

NEWCREST TO ACQUIRE INDIRECT 19.9% INTEREST IN EL COBRE THROUGH INVESTMENT OF CAD\$19 MILLION; ALMADEX TO SPIN-OUT MINERAL EXPLORATION AND ROYALTY ASSETS

February 26, 2018  Go to Location



VANCOUVER, B.C. Almadex Minerals Limited ("Almadex" or the "Company") (TSX-V: AMZ; OTCQX: AXDDF) is pleased to announce that its Board of Directors has unanimously approved a strategic reorganization of its business. Almadex's early stage exploration projects, royalty interests and certain other non-core assets will be transferred to a newly incorporated company ("Spinco"). Almadex shareholders will receive shares in Spinco in proportion to their shareholdings in Almadex (the "Spin-out"). Spinco will hold the following key assets:

- a portfolio consisting of interests in 18 exploration projects;
- a 1.75% Net Smelter Return ("NSR") royalty on the Company's El Cobre property in Mexico;
- a 2% NSR royalty on the Tuligtic property in Mexico, which hosts the Ixtaca gold-silver development project which is operated by Almaden Minerals Ltd.;
- a portfolio of 15 additional NSR royalties on exploration projects in Mexico, Canada and the United States identified through the Company's past prospect generator activities;
- up to 4 million shares of Almadex; and,
- at a minimum, sufficient working capital to satisfy stock exchange requirements.

The El Cobre gold/copper porphyry project will remain in Almadex.

As part of the reorganization, Almadex's current shareholders will receive shares of Spinco by way of a share exchange, pursuant to which each existing share of Almadex is exchanged for one "new" share of Almadex and one share of Spinco.

Warrantholders and optionholders of Almadex will receive warrants and options, respectively, of Spinco which are proportionate to, and reflective of the terms of, their existing warrants and options, respectively. The reorganization will be effected by way of a plan of arrangement under the *Business Corporations Act* (British Columbia). The Company intends to apply for a listing of the shares of Spinco on the TSX Venture Exchange ("TSX-V"). Any such listing will be subject to Spinco fulfilling all of the requirements of the TSX-V.

The Company is undertaking the reorganization in order to focus on the development of its El Cobre gold-copper porphyry project, which is located in the state of Veracruz, Mexico. The spinout transaction allows the Company to raise funding necessary to advance the El Cobre project without diluting shareholders' interests in the other assets in the portfolio (see details on the Newcrest private placement below). The spin-out transaction should also unlock value for a group of assets that have gone largely unrecognized by allowing the market to value the Company's El Cobre project independently of its early stage mineral exploration and royalty business. In addition to allowing the Company to continue to focus efforts on developing El Cobre, the Company is confident that having a separately funded and managed mineral exploration and royalty business will accelerate development of the exploration projects in Spinco.

Spinco will be managed by Almadex's current team of officers and its Board of Directors will initially be comprised of the same individuals as the Company's board.

The strategic reorganization remains conditional on the approval of final documentation by the Board of Directors of Almadex, approval of the strategic reorganization by the TSX-V, approval by an affirmative vote of 66 2/3% of shareholders of Almadex in attendance at a shareholders' meeting, and approval of the Supreme Court of British Columbia, among other things.

Additional details of the spin-out transaction will be included in an information circular to be mailed to shareholders of Almadex in March 2018 in connection with the Company's shareholders meeting referred to above. That shareholders' meeting is expected to be held in April 2018 and the strategic reorganization is expected to close in May 2018.

Investment by Newcrest Mining Limited

The Company is also pleased to report that it has entered into a subscription agreement with Newcrest International Pty Ltd, a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest", ASX: NCM) pursuant to which Newcrest has agreed to acquire 14,025,312 Common Shares of Almadex by way of a non-brokered private placement at a price of \$1.36 per share for aggregate gross proceeds of \$19,074,425 (the "Private Placement"). The Private Placement will close in conjunction with the proposed spinout transaction referred to above, subject to customary conditions of closing including the completion of the Spin-out transaction. Newcrest has completed its due diligence in regards to the Private Placement. Upon completion of the Private Placement, Newcrest will hold 19.9% of the issued shares of Almadex, and will have no ownership interest in Spinco.

Newcrest is one of the world's largest gold mining companies, operating mines in Australia and Asia-Pacific and Africa regions. Newcrest has extensive experience developing and operating successful mines in culturally and geographically diverse environments, and also seeks to identify and secure large mineral districts, or provinces, in order to establish long term mining operations. Newcrest has extensive experience in exploring and operating gold and copper porphyry deposits through its ownership of the Cadia Hill operation in NSW, Australia, and its interest in the Wafi-Golpu project in Papua New Guinea.

J. Duane Poliquin, Chairman of Almadex, commented, "Participation of Newcrest in El Cobre further validates the potential of the district and enables Almadex to conduct the work program at El Cobre which our recent programs have clearly demonstrated is justified. We look forward to working with Newcrest which has extensive experience internationally in similar geological environments as we conduct further exploration at El Cobre".

The subscription agreement contemplates that Newcrest and the Company will enter into an investor rights agreement providing, among other things, a standstill and lock-up on customary terms and conditions, participation rights in favour of Newcrest to maintain its pro-rata interest in the Company, and the right of Newcrest to designate one nominee to the board of directors of Almadex.

About Almadex

Almadex Minerals Limited is an exploration company that holds a large mineral portfolio consisting of projects and NSR royalties in Canada, the U.S., and Mexico. This portfolio is the direct result of over 35 years of prospecting and deal-making by Almadex's predecessor company, Almaden Minerals Ltd. Almadex is currently focused on exploration at its El Cobre gold/copper porphyry project in Veracruz, Mexico, in which it holds a 100% interest, subject to a sliding-scale net smelter returns royalty ("NSR") equivalent to 0.5% in the event that production from the property exceeds 10,001 tonnes per day of ore. This NSR can be reduced to 0.25% at this production rate through the payment of US\$3.0 million.

On behalf of the Board of Directors,

“Morgan Poliquin”

Morgan J. Poliquin, Ph.D., P.Eng.
President, CEO and Director
Almadex Minerals Limited

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This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within it, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements, other than as required pursuant to applicable securities laws.

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