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Munro Lake

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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

35 km NW
of Pentstemon

STATEMENT OF MATERIAL FACTS (#133/90)
EFFECTIVE DATE: December 11, 1990

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ALMADEN RESOURCES CORPORATION

#703 - 1112 West Pender Street, Vancouver, British Columbia V6E 2S1 (604) 689-7644
NAME OF ISSUER, ADDRESS OF HEAD OFFICE, AND TELEPHONE NUMBER

#1620 - 701 West Georgia Street, Vancouver, British Columbia V7Y 1G2
ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

Central Guaranty Trust Company
800 West Pender Street, Vancouver, British Columbia
NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA

SHAREHOLDER OFFERING: 300,000 Common Shares

On 10 July 1990, Almaden Resources Corporation (the "Issuer") issued, by way of a share exchange, 300,000 Common Shares in its capital stock to Pacific Sentinel Gold Corp. ("Pacific Sentinel") at a deemed price of \$0.73 per share.

This Statement of Material Facts qualifies for sale to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), at the market price at the time of sale, the 300,000 Common Shares of the Issuer presently owned by Pacific Sentinel. (See Item 1, "Plan of Distribution".)

The Issuer will not receive any cash proceeds upon the sale of the Common Shares qualified for distribution hereunder. The Issuer is paying the costs of this Offering.

The Issuer is, under the rules of the Exchange, a "Venture Company".

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT; FURTHER CLARIFICATION, IF REQUIRED, MAY BE SOUGHT FROM A BROKER.

Agent

YORKTON SECURITIES INC.
1000 - 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1L4

Neither the British Columbia Securities Commission nor the Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

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ITEM 1 PLAN OF DISTRIBUTION

A. General

On 10 July 1990, the Issuer issued 300,000 Common Shares (the "Shares") to Pacific Sentinel at a deemed price of \$0.73 per Share. The Shares were issued on a share exchange basis pursuant to an Option and Joint Venture Agreement made as of 11 May 1990 (the "Option Agreement") between the Issuer, PIC Prospectors International Corporation ("PIC"), #203, 455 Granville Street, Vancouver, British Columbia V6C 1T1, and Pacific Sentinel, #1020, 800 West Pender Street, Vancouver, British Columbia V6C 2V6, (See Item 3, "Golden West Property"). The Shares were issued pursuant to exemptions contained in the British Columbia *Securities Act* (the "*Act*"), and may not be sold until 11 May 1991, being the end of the hold period, without qualifying the Shares pursuant to a prospectus or selling the Shares pursuant to an exemption under the *Act* or the *Regulations* to the *Act*. No commissions were paid by the Issuer in connection with the distribution of the Shares. The Issuer will bear the expenses associated with this offering.

B. Shareholder Offering

This Statement of Material Facts (the "Statement") qualifies for sale to the public through the facilities of the Exchange, at the market price prevailing at the time of the sale, 300,000 Shares presently owned by Pacific Sentinel.

Pacific Sentinel may distribute the Shares to the public through the facilities of the Exchange at the market price prevailing at the time of sale at any time following the Effective Date of this Statement, being the date of acceptance of the Statement by the Exchange and the Superintendent of Brokers (the "Superintendent") as noted on the cover page hereof, until the earlier of the date when all the Shares are sold or 11 May 1991, being the end of the hold period.

The Issuer will not receive any proceeds from the sale by Pacific Sentinel of the Shares, all such proceeds will accrue to Pacific Sentinel. As of the date hereof, Pacific Sentinel holds 300,000 shares of the Issuer, being 6.2% of the issued common shares. After the offering, Pacific Sentinel will own only that portion of the 300,000 shares of the Issuer, if any, remaining unsold.

C. Appointment of Agent

Pacific Sentinel, by a selling shareholder agreement dated for reference 28 September 1990 (the "Selling Agreement"), has appointed Yorkton Securities Inc. as its agent (the "Agent") to offer the Shares to the public through the facilities of the Exchange.

Pacific Sentinel will pay the Agent, in consideration for the services provided by it, a negotiated commission not to exceed 3.3% of the selling price of the Shares. The purchaser of any Shares offered hereunder will be required to pay regular commission at the rates charged.

There are no other payments in cash, securities, or other consideration being made to a promoter, finder, or any other person or company with respect to this offering.

ITEM 2 HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT

There are no net proceeds accruing to the issuer from the Shares being offered under this Statement. As at 31 October 1990, the Company's working capital position is approximately \$190,785, and will be \$170,785 after taking up the expected expense of the offering.

ITEM 3 PARTICULARS OF NATURAL RESOURCE ASSETS

A. Summary of Material Mining Properties

GROUP I Properties for which regulatory approval has been obtained under this Statement:

Munro Lake Gold-Silver Property, Osoyoos Mining Division, British Columbia

GROUP II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year:

Property Name	Issuer's Acquisition and Exploration Costs to 31 July 1990	Shares Issued to Date	Planned Expenditure from Funds Available Upon Completion of the Offering
Falcon Lake	\$ 1	None	Nil
Golden West Property	\$ 12,805	None	Nil
Gull Bay	\$ 68,467	40,000	Nil
NAT Property	\$ 1	None	Nil
Whitemouth Lake and Shoal Lake	\$410,219	None	Nil

GROUP III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000:

None.

B. Narrative Information - Material Mining Properties

GROUP I:

Munro Lake Gold-Silver Property, Osoyoos Mining Division, British Columbia:

The Issuer owns a 100% beneficial interest in the Munro Lake property acquired by staking, consisting of 13 claims totalling 109 units of 2,725 hectares. The Issuer's acquisition and exploration costs to 31 July 1990 were \$246,065. The property is situated about thirty-five kilometres northwest of Penticton, and is easily accessible by road.

The Issuer has carried out prospecting, geochemical surveys, geological studies, overburden drilling, limited geophysical surveys, and limited percussion drilling, at a cost of \$261,046. The overburden drilling located three targets that are highly anomalous in gold, silver, and zinc. An assay of a narrow zone in the same lineament, but two kilometres along strike, returned an assay of 0.132 o.p.t. gold and 23.9 o.p.t. silver. Percussion drilling on an I.P. target elsewhere on the property intersected porphyry type mineralization with the best intersection being two metres of 0.41% copper and 0.04 MoS₂.

By an agreement dated 22 June 1990 between the Issuer and Lausanne Development Corp. ("Lausanne"), Lausanne was granted the right to earn a 50% interest in the property for a \$15,000 down payment (paid), \$15,000 on Lausanne obtaining a listing on the Exchange, 60,000 shares of Lausanne to be received by 31 August 1990, which are presently being issued, and expenditures of \$75,000 by 30 September 1990 (which has been completed), \$100,000 by 31 May 1991, \$150,000 by 31 May 1992, and \$175,000 by 31 May 1993, for a total of \$500,000 on property expenditures. The Issuer is to be the operator.

The Munro Lake claims are without a known body of commercial ore.

GROUP II:

1. The Falcon Lake Polymetallic Property, Winnipeg Mining Division, Manitoba:

This property was originally staked and owned 100% by the Issuer. The property consists of 48 mining claims totalling 48 square miles, just south of the Trans Canada Highway, about 100 miles east of Winnipeg, Manitoba. Pursuant to an option, Polestar Explorations Inc. ("Polestar") earned a 15.625% interest in the property. By an agreement dated 1 June 1988, the Issuer and Polestar granted Granges Exploration Ltd. ("Granges") an option to acquire a 55% interest in the property for cash option payments of \$15,000 on execution of the agreement (paid), \$15,000 by 1 June 1989 (paid), \$25,000 by 1 June 1990 (paid), \$50,000 by 1 June 1991, and expenditures on the property of \$500,000 by 1 June 1990 (which have been done), and \$600,000 by 1 June 1992. The Falcon Lake claims are 100 miles east of Winnipeg, about five miles south of the Trans Canada highway, and are cut by numerous roads.

Airborne surveys by the Issuer found a large number of EM anomalies. Polestar acquired an option to earn an interest in return for reimbursing the Issuer for money spent. After spending in excess of \$600,000 on ground geophysical surveys and drilling, Polestar earned a 15.625% interest in the property. Under the subsequent option, Granges conducted linecutting, ground EM surveys, and diamond drilling, for a total cost in excess of \$500,000. Granges appears to have drilled all of the most significant anomalies, but, nevertheless, has made the 1 June 1990 payment and has fulfilled all commitments to keep its option in good standing to 1 June 1991.

The Falcon Lake Claims are without a known body of commercial ore.

2. Golden West Gold Property, La Paz County, Arizona:

By a letter agreement dated 12 December 1989 between the Issuer and PIC, the Issuer and PIC formed a joint venture (the "Almaden/PIC Joint Venture") to explore for minerals and to acquire mineral properties and interests therein in La Paz County, Arizona. The Almaden/PIC Joint Venture was structured on the basis that each of PIC and the Issuer would have a 50% interest in the joint venture and would contribute 50% of the expenditures to be incurred. Mineral properties and interests acquired by the Almaden/PIC Joint Venture were to be held by Hawk Mountain Minerals Inc. ("Hawk"), a U.S. corporation in which each of the Issuer and PIC own 50% of the issued shares. PIC is a public company whose shares are listed on the Exchange. Brian Fagan, the President and a director of PIC, as an employee of the Almaden/PIC Joint Venture, was granted an employee stock option for 30,000 shares of the Issuer at \$0.72 per share. PIC and its insiders are at arm's length to the Issuer.

Hawk has acquired the following unpatented lode mining claims by staking: 35 ANP claims, 21 NBK claims, 22 NPT claims, 37 WDL claims, and 5 Golden West Fraction claims. (See Item 9, "Legal Proceedings as to a Claim by the Adjoining Claim Owner"). In addition,

Hawk now holds exclusive options to acquire the Bright Star unpatented lode mining claims and the Bright Star Millsite Claim, and the Golden West and Golden West No. 1 patented lode mining claims pursuant to and subject to the following agreements:

- (a) Hawk has entered into a Lease of Mining Property dated 29 January 1990 (the "McRoberts Lease") with Bailey T. McRoberts and Thelma L. McRoberts ("McRoberts") to lease four unpatented lode mining claims and one mill site claim known as the Bright Star, Bright Star No. 1, Bright Star No. 2, Bright Star No. 3 lode mining claims, and Bright Star mill site claims (the "Bright Star Property"). McRoberts has granted to Hawk a lease to explore for mineral products on the Bright Star Property in consideration of:
- (i) the payment of \$5,000 (U.S.) on 29 January 1990 (paid);
 - (ii) the sum of \$5,000 (U.S.) on each of 1 July 1990 (paid) and 29 January 1991;
 - (iii) the sum of \$10,000 (U.S.) on 29 January 1992 and thereafter annually on 29 January in each and every year as long as the lease is in effect.

The foregoing payments are considered minimum rentals which shall be applied to reduce production royalty.

Commencing subsequent to payments resulting from sale of production from the property, Hawk shall pay to McRoberts, as production royalties, 5% of gross receipts respecting such production. Production royalty payments in excess of minimum rentals shall accrue to offset minimum rentals due in subsequent periods.

In addition, by making a payment of \$15,000 U.S. at any time during the term of the Lease, Hawk may give notice of its intention to purchase the Bright Star Property. In that event, all rental and royalty payments will be credited towards a purchase price for the Bright Star Property of an aggregate of \$110,000 U.S.

- (b) Hawk has entered into an Option Agreement dated 12 December 1989 (the "Lovestedt Agreement") with Claude B. Lovestedt and Helen Lovestedt ("Lovestedt") pursuant to which Hawk, in consideration of the sum of \$10,000 (U.S.) (paid), was granted the right and option until 31 December 1992 to purchase the interest of Lovestedt in a Mining Lease and Option to Purchase Agreement between James E. Haldan and Ethelmae Haldan and Claude B. Lovestedt dated 29 September 1988 (the "Haldan Agreement") with respect to the Golden West and the Golden West No. 1 Lodes (the "Golden West Property") for the sum of \$125,000 (U.S.) less the aforesaid \$10,000 (U.S.). The remaining \$115,000 (U.S.) shall be paid by way of the sum of \$1,500 (U.S.) per month commencing 1 January 1990 (paid by the Issuer to and including 1 May 1990, thereafter, paid by Pacific Sentinel). The balance of the purchase price shall be paid if and when Hawk exercises its option to purchase the Lovestedt Property. Under the Haldan Agreement, the Golden West Property is subject to a 10% net smelter return, after the cost of hauling to the smelter has been deducted, but with no deduction for any mining costs in computing net returns. All interest of the Optionors in the Golden West Property pursuant to the Haldan Agreement may be purchased during the term for \$125,000 (U.S.). Under the Haldan Agreement, the Lovestedts were granted a lease of five years from 29 September 1988 with the exclusive right to develop the Golden West Property in consideration of the aforesaid production royalty.

Subsequently, by the Option Agreement made 11 May 1990 between the Issuer and PIC of the first part and Pacific Sentinel of the second part, the Issuer and PIC granted an option to

Pacific Sentinel to acquire 50% of their respective 50% beneficial interests in Hawk, which owns the aforesaid staked mining claims and has the aforesaid rights and options to acquire the Golden West Property and the Bright Star Property (together, the "Properties").

The option to Pacific Sentinel is for a period of three years until 11 May 1993 and may be exercised by the payment of \$0.01 per Hawk share and the satisfaction of certain conditions precedent.

The conditions precedent to the exercise by Pacific Sentinel of the option to acquire the shares in Hawk are as follows:

- (a) on the third business day following acceptance for filing by the Exchange of the Option Agreement (the "Closing Date"), the issuance by each of the Issuer and PIC of 300,000 Common Shares to Pacific Sentinel and the issuance by Pacific Sentinel of 100,000 Common shares to each of the Issuer and PIC (issued);
- (b) on the Closing Date, the payment by Pacific Sentinel to each of the Issuer and PIC of the sum of \$25,000 (U.S.) as additional consideration for the grant of the option (paid); and
- (c) Pacific Sentinel shall within the three year term of the option:
 - (i) complete sufficient exploration work to have commissioned and paid for a feasibility study recommending that one or more of the Properties be placed into commercial production; or
 - (ii) have expended not less than \$3,000,000 (Cdn.) in exploration or development expenditures on the Properties. Of the \$3,000,000, up to a maximum of \$1,000,000 in payments made by Pacific Sentinel to cover acquisition costs or advance royalty payments pursuant to underlying agreements to which the Properties are subject, or to land owners subsequently selling or optioning claims to Hawk, shall be deemed to be exploration or development expenditures.

Upon Pacific Sentinel acquiring a 50% interest in the equity of Hawk, the parties shall associate themselves in a joint venture to further explore the Properties with Pacific Sentinel being the initial operator with a 50% participating interest. Each of the Issuer and PIC would then hold a 25% participating interest in the joint venture.

By an amending agreement dated for reference 10 July 1990 between the Issuer and PIC of the first part and Pacific Sentinel of the second part, each of the parties agreed to file a Statement of Material Facts with the Exchange and the British Columbia Securities Commission (the "Commission") to qualify the Common shares exchanged by the parties for resale without restrictions.

The Golden West Property is in the Planet Mining District, La Paz County, Arizona. Limited amounts of high grade gold were produced from several mines in the district including the Mexican mine and the Planet property during the period 1905 - 1950. Placer mining of the washes around the Property is also mentioned in old reports.

The Golden West patented claims have been maintained for many years, and they were brought to patent in 1964. Several adits and shafts were dug over the years. The main workings consist of a shallow inclined shaft that connects with an adit and cross cut, and a steeply inclined shaft about 200 feet deep some distance away. Lovestedt extended the main

adit by around 200 feet in the last few years in a search for high grade gold, and has conducted some surface geochemical surveys.

The Bright Star claims adjoin the Golden West Property on two sides, and have also been held for many years, by the McRoberts family. The grandfather of the present senior McRoberts originally discovered and staked the Golden West patented claims, and then sold them to James Haldan, the current owner and lessor to Lovestedt.

There are several major towns near the Golden West Property on the Colorado River, including Parker, the county seat, and Lake Havasu City, with several daily commuter airline flights and planned near term jet service. From Lake Havasu City, the Property is reached by about 20.5 miles along Highway 95, then east about 7 miles over a graded country road along the Bill Williams River towards the Planet ranch, next up Mineral Wash for 1.3 miles, and then about 2 miles along a good but sometimes steep mine access road to the Property.

Pacific Sentinel initiated a \$500,000 (Cdn.) Phase I exploration programme on the Golden West Project on 3 July 1990. This programme includes grid establishment, soil sampling, prospecting, geological mapping, trenching, lithochemistry, and 15,000 feet of reverse circulation drilling.

To date, a total of 3,000 soil samples have been collected from the Property and forwarded to the assay lab for analysis. Geological mapping of the Golden West target area at a scale of 1:100 has now been completed. Mapping has identified an east-west trending, low angle, breccia related detachment surface which host low-grade gold mineralization. A number of high-angle faults displace the gold-bearing structures. Presently, all geological and geochemical data is being compiled and analyzed, with the Phase I reverse circulation programme expected to begin in November, 1990.

Subsequent to the entering into of the Option Agreement, Pacific Sentinel has acquired from Arizona Chemical Company ("Arizona Chemical") by way of option agreement dated 8 October 1990 (the "Agreement") certain property adjacent to the Golden West Property, which Arizona Chemical property, pursuant to a perimeter clause, is incorporated into the Option Agreement. The Arizona Chemical Property comprises approximately 7 square miles (222 claims) and in order for Pacific Sentinel to acquire a 100% working interest therein it must complete work programme expenditures on the property of not less than an aggregate of \$3,000,000 as follows:

- (a) \$300,000 in the first year;
- (b) an aggregate of \$900,000 within two years;
- (c) an aggregate of \$1,500,000 within three years; and
- (d) an aggregate of \$3,000,000 within four years.

Commencing 8 October 1990 and for each three years thereafter, Pacific Sentinel will pay Arizona Chemical a \$75,000 annual rental fee which will count as part of the work expenditures after at least \$1,500,000 of such expenditures. Arizona Chemical has reserved unto itself a net smelter royalty varying from 2.5% to 10% depending on the grade of ore removed and, in addition, has reserved for its own use any iron ores located on the property. Prior to commercial production and commencing on the fourth anniversary of the Agreement, an advance royalty of (U.S.) \$500,000 is payable to Arizona Chemical (to be credited against future royalties). Pacific Sentinel and Arizona Chemical are fully at arm's length.

Pacific Sentinel's geological staff believes that the Arizona Chemical property holds several other comparable gold targets. Surface surveys are underway to ready these new zones for drilling. Pacific Sentinel has no title opinions on these additional claims and there is no known body of commercial ore thereon.

The Golden West Property and the Arizona Chemical Property are without a known body of commercial ore.

3. Gull Bay Gold Claims, Kenora Mining Division, Ontario:

By an agreement dated 5 January 1988 between James M.L. Brown and Arnold J. Mickelson and the Issuer, the Issuer acquired 26 mineral claims on Shoal Lake, Kenora Mining Division, Ontario. The Gull Bay claims are located about 32 miles southwest of Kenora, Ontario, and may be accessed by driving west on the Trans Canada Highway about 24 miles, and then 7 miles south to the Village of Kejick, Ontario, on the Shoal Lake Indian Reserve Road. The claims lie an additional 7 miles south by water or winter ice road.

The Issuer acquired this property by issuing 40,000 common shares of its capital stock. A further 60,000 common shares are to be issued if the property reaches commercial production.

The Issuer has conducted geophysical surveys and drilling on the property. This work indicated a favourable geological environment, along the Shoal Lake Deformation Zone a few miles from the Dupont gold deposit and the Mikado gold deposit. A number of geophysical targets remain untested.

By an agreement dated 21 December 1988, as amended 22 June 1990, the issuer granted Lausanne an option to acquire a 50% interest in the property for \$5,000 on execution of the agreement (paid), \$25,000 within two weeks of execution (paid), \$5,000 for an engineering report (paid), \$15,000 by 31 October 1990, and expenditures on the property of \$125,000 by 30 April 1991, \$250,000 by 30 April 1992, and \$125,000 by 30 April 1994, for a total of \$500,000 on property expenditures.

The Gull Bay claims are without a known body of commercial ore.

4. NAT Property, Humboldt County, Nevada

Through Panax Inc. ("Panax"), a wholly owned subsidiary of PIC, PIC owns a 100% beneficial interest in the NAT property acquired by staking, subject to the rights of the Issuer and Fischer-Watt Gold Company, Inc. ("Fischer-Watt") hereafter described. The NAT property is situated in Humboldt County, Nevada, U.S.A., and consists of 38 contiguous unpatented lode mining claims comprised of approximately 700 acres. In December, 1989, this land position was increased by the staking of 34 additional 20 acre contiguous unpatented lode mining claims (the LUTRA 48-81 Claims).

The NAT property is located about 14 miles southeast of the town of McDermitt, Nevada. Access is by way of 7.5 miles south from McDermitt on U.S. Highway 95, then approximately 9 miles southeast on a dirt road to the abandoned town of National and the southeast corner of the Property. A system of dirt roads and jeep trails provides access within the Property.

In 1987, PIC carried out a field programme of prospecting and rock sampling. The results of the rock sampling ranged from 5 to 1,735 ppb gold. The average for all 29 rock samples taken was 191 ppb gold.

In 1988, PIC carried out an additional field programme of prospecting, rock and soil sampling, and detailed geological mapping. This programme identified certain areas in the southwest area of the claim block as having the best potential for the discovery of significant mineralization. In 1989, PIC continued with the 1988 programme, focusing its attention on the newly identified target areas.

In 1989 and 1990, Fischer-Watt conducted its own independent field examination and work programme on the NAT and LUTRA claim block. This programme consisted of detailed geological mapping and a closely spaced geochemical rock and soil survey on the claim block and adjacent areas. Based on the results of this work, Fischer-Watt entered into a Lease of Mining Property with Panax dated 22 December 1989 to acquire an interest in the NAT property.

Panax granted to Fischer-Watt the right to explore and develop the NAT property in consideration of the following minimum royalties/rentals:

- (a) 15 December 1989 \$4,000 (U.S.) (paid);
- (b) 15 June 1990 \$5,000 (U.S.) (paid);
- (c) 15 December 1990 \$5,000 (U.S.); and
- (d) Each six months thereafter, as long as the Lease is in effect, the sum of \$7,500 (U.S.).

Commencing on the sale of production from the NAT property, Fischer-Watt shall pay to Panax as a production royalty 4% of gross receipts respecting such production less the amount by which there remains an accrual of minimum rentals as set forth above and not applied to offset production royalties.

In addition, by making a payment of \$25,000 (U.S.) at any time during the term of the Lease, Fischer-Watt may give notice of its intention to purchase the NAT property. In that event, all rental and royalty payments will be credited towards a purchase price for the NAT property of an aggregate of \$1,000,000 (U.S.). Fischer-Watt has the right to terminate the Lease at any time on 30 days' notice.

By a letter agreement dated 12 December 1989 between the Issuer and PIC, PIC, in consideration of the formation of the Almaden/PIC Joint Venture and of the geological consulting services provided by the Issuer, agreed that in the event of the \$25,000 payment by Fischer-Watt referred to above and a notice of intention to purchase the NAT property, the \$25,000 payment and the minimum royalties/rentals payable thereafter by Fischer-Watt, up to the aggregate purchase price of \$1,000,000, would accrue 50% to the Issuer and 50% to PIC.

PIC has been orally informed by Fischer-Watt that it is currently carrying out a programme on the NAT property. The programme consists of bulldozer work in the construction of road access, road repair, and the installation of drill sites. Drilling is not anticipated until after 1 September 1990, and may possibly be postponed until the 1991 exploration season.

The NAT property is without a known body of commercial ore.

5. Whitemouth Lake and Shoal Lake Polymetallic Property, Winnipeg Mining Division, Manitoba:

The Issuer has acquired by staking a 100% interest in 58 mineral claims totalling 58 square miles, about 120 miles southeast of Winnipeg, with road access. The property was staked to

cover a number of airborne survey anomalies, some of which merit follow-up ground geophysics and drilling. A portion of the property (23 claims) was optioned to Granges on 1 December 1989. Granges conducted linecutting, geophysical surveys, and diamond drilling. This work intersected several narrow zones containing low grade intersections of copper and zinc in favourable host rocks. Granges recently returned this portion of the property to the Issuer.

The Whitemouth Lake claims are without a known body of commercial ore.

ITEM 4 PARTICULARS OF NON-RESOURCE ASSETS

The Issuer owns 100,000 Common shares of Pacific Sentinel acquired pursuant to the Option Agreement (see Item 3, "Golden West Property"). The present market value of these 100,000 Common shares of Pacific Sentinel is \$375,000 as at 31 October 1990. Pacific Sentinel is filing a Statement of Material Facts with the Exchange and the Commission to qualify these shares for sale by the Issuer to the public. The Issuer, by the Selling Agreement, has appointed the Agent as its agent to offer the 100,000 Common shares owned by it in Pacific Sentinel to the public through the facilities of the Exchange pursuant to the Statement of Material Facts of Pacific Sentinel. The Issuer will pay the Agent, in consideration for the services provided by it, a negotiated commission not to exceed 3.3% of the selling price of the shares. The Issuer will receive the net proceeds from the sale of the 100,000 Common shares in Pacific Sentinel, which proceeds will be added to the working capital of the Issuer.

The Issuer also owns 75,000 shares of Pacific Mine Search which have a current market value of approximately \$3,750.

ITEM 5 CORPORATE INFORMATION

The Issuer was incorporated on 25 September 1980 by filing a Memorandum and Articles with the Registrar of Companies under the British Columbia *Company Act*.

The Issuer's authorized capital consists of 10,000,000 Common shares without par value, of which 4,831,165 Common shares are issued as at the date hereof. There are no material rights or restrictions attached to those shares.

All shares of the Issuer, both issued and unissued, are of the same class and rank equally as to dividends, voting rights, and participation in assets of the Issuer in the event of its dissolution, liquidation, or winding up. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption, purchase for cancellation, surrender, sinking fund, or purchase fund. Provisions as to the creation of modifications, amendments, or variations of such rights or such provisions are contained in the *Company Act* of British Columbia.

The Issuer has a wholly-owned B.C. subsidiary, Republic Resources Ltd., which is a corporation organized and existing under the laws of the Province of British Columbia, and incorporated on 2 October 1987. The Issuer has a 50% interest in Hawk Mountain Minerals Inc., which is a corporation organized and existing under the laws of the State of Nevada, U.S.A., incorporated on 20 June 1983 as Hawk Mountain Resources Inc., and which changed its name to Hawk Mountain Minerals Inc. on 7 April 1986.

Since 31 July 1990, being the date of the most recent financial statements included in this Statement, the Issuer has issued 10,000 additional shares at \$0.72 per share to James M.L. Brown, and 10,000 shares at \$0.75 per share to Dione Bitzer, in partial exercise of their employee incentive stock options.

ITEM 6 DIRECTORS, OFFICERS, PROMOTERS, AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

The names, addresses, position with the Issuer, and chief occupations for the past five years of the directors, officers, and promoters of the Issuer, and the number of shares each holds beneficially, are as follows:

<u>Name, Address, and Position with Issuer</u>	<u>Chief Occupation For Past Five Years</u>	<u>Number of Shares Held Beneficially</u>
JAMES DUANE POLIQUIN ¹ 16876 - 26th Avenue Surrey, B.C. V4B 5E7 President and Director	Self-employed professional geophysical engineer	1,095,751 direct 90,000 indirect ²
GUSTAV ALFRED GERHARD HOBERSTORFER ¹ 1804-2075 Comox Street Vancouver, B.C. V6G 1S2 Director	Self-employed mining engineer	8,000
EDWARD DOIDGE TREWIN ¹ 107 Sun Canyon Park S.E. Calgary, Alberta T2X 2W4 Director	Management Accountant, President of Truco Resources Ltd., Calgary, Alberta	92,500 direct 101,445 indirect ³
JAMES EDWARD McINNES 1201-1835 Morton Avenue Vancouver, B.C. V6G 1V3 Secretary and Director	Lawyer, Partner in McInnes & Neumann	104,500 direct 38,000 indirect ⁴

1 MEMBER OF AUDIT COMMITTEE

2 HELD INDIRECTLY THROUGH HAWK MOUNTAIN RESOURCES LTD., A COMPANY OWNED BY JAMES DUANE POLIQUIN AND HIS WIFE JUDY M. POLIQUIN.

3 HELD INDIRECTLY THROUGH TRUCO RESOURCES LTD., A COMPANY OWNED 60% BY EDWARD D. TREWIN.

4 HELD INDIRECTLY THROUGH LAREDO INVESTMENTS LTD., A COMPANY OWNED BY JAMES E. MCINNES.

Relationship of Directors, Officers, Promoters, and Control Persons of the Issuer to Other Reporting Companies:

**OTHER PUBLIC COMPANIES OF WHICH
HE IS OR HAS IN THE LAST FIVE YEARS
BEEN A DIRECTOR, OFFICER, OR PROMOTER**

<u>Name of Director or Officer</u>	<u>Name</u>	<u>Position</u>	<u>Period Acted</u>
J. Duane Poliquin	Troymin Resources Ltd.	Director	1983 to date
	Coronado Resources Inc.	Director	1984 to 1988
	Williams Creek Explorations Limited	Director	1972 to 1974
		Director	1987 to date
		President	1988 to date
James E. McInnes	St. George Minerals Inc.	Director	1989 to date
	Seine River Resources Inc.	Director	1987 to date
	Williams Creek Explorations Limited	Director	1990 to date

No director, officer, or promoter of the Issuer is, or has been within the last five years, a director, officer, or promoter of any other reporting issuer which has been struck off the Register of Companies or similar authority or whose securities were the subject of a cease trade or suspension order for a period of more than 30 consecutive days, except as follows. Williams Creek Explorations Limited, previously known as Williams Creek Gold Quartz Mining Co. Limited, was issued a cease trade order by the Quebec Securities Commission on 20 February 1975 for default in compliance with financial reporting requirements, and failure to appear at a hearing on 18 February 1975. Williams Creek also had its Certificate of Incorporation cancelled effective 3 March 1981 for default in complying with *The Corporations Tax Act 1972* (Ontario). On 12 February 1987 an act to revive Williams Creek Gold Quartz Mining Co. Limited was passed by the legislature in Ontario as Bill Pr60, Chapter Pr5, Statutes of Ontario, 1987. The name was changed to Williams Creek Explorations Limited on 16 August 1988. On 19 June 1990, the Quebec Securities Commission issued an order rescinding the cease trade order subject to the issuance of a final receipt for a prospectus. The prospectus has been filed with the British Columbia Securities Commission, and the final receipt was issued 24 October 1990. The Quebec Securities Commission has confirmed that the cease trade order has been revoked.

No director, officer, promoter, or control person of the Issuer has, within the past 10 years, been the subject of any penalties or sanctions by a court or securities regulatory authority relating to the trading in securities, the promotion, formation, or management of a publicly traded company, or involving theft or fraud.

Remuneration of Directors, Officers, Promoters, or Insiders of the Issuer within the Past Year:

During the twelve months ended 31 July 1990, no direct or indirect remuneration was paid or is payable to the directors, officers, promoters, or insiders of the Issuer, except as follows. The law firm of McInnes & Neumann, of which James E. McInnes, a director and officer of the Issuer, is a partner, received legal fees amounting to \$6,025.

Stock options have been granted to certain of the directors and officers (see Item 7 for particulars). During the past year, directors, officers, promoters, or insiders have exercised stock options as follows:

<u>Name</u>	<u>Date of Exercise</u>	<u>Number of Shares Exercised</u>	<u>Price Per Share</u>
Duane Poliquin	7 May 1990	49,500	\$0.68

Other than as disclosed in this Statement, no director, officer, promoter, or insider has received anything of value from the Issuer within the past year.

Principal Holders of Securities of the Issuer:

To the best of the knowledge of the directors, no persons or companies are known by the signatories hereto to own beneficially, directly or indirectly, more than 10% of the Common shares of the Issuer, except as follows:

<u>Name and Address</u>	<u>Number of Shares</u>	<u>% of Interest</u>
Duane Poliquin 16876 - 26th Avenue Surrey, B.C. V4B 5E7	1,095,751 direct 90,000 indirect ²	24.5%
CDS & CO. ⁵ 85 Richmond Street West Toronto, Ontario M5H 2C9	749,955	15.5%
West Canada Depository Trust Company ⁵ P.O. Box 10333 Stock Exchange Tower 609 Granville Street Vancouver, B.C.	821,722	17.0%

ITEM 7 OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The following options, share purchase warrants, or rights to issue securities of the Issuer are presently outstanding and have not been disclosed elsewhere:

A. Employee Stock Options

<u>Date of Grant</u>	<u>Date of Expiry</u>	<u>Number of Shares</u>	<u>Exercise Price Per Share</u>
19 Jan. 1987	18 Jan. 1992	125,000	\$0.85
12 June 1990	11 June 1992	40,000	\$0.72
04 Sept 1990	03 Sept 1995	26,000	\$0.75

⁵ BENEFICIAL OWNERSHIP UNKNOWN TO THE ISSUER

B. Director Stock Options

<u>Name</u>	<u>Date of Grant</u>	<u>Date of Expiry</u>	<u>Number of Shares</u>	<u>Exercise Price Per Share</u>
James E. McInnes	04 Sept 1990	03 Sept 1995	95,000	\$0.75
Edward D. Trewin	04 Sept 1990	03 Sept 1995	95,000	\$0.75
Duane J. Poliquin	04 Sept 1990	03 Sept 1995	90,000	\$0.75

**ITEM 8 SECURITIES OF THE ISSUER HELD IN ESCROW,
IN POOL, OR SUBJECT TO HOLD RESTRICTIONS**

Escrowed Shares

As at the date hereof, there are 750,000 Common shares held in escrow by Central Guaranty Trust Company, subject to the direction or determination of the Superintendent or the Exchange. These shares were issued as principals' shares at a price of \$0.01 per share. The escrow restrictions provide that the shares may not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow, or otherwise in any manner dealt with, without the express consent of the Superintendent or the Exchange.

The terms of the Escrow Agreement provide that a portion of the consideration for the issuance of the escrowed shares is to encourage the escrow shareholders to act in the best interest of the Issuer, and if the Issuer becomes successful due in part to the efforts of the shareholders, or any one of them, the shareholders shall be entitled to maintain their ownership of the escrowed shares and to a release of the shares from the terms of the Escrow Agreement, from time to time, in accordance with the general policies of the Superintendent or the Exchange.

Pooled Shares

None of the Issuer's shares is pooled.

Securities of the Issuer Subject to Hold Restrictions

300,000 Common shares issued to Pacific Sentinel pursuant to the Option Agreement are subject to a hold period and may not be traded in British Columbia until 11 May 1991. These shares will, however, be qualified for sale under this Statement for sale to the public through the facilities of the Exchange at the market price of the shares at the time of sale. At that time, the remaining hold period will be extinguished (See Item 3, "Golden West Property").

ITEM 9 PARTICULARS OF ANY OTHER MATERIAL FACTS

Legal Proceedings

There are no legal actions which have been instituted by or against the Issuer in British Columbia.

The Issuer is not a party to, nor is any property of the Issuer subject to, any legal proceedings material to the Issuer, and the Issuer is not aware of any such proceedings either threatened or contemplated.

Bonds, Debentures, Notes, or Other Debt Obligations Outstanding

Liabilities of the Issuer (including bonds, debentures, notes, or other debt obligations) have not significantly increased or altered subsequent to the date of the financial statements included in this Statement.

Risk Factors

The Shares offered by this Statement of Material Facts must be considered speculative, generally because of the nature of the Issuer's business. In particular:

- (a) There is no known commercial body of ore on any of the Issuer's mineral properties. The Issuer will be required to carry out exploration on mineral properties in which the Issuer has an interest with the objective of establishing an economic body of ore. If the Issuer's exploration programmes are successful, additional funds 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 Issuer are through the sale of equity capital, or the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof;
- (b) Exploration for minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures to be made by the Issuer on the mineral properties described herein will result in discoveries of commercial quantities of ore;
- (c) Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital;
- (d) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position;
- (e) The Issuer has not obtained any title reports with respect to certain of its mineral properties and such properties may be subject to prior unregistered agreements or transfers or aboriginal land claims, and title may be affected by undetected defects; and
- (f) Certain of the directors of the Issuer are also directors and/or officers of other companies engaged in mineral exploration and development, and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which they become aware will not necessarily be made available to the Issuer. The directors intend, however, to allocate these opportunities or prospects from time to time amongst the various companies in which they are involved on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate. In the event of any conflict of interest, the directors will act in accordance with the common law and the provisions of the *Company Act* (British Columbia).

Other Material Facts

The Solicitor responsible for preparation of this Statement is James E. McInnes, of McInnes & Neumann. James E. McInnes holds a total of 142,500 common shares of the capital of the Issuer (see Item 6, "Directors, Officers, Promoters, and Persons Holding more than 10% of the Issued Equity Shares"), and has an option to acquire 95,000 common shares of the capital of the Issuer (See Item 7, "Options to Purchase Securities of the Issuer"), and is a Director and Senior Officer of the Issuer.

There are no other material facts relating to the securities being offered and not disclosed under any other Item in this Statement.

Inspection of Documents

All contracts referred to in this Statement may be inspected during normal business hours during the course of the primary distribution of the securities offered hereby and for 30 days thereafter at the Issuer's registered office, 1620 - 701 West Georgia Street, Vancouver, B.C. V7Y 1G2.

ITEM 10 STATUTORY RIGHTS OF RESCISSION

The *Act* provides purchasers with the right to rescind a contract for the purchase of securities where the statement of material facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114, 118, and 124 of the *Act*, or consult a lawyer.

Deloitte & Touche



**Deloitte & Touche
Chartered Accountants**

Suite 2000
1055 Dunsmuir Street
P.O. Box 49279
Four Bentall Centre
Vancouver, British Columbia
V7X 1P4

Telephone: (604) 669-4466
Telecopier: (604) 685-0395

REVIEW ENGAGEMENT REPORT

To the Directors of
Almaden Resources Corporation:

We have reviewed the consolidated balance sheet of Almaden Resources Corporation as at July 31, 1990 and the consolidated statements of loss and deficit and of changes in financial position for the seven months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

September 5, 1990

ALMADEN RESOURCES CORPORATION
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
YEAR ENDED DECEMBER 31, 1989

	<u>1989</u>	<u>1988</u>
GENERAL AND ADMINISTRATIVE EXPENSES - Schedule 2	\$ 170,555	\$167,575
RECOVERIES		
Interest income	(20,057)	(18,807)
Loss on sale of marketable securities	-	1,460
Option proceeds in excess of capitalized costs	(22,535)	(3,652)
Management fee	<u>(7,500)</u>	<u>-</u>
	120,463	146,576
ABANDONMENT OF INTERESTS IN MINERAL PROPERTIES	<u>161,401</u>	<u>446,708</u>
NET LOSS FOR THE YEAR	281,864	593,284
DEFICIT, BEGINNING OF YEAR	<u>979,926</u>	<u>386,642</u>
DEFICIT, END OF YEAR	<u>\$1,261,790</u>	<u>\$979,926</u>
NET LOSS PER SHARE	<u>\$ 0.07</u>	<u>\$ 0.15</u>

ALMADEN RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1989

	<u>1989</u>	<u>1988</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term deposits	\$ 175,432	\$ 175,610
Accounts receivable and prepaid expenses	18,102	81,573
Marketable securities	<u>7,500</u>	<u>-</u>
	201,034	257,183
FIXED ASSETS (Note 2)	15,834	21,598
INTEREST IN MINERAL CLAIMS AND OPTION PAYMENTS (Note 3)	46,041	50,293
DEFERRED EXPLORATION AND DEVELOPMENT COSTS - per Schedule 1	721,551	910,202
INCORPORATION COSTS	<u>1,011</u>	<u>1,011</u>
	<u>\$ 985,471</u>	<u>\$1,240,287</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 8,526	\$ 70,701
Due to Hawk Mountain Resources Ltd. (Note 6)	<u>18,736</u>	<u>7,200</u>
	27,262	77,901
DEPOSIT ON FLOW-THROUGH SHARES (Note 4)	<u>80,000</u>	<u>125,573</u>
	<u>107,262</u>	<u>203,474</u>
<u>SHAREHOLDERS' EQUITY</u>		
SHARE CAPITAL (Note 5)	2,139,999	2,016,739
DEFICIT	<u>(1,261,790)</u>	<u>(979,926)</u>
	<u>878,209</u>	<u>1,036,813</u>
	<u>\$ 985,471</u>	<u>\$1,240,287</u>

Approved by the Board:

.....Director

.....Director

ALMADEN RESOURCES CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1989

	<u>1989</u>	<u>1988</u>
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES		
Net loss for the year	\$(281,864)	\$(593,284)
Items not requiring the use of funds		
Abandonment of interests in mineral properties	161,401	446,708
Depreciation	7,377	-
Loss on sale of fixed assets	1,120	-
Loss on sale of marketable securities	-	1,460
	<u>(111,966)</u>	<u>(145,116)</u>
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES		
Due to shareholder	-	(1,121)
Advances from related company	11,536	-
Issuance of shares - net of expenses	123,260	650,984
Application of deposit on flow-through shares to share capital	(125,573)	(299,250)
Deposit on flow-through shares	<u>80,000</u>	<u>125,573</u>
	<u>89,223</u>	<u>476,186</u>
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES		
Purchase of fixed assets	(3,483)	-
Proceeds from sale of fixed assets	750	-
Interest in mineral claims and option payments	(6,036)	(50,289)
Deferred exploration and development costs		
Costs	(33,023)	(671,663)
Proceeds from options	70,561	115,770
Marketable securities	(7,500)	2,290
Accounts receivable and prepaid expenses	63,471	(72,644)
Accounts payable and accrued charges	<u>(62,175)</u>	<u>62,426</u>
	<u>22,565</u>	<u>(614,110)</u>
DECREASE IN CASH	(178)	(283,040)
CASH AND SHORT-TERM DEPOSITS, BEGINNING OF YEAR	<u>175,610</u>	<u>458,650</u>
CASH AND SHORT-TERM DEPOSITS, END OF YEAR	<u>\$ 175,432</u>	<u>\$ 175,610</u>

ALMADEN RESOURCES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1989

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following policies:

Basis of consolidation

During the year, Almaden Resources Corporation ("Almaden") sold a 50% interest in Hawk Mountain Minerals Inc. ("Hawk") at book value for \$1 to effect a corporate joint venture to develop certain U.S. mineral properties. Immediately thereafter Almaden transferred its 50% interest in Hawk to its wholly-owned subsidiary, Republic Resources Ltd. ("Republic").

The consolidated financial statements include the accounts of Almaden and Republic and the 50% proportionate interest of Hawk. Both Almaden and Republic were incorporated under the British Columbia Company Act and Hawk was incorporated under the General Corporation Laws of the State of Nevada.

Foreign currencies

U.S. dollars in these financial statements are translated into Canadian dollars on the following basis:

- (a) Monetary assets and liabilities - at the rate of exchange prevailing at the year-end.
- (b) Non-monetary assets - at the rates of exchange prevailing when the assets were acquired or the liabilities assumed.
- (c) Income and expenses - at the rate approximating the rates of exchange prevailing on the dates of the transactions.

Gain and losses on translation of foreign currencies are included in general and administrative expenses.

Fixed assets

Fixed assets are stated at cost and are depreciated on a declining-balance method at the following annual rates:

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

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSDECEMBER 31, 1989

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred exploration and development costs

The company is in the exploration stage with respect to its investment in mineral claims and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. At such times as commercial production commences, these costs will be charged to operations on a unit-of-production method based on estimated recoverable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment.

The carrying values of exploration and development costs represent costs incurred to date and are not intended to reflect present or future values.

The ultimate realization of these costs is dependent upon the development or sale of commercially exploitable mineral claims.

Investments

Investment in marketable securities is recorded at the lower of cost and market value.

Options

Where the company enters into an option agreement for the acquisition of interests in mineral claims which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the company's discretion. Such payments, when made, are recorded as a cost of the property to which they relate. If unpaid, such non-payment will result in the write-off of the related investment in mineral claims.

Interest in mineral claims

Cost of acquisition, exploration and development of interests in mineral claims are capitalized and will be amortized on a unit-of-production method based on estimated recoverable reserves once commercial production commences. All sales option proceeds received are first credited against costs of the related properties, with any excess credited to earnings. Costs related to abandoned claims are charged to operations at the time of abandonment.

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSDECEMBER 31, 1989

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The company finances certain of its Canadian exploration expenditures through the issue of flow-through common shares to investors. At the time these financings are arranged the common shares issuable under these arrangements are priced at premiums to their then quoted market value. The gross proceeds from these financings are used to fund exploration expenditures within time periods specified by the Income Tax Act (Canada) and the applicable income tax deductions are available to the investors rather than to the company.

The agreements under which flow-through common shares are issued generally provide that the investors' funds are to be deposited with a custodian in advance of the qualifying exploration expenditures being incurred. The flow-through common shares are issued by the company as funds are received from the custodian in accordance with the provisions of the agreements. In situations where, at the balance sheet date, the company has incurred qualifying exploration expenditures for which reimbursement has not yet been received, an amount equivalent to such expenditures is reflected on the balance sheet as accounts receivable.

The premium on flow-through common shares is accounted for as a reduction of the exploration expenditures incurred. The balance of the gross proceeds from flow-through shares is credited to share capital or share capital to be issued.

Net loss per share

The net loss per share is computed using the weighted average number of common shares outstanding during the year.

General exploration expenses

General exploration expenses charged to operations consist of costs incurred to carry out the evaluation of mineral prospects which do not result in the acquisition of any properties.

ALMADEN RESOURCES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1989

2. FIXED ASSETS

	1989		1988	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Automotive equipment	\$19,228	\$11,219	\$ 8,009	\$11,441
Furniture and fixtures	6,017	2,965	3,052	3,815
Computer hardware	9,716	5,477	4,239	5,578
Computer software	1,282	748	534	764
	<u>\$36,243</u>	<u>\$20,409</u>	<u>\$15,834</u>	<u>\$21,598</u>

3. INTEREST IN MINERAL CLAIMS AND OPTION PAYMENTS

	1989	1988
(a) Mineral claims staked in the Flin Flon Mining Division, Manitoba (Elbow Lake Property)	\$ 1	\$ 1
(b) Mineral claims in the Osoyoos Mining Division, British Columbia (Munro Lake Property) - acquired at nominal value of \$1 from a shareholder	1	1
(c) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Falcon Lake Property) - pursuant to an option, Polestar Explorations Inc. has earned a 15.625% interest - Almaden and Polestar have granted Granges Exploration Ltd. an option to acquire a 55% interest in the property for cumulative expenditures on the property of \$500,000 by June 1, 1990 and \$1,100,000 by June 1, 1991 and cash option payments of \$15,000 by June 1, 1989; \$25,000 by June 1, 1990; and \$50,000 by June 1, 1991	1	1
(d) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Whitemouth Lake Property)	1	1
(e) Mineral claims in the Winnipeg Mining Division, Manitoba (Crack Bissett Property) - abandoned in 1989	-	1
(carried forward)	4	5

ALMADEN RESOURCES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989

3. INTERESTS IN MINERAL CLAIMS AND OPTION PAYMENTS (continued)

	<u>1989</u>	<u>1988</u>
(brought forward)	\$ 4	\$ 5
(f) Mineral claims in the Kenora Mining Division, Ontario (Gull Bay Property)		
- acquired by the issue of 40,000 common shares by Almaden		
- Almaden has granted Lausanne Development Corp. an option to acquire a 50% interest for \$5,000 on execution of an agreement; \$25,000 thereafter; \$5,000 for an engineering report; and \$20,000 upon receipt of regulatory approval; and cumulative expenditures of \$125,000 by April 30, 1990; \$250,000 by April 30, 1991; and \$125,000 by April 30, 1993	40,000	40,000
(g) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Shoal Lake Property)		
- Almaden has granted Granges Exploration Ltd. an option to acquire a 55% interest for \$10,000 on execution of an agreement; \$41,000 thereafter; and cumulative expenditures of \$750,000 on or before December 31, 1993	1	-
(h) Mineral claims located in Eureka County, Nevada, U.S.A. (OJO Property)		
- abandoned in 1989	-	10,287
(i) Mineral claims in Eureka County, Nevada, U.S.A. (BE Property)		
- Almaden retains a 1-1/4% net smelter return royalty interest in the property	1	1
(j) Mineral claims in La Paz County, Arizona, U.S.A. (Golden West Property)		
- acquired for cash in 1989	<u>6,035</u>	<u>-</u>
	<u>\$46,041</u>	<u>\$50,293</u>

4. DEPOSIT ON FLOW-THROUGH SHARES

The company has one outstanding flow-through share subscription agreement subject to regulatory approval where funds have been received but the shares have not been issued.

ALMADEN RESOURCES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989

5. SHARE CAPITAL

Authorized
 10,000,000 common shares without par value
 Issued

	1989		1988	
	<u>Share</u>	<u>Amount</u>	<u>Share</u>	<u>Amount</u>
Balance, beginning of year	4,171,832	\$2,016,739	3,623,029	\$1,365,755
Issued for				
Cash	112,055	123,260	508,803	610,984
Mineral property	-	-	40,000	40,000
Balance, end of year	<u>4,283,887</u>	<u>\$2,139,999</u>	<u>4,171,832</u>	<u>\$2,016,739</u>

The company issued 112,055 flow-through shares for cash consideration of \$125,573; of which \$2,313 has been treated as a premium and credited to deferred exploration and development costs.

The company has outstanding at December 31, 1989 the following stock options to the directors and employees:

- 298,500 shares at a price of \$0.68 per share exercisable on or before January 18, 1992;
- 73,000 shares at a price of \$0.68 per share exercisable on or before August 16, 1990;
- 40,000 shares to participants of a private placement flow-through share issue, exercisable at \$1.35 per share within one year.

6. RELATED PARTY TRANSACTIONS

The advance from Hawk Mountain Resources Ltd., a company controlled by the major shareholder of Almaden is unsecured, non-interest bearing and without specific repayment terms.

The company's main shareholder has outstanding stock options of 49,500 as described in Note 5.

The company's solicitor is a director and shareholder of the company and has a share option for 49,500 shares as described in Note 5.

The company has paid consulting fees to Hawk Mountain Resources Ltd. - a related company, in the amount of \$Nil (1988 - \$16,775).

ALMADEN RESOURCES CORPORATION

CONSOLIDATED DEFERRED EXPLORATION AND DEVELOPMENT COSTS

YEAR ENDED DECEMBER 31, 1989

	Elbow Lake	Munro Lake	Falcon Lake	Whitemouth Lake	Crack Bissett	Gull Bay	Golden West	Total	
								1989	1988
Aircraft	\$ 1,763	\$ 968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,731	\$ 2,731
Assays	2,847	20,260	-	4,443	1,417	635	1,718	31,320	34,708
Consultants	19,714	39,699	-	102,781	20,789	-	2,200	185,183	212,342
Drilling	-	84,016	-	185,758	71,667	50,202	-	391,643	674,559
Equipment rental	-	16,750	-	10,644	1,538	481	-	29,413	31,591
Geological services	3,965	65,668	-	42,279	29,952	5,043	-	146,907	147,921
Geophysical services	65	19,390	112,996	119,076	30,000	2,840	-	284,367	326,498
Joint venture costs	-	-	-	-	43	-	-	43	23,056
Lease	-	2,125	30	1,915	-	-	-	4,070	2,125
Legal	-	1,210	-	-	-	-	-	1,210	3,702
Miscellaneous	-	258	-	-	150	-	-	408	250
Supplies	160	2,392	-	-	-	114	-	2,666	2,984
Telephone	61	2,145	-	2,267	1,220	266	217	6,176	5,665
Travel	8,814	21,539	-	2,329	-	-	857	33,539	39,360
Vehicle	227	4,621	1,442	2,709	-	-	-	8,999	8,999
Option proceeds	(17,500)	-	(114,468)	(17,791)	-	(30,000)	(1,746)	(181,505)	(149,729)
Premium of flow-through shares	-	(20,000)	-	(46,193)	(5,663)	(1,150)	-	(73,006)	(70,693)
Recovery of expenses	-	-	-	-	-	-	(1,500)	(1,500)	-
	20,116	261,041	-	410,217	151,113	28,431	1,746	872,664	1,296,069
Abandonment of property	-	-	-	-	(151,113)	-	-	(151,113)	(385,867)
	<u>\$ 20,116</u>	<u>\$ 261,041</u>	<u>\$ -</u>	<u>\$ 410,217</u>	<u>\$ -</u>	<u>\$ 28,431</u>	<u>\$ 1,746</u>	<u>\$ 721,551</u>	<u>\$ 910,202</u>

ALMADEN RESOURCES CORPORATIONCONSOLIDATED SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSESYEAR ENDED DECEMBER 31, 1989

	<u>1989</u>	<u>1988</u>
Bank charges and exchange	\$ 558	\$ 435
Depreciation	7,377	8,574
Employee benefits	1,690	2,985
General exploration	93,848	62,337
Insurance	1,800	2,040
Loss on sale of fixed assets	1,120	-
Office and licenses	8,506	8,370
Professional fees	28,908	28,980
Rent	14,514	12,861
Stock exchange fees	1,670	1,160
Telephone	3,080	4,875
Travel and promotion	1,644	13,138
Transfer agent fees	5,662	3,790
Vehicle	178	1,255
Management services	-	16,775
	<u>\$170,555</u>	<u>\$167,575</u>



**Deloitte & Touche
Chartered Accountants**

Suite 2000
1055 Dunsmuir Street
P.O. Box 49279
Four Bentall Centre
Vancouver, British Columbia
V7X 1P4

Telephone: (604) 669-4466
Telecopier: (604) 685-0395

REVIEW ENGAGEMENT REPORT

To the Directors of
Almaden Resources Corporation:

We have reviewed the consolidated balance sheet of Almaden Resources Corporation as at July 31, 1990 and the consolidated statements of loss and deficit and of changes in financial position for the seven months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

September 5, 1990

ALMADEN RESOURCES CORPORATION
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
SEVEN MONTHS ENDED JULY 31, 1990
(unaudited)

	July 31, 1990 <u>(7 months)</u>	December 31, 1989 <u>(12 months)</u>
GENERAL AND ADMINISTRATIVE EXPENSES - Schedule 2	\$ 52,525	\$ 170,555
RECOVERIES		
Interest income	(11,618)	(20,057)
Option proceeds in excess of capitalized costs	(21,094)	(22,535)
Management fee	<u>-</u>	<u>(7,500)</u>
	19,813	120,463
ABANDONMENT OF INTERESTS IN MINERAL PROPERTIES	<u>20,116</u>	<u>161,401</u>
NET LOSS FOR THE PERIOD	39,929	281,864
DEFICIT, BEGINNING OF PERIOD	<u>1,261,790</u>	<u>979,926</u>
DEFICIT, END OF PERIOD	<u>\$1,301,719</u>	<u>\$1,261,790</u>
NET LOSS PER SHARE	<u>\$ 0.01</u>	<u>\$ 0.07</u>

ALMADEN RESOURCES CORPORATION

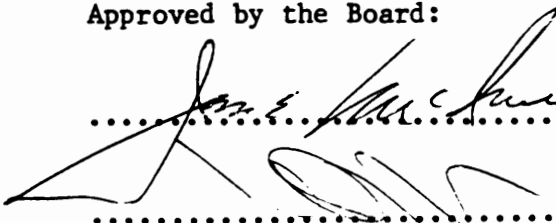
CONSOLIDATED BALANCE SHEET


JULY 31, 1990

(unaudited)

	<u>July 31,</u> 1990	<u>December 31,</u> 1989
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term deposits	\$ 221,064	\$ 175,432
Accounts receivable and prepaid expenses	8,721	18,102
Marketable securities (Note 2)	<u>226,500</u>	<u>7,500</u>
	456,285	201,034
FIXED ASSETS (Note 3)	14,358	15,834
INTEREST IN MINERAL CLAIMS AND OPTION PAYMENTS (Note 4)	40,007	46,041
DEFERRED EXPLORATION AND DEVELOPMENT COSTS - per Schedule 1	697,552	721,551
INCORPORATION COSTS	<u>1,011</u>	<u>1,011</u>
	<u>\$ 1,209,213</u>	<u>\$ 985,471</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 38,273	\$ 8,526
Due to Hawk Mountain Resources Ltd.	<u>-</u>	<u>18,736</u>
	38,273	27,262
DEPOSIT ON FLOW-THROUGH SHARES (Note 5)	<u>-</u>	<u>80,000</u>
	<u>38,273</u>	<u>107,262</u>
<u>SHAREHOLDERS' EQUITY</u>		
SHARE CAPITAL (Note 6)	2,472,659	2,139,999
DEFICIT	<u>(1,301,719)</u>	<u>(1,261,790)</u>
	<u>1,170,940</u>	<u>878,209</u>
	<u>\$ 1,209,213</u>	<u>\$ 985,471</u>

Approved by the Board:


.....Director


.....Director

ALMADEN RESOURCES CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

SEVEN MONTHS ENDED JULY 31, 1990

(unaudited)

	July 31, 1990 <u>(7 months)</u>	December 31, 1989 <u>(12 months)</u>
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES		
Net loss for the period	\$ (39,929)	\$(281,864)
Items not requiring the use of funds		
Abandonment of interests in mineral properties	20,116	161,401
Depreciation	2,300	7,377
Loss on sale of fixed assets	<u>-</u>	<u>1,120</u>
	<u>(17,513)</u>	<u>(111,966)</u>
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES		
Advances from related company	(18,736)	11,536
Issuance of shares - net of expenses	332,660	123,260
Application of deposit on flow-through shares to share capital	(80,000)	(125,573)
Deposit on flow-through shares	<u>-</u>	<u>80,000</u>
	<u>233,924</u>	<u>89,223</u>
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES		
Purchase of fixed assets	(824)	(3,483)
Proceeds from sale of fixed assets	-	750
Interest in mineral claims and option payments	6,033	(6,036)
Deferred exploration and development costs		
Costs	(15,200)	(33,023)
Proceeds from options	19,084	70,561
Marketable securities	(219,000)	(7,500)
Accounts receivable and prepaid expenses	9,381	63,471
Accounts payable and accrued charges	<u>29,747</u>	<u>(62,175)</u>
	<u>(170,779)</u>	<u>22,565</u>
INCREASE (DECREASE) IN CASH	45,632	(178)
CASH AND SHORT-TERM DEPOSITS, BEGINNING OF PERIOD	<u>175,432</u>	<u>175,610</u>
CASH AND SHORT-TERM DEPOSITS, END OF PERIOD	<u>\$ 221,064</u>	<u>\$ 175,432</u>

ALMADEN RESOURCES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1990

(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following policies:

Basis of consolidation

The consolidated financial statements include the accounts of Almaden Resources Corporation ("Almaden"), Republic Resources Ltd. ("Republic") and the 50% proportionate interest of Hawk Mountain Minerals Inc. ("Hawk"). Both Almaden and Republic were incorporated under the British Columbia Company Act and Hawk was incorporated under the General Corporation Laws of the State of Nevada.

Foreign currencies

U.S. dollars in these financial statements are translated into Canadian dollars on the following basis:

- (a) Monetary assets and liabilities - at the rate of exchange prevailing at the year-end.
- (b) Non-monetary assets - at the rates of exchange prevailing when the assets were acquired or the liabilities assumed.
- (c) Income and expenses - at the rate approximating the rates of exchange prevailing on the dates of the transactions.

Gain and losses on translation of foreign currencies are included in general and administrative expenses.

Fixed assets

Fixed assets are stated at cost and are depreciated on a declining-balance method at the following annual rates:

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

ALMADEN RESOURCES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1990

(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred exploration and development costs

The company is in the exploration stage with respect to its investment in mineral claims and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. At such times as commercial production commences, these costs will be charged to operations on a unit-of-production method based on estimated recoverable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment.

The carrying values of exploration and development costs represent costs incurred to date and are not intended to reflect present or future values.

The ultimate realization of these costs is dependent upon the development or sale of commercially exploitable mineral claims.

Marketable securities

Investment in marketable securities is recorded at the lower of cost and market value.

Options

Where the company enters into an option agreement for the acquisition of interests in mineral claims which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the company's discretion. Such payments, when made, are recorded as a cost of the property to which they relate. If unpaid, such non-payment will result in the write-off of the related investment in mineral claims.

Interest in mineral claims

Cost of acquisition, exploration and development of interests in mineral claims are capitalized and will be amortized on a unit-of-production method based on estimated recoverable reserves once commercial production commences. Sales option proceeds received are first credited against costs of the related properties, with any excess credited to earnings. Costs related to abandoned claims are charged to operations at the time of abandonment.

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSJULY 31, 1990

(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The company finances certain of its Canadian exploration expenditures through the issue of flow-through common shares to investors. At the time these financings are arranged the common shares issuable under these arrangements are priced at premiums to their then quoted market value. The gross proceeds from these financings are used to fund exploration expenditures within time periods specified by the Income Tax Act (Canada) and the applicable income tax deductions are available to the investors rather than to the company.

The agreements under which flow-through common shares are issued generally provide that the investors' funds are to be deposited with a custodian in advance of the qualifying exploration expenditures being incurred. The flow-through common shares are issued by the company as funds are received from the custodian in accordance with the provisions of the agreements. In situations where, at the balance sheet date, the company has incurred qualifying exploration expenditures for which reimbursement has not yet been received, an amount equivalent to such expenditures is reflected on the balance sheet as accounts receivable.

The premium on flow-through common shares is accounted for as a reduction of the exploration expenditures incurred. The balance of the gross proceeds from flow-through shares is credited to share capital or share capital to be issued.

Net loss per share

The net loss per share is computed using the weighted average number of common shares outstanding during the period.

General exploration expenses

General exploration expenses charged to operations consist of costs incurred to carry out the evaluation of mineral prospects which do not result in the acquisition of any properties.

2. MARKETABLE SECURITIES

The company's marketable securities are carried at cost. \$219,000 of the marketable securities (Note 6) are restricted from trading pending the company's filing of a Statement of Material Facts with the regulatory authorities. As at July 31, 1990 the trading value of these securities was \$251,000.

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSJULY 31, 1990

(unaudited)

3. FIXED ASSETS

	<u>July 31, 1990</u>			<u>December 31,</u> <u>1989</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Automotive equipment	\$19,228	\$12,420	\$ 6,808	\$ 8,009
Furniture and fixtures	6,017	3,270	2,747	3,052
Computer hardware	10,323	6,462	3,861	4,239
Computer software	<u>1,499</u>	<u>557</u>	<u>942</u>	<u>534</u>
	<u>\$37,067</u>	<u>\$22,709</u>	<u>\$14,358</u>	<u>\$15,834</u>

4. INTEREST IN MINERAL CLAIMS AND OPTION PAYMENTS

	<u>July 31,</u> <u>1990</u>	<u>December 31,</u> <u>1989</u>
(a) Mineral claims staked in the Flin Flon Mining Division, Manitoba (Elbow Lake Property) - abandoned in 1990	\$ 1 <u>(1)</u> -	\$ 1 <u>-</u> 1
(b) Mineral claims in the Osoyoos Mining Division, British Columbia (Munro Lake Property) - acquired at nominal value of \$1 from a shareholder - Almaden has granted Lausanne Development Corp. a option to acquire a 50% interest for \$15,000 downpayment, \$15,000 on Lausanne obtaining a listing on the Vancouver Stock Exchange and 60,000 shares of Lausanne to be received by August 31, 1990; and expenditures of \$75,000 by September 30, 1990, plus \$100,000 by May 31, 1991, \$150,000 by May 31, 1992 and \$175,000 by May 31, 1993	<u>1</u>	<u>1</u>
(carried forward)	1	2

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSJULY 31, 1990

(unaudited)

4. INTERESTS IN MINERAL CLAIMS AND OPTION PAYMENTS (continued)

	<u>July 31,</u> <u>1990</u>	<u>December 31,</u> <u>1989</u>
(brought forward)	\$ 1	\$ 2
(c) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Falcon Lake Property)		
- pursuant to an option, Polestar Explorations Inc. has earned a 15.625% interest		
- Almaden and Polestar have granted Granges Exploration Ltd. an option to acquire a 55% interest in the property for cumulative expenditures on the property of \$500,000 by June 1, 1990 and \$1,100,000 by June 1, 1991 and cash option payments of \$15,000 by June 1, 1989; \$25,000 by June 1, 1990; and \$50,000 by June 1, 1991	1	1
(d) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Whitemouth Lake Property)	1	1
(e) Mineral claims in the Kenora Mining Division, Ontario (Gull Bay Property)		
- acquired by the issue of 40,000 common shares by Almaden		
- Almaden has granted Lausanne Development Corp. an option to acquire a 50% interest for \$5,000 on execution of an agreement; \$25,000 thereafter; \$5,000 for an engineering report; and \$20,000 by October 31, 1990; and expenditures of \$125,000 by April 30, 1991; \$250,000 by April 30, 1992 and \$125,000 by April 30, 1994	40,000	40,000
(f) Mineral claims staked in the Winnipeg Mining Division, Manitoba (Shoal Lake Property)	1	1
(g) Mineral claims in Eureka County, Nevada, U.S.A. (BE Property)		
- Almaden retains a 1-1/4% net smelter return royalty interest in the property	<u>1</u>	<u>1</u>
(carried forward)	40,005	40,006

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSJULY 31, 1990

(unaudited)

4. INTERESTS IN MINERAL CLAIMS AND OPTION PAYMENTS (continued)

	<u>July 31, 1990</u>	<u>December 31, 1989</u>
(brought forward)	<u>\$40,005</u>	<u>\$40,006</u>
(h) Mineral claims in La Paz County, Arizona, U.S.A. (Golden West Property)		
- Almaden and Pic Prospectors International Corporation ("Pic") have commenced a corpo- rate joint venture through Hawk Mountain Minerals Inc. to develop the property on a 50/50 basis. The joint venture has acquired an option to acquire additional claims in consideration of \$5,000 U.S. on each of January 29, 1990, July 1, 1990 and January 29, 1991 and \$10,000 U.S. on January 29, 1992 and each anniversary thereafter. Upon payment of \$15,000 U.S., the claims can be acquired for the sum of \$110,000 U.S. net of all rental and royalti- ty payments. Royalties of 5% of gross receipts are applicable during the option period. As well, the joint venture has an option to acquire further claims for a total of \$250,000 U.S., payable in monthly amounts of \$1,500 U.S. A royalty of 10% of net smelter return is applicable until acquired		
- On May 11, 1990, Almaden and Pic entered into an agreement granting Pacific Sentinel Gold Corp. an option for a three year period to acquire a 50% interest in Hawk for \$50,000 U.S. and cumulative expenditures of \$3,000,000 on the property. As well, Almaden and Pic have each issued 300,000 common shares in exchange for 100,000 common shares of Pacific and the parties have agreed to file statements of material facts to qualify such shares for resale	20,759	6,035
- option proceeds	<u>20,758</u>	<u>-</u>
	<u>1</u>	<u>6,035</u>
(carried forward)	40,006	46,041

ALMADEN RESOURCES CORPORATIONNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSJULY 31, 1990

(unaudited)

4. INTERESTS IN MINERAL CLAIMS AND OPTION PAYMENTS (continued)

	<u>July 31,</u> <u>1990</u>	<u>December 31,</u> <u>1989</u>
(brought forward)	\$40,006	\$46,041
(i) Mineral claims in Humboldt County, Nevada, U.S.A. (Nat Property)		
- Almaden and Pic are developing the property on a 50/50 basis through Hawk Mountain Minerals Inc.		
- Fischer-Watt Gold Company has been granted the right to develop the property and may at any time by payment of \$25,000 U.S. purchase 50% of the property for a total price of \$1,000,000 U.S.	<u>1</u>	<u>-</u>
	<u>\$40,007</u>	<u>\$46,041</u>

5. DEPOSIT ON FLOW-THROUGH SHARES

The company has one outstanding flow-through share subscription agreement whereby funds have been received and all material conditions have been met. The company has issued the 177,778 common shares at \$0.45 pursuant to this agreement.

6. SHARE CAPITAL

Authorized

10,000,000 common shares without par value

Issued

	<u>July 31, 1990</u>		<u>December 31, 1989</u>	
	<u>Share</u>	<u>Amount</u>	<u>Share</u>	<u>Amount</u>
Balance, beginning of period	4,283,887	\$2,139,999	4,171,832	\$2,016,739
Issued for				
Cash	227,278	113,660	112,055	123,260
100,000 common shares of Pacific Sentinel Gold Corp.	<u>300,000</u>	<u>219,000</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>4,811,165</u>	<u>\$2,472,659</u>	<u>4,283,887</u>	<u>\$2,139,999</u>

ALMADEN RESOURCES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1990

(unaudited)

6. SHARE CAPITAL (continued)

The company issued 177,778 (1989 - 112,055) flow-through shares for cash consideration of \$80,000 (1989 - \$123,260); of which Nil (1989 - \$2,313) has been treated as a premium and credited to deferred exploration and development costs.

The company's main shareholder exercised his stock option for 49,500 shares at \$0.68 per share in May 1990.

The company has outstanding at July 31, 1990 the following stock options to the directors and employees:

- 99,000 shares at a price of \$0.68 per share exercisable on or before January 18, 1992;
- 125,000 shares at a price of \$0.85 per share exercisable on or before January 18, 1992;
- 73,000 shares at a price of \$0.68 per share exercisable on or before August 16, 1990;
- 50,000 shares at a price of \$0.72 per share exercisable on or before June 11, 1992.

7. RELATED PARTY TRANSACTIONS

The company's solicitor is a director and shareholder of the company and has a share option for 49,500 shares which are included in Note 5.

SCHEDULE 1

ALMADEN RESOURCES CORPORATION

CONSOLIDATED DEFERRED EXPLORATION AND DEVELOPMENT COSTS

SEVEN MONTHS ENDED JULY 31, 1990

(unaudited)

	Elbow Lake	Munro Lake	Falcon Lake	Whitemouth Lake	Gull Bay	Golden West	July 30, 1990 (7 months)	December 31, 1989 (12 months)
Aircraft	\$ 1,763	\$ 968	\$ -	\$ -	\$ -	\$ 2,174	\$ 4,905	\$ 2,731
Assays	2,847	20,283	-	4,443	635	-	28,207	31,320
Consultants	19,714	39,699	-	102,781	-	8,145	170,340	185,183
Drilling	-	84,016	-	185,758	50,202	-	319,976	391,643
Equipment rental	-	16,750	-	10,644	481	-	27,875	29,413
Geological services	3,965	65,668	-	42,279	5,043	54	117,009	146,907
Geophysical services	65	19,390	112,996	119,076	2,840	-	254,367	284,367
Joint venture costs	-	-	-	-	-	-	-	43
Lease	-	2,125	30	-	-	-	2,155	4,070
Legal	-	1,210	-	1,915	-	1,663	4,788	1,210
Miscellaneous	-	258	-	-	-	1,295	1,554	408
Supplies	160	2,392	-	-	114	19	2,686	2,666
Telephone	61	2,145	-	2,267	302	512	5,287	6,176
Travel	8,814	21,539	-	2,329	-	3,026	35,707	33,539
Vehicle	227	4,621	1,442	2,709	-	-	8,999	8,999
Option proceeds	(17,500)	(15,000)	(114,468)	(17,791)	(30,000)	(4,084)	(198,844)	(183,005)
Premium of flow-through shares	-	(20,000)	-	(46,193)	(1,150)	-	(67,343)	(73,006)
	20,116	246,064	-	410,217	28,467	12,804	717,668	872,664
Abandonment of property	20,116	-	-	-	-	-	20,116	151,113
	<u>\$ -</u>	<u>\$246,064</u>	<u>\$ -</u>	<u>\$410,217</u>	<u>\$ 28,467</u>	<u>\$12,804</u>	<u>\$ 697,552</u>	<u>\$ 721,551</u>

SCHEDULE 2

ALMADEN RESOURCES CORPORATION

CONSOLIDATED SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

SEVEN MONTHS ENDED JULY 31, 1990

(unaudited)

	July 31, 1990 <u>(7 months)</u>	December 31, 1989 <u>(12 months)</u>
Bank charges and exchange	\$ 402	\$ 558
Depreciation	2,300	7,377
Employee benefits	1,380	1,690
General exploration	15,549	93,848
Insurance	-	1,800
Loss on sale of fixed assets	-	1,120
Office and licenses	7,553	8,506
Professional fees	11,444	28,908
Rent	5,516	14,514
Stock exchange fees	1,250	1,670
Telephone	1,788	3,080
Travel and promotion	1,400	1,644
Transfer agent fees	3,790	5,662
Vehicle	<u>153</u>	<u>178</u>
	<u>\$52,525</u>	<u>\$170,555</u>

ITEM 11 CERTIFICATES

Certificate of the Directors and Promoters

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement as required by the *Act* and its *Regulations*.

DATED: 29 November 1990

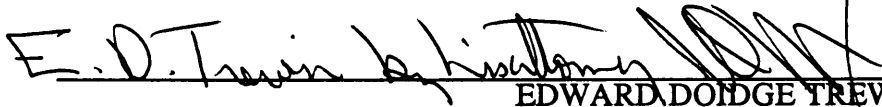


JAMES DUANE POLIQUIN
Director, President, Promoter

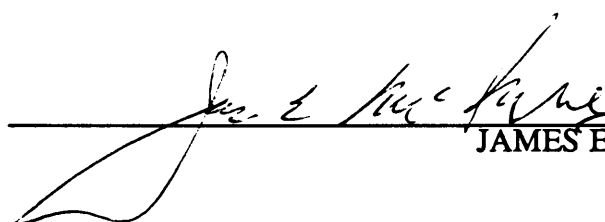
ON BEHALF OF THE BOARD OF DIRECTORS OF THE ISSUER:



GUSTAV ALFRED GERHARD HOBERSTORFER
Director



EDWARD DODGE TREWIN
Director



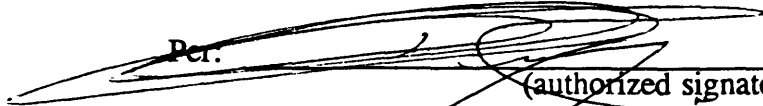
JAMES EDWARD McINNES
Director, Secretary

Certificate of the Agent:

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

DATED: 29 November 1990

YORKTON SECURITIES INC.

Per:  (authorized signatory)
Donald Bisling
(name, please print)

\SMF.ARC