

## Annual Report 2007 *"Invest in our ideas profit from their potential"*



Dear Almaden Shareholders:

During 2007, we made some excellent progress on our projects in Mexico, Canada and the US. We also made a management change and successfully completed several important administrative challenges.

In August, 2007, I became Chairman of the Board and Morgan Poliquin became President of the Company. Morgan brings a lot of drive and talent to the job. This includes his extensive geological expertise and understanding of the exploration business itself. In November, 2007, we also added Mark T. Brown to our financial team as the CFO.

Everyone in the management group is excited by the results coming in since year end from the ongoing drill program at Caballo Blanco. Current work is focused on the gold bearing Northern Zone, renamed Cerro La Paila Zone by Canadian Gold Hunter (CGH) which is working to earn an interest in the property. Please watch for new results on our website. The potential of this zone is being confirmed by drilling and several other large and highly potential targets remain to be tested, including a very significant porphyry copper gold target to which an access road has just recently been completed. CGH have advised us that their budget for the first half of the year is \$3,800,000. We are pleased with their aggressive approach and we can expect a fast pace of development in the coming months.

Drilling in 2007 at our wholly owned Elk Gold property in B.C. had good results and we announced the updated resource report in December, 2007. We decided to do further metallurgical testing to determine potential recoveries and, although we do not have final results, those received to date appear very positive. We are considering all options for further development and in the past few months we have had discussions with several parties regarding the project.

During 2007, we were successful in optioning out several properties and discovering and acquiring some new prospects in both Mexico and the western USA. Exploration work is currently underway on several of these new projects. This means our business plan is functioning well, with projects based on our geological ideas being found, then being explored and subsequently dealt to others for drilling and development. Drilling was carried out in 2007 on seven projects in which your Company has an interest, with surface work preparatory to drilling on several more.

Also, during the summer of 2007 we vended out 6 Yukon Territory base metal projects and one Mexican project to Tarsis Capital Ltd. for a significant shareholding of Tarsis. Tarsis drilled one project in the fall with encouraging results and optioned another project out on which a drill program is currently underway.

So far in 2008, we have also had drilling programs on the La Bufa (Lincoln Gold) and Viky (Apex Silver) projects by the parties working to earn an interest. A till sampling program to find the source of a strong diamond indicator train was also conducted in March on our ATW diamond property in the Lac De Gras area of Northern Canada. Results have not started coming in yet from any of these programs but should be available soon.

In the financial and administrative areas, we continue to be well financed with our cash position, investment portfolio and gold inventory holding. We have just successfully completed the first audit of our internal control systems in accordance with the "SOX" requirements and this is the first year that the financial statements will only be mailed to those shareholders who requested them, a big savings in paper, energy and costs.

All in all, it was a good year for your Company. Along with the President and the rest of the Board I thank you for your confidence and support and anticipate further good news to report from our projects in the coming months.

Yours sincerely,

*"Duane Poliquin"*

Duane Poliquin  
Chairman

April 24, 2008

**ALMADEN MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended December 31, 2007**

We are an exploration stage company engaged in the acquisition, exploration and development of mineral properties of merit with focus on Canada, the United States and Mexico with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. Our common stock is quoted on the American Stock Exchange under the trading symbol AAU and on the Toronto Stock Exchange under the symbol AMM.

This management discussion and analysis of the audited consolidated operating results and financial condition of the company for the years ended December 31, 2007 and 2006 is prepared as of March 25, 2008 and should be read in conjunction with the consolidated financial statements and the related notes thereto for the year ended December 31, 2007 which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. Additional information relating to us is available on our website at [www.almadenminerals.com](http://www.almadenminerals.com), on the Canadian Securities Administrator's website at [www.sedar.com](http://www.sedar.com) and on the EDGAR section of the United States Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**RESULTS OF OPERATIONS – Fourth Quarter**

For the quarter ended December 31, 2007, the Company recorded a net loss of \$302,688 or \$0.00 per share (2006 – \$583,927 or \$0.01 per share). The decrease in net loss during the current quarter as compared to the corresponding quarter in the prior year was primarily due to a decrease in write-down of interests in mineral properties which fluctuates period to period based on management's evaluation of the carrying value of each mineral property interest held at that time, a gain on the deemed partial dilution of the Company's investment in Tarsis Capital Corp. ("Tarsis") from 41% to 30% and a decrease in write-down of marketable securities as such write-downs are now included as a component of comprehensive loss upon the adoption January 1, 2007 of the new accounting standard as it relates to financial instruments..

As we are an exploration company, we have no revenue from mining operations. Revenue consists primarily of interest income, lower than the quarter ended December 31, 2006 as fewer funds were available for investment and interest rates decreased. Other income also decreased during the quarter with less value-added tax recovered in Mexico. The Company has recovered a significant amount of value-added tax over the past several years resulting in lower recoverable balances remaining.

General and administrative expenses were \$497,070 for the quarter ended December 31, 2007 (2006 - \$352,816). Professional fees increased due to the work required to comply with SOX requirements. General exploration expenses were \$208,890 for the current quarter, consistent with the prior year's quarter (2006 - \$233,217).

Significant non-cash items include the gain on deemed partial dilution of the Company's investment in Tarsis Capital Corp.

**Summary of quarterly information**

The following table sets forth selected quarterly financial information for each of our last eight quarters:

	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006
Total revenues	\$136,224	\$161,495	\$254,247	\$200,332	\$271,051	\$322,518	\$120,434	\$122,928
Net loss	302,688	599,652	117,806	28,674	583,927	2,620,044	638,236	426,568
Net loss per share	0.00	0.02	0.00	0.00	0.01	0.06	0.02	0.01
Income on mineral property								
Options	179,662	1,038,287	345,472	14,275	233,305	196,080	61,878	36,548
Write-down of interests in mineral properties	170,683	361,264	49,411	165,515	665,577	156,615	198,319	104,823
Stock option compensation	115,500	585,000	-	-	-	2,488,900	-	-
Working capital	17,415,132	18,845,987	19,840,112	18,435,461	20,242,376	19,897,478	20,391,303	12,159,086
Total assets	27,969,639	28,925,586	28,625,642	28,772,437	28,719,562	28,181,386	27,741,946	19,464,360

## RESULTS OF OPERATIONS – Year to date

For the year ended December 31, 2007, the Company recorded a net loss of \$1,048,820 or \$0.02 per share (2006 – \$4,268,775 or \$0.10 per share). The decrease in net loss was primarily due to an increase in income on mineral property options and a decrease in stock-based compensation. Income on mineral property options consists of equity securities and/or cash payments received pursuant to mineral property option agreements and reflects the excess of the market value, in the case of the marketable securities, at the time of receipt over the carrying value of the property. During 2007, the income on mineral property options primarily consisted of the receipt of 3,500,000 shares of Tarsis pursuant to the agreement to sell certain of the Company's zinc properties, primarily in the Yukon and the Erika property in Mexico. The estimated market value of the transaction was \$1,120,000 which exceeded the book value of the properties by \$969,314. The Company also received option payments of \$530,000 and 1,000,000 shares of Canadian Gold Hunter Corp. (value on receipt - \$2,000,000) pursuant to the agreement on the Caballo Blanco property which exceeded our carrying value of the property by \$333,264. The Company also received the final payment consisting of 1,000,000 shares of Consolidated Spire Ventures Ltd. (value on receipt - \$200,000) pursuant to the agreement to sell our 40% interest in the PV property, which represented the majority of income on mineral property options during 2006. Stock-based compensation fluctuates based on the number of options granted in any period. A future income tax recovery of \$642,600 was recognized during the year relating to flow-through shares issued during 2006 and renounced in the first quarter of 2007.

Because the Company is an exploration company, it has no revenue from mining operations. Revenue consists mainly of interest income and the recovery of value-added tax in Mexico included in other income. The recovery of value-added tax in Mexico decreased during 2007 as the Company recovered much of prior year's recoveries in 2006. With the increase in recovery of value-added tax over the past several years, the Company has lower recoverable balances remaining.

General and administrative expenses were \$1,510,290 in 2007 (2006 - \$1,195,495). The increase was primarily due to the hiring of staff and increased travel and promotion. We participated in the Vancouver Resource Investment Conference, the Prospectors and Developers Association Conference, the Latin America Mining Congress in Miami, the World Gold, PMG, & Diamond Investment Conference, the True Wealth Gold & Commodities Conference in Long Beach, the Agora Financial Investment Symposium and the New Orleans Investment Conference. The Company engaged Roth Investor Relations Inc. of New Jersey who organized a presentation to various fund managers and stock brokers in Chicago, New York and Boston. We also continued to retain Casey Research for a sponsored profile on the Kitco Casey website.

General exploration expenses were \$1,292,578 in 2007 (2006 - \$718,191). The increase is primarily due to increased exploration being undertaken in the western USA and Mexico.

Significant non-cash items include income on mineral property options, the gain on deemed partial dilution of the investment in Tarsis and the recovery of income tax recognized on the renouncement of tax deductibility relating to flow-through shares discussed above.

### Summary of annual information

The following table sets forth selected annual financial information for each of our last three years:

	2007	2006	2005
Total revenues	\$ 752,298	\$ 836,931	\$ 246,441
Net loss	1,048,820	4,268,775	1,095,215
Net loss per share	0.02	0.10	0.03
Income on mineral property options	1,577,696	527,811	912,795
Write-down of interests in mineral properties	746,873	1,125,334	567,658
Stock option compensation	700,500	2,488,900	213,600
Working capital	17,415,132	20,242,376	9,374,074
Total assets	27,969,639	28,719,562	16,366,755

The Company has not in the past and does not presently intend to pay dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business.

## **FINANCIAL POSITION AND LIQUIDITY**

At December 31, 2007, the Company had working capital of \$17,415,132 and cash and cash equivalents of \$14,548,760 compared to working capital of \$20,242,376 and cash and cash equivalents of \$18,796,956 at December 31, 2006. The decrease in working capital and cash and cash equivalents is primarily due to the investment in mineral properties. In addition, the market value of the Company's inventory of gold bullion (1,597 ounces) at December 31, 2007 was \$1,307,798 or \$1,033,030 above book value as presented in the financial statements. Also included in working capital is a liability arising from the contingent obligation in the event we are unsuccessful in our appeal of assessed additional mineral tax of \$379,653 for prior years. On June 22, 2005, a petition was filed on our behalf in the Supreme Court. The matter will proceed to British Columbia Supreme Court. We are waiting for the scheduling of the hearing. We expect our cash resources to be sufficient to meet our working capital and mineral exploration requirements for at least the next year. We have no long-term debt.

Cash used in operations in the fourth quarter of 2007 was \$676,353 (2006 - cash from operations - \$198,570) after adjusting for non-cash activities. For the year ended December 31, 2007, cash used in operations was \$2,228,550 (2006 - \$743,843). Significant changes in non-cash items include an increase in income on mineral property options, the gain on deemed partial dilution of the investment in Tarsis and the future income tax recovery. Stock-based compensation, write-down of interests in mineral properties and write-down of marketable securities all decreased during 2007.

During the current quarter, \$212,538 was received from the exercise of warrants (\$162,437) and stock options (\$50,101). \$1,114,831 received during the same period of the prior year was from the issuance of shares pursuant to private placements (\$1,089,781 net of costs) and the exercise of stock options (\$25,050). During the year ended December 31, 2007, \$1,097,893 was received from the exercise of stock options (\$935,456) and warrants (\$162,437). During 2006, \$13,949,980 was received from the exercise of warrants (\$11,082,959), the issuance of shares pursuant to private placements (\$1,968,413) and the exercise of stock options (\$898,608).

Cash used for investing activities during the quarter ended December 31, 2007 was \$192,340 (2006 - \$1,026,358). Significant items include investments of \$347,781 made in mineral properties interests (2006 - \$1,062,020) including the staking of new claims in Nevada and Utah (\$339,330). Cash used for investing activities during the year ended December 31, 2007 was \$3,081,539 (2006 - \$2,370,231). Significant items include the mineral property deposit of \$585,893 for the Matehaupil concession and investments of \$2,992,345 made in mineral properties interests (2006 - \$2,903,195). The most significant investments were the acquisition of Complex's 60% option interest in the Caballo Blanco property in Mexico for \$1,462,000 and the final acquisition payment to the original owner of \$245,700, the exploration and drilling undertaken at Elk (\$913,132) and the staking of new claims in Nevada and Utah (\$578,661). Investments in mineral properties interests are net of any proceeds received from option agreements and costs recovered. Attached to this management's discussion and analysis is a schedule of acquisition and deferred exploration expenditures on the Company's primary properties during 2007.

## **OUTLOOK**

Our strong cash position will enable us to continue our exploration efforts in Mexico, the United States and Canada, seeking to identify new projects through early stage grass roots exploration and managing risk by forming joint ventures in which partner companies explore and develop such projects in return for the right to earn an interest in them.

## **EXPLORATION PROJECTS - CANADA**

*Elk* - During 2007, a total of \$913,132 was spent on the property including \$298,230 on evaluation which included collection of baseline environmental and socio economic data and \$365,814 on a new phase of drilling. An asset retirement obligation consisting of future site reclamation costs of \$124,036 was recorded to the property. The amount spent on the evaluation of the project is greater than originally budgeted due to additional geological review which resulted in a much better understanding of the vein structures. The Company has appointed G & T Metallurgical Services Ltd. of Kamloops, BC to carry out ore processing test work on samples from the deposit. Expressions of interest in the project have been received from several parties. An internal scoping study examining the potential for both open-pit and underground mining, along with on-site mineral processing was completed during October 2007. We are currently evaluating the report before making further plans for the project.

**Ponderosa** – This property was staked and is 100% held by the Company. The property is within the Spences Bridge Group volcanic assembly near Merritt, B.C. During 2007, we entered into an agreement with Strongbow Exploration Inc. (“Strongbow”) on terms whereby Strongbow could have earned a 60% interest in the property. Strongbow conducted a first phase drill program on the property. Results have not yet been received and subsequent to year-end, Strongbow relinquished its option on the property. We plan a limited drilling program for 2008.

**Skoonka Creek** - The Skoonka Creek property was staked by the Company and optioned to Strongbow. During 2006, Strongbow earned a 51% interest in the property. We decided not to participate in this summer's work program budgeted at \$4,523,509 of which we would have been responsible for \$2,306,990. We estimate our interest will be diluted to 32% at the end of this program. Strongbow completed the planned work program on the property. Results have not yet been received. During 2007, \$75,880 was spent on exploration which was written off to operations during the year.

**Nicoamen River** - The Nicoamen River property was staked by the Company and is 100% held. The property was optioned to Tanqueray Resources Ltd. (“Tanqueray”) on terms whereby Tanqueray could have earned a 60% interest in the property. During 2007, Tanqueray relinquished its option. Almaden has had an independent qualified person review previous work and recommend an exploration program. Prior to year-end, the Company entered into an agreement with Zenith Industries Corp. (“Zenith”). To earn a 60% interest, Zenith must incur exploration expenditures of \$4,000,000 by December 31, 2012 and issue 1,000,000 shares to the Company by December 31, 2010. During 2007, \$5,257 was spent on acquisition and exploration of the project which was written off to operations, net of recoveries. The Company has no planned 2008 exploration program with all work being conducted by Zenith.

**Merit and Brookmere** – These properties were staked and are 100% held. The properties were optioned to Williams Creek Explorations Ltd. (“Williams Creek”) on terms whereby Williams Creek can earn a 60% interest in either or both of these properties by spending \$4 million on exploration and issuing 1,000,000 shares to Almaden in staged payments over six years. Williams Creek has conducted mapping and surface sampling and geochemical soil surveys on the Brookmere property and has applied for a work permit for drilling on the Merit claims. The Company has no planned 2008 exploration program with all work being conducted by Williams Creek. All costs incurred during 2007 were recovered from Williams Creek.

**Rock River Coal** – We had 50% interest in a 187,698 acre coal prospect in the Yukon. Due to poor drilling results, these permits were not renewed in 2007.

**ATW** - The Company has a net 37.5% interest in this diamond property through its 50% ownership of ATW Resources Ltd. Claim maintenance costs incurred were written off to operations. A drill program to obtain till samples is underway.

**Tarsis Capital Corp.** - The Company acquired and now beneficially owns 3,500,000 common shares, representing, at the time of acquisition, approximately 41% of the issued and outstanding voting securities of Tarsis Capital Corp. (“Tarsis”). The shares are subject to Escrow Restrictions as imposed by the TSX Venture Exchange. The shares were acquired pursuant to the terms of an agreement under which Tarsis acquired the MOR, Cabin Lake, Caribou Creek, Goz Creek, Tim, Meister River, and Erika properties. In addition, a 2% net smelter return royalty is payable to us with regard to minerals produced, saved and sold from the properties. An additional 500,000 common shares of Tarsis will be issued to us if Tarsis enters into an option agreement with an arm's length third party whereby that party agrees to expend a minimum of \$500,000 to earn its interest and has incurred expenditures of \$200,000 within 24 months of the closing date of the agreement. Tarsis has optioned the Tim claims to a third party which is planning a fall drill program. Prior to December 31, 2007, Tarsis completed a financing which diluted the Company's interest in Tarsis to 30%.

## **EXPLORATION PROJECTS - MEXICO**

**Caballo Blanco** - Subsequent to reacquiring a 100% interest in the property subject to a sliding scale NSR, a program consisting of surface geochemical surveys and geological work which developed several new drill targets was carried out. We entered into an agreement with Canadian Gold Hunter Corp. (“CGH”) whereby CGH can acquire a 70% interest in the property by issuing 1 million shares of CGH to Almaden (received) and making a US\$500,000 payment (received), spending US\$12.0 million on exploration and funding all costs required for the completion of a bankable feasibility study. A work program which includes geologic mapping, geochemical and geophysical surveys and drilling started late in 2007 and is continuing in 2008. All work is being conducted by CGH.

**Yago** – During 2007, we entered into an agreement with Consolidated Spire Ventures Ltd. (“Spire”) whereby Spire can acquire a 60% interest in the property by issuing 800,000 shares of Spire to Almaden and spending US\$3.5 million on exploration. Spire conducted topographic surveys, geological mapping and trenching on several veins. A 3000 metre drill program was halted by the rainy season. The shallow holes drilled all intersected quartz veins. The cost of the program was \$516,566. Spire plans a 2008 drill program to focus on the Esperanza, Sarda, Magnolia and Sagitario veins.

**San Carlos** - During the year ended December 31, 2007, the Company purchased a 2% NSR royalty on the San Jose claim for US\$20,000 and 25,000 share purchase warrants exercisable at a price of \$3.00 per share for three years. The fair value of the warrant was estimated at \$13,000 for a total purchase price of \$33,000. The Company spent \$77,279 maintaining the claims which was written off to operations. The Company is seeking a new partner for this project.

**Santa Isabela and Matehuapil** - During the year ended December 31, 2007, the Company was successful in a bid for the government owned Matehuapil mineral concession that adjoins the Santa Isabela property. The Company spent an initial \$125,036 on the first installment representing 20% of the purchase price including bonding costs, and put up two bonds, one in the amount of \$446,964 representing the four pending installment payments of 20% each to be paid in six month installments starting in January 2008 and one in the amount of \$138,929 to cover a 1% NSR royalty. In December 2007, the Company entered into an option agreement with Apex Silver Mines Limited (“Apex”) whereby Apex can acquire a 60% interest in the Matehuapil mineral concession by making payments of Mexican peso \$3,312,000 by July 10, 2009, being 60% of the purchase payments (Mexican peso \$1,324,800 received), and spending US\$2.6 million on exploration by December 1, 2013. The Company has no planned 2008 exploration program with all work being conducted by Apex

**Viky** - The Company optioned this wholly owned project to Apex Silver Mines Limited (“Apex”) under terms whereby Apex has an option to earn a 60% interest by spending US\$5.6 million on exploration and making cash payments of US\$1.35 million to Almaden over 5 years. During the year ended December 31, 2007, the Company received an option payment from Apex of \$116,000 cash and incurred \$14,655 in exploration costs which were written off to operations, net of recoveries. Apex conducted surface geological mapping, geophysics and sampling. Apex started a drill program in February 2008.

**Tuligtic** - During the year ended December 31, 2007, the Company terminated the option with Pinnacle Mines Ltd. (“Pinnacle”) for non-performance. A new partner is being sought for this project. During the year ended December 31, 2007, the Company incurred costs of \$34,697 maintaining the claims of which \$32,763 was recovered from Pinnacle and the remainder written off to operations.

**Bufa** - The Company re-negotiated the option with Lincoln Gold Corporation (“Lincoln”). The Company has no planned 2008 exploration program with all work being conducted by Lincoln. Lincoln commenced a drill program in March 2008.

**Nevada and Utah** – We have been actively prospecting in Nevada and Utah. This work has resulted in the acquisition of several properties by staking. Exploration work consisting of alteration mapping, geochemical soil surveys and Induced Polarization geophysics is currently underway on these properties. Once this work is completed, a partner will be sought for the projects. During 2007, the Company incurred costs of \$578,661 in the acquisition and exploration of the properties.

## **ADDITIONAL DISCLOSURES**

### **Disclosure controls and procedures and internal controls over financial reporting**

As at December 31, 2007, an evaluation was carried out under the supervision of and with the participation of our CEO and CFO of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our officers concluded that as at that date, the design and operation of these disclosure controls and procedures are effective at the reasonable assurance level to ensure that material information relating to the Company and its consolidated subsidiaries would be known to them by others within those entities, particularly during the period in which the management's discussion and analysis and the consolidated financial statements contained in this report were being prepared. Our CEO and CFO have also designed, or have caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. The CEO and CFO have assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2007. Based on this assessment, the Company's CEO and CFO have determined that the Company's internal control over financial reporting is effective as at December 31, 2007.

### Contractual commitments

We are committed under an operating lease for our office premises with the following aggregate minimum lease payments to the expiration of the lease on January 31, 2011. We are also committed to making acquisition payments of U.S.\$10,000 in 2008 and 2009 for the Gallo de Oro claim. In April 2007 the Company entered into contracts with our CEO and COO for remuneration of \$140,000 annually for two years, renewable for two additional successive terms of 2 years. We also entered into an agreement with our CFO and a company controlled by him for a term of one year, renewable for additional successive terms of 12 months for remuneration of \$6,000 per month for the first three months and \$5,000 per month thereafter. Although we do have government requirements in work and/or taxes to maintain claims held, the decision to keep or abandon such claims is not contractual but at our discretion. All other property option payments on our projects have been assumed by third parties who are earning their interests in the projects. The following table lists the total contractual commitments as at December 31, 2007 for each period.

	2008	2009	2010	2011	Total
Office lease	\$48,800	\$59,100	\$60,100	\$5,000	\$173,000
Property acquisition	\$9,900	\$9,900	-	-	\$19,800
Executive employment contracts	\$280,000	\$210,000	-	-	\$490,000
Financial services agreement	\$51,000	-	-	-	\$51,000

### Off-balance sheet arrangements

We have no off-balance sheet arrangements other than disclosed above.

### Critical accounting estimates

All costs relating to the acquisition, exploration and development of our mineral properties are capitalized and all income from mineral property options is credited against these costs. Should commercial production commence, these cost will be amortized. When a property is abandoned or when there is indication of impairment, all related costs are charged to operations.

The carrying value of our property, plant and equipment is compared to estimated net recoverable amounts and should the carrying value exceed its estimated recoverable amount, all amounts related to the impairment are charged to operations.

Our financial assets and liabilities are cash and cash equivalents, accounts receivable and prepaid expenses, marketable securities, inventory, accounts payable and mineral taxes payable. Other than marketable securities (see Changes in accounting principles below), the fair values of our financial instruments are estimated to be their carrying values due to their short-term nature. Cash and cash equivalents includes short-term money market instruments which, on acquisition, have a term to maturity of three months or less and expose us to minimal risk.

CICA Handbook section 3870 Stock-Based Compensation and Other Stock-Based Payments establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. We determine compensation expense using Black-Scholes Option Pricing Model based on estimated fair values of all stock-based awards at the date of grant and expense such to operations over the vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

### Changes in accounting principles

#### Financial instruments

During 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued new accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income, together with many consequential changes throughout the CICA handbook. The CICA issued the following handbook sections: -Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3251, Equity.

These sections specify when a financial instrument is to be recognized on the balance sheet. These sections require a financial instrument to be measured at fair value or using cost-based measures, establish how gains and losses are recognized and presented, including introducing comprehensive income; specify how hedge accounting is applied; and establish new disclosures about an entity’s accounting for designated hedging relationships and the methods and assumptions applied in determining fair values.

The standards require that all financial assets be classified as trading, available for sale, held to maturity or loans and receivables. In addition the standards require that financial assets, including derivatives, be measured at fair value on the balance sheet with the exception of loans, receivables and investments classified as held to maturity which will be measured at amortized cost. Changes in the fair value of available-for-sale securities are reported within a new statement of Other Comprehensive Income (“OCI”), until the financial asset is derecognized or becomes impaired. Changes in the fair value of trading securities are recorded directly into income. Financial liabilities are classified as trading or at amortized cost.

We adopted the new standards effective January 1, 2007. The impact will be accounting for marketable securities at their fair value on the balance sheet and recognition of the movement in unrealized gains/losses on marketable securities in Other Comprehensive Income. The adoption resulted in reporting marketable securities at a fair value of \$1,699,597 at December 31, 2006 with an adjustment to increase opening accumulated other comprehensive income by \$380,455 as of January 1, 2007.

### **Accounting policies to be adopted**

#### **Financial instrument disclosures**

In March 2007, the CICA issued Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 established standards for presentation of financial instruments and on-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classifications of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company will implement these disclosures in the first quarter of 2008.

#### **Capital disclosures**

In December 2006, the CICA issued Section 1535 of the CICA Handbook, *Capital Disclosures*, which applies to fiscal years beginning on or after October 1, 2007. This section establishes standards for disclosing information about an entity’s capital and how it is managed. The Company will implement these disclosures in the first quarter of 2008.

#### **Inventories**

In June 2007, the CICA issued Section 3031, *Inventories*, which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to the net realizable value. The new pronouncement is effective in the first quarter of 2008, and the new standard is not expected to have a material impact on the Company’s results of operations.

#### **Goodwill and intangible assets**

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This section is effective in the first quarter of 2009, and the Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

#### **Business combinations**

The proposed amended recommendations of the CICA for accounting for business combinations will apply to the Company’s business combinations, if any, with an acquisition date subsequent to the effective date. Whether the Company would be materially affected by the proposed amended recommendations would depend upon the specific facts of the business combinations, if any. Generally, the proposed recommendations will result in measuring business acquisitions at the fair value of the acquired entities and a prospectively applied shift from a parent company conceptual view of consolidation theory (which results in the parent company recording the book values attributable to non-controlling interests) to an entity conceptual view (which results in the parent company recording the fair values attributable to non-controlling interests).

#### **Convergence with International Financial Reporting Standards**

In 2006, Canada’s Accounting Standards Board ratified a strategic plan that will result in Canadian generally accepted accounting principles (GAAP), as used by public companies, being evolved and converged with International Financial

Reporting Standards (IFRS) over a transitional period currently expected to be complete by 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of this management's discussion and analysis, the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

#### **Outstanding share data**

Our authorized capital consists of an unlimited number of common shares without par value. As at March 25, 2008, 44,912,038 common shares were outstanding.

During 2007, \$162,437 was received from the exercise of warrants and \$935,456 from the exercise of stock options. Subsequent to year-end, \$282,974 was received from stock option exercises and \$250,000 was received pursuant to a private placement financing.

The following table summarizes information about warrants outstanding at March 25, 2008:

Number of warrants	Expiry date	Exercise price
162,500	July 21, 2008	\$3.00
25,000	March 20, 2010	\$3.00
187,500		

We grant directors, officers, employees and contractors options to purchase common shares under our Stock Option Plan. This plan and its terms are detailed in Note 9(c) to the consolidated financial statements.

On September 7, 2007, we granted 25,000 options to an employee at an exercise price of \$2.23 per share expiring on September 7, 2009. On September 12, 2007, 500,000 options were granted to a director at an exercise price of \$2.32 per share expiring on September 10, 2012. On November 15, 2007, 100,000 options were granted to an officer at an exercise price of \$2.68 per share expiring on November 15, 2012. On December 14, 2007, 50,000 options were granted to an officer at an exercise price of \$2.52 per share expiring December 13, 2012.

On March 17, 2008, the Company granted 15,000 options to an employee and 25,000 options to a contractor at an exercise price of \$2.35 per share expiring on March 17, 2013.

The following table summarizes information about stock options outstanding at March 25, 2008:

Number of shares	Expiry date	Exercise price
100,000	July 6, 2008	\$2.50
527,791	October 7, 2008	\$0.45
25,000	September 7, 2009	\$2.23
154,000	December 1, 2009	\$0.39
806,000	December 14, 2009	\$1.67
240,000	June 17, 2010	\$1.79
1,795,000	July 6, 2011	\$2.50
500,000	September 10, 2012	\$2.32
100,000	November 15, 2012	\$2.68
50,000	December 13, 2012	\$2.52
40,000	March 17, 2012	\$2.35
4,337,791		

#### **Related party transactions**

During 2007, we recorded administrative, professional and technical services of \$315,095 from companies related by common directors or officers (2006 - \$388,189). A company with a common officer holds 25,000 warrants of the Company. We have investments in two companies which had optioned properties from us with which we have one director in common. Accounts receivable at December 31, 2007 included \$49,863 owing from these related companies (2006 - \$2,348) and accounts payable included \$7,300 due to these related companies (2006 - \$20,700).

### **Proposed transactions**

The Company has no proposed transactions at this time.

### **Trends**

Mineral exploration has been cyclical and the industry is currently very active spurred on by high metal prices and the volume of demand based mainly on activity in Asia. In earlier periods, the need for new projects was largely filled with divestment of properties owned and developed by state owned organizations and companies grew through mergers or acquisitions. There are fewer such opportunities remaining; as such there is demand from both junior and larger companies for advanced mineral properties to develop. At the same time, environmental groups have successfully lobbied for more wilderness areas and parks where exploration and mining activities are not permitted. Native groups are actively pursuing land claims and there is a rise of militant national and religious groups in many parts of the world. These issues tend to restrict the areas where mineral exploration and development of new mines can occur. This should make areas permissive to exploration more attractive. At the same time, there is a shortage of experienced explorationists. With current high metal prices and increasing demand, especially from Asia, supply difficulties may occur in the future and there is a discernible need for good exploration projects based on sound geological work.

### **Risks and uncertainties**

In our focus on the acquisition, exploration and development of mineral properties, we are subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to us may impact our future financial results.

### **Industry**

We are engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that a mineral deposit will ever be discovered and economically produced. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

### **Reserve and mineralization estimates**

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

### **Gold and metal prices**

The price of gold is affected by numerous factors beyond our control including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that we may explore all have the same or similar price risk factors.

### **Cash flows and additional funding requirements**

We currently have no revenue from operations. If any of our exploration programs are successful and optionees of properties complete their earn-in, we would have to provide our share of ongoing exploration and development costs in order to maintain our interest or be reduced to a royalty interest. Additional capital would be required to put a property into commercial production. The sources of funds currently available to us are the sale of our inventory of gold, marketable securities, equity capital or the offering of an interest in our projects to another party. We currently have sufficient financial resources to undertake all of our planned exploration programs.

### **Exchange rate fluctuations**

Fluctuations in currency exchange rates, principally the Canadian/U.S. dollar exchange rate, can impact cash flows. The exchange rate has varied substantially over time. Most of the Company's exploration expenses in Mexico are denominated in U.S. dollars. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which will impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rate fluctuation.

### **Environmental**

Almaden's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all

future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

### **Laws and regulations**

Our exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which we operate. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. We apply the expertise of our management, advisors, employees and contractors to ensure compliance with current laws and rely on our land man in Mexico and legal counsel in both Mexico and the United States.

### **Title to mineral properties**

While we have investigated title to our mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Unresolved native land claim issues in Canada may affect our properties in this jurisdiction in the future.

### **Possible Dilution to Present and Prospective Shareholders**

Our plan of operation, in part, contemplates the financing of our business by the issuance of securities and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. We usually seek joint venture partners to fund in whole or in part exploration projects. This dilutes our interest in properties. This dilution is done to spread or minimize the risk and to expose the us to more exploration plays but means that any profit that might result from a possible discovery would be shared with the joint venture partner and there is no guarantee that we can find a joint venture partner for any property.

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

At March 25, 2008 there were 4,337,791 stock options and 187,500 warrants outstanding. Directors and officers hold 4,017,791 of the options. 320,000 are held by employees and consultants of the Company. Directors and officers also hold 17,500 of the outstanding warrants.

### **Trading Volume**

The relatively low trading volume of our shares reduces the liquidity of an investment in our shares.

### **Volatility of Share Price**

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

### **Competition**

There is competition from other mining exploration companies with operations similar to ours. Many of the companies with which we compete have operations and financial strength greater than ours.

### **Dependence on management**

We depend heavily on the business and technical expertise of our management.

### **Conflict of Interest**

Some of our directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of such conflict, we may miss the opportunity to participate in certain transactions.

### **Forward looking statements**

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Consolidated financial statements of

**Almaden Minerals Ltd.**

(An exploration stage company)

# Almaden Minerals Ltd.

(An exploration stage company)

December 31, 2007

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## Report of Independent Registered Chartered Accountants

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

We have audited the accompanying consolidated balance sheets of Almaden Minerals Ltd. (an exploration stage company) and subsidiaries (the "Company") as at December 31, 2007 and 2006, and the related consolidated statements of loss, comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007 and the cumulative period from incorporation, September 25, 1980 to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Almaden Minerals Ltd. and subsidiaries as at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 and the cumulative period from incorporation, September 25, 1980 to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 19, 2008, expressed an unqualified opinion on the Company's internal control over financial reporting.

*Deloitte & Touche LLP*

Independent Registered Chartered Accountants  
Vancouver, Canada  
March 19, 2008

## Comments by Independent Registered Chartered Accountants on Canada - United States of America Reporting Difference

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's financial statements, such as the changes described in Note 3 to the consolidated financial statements. Our report to the Board of Directors and Shareholders, dated March 19, 2008, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the change is adequately disclosed in the financial statements.

*Deloitte & Touche LLP*

Independent Registered Chartered Accountants  
Vancouver, Canada  
March 19, 2008

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

We have audited the internal control over financial reporting of Almaden Minerals Ltd. (an exploration stage company) and subsidiaries (the “Company”) as of December 31, 2007, based on the criteria established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Company and the cumulative period from incorporation, September 25, 1980 to December 31, 2007 and our report dated March 19, 2008, expressed an unqualified opinion on those financial statements and included a separate report titled Comments by Independent Registered Chartered Accountants on Canada-United States of America Reporting Difference referring to changes in accounting principles.

*Deloitte & Touche LLP*

Independent Registered Chartered Accountants  
Vancouver, Canada  
March 19, 2008

# Almaden Minerals Ltd.

(An exploration stage company)

## Consolidated balance sheets

as at December 31,

(Expressed in Canadian dollars)

	2007	2006
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	14,548,760	18,796,956
Accounts receivable and prepaid expenses	528,095	600,413
Marketable securities (Note 4)	2,646,959	1,319,142
Inventory (Note 5)	274,768	274,768
<b>Total current assets</b>	<b>17,998,582</b>	20,991,279
Property, plant and equipment (Note 6)	1,045,100	1,246,805
Investment (Note 7)	1,409,929	-
Reclamation deposit	81,500	76,500
Mineral property deposit (Note 8 (k) (iv))	585,893	-
<b>Mineral properties (Note 8)</b>	<b>6,848,635</b>	6,404,978
<b>Total assets</b>	<b>27,969,639</b>	28,719,562
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	203,797	369,250
Mineral taxes payable (Note 17 (a))	379,653	379,653
<b>Total current liabilities</b>	<b>583,450</b>	748,903
Asset retirement obligation (Note 10)	124,036	-
<b>Total liabilities</b>	<b>707,486</b>	748,903
<b>Shareholders' equity</b>		
Share capital		
Authorized		
Unlimited number of common shares without par value		
Issued (Note 9)		
44,469,638 shares - December 31, 2007		
43,624,255 shares - December 31, 2006	48,226,402	46,655,822
Contributed surplus	4,322,284	4,081,471
Accumulated other comprehensive loss	(828,479)	-
Deficit, accumulated during the exploration stage	(24,458,054)	(22,766,634)
<b>Total shareholders' equity</b>	<b>27,262,153</b>	27,970,659
<b>Total liabilities and shareholders' equity</b>	<b>27,969,639</b>	28,719,562

Nature of operations (Note 1)

Commitments and contingencies (Note 17)

On behalf of the Board

\_\_\_\_\_  
Duane Poliquin, Director

\_\_\_\_\_  
James E. McInnes, Director

# Almaden Minerals Ltd.

(An exploration stage company)

## Consolidated statements of loss

(Expressed in Canadian dollars)

	Cumulative amount since incorporation September 25, 1980 to December 31, 2007	Years ended December 31,		
		2007	2006	2005
	\$	\$	\$	\$
<b>Revenue</b>				
Interest income	2,205,734	<b>622,668</b>	623,048	94,821
Other income	689,928	<b>129,630</b>	213,883	151,620
	<u>2,895,662</u>	<u><b>752,298</b></u>	<u>836,931</u>	<u>246,441</u>
<b>Expenses</b>				
General and administrative expenses (Schedule 1)	8,715,257	<b>1,510,290</b>	1,195,495	859,040
General exploration expenses	5,669,441	<b>1,292,578</b>	718,191	829,415
Write-down of interests in mineral properties	4,056,648	<b>746,873</b>	1,125,334	567,658
Stock option compensation	10,820,900	<b>700,500</b>	2,488,900	213,600
	<u>29,262,246</u>	<u><b>4,250,241</b></u>	<u>5,527,920</u>	<u>2,469,713</u>
	(26,366,584)	<b>(3,497,943)</b>	(4,690,989)	(2,223,272)
Loss on equity investment (Note 7)	(146,367)	<b>(146,367)</b>	-	-
Gain on dilution (Note 7)	436,296	<b>436,296</b>	-	-
Write-down of marketable securities (Note 4)	(775,230)	-	(487,110)	(170,844)
Income on mineral property options	3,832,682	<b>1,577,696</b>	527,811	912,795
(Loss) gain on sale of securities	(862,696)	<b>347,188</b>	367,996	115,240
(Loss) gain on sale of property, plant and equipment	(86,371)	<b>(90,613)</b>	(8,163)	10,995
Foreign exchange (loss) gain	(489,784)	<b>(317,677)</b>	21,680	(42,369)
Loss before income taxes	(24,458,054)	<b>(1,691,420)</b>	(4,268,775)	(1,397,455)
Income tax recovery (Note 16)	1,283,240	<b>642,600</b>	-	302,240
<b>Net loss</b>	<u>(23,174,814)</u>	<u><b>(1,048,820)</b></u>	<u>(4,268,775)</u>	<u>(1,095,215)</u>
<b>Net loss per share</b>				
Basic and diluted		<b>(0.02)</b>	(0.10)	(0.03)
<b>Basic and diluted weighted average number of shares outstanding</b>				
		<b>44,214,511</b>	41,351,133	32,078,779

# Almaden Minerals Ltd.

(An exploration stage company)

## Consolidated statements of comprehensive loss

(Expressed in Canadian dollars)

	Cumulative amount since incorporation September 25, 1980 to December 31, 2007	Years ended December 31,		
		2007	2006	2005
	\$	\$	\$	\$
<b>Net loss</b>	(23,174,814)	<b>(1,048,820)</b>	(4,268,775)	(1,095,215)
Unrealized loss on available-for- sale financial assets arising during the period	(858,416)	<b>(858,416)</b>	-	-
Reclassification adjustment for gains included in net loss	(350,518)	<b>(350,518)</b>	-	-
Other comprehensive loss	(1,208,934)	<b>(1,208,934)</b>	-	-
<b>Comprehensive loss</b>	(24,383,748)	<b>(2,257,754)</b>	(4,268,775)	(1,095,215)

# Almaden Minerals Ltd.

(An exploration stage company)

## Consolidated statements of shareholders' equity

(Expressed in Canadian dollars)

	Share capital		Contributed surplus	Accumulated other comprehensive income (loss) ("AOCI")	Deficit accumulated during exploration stage	Total AOCI and deficit	Total
	Shares	Amount		Gains (losses) on available for sale securities			
		\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2004</b>	31,142,767	25,258,538	1,598,354	-	(17,100,404)	(17,100,404)	9,756,488
Net loss	-	-	-	-	(1,095,215)	(1,095,215)	(1,095,215)
For cash pursuant to private placements	4,206,180	5,673,615	-	-	-	-	5,673,615
For cash on exercise of share purchase warrants	318,250	457,125	-	-	-	-	457,125
For cash on exercise of stock options (including transfer from contributed surplus of \$37,800)	525,300	249,981	(37,800)	-	-	-	212,181
Stock option expense	-	-	213,600	-	-	-	213,600
Fair value of warrants granted	-	-	885,000	-	-	-	885,000
Renouncement of tax deductibility relating to flow-through shares	-	-	-	-	(302,240)	(302,240)	(302,240)
<b>Balance, December 31, 2005</b>	36,192,497	31,639,259	2,659,154	-	(18,497,859)	(18,497,859)	15,800,554
Net loss	-	-	-	-	(4,268,775)	(4,268,775)	(4,268,775)
Stock option expense	-	-	2,488,900	-	-	-	2,488,900
Fair value of warrants granted	-	-	175,115	-	-	-	175,115
For cash pursuant to private placements	735,153	1,793,298	-	-	-	-	1,793,298
For cash on exercise of share purchase warrants (including transfer from contributed surplus of \$883,000)	5,568,605	11,965,959	(883,000)	-	-	-	11,082,959
For cash on exercise of stock options (including transfer from contributed surplus of \$358,698)	1,128,000	1,257,306	(358,698)	-	-	-	898,608
<b>Balance, December 31, 2006</b>	43,624,255	46,655,822	4,081,471	-	(22,766,634)	(22,766,634)	27,970,659
Transition adjustment (Note 3)	-	-	-	380,455	-	380,455	380,455
<b>Balance at January 1, 2007</b>	43,624,255	46,655,822	4,081,471	380,455	(22,766,634)	(22,386,179)	28,351,114
Net loss	-	-	-	-	(1,048,820)	(1,048,820)	(1,048,820)
Comprehensive income (loss)	-	-	-	(1,208,934)	-	(1,208,934)	(1,208,934)
Stock option expense	-	-	700,500	-	-	-	700,500
Fair value of warrants granted	-	-	13,000	-	-	-	13,000
For cash on exercise of share purchase warrants (including transfer from contributed surplus of \$29,713)	58,591	192,150	(29,713)	-	-	-	162,437
For cash on exercise of stock options (including transfer from contributed surplus of \$442,974)	786,792	1,378,430	(442,974)	-	-	-	935,456
Renouncement of tax deductibility relating to flow-through shares	-	-	-	-	(642,600)	(642,600)	(642,600)
<b>Balance, December 31, 2007</b>	44,469,638	48,226,402	4,322,284	(828,479)	(24,458,054)	(25,286,533)	27,262,153

# Almaden Minerals Ltd.

(An exploration stage company)

## Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Cumulative amount since incorporation September 25, 1980 to December 31,	Years ended December 31,		
		2007	2006	2005
		\$	\$	\$
<b>Operating activities</b>				
Net loss	(23,174,814)	<b>(1,048,820)</b>	(4,268,775)	(1,095,215)
Items not affecting cash				
Future income tax recovery	(1,283,240)	<b>(642,600)</b>	-	(302,240)
Loss on equity investment	146,367	<b>146,367</b>	-	-
Gain on disposition	(436,296)	<b>(436,296)</b>	-	-
Depreciation	1,008,274	<b>218,789</b>	231,413	149,477
Bad debts	91,168	<b>91,168</b>	-	-
Loss (gain) on marketable securities	862,696	<b>(347,188)</b>	(367,996)	(115,240)
Write-down of marketable securities	775,230	-	487,110	170,844
Income on mineral property options	(3,148,664)	<b>(1,577,696)</b>	(527,811)	(912,795)
Write-down of interests in mineral properties	9,857,765	<b>746,873</b>	1,125,334	567,658
Stock-option compensation	5,019,783	<b>700,500</b>	2,488,900	213,600
Loss (gain) on sale of property, plant and equipment	86,371	<b>90,613</b>	8,163	(10,995)
Other	(61,052)	-	-	(64,350)
Changes in non-cash working capital components				
Accounts receivable and prepaid expenses	(610,696)	<b>(4,807)</b>	(102,883)	(284,354)
Accounts payable and accrued liabilities	168,695	<b>(165,453)</b>	182,702	107,414
Mineral taxes payable	(669)	-	-	-
	<b>(10,699,082)</b>	<b>(2,228,550)</b>	<b>(743,843)</b>	<b>(1,576,196)</b>
<b>Financing activity</b>				
Issuance of shares, net of share issue costs	44,971,091	<b>1,097,893</b>	13,949,980	7,227,921
<b>Investing activities</b>				
Cash acquired upon business combination	198,131	-	-	-
Long-term investment	(1,891,315)	-	-	-
Reclamation deposit	(5,000)	<b>(5,000)</b>	5,000	-
Marketable securities				
Purchases	(4,486,414)	<b>(16,500)</b>	(32,500)	-
Net proceeds	5,811,207	<b>625,897</b>	806,039	243,940
Property, plant and equipment				
Purchases	(2,222,253)	<b>(173,418)</b>	(247,575)	(804,146)
Proceeds	130,007	<b>65,720</b>	2,000	-
Mineral property deposit	(585,893)	<b>(585,893)</b>	-	-
Mineral properties				
Costs	(19,045,931)	<b>(3,760,334)</b>	(2,973,501)	(1,459,485)
Gold sales	362,906	-	-	-
Net proceeds	2,050,604	<b>767,989</b>	70,306	203,310
Incorporation costs	(3,298)	-	-	-
	<b>(19,687,249)</b>	<b>(3,081,539)</b>	<b>(2,370,231)</b>	<b>(1,816,381)</b>
Net cash inflow (outflow)	14,584,760	<b>(4,212,196)</b>	10,835,906	3,835,344
Cash and cash equivalents, beginning of period	-	<b>18,796,956</b>	7,961,050	4,125,706
<b>Cash and cash equivalents, end of period</b>	<b>14,584,760</b>	<b>14,584,760</b>	<b>18,796,956</b>	<b>7,961,050</b>

Supplemental cash flow information (Note 12)

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 1. Nature of operations

Almaden Minerals Ltd. (the "Company" or "Almaden") 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.

### 2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which in respect of these financial statements are different in some respects from generally accepted accounting principles in the United States of America as discussed in Note 18 and include the following policies:

#### (a) Basis of consolidation

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

Almaden America Inc.	Nevada
Republic Resources Ltd.	British Columbia
Almaden de Mexico, S.A. de C.V.	Mexico
Minera Gavilan, S.A. de C.V.	Mexico
Compania Minera Zapata, S.A. de C.V.	Mexico

Investments where the Company has the ability to exercise significant influence, generally where the Company has a 20% to 50% equity interest, are accounted for using the equity method. Under this method, the Company's share of the investee's earnings or losses is included in operations and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment accounts.

The Company's 30% interest in Tarsis Capital Corp. is recorded using the equity method.

#### (b) Foreign exchange

The functional currency of the Company's subsidiaries has been determined to be the Canadian dollar. U.S. dollar and Mexican peso denominated amounts in these financial statements are translated into Canadian dollars on the following basis:

- (i) Monetary assets and liabilities - at the rate of exchange prevailing at the year-end.
- (ii) Non-monetary assets - at the rates of exchange prevailing when the assets were acquired or the liabilities assumed.
- (iii) Income and expenses - at the rate approximating the rates of exchange prevailing on the dates of the transactions.
- (iv) Gains and losses on translation are credited or charged to operations.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(c) *Cash and cash equivalents*

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. The cash equivalent at December 31, 2007 is \$13,187,392 (2006 - \$17,350,666).

(d) *Inventory*

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

(e) *Property, plant and equipment*

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

Automotive equipment	30%	
Computer hardware and software	30%	
Field equipment	20%	
Furniture and fixtures	20%	
Geological data library	20%	
Mill equipment	30%	
Drill equipment	20%	
Leasehold improvements	20%	straight-line

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant. An impairment in value would be indicated if the assets' carrying value exceeds the estimated recoverable amount. During the periods covered by these financial statements there was no indication of impairment.

(f) *Mineral properties*

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

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

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

*(g) Income taxes*

Future income tax liabilities and future income tax assets are recorded based on differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such losses will be ultimately utilized. These future income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized.

*(h) Income from mineral property options*

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

*(i) Stock-based compensation plans*

The Company accounts for options granted under its fixed stock option plan (Note 9 (c)) using the fair value based method of accounting for stock-based compensation. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

*(j) Asset retirement obligation*

Liabilities for asset retirement obligations are initially recognized at their fair value in the period in which they are incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of that asset and the cost is amortized as an expense over the life of the related asset. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows required to settle the obligation.

In addition, the Company has \$81,500 of reclamation deposits held with the Ministry of Mines should any other asset retirement obligation arise from its obligations to undertake site reclamation and remediation in connection with its operating activities in British Columbia.

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

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(k) *Loss per share*

The loss per share is based on the weighted average number of common shares of the Company that were outstanding each year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of outstanding stock options and warrants that are used to purchase common shares at the average market price during the year. For the three years ended December 31, 2007, all of the outstanding stock options and warrants are anti-dilutive.

(l) *Use of estimates*

The preparation of financial statements in conformity with the Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, asset retirement obligations, stock-based compensation, determination of fair value of taxes and contingencies.

(m) *Comprehensive income, financial instruments and hedges*

(i) Comprehensive income

Comprehensive income comprises the Company's net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the company, principally includes unrealized gains and losses on available-for-sale securities. The Company's comprehensive income, components of other comprehensive income, and accumulated other comprehensive income are presented in the statements of comprehensive income (loss) and the statements of shareholders' equity.

(ii) Financial assets and financial liabilities

(a) Classification

The Company has implemented the following classification of its financial assets and financial liabilities:

- Accounts receivable are classified as "Loans and receivables". They are measured at amortized cost. At December 31, 2007, the recorded amount approximates fair value.
- Marketable securities are classified as "Available for sale". Available for sale assets and liabilities are measured at fair value with unrealized gains and losses recorded in other comprehensive income until the instrument is either sold or suffers an impairment that is other than temporary.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(m) *Comprehensive income, financial instruments and hedges (continued)*

(ii) Financial assets and financial liabilities (continued)

(a) Classification (continued)

- Accounts payable and accrued liabilities are classified as "Other financial liabilities" and are measured at amortized cost. At December 31, 2007, the recorded amount approximates fair value.

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to income using the effective interest rate method.

(b) Derivatives

All derivative instruments are recorded on the balance sheet at fair value. At December 31, 2007, the Company does not have any derivative instruments designated as hedging instruments.

(c) Embedded derivatives

Derivatives may be embedded in other financial instruments (host instruments). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not classified as held for trading. These embedded derivatives are measured at fair value on the balance sheet with subsequent changes in fair value recognized in income. The Company has not identified any embedded derivatives that are required to be accounted for separately from the host contract.

(n) *Recent accounting pronouncements*

(i) Financial instrument disclosures

In March 2007, the CICA issued Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company will implement these disclosures in the first quarter of 2008.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(n) *Recent accounting pronouncements (continued)*

(ii) Capital disclosures

In December 2006, the CICA issued Section 1535 of the CICA Handbook, *Capital Disclosures*, which applies to fiscal years beginning on or after October 1, 2007. This section establishes standards for disclosing information about an entity's capital and how it is managed. The Company will implement these disclosures in the first quarter of 2008.

(iii) Inventories

In June 2007, the CICA issued Section 3031, *Inventories*, which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The new pronouncement is effective in the first quarter of 2008, and the new standard is not expected to have a material impact on the Company's results of operations.

(iv) Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This section is effective in the first quarter of 2009, and the Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

(v) Business combinations

The proposed amended recommendations of the CICA for accounting for business combinations will apply to the Company's business combinations, if any, with an acquisition date subsequent to the effective date. Whether the Company would be materially affected by the proposed amended recommendations would depend upon the specific facts of the business combinations, if any. Generally, the proposed recommendations will result in measuring business acquisitions at the fair value of the acquired entities and a prospectively applied shift from a parent company conceptual view of consolidation theory (which results in the parent company recording the book values attributable to non-controlling interests) to an entity conceptual view (which results in the parent company recording the fair values attributable to non-controlling interests).

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(n) *Recent accounting pronouncements (continued)*

(vi) Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian generally accepted accounting principles (GAAP), as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period currently expected to be complete by 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of these statements, the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

### 3. Change in accounting policy - Financial instruments

During 2005, the Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income, together with many consequential changes throughout the CICA handbook. The CICA issued the following handbook sections: Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3251, Equity.

These sections specify when a financial instrument is to be recognized on the balance sheet. In addition, these sections require a financial instrument to be measured at fair value or using cost-based measures, establish how gains and losses are recognized and presented, including introducing comprehensive income; specify how hedge accounting is applied; and establish new disclosures about an entity's accounting for designated hedging relationships and the methods and assumptions applied in determining fair values.

The standards require that all financial assets be classified as trading, available for sale, held to maturity or loans and receivables. In addition the standards require that financial assets, including derivatives, be measured at fair value on the balance sheet with the exception of loans, receivables and investments classified as held to maturity which will be measured at amortized cost. Changes in the fair value of available-for-sale securities are reported within a new statement of Other Comprehensive Income ("OCI"), until the financial asset is derecognized or becomes impaired. Changes in the fair value of trading securities are recorded directly into income. Financial liabilities are classified as trading or at amortized cost.

The Company adopted the new standards effective January 1, 2007. The impact on the Company of the new standards will be accounting for marketable securities at their fair value on the balance sheet and recognition of the movement in unrealized gains/losses on marketable securities in Other Comprehensive Income. The adoption of these standards resulted in the reporting of marketable securities at a fair value of \$1,699,597 at January 1, 2007 with an adjustment to increase opening accumulated other comprehensive income by \$380,455 as of January 1, 2007.

Net loss for the year ended December 31, 2007 and deficit as at December 31, 2007 was decreased by \$828,479 (\$0.02 per share) as a result of recording unrealized losses on marketable securities as a component of comprehensive loss rather than net loss.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 4. Marketable securities

Marketable securities consist of equity securities which, beginning in 2007, are designated as available for sale and valued at fair market value. Unrealized gains and losses due to period end revaluation to fair market value are recorded as other comprehensive income or loss.

### 5. Inventory

Inventory consists of 1,597 ounces of gold bullion which is valued at the lower of average cost of mining and estimated net realizable value. The market value of the gold at December 31, 2007 is \$1,307,798 (December 31, 2006 - \$1,185,600).

### 6. Property, plant and equipment

	2007		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Automotive equipment	411,497	225,271	186,226
Furniture and fixtures	130,400	101,635	28,765
Computer hardware	225,339	170,639	54,700
Computer software	55,879	32,593	23,286
Geological data library	65,106	41,728	23,378
Field equipment	331,950	169,699	162,251
Mill equipment	323,264	-	323,264
Leasehold improvements	27,181	12,778	14,403
Drill equipment	397,270	168,443	228,827
	<b>1,967,886</b>	<b>922,786</b>	<b>1,045,100</b>

  

	2006		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Automotive equipment	323,037	164,416	158,621
Furniture and fixtures	130,400	94,444	35,956
Computer hardware	207,888	150,935	56,953
Computer software	50,521	23,761	26,760
Geological data library	65,106	35,883	29,223
Field equipment	269,800	136,905	132,895
Mill equipment	323,264	-	323,264
Leasehold improvements	27,181	7,064	20,117
Drill equipment	643,078	180,062	463,016
	<b>2,040,275</b>	<b>793,470</b>	<b>1,246,805</b>

At December 31, 2007 the mill equipment was not in use. Depreciation will be charged when the mill equipment is put into use.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 7. Investment

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 Capital Corp. ("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 and will receive 500,000 common shares of Tarsis if, before July 22, 2009, any of the properties becomes 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.

Almaden has two Directors and two Officers in common with Tarsis. Almaden is accounting for this investment following the equity accounting method for investments where significant influence exists. As such, Almaden has recorded its equity share of Tarsis' loss since July 23, 2007 in the amount of \$146,367.

In December 2007, Tarsis issued additional common shares to third parties thereby diluting Almaden's interest in Tarsis from 41% to 30%. Almaden has recorded a gain on dilution in the amount of \$436,296 as a result.

In 2007, the Company charged Tarsis \$22,899 for office rent and various expenses.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 8. Mineral properties

	2007	2006
	\$	\$
<i>Canada</i>		
Elk		
100% interest in mineral claims in British Columbia which includes the Siwash gold deposit	5,650,867	4,737,735
ATW		
Net 37.5% interest in mineral claims near Lac De Gras, Northwest Territories	100,000	100,000
Merit		
100% interest in mineral claims in British Columbia	45,882	62,440
Nicoamen River		
100% interest in mineral claims in British Columbia	42,264	38,050
Scoonka Creek		
49% interest in mineral claims in British Columbia	1	22,798
MOR		
0% interest in minerals claims in the Yukon Territory	-	31,524
Rock River Coal		
50% interest in 187,698 acre coal prospect in the Yukon Territory	1	39,339
<i>Mexico</i>		
Caballo Blanco		
100% interest in mineral claims in Veracruz State	1	552,518
Viky		
100% interest in mineral claims in Coahuila State	114,918	230,918
Tuligtic		
100% interest in mineral claims in Puebla State	121,022	121,022
Fuego		
100% interest in mineral claims in Oaxaca State	1	1
San Carlos/San Jose		
100% interest in the San Carlos and San Jose mineral claims in Tamaulipas State	77,720	41,520
Yago/La Sarda		
100% interest in mineral claim in Nayarit State	1	1
Caldera		
100% interest in mineral claims in Puebla State	17,040	-
<i>Interests in various other mineral claims (Note 8 (k))</i>	<b>678,917</b>	427,112
	<b>6,848,635</b>	6,404,978

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

The following is a description of the Company's most significant property interests 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 NI 43-101 resource has been calculated for the property.

(b) *Caballo Blanco*

To earn a 100% interest, the Company issued a total of 200,000 common shares and paid US\$668,500. 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 2003, the Company entered into an agreement with Comaplex Minerals Corp. ("Comaplex"). To earn a 60% interest, Comaplex had to keep the property in good standing and incur exploration expenditures totalling US\$2,000,000. During 2006, Comaplex completed earn-in requirements.

During 2007, the Company acquired Comaplex's 60% interest for US\$1,250,000 and entered into an agreement with Canadian Gold Hunter Corp. ("CGH"). To earn a 70% interest, CGH 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.

(c) *Viky*

The Company acquired a 100% interest in the Viky property by staking and purchased interests in three additional mineral claims. During 2007, the Company entered into an agreement with Apex Silver Mines Limited ("Apex"). To earn a 60% interest, Apex must incur exploration expenditures of US\$5,600,000 and make cash payments of US\$1,350,000 to the Company over six years.

(d) *Tuligtic*

The Company acquired a 100% interest in the Tuligtic property by staking. During 2007, the Company entered into an agreement with Pinnacle Mines Ltd. ("Pinnacle"). To earn a 60% interest, Pinnacle had to incur exploration expenditures of US\$6,000,000 and issue 1,000,000 shares to the Company by August 9, 2012. During 2007, Pinnacle failed to meet their commitments and the Company terminated the agreement.

(e) *Fuego*

The Company acquired a 100% interest in the Fuego claim by staking. During 2004, the Company entered into an agreement with Horseshoe Gold Mining Inc. ("Horseshoe"). To earn a 60% interest, Horseshoe must maintain the property in good standing, incur exploration expenditures totalling US\$3,000,000 and issue 1,000,000 shares to the Company by December 31, 2008 (amended). During 2007, Horseshoe abandoned its interest in the property.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

(f) *San Carlos*

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 a 25,000 share purchase warrant for a term of three years exercisable at a price of \$3.00 per share.

During 2004, the Company entered into an agreement with Hawkeye Gold & Diamond Inc. ("Hawkeye"). To earn a 51% interest, Hawkeye had to maintain the property in good standing, pay \$45,475, incur exploration expenditures totalling US\$2,000,000 by March 15, 2008 and issue a total of 1,250,000 shares to the Company by April 2008 (amended). During 2006, Hawkeye abandoned its interest in the property.

(g) *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 2007, the Company entered into an agreement with Consolidated Spire Ventures Ltd. ("Spire"). To earn a 60% interest, Spire has to incur exploration expenditures totalling US\$3,500,000 and issue 800,000 shares to the Company over five years.

(h) *Merit and Brookmere*

The Company acquired a 100% interest in the Merit and Brookmere properties by staking. During 2006, the Company entered into an agreement with Williams Creek Explorations Limited ("Williams Creek"). To earn a 60% interest in either or both of these properties, Williams Creek must incur exploration expenditures of \$4,000,000 and issue 1,000,000 shares to the Company by December 31, 2012.

(i) *Nicoamen River*

The Company acquired a 100% interest in the Nicoamen River property by staking. During 2006, the Company entered into an agreement with Tanqueray Resources Ltd. ("Tanqueray"). To earn a 60% interest, Tanqueray had to incur exploration expenditures of \$4,000,000 and issued 1,000,000 shares to the Company by December 31, 2012. During 2007, Tanqueray abandoned its interest in the property.

At the end of 2007, the Company entered into an agreement with Zenith Industries Corp. ("Zenith"). To earn a 60% interest, Zenith has to incur exploration expenditures of \$4,000,000 by December 31, 2012 and issue 1,000,000 shares to the Company by December 31, 2010. This agreement is subject to regulatory approval at December 31, 2007.

(j) *Skoonka Creek*

The Company acquired a 100% interest in the Skoonka Creek property by staking. During 2005, the Company entered into an agreement with Strongbow Exploration Inc. ("Strongbow"). To earn a 51% interest, Strongbow incurred exploration expenditures of \$2,000,000 and issued 600,000 shares to the Company. During 2007, the Company decided not to participate in the summer work program and estimates its interest will be diluted to 32% at the end of the program.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

(k) *Other*

(i) 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 must incur exploration expenditures of US\$3,500,000 and issue 1,550,000 shares to the Company over five years (amended).

(ii) Campanario

The Company acquired a 100% interest in the Campanario claim by staking. During 2005, the Company entered into an agreement with Consolidated Spire Ventures Ltd. ("Spire"). To earn a 60% interest, Spire must incur exploration expenditures of \$3,500,000 and issue 700,000 shares to the Company by October 31, 2011 (amended). At the end of 2007, Spire abandoned its interest in the property.

(iii) Gallo de Oro

During 2007, the Company acquired a 100% interest in As de Oro claim for US\$50,000. During 2006, the Company entered into an agreement to acquire a 100% interest in Gallo de Oro claim. To earn its interest, the Company must pay US\$50,000 by October 30, 2009. At December 31, 2007, US\$30,000 of this obligation had been paid.

(iv) 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.

The Company subsequently entered into an agreement with Apex Silver Mines Limited ("Apex"). To earn a 60% interest, Apex 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.

(v) Ponderosa

The Company acquired a 100% interest in the Ponderosa property by staking. During 2007, the Company entered into an agreement with Strongbow Exploration Inc. ("Strongbow"). To earn a 60% interest, Strongbow had to incur exploration expenditures of \$4,000,000 and issue 1,050,000 shares to the Company by January 10, 2012. Subsequent to December 31, 2007, Strongbow abandoned its interest in the property.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

(k) *Other (continued)*

(vi) Japan Oil, Gas and Metals National Corporation Joint Venture

During 2005, the Company entered into a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC"). The regional joint venture program was to consist of grassroots exploration for base metal deposits over a selected area in Mexico. During 2007, JOGMEC withdrew from all joint venture activities.

(vii) BHP Billiton Joint Venture

On May 9, 2002, the Company entered into a joint venture agreement with BHP Billiton World Exploration Inc. ("BHP") to undertake exploration in eastern Mexico. During 2006, BHP terminated the agreement.

### 9. Share capital

(a) Details of private placement issues of common shares in 2006 were as follows:

The Company issued 325,000 units on July 21, 2006 on a private placement basis at a price of \$2.80 per share, after incurring issue costs of \$38,570. Each unit consists of one common flow-through share and one-half of a whole non-flow-through warrant entitling the holder to purchase one additional common share at a price of \$3.00 per share until July 21, 2008. The fair value of the warrants issued as part of the private placement of \$86,125 was allocated to share capital and contributed surplus. Also, 2,752 flow-through common shares were issued to an agent in consideration of their services.

The Company issued 175,500 units on November 15, 2006 on a private placement basis at a price of \$2.75 per share, after incurring issue costs of \$25,084. Each unit consists of one common flow-through share and one-half of a whole non-flow-through warrant entitling the holder to purchase one additional common share at a price of \$2.85 per share until November 15, 2007. The fair value of the warrants issued as part of the private placement of \$45,309 was allocated to share capital and contributed surplus. Also, 2,182 units were issued to an agent in consideration of their services.

The Company issued 225,000 units on December 20, 2006 on a private placement basis at a price of \$2.90 per share, after incurring issue costs of \$40,761. Each unit consists of one common flow-through share and one-half of a whole non-flow-through warrant entitling the holder to purchase one additional common share at a price of \$3.00 per share until December 20, 2007. The fair value of the warrants issued as part of the private placement of \$43,681 was allocated to share capital and contributed surplus. Also, 4,899 units were issued to an agent in consideration of their services.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (b) Warrants

	Number of warrants	Expiry date	Exercise price range
			\$
Outstanding, December 31, 2004	1,848,105	August 7, 2005 to September 18, 2008	0.80 to 2.25
Granted	4,070,000	-	1.78 to 2.10
Exercised	(318,250)	-	0.80 to 2.25
Expired	(27,000)	-	2.25
Outstanding, December 31, 2005	5,572,855	June 30, 2006 to September 18, 2008	1.75 to 2.25
Granted	366,291	-	2.85 to 3.00
Exercised	(5,568,605)	-	1.75 to 2.25
Outstanding, December 31, 2006	370,541	November 15, 2007 to July 21, 2008	1.78 to 3.00
Granted	25,000	-	3.00
Exercised	(58,591)	-	1.75 to 2.85
Expired	(149,450)	-	2.85 to 3.00
Outstanding, December 31, 2007	187,500	July 21, 2008 to March 20, 2010	3.00

The fair value of the warrants issued March 20, 2007 was estimated at \$13,000 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 4.16%; expected life of 3 years; dividend rate of 0%; and volatility of 40.15%.

The fair value of the warrants issued July 21, 2006 was estimated at \$86,125 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 4.15%; expected life of 1.75 years; dividend rate of 0%; and volatility of 45.3%.

The fair value of the warrants issued November 15, 2006 was estimated at \$86,125 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 4.15%; expected life of 1.75 years; dividend rate of 0%; and volatility of 45.3%.

The fair value of the warrants issued December 20, 2006 was estimated at \$86,125 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 4.15%; expected life of 1.75 years; dividend rate of 0%; and volatility of 45.3%.

The fair value of the warrants issued during the year ended December 31, 2005 was estimated as \$885,000 using the Black-Scholes option pricing model based on the following weighted average assumptions: risk free interest rate of 3.8%; expected life of 0.8 years; dividend rate of 0%; and volatility of 51%.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (b) Warrants (continued)

At December 31, 2007 the following share purchase warrants were outstanding:

Number of warrants	Expiry date	Exercise price
		\$
162,500	July 21, 2008	3.00
25,000	March 20, 2010	3.00
<b>187,500</b>		

#### (c) Options

In 2005, the Company amended its stock option plan to permit 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 total permitted under the plan in any twelve month period. At December 31, 2007, the Company had reserved 545,964 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 2007 vested on the date granted except for the 100,000 stock option granted November 15, 2007 of which 50% vested on grant and 50% vests in six months. The Company also has stock options outstanding relating to the period before the introduction of the stock option plan.

The following table presents the outstanding options as of December 31, 2007, 2006 and 2005 and changes during the years ended on those dates:

	2007		2006		2005	
	Shares	Weighted average exercise price \$	Shares	Weighted average exercise price \$	Shares	Weighted average exercise price \$
Fixed options						
Outstanding at beginning of year	4,798,483	1.70	3,921,483	1.03	4,206,783	0.91
Granted	675,000	2.38	2,005,000	1.70	240,000	1.79
Exercised	(786,792)	1.19	(1,128,000)	0.80	(525,300)	0.40
Expired	(50,000)	2.92	-	-	-	-
Outstanding and exercisable at end of year	<b>4,636,691</b>	<b>1.88</b>	4,798,483	1.70	3,921,483	1.03

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (c) Options (continued)

The following table summarizes information about stock options outstanding at December 31, 2007:

Options outstanding and exercisable		
Number of shares	Expiry date	Exercise price \$
250,000	February 26, 2008	0.80
100,000	July 6, 2008	2.50
581,691	October 7, 2008	0.45
25,000	September 7, 2009	2.23
154,000	December 1, 2009	0.39
841,000	December 14, 2009	1.67
240,000	June 17, 2010	1.79
1,795,000	July 6, 2011	2.50
500,000	September 10, 2012	2.32
100,000	November 15, 2012	2.68
50,000	December 13, 2012	2.52
4,636,691		

Subsequent to December 31, 2007, the Company received \$282,974 on the exercise of 338,900 stock options.

The weighted average grant date fair value of 25,000 stock options granted on September 7, 2007 was \$0.60. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.25%; expected life of 1.5 years; expected volatility of 40.88%; and expected dividends of \$Nil.

The weighted average grant date fair value of 500,000 stock options granted on September 12, 2007 was \$1.14. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.26%; expected life of 5 years; expected volatility of 50.96%; and expected dividends of \$Nil.

The weighted average grant date fair value of 100,000 stock options granted on November 15, 2007 was \$1.30. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.05%; expected life of 5 years; expected volatility of 49.76%; and expected dividends of \$Nil.

The weighted average grant date fair value of 50,000 stock options granted on December 14, 2007 was \$1.01. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.86%; expected life of 4 years; expected volatility of 48.76%; and expected dividends of \$Nil.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (c) Options (continued)

The weighted average grant date fair value of 1,855,000 stock options granted on July 6, 2006 was \$1.28. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.49%; expected life of 4 years; expected volatility of 54.5%; and expected dividends of \$Nil.

The weighted average grant date fair value of 100,000 stock options granted on July 6, 2006 was \$0.81. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.42%; expected life of 2 years; expected volatility of 44.3%; and expected dividends of \$Nil.

The weighted average grant date fair value of 50,000 stock options granted on September 5, 2006 was \$0.67. The fair value of these options were determined on the date of the granted using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.2%; expected life of 1 year; expected volatility of 49.1%; and expected dividends of \$Nil.

The weighted average grant date fair value of stock options granted in the year ended December 31, 2005 was \$0.89. The fair value of these options were 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 3.45%; expected life of 4 years; expected volatility of 61%; and expected dividends of \$Nil.

### 10. Asset retirement obligation

The Company's asset retirement obligation consists of reclamation costs for the Siwash gold deposit on the Elk property in British Columbia. The present value of the estimated obligation is \$124,036 which is estimated to be settled in 5 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 credit-adjusted risk-free interest rate of 4.16 percent.

### 11. Related party transactions

Significant related party transactions and balances not disclosed elsewhere in these financial statements include:

A company controlled by the Chief Executive Officer of the Company was paid \$144,000 for technical services and \$37,713 for general and administrative services during 2007 (2006 - \$162,515; 2005 - \$129,840).

A company controlled by the Chief Operating Officer of the Company was paid \$Nil for geological services during 2007 (2006 - \$86,000; 2005 - \$84,000 for geological services and a vehicle owned by this company was purchased by Almaden for \$22,000 in 2005).

A company controlled by a director of the Company was paid \$6,490 for consulting services during 2007 (2006 - \$5,650; 2005 - \$Nil).

An officer of the Company was paid \$Nil for professional services rendered during 2007 (2006 - \$74,824; 2005 - \$62,550).

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 11. Related party transactions (continued)

A company controlled by an officer of the Company was paid \$11,000 for professional services during 2007 (2006 - \$Nil; 2005 - \$Nil).

An officer of the Company was paid \$115,892 for technical services rendered during 2007 (2006 - \$59,200; 2005 - \$Nil).

A company with a common officer holds 25,000 warrants of the Company.

The Company has investments in two companies which had optioned properties from the Company which have one director in common with the Company.

Accounts receivable at December 31, 2007 included \$49,863 owing from related companies (2006 - \$2,348; 2005 - \$Nil).

Accounts payable at December 31, 2007 included \$7,300 due to related companies (2006 - \$20,700; 2005 - \$46,200).

### 12. Supplemental cash flow information

Supplemental information regarding non-cash transactions is as follows:

	Years ended December 31,		
	2007	2006	2005
	\$	\$	\$
Investing activities			
Acquisition of marketable securities in exchange for recoveries on mineral properties	-	-	937,367
Reversal of contributed surplus on exercise of options	442,974	358,698	37,800
Reversal of contributed surplus on exercise of warrants	29,713	-	-
Fair value of warrants upon completion of private placement	13,000	117,115	885,000
Proceeds on disposal of equipment applied to acquisition of other equipment	-	-	10,995
Sale of mineral properties for common shares of investee	1,120,000	-	-

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 13. Segmented information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral resource properties.

The Company's revenues arose primarily from interest income on corporate cash reserves and investment income. The Company has non-current tangible assets in the following geographic locations:

	<b>2007</b>	2006
	\$	\$
Canada	<b>7,360,218</b>	5,886,856
Mexico	<b>533,517</b>	1,764,927
	<b>7,893,735</b>	7,651,783

The Company earns revenue in the following geographic locations as determined by the location of their mineral properties:

	<b>2007</b>	2006	2005
	\$	\$	\$
Canada	<b>655,648</b>	629,347	182,903
Mexico	<b>96,650</b>	207,584	63,538
	<b>752,298</b>	836,931	246,441

### 14. Financial risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

### 15. Fair value

The Company's financial instruments include cash and cash equivalents, accounts receivable, marketable securities and accounts payable. The fair values of these financial instruments approximate their carrying values.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 16. Income taxes

The Company's Canadian income tax rate is approximately 34.1% (2006 – 34.1%; 2005 – 34.9%) while the Mexico income tax rate is approximately 28%. The provision for income taxes differs from the amounts computed by applying the statutory rates to the loss before tax provision due to the following:

	2007	2006	2005
	\$	\$	\$
Statutory rate	<b>34.1%</b>	34.1%	34.9%
Income taxes recovered (expense) at the Canadian statutory rate	<b>577,100</b>	1,456,500	487,300
Effect of different tax rates in foreign jurisdiction	<b>8,400</b>	(4,900)	(32,000)
Non-deductible expenses	<b>(147,800)</b>	(852,000)	(74,000)
Tax recovery on flow-through shares	<b>642,600</b>	-	302,240
Tax gains (losses) not recognized in period benefit arose	<b>(437,700)</b>	(599,600)	(381,300)
	<b>642,600</b>	-	302,240

The approximate tax effects of each type of temporary difference that gives rise to future tax assets are as follows:

	2007	2006
	\$	\$
Operating and capital loss carryforwards	<b>2,259,000</b>	2,463,000
Canadian exploration expenditures and foreign exploration and development costs in excess of book value of resource properties	<b>868,000</b>	1,685,000
Share issue costs	<b>96,000</b>	167,000
Capital cost allowance on property, plant and equipment	<b>112,000</b>	48,000
	<b>3,335,000</b>	4,363,000
Valuation loss provision	<b>(3,335,000)</b>	(4,363,000)
	-	-

At December 31, 2007, the Company had operating loss carryforwards available for tax purposes in Canada of \$3,070,000 which expire between 2009 and 2027 and in Mexico of \$4,879,000 which expire between 2008 and 2017.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 17. Commitments and contingencies

- (a) The Company was assessed additional mineral tax of \$197,233 plus interest of \$84,638 by the British Columbia Ministry of Energy and Mines (the "Ministry"). The assessment relates to the deductibility of certain expenditures between February 1, 1995 and January 31, 1997. While management intends to defend its position, the outcome of this issue is uncertain. Currently, the Company is appealing the Ministry's decision and the matter will proceed to British Columbia Supreme Court. The Company is waiting for the scheduling of the hearing. In order to reduce the exposure to interest charges, the Company paid and expensed \$281,871, however, this amount will be refunded with interest if the Company is successful in defending its position.

In addition, should the Company be unsuccessful in defending its position, approximately \$353,000 will be payable in respect of gold sales in fiscal 2000 to 2002. The Company has provided for the liability arising from the assessment. Any recovery will be credited to operations when it is received as the liability extinguished.

- (b) The Company has, in the normal course of business, entered into various long-term contracts which includes commitments for future operating payments for the rental of premises as follows:

	\$
2008	48,815
2009	59,130
2010	60,070
2011	5,000
Thereafter	-
	<hr/> <u>173,015</u>

- (c) During 2007, the Company entered into Executive Employment Contracts with the Chief Executive Officer and Chief Operating Officer for remuneration of \$140,000 annually for two years, renewable for two additional successive terms of 24 months.
- (d) During 2007, the Company entered into a Financial, Administrative and Executive Services Agreement with its Chief Financial Officer and a company controlled by him for a term of one year, renewable for additional successive terms of 12 months, for remuneration of \$6,000 per month for the first three months and \$5,000 per month thereafter.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 18. Differences between Canadian and United States generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which, in these financial statements are different in some respects from those in the United States ("US GAAP"). The following is a reconciliation:

#### *Consolidated balance sheets*

	2007	2006
	\$	\$
Total assets under Canadian GAAP	27,969,639	28,719,562
Write-off of deferred exploration costs (a)	(4,919,147)	(4,381,885)
Adjustment to marketable securities (b)	-	380,455
Adjustment to equity investment (c)	(188,344)	-
Total assets under US GAAP	22,862,148	24,718,132
Shareholders' equity under Canadian GAAP	27,262,153	27,970,659
Write-off of deferred exploration costs (a)	(4,919,147)	(4,381,885)
Adjustment to marketable securities (b)	-	380,455
Adjustment to equity investment (c)	(188,344)	-
Shareholders' equity under US GAAP	22,154,662	23,969,229

#### *Consolidated statements of loss and comprehensive loss*

	2007	2006	2005
	\$	\$	\$
Net loss under Canadian GAAP	(1,048,820)	(4,268,775)	(1,095,215)
Write-off of current period deferred exploration costs (a)	(1,063,196)	(2,817,878)	(1,115,831)
Add back of deferred exploration costs written off in the current year (a)	525,934	1,054,641	569,679
Add back write-down of marketable securities (b)	-	-	91,590
Increase equity investment loss (c)	(188,344)	-	-
Reclassification of dilution gain on equity investment to shareholders' equity (c)	(436,296)	-	-
Future income tax expense flow through shares (d)	(642,600)	-	(302,240)
Net loss under US GAAP	(2,853,322)	(6,032,012)	(1,852,017)
Other comprehensive loss under US GAAP	(1,208,934)	(229,178)	(22,350)
Comprehensive loss under US GAAP	(4,062,256)	(6,261,190)	(1,874,367)
Net loss per share under US GAAP	(0.07)	(0.14)	(0.06)

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 18. Differences between Canadian and United States generally accepted accounting principles (continued)

*Consolidated statements of cash flows*

	2007	2006	2005
	\$	\$	\$
Operating activities			
Operating activities under			
Canadian GAAP	(2,228,550)	(743,843)	(1,576,196)
Exploration (a)	(1,358,442)	(2,903,195)	(1,165,364)
Write-down of marketable securities (b)	-	-	(91,590)
Operating activities under US GAAP	(3,586,992)	(3,647,038)	(2,833,150)
Investing activities			
Investing activities under			
Canadian GAAP	(3,081,539)	(2,370,231)	(1,816,381)
Deferred exploration (a)	1,358,442	2,903,195	1,165,364
Investing activities under US GAAP	(1,723,097)	532,964	(651,017)

(a) Under Canadian GAAP exploration costs and costs of acquiring mineral rights are capitalized during the search for a commercially mineable body of ore. For US GAAP purposes, exploration expenditures can only be deferred subsequent to the establishment of proven and probable reserves. For US GAAP purposes, the Company has therefore expensed its exploration expenditures.

(b) Previously under Canadian GAAP, marketable securities were recorded at cost. For US GAAP purposes, equity securities and long-term investments were classified as available-for-sale securities and accordingly, unrealized holding gains and losses on these securities were recorded in other comprehensive income.

Effective January 1, 2007 the Company adopted the provisions of CICA Sections 3855, *Financial Instruments – Recognition and Measurement*; 3865, *Hedges*; and 1530, *Comprehensive Income*, which address the classification, recognition and measurement of financial instruments and hedges in the financial statements and inclusion of other comprehensive income in the financial statements. The adoption of these standards aligns Canadian GAAP with US GAAP as it relates to the Company's marketable securities.

(c) Under Canadian and US GAAP, the Company accounts for its investment in Tarsis using the equity method of accounting. Under US GAAP, the Company's share of Tarsis' loss was \$118,344 higher to reflect the fact that Tarsis is required to expense exploration expenditures under US GAAP.

During 2007, Tarsis issued shares and diluted the Company's equity interest. For Canadian GAAP purposes, the Company recorded a gain on dilution of \$436,296 as a component of the equity loss. Under US GAAP, gains on dilution related to investments in development stage enterprises are considered to be capital transactions and recorded directly to shareholders' equity.

# Almaden Minerals Ltd.

(An exploration stage company)

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

### 18. Differences between Canadian and United States generally accepted accounting principles (continued)

- (d) Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to investors. The Company has accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, *Flow-Through Shares*. At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the flow-through expenditures to the investors, the Company records a future income tax liability with a charge directly to shareholders' equity.

For US GAAP purposes, the premium paid for flow-through shares in excess of the market value at the time of issue is credited to other liabilities and included in income as the qualifying expenditures are made. There was no premium on the flow-through shares issued for all periods presented. The recognition of the future income tax liability upon renunciation of the flow-through expenditures is recorded as income tax expense in the period of renunciation.

- (e) Effective January 1, 2007, the Company was required to adopt the provisions of FASB Interpretation 48, *Uncertainty in Income Taxes* ("FIN 48"). FIN 48 provides guidance on the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the Company's financial results or financial position.

- (f) *Recent accounting pronouncements impacting the Company*

In September 2006, FASB issued SFAS 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value and expands fair value disclosures. The standard does not require any new fair value measurements. This standard is effective for fiscal years beginning after November 15, 2007. Management is currently assessing the impact on the Company's financial statements.

# Almaden Minerals Ltd.

Schedule 1

(An exploration stage company)

## Consolidated schedules of general and administrative expenses

(Expressed in Canadian dollars)

	Cumulative amount since incorporation September 25, 1980 to December 31, 2007	Years ended December 31,		
		2007	2006	2005
	\$	\$	\$	\$
Office and licenses	1,896,976	<b>334,054</b>	191,607	179,393
Professional fees	2,638,282	<b>274,281</b>	257,240	197,369
Travel and promotion	1,094,386	<b>251,029</b>	169,649	126,030
Depreciation	1,008,274	<b>218,789</b>	231,413	149,477
Rent	879,487	<b>124,434</b>	140,298	106,754
Bad debts	221,719	<b>91,168</b>	-	-
Insurance	196,653	<b>90,413</b>	65,884	8,484
Stock exchange fees	401,792	<b>65,118</b>	68,437	69,712
Regulatory compliance	96,938	<b>47,089</b>	49,849	-
Transfer agent fees	213,268	<b>13,915</b>	21,118	21,821
B.C. mineral taxes	36,897	-	-	-
Management services	16,775	-	-	-
Employee benefits	10,512	-	-	-
Write-off of incorporation costs	3,298	-	-	-
	8,715,257	<b>1,510,290</b>	1,195,495	859,040

# Almaden Minerals Ltd.

Schedule 2

(An exploration stage company)

## Consolidated schedule of share capital since inception

(Expressed in Canadian dollars)

	Number	Price	Amount
		\$	\$
For cash upon incorporation	1	1.00	1
For cash from principal (founder's shares)	750,000	0.01	7,500
For cash	1,010,528	0.15	151,579
For cash	292,500	0.25	73,925
For cash from related company of principal	180,000	0.25	45,000
Balance December 31, 1985	2,233,029		278,005
For cash pursuant to public offering, net of issue expenses	700,000	0.56	392,568
For mineral property	40,000	0.70	28,000
Balance December 31, 1986	2,973,029		698,573
For cash pursuant to private placement, net of issue expense	200,000	0.83	165,750
For cash pursuant to private placement	300,000	1.00	300,000
For cash pursuant to private placement, net of issue expense	150,000	1.34	201,432
Balance December 31, 1987	3,623,029		1,365,755
For cash pursuant to private placement	171,000	1.75	299,250
For cash pursuant to private placement, net of issue expenses	297,803	0.90	267,734
For cash	40,000	1.10	44,000
For mineral property	40,000	1.00	40,000
Balance December 31, 1988	4,171,832		2,016,739
For cash pursuant to private placement, net of issue expenses	112,055	1.10	123,260
Balance December 31, 1989	4,283,887		2,139,999
For cash pursuant to private placement	177,778	0.45	80,000
For cash on exercise of stock options	49,500	0.68	33,660
For 100,000 common shares of Pacific Sentinel Gold Corp.	300,000	0.73	219,000
For cash on exercise of stock options	26,000	0.75	19,500
For cash on exercise of stock options	10,000	0.72	7,200
Balance December 31, 1990	4,847,165		2,499,359
For cash on exercise of stock options	40,000	0.72	28,800
Balance December 31, 1991	4,887,165		2,528,159
For mineral property	28,000	0.71	20,000
For cash on exercise of stock options	50,000	0.68	12,500
For cash on exercise of stock options	10,000	0.73	7,500
For cash on exercise of stock options	10,000	0.28	2,800
For cash pursuant to private placement	137,000	0.50	68,500
Balance December 31, 1992	5,122,165		2,639,459
For cash on exercise of stock options	290,000	0.28	81,200
For cash on exercise of stock options	50,000	0.33	16,500
For mineral property	24,827	1.45	36,000
For cash pursuant to private placement	85,000	2.34	198,900
For cash pursuant to private placement, net of issue expense	235,046	2.13	500,930
For cash on exercise of stock options	64,000	1.08	69,120
For finders' fee	8,857	0.70	6,200
For mineral property	10,000	0.50	5,000
For finders' fee	5,000	3.30	16,500
Balance December 31, 1993 (carried forward)	5,894,895		3,569,809

# Almaden Minerals Ltd.

Schedule 2

(An exploration stage company)

## Consolidated schedule of share capital since inception

(Expressed in Canadian dollars)

	Number	Price	Amount
		\$	\$
Balance December 31, 1993 (brought forward)	5,894,895		3,569,809
For cash on exercise of stock options	110,000	1.08	118,800
For cash pursuant to private placement, net of issue expense	200,000	1.18	236,800
For finders' fee	10,642	0.70	7,449
For finders' fee	12,307	1.56	19,200
Balance December 31, 1994	6,227,844		3,952,058
For cash pursuant to private placement, net of issue expense	200,000	1.50	285,000
For cash pursuant to private placement, net of issue expense	75,000	1.30	94,575
For cash on exercise of stock options	120,000	1.28	153,800
For cash on exercise of stock options	250,000	1.13	282,100
For cash on exercise of share purchase warrants	100,000	1.28	128,000
For finders' fee	6,428	0.70	4,500
For mineral property	39,308	1.59	62,500
For mineral property	37,037	1.35	50,000
Balance December 31, 1995	7,055,617		5,012,533
For cash on exercise of stock options	672,000	1.08-1.49	899,100
For cash on exercise of share purchase warrants	275,000	1.40-1.50	405,000
For cash pursuant to private placement, net of issue expense	120,000	2.00	240,000
For cash pursuant to private placement, net of issue expense	620,000	3.25	1,894,100
For cash on exercise of stock options	720,000	1.43-1.86	1,221,050
For mineral property	10,000	3.20	32,000
Balance December 31, 1996	9,472,617		9,703,783
For cash on exercise of stock options	60,000	1.66-2.63	109,300
For cash on exercise of share purchase warrants	50,000	2.00	100,000
For cash pursuant to private placements, net of issue expenses	388,000	1.87	725,560
For mineral property	50,000	2.90	145,000
For cash pursuant to private placement, net of issue expenses	296,000	3.14-3.53	1,013,371
Balance December 31, 1997	10,316,617		11,797,014
For cash on exercise of share purchase warrants	359,000	1.05	376,950
For mineral property	50,000	2.90	145,000
Balance, December 31, 1998	10,725,617		12,318,964
For cash pursuant to private placement	1,370,000	0.23	308,250
For mineral property	50,000	2.90	145,000
Balance, December 31, 1999	12,145,617		12,772,214
For cash on exercise of stock options	100,000	0.35	35,000
For cash pursuant to private placement	1,000,000	0.345	345,000
For cash on exercise of share purchase warrants	10,000	0.225	2,250
For mineral properties	25,000	2.90	72,500
Balance, December 31, 2000	13,280,617		13,226,964
For mineral properties	25,000	2.90	72,500
Issuance to acquire Fairfield Minerals Ltd.	6,877,681	0.25	1,711,312
Adjustment to issued shares on amalgamation	(3,060,292)	-	-
Balance, December 31, 2001 (carried forward)	17,123,006		15,010,776

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(Expressed in Canadian dollars)

	Number	Price	Amount
		\$	\$
Balance December 31, 2001 (brought forward)	17,123,006		15,010,776
For cash pursuant to private placements	4,150,000	0.43-0.55	1,897,943
For cash on exercise of share purchase warrants	134,750	0.38	51,312
For purchase of mill	122,077	0.65	79,350
For mineral properties	388,889	0.90	350,000
Balance, December 31, 2002	21,918,722		17,389,381
For cash pursuant to private placements	2,773,800	0.70-2.15	2,362,704
For cash on exercise of share purchase warrants	2,771,807	0.42-0.95	1,648,664
For cash on exercise of stock options	162,750	0.30-0.55	75,973
Balance, December 31, 2003	27,627,079		21,476,722
For cash pursuant to private placements	1,722,250	1.32-2.25	2,553,913
For cash on exercise of share purchase warrants	1,503,438	0.47-1.60	1,088,919
For cash on exercise of stock options	290,000	0.30-1.37	138,984
Balance, December 31, 2004	31,142,767		25,258,538
For cash pursuant to private placements	4,206,180	1.70-1.75	5,673,615
For cash on exercise of share purchase warrants	318,250	0.80-2.25	457,125
For cash on exercise of stock options	525,300	0.27-1.37	249,981
Balance, December 31, 2005	36,192,497		31,639,259
For cash pursuant to private placements	735,153	2.75-2.90	1,793,298
For cash on exercise of share purchase warrants	5,568,605	1.75-2.25	11,965,959
For cash on exercise of stock options	1,128,000	0.27-2.35	1,257,306
Balance, December 31, 2006	43,624,255		46,655,822
For cash on exercise of share purchase warrants	58,591	1.78-2.85	192,150
For cash on exercise of stock options	786,792	0.55-2.50	1,378,430
Balance, December 31, 2007	44,469,638		48,226,402