



Armor Minerals Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 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	December 31, 2020	March 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 2,340,335	\$ 387,056
Amounts receivable		2,043	5,456
Prepaid expenses	7	8,261	8,284
		2,350,639	400,796
Due from a related party	7	5,026	5,026
Total assets		\$ 2,355,665	\$ 405,822
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 10,274	\$ 13,487
Due to a related party	7	–	504
Deferred liability	5	14,803	8,075
		25,077	22,066
Deferred liability	5	–	5,383
Total liabilities		25,077	27,449
Shareholders' equity			
Share capital	6	30,834,138	27,937,218
Reserves	6	3,065,968	3,929,483
Deficit		(31,569,518)	(31,488,328)
Total shareholders' equity		2,330,588	378,373
Total liabilities and shareholders' equity		\$ 2,355,665	\$ 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

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 December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
Expenses:					
Salaries and benefits		\$ 12,093	\$ 38,478	\$ 40,535	\$ 105,510
General office expenses		5,844	5,402	20,412	23,184
Listing and filing fees		6,146	3,468	17,011	14,763
Professional fees		4,102	3,000	13,612	31,825
Investor relations		255	3,138	644	7,293
Depreciation	3	–	7,183	–	23,580
Travel		–	86	–	1,387
Loss before other items		28,440	60,755	92,214	207,542
Finance income		(4,430)	(1,492)	(11,068)	(4,957)
Foreign exchange loss		16	8	44	86
Interest on lease liabilities	3	–	5,038	–	11,823
Net loss		\$ 24,026	\$ 64,309	\$ 81,190	\$ 214,494
Other comprehensive loss:					
Items that may be reclassified to profit or loss:					
Foreign currency translation loss		–	–	–	6
Comprehensive loss		\$ 24,026	\$ 64,309	\$ 81,190	\$ 214,500
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					
		74,885,694	44,319,015	69,543,195	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 dollars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
Cash provided by (used in):					
Operations					
Net loss		\$ (24,026)	\$ (64,309)	\$ (81,190)	\$ (214,494)
Items not affecting cash:					
Foreign exchange loss		17	9	44	39
Amortization of deferred liability	5	(4,037)	(2,018)	(8,075)	(6,056)
Interest on lease liabilities	3	–	5,038	–	11,823
Depreciation	3	–	7,183	–	23,580
Net changes in non-cash working capital items:					
Amounts receivable		(492)	49	3,413	(1,029)
Prepaid expenses		(5,805)	4,004	23	(21,821)
Accounts payable and accrued liabilities		1,009	88	(3,213)	8,299
Due to related party		(138)	–	(504)	(13,932)
		(33,472)	(49,956)	(89,502)	(213,591)
Financing					
Proceeds from exercise of warrants	6b	2,500	–	2,033,405	–
Payment of lease liabilities	3	–	(11,956)	–	(35,385)
		2,500	(11,956)	2,033,405	(35,385)
Investing					
Contribution from former related party	5	9,420	–	9,420	–
Advances to related party		–	–	–	(2,150)
		9,420	–	9,420	(2,150)
Effect of exchange rate changes on cash and cash equivalents					
		(17)	(9)	(44)	(45)
Increase (decrease) in cash and cash equivalents		(21,569)	(61,921)	1,953,279	(251,171)
Cash and cash equivalents, beginning of the period		2,361,904	512,628	387,056	701,878
Cash and cash equivalents, end of the period		\$ 2,340,335	\$ 450,707	\$ 2,340,335	\$ 450,707
Supplementary information:					
Cash and cash equivalents, end of period comprise:					
Cash balances with banks		\$ 325	\$ 16,827	\$ 325	\$ 16,827
Cash equivalents		2,340,010	433,880	2,340,010	433,880
		\$ 2,340,335	\$ 450,707	\$ 2,340,335	\$ 450,707

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

Armor Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited – Expressed in Canadian dollars, except number of shares)

	Share capital		Reserves				Shareholders' equity
	Number of Shares	Amount	Foreign currency translation	Options and warrants	Total	Deficit	
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	30,624,356	2,896,920	–	(863,515)	(863,515)	–	2,033,405
Net loss and comprehensive loss	–	–	–	–	–	(81,190)	(81,190)
Balance, December 31, 2020	74,943,371	\$ 30,834,138	\$ 832	\$ 3,065,136	\$ 3,065,968	\$ (31,569,518)	\$ 2,330,588
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)	(214,494)	(214,500)
Balance, December 31, 2019	41,319,015	\$ 27,937,218	\$ 832	\$ 3,928,651	\$ 3,929,483	\$ (31,460,324)	\$ 406,377

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 nine months ended December 31, 2020 and 2019

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

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 December 31, 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 December 31, 2020, the Company had cash and cash equivalents of \$2,340,335, working capital of \$2,325,562, net loss for the nine months ended December 31, 2020 of \$81,190, and a deficit of \$31,569,518. 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.

The Board of Directors authorized these financial statements for issuance on February 26, 2021.

(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 consolidated 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 nine months ended December 31, 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. 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 nine months ended December 31, 2020, the Company recognized a credit to general office expenses of \$528 and an expense of \$6,279 respectively 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

	December 31, 2020		March 31, 2020	
Trade and other payables	\$	122	\$	463
Accrued liabilities		10,152		13,024
	\$	10,274	\$	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 general office expenses over the remaining term of the leases.

The following is a summary of changes in deferred liability:

	December 31, 2020		March 31, 2020	
Balance, start of the period	\$	13,458	\$	21,533
Contribution from former related party		9,420		–
Amortization of deferred liability		(8,075)		(8,075)
Balance, end of the period	\$	14,803	\$	13,458
Less current portion		14,803		8,075
Non-current deferred liability	\$	–	\$	5,383

6. SHARE CAPITAL

(a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 74,943,371 (March 31, 2020 – 44,319,015)

Armor Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2020 and 2019

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

(b) Warrants

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

Date of Issue	Exercise Price	Expiry Date	March 31, 2020	Exercised	December 31, 2020
April 29, 2015	\$0.05	April 22, 2020	25,618,106	(25,618,106)	–
October 7, 2015 ¹	\$0.15	October 7, 2020	5,000,000	(5,000,000)	–
July 25, 2016	\$0.40	July 25, 2021	2,500,000	(6,250)	2,493,750
			33,118,106	(30,624,356)	2,493,750

The weighted average exercise price of the warrants outstanding at December 31, 2020 is \$0.40 (March 31, 2020 – \$0.09).

7. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Company's directors and certain senior management. For the three and nine months ended December 31, 2020, the Company paid salaries and benefits of \$5,099 and \$14,297, respectively to key management personnel (December 31, 2019 – \$22,927 and \$56,397, 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 December 31, 2020 was approximately \$28,000, 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 nine months ended December 31, 2020 and 2019:

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Salaries and benefits	\$ 12,093	\$ 38,478	\$ 40,535	\$ 105,510
General office expenses	1,595	5,019	19,660	21,573
Listing and filing fees	45	255	3,412	3,307
Investor relations	–	2,585	149	6,274
Travel	–	–	–	1,301
	\$ 13,733	\$ 46,337	\$ 63,756	\$ 137,965

At December 31, 2020 prepaids includes \$8,180 with respect to this arrangement (March 31, 2020 – due to related party of \$504).

The amount due from related party at December 31, 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 nine months ended December 31, 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):

	December 31, 2020		March 31, 2020	
Financial assets				
Loans and receivables at amortized cost				
Cash and cash equivalents	\$	2,340,335	\$	387,056
Amounts receivable		2,043		5,456
Due from related party		5,026		5,026
Total financial assets	\$	2,347,404	\$	397,538
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$	10,274	\$	13,487
Due to a related party		–		504
Deferred liability		14,803		13,458
Total financial liabilities	\$	25,077	\$	27,449

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 Company is not materially exposed to interest rate risk at this time.

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 nine months ended December 31, 2020 and 2019

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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 December 31, 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 \$9,900. Payments by fiscal year are:

2021	\$	2,700
2022		7,200

10. SEGMENT INFORMATION

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

		Canada		United States		Total
Total assets as at:						
December 31, 2020	\$	2,355,665	\$	–	\$	2,355,665
March 31, 2020	\$	405,822	\$	–	\$	405,822
Net loss for the nine months ended:						
December 31, 2020	\$	81,190	\$	–	\$	81,190
December 31, 2019	\$	214,105	\$	389	\$	214,494