



**Armor Minerals Inc.**

Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

**Notice to Reader**

These unaudited condensed consolidated interim financial statements have been prepared by management and have not been reviewed by the Company's auditor.

# Armor Minerals Inc.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian dollars)

	Note	September 30, 2020	March 31, 2020
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$	2,361,904	\$ 387,056
Amounts receivable		1,551	5,456
Prepaid expenses		2,456	8,284
		2,365,911	400,796
Due from related party	7	5,026	5,026
Total assets	\$	2,370,937	\$ 405,822
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	4 \$	9,265	\$ 13,487
Due to related party	7	138	504
Deferred liability	5	8,075	8,075
		17,478	22,066
Deferred liability	5	1,345	5,383
Total liabilities		18,823	27,449
Shareholders' equity			
Share capital	6	29,845,320	27,937,218
Subscriptions received in advance	6	750,000	–
Reserves	6	3,302,286	3,929,483
Deficit		(31,545,492)	(31,488,328)
Total shareholders' equity		2,352,114	378,373
Total liabilities and shareholders' equity	\$	2,370,937	\$ 405,822

Nature of operations (Note 1)

Commitments (Note 9)

APPROVED BY THE DIRECTORS

*"Richard W. Warke"*

Richard W. Warke – Director

*"Purni Parikh"*

Purni Parikh – Director

November 30, 2020

*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

## Armor Minerals Inc.

### Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian dollars, except share and per share amounts)

	Note	Three months ended September 30,		Six months ended September 30,	
		2020	2019	2020	2019
Expenses:					
Salaries and benefits		\$ 10,675	\$ 50,389	\$ 28,442	\$ 67,032
General office expenses		7,174	10,611	14,568	17,782
Listing and filing fees		8,640	8,721	10,865	11,295
Professional fees		5,149	25,825	9,510	28,825
Investor relations		15	2,381	389	4,155
Depreciation	3	–	11,114	–	16,397
Travel		–	1,301	–	1,301
Loss before other items		31,653	110,342	63,774	146,787
Finance income		(3,532)	(1,423)	(6,638)	(3,465)
Foreign exchange loss (gain)		(5)	4	28	78
Interest on lease liabilities	3	–	4,818	–	6,785
Net loss		\$ 28,116	\$ 113,741	\$ 57,164	\$ 150,185
Other comprehensive loss (income):					
Items that may be reclassified to profit or loss:					
Foreign currency translation loss (gain)		–	(1)	–	6
Comprehensive loss		\$ 28,116	\$ 113,740	\$ 57,164	\$ 150,191
Basic and diluted net loss per share attributable to shareholders of the Company					
		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding – basic and diluted					
		69,937,121	44,319,015	66,857,349	44,319,015

*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

## Armor Minerals Inc.

### Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian dollar)

	Note	Three months ended September 30,		Six months ended September 30,	
		2020	2019	2020	2019
Cash provided by (used in):					
Operations					
Net loss		\$ (28,116)	\$ (113,741)	\$ (57,164)	\$ (150,185)
Items not affecting cash:					
Foreign exchange loss (gain)		89	(16)	27	30
Amortization of deferred liability	5	(2,019)	(2,019)	(4,038)	(4,038)
Interest on lease liabilities	3	–	4,818	–	6,785
Depreciation	3	–	11,114	–	16,397
Net changes in non-cash working capital items:					
Amounts receivable		4,472	(2,049)	3,905	(1,078)
Prepaid expenses		3,437	(29,125)	5,828	(25,825)
Accounts payable and accrued liabilities		(6,005)	15,393	(4,222)	8,211
Due to related party		(791)	(8,659)	(366)	(13,932)
		(28,933)	(124,284)	(56,030)	(163,635)
Financing					
Proceeds from exercise of warrants	6b	–	–	1,280,905	–
Subscriptions received in advance	6c	750,000	–	750,000	–
Payment of lease liabilities	3	–	(15,742)	–	(23,429)
		750,000	(15,742)	2,030,905	(23,429)
Investing					
Advances to related party		–	(2,150)	–	(2,150)
		–	(2,150)	–	(2,150)
Effect of exchange rate changes on cash and cash equivalents					
		(89)	17	(27)	(36)
Increase (decrease) in cash and cash equivalents		720,978	(142,159)	1,974,848	(189,250)
Cash and cash equivalents, beginning of the period		1,640,926	654,787	387,056	701,878
Cash and cash equivalents, end of the period		\$ 2,361,904	\$ 512,628	\$ 2,361,904	\$ 512,628
Supplementary information:					
Cash and cash equivalents, end of period comprise:					
Cash balances with banks		\$ 2,694	\$ 40,149	\$ 2,694	\$ 40,149
Cash equivalents		2,359,210	472,479	2,359,210	472,479
		\$ 2,361,904	\$ 512,628	\$ 2,361,904	\$ 512,628

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## Armor Minerals Inc.

### Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share capital		Subscriptions received in advance	Foreign currency translation	Reserves Options and warrants	Total	Deficit	Shareholders' equity
	Number of Shares	Amount						
Balance, March 31, 2019	41,319,015	\$ 27,937,218	\$ –	\$ 838	\$ 3,928,651	\$ 3,929,489	\$ (31,245,830)	\$ 620,877
Net loss and comprehensive loss	–	–	–	(6)	–	(6)	(150,185)	(150,191)
Balance, September 30, 2019	41,319,015	\$ 27,937,218	\$ –	\$ 832	\$ 3,928,651	\$ 3,929,483	\$ (31,396,015)	\$ 470,686
Balance, March 31, 2020	44,319,015	\$ 27,937,218	\$ –	\$ 832	\$ 3,928,651	\$ 3,929,483	\$ (31,488,328)	\$ 378,373
Shares issued on exercise of warrants	25,618,106	1,280,905	–	–	–	–	–	1,280,905
Fair value of warrants exercised	–	627,197	–	–	(627,197)	(627,197)	–	–
Subscriptions received in advance	–	–	750,000	–	–	–	–	750,000
Net loss and comprehensive loss	–	–	–	–	–	–	(57,164)	(57,164)
Balance, September 30, 2020	69,937,121	\$ 29,845,320	\$ 750,000	\$ 832	\$ 3,301,454	\$ 3,302,286	\$ (31,545,492)	\$ 2,352,114

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# Armor Minerals Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian dollars, unless otherwise noted)

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### 1. NATURE OF OPERATIONS

Armor Minerals Inc. (the “Company” or “Armor”) is incorporated in British Columbia, Canada. The Company’s head office is located at Suite 555 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1. The condensed consolidated interim financial statements as at September 30, 2020 consist of Armor and its wholly owned subsidiary, Armor Minerals (US) Inc. (“Armor US”) organized under the laws of Virginia. The Company is publicly traded with shares listed on the TSX Venture Exchange under the symbol “A”.

The Company is engaged in the acquisition and exploration of mineral property interests. The business of mining and the exploration for minerals involves a high degree of risk and there can be no assurance that such activities will result in profitable mining operations.

At September 30, 2020, the Company had cash and cash equivalents of \$2,361,904, working capital of \$2,348,433, net loss for the six months ended September 30, 2020 of \$57,164, and a deficit of \$31,545,492. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months. On March 11, 2020, the novel coronavirus outbreak (“COVID-19”) was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company’s business are not known at this time. The Company’s ability to obtain equity financing could be impacted, as well as the Company’s ability to explore and conduct business.

### 2. BASIS OF PRESENTATION

#### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* (“IAS 34”). Accordingly, they do not include all of the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company’s most recent audited consolidated financial statements.

These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application used in the Company’s audited consolidated financial statements as at and for the year ended March 31, 2020. The Board of Directors authorized these financial statements for issuance on November 30, 2020.

#### (b) Basis of presentation

The accounting policies used in the preparation of these financial statements are the same as those applied in the Company’s most recent audited consolidated annual financial statements for the year ended March 31, 2020.

#### (c) Use of estimates and judgements

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended March 31, 2020.

## Armor Minerals Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian dollars, unless otherwise noted)

#### 3. LEASES

The Company shares office space with other companies related to it by virtue of certain directors and management in common (Note 7). During the year ended March 31, 2020 there were changes to the lease payments attributable to the Company as reflected as a change in future lease payments in the tables above. Effective January 2, 2020, the parties to the lease contracts do not have collective control over the underlying assets. Accordingly, the Company no longer has the right to obtain substantially all the economic benefits from use of the assets throughout the period of use, resulting in the de-recognition of the right-of-use assets and lease liabilities.

During three and six months ended September 30, 2020, the Company recognized \$2,300 and \$6,800 respectively of general office expenses for the two lease premises that no longer meet the definition of a lease (Note 9). The Company is jointly liable for rent payments and uses the assets jointly.

#### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30,		March 31,	
	2020		2020	
Trade and other payables	\$	2,324	\$	463
Accrued liabilities		6,941		13,024
	\$	9,265	\$	13,487

#### 5. DEFERRED LIABILITY

Deferred liability represents the unamortized balance of an amount received from a company previously related through certain common directors and management with respect to the provisions of a management services agreement governing certain shared office space (Note 7). The amount is being amortized to office and administrative expense over the remaining term of the leases.

The following is a summary of changes in deferred liability:

	September 30,		March 31,	
	2020		2020	
Balance, start of the period	\$	13,458	\$	21,533
Amortization of deferred liability		(4,038)		(8,075)
Balance, end of the period	\$	9,420	\$	13,458
Less current portion		8,075		8,075
Non-current deferred liability	\$	1,345	\$	5,383

#### 6. SHARE CAPITAL

##### (a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 69,937,121 (March 31, 2020 – 44,319,015)



## Armor Minerals Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian dollars, unless otherwise noted)

#### (b) Warrants

The following is a summary of the Company's warrants at September 30, 2020 and March 31, 2020:

Date of Issue	Note	Exercise Price	Expiry Date	March 31, 2020	Exercised	September 30, 2020
April 29, 2015		\$0.05	April 22, 2020	25,618,106	(25,618,106)	–
October 7, 2015 <sup>1</sup>		\$0.15	October 7, 2020	5,000,000	–	5,000,000
July 25, 2016		\$0.40	July 25, 2021	2,500,000	–	2,500,000
				33,118,106	(25,618,106)	7,500,000

The weighted average exercise price of the warrants outstanding at September 30, 2020 is \$0.23 (March 31, 2020 – \$0.09).

#### (c) Subscription received in advance

During the three months ended September 30, 2020, the Company received proceeds of \$750,000 for 5,000,000 share purchase warrants which were exercised on October 1, 2020.

## 7. RELATED PARTY TRANSACTIONS

### *Compensation of key management personnel*

Key management includes the Company's directors and certain senior management. For the three and six months ended September 30, 2020, the Company paid salaries and benefits of \$4,599 and \$9,198, respectively to key management personnel (September 30, 2019 – \$29,825 and \$33,470, respectively).

### *Related party transactions*

On March 1, 2015, the Company entered into an arrangement to share office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the office space rental agreement. The Company's obligation for future rental payments on September 30, 2020 was approximately \$47,000, determined based on the Company's average share of rent paid in the immediately preceding 12 months.

The Company was charged for the following with respect to these arrangements in the three and six months ended September 30, 2020 and 2019:

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Salaries and benefits	\$ 10,844	\$ 50,389	\$ 28,611	\$ 67,032
General office expenses	7,783	9,383	18,219	16,555
Listing and filing fees	3,367	3,052	3,370	3,052
Investor relations	–	2,026	194	3,688
Travel	–	1,301	–	1,301
	\$ 21,994	\$ 66,151	\$ 50,394	\$ 91,628

At September 30, 2020 due to related party includes \$138 (March 31, 2020 – \$504) with respect to these arrangements.

The amount due from related party at September 30, 2020 of \$5,026 (March 31, 2020 – \$5,026) relates to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

## Armor Minerals Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian dollars, unless otherwise noted)

#### 8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company's financial instruments are classified into the following categories of financial assets and liabilities (shown at carrying value):

	September 30, 2020	March 31, 2020
<b>Financial assets</b>		
Loans and receivables at amortized cost		
Cash and cash equivalents	\$ 2,361,904	\$ 387,056
Amounts receivable	1,551	5,456
Due from related party	5,026	5,026
<b>Total financial assets</b>	<b>\$ 2,368,481</b>	<b>\$ 397,538</b>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 9,265	\$ 13,487
Due to related party	138	504
Deferred liability	9,420	13,458
<b>Total financial liabilities</b>	<b>\$ 18,823</b>	<b>\$ 27,449</b>

The fair values of the Company's financial instruments in the table above approximate their carrying values.

#### **Financial risk management**

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

##### *Currency risk*

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a small portion of its expenses are incurred in U.S. dollars. The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable liabilities that are denominated in United States dollars ("US\$"). The Company does not use derivatives or other techniques to manage foreign currency risk.

##### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from cash held with banks and financial institutions, as well as credit exposure on outstanding amounts receivable. The Company manages its exposure to credit risk by holding its cash through Canadian chartered banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the investments included in cash is limited. Based on the amount of cash invested as at September 30, 2020 and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an insignificant impact in the interest earned by the Company per annum.

##### *Liquidity risk*

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

## Armor Minerals Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian dollars, unless otherwise noted)

#### **Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

#### **9. COMMITMENTS**

At September 30, 2020, based on the Company's current share of rent, the Company is committed to payments for office leases premises through 2022 in the total amount of approximately \$18,900. Payments by fiscal year are:

2021	\$	8,100
2022		10,800

#### **10. SEGMENT INFORMATION**

The Company operates in one industry segment, being mineral exploration. Geographic information is as follows:

	<b>Canada</b>	<b>United States</b>	<b>Total</b>
Total assets as at:			
September 30, 2020	\$ 2,370,937	\$ –	\$ 2,370,937
March 31, 2020	\$ 405,822	\$ –	\$ 405,822
Net loss for the six months ended:			
September 30, 2020	\$ 57,164	\$ –	\$ 57,164
September 30, 2019	\$ 149,816	\$ 369	\$ 150,185