued to brokers in consideration of their services, and one consisted of 350,000 units at a price of \$1.00 per unit. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.00 per share until March 16, 2011. 4,375 non-flow-through common shares and 2,625 flow-through common shares were issued to finders in respect of this placement. And one consisted of 81,200 common flow-through shares at a price of \$3.50 per share. 895,000 stock options and 740,658 warrants were also exercised during the year. Cash flows from financing activities during Fiscal 2009 were \$2,700,202. The source of cash during Fiscal 2009 is from the issuance of shares pursuant to two private placement financings. One consisted of 226,316 units at a price of \$0.95 per unit. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.15 per share until March 31, 2010. 7,000 non-flow-through common shares were issued to a finder in respect of this placement. The second consisted of 3,060,000 units at a price of \$0.85 per share. Each unit consists of

one common share and one-half of a warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.40 per share until December 17, 2011. 236,000 finder's warrant entitling the finder to purchase 236,000 units at \$0.85 per unit until December 17, 2011 was issued to a finder in respect of this placement. 154,000 stock options were also exercised during Fiscal 2009. Please see the consolidated statements of changes in equity and Note 9 to the consolidated financial statements for the year ended December 31, 2010 for further details.

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Cash used for investing activities during Fiscal 2010 was \$6,993,557 compared to \$930,293 during Fiscal 2009. During 2010, the Company made investments in mineral properties of \$5,478,095 and received \$15,000 pursuant to a property option agreement compared to investments in mineral properties of \$1,119,474 and recovered \$119,958 during Fiscal 2009. During Fiscal 2010, the Company purchased a short-term investment of \$2,000,000. Significant investments during Fiscal 2010 include camp construction and a drill program on the Elk gold property in BC (\$2,514,617), the staking of additional claims and drilling on the Tuligtic property in Mexico (\$1,546,027), a drill program on the ATW diamond property in the Northwest Territories (\$215,802) and drill programs undertaken on the San Carlos property (\$254,181) and Viky property (\$288,496) in Mexico. Investments made in mineral property interests in the comparable period include further evaluation on the ATW diamond property (\$399,103), a drill program on the Tuligtic property (\$855,200), a geological mapping and sampling program on the Caldera property (\$154,765) and further evaluation of the Elk gold property (\$322,384). Significant investments during Fiscal 2009 include a drill program on the Tuligtic property in Mexico (\$855,200), further evaluation on the ATW diamond property in the Northwest Territories (\$399,103), further evaluation of the Elk gold property in B.C. (\$322,384) and a geological mapping and sampling program on the Caldera property in Mexico (\$154,765). Investments in mineral property interests are net of any proceeds received from option agreements and costs recovered or written-off to operations.

## Fiscal 2009

At the end of Fiscal 2009, the Company had working capital of \$14,529,582 including cash and cash equivalents of \$13,142,671. The increase in working capital and cash and cash equivalents is primarily due to two private placement financings and lower expenditures on mineral properties. In addition, the market value of the Company's inventory of gold bullion (1,597 ounces) at December 31, 2009 was \$1,839,421 or \$1,564,653 above book value as presented in the financial statements. The Company was assessed additional mineral tax of \$197,233 plus interest of \$84,638 by the British Columbia Ministry of Energy and Mines (the "Ministry"). The assessment related to the deductibility of certain expenditures between February 1, 1995 and January 31, 1997. The Company appealed the Ministry's decision and on July 3, 2009, the Supreme Court of British Columbia made judgement in favour of the Company. The \$281,871 the Company paid and expensed in order to reduce the exposure to interest charges was refunded with interest. Costs were also awarded to the Company.

Cash used for operating activities during Fiscal 2009 was \$946,188. Significant non-cash expenses are discussed above.

Cash flows from financing activities during Fiscal 2009 were \$2,700,202. The source of cash during Fiscal 2009 is from the issuance of shares pursuant to two private placement financings. One consisted of 226,316 units at a price of \$0.95 per unit. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.15 per share until March 31, 2010. 7,000 non-flow-through common shares were issued to a finder in respect of this placement. The second consisted of 3,060,000 units at a price of \$0.85 per share. Each unit consists of one common share and one-half of a warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.40 per share until December 17, 2011. 236,000 finder's warrant entitling the finder to purchase 236,000 units at \$0.85 per unit until December 17, 2011 was issued to a finder in respect of this placement. 154,000 stock options were also exercised during Fiscal 2009.

Cash used for investing activities during Fiscal 2009 was \$930,293. During Fiscal 2009, the Company made investments in mineral properties of \$1,119,474 and recovered \$119,958. Significant investments during Fiscal 2009 include a drill program on the Tuligtic property in Mexico (\$855,200), further evaluation on the ATW diamond property in the Northwest Territories (\$399,103), further evaluation of the Elk gold property in B.C. (\$322,384) and a geological mapping and sampling program on the Caldera property in Mexico (\$154,765).

Research and Development, Patents and Licenses

The Company conducts no Research and Development activities, nor is it dependent upon any patents or licenses.

Trend information

Many trend features discussed in Fiscal 2010 continue. After a long period of low prices, metals rose to record levels and after several corrections, are again near their highs. This appears to be related to demand from large developing nations that are stockpiling metals, securing long term contracts for concentrates and buying up properties and companies with undeveloped deposits. There is uncertainty as to how long this trend will continue, whether competition for resources will decrease or intensify and how any change might affect metal prices. There is uncertainty in currency exchange rates due to economic conditions around the world and how these might affect both costs and profits. These factors require frequent review of plans and budgets against a backdrop of fewer good exploration and development new projects along with the long term shortage of skilled exploration personnel.

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Previous merger and acquisition activity in large organizations has slowed, at least in part because there are fewer large companies left and fewer that are vulnerable to takeover. This activity is expected to move down to intermediate and smaller companies with attractive assets. This creates difficulties in valuations for assets in relation to often depressed stock market prices.

Many junior exploration companies are having difficulty raising capital and those that do often do so at low prices resulting in significant dilution to shareholders. Companies at the feasibility study stage or raising capital for production startup are finding that costs are increasing.

The price of both exploration and production companies focused on precious metals have underperformed when compared to the price of gold. This has been attributed to various reasons such as the rise of funds that invest in precious metals which are capturing much of the investment interest in gold and silver. This is no certainty that this will ever change. Many in the investment and economic communities dispute the likelihood of inflationary or deflationary conditions and the effect of either on precious metal prices. Any rise in interest rates might lower investment demand for gold and silver

The uncertain times have led to a need by some cash strapped governments to seek or threaten higher tax and royalty policies while others consider lowering them to attract investment. Globalization, of trade and markets has been more important to the mining than many other industries and because of current conditions these concepts are under question by many vested interest groups. At the same time, environmental groups have successfully lobbied for more wilderness areas and parks where exploration and mining activities are not allowed. Native groups are actively pursuing land claims and there is a rise of militant national and religious groups in many parts of the world. Pressure from such groups can lead to increased regulation and this must be monitored closely to recognize a point where it becomes excessive. Even though metal mining does not have the large output of so called greenhouse gasses as some other industries and despite the unresolved science of and increasing doubt in the claims for global warming, many governments are pursuing regulations and taxes that could raise costs. As more and more stakeholders become interested in mining ventures there is an increasing need to maintain cooperation with valid concerned groups, the most important of which is the local community where the project is.

Some of these issues tend to restrict the areas where mineral exploration and development of new mines can occur. This should make areas permissive to exploration more attractive and a previously discerned need for new, good exploration projects based on sound geological work continues.

The world may be slow to recover from current economic conditions and a further deterioration of these conditions remains a serious threat. If such deterioration occurs, lower economic activity would probably also lower the demand for base metals but it is believed that precious metals will continue to be in demand as a store of value.

### Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than the lease related to its office premises as disclosed below.

### Contractual Obligations

The Company is obligated under an operating lease for its office premises with the following aggregate minimum lease payments to the expiration of the lease on January 31, 2016. The Company does have government requirements in work and/or taxes to maintain other claims held. The decision to keep or abandon such claims is not contractual but at the discretion of the Company. All other property option payments on the Company's projects have been assumed by third parties who are earning their interests in the projects. During Fiscal 2007, the Company entered into contracts with the Chief Executive Officer and Chief Operating Officer (now the Chairman and Chief Executive Officer, respectively) for remuneration of \$140,000 annually for two years, renewable for two additional successive terms of

24 months. Effective January 1, 2009, remuneration increased to \$165,000 annually and the contracts will be renewed for additional successive terms of 24 months. Effective January 1, 2011, remuneration increased to \$206,250 annually. During Fiscal 2007, the Company also entered into a Financial, Administrative and Executive Services Agreement with its Chief Financial Officer and a company controlled by him for a term of one year, renewable for additional successive terms of 12 months, for remuneration of \$6,000 per month for the first three months and \$5,000 per month thereafter. Effective May 30, 2011, the Financial, Administrative and Executive Service Agreement was terminated once Mark T. Brown became a Director of the Company. Table No. 4 lists the total contractual obligations as at December 31, 2011 for each period.

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Table No. 4  
Contractual Obligations of the Company

	Total	Payments due by period			
		less than 1 year	1 – 3 years	3 – 5 Years	more than 5 years
Operating lease obligations	\$296,700	\$67,000	\$223,000	\$6,700	—
Executive contracts	\$450,000	\$225,000	\$225,000	—	—

Contractual obligations of the Company in the above table exclude future option payments required to maintain the Company's interest in certain mineral properties.

#### Forward-Looking Statements Safe Harbor

Certain statements contained in this annual report on Form 20-F regarding contractual obligations, future operating results or performance or business plans or prospects and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by Section 27A of the Securities Act 1933 and Section 21E of the Securities Exchange Act 1934 and Canadian Securities Law. Where possible, the words "believe," "expect," "anticipate," "intend," "should," "will," "planned," "estimated," "potential," "goal," "outlook," and similar expressions, as used by the Company, its management, or the Company's property interests, have been used to identify such forward-looking statements. All forward-looking statements reflect only current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies which could cause the Company's actual business plans or prospects to differ materially from those expressed in, or implied by, these statements. Such risks, uncertainties and contingencies include, but are not limited to, general economic conditions. Additional factors that could cause the companies' results to differ materially from those described in the forward-looking statements are described in detail in this annual report on Form 20-F under the heading Item 3: Key Information - Risk Factors. Unless required by law the Company does not undertake any obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Significant Accounting Policies

## (a) Basis of consolidation

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

	Jurisdiction	Nature of operations
Almaden America Inc.	USA	exploration company
Republic Resources Ltd.	Canada	service company
Ixtaca Precious Metals Inc.	Canada	holding company
Almaden de Mexico, S.A. de C.V.	Mexico	exploration company
Minera Gavilan, S.A. de C.V.	Mexico	exploration company
Compania Minera Zapata, S.A. de C.V.	Mexico	exploration company
Minera Gorrion, S.A. de C.V.	Mexico	exploration company

Investments where the Company has the ability to exercise significant influence are accounted for using the equity method. Under this method, the Company's share of the investee's earnings or losses is included in operations and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment. The Company's 38.8% interest in Gold Mountain Mining Corporation is accounted for using the equity method. The Company accounts for its interest in jointly controlled assets by recognizing its share of the jointly controlled assets classified according to the nature of the assets.

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

## (b) Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## (c) Financial instruments

## Financial assets

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

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



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

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

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

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

Financial liabilities

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

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

Other financial liabilities: This category includes promissory notes, amounts due to related parties and trade and other payables, all of which are recognized at amortized cost.

(d) Cash, cash equivalents and short-term investments

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. Short-term investments include money market instruments with terms to maturity exceeding ninety days.

(e) Inventory

Inventory is valued at the lower of the average cost of mining and estimated net realizable value.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated annually on a declining-balance basis at the following rates:

Automotive equipment	30	%
Computer hardware and software	30	%
Field equipment	20	%
Furniture and fixtures	20	%

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Geological data library	20	%
Mill equipment	30	%
Drill equipment	20	%
Leasehold improvements	20	% straight-line

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(g) Revenue recognition

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

Interest income

Revenue is recognized as interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income

Revenue from other income is recognized upon completion of the services for which the measurement of the consideration can be reasonably assured and the ultimate collection is reasonably assured.

(h) Exploration and evaluation

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

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

- a) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned.
- c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

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

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

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment.

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

(i) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

(j) Income taxes

Deferred tax is recorded using the liability method, recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognized if temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the “Group” is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities and assets on a net basis.

Current and deferred income tax expense or recovery are recognized in net earnings except when they arise as a result of items recognized in other comprehensive income or directly in equity in the current or prior periods, in which case the related current and deferred income taxes are also recognized in other comprehensive income or directly in equity, respectively.

Any premium paid for flow-through shares in excess of market value of those shares without the flow-through feature is recorded as other liabilities at the time of issue and recognized as a component of tax recovery at the time the qualifying expenditures are made.

(k) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such option for periods of up to five years, with vesting periods determined at the sole discretion of the board and at prices equal to the volume weighted average price for the five days immediately preceding the date the options were granted.

The fair value of the options is measured at the date the options are granted, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity settled employee compensation reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(l) Reclamation and closure cost obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has \$104,000 of reclamation deposits held with the Ministry of Mines should any other reclamation and closure cost obligations arise from its obligations to undertake site reclamation and remediation in connection with its operating activities in British Columbia and \$25,764 of reclamation deposits held with the State of Nevada should any asset retirement obligation arise from its obligations to undertake site reclamation and remediation in connection with its operating activities in Nevada.

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

(m) Income (loss) per share



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

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(n) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(o) Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods. At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

(i) In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. In addition, amendments to IFRS 7 Financial Instruments: Disclosures are effective for annual periods beginning on or after July 1, 2011 and introduce enhanced disclosure around transfers of financial assets and associated risks. The Company does not anticipate that these amendments will have a significant impact on its condensed consolidated financial statements.

(ii) The following Standards are effective for annual periods beginning on or after January 1, 2013. The Company is assessing the impact of these standards.

IFRS 10 Consolidated Financial Statements will replace existing guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities.

IFRS 11 Joint Arrangements will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 Fair Value Measurement was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs.

IAS 27 Separate Financial Statements has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

IAS 28 Investments in Associates and Joint Ventures has been revised and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee.

(iii) The following Standard is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of this standard.

IFRS 9 Financial Instruments (“IFRS 9”) was issued to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification and measurement of financial assets. IFRS 9 was subsequently reissued in October 2010, incorporating new requirements on accounting for financial liabilities.

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Significant accounting judgments and estimates

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

Critical Judgments

- oThe assessment that the Company has significant influence over the investment in Gold Mountain Mining Corporation (“Gold Mountain”) (See Note 7(ii) to the consolidated financial statements) which results in the use of the equity accounting method for accounting for this investment. In making their judgement, management considered the composition of the Board of Directors of its equity investment in Gold Mountain, the common directors and management between Gold Mountain and the Company and the intercompany transactions and relationship with Gold Mountain and concluded that significant influence exists.
- oIn addition the Company determined in 2011 that it no longer has significant influence over its investment in Tarsis Resources Ltd. (See Note 7(i) to the consolidated financial statements).
- oThe analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Estimates

- othe recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;
- othe carrying value of the marketable securities and the recoverability of the carrying value which are included in the consolidated statement of financial position;
- othe carrying value of investments, and the estimated annual gains or losses recorded on investments from income and dilution, and the recoverability of the carrying value which are included in the consolidated statement of financial position;
- othe estimated useful lives of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;
- othe estimated value of the exploration and development costs which is recorded in the statement of financial position;
- othe inputs used in accounting for share purchase option expense in the consolidated statement of comprehensive loss;
- othe provision for income taxes which is included in the consolidation statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at December 31, 2011;



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o the inputs used in determining the net present value of the liability for asset retirement obligation included in the consolidated statement of financial position;

o the inputs used in determining the various commitments and contingencies accrued in the consolidated statement of financial position;

o the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable;

o the estimated fair value of contingent share payments receivable in the event that Gold Mountain achieves some or all of the specified resource and production levels described in Note 9(a) of the consolidated financial statements; and

o the estimated fair value of contingent share payments receivable in the event that Goldgroup Mining Inc. achieves some or all of the specified resource and production levels described in Note 9(d) of the consolidated financial statements.

## Item 6. Directors, Senior Management and Employees

Table No. 5 lists the directors and senior management of the Company. The directors have served in their respective capacities since their election and/or appointment and will serve until the next annual general meeting or until a successor and senior management of the Company are duly elected, unless the office is vacated in accordance with the Articles of the Company. All directors are residents and citizens of Canada.

Table No. 5  
Directors of the Company

Name	Age	Date First Elected or Appointed
James Duane Poliquin	71	February 1, 2002(4)
James E. McInnes(1)	74	February 1, 2002(4)
John D. McCleary(2)(3)	71	February 1, 2002(4)
Joseph Montgomery(1)(2)(3)	84	February 1, 2002(4)
Morgan Poliquin	40	February 1, 2002(4)
Gerald G. Carlson(1)(2)(3)	66	February 1, 2002(4)
Barry W. Smee	66	July 6, 2006
Mark T. Brown	43	May 30, 2011

(1) Member of Audit Committee

(2) Member of Nominating and Corporate Governance Committee

(3) Member of Compensation Committee

(4) Date of issue of the Certificate of Amalgamation

Duane Poliquin has been a director of Almaden Resources Corporation since September 1980, James E. McInnes since December 1985, Jack McCleary since June 1991 and Morgan Poliquin since June 1999.

Duane Poliquin and James E. McInnes were directors of Fairfield Minerals Ltd. since June 1996, Joseph Montgomery since July 2000 and Gerald G. Carlson since July 1998.

Table No.6 lists the Executive Officers of the Company. The Executive Officers serve at the pleasure of the Board of Directors, subject to the terms of executive compensation agreements hereinafter described. All Executive Officers are residents and citizens of Canada.

Table No. 6  
Executive Officers of the Company

Name	Position	Age	Date First Appointed
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James Duane Poliquin	Chairman of the Board	71	February 1, 2002	(4)
Morgan Poliquin	President and Chief Executive Officer	40	March 1, 2007	
Korm Trieu	Chief Financial Officer	46	May 30, 2011	
Dione Bitzer	Controller	51	February 1, 2002	(4)
	and Secretary		June 9, 2008	

(4) Date of issue of the Certificate of Amalgamation

Duane Poliquin was appointed an Officer of Almaden Resources Corporation in September 1980 and of Fairfield Minerals Ltd. in June 1996. Dione Bitzer was appointed an Officer of Fairfield Minerals Ltd. in March 2001.

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Duane Poliquin is a registered professional geological engineer with over 50 years experience in mineral exploration and he is the founding shareholder of Almaden Resources Corporation. He gained international experience working with major mining companies where he participated in the discovery of several important mineral deposits. Mr. Poliquin has held executive positions and directorships with several junior resource companies over his career. He was founder and President of Westley Mines Ltd. when that company discovered the Santa Fe gold deposit in Nevada. Mr. Poliquin spends virtually all of his time on the affairs of the Company. He also serves as a director of Gold Mountain Mining Corporation.

James E. McInnes is a retired lawyer and a former geologist with over 40 years experience in mineral exploration and mining law. He has held executive positions with several junior resource companies over his career. Mr. McInnes spend 25% of his time on the affairs of the Company. He also serves as a director of Cosigo Resources Inc., a diamond and gold exploration company listed on the TSX-V.

John D. (Jack) McCleary is a registered professional geologist with 40 years experience in petroleum and mineral exploration. He has held executive positions with several junior resource companies over his career and for several years was a Vice President of Dominion Securities Ltd. He served as a director and President of Canadian Hydro Developers Inc. until December 1995 at which time he retired and as a director and President of Troymin Resources Ltd. until April 2003 at which time Troymin amalgamated with Santoy Resources Ltd. where he served as a director for 5 years. Mr. McCleary spends less than 5% of his time on the affairs of the Company.

Joseph Montgomery, Ph.D., P.Eng. is a professional engineer registered with the Association of Professional Engineers and Geoscientists of B.C. He has over 40 years experience in the mineral industry primarily as a consultant in base and precious metals, industrial metals and gemstones. He is President of Montgomery Consultants Ltd. and is on the Advisory Board of the Canadian Institute of Gemology. He spends less than 10% of his time on the affairs of the Company. Mr. Montgomery also serves as a director of Infrastructure Materials Corp, an industrial materials company listed on the US OTCBB and of Cosigo Resources Inc., a diamond and gold exploration company listed on the TSX-V.

Morgan Poliquin, Ph.D., P.Eng., is a registered professional geological engineer with 16 years experience in mineral exploration since graduating with a B.A.Sc. degree in geological engineering from the University of British Columbia (1994). In 1996 he earned a M.Sc. in geology from the University of Auckland, New Zealand studying geothermal and epithermal deposits in the South Pacific including the Emperor Gold Deposit, Fiji. In 2010, Dr. Poliquin earned his Ph.D. in Geology from the Camborne School of Mines, University of Exeter. He is President and CEO of the Company and oversees corporate matters as well as directing the Company's exploration program. Dr. Poliquin spends virtually all of his time of the affairs of the Company directing its exploration programs. He also serves as a director of Gold Mountain Mining Corporation.

Gerald G. Carlson, Ph.D., P.Eng, has been involved in mineral exploration and junior exploration company management for over 40 years. Mr. Carlson has a B.A.Sc. from the University of Toronto, a M.Sc. from Michigan Technological University and Ph.D. from Dartmouth College. He is a past President of AME BC (formerly the B.C. and Yukon Chamber of Mines), President of the Society of Economic Geologists Canada Foundation and a member of the Professional Engineers and Geoscientists of British Columbia, the Professional Engineers of the Yukon Territory and the Canadian Institute of Mining, Metallurgy & Petroleum. Mr. Carlson spends less than 5% of his time on the affairs of the Company. He also serves as a director and President of Windstorm Resources Inc., a gold and copper exploration company listed on the TSX-V, President of Iron South Mining Inc. and a director of the following companies:



- a. Blue Sky Uranium Corp., a uranium exploration company listed on the TSX-V.
- b. Tarsis Resources Ltd., a mineral exploration company listed on the TSX-V.

Barry W. Smee is a consulting geochemist based in British Columbia. He obtained a B.Sc. in chemistry and geology from the University of Alberta, and a Ph.D. in geochemistry from the University of New Brunswick. He has designed and managed commercial analytical laboratories and worked in academia, government and industry for over 40 years. He has authored or co-authored over 50 scientific papers on geochemical and quality control topics. Barry formed Smee and Associates Consulting Ltd., a privately owned geochemical consulting company in 1990 through which he has actively promoted the use of Quality Control protocols in mineral exploration, comprehensive due diligence procedures, and the intelligent use of modern geochemical methods. Dr. Smee spends less than 5% of his time on the affairs of the Company. He also serves as a director of Platinum Group Metals Ltd., a platinum exploration company listed on the TSX and NYSE Amex.

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Mark T. Brown is a Chartered Accountant and earned a Bachelor's Degree in Commerce from the University of British Columbia in 1990. Mr. Brown received his Chartered Accountant's designation in 1993 while working at Price Waterhouse, Chartered Accountants. From 1994 to 1997, he was the controller of two TSE 300 mining companies, one after the other, each of which produced in excess of 100,000 ounces of gold annually. At the end of 1997, Mr. Brown joined Pacific Opportunity Capital Ltd. which was set up to provide business financial support, both administratively and for transactions and negotiations, to public and private emerging companies. Mr. Brown spends approximately 5% of his time on the affairs of the Company. He also serves as a director and CFO of the following companies:

- a. Big Sky Petroleum Corporation, an oil and gas exploration company listed on the TSX-V.
- b. Pitchstone Exploration Ltd., a uranium exploration company listed on the TSX-V.

Mr. Brown also serves as a director of the following companies:

- a. Avrupa Minerals Ltd., a base metals exploration company listed on the TSX-V.
- b. Estrella Gold Corporation, a gold exploration company listed on the TSX-V.

Mr. Brown also serves as CFO of the following companies:

- a. Tarsis Resources Ltd., a mineral exploration company listed on the TSX-V.

Korm Trieu is a Chartered Accountant and holds a Bachelor of Science degree from the University of British Columbia and has spent over 15 years in corporate finance, administration and tax services, primarily in the natural resource, financial service and real estate sectors. From 2008-2011, he served as Vice President Finance for Sprott Resource Lending Corp. where he oversaw the Finance and Administration departments of a natural resource lending company. Mr. Trieu spends all of his business time on the affairs of the Company.

Dione Bitzer is a Certified Management Accountant with over 20 years accounting experience with junior exploration companies. She has held executive positions with several junior resource companies. Miss Bitzer spends all of her business time on the affairs of the Company.

There are no arrangements or understandings with any two or more directors or executive officers pursuant to which any such person was selected as a director or executive officer. Duane Poliquin, Chairman of the Board and Director, is the father of Morgan Poliquin, President, Chief Executive Officer and Director.

During Fiscal 2008, the Compensation Committee conducted an Executive and Directors Compensation Review which resulted in the recommendations that remuneration of both the Chief Executive Officer (now Chairman) and Chief Operating Officer (now Chief Executive Officer) be increased to \$165,000 each annually and all Directors be compensated \$5,000 yearly and the Chair of the Audit Committee to be compensated \$3,000 yearly, effective January 1, 2009. During 2010, the Compensation Committee conducted a further Executive and Directors Compensation Review which resulted in the recommendations that remuneration of both the Chairman and Chief Executive Officer be increased to \$206,250 each annually effective January 1, 2011. There was no increase to Directors or Chair of the Audit Committee compensation. Previously the Company had no formal plan for compensating its directors for their service in their capacity as directors. The Compensation Committee also recommended that, with respect to Director stock options, up to 250,000 options be granted to each non-management Director. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the Board of Directors. The Board of Directors may award special remuneration to any director undertaking any special services on behalf of the Company other than services ordinarily required of a director. Other than indicated below no director received any compensation for his services as a director, including committee

participation and/or special assignments.

Total compensation paid by the Company directly and/or indirectly to all directors and executive officers during Fiscal 2011 was \$872,372.

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Summary Compensation Table

Name and Principle Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards Options/ Other Restricted SARS			
		Salary	Bonus	Compensation	Stock Awards	Granted (#)	LTIP Payout	All Other Compensation
Duane Poliquin	2011	Nil	Nil	Nil	Nil	560,000	Nil	\$ 298,525 (1)
Chairman of the Board & Director	2010	Nil	Nil	Nil	Nil	Nil	Nil	\$ 208,100 (1)
	2009	Nil	Nil	Nil	Nil	100,000	Nil	\$ 189,200 (1)
James E. McInnes Director	2011	Nil	Nil	Nil	Nil		Nil	\$ 5,000 (2)
	2010	Nil	Nil	Nil	Nil	100,000	Nil	\$ 5,000 (2)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 5,000 (2)
Jack McCleary Director	2011	Nil	Nil	Nil	Nil		Nil	\$ 5,000 (2)
	2010	Nil	Nil	Nil	Nil	150,000	Nil	\$ 5,000 (2)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 5,000 (2)
Joseph Montgomery Director	2011	Nil	Nil	Nil	Nil	225,000	Nil	\$ 5,000 (2)
	2010	Nil	Nil	Nil	Nil	100,000	Nil	\$ 5,000 (2)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 5,000 (2)
Morgan Poliquin President, Director & Chief Executive Officer	2011	\$206,250	\$94,800	Nil	Nil	650,000	Nil	Nil
	2010	\$165,000	Nil	Nil	Nil	550,000	Nil	Nil
	2009	\$165,000	\$8,000	Nil	Nil	150,000	Nil	Nil
Gerald G. Carlson Director	2011	Nil	Nil	Nil	Nil	50,000	Nil	\$ 5,000 (2)
	2010	Nil	Nil	Nil	Nil	75,000	Nil	\$ 5,000 (2)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 5,000 (2)
Barry W. Smee Director	2011	Nil	Nil	Nil	Nil	125,000	Nil	\$ 10,000 (2)(3)
	2010	Nil	Nil	Nil	Nil	100,000	Nil	\$ 5,000 (2)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 8,780 (2)(3)
Mark T. Brown Director, former Chief Financial Officer	2011	Nil	Nil	Nil	Nil	25,000	Nil	\$ 26,325 (6)
	2010	Nil	Nil	Nil	Nil	75,000	Nil	\$ 60,000 (6)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 60,000 (6)
Donald M. Lorimer Former Director	2011	Nil	Nil	Nil	Nil	Nil	Nil	\$ 8,000 (2)(5)
	2010	Nil	Nil	Nil	Nil	100,000	Nil	\$ 8,000 (2)(5)
	2009	Nil	Nil	Nil	Nil	50,000	Nil	\$ 8,000 (2)(5)
Marc Blythe Former Vice-President-Mining	2011	Nil	Nil	Nil	Nil	Nil	Nil	\$ 24,938 (5)
	2010	Nil	Nil	Nil	Nil	75,000	Nil	\$ 55,875 (5)
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$ 52,875 (5)
Korm Trieu Chief Financial Officer	2011	\$88,084	\$15,000	Nil	Nil	150,000	Nil	Nil
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dione Bitzer Controller & Secretary	2011	\$73,950	\$6,500	Nil	Nil	125,000	Nil	Nil
	2010	\$72,555	\$6,000	Nil	Nil	35,000	Nil	Nil
	2009	\$70,920	\$4,000	Nil	Nil	Nil	Nil	Nil

(1) For geological services provided to the Company and general and administrative services provided by Hawk Mountain Resources Ltd., a company owned by Duane Poliquin and his wife.

(2) Director's fees.

(3) For consulting services provided by Smee & Associates Consulting Ltd., a company owned by Barry Smee and his wife.

(4) Audit Chairman fee.

(5) For technical services provided to the Company.

(6) For financial and administrative services provided by Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown and his family.

#### Remuneration for Termination

The Company has the following termination clauses within its executive compensation contracts.

The Executive Compensation Contract dated April 12, 2007 between the Company and Duane Poliquin (“Executive”) and Hawk Mountain Resources Ltd. (“Management Company”) will terminate or may be terminated for any one of the following reasons:

- a) voluntary, upon at least three months prior written notice of termination by the Management Company to the Company; or
- b) by the Company for Cause; or

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- c) without Cause, as hereinafter defined in Section 9, upon at least three months prior written notice of termination by the Company to the Management Company; or
- d) upon the death or disability of the Executive, as hereinafter defined in Section 10; or
- e) upon retirement by the Executive.

Termination by the Management Company Voluntarily or by the Company for Cause

If the Management Company shall voluntarily terminate the providing the services of the Executive under this Agreement or if the employment of the Management Company is terminated by the Company for Cause, then all compensation and benefits as heretofore provided shall terminate immediately upon the effective date of termination and no special severance compensation will be paid.

Cause to terminate the Management Company's employment shall mean:

- a) the repeated and demonstrated failure by the Executive or the Management Company to perform the Executive or the Management Company's material duties under this Agreement, after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes the Executive or the Management Company has not substantially performed the Executive or the Management Company's duties under this Agreement; or
- b) the willful engagement by the Executive or the Management Company in misconduct which is materially injurious to the Company, monetarily or otherwise;
- c) any other willful violation by the Executive or the Management Company of the provisions of this Agreement; or
- d) the Executive or the Management Company is convicted of a criminal offence involving fraud or dishonesty.

Termination by the Company Without Cause

If the Company shall terminate the Management Company's employment under this Agreement for any reason except for Cause (as defined in paragraph 8) then, upon the effective date of termination, the Company shall pay the Management Company in one lump sum an amount equal to two (2) times the Management Company's then current Base Fee. All the benefits provided to the Executive shall be continued as if the Executive was still an Executive of the Company for a period of twelve (12) months from the date of termination or until equal or better benefits are provided by a new employer, whichever shall first occur.

Termination by Death or Disability

If the Executive dies or becomes disabled before the Management Company's employment are otherwise terminated, the Company shall pay the Management Company, an amount of compensation equal to six (6) months of the Management Company's then current Base Fee and all the Executive benefits theretofore provided to the Executive shall be continued, for a period of six (6) months from the date of Death or Disability as if the Executive were still the Executive of the Company. If such termination is due to the Executive's Death, payment shall be made in one lump sum to the Management Company. If such termination is due to the Executive's Disability, payment shall be made in one lump sum to the Management Company within sixty (60) days of the Executive's Disability. The compensation provided under this paragraph shall be in addition to that payable from any insurance coverage providing compensation upon Death or Disability.

Termination Following Change in Control

- (a) For purposes of this Agreement, a Change in Control shall be deemed to have occurred if:

(i) any person or any person and such person's associates or affiliates, as such terms are defined in the Securities Act (British Columbia) (the "Act"), makes a tender, take-over or exchange offer, circulates a proxy to shareholders or takes other steps to effect a takeover of the control of the Company, whether by way of a reverse take-over, formal bid, causing the election or appointment of a majority of directors of the Company or otherwise in any manner whatsoever; or

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- (ii) during any period of eighteen (18) consecutive months (not including any period prior to the Date), individuals who at the beginning of such period constituted on the Board of Effective Directors and any new directors, whose appointment by the Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least three quarters (3/4) of the Board of Directors then still in office who either were directors at the beginning of the period or whose appointment or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; or
  - (iii) the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the Act, and whether directly or indirectly, of common shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, twenty percent (20%) or more of the outstanding common shares of the Company.
- (b) Notwithstanding any other provisions in this Agreement regarding termination, if any of the events described above constituting a Change in Control shall have occurred during the Term or an Extended Term, upon the termination of the Management Company's services (unless such termination is because of the Executive's Death or Disability, by the Company for Cause or by the Executive other than for "Good Reason", as defined below) the Management Company shall be entitled to and will receive no later than the fifteenth (15th) day following the date of termination a lump sum severance payment equal to three (3) times the Management Company's then current Base Fee. In addition, all benefits then applicable to the Executive shall be continued for a period of eighteen (18) months after the date of termination.
- (c) For purposes of this Agreement, "Good Reason" shall mean, without the Executive's express written consent, any of the following:
- (i) the assignment of the Executive of any duties inconsistent with the status or authority of the Executive's office, or the Executive's removal from such position, or a substantial alteration in the nature or status of the Executive's authorities or responsibilities from those in effect immediately prior to the Change in Control;
    - (ii) a reduction by the Company of the Management Company's Base Fee as in effect on the date hereof or as the same may have been increased from time to time, or a failure by the Company to increase the Management Company's Base Fee as provided for herein or at a rate commensurate with that of other key executives of the Company;
  - (iii) the relocation of the office of the Company where the Executive is employed at the time of the Change in Control (the "CIC Location") to a location more than fifty (50) miles from the CIC Location, or the Company's requiring the Executive to be based more than fifty (50) miles away from the CIC Location (except for requiring travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations prior to the Change in Control);
  - (iv) the failure by the Company to continue to provide the Executive with benefits at least as favourable as those enjoyed by the Executive prior to the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of entitled vacation days to which the Executive has earned on the basis of years of service with the Company; or
  - (v) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement or, if the business of the Company for which the Executive's services are principally performed is sold within two (2) years after a Change in Control, the purchaser of such business shall fail to agree to provide the Executive with the same or a comparable position, duties, salary and benefits as provided to the Executive by the Company immediately prior to the Change in Control.

Following a Change in Control during the Term, or an Extended Term, the Executive shall be entitled to terminate the Executive's employment for Good Reason.



(d) In the event the Executive is entitled to a severance payment under this Agreement, then in addition to such severance payment, the Management Company shall be entitled to employment search assistance to secure other comparable employment for the Executive for a period not to exceed one (1) year or until such comparable employment is found, whichever is the sooner, with fees for such assistance to be paid by the Company.

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The Management Company's right to receive the aforementioned payment and benefits is expressly contingent upon the signing of a waiver and release satisfactory to the Company which release the Company and its Affiliates from all claims and liabilities arising out of the Executive's employment and termination and including confidentiality provisions, which waiver and release is satisfactory to the Company with the respect to form, substance and timeliness.

The Executive Employment Contract dated April 12, 2007 between the Company and Morgan Poliquin will terminate or may be terminated for any one of the following reasons:

- a) voluntary, upon at least three (3) months prior written notice of termination by the Executive to the Company; or
- b) by the Company for Cause; or
- c) without Cause, as hereinafter defined in Section 9, upon at least three (3) months prior written notice of termination by the Company to the Executive; or
- d) upon the death or disability of the Executive, as hereinafter defined in Section 10; or
- e) upon a change of control.

### Termination by the Executive Voluntarily or by the Company for Cause

If the Executive shall voluntarily terminate employment under this Agreement or if the employment of the Executive is terminated by the Company for Cause, then all compensation and benefits as heretofore provided shall terminate immediately upon the effective date of termination and no special severance compensation will be paid.

Cause to terminate the Executive's employment shall mean:

- (a) the repeated and demonstrated failure by the Executive to perform the Executive's material duties under this Agreement, after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes the Executive has not substantially performed the Executive's duties under this Agreement; or
- (b) the willful engagement by the Executive in misconduct which is materially injurious to the Company, monetarily or otherwise;
- (c) any other willful violation by the Executive of the provisions of this Agreement; or
- (d) the Executive is convicted of a criminal offence involving fraud or dishonesty.

### Termination by the Company Without Cause

If the Company shall terminate the Executive's employment under this Agreement for any reason except for Cause (as defined in paragraph 8) then, upon the effective date of termination, the Company shall pay the Executive in one lump sum an amount equal to two (2) times the Executive's then current Base Salary. All the benefits provided to the Executive shall be continued as if the Executive was still an Executive of the Company for a period of twelve (12) months from the date of termination or until equal or better benefits are provided by a new employer, whichever shall first occur.

### Termination by Death or Disability

If the Executive dies or becomes disabled before the Executive's employment is otherwise terminated, the Company shall pay the Executive or the Executive's estate, an amount of compensation equal to six (6) months of the Executive's then current Base Salary and all the Executive benefits theretofore provided to the Executive shall be continued, for a period of six (6) months from the date of Death or Disability as if the Executive were still the Executive of the Company. If such termination is due to the Executive's Death, payment shall be made in one lump sum to the

Executive's Designate. If no Executive's Designate survives the Executive, the entire amount shall be paid to the Executive's estate within sixty (60) days of the Executive's death. If such termination is due to the Executive's Disability, payment shall be made in one lump sum to the Executive within sixty (60) days of the Executive's Disability. The compensation provided under this paragraph shall be in addition to that payable from any insurance coverage providing compensation upon Death or Disability.

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Termination Following Change in Control

- (a) For purposes of this Agreement, a Change in Control shall be deemed to have occurred if:
- (i) any person or any person and such person's associates or affiliates, as such terms are defined in the Securities Act (British Columbia) (the "Act"), makes a tender, take-over or exchange offer, circulates a proxy to shareholders or takes other steps to effect a takeover of the control of the Company, whether by way of a reverse take-over, formal bid, causing the election or appointment of a majority of directors of the Company or otherwise in any manner whatsoever; or
  - (ii) during any period of eighteen (18) consecutive months (not including any period prior to the Effective Date), individuals who at the beginning of such period constituted on the Board of Directors and any new directors, whose appointment by the Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least three quarters (3/4) of the Board of Directors then still in office who either were directors at the beginning of the period or whose appointment or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; or
  - (iii) the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the Act, and whether directly or indirectly, of common shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, twenty percent (20%) of more of the outstanding common shares of the Company.
- (b) Notwithstanding any other provisions in this Agreement regarding termination, if any of the events described above constituting a Change in Control shall have occurred during the Term or an Extended Term, upon the termination of the Executive's employment (unless such termination is because of the Executive's Death or Disability, by the Company for Cause or by the Executive other than for "Good Reason", as defined below) the Executive shall be entitled to and will receive no later than the fifteenth (15th) day following the date of termination a lump sum severance payment equal to three (3) times the Executive's then current Base Salary. In addition, all benefits then applicable to the Executive shall be continued for a period of eighteen (18) months after the date of termination.
- (c) For purposes of this Agreement, "Good Reason" shall mean, without the Executive's express written consent, any of the following:
- (i) assignment of the Executive of any duties inconsistent with the status or authority of the Executive's office, or the Executive's removal from such position, or a substantial alteration in the nature or status of the Executive's authorities or responsibilities from those in effect immediately prior to the Change in Control;
  - (ii) a reduction by the Company in the Executive's Base Salary as in effect on the date hereof or as the same may have been increased from time to time, or a failure by the Company to increase the Executive's Base Salary as provided for herein or at a rate commensurate with that of other key executives of the Company;
  - (iii) the relocation of the office of the Company where the Executive is employed at the time of the Change in Control (the "CIC Location") to a location more than fifty (50) miles away from the CIC Location, or the Company's requiring the Executive to be based more than fifty (50) miles away from the CIC Location (except for requiring travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations prior to the Change in Control);
  - (iv) the failure by the Company to continue to provide the Executive with benefits at least as favourable as those enjoyed by the Executive prior to the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of entitled vacation days to which the Executive has earned on the basis of years of service with the Company; or



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(v) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement or, if the business of the Company for which the Executive's services are principally performed is sold within two (2) years after a Change in Control, the purchaser of such business shall fail to agree to provide the Executive with the same or a comparable position, duties, salary and benefits as provided to the Executive by the Company immediately prior to the Change in Control.

Following a Change in Control during the Term, or an Extended Term, the Executive shall be entitled to terminate the Executive's employment for Good Reason.

(d) In the event the Executive is entitled to a severance payment under this Agreement, then in addition to such severance payment, the Executive shall be entitled to employment search assistance to secure other comparable employment for a period not to exceed one (1) year or until such comparable employment is found, whichever is the sooner, with fees for such assistance to be paid by the Company.

The Executive's right to receive the aforementioned payment and benefits is expressly contingent upon the signing of a waiver and release satisfactory to the Company which release the Company and its Affiliates from all claims and liabilities arising out of the Executive's employment and termination and including confidentiality provisions, which waiver and release is satisfactory to the Company with the respect to form, substance and timeliness.

Stock options

Incentive stock options to purchase securities from the Company are granted to directors, executive officers, employees and consultants of the Company on terms and conditions acceptable to the regulatory authorities in Canada, notably the Toronto Stock Exchange, and in accordance with the requirements of the applicable Canadian securities commissions' requirements and regulation.

Incentive stock options previously granted by the Company and its predecessor, which, by the terms of the amalgamation, become options granted by the Company, are not options granted under the Company's formal stock option plan.

The Company has a formal written stock option plan ("Plan") which permits the issuance of up to 10% of the Company's issued share capital from time to time during the term of the Plan and may be granted from time to time provided that incentive stock options in favour of any consultant or person providing investor relations services cannot exceed 2% in any 12 month period. No incentive stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each incentive stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all incentive stock options granted under the Plan are determined in accordance with Toronto Stock Exchange guidelines and cannot be less than the Market Price on the date of the grant. Market Price is 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 each incentive stock option is five years. Options granted to consultants or persons providing Investor Relations Activities (as defined in the Plan) shall vest in stages with no more than ¼ of such options being exercisable in any three month period. All options granted during Fiscal 2011 vested on the date granted. Under the requirements of the Toronto Stock Exchange, all unallocated options under the Plan must be approved by the Board of Directors, including a majority of the unrelated directors and by the shareholders every three years after the institution of the Plan. Insiders and affiliates of insiders entitled to receive a benefit under the Plan are not entitled to vote for such approval.

The names and titles of the directors and executive officers of the Company to whom outstanding stock options have been granted and the number of common shares subject to such options as of March 27, 2012 are set forth in Table

No. 8, as well as the number of options granted to directors, executive officers, employees and contractors as a group.

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Table No. 8  
Stock Options Outstanding

Name	Number of Options Outstanding	Exercise Price CDN\$	Expiry Date
Duane Poliquin,	220,000	\$1.14	01/04/2015
Chairman of the Board & Director	240,000	1.00	06/21/2015
	100,000	2.22	08/27/2015
	500,000	3.29	06/08/2016
	50,000	2.93	08/15/2016
James E. McInnes,	50,000	0.68	12/29/2013
Director	50,000	1.14	01/04/2015
	50,000	2.73	11/22/2015
	50,000	3.29	06/08/2016
	50,000	2.93	08/15/2016
Jack McCleary	100,000	0.92	07/16/2015
Director	50,000	2.73	11/22/2015
	50,000	3.29	06/08/2016
	50,000	2.93	08/15/2016
Morgan Poliquin	500,000	2.32	09/10/2012
President, Director &	150,000	0.81	11/25/2014
Chief Executive Officer	350,000	1.14	01/04/2015
	100,000	0.92	07/16/2015
	100,000	2.67	09/20/2015
	650,000	3.29	06/08/2016
Gerald G. Carlson	50,000	0.68	12/29/2013
Director	50,000	1.14	01/04/2015
	25,000	2.73	11/22/2015
	50,000	3.29	06/08/2016
	50,000	2.93	08/15/2016
Joseph Montgomery	225,000	3.29	06/08/2016
Director			
Barry Smee	100,000	2.22	08/27/2015
Director	125,000	3.29	06/08/2016
Mark T. Brown	100,000	2.68	11/15/2012
Director	25,000	0.68	12/29/2013
	75,000	1.14	01/04/2015
	25,000	3.29	06/08/2016
Korm Trieu	150,000	3.29	06/08/2016



Chief Financial Officer

Dione Bitzer	100,000	3.29	06/08/2016
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Controller & Secretary

Total Directors/Officers (10 persons)	4,635,000
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Total Employees/Consultants (8 persons)	795,000
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Total Directors/Officers/Employees/Consultants	5,430,000
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No funds were set aside or accrued by the Company during Fiscal 2011 to provide pension, retirement or similar benefits for directors or executive officers.

### Board Practices

This Statement of Board Practices has been approved by the Board.

### General

The Toronto Stock Exchange (“TSX”) and the applicable Canadian securities law and regulation require that the Company comply with National Instrument 58-101 (Disclosure of Corporate Governance Practices) or any replacement of that instrument. The Company is also, under applicable Canadian securities law and regulation, required to comply with National Policy 58-201 (Corporate Governance Guidelines). National Instrument 58-101 and National Policy 58-201 (for convenience referred to in the aggregate as the “guidelines”) deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of the board members and other matters. The Company’s statement as to compliance with the guidelines and its approach to corporate governance is set forth below.

### Corporate Governance

The Company’s Board and management are committed to the highest standards of corporate governance. The Company’s corporate governance practices are in accordance with the guidelines. The Company is also cognizant of and compliant with various corporate governance requirements in Canada and is in compliance with applicable U.S. requirements.

The Company’s prime objective in directing and managing its business and affairs is to enhance shareholder value. The Company views effective corporate governance as a means of improving corporate performance and accordingly of benefit to the Company and all shareholders.

The Company also believes that director and management honesty and integrity are essential factors in ensuring good and effective corporate governance. To that end the Company’s directors have adopted various codes and policies for the Company, its directors, officers, employees and consultants. The codes and policies adopted to date are as follows: Audit Committee Charter, Nominating and Corporate Governance Committee-Responsibilities and Duties, Compensation Committee-Responsibilities and Duties, Code of Business Ethics, Code of Business Conduct and Ethics for Directors, Communications Policy, Securities Trading Policy, Whistleblowers Policy a Privacy Policy (the “Codes”). The Codes may be viewed on the Company’s website at [www.almadenminerals.com](http://www.almadenminerals.com). The Codes may also be viewed as filed on EDGAR and SEDAR as an exhibit to the 2005 20-F Annual Report filed with the Commission on March 30, 2006. Any amendments to the Codes or waivers of the provision of any Codes will be posted on the Company’s website within 5 business days of such amendment or waiver.

### Executive Officer Position Descriptions

#### Chairman of the Board (‘Chairman’)

#### Responsibilities:

- Leads the Board and also takes a hands-on role in the Company’s day-to-day management
- Helps the CEO to oversee all the operational aspects involved in running the Company, including project selection and planning.
- Takes overall responsibility for the Company’s direction and growth, seeking to generate significant financial gains for the shareholders.

-

Oversees relationships with the communities and stakeholders in the areas where the Company operates, with the intent of ensuring the Company's activities are of benefit to all.

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Chief Executive Officer ('CEO')

Reports to:

The Board of Directors of the Company.

Function:

Provides overall leadership and vision in developing, in concert with the Board, the strategic direction of the Company and in developing the tactics and business plans necessary to increase shareholder value.

Manages the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board and financial and operational objectives are attained.

Authorities, Duties and Responsibilities:

(a)

General Functions:

1. Provides effective leadership to the management and the employees of the Company and establishes an effective means of control and co-ordination for all operations and activities.
2. Fosters a corporate culture that promotes ethical practices, integrity and a positive work climate enabling the Company to attract, retain and motivate a diverse group of quality employees.
3. Keeps the Board fully informed on the Company's operational and financial affairs.
4. Develops and maintains a sound, effective organization structure and plans for capable management succession, progressive employee training and development programs and reports to the Board on these matters.
5. Ensures that effective communications and appropriate relationships are maintained with the shareholders of the Company and other stakeholders.
6. Develops capital expenditure plans for approval by the Board.
7. Turns any strategic plan as may be developed by the Board into a detailed operating plan.

(b)

Strategy and Risks

1. Develops and recommends to the Board strategic plans to ensure the Company's profitable growth and overall success. This includes updating and making changes as required and involving the Board in the early stages of developing strategy.
2. Identifies in conjunction with the other senior officers and appropriate directors the key risks with respect to the Company and its businesses and reviews such risks and strategies for managing them with the Board.
3. Ensures that the assets of the Company are adequately safeguarded and maintained.

(c)

Exploration and Development

Responsible for managing the day to day activities and operating management of the Company and as such shall be responsible for the design, operation and improvement of the systems that create the Company's exploration and development opportunities. The CEO accordingly shall have the primary responsibility:

- To direct and oversee all operational activities of the Company including exploration, development, mining and other such functions.
- To initiate solutions to the key business challenges of the Company.
- To participate in sourcing and negotiating financial arrangements for the further expansion and development of the Company including joint ventures, mergers, acquisitions, debt and equity financing.
- Represent and speak for the Company with shareholders, potential investors and other members of the industry.



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(d) Financial Reporting

Oversees the quality and timeliness of financial reporting. Reports to the Board in conjunction with the CFO on the fairness and adequacy of the financial reporting of the Company to its shareholders.

Chief Financial Officer ('CFO')

Reports to:

The CEO of the Company.

Responsibilities:

- Developing, analyzing and reviewing financial data.
- Reporting on financial performance.
- Monitoring expenditures and costs.
- Assisting the CEO and COO in preparing budgets and in the communicating to the analyst and shareholder, community and securities regulators, the financial performance of the Company.
- Fulfilling the reporting requirements of the securities regulators, stock exchanges and shareholders.
- Monitoring filing of tax returns and payment of taxes.

The CFO shall assist the CEO in establishing effective means of control and co-ordination of the operations and activities of the Company and identifying, in conjunction with the CEO and COO, the key risks with respect to the Company and its business and reviewing with the CEO and COO the strategies for managing such risks and ensuring that the assets of the Company are adequately safeguarded and maintained.

The CFO, in conjunction with the CEO shall design or supervise the design of and implement, maintain and periodically evaluate the effectiveness of internal controls to provide reasonable assurances that the financial statements of the Company are fairly presented in accordance with generally accepted financial standards and principles and that disclosure controls are in place to provide reasonable assurance that material information relating to the financial performance of the Audit Committee.

Controller

Reports to:

The Chairman, the Chief Operating Officer and the Chief Financial Officer

Responsibilities:

The Controller is responsible for:

- assisting in developing, analyzing and reviewing financial data;
- assisting in the reporting on financial performance;
- assisting in the monitoring expenditures and costs;
- assisting the CEO, COO and CFO in preparing budgets
- assisting in fulfilling the reporting requirements of the securities regulators, stock exchanges and shareholders.

The Controller shall assist the CEO and CFO in establishing effective means of control and co-ordination of the operations and activities of the Company and identifying, in conjunction with the CEO, COO and CFO the key risks with respect to the Company and its business and reviewing with the CEO, COO and CFO the strategies for managing such risks and ensuring that the assets of the Company are adequately safeguarded and maintained

The Controller in conjunction with the CEO and CFO shall assist in design or supervise the design of and implement, maintain and periodically evaluate the effectiveness of internal controls to provide reasonable assurances that the

financial statements of the Company are fairly presented in accordance with generally accepted accounting standards and principles and that disclosure controls are in place to provide reasonable assurance that material information relating to the financial performance of the Company is made known to the CEO, COO and CFO and that any deficiencies are made known to the Audit Committee.

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## Mandate of the Board

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

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

In the Fiscal year ended December 31, 2011 there were ten meetings of the Board. The frequency of meetings as well as the nature of agenda items change, depending upon the state of the Company's affairs and in light of opportunities or risks which the Company is subject to. Table No. 9 indicates the number of meetings attended by each director.

Table No. 9  
Meetings Attended

Director	Number
Duane Poliquin	9
James E. McInnes	9
Jack McCleary	9
Joseph Montgomery	9
Morgan Poliquin	9
Gerald G. Carlson	5
Barry W. Smee	8
Mark T. Brown	6

The CEO is the chair of meetings of the Board of directors and is not an independent director. Meetings of the independent members of the Board may be held periodically as convened by the independent Board members. In Fiscal 2011, six meetings of the independent Board members were convened.

In carrying out its mandate, the Board and each committee of the Board, relies primarily on management and its employees to provide it with regular detailed reports on the operations of the Company and its financial position. Certain members of management are also on the Board and provide the Board with direct access to information concerning their areas of responsibility. Management personnel are also regularly asked to attend Board meetings to provide information, answer questions and receive the direction of the Board. The reports and information provided to the Board enable them to monitor and manage the risks associated with the Company's operations and its compliance with legal and safety requirements, environmental issues and the financial position and liquidity of the Company.



The Board discharges its responsibilities directly and through committees. At regularly scheduled meetings, members of the Board and management discuss the broad range of matters and issues relevant to the Company's business interests and the Board is responsible for the approval of the Company's Strategic Plan. In addition, the Board receives reports from management on the Company's operational and financial performance. Between scheduled meetings, matters requiring Board authorization is effected by means of signed Consent Resolutions.

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### Board Assessment

The Nomination and Corporate Governance Committee reports to the Board periodically on the evaluation of the Board's performance and that of the individual directors. The Performance of the Chief Executive Officer is evaluated by the Compensation Committee.

### Composition of the Board

The guidelines recommend that a board of directors be constituted with a majority of individuals who qualify as independent directors.

In deciding whether a particular director is independent, the Board examined the factual circumstances of each director and considered them in the context of many factors, including the definitions in the guidelines and the requirements and policies of NYSE Amex Company Guide Rules. The proposed Board is composed of eight members. The Board believes that 6 directors would be considered independent—John McCleary, Joseph Montgomery, Gerald Carlson, Barry Smee, James E. McInnes and Mark T. Brown. The basis for determination of independence is under Canadian securities instrument NI 52-110 and American Stock Exchange Company Guide Rules. Accordingly, the Board is constituted with a majority of individuals who qualify as independent directors. The Company does not have a controlling or significant shareholder. The Board believes that the membership of the Board fairly reflects the investment in the Company by minority shareholders.

The Board, on the advice of the Nomination and Corporate Governance Committee, considers its size and composition to be appropriate and effective for carrying out its responsibilities. However, the Board may consider adding an additional director if a suitable candidate can be found who may bring additional experience or knowledge to the Board.

### Board Committees

The Board currently has three committees: the Audit Committee, the Nomination and Corporate Governance Committee and the Compensation Committee. Each member of each committee is an independent director. Each committee is responsible for determining its own rules of procedure and may, from time to time, develop written descriptions for the responsibilities of the chair of such committee. No written descriptions have yet been developed.

Mandates of each of the committees and the Codes undergo review periodically (in some cases mandated as annually) to bring them into line with changing Canadian and U.S. securities and corporate governance requirements and to reflect amendments that may be considered appropriate to make them more effective. Any revisions to the mandates and Codes will be available on the Company's website at [www.almadenminerals.com](http://www.almadenminerals.com).

### Audit Committee

The members of the Audit Committee are Messrs. James E. McInnes, Joseph Montgomery and Gerald Carlson. The Audit Committee has met four (4) times during Fiscal 2011. The full text of the initial Audit Committee Charter was filed as an exhibit to the 2003 20-F Annual Report with the Commission on May 11, 2004. After review, the charter was altered to more properly define the functions of the Audit Committee. The revised charter was filed as an exhibit to the 2005 20-F Annual Report with the Commission on March 30, 2006.

### Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are John McCleary, Joseph Montgomery and Gerald Carlson. The Nominating and Corporate Governance Committee has met nil (0) times during Fiscal 2011. The full text of the initial Corporate Governance Charter was filed as an exhibit to the 2003 20-F Annual Report with the Commission on May 11, 2004. After review, the Responsibilities and Duties of the Nominating and Corporate Governance Committee were altered to more properly define the functions of the Nominating and Corporate Governance Committee. The revised Responsibilities and Duties are filed as an exhibit to the 2005 20-F Annual Report with the

Commission on March 30, 2006.

Compensation Committee

The members of the Compensation Committee are John McCleary, Joseph Montgomery and Gerald Carlson. The Compensation Committee has met seven (7) times during Fiscal 2011 with John McCleary, Joseph Montgomery and Gerald Carlson attending. The Responsibilities and Duties of the Compensation Committee were filed as an exhibit to the 2005 20-F Annual Report with the Commission on March 30, 2006.

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### Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board, management is also required to seek Board approval for any major acquisition, disposition or expenditure. Management is also required to consult with the Board before entering into any venture which is outside of the Company's existing line of business.

Changes in officers are to be approved by the Board including changes in officers of the Company's principal operating subsidiaries.

In certain circumstances it may be appropriate for an individual director to engage an outside advisor at the expense of the Company. The engagement of the outside advisor would be subject to the approval of the Nomination and Corporate Governance Committee.

### Communications and Investor Relations

The Company has adopted a Communications Policy, the purpose and aim of which is as follows:

- (a) Controls the communications between the Company and its external stakeholders;
- (b) Complies with its continuous and timely disclosure obligations;
- (c) Avoids selective disclosure of Company information;
- (d) Protects and prevents the improper use or disclosure of material information and confidential information;
- (e) Educates the Company's personnel on the appropriate use and disclosure of material information and confidential information;
- (f) Fosters and facilitates compliance with applicable laws; and
- (g) Creates formal Disclosure Officers to help achieve the above objectives.

In accordance with the Communications Policy of the Company, designated Disclosure Officers receive and respond to shareholder enquiries. Shareholder enquiries and concerns are dealt with promptly by Disclosure Officers of the Company.

### Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics for Directors ("Code"), a Code of Business Ethics ("COBE"), a Securities Trading Policy and a Privacy Policy. Employees and consultants are required as a term of employment to undertake to abide by the COBE. Directors are by law bound to observe the Code adopted by the Board.

All Directors, Officers and Employees ("Individuals") sign an Annual Certification ("Certification") stating they have read the Code of Business Ethics policy ("Policy") of the Company and have complied with such Policy in all respects. The Certification further acknowledges that all members of the Individual's family, all other persons who live with the Individual and all holding companies and other related entities of the Individual and all such persons or companies acting on behalf of or at the request of any of the foregoing also complied with such Policy. The Certification also states that any violation of such Policy may constitute grounds for immediate suspension or dismissal.

Each director is expected and required by statute to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances and in accordance with the Business Corporations Act (British Columbia) and the Company's Articles.

### Employees

As of December 31, 2011, the Company operated with seven persons in Canada, of which four are administrative personnel and three are exploration personnel, some of which are retained on a contractual basis. There are no full

time employees in the United States or Mexico. None of the Company's employees are covered by a collective bargaining agreement.

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## Share Ownership

Table No. 10 lists, as of March 27, 2012, directors and executive officers who beneficially own the Company's voting securities and the amount of the Company's voting securities owned by the directors and executive officers as a group.

Table No. 10

## Shareholdings of Directors and Executive Officers

Title of Class	Name of Beneficial Owner	Amounts and Nature of Beneficial Ownership	Percent of Class*
Common	Duane Poliquin	3,184,937 (1)	5.29 %
Common	James E. McInnes	864,580 (2)	1.46 %
Common	Jack McCleary	656,550 (3)	1.11 %
Common	Morgan Poliquin	2,758,197 (4)	4.52 %
Common	Gerald G. Carlson	258,000 (5)	0.43 %
Common	Joseph Montgomery	225,000 (6)	0.30 %
Common	Barry Smee	275,000 (7)	0.46 %
Common	Mark T. Brown	235,300 (8)	0.40 %
Common	Korm Trieu	153,000 (9)	0.26 %
Common	Dione Bitzer	152,300 (10)	0.26 %
Common	Total Directors/Officers	8,762,864	14.49 %

(1) Of these shares 1,110,000 represent currently exercisable stock options and 69,300 of these shares are held indirectly by Hawk Mountain Resources Ltd., a company owned by Mr. Poliquin and his wife.

(2) Of these shares 250,000 represent currently exercisable stock options. 239,470 of these shares are held indirectly through Laredo Investments Ltd., private company controlled by Mr. McInnes.

(3) Of these shares 250,000 represent currently exercisable stock options. 38,500 of these shares are held indirectly by Connemara Resource Ventures Ltd., a company owned by Mr. McCleary.

(4) Of these shares 1,850,000 represent currently exercisable stock options.

(5) Of these shares 225,000 represent currently exercisable stock options.

(6) Of these shares 225,000 represent currently exercisable stock options.

(7) Of these shares 225,000 represent currently exercisable stock options.

(8) Of these shares 225,000 represent currently exercisable stock options.

(9) Of these shares 150,000 represent currently exercisable stock options.

(10) Of these shares 125,000 represent currently exercisable stock options.

\*Based on 59,122,321 shares outstanding as of March 27, 2012 and stock options held by each beneficial owner.

## Item 7. Major Shareholders and Related Party Transactions

The Company is a publicly owned Canadian corporation, the shares of which are owned by residents of the United States, residents of Canada and other foreign residents. To the extent known by the directors and executive officers of the Company, the Company is not directly or indirectly owned or controlled by another corporation. Table No. 11 lists, as of March 27, 2012, the only persons or companies beneficially owning more than 5% of the Company's voting securities.

Table No. 11  
Shareholdings of Beneficial Owners

Title of Class	Name of Beneficial Owner	Amounts and Nature of	Percent of Class*
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		Beneficial Ownership		
Common	Duane Poliquin	3,184,937 (1)	5.29	%
Common	RBC Global Asset Management Inc.	2,955,500	5.00	%

(1)Of these shares 1,110,000 represent currently exercisable stock options. 69,300 of these shares are held indirectly by Hawk Mountain Resources Ltd., a company owned by Mr. Poliquin and his wife.

\*Based on 59,122,321 shares outstanding as of March 27, 2012 and stock options held by each beneficial owner.

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## Related party transactions

Certain geological, technical, professional and general and administrative services were provided to the Company by directors and officers and/or companies controlled by them. These directors and officers and the companies controlled by them are as follows:

- (a) Duane Poliquin operates through the private company Hawk Mountain Resources Ltd.
- (b) Barry Smee operates through his private company Smee & Associates Consulting Ltd.
- (c) Mark T. Brown operates through his private company Pacific Opportunity Capital Ltd.
- (d) Gerald Carlson operates through his private company KGE Management.

The costs of such services for Fiscal 2011 ended December 31, 2011 were \$329,850, Fiscal 2010 ended December 31, 2010 were \$268,100 and Fiscal 2009 ended December 31, 2009 were \$252,980.

Certain officers and directors of the Company are also officers or directors of companies with which the Company has agreements and may not be considered at arm's-length to such agreements. However, any agreement or any to be negotiated between the Company and such other companies has been or will be approved by directors of the Company, in accordance with the common law and the provisions of the B.C. Business Corporations Act (British Columbia).

## (a) Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Vice-President-Mining. The aggregate compensation paid or payable to key management for services is as follows:

	February 29, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Salaries and short-term employee benefits	\$ 102,500	(i) \$ 722,157	(ii) \$ 470,875	(iv) \$ 450,875
Share based compensation	—	3,883,250	(iii) 1,862,500	(v) 67,500
Directors' fees	39,000	33,000	33,000	33,000
	\$ 141,500	\$ 4,638,407	\$ 2,366,375	\$ 551,375

(i) Hawk Mountain Resources Ltd. ("Hawk Mountain"), a private company controlled by the Chairman of the Company was paid \$37,500 for geological services provided to the Company. An additional \$3,000 was paid to Hawk Mountain for marketing and administrative services including website management and updates, market materials coordination, and general administration.

(ii) Hawk Mountain was paid \$268,050 for geological services provided to the Company. An additional \$30,475 was paid to Hawk Mountain for marketing and administrative services.

(iii) Comprised of options granted pursuant to the Company's stock option plan. The value of 1,825,000 option-based awards is based on the fair value of the awards (\$1.89) calculated using the Black-Scholes model at the June 8, 2011 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.17) calculated using the Black-Scholes model at the August 15, 2011 grant date. All options vested upon grant.

(iv) Hawk Mountain was paid \$148,750 for geological services and an additional \$59,350 for marketing and administrative services. The spouse and daughter of the Chairman were also directly paid \$10,000 each for



marketing and administrative services.

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- (v) Comprised of options granted pursuant to the Company's stock option plan. The value of 75,000 option-based awards is based on the fair value of the awards (\$0.94) calculated using the Black-Scholes model at the April 7, 2010 grant date. The value of 240,000 option-based awards is based on the fair value of the awards (\$1.00) calculated using the Black-Scholes model at the June 21, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$0.92) calculated using the Black-Scholes model at the July 16, 2010 grant date. The value of 50,000 option-based awards is based on the fair value of the awards (\$2.22) calculated using the Black-Scholes model at the August 22, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.22) calculated using the Black-Scholes model at the August 27, 2010 grant date. The value of 100,000 option-based awards is based on the fair value of the awards (\$2.67) calculated using the Black-Scholes model at the September 20, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.73) calculated using the Black-Scholes model at the November 22, 2010 grant date. All options vested upon grant.
- (vi) Hawk Mountain was paid \$165,000 for geological services and an additional \$16,200 for marketing and administrative services. The spouse and daughter of the Chairman were also directly paid \$4,000 each for marketing and administrative services.
- (vii) Comprised of options granted pursuant to the Company's stock option plan. The value of 150,000 option-based awards is based on the fair value of the awards (\$0.45) calculated using the Black-Scholes model at the November 25, 2009 grant date. All options vested upon grant.

(b) Other related party transactions

i) Gold Mountain Mining Corporation ("Gold Mountain")

Gold Mountain has two Directors, Duane Poliquin and Morgan Poliquin, in common with Almaden, and Almaden owns 38.8% of Gold Mountain's common shares. During Fiscal 2011, the Company charged Gold Mountain \$271,602 (2010 - \$Nil; 2009 - \$Nil) for exploration expenditures relating to the Elk project and surveys undertaken on behalf of Gold Mountain. These amounts were valued at the exchange amount agreed to by the parties. At December 31, 2011, Gold Mountain owed the Company \$271,602 (2010 - \$Nil; 2009 - \$Nil).

ii) Windstorm Resources Ltd. ("Windstorm")

Windstorm's President and Director, Gerald Carlson, is also a Director of Almaden. Almaden also owns common shares in Windstorm. In Fiscal 2010, the Company optioned the Caldera property to Windstorm such that Windstorm may earn a 60% interest in the property by issuing one million common shares to Almaden and completing \$5 million in exploration work, both over a six year period, with \$150,000 to be spent during the first year of the agreement.

iii) ATW Resources Ltd. ("ATW")

Almaden owns a 50% interest in this company which holds title in trust for a mineral property. The Company has two directors, Duane Poliquin and James McInnes, in common with ATW.

iv) Other

- (a) During Fiscal 2011, the Company paid a company controlled by a Director of the Company \$5,000 (2010 - \$Ni; 2009 - \$3,780) for consulting services provided to the Company.
- (b) During Fiscal 2011, the Company paid a company controlled by the former CFO and current Director of the Company, \$1,325 (2010 - \$Nil; 2009 - \$Nil) for accounting services provided to the Company.

Other than as disclosed above, there have been no transactions or proposed transactions, which have materially affected or will materially affect the Registrant in which any director, executive officer, or beneficial holder of more than 10% of the outstanding common stock, or any of their respective relatives, spouses, associates or affiliates has had

or will have any direct or material indirect interest. As stated above, management believes the transactions referenced above were on terms at least as favorable to the Company as the Company could have obtained from unaffiliated parties.

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Item 8. Financial Information

The financial statements as required under Item 8 are attached hereto and found immediately following the text of this Annual Report.

Legal Proceedings

The original owner of the El Encuentro, Mexico prospect has sued the Company's wholly owned subsidiary, Almaden de Mexico, S.A. de C.V., to have the property returned on grounds that he is not receiving a royalty. He was paid US\$100,000 by Eldorado Gold Corporation which was payment in full for the property and retains a net smelter return royalty. The agreement with the original owner does not provide for a royalty if there is no mine in operation. The Company considers the lawsuit trivial and is defending this action.

In Fiscal 2001, the Company was assessed additional mineral tax of \$197,233 plus interest of \$84,638 by the British Columbia Ministry of Energy and Mines (the "Ministry"). The assessment related to the deductibility of certain expenditures between February 1, 1995 and January 31, 1997. In order to reduce the exposure to interest charges, the Company paid and expensed \$281,871 which was refunded with interest early in Fiscal 2010 upon management successfully defending its position.

Other than the above, the Company knows of no other material, active or pending legal proceedings against them; nor is the Company involved as a plaintiff in any material proceeding or pending litigation.

Dividends

The Company has not declared any dividends since inception and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

Significant Changes

There have been no significant changes of financial condition since the most recent audited financial statements included within this Annual Report on Form 20-F.

Item 9. Offer and Listing of Securities

The Company's common shares trade on The Toronto Stock Exchange ("TSX") in Toronto, Ontario, Canada having the symbol "AMM" and on the NYSE Amex (formerly the American Stock Exchange) in New York, New York, U.S.A. having the symbol "AAU" and CUSIP #020283107.

The Company's common shares commenced trading on February 11, 2002 on TSX and December 19, 2005 on the American Stock Exchange, now the NYSE Amex.

Table No. 12 lists the high and low prices for the shares of Almaden Minerals Ltd. common stock for the years since listing on the American Stock Exchange, now the NYSE Amex. Table No. 13 lists the high and low prices for shares of Almaden Minerals Ltd. common stock on TSX.

Table No. 12  
Almaden Minerals Ltd.  
Stock Trading Activity  
NYSE Amex  
(expressed in US\$)

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Year Ended	High	Low
12/31/2011	\$ 5.35	\$ 2.00
12/31/2010	5.03	0.86
12/31/2009	1.34	0.55
12/31/2008	2.91	0.39
12/31/2007	3.28	2.00

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Table No. 13  
Almaden Minerals Ltd.  
Stock Trading Activity  
The Toronto Stock Exchange  
(expressed in C\$)

Year Ended	High	Low
12/31/2011	\$ 5.17	\$ 2.08
12/31/2010	5.15	0.88
12/31/2009	1.37	0.64
12/31/2008	2.90	0.44
12/31/2007	3.10	2.17

Table No. 14 lists the quarterly high and low prices for shares of Almaden Minerals Ltd. common stock on NYSE Amex for the two most recent full financial years. Table No. 15 lists the quarterly high and low prices for shares of Almaden Minerals Ltd. common stock on TSX for the two most recent full financial years.

Table No. 14  
Almaden Minerals Ltd.  
Stock Trading Activity  
NYSE Amex  
(expressed in US\$)

Quarter Ended	High	Low
12/31/2011	\$ 3.04	2.00
09/30/2011	4.27	2.56
06/30/2011	5.35	3.31
03/30/2011	5.24	3.33
12/31/2010	5.03	2.55
09/30/2010	2.87	0.86
06/30/2010	1.29	0.90
03/30/2010	1.29	0.87

Table No. 15  
Almaden Minerals Ltd.  
Stock Trading Activity  
The Toronto Stock Exchange  
(expressed in C\$)

Quarter Ended	High	Low
12/31/2011	\$ 3.08	2.08
09/30/2011	3.73	2.23
06/30/2011	5.07	2.82
03/31/2011	5.17	3.25
12/31/2010	5.15	2.60
09/30/2010	2.92	0.88
06/30/2010	1.32	0.93
03/31/2010	1.34	0.91

Table No.16 lists the high and low prices for shares of Almaden Minerals Ltd. common stock on NYSE Amex for the most recent six months. Table No. 17 lists the high and low prices for shares of Almaden Minerals Ltd. common stock on TSX for the most recent six months.

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Table No. 16  
Almaden Minerals Ltd.  
Stock Trading Activity  
NYSE Amex  
(expressed in US\$)

Month Ended	High	Low
02/28/2012	\$ 2.70	\$ 2.41
01/31/2012	2.90	2.33
12/31/2011	2.76	2.00
11/30/2011	3.04	2.40
10/31/2011	2.95	2.11
09/30/2011	3.67	2.55

Table No. 17  
Almaden Minerals Ltd.  
Stock Trading Activity  
The Toronto Stock Exchange  
(expressed in C\$)

Month Ended	High	Low
02/28/2012	\$ 2.66	\$ 2.42
01/31/2012	2.97	2.37
12/31/2011	2.80	2.08
11/30/2011	3.08	2.52
10/31/2011	2.95	2.23
09/30/2011	3.73	2.67

The closing price of the Company's common stock was \$3.25 (US\$) on the NYSE Amex and \$3.22 (C\$) on TSX on February 28, 2012.

In recent years, securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of many resource companies, particularly those considered speculative exploration companies, have experienced wide fluctuations in price which have not necessarily been related to operating performance or underlying asset values on prospects of such companies. Exploration for gold and other minerals is considered high risk and highly speculative in the resource industry and the trading market for precious and base metal exploration companies is characteristically volatile, with wide fluctuations of price and volume only in part related to progress of exploration. There can be no assurance that continual fluctuations in the Company's share price and volume will not occur.

The Company's common stock is issued in registered form and the following information is from the Company's registrar and transfer agent, Computershare Investor Services Inc. located in Vancouver, British Columbia and Toronto, Ontario, Canada.

On February 29, 2012, the shareholders' list for the Company's common shares showed 100 registered shareholders and 59,122,331 shares outstanding. 81 of these registered shareholders are U.S. residents, owning 15,209,425 shares representing 26% of the issued and outstanding shares of common stock. 16 of these registered shareholders are Canadian residents, owning 43,906,006 shares representing 74% of the issued and outstanding shares of common stock. 3 of these registered shareholders are of other countries, owning 6,900 shares representing 0% of the issued and



outstanding shares of common stock.

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Table No. 18 lists changes, if any, in issued shares to March 27, 2012:

Table No. 18  
Shares Issued to March 21, 2012

	Number
Balance, December 31, 2011	59,122,321
Shares issued	—
Balance, March 27, 2012	59,122,321

Item 10. Additional Information

Flow-Through Shares

The Company's common shares are not normally flow-through shares but the Company has issued flow-through shares pursuant to private placements of the Company's common shares. Flow-through shares differ from other common shares in one aspect only, all other rights of the shareholder remain unchanged. Companies must specifically identify the expenditures associated with the funds raised through the sale of flow-through shares. Companies raising capital through flow-through shares must expend the funds on qualifying natural resources/exploration development in Canada. The tax benefits (depreciation, amortization, etc.) connected with the expenditures flow through to the shareholder rather than corporation. These tax benefits are available only to shareholders residing in Canada. Shareholders residing in the United States and other non-Canadian shareholders, receive no tax benefits through the purchase of flow-through shares.

Memorandum and Articles

At the Annual and Special General meeting of the Company held on May 18, 2005, shareholders passed appropriate resolutions to complete the transition procedures in accordance with the Business Corporations Act (British Columbia), (the "BCBCA"), to increase the number of common shares which the Company is authorized to issue to an unlimited number of common shares and to cancel the Company's Articles and adopt new Articles to take advantage of provisions of the BCBCA. The BCBCA was adopted in British Columbia on March 29, 2004 replacing the Company Act (the "Former Act"). The BCBCA requires the provisions formerly required in the Memorandum to be in the Articles. The BCBCA eliminates the requirement for a Memorandum.

The revised Articles were filed as an exhibit to the 2005 20-F Annual Report with the Commission on March 30, 2006.

The Articles replace the Memorandum and Articles as filed with the Commission on May 17, 2002.

Articles

The Company was formed through the amalgamation of Fairfield Minerals Ltd. and Almaden Resources Corporation effective December 31, 2001 under the Company Act of British Columbia (the "Company Act"). On March 29, 2004, British Columbia adopted the Business Corporations Act (British Columbia) (the "BCBCA") to replace the Company Act. Companies registered under the Company Act are required to transition to the BCBCA. At the Annual and Special General meeting of the Company held on May 18, 2005, shareholders passed appropriate resolutions to complete the transition procedures to cancel the Company's Articles and adopt new Articles, which includes an increase of the number of common shares which the Company is authorized to issue to an unlimited number of common shares. The Company's new Articles became effective in June 2005 (the "Articles").

The Articles contain no restrictions on the business the Company may carry on.

Under the Articles, if a director has a disclosable interest in a contract or transaction, such director is liable to account to the Company for any profits that accrue to the director as a result of the contract or transaction unless disclosure is made thereof and the contract or transaction is approved in accordance with the provisions of the BCBCA and a director is not entitled to vote on any director's resolution to approve that contract or transaction unless all of the directors have a disclosable interest in that contract or transaction, in which case all of those directors may vote on such resolution.

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A director may hold any office or place of profit with the Company in conjunction with the office of director, and no director shall be disqualified by his office from contracting with the Company. A director or his firm may act in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services. A director may become a director or other officer or employee of, or otherwise interested in, any corporation or firm in which the Company may be interested as a shareholder or otherwise. The director shall not be accountable to the Company for any remuneration or other benefits received by him from such other corporation or firm unless the Company in general meeting directs otherwise.

Under the Articles the directors must manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers which are not required to be exercised by the shareholders, or as governed by the BCBCA. Under the Articles the directors may, by resolution, create and appoint one or more committees consisting of such member or members of their body as they think fit and may delegate to any such committee such powers of the Board as the Board may designate or prescribe.

The Articles provide that the quorum necessary for the transaction of the business of the directors may be fixed by the directors and if not so fixed shall be a majority of the directors. The continuing directors may, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed pursuant to the Articles as the necessary quorum of directors, act only for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

The Articles provide that the directors may, on behalf of the Company:

- Borrow money in a manner and amount, on any security, from any source and upon any terms and conditions;
- Issue bonds, debentures, and other debt obligations either outright or as security for any liability or obligation of the Company or any other person;
- Guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- Mortgage, charge, or give other security, on the whole or any part of the property or assets of the Company, both present and future.

There are no age limit requirements pertaining to the retirement or non-retirement of directors.

A director need not be a shareholder of the Company.

The Articles provide for the mandatory indemnification of Directors, Officers, former officers and directors, alternate directors, as well as their respective heirs and personal or other legal representatives, or any other person, to the greatest extent permitted by the BCBCA. The indemnification includes the mandatory payment of expenses. The directors may cause the Company to purchase and maintain insurance for the benefit of eligible parties.

The rights, preferences and restrictions attaching to each class of the Company's shares are as follows:

### Common Shares

The authorized share structure consists of an unlimited number of common shares without par value. All the shares of common stock of the Company are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of common stock are entitled to one vote for each share held of record on all matters to be acted upon by the shareholders. Holders of common stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors, in its discretion, out of funds legally available therefore.

Upon liquidation, dissolution or winding up of the Company, holders of common stock are entitled to receive pro rata the assets of Company, if any, remaining after payments of all debts and liabilities. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

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The Directors may by resolution make any changes in the authorized share structure as may be permitted under Section 54 of the BCBCA, and may by resolution of the Directors make or authorize the making of any alterations to the Articles and the notice of articles as may be required by such changes.

The Company may by ordinary resolution, create or vary special rights and restrictions as provided in Section 58 of the BCBCA. No alteration will be valid as to any part of the issued shares of any class unless the holders of all the issued shares of that class consent to the alteration in writing or consent by special separate resolution.

An annual general meeting shall be held once every calendar year at such time (not being more than 15 months after holding the last preceding annual meeting) and place as may be determined by the Directors. The Directors may, as they see fit, to convene an extraordinary general meeting. An extraordinary general meeting, if requisitioned in accordance with the BCBCA, shall be convened by the Directors or, if not convened by the Directors, may be convened by the requisitionists as provided in the BCBCA.

There are no limitations upon the rights to own securities.

There are no provisions that would have the effect of delaying, deferring, or preventing a change in control of the Company.

There is no special ownership threshold above which an ownership position must be disclosed. However, any ownership level above 10% must be disclosed by news release and notices filed in accordance with Canadian Securities Laws and by notices to the Toronto Stock Exchange.

A copy of the Company's new articles is filed was filed as an exhibit to the 2005 Form 20-F Annual Report with the Commission on March 30, 2006.

## Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which we or any member of the group is a party, for the two years preceding the date of this document.

1. Purchase Offer dated April 22, 2010 between the Company, Skeena Resources Limited ("Skeena"), Virginia Energy Resources Inc. ("Virginia Energy") and Minera Cascable SA de CV ("Cascable") whereby Skeena purchased the Company's, Virginia Energy's and Cascable's 100% interest in the Tropic prospect for a total of 8,000,000 shares of Skeena and 4,000 share purchase warrants. The full text of the Purchase Offer is filed with the Commission as Exhibit 4.1 to the Company's Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 on October 31, 2011.
2. Option Agreement dated May 21, 2010 between the Company and Sunburst Explorations Inc. ("Sunburst") whereby Sunburst has the right to earn a 60% interest in the Merit prospect by spending \$3,000,000 and issuing 700,000 shares of Sunburst to the Company on or before fifteen (15) days from the date upon which the common shares of Sunburst are listed for trading on the TSX Venture Exchange. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on June 10, 2010.
3. Option Agreement dated September 3, 2010 between the Company and Windstorm Resources Ltd. ("Windstorm") whereby Windstorm has the right to earn a 60% interest in the Caldera prospect by spending US\$5,000,000 and issuing 1,000,000 shares of Windstorm to the Company by September 16, 2016. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on September 8, 2010.

4. Assets Purchase Agreement dated February 11, 2011 between the Company and Beanstalk Capital Inc. (“Beanstalk”) whereby Beanstalk has agreed to purchase 100% of all assets belonging to or usually and ordinarily used in connection with the Elk Gold Project for thirty-seven (37) million shares of Beanstalk. The full text of the Assets Purchase Agreement was furnished to the Commission under cover of Form 6-K on March 11, 2011.

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5. Shareholder Rights Plan Agreement (the “Plan”) dated April 13, 2011 between the Company and Computershare Investor Services Inc. as Rights Agent whereby the Plan will provide the Board of Directors (the “Board”) of the Company and the shareholders more time to fully consider any unsolicited takeover bids for the Company without any undue pressure, it will allow the Board to pursue other alternatives to maximize shareholder value, and it will allow additional time for competing bids to emerge. The full text of the Plan was furnished to the Commission under cover of Form 6-K on April 15, 2011.
6. Amendment to Option Agreement dated May 20, 2011 between the Company and Sunburst Explorations Inc. (“Sunburst”) extending the date whereby the common shares of Sunburst are to be listed for trading on the TSX Venture Exchange to July 31, 2011. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on May 31, 2011.
7. Option Agreement dated June 17, 2011 between the Company and G4G Resources Ltd. (“G4G”) whereby G4G has the right to earn a 60% interest in the Yago prospect by paying \$50,000 to the Company, spending US\$6,000,000 and issuing 3,000,000 shares of G4G to the Company within five years. The full text of the Option Agreement is filed with the Commission as Exhibit 4.2 to the Company’s Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 on October 31, 2011.
8. Amendment No. 2 to Option Agreement dated July 12, 2011 between the Company and Sunburst Explorations Inc. (“Sunburst”) extending the date whereby the common shares of Sunburst are to be listed for trading on the TSX Venture Exchange to September 30, 2011. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on September 22, 2011.
9. Amendment No. 3 to Option Agreement dated September 19, 2011 between the Company and Sunburst Explorations Inc. (“Sunburst”) extending the date whereby the common shares of Sunburst are to be listed for trading on the TSX Venture Exchange to December 31, 2011. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on September 22, 2011.
10. Transfer Agreement dated September 23, 2011 between the Company, Candymin S.A. de C.V. (“Candymin”) and Goldgroup Mining Inc. (“Goldgroup”) whereby the Company has agreed to transfer all its interest in the Caballo Blanco Property to Goldgroup and Candymin has agreed to transfer, release and quit claim the El Cobre Interest. The full text of the Transfer Agreement is filed with the Commission as Exhibit 4.3 to the Company’s Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 on October 31, 2011.
11. Retained Interest Agreement dated September 23, 2011 between the Company, 0919921 B.C. Ltd. (“0919921”) and Goldgroup Mining Inc. (“Goldgroup”) whereby Almaden is causing its subsidiary to enter into a transfer agreement where under all property rights are transferred to Goldgroup’s subsidiary. The full text of the Retained Interest Agreement is filed with the Commission as Exhibit 4.4 to the Company’s Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 on October 31, 2011.
12. Amending Agreement dated September 26, 2011 between the Company, 0919921 B.C. Ltd. and Goldgroup Mining Inc. whereby the definition of Closing Date in the Retained Interest Agreement is replaced. The full text of the Amending Agreement is filed with the Commission as Exhibit 4.5 to the Company’s Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 on October 31, 2011.
13. Option Agreement dated January 23, 2012 between the Company and Fjordland Exploration Inc. (“Fjordland”) whereby Fjordland has the right to earn a 100% interest in the Dill prospect by paying \$50,000 to the Company and issuing 2,000,000 shares of Fjordland upon completion of a NI 43-101 Resource Estimate by Fjordland. The full text of the Option Agreement was furnished to the Commission under cover of Form 6-K on February 14, 2012.



Exchange controls

Except as discussed above, the Company is not aware of any Canadian federal or provincial laws, decrees or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of interest, dividends or other payments to non-Canadian holders of the common shares. There are no limitations on the right of non-Canadian owners to hold or vote the common shares imposed by Canadian federal or provincial law or by the charter or other constituent documents of the Company.

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The Investment Canada Act (the “IC Act”) governs acquisitions of Canadian business by a non-Canadian person or entity. The IC Act requires a non-Canadian (as defined in the IC Act) making an investment to acquire control of a Canadian business, the gross assets of which exceed certain defined threshold levels, to file an application for review with the Investment Review Division of Industry Canada. The IC Act provides, among other things, for a review of an investment in the event of acquisition of “control” in certain Canadian businesses in the following circumstances:

1. If the investor is a non-Canadian and is a national of a country belonging to the North American Free Trade Agreement (“NAFTA”) and/or the World Trade Organization (“WTO”) (“NAFTA or WTO National”), any direct acquisition having an asset value exceeding \$179,000,000 is reviewable. This amount is subject to an annual adjustment on the basis of a prescribed formula in the IC Act to reflect inflation and real growth within Canada. This threshold level does not apply in certain sections of Canadian industry, such as uranium, financial services (except insurance), transportation services and cultural services (i.e. the publication, distribution or sale of books, magazines, periodicals (other than printing or typesetting businesses), music in print or machine readable form, radio, television, cable and satellite services; the publication, distribution, sale or exhibition of film or video recordings on audio or video music recordings), to which lower thresholds as prescribed in the IC Act are applicable.
2. If the investor is a non-Canadian and is not a NAFTA or WTO National, any direct acquisition having an asset value exceeding \$5,000,000 and any indirect acquisition having an asset value exceeding \$50,000,000 is reviewable.
3. If the investor is a non-Canadian and is NAFTA or WTO National, an indirect acquisition of control is reviewable if the value of the assets of the business located in Canada represents more than 50% of the asset value of the transaction or the business is involved in uranium, financial services, transportation services or cultural services (as set forth above).

Finally, certain transactions prescribed in the IC Act are exempted from review altogether.

In the context of the Company, in essence, three methods of acquiring control of a Canadian business are regulated by the IC Act: (i) the acquisition of all or substantially all of the assets used in carrying on business in Canada; (ii) the acquisition, directly or indirectly, of voting shares of a Canadian corporation carrying on business in Canada; or (iii) the acquisition of voting shares of an entity which controls, directly or indirectly, another entity carrying on business in Canada.

An acquisition of a majority of the voting shares of a Canadian entity, including a corporation, is deemed to be an acquisition of control under the IC Act. However, under the IC Act, there is a rebuttable presumption that control is acquired if one-third of the voting shares of a Canadian corporation or an equivalent undivided interest in the voting shares of such corporation are held by a non-Canadian person or entity. An acquisition of less than one-third of the voting shares of a Canadian corporation is deemed not to be an acquisition of control. An acquisition of less than a majority, but one-third or more, of the voting shares of a Canadian corporation is presumed to be an acquisition of control unless it can be established that, on the acquisition, the Canadian corporation is not, in fact, controlled by the acquirer through the ownership of voting shares. For partnerships, trusts, joint ventures or other unincorporated Canadian entities, an acquisition of less than a majority of the voting interests is deemed not to be an acquisition of control.

In addition, if a Canadian corporation is controlled by a non-Canadian, the acquisition of control of any other Canadian corporation by such corporation may be subject to the prior approval of the Investment Review Division, unless it can be established that the Canadian corporation is not in fact controlled by the acquirer through the ownership of voting shares.

Where an investment is reviewable under the IC Act, the investment may not be implemented unless it is likely to be of net benefit to Canada. If an applicant is unable to satisfy the Minister responsible for Industry Canada that the investment is likely to be of net benefit to Canada, the applicant may not proceed with the investment. Alternatively, an acquirer may be required to divest control of the Canadian business that is the subject of the investment.

In addition to the foregoing, the IC Act provides for formal notification under the IC Act of all other acquisitions of control by Canadian businesses by non-Canadian investors. The notification process consists of filing a notification within 30 days following the implementation of an investment, which notification is for information, as opposed to review, purposes.

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### Taxation

The following summary of the material Canadian federal income tax consequences generally applicable in respect of the common stock reflects the Company's opinion. The tax consequences to any particular holder of common stock will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdiction in which that holder is subject to taxation, the place where that holder is resident and, generally, according to that holder's particular circumstances. This summary is applicable only to holders who are resident in the United States, have never been resident in Canada, deal at arm's length with the Company, hold their common stock as capital property and who will not use or hold the common stock in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a United States holder that is an issuer that carries on business in Canada and elsewhere.

This summary is based upon the provisions of the Income Tax Act of Canada and the regulations thereunder (collectively, the "Tax Act" or "ITA") and the Canada-United States Tax Convention (the "Tax Convention") as at the date of the Registration Statement and the current administrative practices of Canada Customs and Revenue Agency. This summary does not take into account Provincial income tax consequences.

Each holder should consult his own tax advisor with respect to the income tax consequences applicable to him in his own particular circumstances.

### Certain Canadian Federal Income Tax Consequences

The discussion under this heading summarizes the principal Canadian federal income tax consequences of acquiring, holding and disposing of shares of common stock of the Corporation for a shareholder of the Corporation who is not a resident of Canada but is a resident of the United States and who will acquire and hold shares of common stock of the Corporation as capital property for the purposes of the Income Tax Act (Canada) (the "Canadian Tax Act"). This summary does not apply to a shareholder who carries on business in Canada through a "permanent establishment" situated in Canada or performs independent personal services in Canada through a fixed base in Canada if the shareholder's holding in the Corporation is effectively connected with such permanent establishment or fixed base. This summary is based on the provisions of the Canadian Tax Act and the regulations thereunder and on an understanding of the administrative practices of Canada Customs & Revenue Agency, and takes into account all specific proposals to amend the Canadian Tax Act or regulations made by the Minister of Finance of Canada as of the date hereof. It has been assumed that there will be no other relevant amendment of any governing law although no assurance can be given in this respect. This discussion is general only and is not a substitute for independent advice from a shareholder's own Canadian and U.S. tax advisors.

The provisions of the Canadian Tax Act are subject to income tax treaties to which Canada is a party, including the Canada-United States Income Tax Convention (1980), as amended (the "Convention").

### Dividends on Common Shares and Other Income

Under the Canadian Tax Act, a non-resident of Canada is generally subject to Canadian withholding tax at the rate of 25 percent on dividends paid or deemed to have been paid to him or her by a corporation resident in Canada. The Corporation is responsible for withholding of tax at the source. The Convention limits the rate to 15 percent if the shareholder is a resident of the United States and the dividends are beneficially owned by and paid to such shareholder, and to 5 percent if the shareholder is also a corporation that beneficially owns at least 10 percent of the voting stock of the payor corporation.

The amount of a stock dividend (for tax purposes) would generally be equal to the amount by which the paid up or stated capital of the Corporation had increased by reason of the payment of such dividend. The Corporation will furnish additional tax information to shareholders in the event of such a dividend. Interest paid or deemed to be paid on the Corporation's debt securities held by non-Canadian residents may also be subject to Canadian withholding tax,

depending upon the terms and provisions of such securities and any applicable tax treaty.

The Convention generally exempts from Canadian income tax dividends paid to a religious, scientific, literary, educational or charitable organization or to an organization constituted and operated exclusively to administer a pension, retirement or employee benefit fund or plan, if the organization is a resident of the United States and is exempt from income tax under the laws of the United States.

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### Dispositions of Common Shares

Under the Canadian Tax Act, a taxpayer's capital gain or capital loss from a disposition of a share of common stock of the Corporation is the amount, if any, by which his or her proceeds of disposition exceed (or are exceeded by, respectively) the aggregate of his or her adjusted cost base of the share and reasonable expenses of disposition. The capital gain or loss must be computed in Canadian currency using a weighted average adjusted cost base for identical properties. There are special transitional rules to apply capital losses against capital gains that arose in different periods. The amount by which a shareholder's capital loss exceeds the capital gain in a year may be deducted from a capital gain realized by the shareholder in the three previous years or any subsequent year, subject to certain restrictions in the case of a corporate shareholder.

Under the Canadian Tax Act, a non-resident of Canada is subject to Canadian tax on taxable capital gains, and may deduct allowable capital losses, realized on a disposition of "taxable Canadian property." Shares of common stock of the Corporation will constitute taxable Canadian property of a shareholder at a particular time if the shareholder used the shares in carrying on business in Canada, or if at any time in the five years immediately preceding the disposition 25% or more of the issued shares of any class or series in the capital stock of the Corporation belonged to one or more persons in a group comprising the shareholder and persons with whom the shareholder and persons with whom the shareholder did not deal at arm's length and in certain other circumstances.

The Convention relieves United States residents from liability for Canadian tax on capital gains derived on a disposition of shares unless

- (a) the value of the shares is derived principally from "real property" in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production,
- (b) the shareholder was resident in Canada for 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he or she ceased to be resident in Canada, or
- (c) the shares formed part of the business property of a "permanent establishment" that the holder has or had in Canada within the 12 months preceding the disposition.

### Certain United States Federal Income Tax Consequences

The Convention relieves United States residents from liability for Canadian tax on capital gains derived on a disposition of shares unless

- (a) the value of the shares is derived principally from "real property" in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production,
- (b) the shareholder was resident in Canada for 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he or she ceased to be resident in Canada, or
- (c) the shares formed part of the business property of a "permanent establishment" that the holder has or had in Canada within the 12 months preceding the disposition.

### Certain United States Federal Income Tax Consequences

The following is a discussion of material United States federal income tax consequences generally applicable to a U.S. Holder (as defined below) of common shares of the Company. This discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (“the Code”), Treasury Regulations, published Internal Revenue Service (“IRS”) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possible on a retroactive basis, at any time. In addition, the discussion does not consider the potential effects, both adverse and beneficial, or recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The following discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any Holder or prospective holder and not opinion or representation with respect to the U.S. Federal income tax consequences to any such Holder or prospective holder is made. The following summary was not written and is not intended to be used, and cannot be used, by any person for the avoidance of any penalties with respect to taxes that may be imposed on such person. Holders and prospective holders of common shares of the Company are urged to consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares of the Company.

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### U.S. Holders

As used herein, a U.S. Holder includes a holder of common shares of the Company who is a citizen or resident of the United States, a corporation (or an entity which has elected to be treated as a corporation under Treasury Regulation Sections 301.7701-3) created or organized in or under the laws of the United States or of any political subdivision thereof, any estate other than a foreign estate (as defined in Section 7701(a)(31)(A) of the Code or, a trust subject to the primary supervision of a court within the United States and control of a United States fiduciary as described in Section 7701(a)(30)(E) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a “functional currency” other than the U.S. dollar, shareholders who hold common shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own common shares as capital assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder of the Company or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares of the Company.

### Distribution on Common Shares of the Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder’s United States federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder’s United States federal taxable income. (See more detailed discussion at “Foreign Tax Credit” below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder’s adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Dividend income will be taxed at marginal tax rates applicable to ordinary income while preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss may be recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars.

Dividends paid on the common shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a “foreign personal holding company” or a “passive foreign investment company”, as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations which are beyond the scope of this discussion.

### Foreign Tax Credit

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit



reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign income taxes (or taxes in lieu of income tax) paid by (or withheld from) the U.S. Holder during the year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his/her or its worldwide taxable income. The various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. Dividends distributed by the Company will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and holders and prospective holders of common shares of the Company should consult their own tax advisors regarding their individual circumstances.

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For individuals whose entire income from sources outside the United States consists of qualified passive income whose the total amount of creditable foreign taxes paid or accrued during the taxable year does not exceed \$300 (\$600 in the case of a joint return) and for whom an election is made under section 904(j), the limitation on credit does not apply.

### Disposition of Common Shares of the Company

A U.S. Holder will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (I) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares of the Company. Preferential tax rates apply to long-term capital gains of U.S. Holders which are individuals, estates or trusts. This gain or loss will be capital gain or loss if the common shares are capital assets in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders which are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted, but individuals may not carry back capital losses. For U.S. Holders which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

### Other Considerations

In the following circumstances, the above sections of the discussion may not describe the United States federal income tax consequences resulting from the holding and disposition of common shares of the Company.

### Passive Foreign Investment Company

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company ("PFIC"), as defined in Section 1297 of the Code. Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is "passive income", which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the company is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more.

The rule governing PFICs can have significant tax effects on U.S. shareholders of foreign corporations who are subject to U.S. Federal income taxation under one of three alternative methods at the election of each such U.S. shareholder. As a PFIC, each U.S. shareholder's income or gain, with respect to a disposition or deemed disposition of the PFIC's shares or a distribution payable on such shares will generally be subject to tax at the highest marginal rates applicable to ordinary income and certain interest charges as discussed below, unless the U.S. shareholder has timely made a "qualified electing fund" election or a "mark-to-market" election for those shares.

Under one method, a U.S. shareholder who elects in a timely manner to treat the PFIC as a Qualified Electing Fund ("QEF"), as defined in the Code, (an "Electing U.S. Holder") will be required to currently include in his income for any taxable year in which the corporation qualifies as a PFIC his pro-rata share of the corporation's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder, and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) the Corporation's taxable year ends, regardless of whether such amounts are actually distributed. A QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of his common shares (or deemed to be realized on the pledge of his common shares) as capital gain; (ii) treat his share of the corporation's net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether (see discussion of interest charge below), or make an annual

election, subject to certain limitations, to defer payment of current taxes on his share of the corporation's annual realized net capital gain and ordinary earnings which will then be subject, however, to an interest charge.

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The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which the Corporation is a PFIC. If the U.S. shareholder makes a QEF election in such first year, (sometimes referred to as a "Pedigreed QEF Election"), then the U.S. shareholder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files its tax return for such first year. If, however, the corporation qualified as a PFIC in a prior year during the U.S. shareholder's holding period, then the U.S. shareholder may make a retroactive QEF election, provided he has preserved his right to do so under the protective statement regime or he obtains IRS permission.

If a U.S. shareholder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reason of a pledge) of his common shares and (ii) certain "excess distributions" by the corporation. An excess distribution is a current year distribution received by the U.S. shareholder on PFIC stock to the extent that the distribution exceeds its ratable portion of 125% of the average amount received by the U.S. shareholder during the preceding three years.

A Non-electing U.S. shareholder generally would be required to pro-rate all gains realized on the disposition of his common shares and all excess distributions over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. shareholder (other than years prior to the first taxable year of the Corporation during such U.S. Holder's holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest marginal tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. shareholder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing non-corporate U.S. shareholder must treat this interest charge as "personal interest" which is wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If a corporation is a PFIC for any taxable year during which a Non-electing U.S. shareholder holds common shares, then the corporation will continue to be treated as a PFIC with respect to such common shares, even if it is no longer by definition a PFIC. A Non-electing U.S. shareholder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such common shares had been sold on the last day of the last taxable year for which it was a PFIC. If the corporation no longer qualifies as a PFIC in a subsequent year, then normal Code rules and not the PFIC rules will apply with respect to a U.S. shareholder who has made a Pedigreed QEF election.

If a U.S. shareholder makes a QEF Election that is not a Pedigreed Election (i.e., it is made after the first year during which the corporation is a PFIC and the U.S. shareholder holds shares of the corporation) (a "Non-Pedigreed Election"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF first becomes effective. U.S. Holders are encouraged to consult their tax advisors regarding the specific consequences of making or not making a QEF Election.

### Controlled Foreign Corporation

If more than 50% of the voting power of all classes of stock entitled to vote is owned, actually or constructively, by U.S. Holders, each of whom own actually or constructively 10% or more of the total combined voting power of all classes of stock of the Company, the Company would be treated as a "controlled foreign corporation" or "CFC" under Subpart F of the Code. This classification would effect many complex results, one of which requires such 10% U.S. Holders to include in their income their pro rata shares of the Subpart F income of the CFC and the CFC's earnings invested in U.S. property. The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares by a U.S. Holder of common shares of the Corporation which is or was a United States Shareholder at any time during the five-year period ending

with the sale or exchange is treated as ordinary income to the extent of earnings and profits of the Company (accumulated only while the shares were held by the United States Shareholder and while the Company was a CFC attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be treated as a PFIC with respect to certain 10% U.S. Shareholders of the CFC. This rule generally will be effective for taxable years of United States Shareholders beginning after 1997 and for taxable years of foreign corporations ending with or within such taxable years of United States Shareholders. The PFIC provisions continue to apply in the case of a PFIC that is also a CFC with respect to the U.S. Holders that are less than 10% shareholders. Because of the complexity of Subpart F, a more detailed review of these rules is outside of the scope of this discussion.

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Filing of Information Returns

Under a number of circumstances, United States persons acquiring shares of the Company may be required to file an information return with the Internal Revenue Service Center where they are required to file their tax returns with a duplicate copy to the Internal Revenue Service Center, Philadelphia, PA 19255. In particular, under Section 6046 of the Code, any United States person who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply, such United States persons should consult their own tax advisors concerning these requirements.

Documents on Display

Any of the documents referred to above can be viewed at the registered office of the Company located at 1185 West Georgia Street, Suite 1150, Vancouver, British Columbia, Canada, V6E 4E6.

This Annual Report and the Company's recent 6-K filings can be viewed on the U.S. Securities and Exchange EDGAR web-site at [www.sec.gov](http://www.sec.gov). All regulatory filings in Canada can be viewed on the System for Electronic Document Analysis and Retrieval (SEDAR) web-site at [www.sedar.com](http://www.sedar.com).

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Some of the Company's mineral exploration properties are located outside of Canada. As a Canadian company, Almaden's cash balances are kept primarily in Canadian funds, while many exploration and property expenses are denominated in United States dollars or the Mexican peso. Therefore, the Company is exposed to some exchange rate risk. The Company considers the amount of risk to be manageable and does not currently, nor is likely in the foreseeable future, conduct hedging to reduce its exchange rate risk. A 10% change in the United States dollar exchange rate relative to the Canadian dollar would change the Company's net income by \$220,000. A 10% change in the Mexican peso exchange rate relative to the Canadian dollar would change the Company's net income by \$1,000.

Item 12. Description of Securities Other than Equity Securities

Not Applicable

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not Applicable

Item 14. Material Modifications to the Rights of Securities Holders and Use of Proceeds

Not Applicable

Item 15. Controls and Procedures

i. Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended, or "Exchange Act") as of December 31, 2011. This evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2011, our disclosure controls and

procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms. We also concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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ii. Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by IASB.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management's assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In making this assessment, the Company's management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of December 31, 2011, the Company's internal control over financial reporting was effective.

The Company's internal control over financial reporting as of December 31, 2011 has been audited by Deloitte & Touche LLP, Independent Registered Chartered Accountants, who also audited the Company's Consolidated Financial Statements for the year ended December 31, 2011 and as stated in the Report of Independent Registered Chartered Accountants, as included herein, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

iii. Attestation Report of Independent Registered Public Accounting Firm

The Independent Registered Chartered Accountants, Deloitte & Touche LLP, who audited the Company's annual financial statements for the year ended December 31, 2011, have issued an attestation report on the Company's Internal Control Over Financial Reporting as included in the financial statements included with this Annual Report on Form 20-F.

iv. Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during Fiscal 2011 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Company's Board of Directors has determined that Mr. James E. McInnes is the Company's audit committee financial expert. Mr. McInnes served as President of Horseshoe Gold Mining Inc. (now Cosigo Resources Ltd.) from 1991 to 2011, and has served as a director with other publicly traded companies. Mr. McInnes is independent as defined by Section 803(B) of the NYSE Amex Listing Standards.

Item 16B. Code of Ethics

The Company adopted several codes of conduct, including a Code of Business Ethics, a Code of Business Conduct Ethics for Directors, a Communications Policy and an Audit Committee Charter. These initial codes were filed with the 20-F Annual Report for the fiscal year ended December 31, 2003 as filed with the United States Securities and



Exchange Commission on May 11, 2004. After review, the Company has adopted revised and new codes as follow: Audit Committee Charter, Nominating and Corporate Governance Committee-Responsibilities and Duties, Compensation Committee-Responsibilities and Duties, Code of Business Ethics, Code of Business Conduct and Ethics for Directors, Communications Policy, Securities Trading Policy, Whistleblowers Policy and a Privacy Policy (the "Codes"). The Codes may be viewed on the Company's website at [www.almadenminerals.com](http://www.almadenminerals.com). The Codes may also be viewed as filed on EDGAR and SEDAR as an exhibit to the 2005 20-F Annual Report filed with the Commission on March 30, 2006. Any amendments to the Codes or waivers of the provision of any Codes will be posted on the Company's website within 5 business days of such amendment or waiver.

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The Company has adopted a Code of Business Conduct and Ethics for Directors (“Code”), a Code of Business Ethics (“COBE”), a Securities Trading Policy and a Privacy Policy. Employees and consultants are required as a term of employment to undertake to abide by the COBE. Directors are by law bound to observe the Code adopted by the Board.

All Directors, Officers and Employees (“Individuals”) sign an Annual Certification (“Certification”) stating they have read the Code of Business Ethics policy (“Policy”) of the Company and have complied with such Policy in all respects. The Certification further acknowledges that all members of the Individual’s family, all other persons who live with the Individual and all holding companies and other related entities of the Individual and all such persons or companies acting on behalf of or at the request of any of the foregoing also complied with such Policy. The Certification also states that any violation of such Policy may constitute grounds for immediate suspension or dismissal.

Each director is expected and required by statute to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances and in accordance with the Business Corporations Act (British Columbia) and the Company’s Articles.

## Item 16C. Principal Accountant Fees and Services

Table No. 19 lists the aggregate fees billed or estimated for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the Company’s annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Table No. 19  
Principal Accountant Fees

	Years ended December 31	
	2011	2010
Audit fees	\$ 104,690	\$ 99,910
Audit-related fees	58,500	47,330
Tax fees	117,104	15,500
Other fees	—	—

Fiscal 2011 audit fees relate to the annual audit of the Company’s consolidated financial statements, effectiveness of the Company’s internal control over financial reporting and review of the Form 20-F. Fiscal 2010 audit fees relate to the annual audit of the Company’s financial statements and review of the Form 20-F. Audit-related fees consist of IFRS conversion and advisory services. Tax fees relate to the completion of income tax returns and tax consulting services. Other fees relate to services other than audit fees, audit-related fees, and tax fees described above.

## Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

## Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

## Item 16F. Change in Registrant’s Certifying Accountant

Not applicable.



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Item 16G. Corporate Governance

The Company's class of common shares are listed on the NYSE Amex. In the opinion of management, the Company's corporate governance practices do not differ in any significant way from those followed by U.S. domestic companies listed on the NYSE Amex.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

The Company's consolidated financial statements and notes thereto are stated in Canadian Dollars (CDN\$) and are prepared in accordance with International Financial Reporting Standards as issued by the IASB.

Item 18. Financial Statements

The Company has provided financial statements pursuant to Item 17.

Item 19. Exhibits

A. The financial statements and notes thereto as required under Item 17 are attached hereto and found immediately following the text of this Annual Report.

Audited Financial Statements

Independent auditor's report on the consolidated financial statements, dated March 27, 2012

Report on internal control over financial reporting dated March 27, 2012

Consolidated statements of financial position at December 31, 2011 and 2010

Consolidated statements of comprehensive loss for the years ended December 31, 2011, 2010 and 2009

Consolidated statements of changes in equity for the years ended December 31, 2010 and 2009

Consolidated statements of cash flows for the years ended December 31, 2011, 2010 and 2009

Summary of significant accounting policies and other explanatory information

B. Index to Exhibits

1. Certificate of Amalgamation

Amalgamation Agreement

--Incorporated by reference to the Company's Form 20-F Annual Report for the year ended December 31, 2001, as filed with the Commission on May 17, 2002--

1.1 Articles

--Incorporated by reference to the Company's Form 20-F Annual Report for the year ended December 31, 2005, as filed with the Commission on March 30, 2006--

2. Instruments defining the rights of holders of equity of debt securities being registered

--Refer to Exhibit No. 1--

3. Voting trust agreements – N/A

4.

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Purchase Offer dated April 22, 2010 with Skeena Resources Limited, Virginia Energy Resources Inc. and Minera Cascabel SA de CV

--Incorporated by reference to the Company's Form 20-F/A-2, Amendment No.2, for the year ended December 31, 2010 furnished with the Commission on October 31, 2011--

Option Agreement dated May 21, 2010 with Sunburst Explorations Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on June 10, 2010--

Option Agreement dated September 2, 2010 with Windstorm Resources Ltd.

--Incorporated by reference to the Form 6-K furnished with the Commission on September 8, 2010 --

Assets Purchase Agreement dated February 15, 2011 with Beanstalk Capital Inc.

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--Incorporated by reference to the Form 6-K furnished with the Commission on March 11, 2011--  
Shareholder Rights Plan Agreement dated April 13, 2011 with Computershare Investor Services Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on April 15, 2011--  
Amendment to Option Agreement dated May 20, 2011 with Sunburst Explorations Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on May 31, 2011--  
Option Agreement dated June 17, 2011 with G4G Resources Ltd.

--Incorporated by reference to the Company's Form 20-F/A-2, Amendment No.2, for the year ended  
December 31, 2010 furnished with the Commission on October 31, 2011--  
Amendment No. 2 to Option Agreement dated July 12, 2011 with Sunburst Explorations Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on September 22, 2011--  
Amendment No. 3 to Option Agreement dated September 29, 2011 with Sunburst Explorations Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on September 22, 2011--  
Transfer Agreement dated September 23, 2011 with Candymin S.A. de C.V. and Goldgroup Mining Inc.

--Incorporated by reference to the Company's Form 20-F/A-2, Amendment No.2, for the year ended  
December 31, 2010 furnished with the Commission on October 31, 2011--  
Retained Interest Agreement dated September 23, 2011 with 0919921 B.C. Ltd. and Goldgroup Mining  
Inc.

--Incorporated by reference to the Company's Form 20-F/A-2, Amendment No.2, for the year ended  
December 31, 2010 furnished with the Commission on October 31, 2011--  
Amending Agreement dated September 26, 2011 with 0919921 B.C. Ltd. and Goldgroup Mining Inc.

--Incorporated by reference to the Company's Form 20-F/A-2, Amendment No.2, for the year ended  
December 31, 2010 furnished with the Commission on October 31, 2011--  
Option Agreement dated January 23, 2012 with Fjordland Exploration Inc.

--Incorporated by reference to the Form 6-K furnished with the Commission on February 14, 2012

5. List of foreign patents – N/A

6. Calculation of earnings per share – N/A

7. Explanation of calculation of ratios – N/A

8. List of subsidiaries

9. Statement pursuant to the instruction to Item 8.A.4, regarding the financial statement filed in registration  
Statements for initial public offerings of securities – N/A

10. Any notice required by Rule 104 of Regulation BTR – N/A

11. Audit Committee Charter  
Nominating and Corporate Governance Committee-Duties and Responsibility  
Compensation Committee-Responsibilities and Duties  
Code of Business Ethics  
Code of Business Conduct and Ethics for Directors  
Communications Policy  
Securities Trading Policy  
Whistleblower Policy  
Privacy Policy  
--Incorporated by reference to the Company's Form 20-F Annual Report for the year ended December 31,  
2005, as filed with the Commission on March 30, 2006

- 12.1 Certification of CEO Pursuant to Securities Exchange Act, Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 12.2 Certification of CFO Pursuant to Securities Exchange Act, Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 13.1 Certification of CEO Pursuant to the Sarbanes-Oxley Act, 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13.2 Certification of CFO Pursuant to the Sarbanes-Oxley Act, 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Consolidated financial statements of

Almaden Minerals Ltd.

For the year ended December 31, 2011

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Almaden Minerals Ltd.

December 31, 2011

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Report of Independent Registered Chartered Accountants

To the Board of Directors and Shareholders of Almaden Minerals Ltd.

We have audited the accompanying consolidated financial statements of Almaden Minerals Ltd. and subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for each of the years ended December 31, 2011, 2010 and 2009 and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Membre de / Member of Deloitte Touche Tohmatsu



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Almaden Minerals Ltd. and subsidiaries as at December 31, 2011 and 2010 and their financial performance and cash flows for each of the years ended December 31, 2011, 2010 and 2009 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 27, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

Independent Registered Chartered Accountants

Vancouver, Canada

March 27, 2012

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Report of Independent Registered Chartered Accountants

To the Board of Directors and Shareholders of Almaden Minerals Ltd.

We have audited the internal control over financial reporting of Almaden Minerals Ltd. and subsidiaries (the “Company”) as of December 31, 2011, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or

detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Membre de / Member of Deloitte Touche Tohmatsu

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In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011 of the Company and our report dated March 27, 2012 expressed an unqualified opinion on those financial statements.

Independent Registered Chartered Accountants

Vancouver, Canada

March 27, 2012

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Almaden Minerals Ltd.  
 Consolidated statements of financial position  
 (Expressed in Canadian dollars)

	December 31, 2011	December 31, 2010
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 15)	21,184,159	16,087,832
Accounts receivable and prepaid expenses (Note 4)	1,148,406	538,400
Marketable securities (Note 5)	8,471,167	1,851,883
Short term investment	—	2,000,000
Inventory (Note 6)	274,768	274,768
Assets classified as held for sale (Note 20)	—	9,083,633
	31,078,500	29,836,516
Non-current assets		
Investments in associates (Note 7)	10,179,423	941,276
Exploration and evaluation assets deposit (Note 9(h)(vi))	138,929	138,929
Reclamation deposit	129,764	124,764
Contingent shares receivable (Note 9(a) and (d))	662,700	—
Property, plant and equipment (Note 8)	1,245,543	862,725
Exploration and evaluation assets (Note 9)	10,470,410	4,439,145
	22,826,769	6,506,839
<b>TOTAL ASSETS</b>	<b>53,905,269</b>	<b>36,343,355</b>
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	565,097	372,889
Deferred exploration advances payable	—	156,956
Liabilities directly associated with assets classified as held for sale (Note 20)	—	119,636
	565,097	649,481
<b>EQUITY</b>		
Share capital (Note 10)	73,353,977	62,853,930
Reserves (Note 10)	6,861,644	7,010,251
Deficit	(26,875,449)	(34,170,307)
	53,340,172	35,693,874
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53,905,269</b>	<b>36,343,355</b>
Commitments (Note 17)		

These consolidated financial statements are authorized for issue by the Board of Directors on March 27, 2012. They are signed on the Company's behalf by:

/s/Duane Poliquin  
 Director

/s/James E. McInnes  
 Director





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Almaden Minerals Ltd.

Consolidated statements of comprehensive income (loss)

(Expressed in Canadian dollars)

	Years ended December 31,		
	2011	2010	2009
	\$	\$	\$
Revenue			
Interest income	161,664	38,589	169,458
Drilling services	—	—	2,112,832
Other income	87,048	195,286	158,329
	248,712	233,875	2,440,619
Expenses (income)			
Drilling services expenses	—	—	1,218,518
Impairment of exploration and evaluation assets	318,847	725,951	890,811
Recovery in value of mineral properties	—	(84,323 )	—
General and administrative expenses (Schedule 1)	2,096,097	1,493,611	1,291,253
Income on sale of mineral property interests (Note 13)	(15,072,485)	(1,923,430)	(77,360 )
General exploration expenses	961,992	646,358	665,055
Share-based payments	4,930,700	2,108,800	67,500
	(6,764,849 )	2,966,967	4,055,777
Operating income (loss)	7,013,561	(2,733,092)	(1,615,158)
Other income (loss)			
Gain (loss) on investment in associate (Note 7)	1,286,740	(151,926 )	(90,908 )
Loss on dilution of equity investments (Note 7)	(122,843 )	(168,449 )	(196,476 )
Impairment of marketable securities (Note 5)	(987,600 )	—	(80,600 )
Gain (loss) on sale of marketable securities	149,069	(556,753 )	(26,790 )
Gain (loss) on sale of property, plant and equipment	(9,374 )	2,836	—
Foreign exchange loss	(54,695 )	(163,034 )	(415,755 )
Income (loss) before income taxes	7,274,858	(3,770,418)	(2,425,687)
Income tax recovery (Note 16)	20,000	305,766	139,728
Net income (loss) for the year	7,294,858	(3,464,652)	(2,285,959)
Other comprehensive (loss) income			
Net change in fair value of available-for-sale financial assets, net of tax of nil	(1,673,674 )	149,738	596,051
Reclassification adjustment relating to available-for-sale financial assets disposed of in the year, net of tax of nil	(148,028 )	556,753	26,240
Other comprehensive (loss) income for the year	(1,821,702 )	706,491	622,291
Total comprehensive income (loss) for the year	5,473,156	(2,758,161)	(1,663,668)
Basic net income (loss) per share (Note 14)	0.13	(0.07 )	(0.05 )
Diluted net income (loss) per share (Note 14)	0.12	(0.07 )	(0.05 )



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Almaden Minerals Ltd.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Years ended December 31,		
	2011	2010	2009
	\$	\$	\$
<b>Operating activities</b>			
Net income (loss) for the year	7,294,858	(3,464,652 )	(2,285,959 )
<b>Items not affecting cash</b>			
Deferred income tax recovery	(20,000 )	(305,766 )	(139,728 )
(Gain) loss on investment in associate	(1,286,740 )	151,926	90,908
Loss on dilution	122,843	168,449	196,476
Depreciation	271,061	189,580	169,973
(Gain) loss on sale of marketable securities	(149,069 )	556,753	26,790
Impairment of marketable securities	987,600	—	80,600
Non-cash portion of income on sale of mineral property interests	(15,067,486)	(1,923,430 )	(77,360 )
Impairment of interest in mineral properties	318,847	725,951	890,811
Recovery in value of mineral properties	—	(84,323 )	—
Share-based payments	4,930,700	2,108,800	67,500
Gain (loss) on sale of property, plant and equipment	9,374	(2,836 )	—
<b>Changes in non-cash working capital components</b>			
Accounts receivable and prepaid expenses	(610,006 )	163,827	(299,515 )
Trade and other payables	(213,672 )	19,326	147,625
Deferred exploration advances payable	(156,956 )	156,956	—
Net cash used in operating activities	(3,568,646 )	(1,539,439 )	(1,131,879 )
<b>Investing activities</b>			
Reclamation deposit	(5,000 )	(40,764 )	(2,500 )
Short term investment	2,000,000	(2,000,000 )	—
<b>Marketable securities</b>			
Purchases	—	(1,550 )	—
Net proceeds	579,783	1,009,484	103,217
<b>Property, plant and equipment</b>			
Purchases	(678,274 )	(502,822 )	(31,494 )
Net proceeds	15,022	5,190	—
Assets classified as held for sale	(182,713 )	—	—
<b>Mineral properties</b>			
Costs	(6,197,667 )	(5,478,095 )	(933,783 )
Net proceeds on disposal	5,871,380	15,000	119,958
Net cash from (used in) investing activities	1,402,531	(6,993,557 )	(744,602 )
<b>Financing activity</b>			
Issuance of shares, net of share issue costs of \$19,257	7,262,442	11,478,157	2,700,202
Net cash from financing activity	7,262,442	11,478,157	2,700,202
<b>Net cash inflows</b>			
Net cash inflows	5,096,327	2,945,161	823,721
Cash and cash equivalents, beginning of year	16,087,832	13,142,671	12,318,950
Cash and cash equivalents, end of year	21,184,159	16,087,832	13,142,671

Supplemental cash and cash equivalents information - Note

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Interest paid	—	—	—
Interest received	161,664	38,589	169,458
Taxes paid	—	—	—
Taxes received	—	—	—

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Almaden Minerals Ltd.

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Share capital		Reserves		Available-for-sale financial assets	Total reserves	Deficit	Total
	Number of shares	Amount \$	employee compensation	Warrants \$				
Balance, January 1, 2009	45,525,829	49,159,392	4,509,023	176,741	(1,358,650)	3,327,114	(28,419,696)	24,066,810
Shares issued for cash on exercise of stock options	154,000	59,752	—	—	—	—	—	59,752
Fair value of share options transferred to share capital on exercise of options	—	—	—	—	—	—	—	—
Share-based payments	—	—	67,500	—	—	67,500	—	67,500
Private placements	3,293,316	1,658,465	—	981,985	—	981,985	—	2,640,450
Total comprehensive loss for the year	—	—	—	—	622,291	622,291	(2,285,959 )	(1,663,668 )
Balance, December 31, 2009	48,973,145	50,877,609	4,576,523	1,158,726	(736,359 )	4,998,890	(30,705,655 )	25,170,844
Shares issued for cash on exercise of stock options	895,000	919,500	—	—	—	—	—	919,500
Fair value of share options transferred to share capital on exercise of options	—	533,250	(533,250 )	—	—	(533,250 )	—	—
Share-based payments	—	—	2,108,800	—	—	2,108,800	—	2,108,800
Private placements	4,892,021	9,234,011	—	35,500	—	35,500	—	9,269,511
	740,656	983,380	—	—	—	—	—	983,380

Shares issued for cash on exercise of warrants								
Fair value of warrants transferred to share capital on exercise of warrants	—	306,180	—	(306,180 )	—	(306,180 )	—	—
Total comprehensive loss for the year	—	—	—	—	706,491	706,491	(3,464,652 )	(2,758,161 )
Balance, December 31, 2010	55,500,822	62,853,930	6,152,073	888,046	(29,868 )	7,010,251	(34,170,307)	35,693,874
Shares issued for cash on exercise of stock options	2,030,000	4,922,900	—	—	—	—	—	4,922,900
Fair value of share options transferred to share capital on exercise of options	—	2,546,300	(2,546,300)	—	—	(2,546,300)	—	—
Share-based payments	—	—	4,930,700	—	—	4,930,700	—	4,930,700
Private placements and other	110,000	386,243	—	—	—	—	—	386,243
Shares issued for cash on exercise of warrants	1,481,499	1,933,299	—	—	—	—	—	1,933,299
Fair value of warrants transferred to share capital on exercise of warrants	—	711,305	—	(711,305 )	—	(711,305 )	—	—
Total comprehensive loss for the year	—	—	—	—	(1,821,702)	(1,821,702)	7,294,858	5,473,156
Balance, December 31, 2011	59,122,321	73,353,977	8,536,473	176,741	(1,851,570)	6,861,644	(26,875,449)	53,340,172





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1. Nature of operations

Almaden Minerals Ltd. (the “Company” or “Almaden”) is formed by amalgamation under the laws of the Province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The address of the Company’s registered office is Suite 950 – 1199 West Hastings Street, Vancouver, BC, Canada V6E 3T5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain the necessary financing or participation of joint venture partners to complete development of the properties and upon future profitable production or proceeds from the disposition of mineral properties.

2. Basis of preparation

(a) Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee (“IFRIC”).

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are effective as at December 31, 2011.

(c) Functional currency

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

(d) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

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2. Basis of preparation (Continued)
- (d) Significant accounting judgments and estimates (continued)

Critical Judgments

oThe assessment that the Company has significant influence over the investment in Gold Mountain Mining Corporation (“Gold Mountain”) (Note 7(ii)) which results in the use of the equity accounting method for accounting for this investment. In making their judgement, management considered the composition of the Board of Directors of its equity investment in Gold Mountain, the common directors and management between Gold Mountain and the Company and the intercompany transactions and relationship with Gold Mountain and concluded that significant influence exists.

oIn addition the Company determined in 2011 that it no longer has significant influence over its investment in Tarsis Resources Ltd. (Note 7(i)).

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

Estimates

othe recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;

othe carrying value of the marketable securities and the recoverability of the carrying value which are included in the consolidated statement of financial position;

othe carrying value of investments, and the estimated annual gains or losses recorded on investments from income and dilution, and the recoverability of the carrying value which are included in the consolidated statement of financial position;

othe estimated useful lives of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;

othe estimated value of the exploration and development costs which is recorded in the statement of financial position;

othe inputs used in accounting for share purchase option expense in the consolidated statement of comprehensive loss;

othe provision for income taxes which is included in the consolidation statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at December 31, 2011;

o

the inputs used in determining the net present value of the liability for asset retirement obligation included in the consolidated statement of financial position;  
o the inputs used in determining the various commitments and contingencies accrued in the consolidated statement of financial position;

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## 2. Basis of preparation (Continued)

## (d) Significant accounting judgments and estimates (continued)

- o the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable;
- o the estimated fair value of contingent share payments receivable in the event that Gold Mountain achieves some or all of the specified resource and production levels described in Note 9(a); and
  - o the estimated fair value of contingent share payments receivable in the event that Goldgroup Mining Inc. achieves some or all of the specified resource and production levels described in Note 9(d).

## 3. Significant accounting policies

## (a) Basis of consolidation

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

	Jurisdiction	Nature of operations
Almaden America Inc.	USA	exploration company
Republic Resources Ltd.	Canada	service company
Ixtaca Precious Metals Inc.	Canada	holding company
Almaden de Mexico, S.A. de C.V.	Mexico	exploration company
Minera Gavilan, S.A. de C.V.	Mexico	exploration company
Compania Minera Zapata, S.A. de C.V.	Mexico	exploration company
Minera Gorrion, S.A. de C.V.	Mexico	exploration company

Investments where the Company has the ability to exercise significant influence are accounted for using the equity method. Under this method, the Company's share of the investee's earnings or losses is included in operations and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment. The Company's 38.8% interest in Gold Mountain Mining Corporation is accounted for using the equity method. The Company accounts for its interest in jointly controlled assets by recognizing its share of the jointly controlled assets classified according to the nature of the assets.

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



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3. Significant accounting policies

(b) Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Financial instruments

Financial assets

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

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

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

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

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group

of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.



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## 3. Significant accounting policies (Continued)

## (c) Financial instruments (continued)

## Financial liabilities

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

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

Other financial liabilities: This category includes promissory notes, amounts due to related parties and trade and other payables, all of which are recognized at amortized cost.

## (d) Cash, cash equivalents and short-term investments

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. Short-term investments include money market instruments with terms to maturity exceeding ninety days.

## (e) Inventory

Inventory is valued at the lower of the average cost of mining and estimated net realizable value.

## (f) Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated annually on a declining-balance basis at the following rates:

Automotive equipment	30	%
Computer hardware and software	30	%
Field equipment	20	%
Furniture and fixtures	20	%
Geological data library	20	%
Mill equipment	30	%
Drill equipment	20	%
Leasehold improvements	20	% straight-line



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3. Significant accounting policies (Continued)

(g) Revenue recognition

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

Interest income

Revenue is recognized as interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income

Revenue from other income is recognized upon completion of the services for which the measurement of the consideration can be reasonably assured and the ultimate collection is reasonably assured.

(h) Exploration and evaluation

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

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

- a) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned.
- c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

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

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3. Significant accounting policies (Continued)

(h) Exploration and evaluation (continued)

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

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

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Upon transfer of "Exploration and evaluation costs" into "Mine Development", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within "Mine development". After production starts, all assets included in "Mine development" are transferred to "Producing Mines".

All capitalized exploration and evaluation expenditure is monitored for indications of impairment.

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

(i) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash

flows have not been adjusted.

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3. Significant accounting policies (Continued)

(i) Impairment of property, plant and equipment and intangible assets (continued)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

(j) Income taxes

Deferred tax is recorded using the liability method, recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognized if temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities and assets on a net basis.

Current and deferred income tax expense or recovery are recognized in net earnings except when they arise as a result of items recognized in other comprehensive income or directly in equity in the current or prior periods, in which case the related current and deferred income taxes are also recognized in other comprehensive income or directly in equity, respectively.

Any premium paid for flow-through shares in excess of market value of those shares without the flow-through feature is recorded as other liabilities at the time of issue and recognized as a component of tax recovery at the time the qualifying expenditures are made.

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3. Significant accounting policies (Continued)

(k) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such option for periods of up to five years, with vesting periods determined at the sole discretion of the board and at prices equal to the volume weighted average price for the five days immediately preceding the date the options were granted.

The fair value of the options is measured at the date the options are granted, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity settled employee compensation reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(l) Reclamation and closure cost obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has \$104,000 of reclamation deposits held with the Ministry of Mines should any other reclamation and closure cost obligations arise from its obligations to undertake site reclamation and remediation in connection with its operating activities in British Columbia and \$25,764 of reclamation deposits held with the State of Nevada should any asset retirement obligation arise from its obligations to undertake site reclamation and remediation in connection with its operating activities in Nevada.

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

(m) Income (loss) per share

The Company presents the basic and diluted income (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common

shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

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3. Significant accounting policies (Continued)

(n) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(o) Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods. At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

(i) In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. In addition, amendments to IFRS 7 Financial Instruments: Disclosures are effective for annual periods beginning on or after July 1, 2011 and introduce enhanced disclosure around transfers of financial assets and associated risks. The Company does not anticipate that these amendments will have a significant impact on its condensed consolidated financial statements.

(ii) The following Standards are effective for annual periods beginning on or after January 1, 2013. The Company is assessing the impact of these standards.

IFRS 10 Consolidated Financial Statements will replace existing guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities.

IFRS 11 Joint Arrangements will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 Fair Value Measurement was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs.

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## 3. Significant accounting policies (Continued)

## (o) Adoption of new and revised standards and interpretations (continued)

IAS 27 Separate Financial Statements has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

IAS 28 Investments in Associates and Joint Ventures has been revised and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee.

(iii) The following Standard is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of this standard.

IFRS 9 Financial Instruments (“IFRS 9”) was issued to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification and measurement of financial assets. IFRS 9 was subsequently reissued in October 2010, incorporating new requirements on accounting for financial liabilities.

## 4. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses consist of the following:

	December 31, 2011	December 31, 2010
Accounts receivable	\$ 616,774	\$ 327,321
HST receivable	69,424	187,300
Allowance for doubtful accounts	(75,030 )	(75,030 )
Prepaid expenses	537,238	98,809
	\$ 1,148,406	\$ 538,400

## 5. Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as available for sale and valued at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than significant or prolonged losses are recorded as other comprehensive income or loss. During the year ended December 31, 2011, the Company determined that \$987,600 (2010 - \$Nil; 2009 - \$80,600) of unrealized loss recorded in available-for-sale financial assets was a result of significant or prolonged losses and as a result recognized an impairment of marketable securities of a corresponding amount in net income for the year.



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## 6. Inventory

Inventory consists of 1,597 ounces of gold which is valued at the lower of average cost of mining and estimated net realizable value. The market value of the gold at December 31, 2011 is \$2,547,173 (2010 - \$2,268,986).

## 7. Investments in associates

The investment in associates is comprised of the following:

	December 31 2011	December 31, 2010
Investment in Tarsis Resources Ltd. (i)	\$ —	\$ 941,276
Investment in Gold Mountain Mining Corporation (ii)	10,179,423	—
	\$ 10,179,423	\$ 941,276

## (i) Tarsis Resources Ltd.

On July 23, 2007, the Company sold interests in certain mineral exploration properties located in the Yukon Territory and Mexico for a total of 3,500,000 common shares of Tarsis Resources Ltd. (“Tarsis”) resulting in a gain on sale of \$969,314 and the recording of an initial investment in Tarsis in the amount of \$1,120,000. In addition, Almaden retained a net smelter royalty equal to 2% of all metals discovered on the properties.

In May 2008, the Company sold its interest in the Prospector Mountain property located in the Yukon Territory for 100,000 common shares of Tarsis and a cash payment of \$30,000. Almaden retained a 2% net smelter royalty (“NSR”) over any minerals produced from the property, however, half of the net smelter royalty may be purchased at any time after production commences for fair value as determined by an independent valuator. Tarsis also agreed to issue 500,000 common shares of Tarsis upon receipt of a bankable feasibility study for the property.

In the year ended December 31, 2010, Almaden’s interest in Tarsis decreased from 27.6% to 16.6% resulting in the recognition of a loss on dilution of \$168,449.

During the year ended December 31, 2011, the Company determined it no longer had significant influence over Tarsis as a result of changes in common management between Tarsis and the Company. The Company therefore reclassified its interest in Tarsis to marketable securities from investment in associate and recognized a gain on reclassification in the amount of \$1,077,223 which is included in gain (loss) on investment in associate. Prior to this determination and reclassification the Company recognized a loss on dilution of \$122,843 as a result of a private placement in Tarsis.

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## 7. Investments in associates (Continued)

## (i) Tarsis Resources Ltd. (continued)

Prior to the reclassification to marketable securities, Almaden had recorded its equity share of Tarsis' loss during the year ended December 31, 2011 in the amount of a loss \$25,193 (2010 – loss of \$151,926; 2009 - \$90,908) which is also included in gain (loss) on investment in associate.

During the year ended December 31, 2011, the Company charged Tarsis \$97,055 (2010 - \$54,515) for office rent and various expenses and surveys undertaken on behalf of Tarsis. These amounts were valued at the exchange amount agreed to by the parties.

## (ii) Gold Mountain Mining Corporation

On July 26, 2011, the Company closed an Asset Sale Agreement under which Gold Mountain acquired 100% of the Elk gold deposit. Almaden retains a 2% NSR in the project. Under the terms of the agreement, Almaden received 35 million common shares of Gold Mountain and recorded a gain on sale in the amount of \$4,122,166 as described in Note 9(a). Concurrent with the transaction, Almaden sold 8.25 million common shares of Gold Mountain to third parties at \$0.355 per share for gross proceeds of \$2,928,750 resulting in no gain or loss on sale and now holds 26.75 million common shares of Gold Mountain representing a 38.8% interest. Upon completion of the transaction, Duane Poliquin (Chairman and Director of Almaden) and Morgan Poliquin (CEO and director of Almaden) became directors of Gold Mountain.

Almaden is accounting for this investment using the equity accounting method as the Company has determined that significant influence exists. Almaden has recorded its equity share of Gold Mountain's loss during the year ended December 31, 2011 in the amount of \$26,827 (2010 - \$Nil; 2009 - \$Nil). The fair value of the investment at December 31, 2011 is \$14,177,500 (December 31, 2010 - \$Nil).

During the year ended December 31, 2011, the Company charged Gold Mountain \$271,602 (2010 - Nil) for expenditures relating to the Elk project and IP services undertaken on behalf of Gold Mountain. These amounts were valued at the exchange amount agreed to by the parties. The following table summarizes the financial information of Gold Mountain for its year ended December 31, 2011:

	December 31, 2011
Total assets	\$ 31,262,296
Total liabilities	140,914
Revenue	400
Loss	166,305





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## 8. Property, plant and equipment

	Auto equip. \$	Furniture & fixtures \$	Computer hardware \$	Computer software \$	Geological library \$	Field equip. \$	Leasehold \$	Drill equip. \$	Total \$
Cost									
December 31, 2010	469,818	138,625	270,861	133,918	65,106	367,740	27,181	760,180	2,233,429
Additions	138,643	570	45,634	26,135	—	12,792	—	454,500	678,274
Disposals	(55,143 )	—	—	—	—	—	—	—	(55,143 )
December 31, 2011	553,318	139,195	316,495	160,053	65,106	380,532	27,181	1,214,680	2,856,560
Accumulated depreciation									
December 31, 2010	309,008	117,041	229,451	70,251	53,135	220,737	26,059	345,022	1,370,704
Disposals	(30,747 )	—	—	—	—	—	—	—	(30,747 )
Depreciation	61,720	4,374	19,268	23,020	2,394	30,680	1,122	128,482	271,060
December 31, 2011	339,981	121,415	248,719	93,271	55,529	251,417	27,181	473,504	1,611,017
Carrying amounts									
December 31, 2010	160,810	21,584	41,410	63,667	11,971	147,003	1,122	415,158	862,725
December 31, 2011	213,337	17,780	67,776	66,782	9,577	129,115	—	741,176	1,245,543

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## 8. Property, plant and equipment (continued)

	Auto. equip. \$	Furniture & fixtures \$	Computer hardware \$	Computer software \$	Geological library \$	Field equip \$	Mill equip. \$	Leasehold \$	Drill equip. \$	Total \$
Cost										
December 31, 2009	371,015	133,435	265,104	80,455	65,106	353,733	323,264	27,181	476,270	2,095,563
Additions	98,803	5,190	5,757	53,463	—	55,710	—	—	283,910	502,833
Disposals	—	—	—	—	—	(41,703)	—	—	—	(41,703)
December 31, 2010	469,818	138,625	270,861	133,918	65,106	367,740	323,264	27,181	760,180	2,556,693
Accumulated depreciation										
December 31, 2009	261,261	112,294	212,938	54,422	50,143	230,288	—	22,395	276,721	1,220,462
Disposals	—	—	—	—	—	(39,338)	—	—	—	(39,338)
December 31, 2010	309,008	117,041	229,451	70,251	53,135	220,737	—	26,059	345,022	1,370,704
Carrying amounts										
December 31, 2009	109,754	21,141	52,166	26,033	14,963	123,445	323,264	4,786	199,549	875,101
	160,810	21,584	41,410	63,667	11,971	147,003	323,264	1,122	415,158	1,185,989
Reclassified to Asset Held for Sale (Note 20)	—	—	—	—	—	—	(323,264)	—	—	(323,264)
	160,810	21,584	41,410	63,667	11,971	147,003	—	1,122	415,158	862,725

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## 9. Exploration and evaluation assets

Mineral properties	ATW \$	Willow \$	Caballo Blanco \$	El Cobre \$	Tuligtic \$	San Carlos \$	Caldera \$	Other Properties \$	Total \$
Acquisition costs									
Opening balance (December 31, 2010)	46,451	148,254	4,321	41,988	231,059	1	50,205	401,092	923,000
Additions	—	—	—	3,611	—	—	—	113,912	117,523
Impairment of deferred acquisition costs									
Recoveries	—	—	(4,321 )	—	—	—	—	(19,848 )	(4,321 )
Closing balance (December 31, 2011)	46,451	148,254	—	45,599	231,059	1	50,205	495,156	1,016,000
Deferred exploration costs									
Opening balance (December 31, 2010)	1,063,665	369,339	72,840	136,844	1,382,454	—	443,237	47,395	3,515,700
Costs incurred during the period	—	—	—	—	—	—	—	—	—
Drilling and related costs									
Professional/technical fees	208,945	—	—	—	1,732,164	—	—	—	1,941,109
Claim maintenance/lease cost	25,571	23,777	40,499	18,340	566,859	331	2,449	90,183	768,000
Geochemical	15,580	18,246	1,216	24,020	117,955	52,616	13,453	229,974	473,060
Travel and accommodation	—	—	—	—	924,242	—	—	41,194	965,436
Travel and accommodation	—	—	12,177	25,741	321,981	—	3,964	34,323	398,183

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Geology, engineering	76,315	—	—	179,266	382,971	—	—	16,650	655,200
Salaries and wages	—	—	—	3,643	180,881	3,248	135	5,953	193,866
Supplies and misc.	35	552	2,823	14,894	186,127	—	880	11,837	217,144
Geophysical, geosciences	—	218,000	—	489,500	203,143	—	—	16,273	926,916
Reclamation, environmental	—	—	—	7,000	14,018	—	—	—	21,018
Recoveries	—	—	(129,555)	(156,956)	—	—	(20,023)	—	(306,534)
Impairment of deferred exploration costs	—	—	—	—	—	(56,195)	—	(242,804)	(298,999)
Proceeds from options	—	—	—	—	—	—	(11,500)	—	(11,500)
Income from mineral property Options	—	—	—	—	—	—	—	(5,000)	(5,000)
	326,446	260,575	(72,840)	605,448	4,630,341	—	(10,642)	198,583	5,937,968
Closing balance (December 31, 2011)	1,390,111	629,914	—	742,292	6,012,795	—	432,595	245,978	9,453,695
Total exploration and evaluation assets	1,436,562	778,168	—	787,891	6,243,854	1	482,800	741,134	10,470,140

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## 9. Exploration and evaluation assets (Continued)

Mineral properties	Elk \$	ATW \$	Willow \$	Caballo Blanco \$	El Cobre \$	Tuligtic \$	San Carlos \$	Caldera \$	Oth Prope \$
Acquisition costs									
Opening balance (December 31, 2009)	1,075,694	46,451	148,254	4,321	—	11,070	1	50,205	267,9
Additions	—	—	—	—	41,988	219,989	—	—	138,9
Proceeds from options	—	—	—	—	—	—	—	—	(168,6
Recoveries	—	—	—	—	—	—	—	—	—
Impairment of deferred acquisition costs	—	—	—	—	—	—	—	—	(5,289
Proceeds received from options on mineral properties in excess of cost -reclassified to income	—	—	—	—	—	—	—	—	168,4
Closing balance (December 31, 2010)	1,075,694	46,451	148,254	4,321	41,988	231,059	1	50,205	401,0
Deferred exploration costs									
Opening balance (December 31, 2009)	5,170,058	847,863	332,610	66,694	—	23,360	—	372,461	—
Costs incurred during the period									
Drilling and related costs	1,182,922	202,601	7,406	—	9,582	703,535	139,450	—	158,4
Professional/technical fees	425,444	9,079	5,815	4,276	61,418	93,581	10,963	9,402	58,15

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Claim maintenance/lease cost	1,500	6,885	23,077	748	6,365	61,664	51,942	29,920	139,1
Geochemical	174,893	—	—	—	30,449	182,933	17,642	—	49,62
Travel and accommodation	54,979	—	314	4,649	23,189	93,132	10,902	1,275	35,200
Camp costs	188,810	—	—	—	—	—	—	—	—
Truck rental and fuel	64,407	—	—	—	—	—	—	—	—
Geology, engineering	255,715	403	—	900	—	18,625	—	—	—
Salaries and wages	—	—	—	—	16,858	98,318	21,323	2,083	49,420
Supplies and misc.	38,169	34	117	—	19,921	29,491	1,959	1,426	27,100
Geophysical, geosciences	54,310	—	—	—	7,412	41,523	—	—	11,900
Reclamation, environmental	73,468	—	—	—	10,694	3,236	—	3,720	1,800
Proceeds from options	—	—	—	—	—	—	—	(23,000 )	(1,770)
Recoveries	—	(3,200 )	—	(4,427 )	(49,044 )	—	—	—	(7,243)
Impairment of deferred exploration costs	—	—	—	—	—	—	(254,181)	—	(466,400)
Proceeds received from options on mineral properties in excess of cost -reclassified to income	—	—	—	—	—	—	—	—	1,754,000
Recovery in value of mineral interests	—	—	—	—	—	33,056	—	45,950	5,317,000
	2,514,617	215,802	36,729	6,146	136,844	1,359,094	—	70,776	47,390,000
Closing balance (December 31, 2010)	7,684,675	1,063,665	369,339	72,840	136,844	1,382,454	—	443,237	47,390,000
	8,760,369	1,110,116	517,593	77,161	178,832	1,613,513	1	493,442	448,400,000
Reclassified to asset held for sale (Note 20)	(8,760,369 )	—	—	—	—	—	—	—	—
	—	1,110,116	517,593	77,161	178,832	1,613,513	1	493,442	448,400,000



Total exploration  
and evaluation assets

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9. Exploration and evaluation assets (Continued)

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

(a) Elk

On February 15, 2011, the Company entered into an Asset Sale Agreement under which Gold Mountain would acquire 100% of the Elk gold deposit and Almaden would retain a 2% NSR in the project. Under the terms of the Agreement, Almaden received 35 million common shares of Gold Mountain resulting in a gain on sale of \$4,122,166. An additional 2,000,000 common shares will be held in escrow subject to the following conditions: 1,000,000 common shares upon the establishment of 1,000,000 ounces of measured or indicated reserves of gold on the property; and 1,000,000 common shares upon the establishment of an additional 1,000,000 ounces of measured or indicated reserves of gold on the property. Any bonus shares not released from escrow within five years will be cancelled. The aforementioned Goldgroup shares are subject to certain statutory holding periods. Closing of the transaction was completed on July 26, 2011 as described in Note 7(ii). The Company has included in proceeds of disposition management's best estimate of the fair value of the contingently issuable shares described above in the amount of \$144,000.

(b) ATW

The Company has a net 66.2% interest in this diamond property in the Northwest Territories through its ownership of shares in ATW Resources Ltd. which holds the mineral claim.

(c) Willow

The Company acquired a 100% interest in the Willow property in Nevada by staking in 2007.

(d) Caballo Blanco / El Cobre

On October 14, 2011 the Company completed the sale of its 30% interest in the Caballo Blanco property to Goldgroup Mining Inc. ("Goldgroup"). The Company retains in its Mexican subsidiary an undivided 1.5% NSR in Caballo Blanco. In consideration for Almaden's 30% interest in Caballo Blanco, Goldgroup paid to Almaden cash consideration of US\$2,500,000 and issued to Almaden 7,000,000 of its common shares at a fair value of \$7,727,300, representing a 5.4% interest in Goldgroup. An additional 7,000,000 of its common shares will be issued to Almaden under the following conditions: 1,000,000 common shares upon commencement of commercial production on the Caballo Blanco project, 2,000,000 common shares upon measured and indicated resources including cumulative production reaching 2,000,000 ounces of gold, 2,000,000 common shares upon measured, indicated and inferred resources including cumulative production reaching 5,000,000 ounces of gold and 2,000,000 common shares upon measured, indicated and inferred resources including cumulative production reaching 10,000,000 ounces of gold. The Company has recorded the contingent share receivable at its estimated fair value of \$518,700 as a component of the proceeds and recognized a gain of \$10,282,620 on the sale. The aforementioned Goldgroup shares are subject to certain

statutory holding periods.

Goldgroup also transferred to Almaden its 40% interest in the El Cobre property. The Company owns 100% interest in the El Cobre property subject to a sliding scale royalty payable to a third party.

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9.Exploration and evaluation assets (Continued)

(e) Tuligtic

The Company acquired a 100% interest in the Tuligtic property. During 2009, the Company entered into an agreement with Antofagasta Minerals S.A. (“Antofagasta”) for Antofagasta to earn a 60% interest in the property. Antofagasta would have to incur exploration expenditures of US\$7,000,000 and make payments to Almaden of US\$1,000,000 over five years. In February 2010, Antofagasta terminated its option on the property. The Company has incurred significant exploration expenditures on this property in 2010 and 2011.

(f) San Carlos / San Jose

The Company acquired a 100% interest in the San Carlos claims by staking and purchasing a 100% interest in the San Jose claim subject to a 2% NSR. During 2007, the Company purchased the NSR for US\$20,000 and issued 25,000 share purchase warrants for a term of three years exercisable at a price of \$3.00 per share. During the year ended December 31, 2010 these warrants expired unexercised. The impairment recognized in 2011 is \$56,195 (2010 - \$254,181; 2009 - \$329,747).

(g) Caldera

The Company acquired a 100% interest in the Caldera property by staking. During the year ended December 31, 2010, the Company entered into an agreement with Windstorm Resources Inc. (“Windstorm”) to earn a 60% interest in the property. Windstorm would have to incur exploration expenditures of US\$5,000,000 and issue 1,000,000 shares to the Company within six years.

(h) Other

(i) Nicoamen River

The Company staked and acquired a 100% interest in the Nicoamen River property. During 2009, the Company entered into an agreement with Fairmont Resources Inc. (“Fairmont”) to earn a 60% interest. Fairmont has to incur exploration expenditures of \$2,000,000, pay Almaden \$25,000 and issue 300,000 shares to the Company within five years from the listing of the stock on the TSX Venture or other Canadian Stock Exchange. In June 2011, Fairmont terminated its option on the property.

(ii) Skoonka Creek

The Company has a 34.14% interest in the Skoonka Creek gold property.

(iii) Merit

The Company acquired a 100% interest in the Merit property by staking. During 2010, the Company entered into an agreement with Sunburst Explorations Inc. (“Sunburst”) to earn a 60% interest. Sunburst has to incur exploration expenditures of \$3,000,000 and issue 700,000 shares to the Company within five years from the listing of the stock on

the TSX Venture Exchange.

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9. Exploration and evaluation assets (Continued)

(h) Other (Continued)

(iv) Yago

The Company acquired a 100% interest in the Tepic claim by staking and purchasing a 100% interest in the La Sarda, Guadalupe and Sagitario claims. During 2006, the Company entered into an agreement to acquire a 100% interest in the Gallo de Oro claim. During 2007, the Company acquired a 100% interest in the As de Oro claim. During the year ended December 31, 2011, the Company entered into an agreement with G4G Resources Ltd. ("G4G") to earn a 60% interest in the property. G4G would have to pay the Company \$50,000, incur exploration expenditures of US\$6,000,000 and issue 3,000,000 shares to the Company within five years. This transaction was not completed. The impairment recognized in 2011 is \$77,479 (2010 - \$58,327; 2009 - \$61,409).

(v) Bufa

The Company staked and acquired a 100% interest in the Guadalupe claim. During 2005, the Company entered into an agreement with Lincoln Gold Corp. ("Lincoln") to earn a 60% interest. Lincoln has to incur exploration expenditures of US\$3,500,000 and issue 1,550,000 shares to the Company over five years. In February 2010, the Company sold its 100% interest in the property to Lincoln for 6,000,000 common shares of Lincoln to the Company (fair market value on receipt – \$1,770,000) resulting in a gain on disposal of \$1,754,948. The Company retains a 2% NSR.

(vi) Matehuapil

During 2007, the Company was successful in its bid to acquire a 100% interest in the Matehuapil claim. An initial payment of \$117,572 was paid, representing 20% of the purchase price. The Company was required to put up two bonds ("Mineral property deposit"), one in the amount of \$446,964 representing four pending instalment payments of 20% each to be paid in six month instalments from the issuance of title and one in the amount of \$138,929 to pay for the purchase of an NSR royalty. During 2008, the Company paid the remainder of the purchase price outright. The bond in the amount of \$446,964 was returned to the Company and the bond for the purchase of the NSR royalty will remain in place until the NSR is purchased. The Company subsequently entered into an agreement with Golden Minerals Company ("Golden Minerals") formerly Apex Silver Mines Limited to earn a 60% interest. Golden Minerals must incur exploration expenditures of US\$2,600,000 by December 1, 2013 and make cash payments of Mexican pesos \$3,312,000 by July 10, 2009 (received).

(vii) Tropic

During 2008, the Company and its 60% joint venture partner Santoy Resources Ltd. entered into an agreement with Skeena Resources Ltd. ("Skeena") to earn a 60% interest. Skeena must incur expenditures totalling US\$3,000,000 and issue a total of 1,250,000 shares to the joint venture over 5 years. During the year ended December 31, 2010, the joint venture sold its 100% interest in the property to Skeena. The Company received 2,560,000 common shares of Skeena (fair market value on receipt - \$153,600). The joint venture retains a 2% NSR interest in the property.

(viii) Other impairments of interest in mineral properties

The Company recorded impairments in its interest in other mineral properties in aggregate of \$185,175 during the year ended December 31, 2011 (2010 - \$408,200; 2009 - \$377,726).

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10. Share capital and reserves

(a) Authorized share capital

At December 31, 2011, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Details of private placement and other issues of common shares in 2011, 2010 and 2009 are as follows:

The Company issued 100,000 common flow-through shares on February 24, 2011 on a private placement basis at a price of \$4.00 per share, after incurring issue costs of \$19,257. Cash commissions totalling \$4,800 were paid. The premium above market value on the shares issued was \$20,000 and it was recorded as a tax recovery when the related qualifying expenditures were made.

On October 14, 2011, the Company issued 10,000 common shares at a deemed value of \$2.55 per share as a payment to modify the Caballo Blanco royalty agreement.

The Company issued 81,200 common flow-through shares on October 13, 2010 on a private placement basis at a price of \$3.50 per share, after incurring issue costs of \$14,175. Cash commissions totalling \$8,400 were paid.

The Company issued 3,000,000 common shares on September 22, 2010 on a private placement basis at a price of \$2.50 per share. Cash commissions, a corporate finance fee and related expenses totalled \$650,500. On September 28, 2010, the Company issued a further 450,000 common shares at a price of \$2.50 per share on the closing of the over-allotment option portion of the September 22, 2010 private placement. Cash commissions and expenses totalling \$82,045 were paid.

The Company issued 1,003,821 common flow-through shares on June 29, 2010 on a private placement basis at a price of \$1.20 per share, after incurring issue costs of \$116,712. 49,997 broker's warrants entitling the brokers to purchase 49,997 shares at \$1.20 per shares until June 29, 2011 were issued to brokers in respect of this placement. The fair value of the broker's warrants of \$7,500 was allocated to share capital and reserves for warrants.

The Company issued 350,000 units on March 16, 2010 on a private placement basis at a price of \$1.00 per unit, after incurring issue costs of \$32,078. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.00 per share until March 16, 2011. 4,375 non-flow-through common shares and 2,625 flow-through shares were issued to finders in respect of this placement. The fair value of the warrants issued as part of the private placement of \$28,000 was allocated to share capital and reserves for warrants.



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## 10. Share capital and reserves (Continued)

(b) Details of private placement and other issues of common shares in 2011, 2010 and 2009 are as follows:  
(continued)

The Company issued 3,060,000 units on December 17, 2009 on a private placement basis at a price of \$0.85 per unit, after incurring issue costs of \$169,637. Each unit consists of one common share and one-half of a warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.40 per share until December 17, 2011. The fair value of the warrants issued as part of the private placement of \$774,560 was allocated to share capital and reserves for warrants. 236,000 finders warrant entitling the finder to purchase 236,000 units at \$0.85 per unit until December 17, 2011 were issued to finder in respect of this placement. The fair value of the finder's warrant of \$146,320 was allocated to share capital and reserves for warrants.

The Company issued 226,316 units on March 31, 2009 on a private placement basis at a price of \$0.95 per unit, after incurring issue costs of \$12,563. Each unit consists of one common flow-through share and one-half of a non-flow-through warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$1.15 per share until March 31, 2010. The fair value of the warrants issued as part of the private placement of \$61,105 was allocated to share capital and reserves for warrants. 7,000 non-flow-through common shares were issued to a finder in respect of this placement.

## (c) Warrants

The continuity of warrants for the years ended December 31, 2011 and 2010 are as follows:

Expiry date	Exercise price	December 31, 2010	Granted	Exercised	Expired	December 31, 2011
December 17, 2011	\$ 0.85	236,000	—	236,000	—	—
December 17, 2011	\$ 1.40	1,180,500	—	1,180,500	—	—
March 16, 2011	\$ 1.25	40,000	—	40,000	—	—
June 29, 2011	\$ 1.20	24,999	—	24,999	—	—
		1,481,499	—	(1,481,499)	—	—
W e i g h t e d average exercise price		\$ 1.30	—	\$ 1.30	—	—

Expiry date	Exercise Price	December 31, 2009	Granted	Exercised	Expired	December 31, 2010
March 20, 2010	\$ 3.00	25,000	—	—	(25,000 )	—
September 30, 2010	\$ 1.15	113,158	—	113,158	—	—
December 17, 2011	\$ 0.85	236,000	—	—	—	236,000
December 17, 2011	\$ 1.40	1,648,000	—	467,500	—	1,180,500
March 16, 2011	\$ 1.25	—	175,000	135,000	—	40,000
June 29, 2011	\$ 1.20	—	49,997	24,998	—	24,999

	2,022,158	224,997	(740,656 )	(25,000 )	1,481,499
Weighted average exercise price	\$ 1.34	\$ 1.24	\$ 1.33	\$ 3.00	\$ 1.30

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## 10. Share capital and reserves (Continued)

Expiry date	Exercise Price	(c) Warrants (continued)				
		December 31, 2008	Granted	Exercised	Expired	December 31, 2009
November 14, 2009	\$ 1.00	86,000	—	—	(86,000 )	—
March 20, 2010	\$ 3.00	25,000	—	—	—	25,000
March 31, 2010	\$ 1.15	—	113,158	—	—	113,158
December 17, 2011	\$ 0.85	—	236,000	—	—	236,000
December 17, 2011	\$ 1.40	—	1,648,000	—	—	1,648,000
		111,000	1,997,158	—	(86,000 )	2,022,158
Weighted average exercise price		\$ 1.45	\$ 1.32	—	\$ 1.00	\$ 1.34

On March 31, 2010, the Company extended the expiry date of 113,158 warrants for six months. The fair value for the modification of these warrants was recalculated on the extension date and an adjustment of \$Nil was recorded.

The fair value of the 49,997 warrants issued June 29, 2010 was estimated at \$7,500 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 1.54%; expected life of 1 year; dividend rate of 0%; and volatility of 58.29%.

The fair value of the 175,000 warrants issued March 16, 2010 was estimated at \$28,000 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 1.63%; expected life of 1 year; dividend rate of 0%; and volatility of 67.14%.

The fair value of the 1,884,000 warrants issued December 17, 2009 was estimated at \$920,880 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 1.36%; expected life of 2 years; dividend rate of 0%; and volatility of 90.75%.

The fair value of the 113,158 warrants issued March 31, 2009 was estimated at \$61,105 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 0.96%; expected life of 1 year; dividend rate of 0%; and volatility of 109.37%.

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## 10. Share capital and reserves (Continued)

## (d) Share purchase option compensation plan

The Company's stock option plan permits the issuance of options up to a maximum of 10% of the Company's issued share capital. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At December 31, 2011, the Company had reserved 437,232 stock options that may be granted. 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 (to a maximum of five years) and the time during which any option may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the year ended December 31, 2011 vested on the date granted. The continuity of stock options for the years ended December 31, 2011, 2010 and 2009 are as follows:

Expiry date	Exercise price	December 31, 2010	Granted	Exercised	Expired/ cancelled	December 31, 2011
July 6, 2011	\$2.50	1,695,000	—	1,695,000	—	—
November 22, 2011	\$2.73	100,000	—	—	100,000	—
March 25, 2012	\$3.90	—	45,000	—	—	45,000
September 10, 2012	\$2.32	500,000	—	—	—	500,000
November 1, 2012	\$2.72	—	60,000	—	—	60,000
November 15, 2012	\$2.68	100,000	—	—	—	100,000
December 13, 2012	\$2.52	50,000	—	50,000	—	—
December 13, 2012	\$4.30	25,000	—	—	—	25,000
March 17, 2013	\$2.35	40,000	—	—	—	40,000
December 29, 2013	\$0.68	125,000	—	—	—	125,000
November 25, 2014	\$0.81	150,000	—	—	—	150,000
January 4, 2015	\$1.14	1,090,000	—	50,000	—	1,040,000
April 7, 2015	\$0.94	35,000	—	35,000	—	—
June 21, 2015	\$1.00	240,000	—	—	—	240,000
July 16, 2015	\$0.92	200,000	—	—	—	200,000
August 27, 2015	\$2.22	355,000	—	150,000	—	205,000
September 20, 2015	\$2.67	100,000	—	—	—	100,000
November 22, 2015	\$2.73	175,000	—	50,000	—	125,000
June 8, 2016	\$3.29	—	2,320,000	—	—	2,320,000
August 15, 2016	\$2.93	—	200,000	—	—	200,000
Options outstanding and exercisable		4,980,000	2,625,000	2,030,000	100,000	5,475,000
Weighted average exercise price		\$1.95	\$3.26	\$2.43	\$2.73	\$2.39



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## 10. Share capital and reserves (Continued)

## (d) Share purchase option compensation plan (Continued)

Expiry date	Exercise Price	December 31 2009	Granted	Exercised	Expired/ cancelled	December 31 2010
June 17, 2010	\$1.79	240,000	—	—	(240,000 )	—
September 15, 2010	\$1.07	140,000	—	(140,000 )	—	—
July 6, 2011	\$2.50	1,795,000	—	(100,000 )	—	1,695,000
November 22, 2011	\$2.73	—	100,000	—	—	100,000
September 10, 2012	\$2.32	500,000	—	—	—	500,000
November 15, 2012	\$2.68	100,000	—	—	—	100,000
December 13, 2012	\$2.52	50,000	—	—	—	50,000
December 13, 2012	\$4.30	—	25,000	—	—	25,000
March 17, 2013	\$2.35	40,000	—	—	—	40,000
December 29, 2013	\$0.68	655,000	—	(530,000 )	—	125,000
November 25, 2014	\$0.81	150,000	—	—	—	150,000
January 4, 2015	\$1.14	—	1,140,000	(50,000 )	—	1,090,000
April 7, 2015	\$0.94	—	75,000	(40,000 )	—	35,000
June 21, 2015	\$1.00	—	240,000	—	—	240,000
July 16, 2015	\$0.92	—	210,000	(10,000 )	—	200,000
August 27, 2015	\$2.22	—	380,000	(25,000 )	—	355,000
September 20, 2015	\$2.67	—	100,000	—	—	100,000
November 22, 2015	\$2.73	—	175,000	—	—	175,000
Options outstanding and exercisable		3,670,000	2,445,000	(895,000 )	(240,000 )	4,980,000
Weighted average exercise price		\$1.98	\$1.55	\$1.03	\$1.79	\$1.95

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## 10. Share capital and reserves (Continued)

## (d) Share purchase option compensation plan (Continued)

Expiry date	Exercise Price	December 31 2008	Granted	Exercised	Expired/ cancelled	December 31 2009
December 1, 2009	\$0.39	154,000	—	(154,000 )	—	—
December 14, 2009	\$1.67	806,000	—	—	(806,000 )	—
June 17, 2010	\$1.79	240,000	—	—	—	240,000
September 15, 2010	\$1.07	140,000	—	—	—	140,000
July 6, 2011	\$2.50	1,795,000	—	—	—	1,795,000
September 7, 2009	\$2.23	25,000	—	—	(25,000 )	—
September 10, 2012	\$2.32	500,000	—	—	—	500,000
November 15, 2012	\$2.68	100,000	—	—	—	100,000
December 14, 2012	\$2.52	50,000	—	—	—	50,000
March 17, 2013	\$2.35	40,000	—	—	—	40,000
December 29, 2013	\$0.68	655,000	—	—	—	655,000
November 25, 2014	\$0.81	—	150,000	—	—	150,000
Options outstanding and exercisable		4,505,000	150,000	(154,000 )	(831,000 )	3,670,000
Weighted average exercise price		\$1.93	\$0.81	\$0.39	\$1.70	\$1.98

The weighted average fair value of options granted during the years ended December 31, 2011, 2010 and 2009, calculated using the Black-Scholes model at grant date, are as follows:

Number of options	Date of grant	Fair value per share	Weighted average assumptions used			
			Risk free interest rate	Expected life (in years)	Expected volatility	Expected dividends
200,000	November 1, 2011	\$ 0.86	0.99 %	1	78.13 %	\$Nil
200,000	August 15, 2011	\$ 2.17	1.30 %	5	77.10 %	\$Nil
2,320,000	June 8, 2011	\$ 1.89	2.10 %	5	76.58 %	\$Nil
45,000	March 25, 2011	\$ 1.34	1.72 %	1	90.17 %	\$Nil
25,000	December 13, 2010	\$ 1.67	1.70 %	2	70.94 %	\$Nil
175,000	November 22, 2010	\$ 1.85	2.24 %	5	70.18 %	\$Nil
100,000	November 22, 2010	\$ 0.86	1.70 %	1	70.47 %	\$Nil
100,000		\$ 1.56	2.00 %	5	69.44 %	\$Nil

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	September 20, 2010							
380,000	August 27, 2010	\$ 1.19	2.00	%	5	68.86	%	\$Nil
210,000	July 16, 2010	\$ 0.52	2.00	%	5	65.67	%	\$Nil
240,000	June 21, 2010	\$ 0.54	2.59	%	5	66.46	%	\$Nil
75,000	April 7, 2010	\$ 0.62	2.59	%	4	69.02	%	\$Nil
1,140,000	January 4, 2010	\$ 0.67	2.59	%	5	65.27	%	\$Nil
	November 25, 2009							
150,000	2009	\$ 0.45	2.12	%	5	63.74	%	\$Nil



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## 11. Reclamation and closure cost obligations

The Company's reclamation and closure cost obligations consist of reclamation costs for the Elk property in British Columbia. See also Note 20 Assets Classified as Held for Sale.

	December 31, 2011	December 31, 2010
Opening balance	—	135,016
- Accretion during the period	—	8,108
- Adjustment to estimate	—	(23,488 )
- Transferred to liabilities held for sale	—	(119,636)
	—	—

## 12. Related party transactions and balances

## (a) Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the former Vice-President-Mining. The aggregate compensation paid or payable to key management for services is as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Salaries and short-term employee benefits	\$ 722,157 (i)	\$ 470,875 <sup>(iii)</sup>	\$ 450,875 (v)
Share based compensation	3,883,250 <sup>(ii)</sup>	1,862,500 <sup>(iv)</sup>	67,500 <sup>(vi)</sup>
Directors' fees	33,000	33,000	33,000
	\$ 4,638,407	\$ 2,366,375	\$ 2,366,375

(i) Hawk Mountain Resources Ltd. ("Hawk Mountain"), a private company controlled by the Chairman of the Company was paid \$268,050 for geological services provided to the Company. An additional \$30,475 was paid to Hawk Mountain for marketing and administrative services including website management and updates, market materials coordination, and general administration.

(ii) Comprised of options granted pursuant to the Company's stock option plan. The value of 1,825,000 option-based awards is based on the fair value of the awards (\$1.89) calculated using the Black-Scholes model at the June 8, 2011 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.17) calculated using the Black-Scholes model at the August 15, 2011 grant date. All options vested upon grant.

(iii) Hawk Mountain was paid \$148,750 for geological services and an additional \$59,350 for marketing and administrative services. The spouse and daughter of the Chairman were also directly paid \$10,000 each for marketing and administrative services.



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12. Related party transactions and balances

(a) Compensation of key management personnel (continued)

(iv) Comprised of options granted pursuant to the Company's stock option plan. The value of 75,000 option-based awards is based on the fair value of the awards (\$0.94) calculated using the Black-Scholes model at the April 7, 2010 grant date. The value of 240,000 option-based awards is based on the fair value of the awards (\$1.00) calculated using the Black-Scholes model at the June 21, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$0.92) calculated using the Black-Scholes model at the July 16, 2010 grant date. The value of 50,000 option-based awards is based on the fair value of the awards (\$2.22) calculated using the Black-Scholes model at the August 22, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.22) calculated using the Black-Scholes model at the August 27, 2010 grant date. The value of 100,000 option-based awards is based on the fair value of the awards (\$2.67) calculated using the Black-Scholes model at the September 20, 2010 grant date. The value of 200,000 option-based awards is based on the fair value of the awards (\$2.73) calculated using the Black-Scholes model at the November 22, 2010 grant date. All options vested upon grant.

(v) Hawk Mountain was paid \$165,000 for geological services and an additional \$16,200 for marketing and administrative services. The spouse and daughter of the Chairman were also directly paid \$4,000 each for marketing and administrative services.

(vi) Comprised of options granted pursuant to the Company's stock option plan. The value of 150,000 option-based awards is based on the fair value of the awards (\$0.45) calculated using the Black-Scholes model at the November 25, 2009 grant date. All options vested upon grant.

(b) Other related party transactions

i) Gold Mountain Mining Corporation ("Gold Mountain")

Gold Mountain has two Directors, Duane Poliquin and Morgan Poliquin, in common with Almaden, and Almaden owns 38.8% of Gold Mountain's common shares (See Note 7).

During the year ended December 31, 2011, the Company charged Gold Mountain \$271,602 (2010 - \$Nil; 2009 - \$Nil) for exploration expenditures relating to the Elk project and surveys undertaken on behalf of Gold Mountain. These amounts were valued at the exchange amount agreed to by the parties. At December 31, 2011, Gold Mountain owed the Company \$271,602 (2010 - \$Nil; 2009 - \$Nil).

ii) Windstorm Resources Ltd. ("Windstorm")

Windstorm's President and Director, Gerald Carlson, is also a Director of Almaden. Almaden also owns common shares in Windstorm.

In September 2010, the Company optioned the Caldera property to Windstorm such that Windstorm may earn a 60% interest in the property by issuing one million common shares to Almaden and completing \$5 million in exploration

work, both over a six year period, with \$150,000 to be spent during the first year of the agreement.

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## 12. Related party transactions and balances

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

## iii) ATW Resources Ltd. ("ATW")

Almaden owns a 50% interest in this company which holds title in trust for a mineral property. The Company has two directors, Duane Poliquin and James McInnes, in common with ATW.

## iv) Other

(a) During the year ended December 31, 2011, the Company paid a company controlled by a Director of the Company \$5,000 (2010 - \$Nil; 2009 - \$3,780) for consulting services provided to the Company.

(b) During the year ended December 31, 2011, the Company paid a company controlled by the former CFO and current Director of the Company, \$1,325 (2010 - \$Nil; 2009 - \$Nil) for accounting services provided to the Company.

## 13. Income on mineral property options

Income on mineral property options is comprised of the following:

	December 31, 2011	December 31, 2010	December 31, 2009
Sale of Elk (Note 9(a))	\$ 4,266,166	\$ —	\$ —
Sale of Caballo Blanco (Note 9(d))	10,801,320	—	—
Sale of Bufa (Note 9(h)(v))	—	1,754,948	—
Sale of Tropico (Note 9(h)(vii))	—	153,482	—
Other	4,999	15,000	77,360
	\$ 15,072,485	\$ 1,923,430	\$ 77,360

## 14. Net income (loss) per share

## Basic and diluted net income (loss) per share

The calculation of basic net income (loss) per share for the year ended December 31, 2011 was based on the income attributable to common shareholders of \$7,294,858 (2010 - (\$3,464,652; 2009 - \$2,285,959) and a weighted average number of common shares outstanding of 57,268,649 (2010 - 51,187,561; 2009 - 45,846,627).

The calculation of diluted net income (loss) per share for the year ended December 31, 2011 includes the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential common shares, which comprise of 1,791,544 stock options and 692,502 warrants. For the years-ended December 31, 2010 and 2009, diluted

net loss per share did not include the effect of stock options and warrant as they are anti-dilutive.

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## 15. Supplemental cash flow information

Supplemental information regarding non-cash transactions is as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Investing activities			
Reversal of equity settled employee benefits reserve on exercise of options	\$ 2,546,300	\$ 533,250	\$ —
Reversal of warrants reserve on exercise of warrants	711,305	306,180	—
Fair value of warrants upon completion of private placement	—	35,550	981,985
Shares received on sale of Caballo Blanco property	7,727,300	—	—
Shares received on sale of Elk property	10,206,250	—	—
Shares received on sale of Tropic property	—	153,600	—
Shares received on sale of Bufa property	—	1,770,000	—

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

	December 31, 2011	December 31, 2010
Cash	\$ 7,390,793	\$ 3,596,119
Government of Canada (T-Bills)	9,998,700	4,997,500
Bankers Acceptance	3,794,666	7,494,213
	\$ 21,184,159	\$ 16,087,832

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Almaden Minerals Ltd.

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## 16. Income taxes

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

	December 31, 2011	December 31, 2010	December 31, 2009
Income (loss) before income taxes	\$7,274,858	\$(3,770,418)	\$(2,425,687)
Statutory rate	26.5 %	28.5 %	30.0 %
Expected income tax	1,927,837	(1,074,569)	(727,706 )
Effect of different tax rates in foreign jurisdictions	(27,226 )	1,000	(14,317 )
Non-deductible stock based compensation	1,306,636	601,008	20,250
Other permanent items	311,122	141,273	47,662
Change in expected reversal rate on temporary difference	(916,280 )	—	—
Impact of future tax rates applied vs. current statutory rates	(206,996 )	6,672	145,757
Change in deferred tax assets not recognized	(111,343 )	324,616	528,354
Impact of capital gains rate on tax deferred sale of mineral property in exchange for shares (i)	(1,141,875)	—	—
Unrecognized deferred tax liability on acquisition of investment in associate (i)	(1,141,875)	—	—
Tax recovery on flow-through shares	(20,000 )	(305,766 )	—
Mineral tax recovery	—	—	(185,690 )
Mexican flat tax	—	—	45,962
	\$(20,000 )	\$(305,766 )	\$(139,728 )

(i)During the year the Company sold its Elk mineral property, on a tax deferred basis, in exchange for shares of Gold Mountain. The deferral of the gain causes the carrying value of the shares received on the sale to exceed the tax value by the amount of the deferred gain. The shares of Gold Mountain will be taxable at the capital gains rate (50% of general rates) when sold in the future and the transaction therefore gives rise to an immediate tax benefit of half of the deferred gain. The amount of the carrying value of the Gold Mountain shares in excess of the tax value results in a deferred tax liability that would be taxable at the capital gains rate on the sale of the shares. The Company is not recognizing this deferred tax liability as the Company can control the timing of the recognition of the tax liability and does not intend to cause the recognition of the liability in the foreseeable future.

Effective January 1, 2011 the Canadian Federal corporate tax rate decreased from 18% to 16.5% and the British Columbia provincial tax rate decreased from 10.5% to 10%. The reduction in tax rates resulted in an overall decrease in the Company's statutory tax rate from 28.5% to 26.5%.



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## 16. Income taxes (Continued)

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

	December 31, 2011	December 31, 2010
Exploration and evaluation assets	\$ 129,675	—
Contingent shares receivable	(129,675 )	—
	\$—	\$—

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

	December 31, 2011	December 31, 2010
Non-capital loss carryforwards	\$4,142,123	\$5,374,000
Capital loss carryforwards	1,729,781	1,868,135
Exploration and evaluation assets	3,673,272	4,993,350
Share issue costs	630,475	835,490
Property, plant and equipment	2,234,113	1,317,371
Cumulative eligible capital deduction	65,408	70,331
Marketable securities	2,277,917	245,751
Asset retirement obligations	—	119,626
	\$14,753,089	\$14,824,054

At December 31, 2011, the Company had operating loss carry forwards available for tax purposes in Canada of \$16,300 (2010 - \$3,437,000) which expire between 2028 and 2031 and in Mexico of \$4,125,823 (2010 - \$1,937,000) which expire between 2012 and 2021.

Taxable temporary differences in relation to investments in associates for which a deferred tax liability has not been recognized is \$7.1 million (2010 - nil).

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## 17. Commitments

(a) The Company has, in the normal course of business, entered into various long-term contracts which include commitments for future operating payments for the rental of premises as follows:

2012	\$67,000
2013	67,000
2014	75,000
2015	81,000
2016	6,700
Thereafter	—
	\$296,700

(b) The Company entered into a contract with its Chairman for remuneration of \$225,000 annually (amended), for two years, renewable for two additional successive terms of 24 months.

(c) The Company entered into a contract with its President for remuneration of \$225,000 annually (amended), for two years, renewable for two additional successive terms of 24 months.

## 18. Financial instruments

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

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

## (a) Currency risk

The 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 functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

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Almaden Minerals Ltd.

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## 18. Financial instruments (Continued)

## (a) Currency risk (Continued)

As at December 31, 2011, 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	\$ 2,221,085	\$ 7,904
Accounts receivable and prepaid expenses	—	89,649
Total assets	\$ 2,221,085	\$ 97,553
Trade and other payables	\$ 66,248	\$ 99,208
Total liabilities	\$ 66,248	\$ 99,208
Net assets (liabilities)	\$ 2,154,837	\$ (1,655 )

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income by \$220,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's net income by \$1,000.

## (b) Credit risk

The Company's cash and cash equivalents are held in large Canadian financial institutions. These investments mature at various dates over the twelve months following the statement of financial position date. The Company's HST and VAT receivables consist primarily of harmonized sales tax due from the federal government of Canada and value-added tax due from the government of Mexico. 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, 2011, 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.

A 1% change in the interest rate would change the Company's net income by \$140,000.

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Almaden Minerals Ltd.

Notes to the consolidated financial statements

For the years ended December 31, 2010 and 2011

Presented in Canadian dollars

## 18. Financial instruments (Continued)

## (e) Commodity price risk

The ability of the Company to explore its mineral properties 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. 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 inventory by \$25,000.

## (f) Classification of Financial instruments

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 21,184,159	\$ —	\$ —	\$ 21,184,159
Marketable securities	8,471,167	—	—	8,471,167
	\$ 29,655,326	\$ —	\$ —	\$ 29,655,326

## 19. Management of capital

The Company considers its capital to consist of common shares, stock options and warrants. 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 mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the 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.

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Notes to the consolidated financial statements

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## 20. Assets classified as held for sale

In December, 2010, the Board of Directors determined that the Elk Property in British Columbia would be offered for sale. The Company completed a Preliminary Economic Assessment on the project outlining the project's economic parameters and with recent record gold prices, it was determined that this project should be sold to a group that would likely put the mine into production. Closing of the transaction was completed on July 26, 2011 as described in Note 9(a).

In September 2011, the Board of Directors determined that the Caballo Blanco Property in Mexico would be offered for sale. Closing of the transaction was completed on October 14, 2011 as described in Note 9(d).

Details of assets and liabilities held for sale at December 2011 and 2010 are as follows:

	2011	2010
Exploration and evaluation assets held for sale	—	\$ 8,760,369
Property, plant and equipment held for sale	—	323,264
Assets classified as held for sale	—	9,083,633
Liabilities directly associated with assets classified as held for sale	—	\$ (119,636)

## 21. Segmented information

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

The Company has non-current tangible assets in the following geographic locations:

	December 31, 2011	December 31, 2010	December 31, 2009
Canada	\$ 6,135,926	\$ 2,636,633	\$ 7,934,990
United States	1,072,760	—	—
Mexico	4,507,267	2,665,237	1,356,708
	\$ 11,715,953	\$ 5,301,870	\$ 9,291,698

The Company's revenues were all earned in Canada primarily from interest income on corporate cash reserves and investment income.

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Almaden Minerals Ltd.  
 Consolidated schedules of general and administrative expenses  
 (Expressed in Canadian dollars)

Schedule 1

	Year ended December 31,		
	2011	2010	2009
	\$	\$	\$
Professional fees	495,665	349,648	312,131
Salaries and benefits	296,544	129,370	136,145
Travel and promotion	289,425	221,665	153,121
Depreciation	271,061	189,580	169,973
Office and license	260,187	146,390	121,677
Rent	164,919	165,126	166,426
Stock exchange fees	131,539	124,909	68,816
Insurance	107,645	110,884	110,968
Transfer agent fees	45,617	22,544	18,501
Directors fees	33,495	33,495	33,495
	2,096,097	1,493,611	1,291,253



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SIGNATURE

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Almaden Minerals Ltd.  
Registrant

Dated: March 30, 2012

By /s/Morgan Poliquin  
Morgan Poliquin, CEO

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