

Condensed Consolidated Financial Statements of  
Almaden Minerals Ltd.

1st Quarter Ended March 31, 2011

**NOTICE OF NO AUDITOR REVIEW OF INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Almaden Minerals Ltd. for the three months ended March 31, 2011 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

# Almaden Minerals Ltd.

(an exploration stage company)

## Condensed consolidated interim statements of financial position

(Unaudited - Expressed in Canadian dollars)

|  | March 31,<br>2011 | December 31,<br>2010 |
|--|-------------------|----------------------|
|  | \$                | \$                   |
| <b>ASSETS</b>  |                   |                      |
| <b>Non-current assets</b>  |                   |                      |
| Exploration and evaluation assets (Note 9)   | 5,759,814         | 4,439,145            |
| Property, plant and equipment (Note 8)   | 1,028,304         | 862,725              |
| Reclamation deposit  | 124,764           | 124,764              |
| Exploration and evaluation assets deposit (Note 9(h)(vi))                            | 138,929           | 138,929              |
| Investments in Associate (Note 7)  | 919,528           | 941,276              |
|  | <b>7,971,339</b>  | <b>6,506,839</b>     |
| <b>Current assets</b>  |                   |                      |
| Assets classified as held for sale (Note 18)   | 9,280,202         | 9,083,633            |
| Inventory (Note 6)   | 274,768           | 274,768              |
| Short term investment  | 2,000,000         | 2,000,000            |
| Marketable securities (Note 5)   | 1,966,890         | 1,851,883            |
| Accounts receivable and prepaid expenses (Note 4)                                    | 651,024           | 538,400              |
| Cash and cash equivalents (Note 14)  | 14,211,839        | 16,087,832           |
|  | <b>28,384,723</b> | <b>29,836,516</b>    |
| <b>TOTAL ASSETS</b>  | <b>36,356,062</b> | <b>36,343,355</b>    |
| <b>EQUITY</b>  |                   |                      |
| Share Capital (Note 10)  | 63,617,993        | 62,853,930           |
| Reserves (Note 10)   | 7,063,788         | 7,010,251            |
| Deficit  | (35,013,141)      | (34,170,307)         |
|  | <b>35,668,640</b> | <b>35,693,874</b>    |
| <b>LIABILITIES</b>   |                   |                      |
| <b>Current liabilities</b>   |                   |                      |
| Accounts payable and accrued liabilities   | 408,803           | 372,889              |
| Deferred exploration advances payable  | 156,956           | 156,956              |
| Liabilities directly associated with assets<br>classified as held for sale (Note 18) | 121,663           | 119,636              |
|  | <b>687,422</b>    | <b>649,481</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>36,356,062</b> | <b>36,343,355</b>    |
| Commitments and contingencies (Note 15)  |                   |                      |

These consolidated financial statements are authorized for issue by the Board of Directors on May 12, 2011.

They are signed on the Company's behalf by:

/s/Duane Poliquin  
Director

/s/Donald M. Lorimer  
Director

# Almaden Minerals Ltd.

(an exploration stage company)

## Condensed consolidated interim statements of comprehensive loss

(Unaudited - Expressed in Canadian dollars)

|   | Three months ended March 31, |                  |
|---|------------------------------|------------------|
|   | 2011                         | 2010             |
|   | \$                           | \$               |
| <b>Revenue</b>  |                              |                  |
| Interest income   | 27,841                       | 3,152            |
| Other income  | 12,300                       | 62,282           |
|   | <b>40,141</b>                | <b>65,434</b>    |
| <b>Expenses (income)</b>  |                              |                  |
| Write-down of interest in mineral properties  | 128,495                      | 58,828           |
| Income on mineral property options  | -                            | (1,754,948)      |
| General and administrative expenses (Schedule 1)  | 443,358                      | 419,517          |
| General exploration expenses  | 251,622                      | 183,245          |
| Share-based payments  | 60,300                       | 763,800          |
|   | <b>883,775</b>               | <b>(329,558)</b> |
| <b>Operating loss</b>   | <b>(843,634)</b>             | <b>394,992</b>   |
| <b>Other income (loss)</b>  |                              |                  |
| Loss on equity investment (Note 7)  | (21,748)                     | (29,592)         |
| Loss on dilution of equity investments (Note 7)   | -                            | (40,113)         |
| (Loss) gain on sale of marketable securities  | (5,560)                      | 42,658           |
| Loss on sale of property, plant and equipment   | (1,397)                      | -                |
| Foreign exchange gain (loss)  | 9,505                        | (106,058)        |
| (Loss) gain before income taxes   | <b>(862,834)</b>             | <b>261,887</b>   |
| Income tax recovery   | <b>20,000</b>                | <b>65,000</b>    |
| <b>Net (loss) gain for the period</b>   | <b>(842,834)</b>             | <b>326,887</b>   |
| <b>Other comprehensive loss (income)</b>  |                              |                  |
| Net change in fair value of available-for-sale financial assets,<br>net of tax of nil                                       | 140,657                      | (268,260)        |
| Reclassification adjustment relating to available-for-sale<br>financial assets disposed of in the period, net of tax of nil | 5,300                        | (42,658)         |
| <b>Other comprehensive loss (income) for the period</b>   | <b>145,957</b>               | <b>(310,918)</b> |
| <b>Total comprehensive (loss) gain for the period</b>   | <b>(696,877)</b>             | <b>15,969</b>    |
| Basic and diluted net (loss) gain per share (Note 13)   | <b>(0.02)</b>                | <b>0.01</b>      |

# Almaden Minerals Ltd.

(an exploration stage company)

## Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in Canadian dollars)

Three months ended March 31,

|  | 2011        | 2010        |
|--|-------------|-------------|
|  | \$          | \$          |
| <b>Operating activities</b>                                  |             |             |
| Net (loss) gain for the period                               | (842,834)   | 326,887     |
| Items not affecting cash                                     |             |             |
| Future income tax recovery                                   | (20,000)    | (65,000)    |
| Loss on equity investment                                    | 21,748      | 29,592      |
| Loss on dilution   | -           | 40,113      |
| Depreciation   | 56,037      | 32,967      |
| Loss (gain) on sale of marketable securities                 | 5,560       | (42,658)    |
| Income on mineral property options                           | -           | (1,754,948) |
| Write-down of interest in mineral properties                 | 128,495     | 58,828      |
| Share-based payments   | 60,300      | 763,800     |
| Loss on sale of property, plant and equipment                | 1,397       | -           |
| Changes in non-cash working capital components               |             |             |
| Accounts receivable and prepaid expenses                     | (112,624)   | 326,316     |
| Accounts payable and accrued liabilities                     | 36,044      | (57,266)    |
| Net cash used in operating activities                        | (665,877)   | (341,369)   |
| <b>Investing activities</b>                                  |             |             |
| Marketable securities  |             |             |
| Net proceeds   | 25,200      | 57,330      |
| Property, plant and equipment                                |             |             |
| Purchases  | (228,513)   | -           |
| Net proceeds   | 5,500       | -           |
| Assets classified as held for sale                           | (194,542)   | -           |
| Mineral properties   |             |             |
| Costs  | (1,449,104) | (653,852)   |
| Net cash used in investing activities                        | (1,841,459) | (596,522)   |
| <b>Financing activities</b>                                  |             |             |
| Issuance of shares, net of share issue costs                 | 631,343     | 365,135     |
| Net cash from financing activities                           | 631,343     | 365,135     |
| Net cash inflow  | (1,875,993) | (572,756)   |
| Cash and cash equivalents, beginning of period               | 16,087,832  | 13,142,671  |
| Cash and cash equivalents, end of period                     | 14,211,839  | 12,569,915  |
| Supplemental cash and cash equivalents information - Note 14 |             |             |
| Interest paid  | -           | -           |
| Interest received  | 27,841      | 3,152       |
| Taxes paid   | -           | -           |
| Taxes received   | -           | -           |

# Almaden Minerals Ltd.

(an exploration stage company)

## Condensed consolidated interim statements of changes in equity

(Unaudited - Expressed in Canadian dollars)

|  | Share Capital     |                   | Reserves          |                |                                     |                  |                     | Total             |
|--|-------------------|-------------------|-------------------|----------------|-------------------------------------|------------------|---------------------|-------------------|
|  | Number of shares  | Amount            | Equity settled    |                | Available-for-sale financial assets | Total reserves   | Deficit             |                   |
|  |                   |                   | employee benefits | Warrants       |                                     |                  |                     |                   |
|  |                   | \$                | \$                |                | \$                                  | \$               | \$                  |                   |
| <b>Balance, December 31, 2009</b>                                  | 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 allocated to shares issued on exercise | -                 | 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         |
| Shares issued for cash on exercise of warrants                     | 740,656           | 983,380           | -                 | -              | -                                   | -                | -                   | 983,380           |
| Fair value of warrants allocated to shares issued on exercise      | -                 | 306,180           | -                 | (306,180)      | -                                   | (306,180)        | -                   | -                 |
| Total comprehensive loss for the period                            | -                 | -                 | -                 | -              | 706,491                             | 706,491          | (3,464,652)         | (2,758,161)       |
| <b>Balance, December 31, 2010</b>                                  | 55,500,822        | 62,853,930        | 6,152,073         | 888,046        | (29,868)                            | 7,010,251        | (34,170,307)        | 35,693,874        |
| Share-based payments   | -                 | -                 | 60,300            | -              | -                                   | 60,300           | -                   | 60,300            |
| Private placements   | 100,000           | 360,743           | -                 | -              | -                                   | -                | -                   | 360,743           |
| Shares issued for cash on exercise of warrants                     | 276,000           | 250,600           | -                 | -              | -                                   | -                | -                   | 250,600           |
| Fair value of warrants allocated to shares issued on exercise      | -                 | 152,720           | -                 | (152,720)      | -                                   | (152,720)        | -                   | -                 |
| Total comprehensive loss for the period                            | -                 | -                 | -                 | -              | 145,957                             | 145,957          | (842,834)           | (696,877)         |
| <b>Balance, March 31, 2011</b>                                     | <b>55,876,822</b> | <b>63,617,993</b> | <b>6,212,373</b>  | <b>735,326</b> | <b>116,089</b>                      | <b>7,063,788</b> | <b>(35,013,141)</b> | <b>35,668,640</b> |

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

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### 1. Nature of operations and continuance of operations

Almaden Minerals Ltd. (the "Company" or "Almaden") is incorporated 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 necessary financing to complete the development and upon future profitable production or proceeds from the disposition of mineral properties.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three months ended March 31, 2011, the Company incurred a net loss for the three months of \$842,834 (2010 – gain of \$326,887). At March 31, 2011, the Company had cash and cash equivalents of \$14.2 million and working capital of \$27.7 million. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, to complete its property under development, general positive cash flows, and ultimately the achievement of profitable operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

### 2. Basis of preparation

#### (a) Statement of Compliance

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

#### (b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2010 consolidated annual financial statements.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

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### 2. Basis of preparation (Continued)

(b) Basis of preparation (continued)

#### New accounting standards and interpretations

Certain new accounting standards, amendments to standards and interpretations have been issued. These standards have been assessed not to have a significant impact on the Company's financial statements.

- IFRS 7 (Amendment) Clarification of required level of disclosure<sup>(i)</sup>
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets<sup>(ii)</sup>
- IAS 24 Related Party Disclosure<sup>(i)</sup>
- IAS 1 (Amendment) Clarification of statement of changes in equity<sup>(i)</sup>
- IAS 34 (Amendment) Disclosure requirements for significant events and transactions<sup>(i)</sup>

<sup>(i)</sup>Effective for annual periods beginning on or after January 1, 2011

<sup>(ii)</sup>Effective for annual periods beginning on or after January 1, 2013

### 3. Significant accounting policies

These unaudited consolidated interim financial statements have been prepared in accordance with IIFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2010.

These unaudited consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2010. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

### 4. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses consist of the following:

|                                 | March 31,<br>2011 | December 31,<br>2010 |
|---------------------------------|-------------------|----------------------|
| Accounts receivable             | \$ 503,665        | \$ 327,321           |
| HST receivable                  | 107,529           | 187,300              |
| Allowance for doubtful accounts | (75,030)          | (75,030)             |
| Prepaid expenses                | 114,860           | 98,809               |
|                                 | <u>\$ 651,024</u> | <u>\$ 538,400</u>    |



## **Almaden Minerals Ltd.**

(An exploration stage company)

### **Notes to the condensed consolidated interim financial statements**

For the three months ended March 31, 2011

*(Unaudited - Presented in Canadian dollars)*

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#### **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 three months ended March 31, 2011, the Company determined that \$Nil (2010 - \$Nil) of unrealized loss recorded in available-for-sale financial assets was a result of significant or prolonged losses.

#### **6. Inventory**

Inventory consists of 1,597 ounces of gold bullion (2010 – 1,597) which is valued at the lower of average cost of mining and estimated net realizable value. The market value of the gold at March 31, 2011 is \$2,218,762 (December 31, 2010 - \$2,268,986).

#### **7. Investments in Associate**

##### ***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. As per the original agreement, during the year ended December 31, 2008, Almaden received 500,000 common shares of Tarsis when one of the properties became subject to an option agreement with an arm's length third party with a commitment by the third party to expend a minimum of \$500,000 on the property.

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 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 December 2007, Almaden's interest in Tarsis was diluted from an initial 41% to 30% resulting in the recognition of a gain on dilution of \$436,296. In the year ended December 31, 2008, Almaden's interest in Tarsis increased from 30% to 33.2%. In the year ended December 31, 2009, Almaden's interest in Tarsis decreased from 33.2% to 27.6% resulting in the recognition of a loss on dilution of \$196,476. 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.

Almaden has one director and two officers in common with Tarsis. 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 Tarsis' loss during the three months ended March 31, 2011 in the amount of \$21,748 (2010 - \$29,592). The fair value of the investment at March 31, 2011 is \$2,542,000 (December 31, 2010 - \$2,214,000).

## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

#### 7. Investments in Associate (Continued)

During the three months ended March 31, 2011, the Company charged Tarsis \$20,312 (2010 - \$13,072) for office rent and various expenses. These amounts were valued at the exchange amount agreed to by the parties. The following table summarizes the financial information of Tarsis for its years ended October 31, 2010 and 2009:

|                   | October 31   |              |
|-------------------|--------------|--------------|
|                   | 2010         | 2009         |
| Total Assets      | \$ 5,899,166 | \$ 4,835,003 |
| Total Liabilities | \$ 97,732    | \$ 114,468   |
| Revenue           | \$ -         | \$ -         |
| Loss              | \$ 1,218,650 | \$ 323,389   |

#### 8. Property, plant and equipment

|   | Automotive<br>equip. | Furniture<br>&<br>fixtures | Computer<br>hardware | Computer<br>software | Geological<br>library | Field<br>equip. | Mill<br>equip. <sup>(1)</sup> | Leasehold<br>improve. | Drill<br>equip. | Total            |
|---|----------------------|----------------------------|----------------------|----------------------|-----------------------|-----------------|-------------------------------|-----------------------|-----------------|------------------|
|   | \$                   | \$                         | \$                   | \$                   | \$                    | \$              | \$                            | \$                    | \$              | \$               |
| <b>Cost</b>   |                      |                            |                      |                      |                       |                 |                               |                       |                 |                  |
| <b>December 31, 2010</b>                            | <b>469,818</b>       | <b>138,625</b>             | <b>270,861</b>       | <b>133,918</b>       | <b>65,106</b>         | <b>367,740</b>  | <b>323,264</b>                | <b>27,181</b>         | <b>760,180</b>  | <b>2,556,693</b> |
| Additions   | 20,414               |                            | 24,292               | 21,951               |                       |                 |                               |                       | 161,856         | 228,513          |
| Disposals   | (34,664)             |                            |                      |                      |                       |                 |                               |                       |                 | (34,664)         |
| <b>March 31, 2011</b>                               | <b>455,568</b>       | <b>138,625</b>             | <b>295,153</b>       | <b>155,869</b>       | <b>65,106</b>         | <b>367,740</b>  | <b>323,264</b>                | <b>27,181</b>         | <b>922,036</b>  | <b>2,750,542</b> |
| <b>Accumulated Depreciation</b>                     |                      |                            |                      |                      |                       |                 |                               |                       |                 |                  |
| <b>December 31, 2010</b>                            | <b>309,008</b>       | <b>117,041</b>             | <b>229,451</b>       | <b>70,251</b>        | <b>53,135</b>         | <b>220,737</b>  | <b>-</b>                      | <b>26,059</b>         | <b>345,022</b>  | <b>1,370,704</b> |
| Disposals   | (27,766)             | -                          | -                    | -                    | -                     | -               | -                             | -                     | -               | ( 27,766)        |
| Depreciation  | 12,309               | 1,079                      | 4,017                | 5,598                | 598                   | 7,350           | -                             | 281                   | 24,804          | 56,036           |
| <b>March 31, 2011</b>                               | <b>293,551</b>       | <b>118,120</b>             | <b>233,468</b>       | <b>75,849</b>        | <b>53,733</b>         | <b>228,087</b>  | <b>-</b>                      | <b>26,340</b>         | <b>369,826</b>  | <b>1,398,974</b> |
| <b>Carrying amounts</b>                             |                      |                            |                      |                      |                       |                 |                               |                       |                 |                  |
| December 31, 2010                                   | 109,754              | 21,141                     | 52,166               | 26,033               | 14,963                | 123,445         | 323,264                       | 4,786                 | 199,549         | <b>875,101</b>   |
| <b>March 31, 2011</b>                               | <b>162,017</b>       | <b>20,505</b>              | <b>61,685</b>        | <b>80,020</b>        | <b>11,373</b>         | <b>139,653</b>  | <b>323,264</b>                | <b>841</b>            | <b>552,210</b>  | <b>1,351,568</b> |
| Reclassified to<br>Asset Held for Sale<br>(Note 18) | -                    | -                          | -                    | -                    | -                     | -               | (323,264)                     | -                     | -               | (323,264)        |
| <b>March 31, 2011</b>                               | <b>162,017</b>       | <b>20,505</b>              | <b>61,685</b>        | <b>80,020</b>        | <b>11,373</b>         | <b>139,653</b>  | <b>-</b>                      | <b>841</b>            | <b>552,210</b>  | <b>1,028,304</b> |

<sup>(1)</sup> Note 18

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

### 9. Exploration and evaluation assets

|   | Elk         | ATW       | Willow  | Caballo Blanco | El Cobre | Tuligtic  | San Carlos | Caldera | Other Properties | Total       |
|---|-------------|-----------|---------|----------------|----------|-----------|------------|---------|------------------|-------------|
|   | \$          | \$        | \$      | \$             | \$       | \$        | \$         | \$      | \$               | \$          |
| <b>Mineral properties</b>   |             |           |         |                |          |           |            |         |                  |             |
| <b>Opening Balance (December 31, 2010)</b>  | 1,075,694   | 46,451    | 148,254 | 4,321          | 41,988   | 231,059   | 1          | 50,205  | 487,935          | 2,085,908   |
| Additions   | -           | -         | -       | -              | -        | -         | -          | -       | 68,800           | 68,800      |
| Proceeds from options   | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
| Recoveries  | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
| Write-down of deferred acquisition Costs  | -           | -         | -       | -              | -        | -         | -          | -       | (18,717)         | (18,717)    |
| Proceeds received from options on mineral properties in excess of cost - reclassified to income | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
| <b>Closing Balance (March 31, 2011)</b>   | 1,075,694   | 46,451    | 148,254 | 4,321          | 41,988   | 231,059   | 1          | 50,205  | 538,018          | 2,135,991   |
| <b>Deferred Exploration Costs</b>   |             |           |         |                |          |           |            |         |                  |             |
| <b>Opening Balance (December 31, 2010)</b>  | 7,684,675   | 1,063,665 | 369,339 | 72,840         | 136,844  | 1,382,454 | -          | 443,237 | (39,448)         | 11,113,606  |
| Costs incurred during the period  |             |           |         |                |          |           |            |         |                  |             |
| Drilling and related costs  | -           | 159,448   | -       | -              | -        | 456,690   | -          | -       | -                | 616,138     |
| Professional/technical fees   | 68,140      | -         | -       | 133            | 6,050    | 112,975   | -          | 1,641   | 9,068            | 198,007     |
| Claim maintenance/lease cost  | 17,866      | 8,098     | -       | 1,216          | 11,501   | 58,494    | 26,308     | 6,672   | 61,179           | 191,334     |
| Geochemical   | 8,972       | -         | -       | -              | -        | 181,927   | -          | -       | -                | 190,899     |
| Travel and accommodation  | 16,079      | -         | -       | -              | 9,072    | 45,633    | -          | 229     | 3,054            | 74,067      |
| Geology, engineering  | 69,012      | 72,214    | -       | -              | -        | -         | -          | -       | -                | 141,226     |
| Salaries and wages  | -           | -         | -       | -              | 810      | 53,434    | 3,271      | -       | -                | 57,515      |
| Supplies and misc.  | -           | 35        | -       | -              | 3,674    | 51,022    | -          | 623     | 8,680            | 64,034      |
| Geophysical, geosciences  | -           | -         | -       | -              | -        | 30,166    | -          | -       | -                | 30,166      |
| Reclamation, environmental  | 16,500      | -         | -       | -              | 3,000    | 694       | -          | -       | -                | 20,194      |
| Proceeds from options   | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
| Recoveries  | -           | -         | -       | -              | -        | -         | -          | (6,645) | -                | (6,645)     |
| Write-down of deferred exploration costs  | -           | -         | -       | -              | -        | -         | (29,579)   | -       | (80,201)         | (109,780)   |
| Proceeds received from options on mineral properties in excess of cost - reclassified to income | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
| Recovery in value of mineral interests  | -           | -         | -       | -              | -        | -         | -          | -       | -                | -           |
|   | 196,569     | 239,795   | -       | 1,349          | 34,107   | 991,035   | -          | 2,520   | 1,780            | 1,467,155   |
| <b>Closing Balance (March 31, 2011)</b>   | 7,881,244   | 1,303,460 | 369,339 | 74,189         | 170,951  | 2,373,489 | -          | 445,757 | (37,668)         | 12,580,761  |
|   | 8,956,938   | 1,349,911 | 517,593 | 78,510         | 212,939  | 2,604,548 | 1          | 495,962 | 500,350          | 14,716,752  |
| <b>Reclassified to Asset Held for Sale (Note 18)</b>  | (8,956,938) | -         | -       | -              | -        | -         | -          | -       | -                | (8,956,938) |
|   | -           | 1,349,911 | 517,593 | 78,510         | 212,939  | 2,604,548 | 1          | 495,962 | 500,350          | 5,759,814   |

## **Almaden Minerals Ltd.**

(An exploration stage company)

### **Notes to the condensed consolidated interim financial statements**

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

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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**

The Company acquired a 100% interest in the Elk Mine in southern British Columbia by staking. The Company processed ore from the Siwash Vein in the mid-1990's on a bulk sampling basis. A National Instrument 43-101 resource report has been completed for the property. During the three months ended March 31, 2011, the Company signed an agreement to sell the Elk property to an unrelated third party, Beanstalk Capital Ltd., which is a publicly listed Capital Pool Company under the rules of the TSX Venture Exchange, for 37 million common shares at an estimated value of \$0.46 per share. The Company retains a 2% NSR royalty.

##### **(b) ATW**

The Company has a net 65.5% 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**

The Company has a 100% interest in the Caballo Blanco property. The underlying owner would also receive a NSR of 2.5% to 1% based on the rate of production. The Company can purchase 50% of this NSR for a fixed payment of US\$750,000. During 2007, the Company entered into an agreement with Canadian Gold Hunter Corp., now NGEx Resources Inc. ("NGEx"). To earn a 70% interest, NGEx must make a US\$500,000 payment upon signing a formal agreement (received), issue 1,000,000 shares to the Company (received) and incur exploration expenditures totalling US\$12,000,000 over six years and fund all costs required for the completion of a bankable feasibility study. In February 2010, the Company agreed to terms with NGEx and Goldgroup Resources Inc. ("Goldgroup"). NGEx and Goldgroup concluded an arrangement whereby Goldgroup could take over NGEx's (not yet exercised) option agreement to acquire a 70% interest in the prospect from Almaden. Under the terms of the agreement, a portion of the property will be separated from that agreement to form the now named "El Cobre" project, to be owned 60% by Almaden and 40% by Goldgroup. This arrangement is subject to Goldgroup earning its 70% interest in the prospect. Goldgroup has agreed to pay a NSR to NGEx of 1.5% on Goldgroup's portion of both the El Cobre and Caballo Blanco projects. Both Almaden and Goldgroup will hold a working interest in the El Cobre Project. Almaden will be the operator of the exploration programs.

##### **(e) Tuligtic**

The Company acquired a 100% interest in the Tuligtic property by staking. During 2009, the Company entered into an agreement with Antofagasta Minerals S.A. ("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.

## **Almaden Minerals Ltd.**

(An exploration stage company)

### **Notes to the condensed consolidated interim financial statements**

For the three months ended March 31, 2011

*(Unaudited - Presented in Canadian dollars)*

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#### **9. Exploration and evaluation assets (Continued)**

##### **(f) San Carlos / San Jose**

The Company acquired a 100% interest in the San Carlos claims by staking and purchased 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 write-down recognized in 2011 is \$29,579 (2010 - \$12,705).

##### **(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 acquired a 100% interest in the Nicoamen River property by staking. 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.

###### **(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.

###### **(iv) Yago**

The Company acquired a 100% interest in the Tepic claim by staking and purchased 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. The write-down recognized in 2011 is \$40,189 (2010 - \$17,642).

## **Almaden Minerals Ltd.**

(An exploration stage company)

### **Notes to the condensed consolidated interim financial statements**

For the three months ended March 31, 2011

*(Unaudited - Presented in Canadian dollars)*

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#### **9. Exploration and evaluation assets (Continued)**

##### **(v) Bufa**

The Company acquired a 100% interest in the Guadalupe claim by staking. During 2005, the Company entered into an agreement with Lincoln Gold Corp. ("Lincoln"). To earn a 60% interest, Lincoln had 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). 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, representing 20% of the purchase price, was paid. 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 Apex Silver Mines Limited, now Golden Minerals Company ("Golden Minerals"). 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).

##### **(viii) Tropico**

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.

##### **(ix) Other write-downs of interest in mineral properties**

In addition, the Company wrote down its interest in other mineral properties in aggregate by \$40,012 during the three months ended March 31, 2011 (2010 - \$28,481).

## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

#### 10. Capital and reserves

##### (a) Authorized share capital

At March 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 issues of common shares in the three months ended March 31, 2011 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.

##### (c) Warrants

The continuity of warrants for the period ended March 31, 2011 is as follows:

| Expiry date                     | Exercise Price | December 31 2010 | Granted | Exercised        | Expired/ cancelled | March 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        | 24,299           | -       | -                | -                  | 24,999           |
|                                 |                | <b>1,481,499</b> | -       | <b>(276,000)</b> | -                  | <b>1,205,499</b> |
| Weighted average exercise price |                | \$ 1.30          | -       | \$0.91           | -                  | \$ 1.00          |

##### (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 March 31, 2011, the Company had reserved 562,682 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 three months ended March 31, 2011 vested on the date granted. The continuity of stock options for the three months ended March 31, 2011 is as follows:

## Almaden Minerals Ltd.

(An exploration stage company)

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

### 10. Capital and reserves (Continued)

| Expiry date                         | Exercise Price | December 31 2010 | Granted       | Exercised | Expired/ cancelled | March 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 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        | -             | -         | -                  | 1,090,000        |
| 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          | -             | -         | -                  | 355,000          |
| September 20, 2015                  | \$ 2.67        | 100,000          | -             | -         | -                  | 100,000          |
| November 22, 2015                   | \$ 2.73        | 175,000          | -             | -         | -                  | 175,000          |
| Options outstanding and exercisable |                | <b>4,980,000</b> | <b>45,000</b> | -         | -                  | <b>5,025,000</b> |
| Weighted average exercise price     |                | \$ 1.95          | \$ 3.90       | -         | -                  | \$ 1.97          |

The weighted average grant date fair value of 45,000 stock options granted on March 25, 2011 was \$1.34. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.72%; expected life of 1 years; expected volatility of 90.17%; and expected dividends of \$Nil.

### 11. Asset retirement obligation

The Company's asset retirement obligation consists of reclamation costs for the Elk property in British Columbia and is estimated to be settled in 4 years at the earliest. The estimated total undiscounted amount to settle the asset retirement obligation is \$152,073. This amount has been discounted using a pre-tax discount rate of 6.25 percent. See also Note 18 Net Assets Held for Sale.

|  | March 31, 2011 | December 31, 2010 |
|--|----------------|-------------------|
| Opening Balance                            | -              | 135,016           |
| - Accretion during the period              | <b>2,027</b>   | 8,108             |
| - Adjustment to estimate                   | -              | (23,488)          |
| - Transferred to Liabilities Held for Sale | <b>(2,027)</b> | (119,636)         |
|  | <b>-</b>       | <b>-</b>          |



## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

## 12. Related party transactions and balances

### a) Management transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows for the three months ended March 31, 2011:

|   | Short-term<br>employee<br>benefits<br>\$ | Post-<br>employment<br>benefits | Other<br>long-term<br>benefits | Termination<br>benefits | Share-based<br>payments<br>\$ | Total<br>\$ |
|---|--|---------------------------------|--------------------------------|-------------------------|-------------------------------|-------------|
| Hawk Mountain Resources Ltd. <sup>(i)</sup>         | 65,188                                   | n/a                             | n/a                            | (iii)                   | Nil                           | 65,188      |
| Morgan Poliquin<br>Chief Executive Officer          | 51,563                                   | n/a                             | n/a                            | (iii)                   | Nil                           | 51,563      |
| Pacific Opportunity<br>Capital Ltd. <sup>(ii)</sup> | 15,000                                   | n/a                             | n/a                            | (iv)                    | Nil                           | 15,000      |
| Mark Blythe<br>Vice-President-Mining                | 12,469                                   | n/a                             | n/a                            | n/a                     | Nil                           | 12,469      |

For the three months ended March 31, 2010

|   | Short-term<br>Employee<br>benefits<br>\$ | Post-<br>employment<br>Benefits | Other<br>long-term<br>benefits | Termination<br>benefits | Share-based<br>payments<br>\$ | Total<br>\$ |
|---|--|---------------------------------|--------------------------------|-------------------------|-------------------------------|-------------|
| Hawk Mountain Resources Ltd. <sup>(i)</sup>         | 54,000                                   | n/a                             | n/a                            | (iii)                   | 147,400 <sup>(v)</sup>        | 201,400     |
| Morgan Poliquin<br>Chief Executive Officer          | 41,250                                   | n/a                             | n/a                            | (iii)                   | 234,500 <sup>(v)</sup>        | 275,750     |
| Pacific Opportunity<br>Capital Ltd. <sup>(ii)</sup> | 15,000                                   | n/a                             | n/a                            | (iv)                    | 50,250 <sup>(v)</sup>         | 65,250      |
| Mark Blythe<br>Vice-President-Mining                | 12,469                                   | n/a                             | n/a                            | n/a                     | Nil                           | 12,469      |

(i) Hawk Mountain Resources Ltd., a private company controlled by the Chairman of the Company.

(ii) Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown, the Chief Financial Officer of the Company.

(iii) If terminated without cause, payment of an amount equal to 2 times the then current base compensation; by death, payment of an amount equal to 6 months of the then current base fee; and following a change of control, payment of an amount equal to 3 times the then current base compensation.

(iv) If terminated by death or disability, payment of an amount equal to 3 months of the then current base fee.

(v) Comprised of options granted pursuant to the Company's stock option plan. The value of option-based awards is based on the fair value of the awards (\$0.67) calculated using the Black-Scholes-Merton model at the January 4, 2010 grant date. All options vested upon grant.

## **Almaden Minerals Ltd.**

(An exploration stage company)

### **Notes to the condensed consolidated interim financial statements**

For the three months ended March 31, 2011

*(Unaudited - Presented in Canadian dollars)*

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## **12. Related party transactions and balances (Continued)**

### ***b) Directors transactions***

During the three months ended March 31, 2011 \$33,000 (2010 - \$33,000) was paid to the 5 non-management Directors.

### ***c) Other related party transactions***

#### **i) Tarsis Resources Ltd. ("Tarsis")**

Tarsis has a Director, Gerald Carlson, and two officers, Marc G. Blythe and Mark T. Brown, in common with Almaden, and Almaden owns 16.6% of Tarsis's common shares (see Note 7).

During the three months ended March 31, 2011, the Company charged Tarsis \$20,312 (2010 - \$13,072) for office rent and various expenses. These amounts were valued at the exchange amount agreed to by the parties. At March 31, 2011, Tarsis owed the Company \$20,780 (2010 - \$13,072).

#### **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.

#### **iii) Fairmont Resources Inc. ("Fairmont")**

One of Fairmont's Directors, Gerald Carlson, is also a Director of Almaden.

On July 30, 2009, Fairmont entered into an option agreement to acquire an initial 51% interest in Almaden's Nicoamen River Claims located in the Kamloops Mining Division, British Columbia. In order to earn its interest Fairmont agreed to pay \$25,000 and incur \$300,000 in exploration. Fairmont may acquire an additional 9% interest by issuing a total of 300,000 common shares to Almaden and spending a further \$1.7 million on the property, both within a five year period beginning on April 14, 2010.

#### **iv) 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.

## **13. Loss per share**

### ***Basic and diluted loss per share***

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$842,834 (2010 – gain of \$326,887) and a weighted average number of common shares outstanding of 55,675,411 (2010 – 49,081,056).

Diluted loss per share did not include the effect of 5,025,000 stock options and 1,205,499 warrants (2009 – 4,760,000 and 2,172,158, respectively) because they are anti-dilutive.

## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

#### 14. Supplemental cash flow information

Supplemental information regarding non-cash transactions is as follows:

|  | March 31,<br>2011 | March 31,<br>2010 |
|--|-------------------|-------------------|
| <b>Investing activities</b>  |                   |                   |
| Reversal of equity settled employee benefits<br>reserve on exercise of options | \$ -              | \$ 26,000         |
| Reversal of warrants reserve<br>on exercise of warrants                        | 152,720           | -                 |
| Fair value of warrants upon completion<br>of private placement                 | -                 | 42,250            |

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

|                                | March 31,<br>2011 | December 31,<br>2010 |
|--------------------------------|-------------------|----------------------|
| Cash                           | \$ 2,220,150      | \$ 3,596,119         |
| Government of Canada (T-Bills) | 3,995,880         | 4,997,500            |
| Bankers Acceptance             | 7,995,809         | 7,494,213            |
|                                | \$ 14,211,839     | \$ 16,087,832        |

#### 15. Commitments and contingencies

- (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:

|            |           |
|------------|-----------|
| 2011       | \$ 50,250 |
| 2012       | 67,000    |
| 2013       | 67,000    |
| 2014       | 75,000    |
| 2015       | 81,000    |
| Thereafter | 6,700     |
|            | \$346,950 |

- (b) During 2007, the Company entered into contracts with its Chairman and Chief Executive Officer for remuneration of \$206,250 annually (amended), for two years, renewable for two additional successive terms of 24 months.
- (c) During 2007, the Company entered into an Agreement with its Chief Financial Officer and a company controlled by him for remuneration of \$60,000 annually for a term of one year, renewable for additional successive terms of 12 months.

#### 16. Financial instruments

## **Almaden Minerals Ltd.**

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### **Notes to the condensed consolidated interim financial statements**

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*(Unaudited - Presented in Canadian dollars)*

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The fair values of the Company's accounts receivable and accounts 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.

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income by \$20,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's net income by \$5,000.

#### **(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 balance sheet 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 also has other accounts receivable from various entities including optionees, drilling clients and IVA from the Mexican government.

#### **(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.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

#### **(d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

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

#### **(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.

## **16. Financial instruments (Continued)**

## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

A 1% change in the price of gold would affect the fair value of the Company's gold inventory by \$22,000.

#### (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 | \$ 14,211,839 | \$ -    | \$ -    | \$ 14,211,839 |
| Marketable securities     | 1,966,890     | -       | -       | 1,966,890     |
| Short-term investment     | 2,000,000     | -       | -       | 2,000,000     |
|                           | \$ 18,178,729 | \$ -    | \$ -    | \$ 18,178,729 |

#### 17. 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 through its current operating period.

#### 18. Assets Classified as Held for Sale

## Almaden Minerals Ltd.

(An exploration stage company)

### Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2011

(Unaudited - Presented in Canadian dollars)

In December, 2010, the Board of Directors determined that the Elk Gold 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.

|   | <b>March 31,<br/>2011</b> | December 31,<br>2010 |
|---|---------------------------|----------------------|
| Exploration and evaluation assets held for sale | <b>\$ 8,956,938</b>       | \$ 8,760,369         |
| Property, plant and equipment held for sale     | <b>323,264</b>            | 323,264              |
|   | <b>9,280,202</b>          | 9,083,633            |
| Asset retirement obligation held for sale       | <b>(121,663)</b>          | (119,636)            |

#### 19. 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:

|        | <b>March 31,<br/>2011</b> | December 31,<br>2010 |
|--------|---------------------------|----------------------|
| Canada | <b>\$ 2,384,912</b>       | \$ 2,636,633         |
| Mexico | <b>4,403,206</b>          | 2,665,237            |
|        | <b>\$ 6,788,118</b>       | \$ 5,301,870         |

The Company's revenues arose primarily from interest income on corporate cash reserves and investment income. The Company earns revenue in the following geographic locations as determined by the location of the mineral properties:

|        | <b>March 31, 2011</b> | December 31,<br>2010 |
|--------|-----------------------|----------------------|
| Canada | <b>\$ 40,141</b>      | \$ 233,875           |
| Mexico | <b>-</b>              | -                    |
|        | <b>\$ 40,141</b>      | \$ 233,875           |

#### 20. Subsequent events

Subsequent to March 31, 2011, the Company received \$3,675,000 on the exercise of 1,470,000 stock options.

**Almaden Minerals Ltd.**

Schedule 1

(an exploration stage company)

**Consolidated schedules of general and administrative expenses**

(Unaudited - Expressed in Canadian dollars)

|                      | Three months ended March 31, |         |
|----------------------|------------------------------|---------|
|                      | 2011                         | 2010    |
|                      | \$                           | \$      |
| Professional fees    | <b>70,554</b>                | 50,877  |
| Office and license   | <b>82,377</b>                | 67,241  |
| Travel and promotion | <b>87,137</b>                | 50,589  |
| Depreciation         | <b>56,037</b>                | 32,967  |
| Insurance            | <b>26,517</b>                | 26,521  |
| Rent                 | <b>43,034</b>                | 44,354  |
| Stock exchange fees  | <b>36,593</b>                | 109,433 |
| Directors fees       | <b>35,411</b>                | 33,495  |
| Transfer agent fees  | <b>5,698</b>                 | 4,040   |
|                      | <b>443,358</b>               | 419,517 |