



May 18, 2017

Investigations Staff
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, BC V7Y 1L2

Dear Mesdames/Sirs:

Re: Almaden Minerals Ltd. (TSX: AMM; NYSE: AAU)

We represent a coalition of US and Mexican organizations¹ that are supporting indigenous and agrarian communities impacted by a gold and silver mining project in the Mexican State of Puebla.

This is a request to investigate whether there have been breaches of the disclosure requirements imposed by section 75(1) of the *Securities Act* and National Instruments 43-101 and 51-102.²

Summary

Almaden is a junior mineral resource company listed on the Toronto (TSX: AMM) and New York (NYSE: AAU) Stock Exchanges. Almaden's principal project is exploration of the Ixtaca Gold-Silver Deposit in Puebla State, Mexico, which the company discovered in 2010. In 2016, all of the Company's efforts were focused on developing the Ixtaca Deposit.³ The project is still at the exploration and development stage, and thus "[t]he Company has not generated any revenues from operations."⁴ Almaden is currently conducting activities in Puebla through two wholly-owned subsidiaries: Puebla Holdings Inc. (Canada-based holding company) and Minera Gorrión, S.A. de C.V. (Mexico-based exploration company).⁵

In recent years, Almaden has failed to publicly disclose material information regarding exploration and

1 These organizations are (1) the Project on Organizing, Development, Education, and Research [Proyecto sobre Organización, Desarrollo, Educación e Investigación] (PODER), (2) the Mexican Institute for Community Development [Instituto Mexicano para el Desarrollo Comunitario] (IMDEC), (3) the Center for Rural Development Studies [Centro de Estudios para el Desarrollo Rural] (CESDER), and (4) the Union of Ejidos and Communities in Defense of the land, water and life, Atcolhua [Unión de Ejidos y Comunidades en Defensa de la Tierra, el Agua y la Vida, Atcolhua].

2 We submitted a parallel request for investigation to the US Securities and Exchange Commission.

3 Management's Discussion and Analysis December 31, 2016 ("During the year ended December 31, 2016, all of the Company's efforts were focused on the Ixtaca gold/silver project in Puebla State, Mexico.") at 2.

4 SEC Form 20-F FY2016, at 23, available at <https://www.sec.gov/Archives/edgar/data/1015647/000110262417000162/almaden20f.htm>.

5 Id.

development of the Ixtaca Deposit as required under Canadian law. As discussed in detail below, Almaden to date has not disclosed that:

- 1) a Mexican federal agency has determined that the project cannot proceed to the exploitation phase until affected indigenous communities provide their free, prior and informed consent through a consultation process that conforms to international law—consent that is unlikely to be obtained given intense local opposition to the project;
- 2) a pending lawsuit filed by an impacted indigenous community caused a suspension of activities connected to the mining concessions;
- 3) a Mexican federal agency halted the project for several months due to lack of compliance with environmental requirements; and
- 4) there is a significant risk that intense community opposition to the project will cause municipal authorities to deny the land-use permit Almaden needs to begin resource extraction.

This undisclosed information is material because:

- Almaden has repeatedly reported to its shareholders that exploration and development of the Ixtaca Deposit continues apace, with no mention of recent federal regulatory and judicial actions that have slowed or threatened to halt activity on the site;
- National Instrument 43-101 requires disclosure of “reasonably available information on environmental permitting, and social or community factors related to the project,” including “project permitting requirements” and “the status of any permit applications.” NI 43-101F1 Item 20(c).
- National Instrument 51-102 requires disclosure of any “penalties or sanctions imposed by a court or regulatory body against your company that would likely be considered important to a reasonable investor in making an investment decision.” NI 51-102F2.
- Almaden has repeatedly discussed in public disclosures the importance it places on positive relationships with local communities, but fails to mention that many residents of affected communities are actively working to stop the project.

Almaden Failed to Disclose that a Mexican Federal Agency Has Barred the Exploitation Phase from Proceeding Until an Indigenous Consultation is Carried Out in Compliance with International Law.

In response to Almaden's proposal for its third exploratory phase in May 2014, the Mexican federal environmental agency, the Secretary of the Environment and Natural Resources (SEMARNAT),⁶ issued a decision stating that before any exploitation of natural resources may begin, the numerous indigenous communities affected must expressly give their prior, free, and informed consent for the project.⁷ This consent must be achieved through a consultation process in compliance with the International Labor Organization's (ILO) Indigenous and Tribal People's Convention (No. 169), to which Mexico is a

⁶ SEMARNAT is the federal agency charged with “the protection, conservation and restoration of Mexico's ecosystems and natural resources. . . . Environmental impact assessment is the process through which SEMARNAT establishes the terms and conditions to which mining projects and activities will be subject in order to avoid or minimize their negative environmental effects.” Mexican Secretary of the Economy, Manual for Investors in the Mexican Mining Sector, at 41-42, available at https://www.gob.mx/cms/uploads/attachment/file/195350/MISMM_ESPA_OL_PARTE_1.pdf (translation provided by the undersigned).

⁷ SEMARNAT/DGIRA, Resolutivo del Informe Preventivo Ixtaca III, at 8, available at <http://apps1.semarnat.gob.mx/dgiraDocs/documentos/pue/resolutivos/2014/21PU2014MD015.pdf>.

signatory.⁸ The decision specifically recognizes five indigenous communities in the area whose consent would be required to proceed with the exploitation phase.⁹ SEMARNAT goes on to instruct the Company to request the appropriate government authority to carry out the consultation.¹⁰

While the Company in numerous public disclosures has discussed the importance it places on community relationships and the need for “open and clear dialogue with our stakeholders,”¹¹ at no point does Almaden mention that it cannot begin the exploitation phase of the project without first obtaining the express consent of impacted indigenous communities through a process of consultation in compliance with ILO No. 169. In fact, Almaden’s own 2014 Corporate Social Responsibility report states that “[p]erhaps the most important component of our efforts to build mutual trust and respect is the notion of ‘informed consent,’”¹² demonstrating that Almaden recognizes that the meaningful consent of affected communities is critical to the success of its operations, but fails to mention the significant barriers to achieving it or communities’ right to indigenous consultation as a prerequisite. As discussed in more detail below, there is intense and widespread opposition to the project among affected communities, significantly decreasing the likelihood that any consultation process will result in consent.

Information regarding the necessity of community consultation and consent is material because it is a “potential social or community related requirement” that must be disclosed pursuant to NI 43-101, and represents a substantial risk to the Company’s ability to proceed to the exploitation stage of the project.

⁸ Mexico ratified ILO No. 169 on September 5, 1990. ILO, NORMLEX Information System on International Labour Standards, available at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102764. Article 6 of the Convention states that “governments shall . . . consult the peoples concerned, through appropriate procedures and in particular through their respective institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly.”

⁹ These communities are: Zacatepec, Vista Hermosa de Lázaro Cardenas, Tuligtig (San Miguel), Santa Maria Zolotepec y Xiuquenta, and Municipio de Ixtacamaxtitlan. Resolutivo del Informe Resolutivo Ixtaca III, at 7 para. 9. In its 2014 Corporate Social Responsibility report, Almaden misleadingly states that 3.7% of the population of communities near Ixtaca is “defined as indigenous.” Almaden Minerals Corporate Social Responsibility 2014, at 9, available at http://almadenminerals.com/RESPONSIBILITY/Documents/Almaden_CSR.pdf. This appears to be based on an incorrect translation of the Spanish-language version of the report, which states that 3.7% of the population of local communities “speak an indigenous language.” Id. In fact, speaking an indigenous language is only one of several indicators of indigenous identity, and thus it is patently incorrect to state that only those community members that speak an indigenous language are “defined as indigenous.” According to the ILO, the key criteria for determining indigenous identity, and thus application of Convention No. 169, are (1) self-identification as belonging to an indigenous people, (2) descent from populations, who inhabited the country or geographical region at the time of the conquest, colonisation or establishment of present state boundaries, and (3) retaining some or all of their own social, economic, cultural and political institutions, irrespective of their legal status. ILO website, http://www.ilo.org/global/topics/indigenous-tribal/WCMS_503321/lang-en/index.htm. By this definition, the indigenous population in communities near the Ixtaca Deposit is much greater than the 3.7% that Almaden reports.

¹⁰ Id. at 8.

¹¹ Management’s Discussion and Analysis, December 31, 2016, at 12.

¹² Almaden Minerals Corporate Social Responsibility 2014, at 19, available at http://almadenminerals.com/RESPONSIBILITY/Documents/Almaden_CSR.pdf; see also Almaden Corporate Presentation April 2017, available at http://almadenminerals.com/INVESTORS/DOCUMENTS/Almaden_Presentation.pdf (listing “informed consent” as a key element of the Company’s commitment to “Transparency and Communication”).

Almaden Failed to Disclose that a Pending Lawsuit Filed by an Impacted Indigenous Community Caused a Suspension of Activities Connected to the Mining Concessions

In April 2015, the Nahua indigenous community of Tecoltemic filed a lawsuit seeking cancellation of the mining concessions granted to Almaden.¹³ The community claims that the project violates its land and territory rights, as established under international law and incorporated into the Mexican Federal Constitution, including the right to consultation regarding development projects provided under the International Labor Organization (ILO) Convention No. 169 on Indigenous and Tribal Peoples.¹⁴ As a result of the lawsuit, the court directed the Secretary of the Economy to suspend all activities related to the two relevant concessions until the underlying constitutional questions can be resolved.¹⁵ In practice, this means that during the pendency of the lawsuit, which is ongoing, Almaden cannot sell or transfer the concessions and cannot enter the Tecoltemic community's land, which fully lies within the concession area, for any mining-related activities, including exploration and exploitation of minerals.¹⁶

Demonstrating that Almaden considered the suspension of mining activities imposed by the court to be highly material to its ability to develop the Ixtaca Deposit, the Company asked the court to reduce the concession area to exclude the Tecoltemic community's land so that the suspension would no longer attach.¹⁷ The court deferred this request to the Secretary of the Economy, which twice rejected Almaden's proposal to reduce the concession size.¹⁸ Thus, the suspension of activities remains attached to the concession title.¹⁹ The Company has publicly disclosed that in 2015 it "filed an application to reduce the aggregate claim size at Tuligtic to those areas still considered prospective,"²⁰ but failed to acknowledge that its request to reduce the concession size had anything to do with a suspension of activities caused by pending litigation. In fact, the Company never mentioned the litigation at all.

While there is no way to predict with certainty the outcome of the litigation, there are a number of remedies that the court may impose that would either halt or significantly delay Almaden's project. These remedies include (1) canceling the two mining concessions at issue in their entirety, and (2)

13 Juicio de Amparo 445/2015, Juzgado Segundo de Distrito de Amparo Civil, Administrativo del Trabajo y Juicios Federales del Estado de Puebla, available at <http://www.cjf.gob.mx/>; Declaration of Diana Pérez Rivera ("Rivera Decl.") ¶¶ 7-9. See also, e.g., Aranzazú Ayala Martínez, *Lado B*, "Ordenan juzgados la suspensión temporal de las minas en Ixtacamaxtitlán" [Court orders the temporary suspension of the mines in Ixtacamaxtitlán], April 23, 2015, available at <http://ladobe.com.mx/2015/04/ordenan-juzgados-la-suspension-temporal-de-las-minas-en-ixtamaxtitlan/>; Carlos Rocha, *La Jornada*, "Almaden Minerals amaga con recortar concesión para vencer amparo" [Almaden Minerals weighs reducing concession to win lawsuit], December 20, 2016, available at <http://www.lajornadadeoriente.com.mx/2016/12/20/almaden-minerals-amaga-recortar-concesion-vencer-amparo/>.

14 Rivera Decl. ¶ 10.

15 Id. ¶¶ 11, 12, Ex. A (report that the Public Registry of Mines provided to the court to confirm that the suspension of mining activities was noted on the concession title).

16 Id.

17 Id. ¶ 13; Rocha *supra* note 13 ("The Canadian mining firm Almaden Minerals, which maintains an important presence in Puebla, can give up its two concessions in the Municipality of Ixtacamaxtitlán, or reduce their size, as a strategic measure to nullify the lawsuit brought by residents of this Municipality") (translation provided by the undersigned).

18 Id. It has come to our attention that as of the date of this letter, the court for the third time ordered the Secretary of the Economy to reduce the size of the mining concession to exclude the Tecoltemic community's land. It is not known whether the Secretary of the Economy will accede to this order (the first two orders to do so were denied) or what impact it may have on the litigation. Whatever the effect of this latest judicial decision, the fact remains that to date Almaden has failed to disclose this pending litigation or its potential impact on the project to its investors.

19 Id.

20 SEC Form 20-F for FY2016, at 30, available at <https://www.sec.gov/Archives/edgar/data/1015647/000110262417000162/almaden20f.htm>.

suspending all mining activity within the concessions until such time that an indigenous consultation can be carried out in compliance with international law, including the obligations imposed on the Mexican state by ILO No. 169.²¹

Almaden has not disclosed this pending litigation in any of its public disclosures.²² In fact, Almaden misled investors in a recent filing with the US Securities and Exchange Commission (SEC) when it stated that it “knows of no material, active or pending legal proceedings against it.”²³ Almaden’s failure to disclose this ongoing lawsuit, which has already caused a Mexican federal court to impose a suspension of activities connected to the mining concessions, and could lead to outright cancellation of the concessions, violates its obligation under NI 51-102 to disclose “any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company’s financial year.”²⁴

Almaden Failed to Disclose that a Federal Agency Halted the Project for Several Months for Failing to Comply with Environmental Regulations

In December 2016, Almaden’s subsidiary Minera Gorrión submitted a required written proposal to SEMARNAT for permission to proceed to the fourth exploratory stage of the mining project (Ixtaca IV). The following month, SEMARNAT issued its decision rejecting the proposal for failing to comply with applicable environmental regulations.²⁵ The agency determined that the Company was barred from proceeding with the project, stating that it lacked the environmental impact authorization required under Mexican law.²⁶ Although the Company resubmitted its proposal in February, and SEMARNAT finally approved Ixtaca IV at the end of March, the initial denial put all exploration activities on hold for several months.

During the time that the project was halted due to SEMARNAT’s decision, Almaden announced a \$3.4 million non-brokered private placement “to advance the Ixtaca deposit towards the completion of pre-feasibility studies, continue permitting work, *continue exploration drilling*, and for general working capital,” and stated that the new financing would allow the Company to “*continue aggressively drilling*.”²⁷ In other words, the Company announced new financing to be used in significant part for exploratory drilling at a time that federal authorities had specifically prohibited such drilling. Almaden’s public statement misleadingly leaves out material information regarding a major setback in the environmental permitting process that immediately put drilling plans on hold, information that the

21 Rivera Decl. ¶ 14.

22 See, e.g., Management’s Discussion and Analysis, September 30, 2016; Management’s Discussion and Analysis, December 31, 2016.

23 SEC Form 20-F for FY2016, *supra* note 20, at 71.

24 NI 51-102F2, Item 12.1(1).

25 SEMARNAT/DGIRA, “Resolutivo del Informe Preventivo Ixtaca IV,” at 8, available at <http://apps1.semarnat.gob.mx/dgiraDocs/documentos/pue/resolutivos/2016/21PU2016MD066.pdf>.

26 *Id.* More specifically, SEMARNAT identified that Almaden’s proposal failed to demonstrate that the project would impact less than 25% of the total surface area as required under Official Mexican Standard (NOM) 120-SEMARNAT-2011. *Id.* at 6-7. This was because the proposal did not properly take into account exploratory drilling already carried out in previous phases of the project. *Id.* Additionally, Almaden had not been consistent in identifying the precise locations of its exploratory drills, and had not sufficiently demonstrated that vegetation would not have to be cleared for the project, which would require additional land-use permits. *Id.*

27 Almaden Material Change Report, Press Release Dated February 7, 2017 (emphasis added).

Company is specifically required to disclose under NI 43-101.²⁸ A reasonable investor would certainly consider important that the Company's only active exploratory project had been halted by a federal regulator for failing to comply with environmental regulations.

Almaden Failed to Disclose the Significant Risk that Municipal Authorities will Deny Almaden a Required Land Use Permit for the Exploitation Stage

In order to begin mineral extraction at the Ixtaca Deposit, Almaden must secure a land use permit from Ixtacamaxtitlán municipal authorities.²⁹ A coalition of indigenous and agrarian communities in the areas surrounding the project, known as the Atcolhua Union of Ejidos and Communities in Defense of the Land, Water and Life ("Atcolhua"), has initiated an active campaign to persuade the Municipal President, Eliazar Hernández, and the Municipal Council to deny the permit and declare Ixtacamaxtitlán a mining-free municipality.³⁰ Local authorities have already declared at least nine municipalities in the Sierra Norte region of Puebla mining-free zones, meaning that they will not grant land-use permits needed for extractive projects, a power that they are granted under the Mexican Constitution and Puebla state law.³¹

Community opposition to another mining project in the adjacent municipality of Zaútlia led municipal authorities there to deny a required land-use permit to the concessionaire, a Chinese extractives firm called JDC Minerals.³² This recent example demonstrates the substantial risk that municipal authorities

28 See NI 43-101 (requiring companies to disclose "reasonably available information on environmental permitting" and "the status of any permit applications").

29 See Constitución Política de los Estados Unidos Mexicanos [Political Constitution of the United States of Mexico], Art. 115, sec. 5 (giving municipalities the power: "(a) to formulate, approve and administrate zoning and municipal urban development plans; . . . (d) to authorize, control and monitor land use, in their field of competence, and within their territorial jurisdiction) (translation provided by the undersigned), available at <http://www.ordenjuridico.gob.mx/Constitucion/articulos/115.pdf>; Ley de Desarrollo Urbano Sustentable del Estado de Puebla [Sustainable Development Law of the State of Puebla], November 29, 2013, Art. 13, sec. VI, available at http://www.congresopuebla.gob.mx/index.php?option=com_docman&task=cat_view&gid=25&limit=10&order=hits&dir=DESC&Itemid=111&limitstart=10.

30 Declaration of Ignacia Serrano Arroyo ("Arroyo Decl.") ¶¶ 6-9; Declaration of Alex Marreros ("Marreros Decl.") ¶¶ 7-11; see also Leticia Ánimas Vargas, *Radio Expresión*, "Niega alcalde que haya dado permisos de extracción a Almaden" [Mayor denies having given extraction permits to Almaden], September 8, 2016, available at <http://www.radioexpresion.com.mx/index.php/municipios/41690-niega-alcalde-que-haya-dado-permisos-de-extraccion-a-almaden>.

31 These municipalities are: Jonotla, Cuetzalan, Nauzontla, Zoquiapan, Hueytamalco, Ayotoxco, Tuzamapan, Yaonáhuac, and Tenampulco. See, e.g., Leticia Ánimas Vargas, *Municipios*, "Cabildo rechaza proyectos extractivos en territorio de Hueytamalco" [Council rejects extractive projects in Hueymalco territory], Oct. 24, 2016, available at <http://m.municipiospuebla.mx/index.php/nota/2016-10-24/interiores/cabildo-rechaza-proyectos-extractivos-en-territorio-de-hueytamalco>; Leticia Ánimas Vargas, *Municipios*, "Impedirá edil de Nauzontla instalación de megaproyectos en su territorio" [Nauzontla council will block installation of megaprojects in its territory], Nov. 29, 2016, available at <http://m.municipiospuebla.mx/index.php/nota/2016-11-29/interiores/impedir%C3%A1-edil-de-nauzontla-instalaci%C3%B3n-de-megaproyectos-en-su-territorio>. See generally also Note 29 *supra*.

32 Arroyo Decl. ¶¶ 10-11; see also Rosa Rojas, *La Jornada*, "Inquieta a pobladores de Tlamanca retiro de minera china JDC Minerals" [Agitated Tlamanca residents push out Chinese miner JDC Minerals], November 24, 2012, available at <http://www.jornada.unam.mx/2012/11/24/sociedad/035n2soc>; Rosa Rojas, *La Jornada*, "Asamblea multitudinaria da 24 horas a JDC Minerals para salir de La Lupe" [Massive assembly gives JDC Minerals 24 hours to leave La Lupe], November 22, 2012, available at <http://www.jornada.unam.mx/2012/11/22/sociedad/042n1soc>; Friks Els, *Mining.com*, "Thousands march on Chinese gold mine in Mexico," November 23, 2012, available at <http://www.mining.com/thousands-march-on-chinese-gold-mine-in-mexico-45212/> ("Conflictos Mineros reports 32 communities in Puebla, Mexico have given Chinese company JDC Minerals an ultimatum of 24 hours to abandon its La

in Ixtacamaxtitlán will react to growing anti-mining protest in a similar manner and effectively block Almaden's ability to advance to the extraction stage of the project.³³ However, Almaden has not publicly disclosed anything about this risk or the growing opposition to the project in surrounding communities. In fact, in disclosures before the SEC, despite specifically discussing permits that the Company would have to obtain from environmental authorities, Almaden failed to even mention the land-use permits that it would need from municipal authorities before beginning mineral extraction.³⁴

In a widely publicized September 2016 meeting with Municipal President Hernández, approximately sixty Atcolhua members demanded that he deny Almaden the land-use permit that it requires to begin any mineral extraction within the municipality.³⁵ The Municipal President and Municipal Council together have complete discretion to grant or deny land-use permits that are required for mining activities, and Hernández assured those present at the meeting that they had not yet provided the permit to Almaden.³⁶

This meeting was only the latest in a series of community-led actions protesting Almaden's mining activities in the area.³⁷ Atcolhua has organized local assemblies, educational forums on mining-related issues, marches, religious ceremonies, and research for a recently-published assessment of the human rights impacts of the project.³⁸ Approximately 3000 individuals from forty nearby communities have participated in these actions so far.³⁹ In one of these that took place in September 2013, about 300 people from twenty-five local communities held a rally against Almaden at the inauguration of the new Ixtacamaxtitlán Municipal Palace where a group of invited guests, including the Governor of Puebla and Almaden company representatives, were in attendance.⁴⁰

Lupe mine. The protest against the planned gold-silver-copper mine was attended by 5000 citizens and was followed by a march that blocked access to the mine according to the mining blog.”).

33 A number of other mining and energy “megaprojects” being developed by multinational enterprises in the Sierra Norte region of Puebla have also recently been suspended or significantly slowed down due to legal challenges, community opposition, or failure to comply with environmental regulations. See Ánimas Vargas, *supra* note 31 (discussing significant setbacks in recent years to the Minera Frisco project in Tetela de Ocampo; the Gaya, Diego, Conde, Ana, and Boca hydroelectric projects in the Apulco River; and the Puebla 1 hydroelectric project in the Ajajalpan River, in addition to the Almaden and JDC Minerals mining projects).

34 SEC Form 20-F for FY2016, at 11 (“[P]rior to initiation of construction activities (and also in some more intrusive exploration activities), mining projects are required to apply for and obtain an environmental impact authorization and a land use permit from the Mexican Federal environmental agency SEMARNAT.”).

35 Arroyo Decl. ¶¶ 7-8; Marreros Decl. ¶ 9; Martín Hernández Alcántara, *La Jornada de Oriente*, “Unión de Ejidos denunciará abusos de Almaden ante edil de Ixtacamaxtitlán” [Union of Ejidos will denounce Almaden's abuses before Ixtacamaxtitlán town councillor]; Vargas, *supra* note 22.

36 *Id.*

37 Arroyo Decl. ¶ 9; Marreros Decl. ¶¶ 8-9.

38 *Id.*; see also “Minería canadiense y su impacto en los derechos humanos en Puebla: resultados finales e informe completo” [Canadian mining and its impact on human rights in Puebla: final results and complete report], February 2017, available at <https://www.colaboratorio.org/mineria-canadiense-y-su-impacto-en-los-derechos-humanos-resultados-finales-e-informe-completo/> (the report is a collaboration between four community-based organizations active in the area around the Ixtaca Deposit: (1) the Atcolhua Union of Communities in Defense of the Land, Water and Life, (2) the Center for Rural Development Studies (CESDER), (3) the Mexican Institute for Community Development (IMDEC), and (4) the Project on Organizing, Development, Education, and Research (PODER)).

39 Marreros Decl. ¶ 8.

40 *Id.* ¶ 9; Javier Puga Martínez, *La Jornada de Oriente*, “Se manifiestan contra Almaden en el Palacio Municipal de Ixtacamaxtitlán” [Demonstration against Almaden in the Ixtacamaxtitlán Municipal Palace], September 18, 2013, available at <http://www.lajornadadeoriente.com.mx/2013/09/18/se-manifiestan-contra-almaden-en-el-palacio-municipal-de-ixtamaxtitlan/>.

In a more recent signal of the kind of friction that the project is already causing with neighbors, on May 1 residents of the community of Loma Larga, which abuts the mining concession, attempted to prevent several Almaden employees from entering their private property in order to access the area under development.⁴¹ Community members later reported that the Almaden employees had threatened them if they did not let them pass and pressed criminal charges against them.⁴² Besides showing the extent of discontent with the project in communities adjoining Almaden's concessions, these confrontations with property owners demonstrate that the Company misled investors when it disclosed in SEC filings that "where Almaden is exploring the Company has negotiated surface land use agreements with surface rights landowners."⁴³

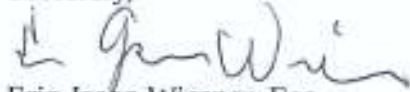
The successful recent effort to force JDC Minerals to abandon a mining project in an adjacent municipality shows that growing community demands on Ixtacamaxtlán municipal authorities to deny Almaden a required land-use permit poses a real threat to the Company's ability to operate in the area going forward. This is "reasonably available information on . . . social or community factors related to the project," and on "project permitting requirements" and "the status of any permit applications," both required under NI 43-101. Nonetheless, none of the Company's public disclosures make any mention of community opposition to mining in the area nor of the risk of being denied the land-use permit needed to begin resource extraction.⁴⁴

Conclusion

In the instances detailed above, Almaden has misled investors by failing to publicly disclose material information regarding the substantial risk that significant setbacks in the environmental permitting process, community opposition, and pending litigation pose to the project's viability. At minimum, these omissions warrant further investigation by your office to determine whether violations of Canadian securities regulations have occurred.

If you have any questions, please feel free to contact me at eric.wiesner@projectpoder.org.

Sincerely,



Eric Jason Wiesner, Esq.
California Bar No. 259672

⁴¹ *La Coperacha*, "Almaden Minerals, amenaza a comuneros y les manda citatorios judiciales" [Almaden Minerals, threatens community members and sends them court summons], May 3, 2017, available at <http://www.lacoperacha.org.mx/minera-canadiense-entra-violencia-ixtamaxtitlan.php>; Leticia Ánimas Vargas, *Municipios*, "Irrumpe por la fuerza Almaden Minerals terrenos de Ixtacamaxtitlán" [Almaden breaks into Ixtacamaxtitlán lands by force], May 2, 2017, available at <http://m.municipiospuebla.mx/index.php/nota/2017-05-02/zacapoxtla/irrumpe-por-la-fuerza-almaden-minerals-terrenos-de-ixtamaxtitlan%C3%A1n>.

⁴² *Id.*

⁴³ SEC Form 20-F for FY2016, at 28.

⁴⁴ In Almaden's Management's Discussion and Analysis filed in September 2016, the Company states that "[i]ntense lobbying over environmental concerns by NGOs opposed to mining has caused some governments to cancel or restrict development of mining projects." MDA September 2016 at 13. While this statement shows that Almaden considers organized opposition to mining projects to be a material risk that it must disclose, it is far too general and vague to provide meaningful information to investors regarding the specific context in which the Company is operating in the Sierra Norte region of Puebla.



May 18, 2017

Mr. John Reynolds, Assistant Director
Mr. Joel Parker, Senior Assistant Chief Accountant
Beverages, Apparel and Mining
Division of Corporation Finance
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Reynolds and Mr. Parker:

Re: Almaden Minerals Ltd. (TSX: AMM; NYSE: AAU)

I am counsel to a coalition of US and Mexican organizations¹ that are supporting indigenous and agrarian communities impacted by a gold and silver mining project in the Mexican State of Puebla.

I write to bring to your attention facts that we believe lead to the conclusion that in required public disclosures to the SEC and the British Columbia (Canada) Securities Commission, Almaden Minerals Ltd. ("Almaden") misstated or omitted material facts necessary for US investors to understand accurately the risks of investing in the Company. We gathered these facts from lawyers and community members in the vicinity of Almaden's two mining concessions in the Mexican state of Puebla. We believe that the facts presented below at minimum merit further investigation.²

Summary

Almaden is a junior mineral resource company listed on the Toronto (TSX: AMM) and New York (NYSE: AAU) Stock Exchanges. Almaden's principal project is exploration of the Ixtaca Gold-Silver Deposit in Puebla State, Mexico, which the company discovered in 2010. In 2016, all of the Company's efforts were focused on developing the Ixtaca Deposit.³ The project is still at the exploration and development stage, and thus "[t]he Company has not generated any revenues from

¹ These organizations are (1) the Project on Organizing, Development, Education, and Research [Proyecto sobre Organización, Desarrollo, Educación e Investigación] (PODER), (2) the Mexican Institute for Community Development [Instituto Mexicano para el Desarrollo Comunitario] (IMDEC), (3) the Center for Rural Development Studies [Centro de Estudios para el Desarrollo Rural] (CESDER), and (4) the Union of Ejidos and Communities in Defense of the land, water and life, Atcolhua [Unión de Ejidos y Comunidades en Defensa de la Tierra, el Agua y la Vida, Atcolhua].

² We submitted a parallel request for investigation to the British Columbia Securities Commission, Almaden's regulator in Canada.

³ Management's Discussion and Analysis December 31, 2016 ("During the year ended December 31, 2016, all of the Company's efforts were focused on the Ixtaca gold/silver project in Puebla State, Mexico.") at 2.

operations.”⁴ Almaden is currently conducting activities in Puebla through two wholly-owned subsidiaries: Puebla Holdings Inc. (Canada-based holding company) and Minera Gorrion, S.A. De C.V. (Mexico-based exploration company).⁵

In recent years, Almaden has failed to publicly disclose material information regarding exploration and development of the Ixtaca Deposit. As discussed in detail below, Almaden to date has not disclosed that:

- 1) a Mexican federal agency has determined that the project cannot proceed to the exploitation phase until affected indigenous communities provide their free, prior and informed consent through a consultation process that conforms to international law—consent that is unlikely to be obtained given intense local opposition to the project;
- 2) a pending lawsuit filed by an impacted indigenous community caused a suspension of activities connected to the mining concessions;
- 3) a Mexican federal agency halted the project for several months due to lack of compliance with environmental requirements; and
- 4) there is a significant risk that intense community opposition to the project will cause municipal authorities to deny the land-use permit Almaden needs to begin resource extraction.

This undisclosed information is material because:

- Almaden has repeatedly reported to its shareholders that exploration and development of the Ixtaca Deposit continues apace, with no mention of recent federal regulatory and judicial actions that have slowed or threatened to halt activity on the site;
- Almaden has repeatedly discussed in public disclosures the importance it places on positive relationships with local communities, but fails to mention that many residents of affected communities are actively working to stop the project.

Almaden Failed to Disclose that a Mexican Federal Agency Has Barred the Exploitation Phase from Proceeding Until an Indigenous Consultation is Carried Out in Compliance with International Law.

In response to Almaden’s proposal for its third exploratory phase in May 2014, the Mexican federal environmental agency, the Secretary of the Environment and Natural Resources (SEMARNAT),⁶ issued a decision stating that before any exploitation of natural resources may begin, the numerous indigenous communities affected must expressly give their prior, free, and informed consent for the project.⁷ This consent must be achieved through a consultation process in compliance with the International Labor

⁴ SEC Form 20-F FY2016, at 23, available at <https://www.sec.gov/Archives/edgar/data/1015647/000110262417000162/almaden20f.htm>.

⁵ Id.

⁶ SEMARNAT is the federal agency charged with “the protection, conservation and restoration of Mexico’s ecosystems and natural resources. . . . Environmental impact assessment is the process through which SEMARNAT establishes the terms and conditions to which mining projects and activities will be subject in order to avoid or minimize their negative environmental effects.” Mexican Secretary of the Economy, Manual for Investors in the Mexican Mining Sector, at 41-42, available at https://www.gob.mx/cms/uploads/attachment/file/195350/MISMM_ESPA_OL_PARTE_1.pdf (translation provided by the undersigned).

⁷ SEMARNAT/DGIRA, Resolutivo del Informe Preventivo Ixtaca III, at 8, available at <http://apps1.semarnat.gob.mx/dgiraDocs/documentos/pue/resolutivos/2014/21PU2014MD015.pdf>.

Organization's (ILO) Indigenous and Tribal People's Convention (No. 169), to which Mexico is a signatory.⁸ The decision specifically recognizes five indigenous communities in the area whose consent would be required to proceed with the exploitation phase.⁹ SEMARNAT goes on to instruct the Company to request the appropriate government authority to carry out the consultation.¹⁰

While the Company in numerous public disclosures has discussed the importance it places on community relationships and the need for “open and clear dialogue with our stakeholders,”¹¹ at no point does Almaden mention that it cannot begin the exploitation phase of the project without first obtaining the express consent of impacted indigenous communities through a process of consultation in compliance with ILO No. 169. In fact, Almaden's own 2014 Corporate Social Responsibility report states that “[p]erhaps the most important component of our efforts to build mutual trust and respect is the notion of ‘informed consent,’”¹² demonstrating that Almaden recognizes that the meaningful consent of affected communities is critical to the success of its operations, but fails to mention the significant barriers to achieving it or communities' right to indigenous consultation as a prerequisite. As discussed in more detail below, there is intense and widespread opposition to the project among affected communities, significantly decreasing the likelihood that any consultation process will result in consent.

Information regarding the necessity of community consultation and consent is material because it represents a substantial risk to the Company's ability to proceed to the exploitation stage of the project.

8 Mexico ratified ILO No. 169 on September 5, 1990. ILO, NORMLEX Information System on International Labour Standards, available at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102764. Article 6 of the Convention states that “governments shall . . . consult the peoples concerned, through appropriate procedures and in particular through their respective institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly.”

9 These communities are: Zacatepec, Vista Hermosa de Lázaro Cardenas, Tuligtig (San Miguel), Santa Maria Zololtepec y Xiuquenta, and Municipio de Ixtacamaxtitlan. Resolutivo del Informe Resolutivo Ixtaca III, at 7 para. 9. In its 2014 Corporate Social Responsibility report, Almaden misleadingly states that 3.7% of the population of communities near Ixtaca is “defined as indigenous.” Almaden Minerals Corporate Social Responsibility 2014, at 9, available at http://almadenminerals.com/RESPONSIBILITY/Documents/Almaden_CSR.pdf. This appears to be based on an incorrect translation of the Spanish-language version of the report, which states that 3.7% of the population of local communities “speak an indigenous language.” Id. In fact, speaking an indigenous language is only one of several indicators of indigenous identity, and thus it is patently incorrect to state that only those community members that speak an indigenous language are “defined as indigenous.” According to the ILO, the key criteria for determining indigenous identity, and thus application of Convention No. 169, are (1) self-identification as belonging to an indigenous people, (2) descent from populations, who inhabited the country or geographical region at the time of the conquest, colonisation or establishment of present state boundaries, and (3) retaining some or all of their own social, economic, cultural and political institutions, irrespective of their legal status. ILO website, http://www.ilo.org/global/topics/indigenous-tribal/WCMS_503321/lang-en/index.htm. By this definition, the indigenous population in communities near the Ixtaca Deposit is much greater than the 3.7% that Almaden reports.

10 Id. at 8.

11 Management's Discussion and Analysis, December 31, 2016, at 12.

12 Almaden Minerals Corporate Social Responsibility 2014, at 19, available at http://almadenminerals.com/RESPONSIBILITY/Documents/Almaden_CSR.pdf; see also Almaden Corporate Presentation April 2017, available at http://almadenminerals.com/INVESTORS/DOCUMENTS/Almaden_Presentation.pdf (listing “informed consent” as a key element of the Company's commitment to “Transparency and Communication”).

Almaden Failed to Disclose that a Pending Lawsuit Filed by an Impacted Indigenous Community Caused a Suspension of Activities Connected to the Mining Concessions

In April 2015, the Nahuatl indigenous community of Tecoltemic filed a lawsuit seeking cancellation of the mining concessions granted to Almaden.¹³ The community claims that the project violates its land and territory rights, as established under international law and incorporated into the Mexican Federal Constitution, including the right to consultation regarding development projects provided under the International Labor Organization (ILO) Convention No. 169 on Indigenous and Tribal Peoples.¹⁴ As a result of the lawsuit, the court directed the Secretary of the Economy to suspend all activities related to the two relevant concessions until the underlying constitutional questions can be resolved.¹⁵ In practice, this means that during the pendency of the lawsuit, which is ongoing, Almaden cannot sell or transfer the concessions and cannot enter the Tecoltemic community's land, which fully lies within the concession area, for any mining-related activities, including exploration and exploitation of minerals.¹⁶

Demonstrating that Almaden considered the suspension of mining activities imposed by the court to be highly material to its ability to develop the Ixtaca Deposit, the Company asked the court to reduce the concession area to exclude the Tecoltemic community's land so that the suspension would no longer attach.¹⁷ The court deferred this request to the Secretary of the Economy, which twice rejected Almaden's proposal to reduce the concession size.¹⁸ Thus, the suspension of activities remains attached to the concession title.¹⁹ The Company has publicly disclosed that in 2015 it "filed an application to reduce the aggregate claim size at Tuligtic to those areas still considered prospective,"²⁰ but failed to acknowledge that its request to reduce the concession size had anything to do with a suspension of activities caused by pending litigation. In fact, the Company never mentioned the litigation at all.

While there is no way to predict with certainty the outcome of the litigation, there are a number of remedies that the court may impose that would either halt or significantly delay Almaden's project. These remedies include (1) canceling the two mining concessions at issue in their entirety, and (2)

13 Juicio de Amparo 445/2015, Juzgado Segundo de Distrito de Amparo Civil, Administrativo del Trabajo y Juicios Federales del Estado de Puebla, available at <http://www.cjf.gob.mx/>; Declaration of Diana Pérez Rivera ("Rivera Decl.") ¶¶ 7-9. See also, e.g., Aranzazú Ayala Martínez, *Lado B*, "Ordenan juzgados la suspensión temporal de las minas en Ixtacamaxtitlán" [Court orders the temporary suspension of the mines in Ixtacamaxtitlán], April 23, 2015, available at <http://ladobe.com.mx/2015/04/ordenan-juzgados-la-suspension-temporal-de-las-minas-en-ixtamaxtitlan/>; Carlos Rocha, *La Jornada*, "Almaden Minerals amaga con recortar concesión para vencer amparo" [Almaden Minerals weighs reducing concession to win lawsuit], December 20, 2016, available at <http://www.lajornadadeoriente.com.mx/2016/12/20/almaden-minerals-amaga-recortar-concesion-vencer-amparo/>.

14 Rivera Decl. ¶ 10.

15 Id. ¶¶ 11, 12, Ex. A (report that the Public Registry of Mines provided to the court to confirm that the suspension of mining activities was noted on the concession title).

16 Id.

17 Id. ¶ 13; Rocha *supra* note 13 ("The Canadian mining firm Almaden Minerals, which maintains an important presence in Puebla, can give up its two concessions in the Municipality of Ixtacamaxtitlán, or reduce their size, as a strategic measure to nullify the lawsuit brought by residents of this Municipality") (translation provided by the undersigned).

18 Id. It has come to our attention that as of the date of this letter, the court for the third time ordered the Secretary of the Economy to reduce the size of the mining concession to exclude the Tecoltemic community's land. It is not known whether the Secretary of the Economy will accede to this order (the first two orders to do so were denied) or what impact it may have on the litigation. Whatever the effect of this latest judicial decision, the fact remains that to date Almaden has failed to disclose this pending litigation or its potential impact on the project to its investors.

19 Id.

20 SEC Form 20-F for FY2016, at 30, available at <https://www.sec.gov/Archives/edgar/data/1015647/000110262417000162/almaden20f.htm>.

suspending all mining activity within the concessions until such time that an indigenous consultation can be carried out in compliance with international law, including the obligations imposed on the Mexican state by ILO No. 169.²¹

Almaden has not disclosed this pending litigation in any of its public disclosures.²² In fact, Almaden misled investors in a recent filing with the US Securities and Exchange Commission (SEC) when it stated that it “knows of no material, active or pending legal proceedings against it.”²³ Almaden’s failure to disclose this ongoing lawsuit deprives investors of critical information regarding pending litigation that has already caused a Mexican federal court to impose a suspension of activities connected to the mining concessions, and could lead to outright cancellation of the concessions.

Almaden Failed to Disclose that a Federal Agency Halted the Project for Several Months for Failing to Comply with Environmental Regulations

In December 2016, Almaden’s subsidiary Minera Gorrión submitted a required written proposal to SEMARNAT for permission to proceed to the fourth exploratory stage of the mining project (Ixtaca IV). The following month, SEMARNAT issued its decision rejecting the proposal for failing to comply with applicable environmental regulations.²⁴ The agency determined that the Company was barred from proceeding with the project, stating that it lacked the environmental impact authorization required under Mexican law.²⁵ Although the Company resubmitted its proposal in February, and SEMARNAT finally approved Ixtaca IV at the end of March, the initial denial put all exploration activities on hold for several months.

During the time that the project was halted due to SEMARNAT’s decision, Almaden announced a \$3.4 million non-brokered private placement “to advance the Ixtaca deposit towards the completion of pre-feasibility studies, continue permitting work, *continue exploration drilling*, and for general working capital,” and stated that the new financing would allow the Company to “*continue aggressively drilling*.”²⁶ In other words, the Company announced new financing to be used in significant part for exploratory drilling at a time that federal authorities had specifically prohibited such drilling. Almaden’s public statement misleadingly leaves out material information regarding a major setback in the environmental permitting process that immediately put drilling plans on hold. A reasonable investor would certainly consider important that the Company’s only active exploratory project had been halted by a federal regulator for failing to comply with environmental regulations.

21 Rivera Decl. ¶ 14.

22 See, e.g., Management’s Discussion and Analysis, September 30, 2016; Management’s Discussion and Analysis, December 31, 2016.

23 SEC Form 20-F for FY2016, *supra* note 20, at 71.

24 SEMARNAT/DGIRA, “Resolutivo del Informe Preventivo Ixtaca IV,” at 8, available at <http://apps1.semarnat.gob.mx/dgiraDocs/documentos/pue/resolutivos/2016/21PU2016MD066.pdf>

25 Id. More specifically, SEMARNAT identified that Almaden’s proposal failed to demonstrate that the project would impact less than 25% of the total surface area as required under Official Mexican Standard (NOM) 120-SEMARNAT-2011. Id. at 6-7. This was because the proposal did not properly take into account exploratory drilling already carried out in previous phases of the project. Id. Additionally, Almaden had not been consistent in identifying the precise locations of its exploratory drills, and had not sufficiently demonstrated that vegetation would not have to be cleared for the project, which would require additional land-use permits. Id.

26 Almaden Material Change Report, Press Release Dated February 7, 2017 (emphasis added).

Almaden Failed to Disclose the Significant Risk that Municipal Authorities will Deny Almaden a Required Land Use Permit for the Exploitation Stage

In order to begin mineral extraction at the Ixtaca Deposit, Almaden must secure a land use permit from Ixtacamaxtitlán municipal authorities.²⁷ A coalition of indigenous and agrarian communities in the areas surrounding the project, known as the Atcolhua Union of Ejidos and Communities in Defense of the Land, Water and Life (“Atcolhua”), has initiated an active campaign to persuade the Municipal President, Eliazar Hernández, and the Municipal Council to deny the permit and declare Ixtacamaxtitlán a mining-free municipality.²⁸ Local authorities have already declared at least nine municipalities in the Sierra Norte region of Puebla mining-free zones, meaning that they will not grant land-use permits needed for extractive projects, a power that they are granted under the Mexican Constitution and Puebla state law.²⁹

Community opposition to another mining project in the adjacent municipality of Zaútlá led municipal authorities there to deny a required land-use permit to the concessionaire, a Chinese extractives firm called JDC Minerals.³⁰ This recent example demonstrates the substantial risk that municipal authorities in Ixtacamaxtitlán will react to growing anti-mining protest in a similar manner and effectively block Almaden’s ability to advance to the extraction stage of the project.³¹ However, Almaden has not

27 See Constitución Política de los Estados Unidos Mexicanos [Political Constitution of the United States of Mexico], Art. 115, sec. 5 (giving municipalities the power: “(a) to formulate, approve and administrate zoning and municipal urban development plans; . . . (d) to authorize, control and monitor land use, in their field of competence, and within their territorial jurisdiction) (translation provided by the undersigned), available at <http://www.ordenjuridico.gob.mx/Constitucion/articulos/115.pdf>; Ley de Desarrollo Urbano Sustentable del Estado de Puebla [Sustainable Development Law of the State of Puebla], November 29, 2013, Art. 13, sec. VI, available at http://www.congresopuebla.gob.mx/index.php?option=com_docman&task=cat_view&gid=25&limit=10&order=hits&dir=DESC&Itemid=111&limitstart=10.

28 Declaration of Ignacia Serrano Arroyo (“Arroyo Decl.”) ¶¶ 6-9; Declaration of Alex Marreros (“Marreros Decl.”) ¶¶ 7-11; see also Leticia Ánimas Vargas, *Radio Expresión*, “Niega alcalde que haya dado permisos de extracción a Almaden” [Mayor denies having given extraction permits to Almaden], September 8, 2016, available at <http://www.radioexpresion.com.mx/index.php/municipios/41690-niega-alcalde-que-haya-dado-permisos-de-extraccion-a-almaden>.

29 These municipalities are: Jonotla, Cuetzalan, Nauzontla, Zoquiapan, Hueytamalco, Ayotoxco, Tuzamapan, Yaonáhuac, and Tenampulco. See, e.g., Leticia Ánimas Vargas, *Municipios*, “Cabildo rechaza proyectos extractivos en territorio de Hueytamalco” [Council rejects extractive projects in Hueymalco territory], Oct. 24, 2016, available at <http://m.municipiospuebla.mx/index.php/nota/2016-10-24/interiores/cabildo-rechaza-proyectos-extractivos-en-territorio-de-hueytamalco>; Leticia Ánimas Vargas, *Municipios*, “Impedirá edil de Nauzontla instalación de megaproyectos en su territorio” [Nauzontla council will block installation of megaprojects in its territory], Nov. 29, 2016, available at <http://m.municipiospuebla.mx/index.php/nota/2016-11-29/interiores/impedir%C3%A1-edil-de-nauzontla-instalaci%C3%B3n-de-megaproyectos-en-su-territorio>. See generally also Note 27 *supra*.

30 Arroyo Decl. ¶¶ 10-11; see also Rosa Rojas, *La Jornada*, “Inquieta a pobladores de Tlamanca retiro de minera china JDC Minerals” [Agitated Tlamanca residents push out Chinese miner JDC Minerals], November 24, 2012, available at <http://www.jornada.unam.mx/2012/11/24/sociedad/035n2soc>; Rosa Rojas, *La Jornada*, “Asamblea multitudinaria da 24 horas a JDC Minerals para salir de La Lupe” [Massive assembly gives JDC Minerals 24 hours to leave La Lupe], November 22, 2012, available at <http://www.jornada.unam.mx/2012/11/22/sociedad/042n1soc>; Frik Els, *Mining.com*, “Thousands march on Chinese gold mine in Mexico,” November 23, 2012, available at <http://www.mining.com/thousands-march-on-chinese-gold-mine-in-mexico-45212/> (“Conflictos Mineros reports 32 communities in Puebla, Mexico have given Chinese company JDC Minerals an ultimatum of 24 hours to abandon its La Lupe mine. The protest against the planned gold-silver-copper mine was attended by 5000 citizens and was followed by a march that blocked access to the mine according to the mining blog.”).

31 A number of other mining and energy “megaprojects” being developed by multinational enterprises in the Sierra Norte region of Puebla have also recently been suspended or significantly slowed down due to legal challenges, community opposition, or failure to comply with environmental regulations. See Ánimas Vargas, *supra* note 29 (discussing

publicly disclosed anything about this risk or the growing opposition to the project in surrounding communities. In fact, in disclosures before the SEC, despite specifically discussing permits that the Company would have to obtain from environmental authorities, Almaden failed to even mention the land-use permits that it would need from municipal authorities before beginning mineral extraction.³²

In a widely publicized September 2016 meeting with Municipal President Hernández, approximately sixty Atcolhua members demanded that he deny Almaden the land-use permit that it requires to begin any mineral extraction within the municipality.³³ The Municipal President and Municipal Council together have complete discretion to grant or deny land-use permits that are required for mining activities, and Hernández assured those present at the meeting that they had not yet provided the permit to Almaden.³⁴

This meeting was only the latest in a series of community-led actions protesting Almaden's mining activities in the area.³⁵ Atcolhua has organized local assemblies, educational forums on mining-related issues, marches, religious ceremonies, and research for a recently-published assessment of the human rights impacts of the project.³⁶ Approximately 3000 individuals from forty nearby communities have participated in these actions so far.³⁷ In one of these that took place in September 2013, about 300 people from twenty-five local communities held a rally against Almaden at the inauguration of the new Ixtacamaxtlán Municipal Palace where a group of invited guests, including the Governor of Puebla and Almaden company representatives, were in attendance.³⁸

In a more recent signal of the kind of friction that the project is already causing with neighbors, on May 1 residents of the community of Loma Larga, which abuts the mining concession, attempted to prevent several Almaden employees from entering their private property in order to access the area under development.³⁹ Community members later reported that the Almaden employees had threatened them

significant setbacks in recent years to the Minera Frisco project in Tetela de Ocampo; the Gaya, Diego, Conde, Ana, and Boca hydroelectric projects in the Apulco River; and the Puebla 1 hydroelectric project in the Ajajalpan River, in addition to the Almaden and JDC Minerals mining projects).

32 SEC Form 20-F for FY2016, at 11 (“[P]rior to initiation of construction activities (and also in some more intrusive exploration activities), mining projects are required to apply for and obtain an environmental impact authorization and a land use permit from the Mexican Federal environmental agency SEMARNAT.”).

33 Arroyo Decl. ¶¶ 7-8; Marreros Decl. ¶ 9; Martín Hernández Alcántara, *La Jornada de Oriente*, “Unión de Ejidos denunciará abusos de Almaden ante edil de Ixtacamaxtlán” [Union of Ejidos will denounce Almaden's abuses before Ixtacamaxtlán town councillor]; Vargas, *supra* note 22.

34 *Id.*

35 Arroyo Decl. ¶ 9; Marreros Decl. ¶¶ 8-9.

36 *Id.*; see also “Minería canadiense y su impacto en los derechos humanos en Puebla: resultados finales e informe completo” [Canadian mining and its impact on human rights in Puebla: final results and complete report], February 2017, available at <https://www.colaboratorio.org/mineria-canadiense-y-su-impacto-en-los-derechos-humanos-resultados-finales-e-informe-completo/> (the report is a collaboration between four community-based organizations active in the area around the Ixtaca Deposit: (1) the Atcolhua Union of Communities in Defense of the Land, Water and Life, (2) the Center for Rural Development Studies (CESDER), (3) the Mexican Institute for Community Development (IMDEC), and (4) the Project on Organizing, Development, Education, and Research (PODER)).

37 Marreros Decl. ¶ 8.

38 *Id.* ¶ 9; Javier Puga Martínez, *La Jornada de Oriente*, “Se manifiestan contra Almaden en el Palacio Municipal de Ixtacamaxtlán” [Demonstration against Almaden in the Ixtacamaxtlán Municipal Palace], September 18, 2013, available at <http://www.lajornadadeoriente.com.mx/2013/09/18/se-manifiestan-contra-almaden-en-el-palacio-municipal-de-ixtamaxtitlan/>.

39 *La Coperacha*, “Almaden Minerals, amenaza a comuneros y les manda citatorios judiciales” [Almaden Minerals, threatens community members and sends them court summons], May 3, 2017, available at

if they did not let them pass and pressed criminal charges against them.⁴⁰ Besides showing the extent of discontent with the project in communities adjoining Almaden's concessions, these confrontations with property owners demonstrate that the Company misled investors when it disclosed in SEC filings that "where Almaden is exploring the Company has negotiated surface land use agreements with surface rights landowners."⁴¹

The successful recent effort to force JDC Minerals to abandon a mining project in an adjacent municipality shows that growing community demands on Ixtacamaxtlán municipal authorities to deny Almaden a required land-use permit poses a real threat to the Company's ability to operate in the area going forward. Nonetheless, none of the Company's public disclosures make any mention of community opposition to mining in the area nor of the risk of being denied the land-use permit needed to begin resource extraction.⁴²

Conclusion

In the instances detailed above, Almaden has misled investors by failing to publicly disclose material information regarding the substantial risk that significant setbacks in the environmental permitting process, community opposition, and pending litigation pose to the project's viability. At minimum, these omissions warrant further investigation by your office to determine whether violations of US securities laws have occurred.

If you have any questions, please feel free to contact me at eric.wiesner@projectpoder.org.

Sincerely,



Eric Jason Wiesner, Esq.
California Bar No. 259672

<http://www.lacoperacha.org.mx/minera-canadiense-entra-violencia-ixtamaxtitlan.php>; Leticia Ánimas Vargas, *Municipios, "Irrompe por la fuerza Almaden Minerals terrenos de Ixtacamaxtitlán"* [Almaden breaks into Ixtacamaxtitlán lands by force], May 2, 2017, available at <http://m.municipiospuebla.mx/index.php/nota/2017-05-02/zacapoxtla/irrompe-por-la-fuerza-almaden-minerals-terrenos-de-ixtamaxtitlan%C3%A1n>.

40 Id.

41 SEC Form 20-F for FY2016, at 28.

42 In Almaden's Management's Discussion and Analysis filed in September 2016, the Company states that "[i]ntense lobbying over environmental concerns by NGOs opposed to mining has caused some governments to cancel or restrict development of mining projects." MDA September 2016 at 13. While this statement shows that Almaden considers organized opposition to mining projects to be a material risk that it must disclose, it is far too general and vague to provide meaningful information to investors regarding the specific context in which the Company is operating in the Sierra Norte region of Puebla.