



ARMOR MINERALS INC.

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2018

Introduction

This management's discussion and analysis ("MD&A") of Armor Minerals Inc. (the "*Company*", "*Armor*", "*we*", "*us*", or "*our*") covers the three and nine months ended December 31, 2018. This MD&A takes into account information available up to and including February 28, 2019. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes ("financial statements") for the three and nine months ended December 31, 2018, and MD&A for the year ended March 31, 2018, which are available on the Company's website at www.armorminerals.com and under the Company's profile on the SEDAR website at www.sedar.com.

The Company has prepared the condensed consolidated interim financial statements and notes thereto 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*.

All dollar amounts reported herein are in Canadian dollars unless indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including without limitation, statements with respect to the Company's expectations for obtaining new funding and the success of exploration activities. Forward-looking statements are often, but not always, identified by the use of words such as *may*, *will*, *seek*, *anticipate*, *believe*, *plan*, *estimate*, *budget*, *schedule*, *forecast*, *project*, *expect*, *intend*, or similar expressions. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Such factors include, among others, uncertainties related to financings and the other risks associated with being a mineral exploration company, as well as those factors discussed elsewhere in this MD&A. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Unless otherwise indicated, forward-looking statements contained herein are as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

Description of Business

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 December 31, 2018 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 (the "TSX-V") under the symbol "A".

The Company is engaged in the acquisition and exploration of mineral property interests. Currently, Armor does not have any mineral producing properties or any revenues from operations.

Corporate Matters

In October 2018, Richard W. Warke was appointed as Chief Executive Officer and President of the Company.

Costs Expensed, Net Loss and Comprehensive Loss

During the three and nine months ended December 31, 2018, the Company recorded a net loss of \$34,549 (\$0.00 per share) and \$74,475 (\$0.00 per share), respectively, compared to a net loss of \$13,060 (\$0.00 per share) and \$59,418 (\$0.00 per share), respectively in the same periods of fiscal year 2018.

The increased net loss during the three months ended December 31, 2018 mainly reflects an increase in professional fees related to property investigation, compared to the same period of fiscal year 2018. The increased net loss during the nine months ended December 31, 2018 reflects an increase in professional fees related to property investigation, offset by lower salaries and benefits expense and higher finance income earned during the nine months ended December 31, 2018 compared to the same period of fiscal year 2018.

Salaries and benefits expense of \$4,486 for the three months and \$15,881 for the nine months ended December 31, 2018 compares to \$4,480 for the three months and \$21,082 for the nine months ended December 31, 2017. Salaries and benefits expense represent the allocation at cost of salary charges from a related management company (see "Related Party Transactions", subsequently in this MD&A). Personnel employed by the management company work on several public companies and accordingly, the cost charged to Armor will vary with the amount of time incurred on the Company's affairs.

General office expenses, listing and filing fees for the three and nine months ended December 31, 2018 were all comparable to the three and nine months ended December 31, 2017. For both nine months ended December 31 of 2018 and 2017, the Company had very limited activity other than ordinary corporate matters associated with its listing on the TSX-V.

After accounting for the foreign currency translation loss, there was a comprehensive loss of \$34,530 for the three months and \$74,453 for the nine months ended December 31, 2018 compared to a comprehensive loss of \$13,102 and \$59,942 for the same periods of fiscal 2018.

Liquidity and Capital Resources

As at December 31, 2018, the Company had cash and cash equivalents of \$721,793 compared to \$536,719 at March 31, 2018.

For the three and nine months ended December 31, 2018 the Company used \$29,875 and \$69,798, respectively for operating activities, compared to \$11,593 and \$99,385 in the same periods of fiscal year 2018. The decreased use of cash during the nine months ended December 31, 2018 compared to the nine months ended December 31, 2017 is primarily attributable to the impact of the timing of receipts and payments from non-cash working capital items, primarily accounts payable and accrued liabilities.

Cash flow from financing activities of \$240,000 for the nine months ended December 31, 2018 relates to the exercise of 3,000,000 share purchase warrants of the Company at an exercise price of \$0.08.

At December 31, 2018 the Company had cash and cash equivalents of \$721,793, working capital of \$696,286, a net loss for the nine months ended December 31, 2018 of \$74,475, and a deficit of \$31,183,029. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months.

Contractual Obligations

At December 31, 2018 the Company had contractual cash flow commitments estimated as follows:

| | < 1 Year | 1-3 Years | 3-5 Years | > 5 Years | Total |
|--|--------------------|------------------|------------------|---------------------|------------------|
| Operating lease obligations | \$ 10,600 | \$ 20,300 | \$ - | \$ - | \$ 30,900 |
| Accounts payable and accrued liabilities | 30,892 | - | - | - | 30,892 |
| Deferred rental liability | 8,075 | 15,477 | - | - | 23,552 |
| | \$ 49,567 | \$ 35,777 | \$ - | \$ - | \$ 85,344 |

Summary of Quarterly Results

| | Net loss | | | Net loss per share | | |
|-------|------------------------------|-------------|--------------|------------------------------|---------|-----------|
| | For the year ended March 31, | | | For the year ended March 31, | | |
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Q1 | \$ (14,055) | \$ (16,935) | \$ (118,909) | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Q2 | (25,871) | (29,423) | (62,514) | 0.00 | 0.00 | 0.00 |
| Q3 | (34,549) | (13,060) | (252,982) | 0.00 | 0.00 | (0.01) |
| Q4 | N/A | (16,181) | (39,984) | N/A | 0.00 | 0.00 |
| Total | \$ (74,475) | \$ (75,599) | \$ (474,389) | \$ 0.00 | \$ 0.00 | \$ (0.01) |

The most significant factors influencing the Company's quarterly results over the last eight quarters are:

- The exploration and evaluation costs of \$201,272 in the third quarter of 2017 which relate to the follow-up soil sampling and drill program on the Warmister Project, which commenced in the third quarter of fiscal 2017.
- The exploration and evaluation costs of \$88,317 in the first quarter of 2017 which primarily relate to the drill program on the Warmister Project which was initiated in the fourth quarter of 2016.
- The Company's quarterly results are not generally subject to seasonal factors.

Share Capital Information

As at February 28, 2019, the Company had an unlimited number of common shares authorized for issuance with 44,319,015 issued and outstanding. Also, at February 28, 2019, the Company had 33,118,106 warrants issued and outstanding with a weighted average exercise price of \$0.09.

Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Related Party Transactions

Commencing March 1, 2015, the Company shares office space, equipment, personnel, consultants and various administrative services with other companies (Arizona Mining Inc. until August 10, 2018 and Titan Mining Corporation) related by virtue of certain common management and a director of the Company. These services have been mainly provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services. The Company was charged for the following with respect to these arrangements in the three and nine months ended December 31, 2018 and 2017:

| | Three months ended December 31, | | Nine months ended December 31, | |
|-------------------------|---------------------------------|-----------------|--------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| General office expenses | \$ 5,646 | \$ 3,793 | \$ 21,250 | \$ 14,225 |
| Salaries and benefits | 4,486 | 4,480 | 15,881 | 21,082 |
| Listing and filing fees | - | 190 | 3,670 | 3,951 |
| Investor relations | - | - | - | 450 |
| | <u>\$ 10,132</u> | <u>\$ 8,463</u> | <u>\$ 40,801</u> | <u>\$ 39,708</u> |

At December 31, 2018, due from related parties includes \$11,626 (March 31, 2018 – \$1,275) with respect to these arrangements.

Other assets of \$2,876 at December 31, 2018 (March 31, 2018 - \$17,735) relates to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in its consolidated financial statements for the year ended March 31, 2018. The preparation of its consolidated financial statements requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated. However, actual outcomes could materially differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Functional currency

The Company and its subsidiaries have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that, management has to analyse several factors, including which currency mainly influences the cost of undertaking the business activities, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities. Management uses its judgment to determine which factors are most important, when the above indicators are mixed and the functional currency is not obvious.

Options and warrants

The fair value of options and warrants is determined on the grant date. In order to compute the fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life, expected volatility, expected dividend yield and the risk-free interest rate, as well as the number of options or warrants expected to be exercised.

Changes in accounting policies

During the nine months ended December 31, 2018, as a result of the application of IFRS 9, *Financial Instruments*, the Company has amended the relevant accounting policy. See Note 3 of the condensed consolidated interim financial statements for additional details.

Recent Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded.

On January 13, 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") in accordance with which, all leases will be recorded on the statement of financial position of lessees, except those that meet the limited exception criteria. As a result, for the Company's office rental leases, rent expense will be removed and replaced by the recording of depreciation and finance expenses. IFRS 16 is mandatorily effective for the Company's consolidated financial statements for the year ending March 31, 2020.

Financial Instruments

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

| | Basis of measurement | December 31, 2018 | March 31, 2018 |
|---------------------------|----------------------|-------------------|-------------------|
| Financial assets | | | |
| Cash and cash equivalents | Amortized cost | \$ 721,793 | \$ 536,719 |
| Amounts receivable | Amortized cost | 1,834 | 2,156 |
| Prepaid expenses | Amortized cost | - | 5,025 |
| Due from related parties | Amortized cost | 11,626 | - |
| | | <u>\$ 735,253</u> | <u>\$ 543,900</u> |

Financial liabilities

Financial liabilities

| | | | | | |
|--|----------------|----|--------|----|--------|
| Accounts payable and accrued liabilities | Amortized cost | \$ | 30,892 | \$ | 12,614 |
| Due to related parties | Amortized cost | | - | | 1,275 |
| Deferred rental liability – current | Amortized cost | | 8,075 | | 8,075 |
| Deferred rental liability – non-current | Amortized cost | | 15,477 | | 21,533 |
| | | \$ | 54,444 | \$ | 43,497 |

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 portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the assets and liabilities denominated in U.S. dollars held by the Canadian parent company, a 10% change in the Canadian-U.S. dollar exchange rate would result in an insignificant impact on the Company's earnings.

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 December 31, 2018 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.

Risk Factors

The Company currently has no revenues from operations. Should the Company decide to explore or acquire other mineral property interests it will require additional funding, which the Company will likely seek from the equity markets. There can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described in the Company's MD&A for the year ended March 31, 2018 and the other information filed with the Canadian securities regulators, which are available on SEDAR at www.sedar.com, before investing in the Company's common shares. The risks described in the above-noted documents are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's

business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose part or all of their investment.

Armor Minerals Inc.
Corporate Information

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| Head Office | Suite 555 – 999 Canada Place Vancouver, BC V6C 3E1 Telephone: (604) 687-1717 Facsimile: (604) 687-1715 |
| Records & Registered Office | 1200 Waterfront Centre 200 Burrard Street P.O. Box 48600 Vancouver, BC V7X 1T2 |
| Directors | Purni Parikh Robert Pirooz, Q.C. Richard W. Warke |
| Officers | Richard W. Warke – Chief Executive Officer and President Susy Horna – Corporate Secretary |
| Registrar & Transfer Agent | Computershare Investors Services Inc. #401 – 510 Burrard Street Vancouver, BC V6C 3B9 |
| Auditors | Davidson & Company LLP 609 Granville St Vancouver, BC V7Y 1G6 |
| Solicitors | Borden, Ladner, Gervais LLP 1200 Waterfront Centre 200 Burrard Street P.O. Box 48600 Vancouver, BC V7X 1T2 |
| Shares Listed | TSX Venture Exchange (TSX-V) Trading symbol ~ A |
| Investor Relations | info@armorminerals.com |