ARMOR MINERALS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended December 31, 2016

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 – Canadian dollars)

		December 31, 2016		March 31, 2016
Assets				
Current assets:				
Cash and cash equivalents	$	821,568	$	122,367
Amounts receivable		997		2,855
Prepaid expenses		525		26,188
	$	823,090	$	151,410
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	$	172,372	$	76,615
Due to related parties (note 7)		18,597		-
		190,969		76,615
Shareholders' equity (deficit)				
Share capital (note 6)		27,625,170		26,950,489
Reserves (note 6)		3,999,922		3,682,872
Deficit		(30,992,971)		(30,558,566)
		632,121		74,795
	$	823,090	$	151,410

Nature of operations and liquidity (note 1)
Commitments (note 8)
Subsequent event (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

Armor Minerals Inc.

Condensed Consolidated Interim Statements of Net Income (Loss) and Comprehensive Income (Loss)

(Unaudited – Canadian dollars)

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Expenses:				
Exploration and evaluation costs (note 5)	$ 201,272	$ 32,870	$ 299,276	$ 32,870
Salaries and benefits	15,791	25,795	41,944	61,960
General office expenses	13,591	26,163	29,375	50,471
Listing and filing fees	12,575	3,181	26,696	12,989
Professional fees	5,733	3,776	30,168	71,523
Travel	3,488	-	3,488	-
Investor relations	1,305	-	4,640	4,773
Loss before other items	(253,755)	(91,785)	(435,587)	(234,586)
Finance income (expense)	1,217	246	1,863	(10)
Gain on settlement of debt	-	-	-	494,655
Foreign exchange gain (loss)	(444)	(1,774)	(681)	112,236
Net income (loss)	(252,982)	(93,313)	(434,405)	372,295
Other comprehensive loss:				
Items that may be reclassified to profit or loss:				
Foreign currency translation loss	(1,087)	-	(777)	-
Comprehensive income (loss)	$ (254,069)	$ (93,313)	$ (435,182)	$ 372,295
Basic and diluted net income (loss) per share	$ (0.006)	$ (0.003)	$ (0.011)	$ 0.013
Weighted average number of shares outstanding	41,344,015	35,963,580	39,234,924	29,766,106

See accompanying notes to the condensed consolidated interim financial statements.

Armor Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

(Unaudited – Canadian dollars)

	Share Capital		Reserves				
	Number of shares	Amount	Foreign currency translation reserve	Options and warrants	Total	Deficit	Total deficit
Balance, April 1, 2016	36,344,015	$ 26,950,489	$ -	$ 3,682,872	$ 3,682,872	$ (30,558,566)	$ 74,795
Units issued on private placement	5,000,000	682,173	-	317,827	317,827	-	1,000,000
Share issue costs	-	(7,492)	-	-	-	-	(7,492)
Comprehensive income	-	-	(777)	-	(777)	(434,405)	(435,182)
Balance, December 31, 2016	41,344,015	$ 27,625,170	$ (777)	$ 4,000,699	$ 3,999,922	$ (30,992,971)	$ 632,121

	Share Capital		Reserves				
	Number of shares	Amount	Foreign currency translation reserve	Options and warrants	Total	Deficit	Total deficit
Balance, March 31, 2015	1,725,909	$ 22,634,599	$ (251,975)	$ 2,374,120	$ 2,122,145	$ (26,709,632)	$ (1,952,888)
Change in accounting policy – presentation currency	-	3,336,536	251,975	349,968	601,943	(3,938,479)	-
Balance, April 1, 2015	1,725,909	$ 25,971,135	$ -	$ 2,724,088	$ 2,724,088	$ (30,648,111)	$ (1,952,888)
Units for debt settlement	25,618,106	653,708	-	627,197	627,197	-	1,280,905
Units issued on private placement	9,000,000	368,413	-	331,587	331,587	-	700,000
Share issue costs	-	(43,250)	-	-	-	-	(43,250)
Comprehensive income	-	-	-	-	-	372,295	372,295
Balance, December 31, 2015	36,344,015	$ 26,950,006	$ -	$ 3,682,872	$ 3,682,872	$ (30,275,816)	$ 357,062

See accompanying notes to the condensed consolidated interim financial statements.

Armor Minerals Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Canadian dollars)

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Cash provided by (used in):				
Operating activities:				
Net income (loss)	$ (252,982)	$ (93,313)	$ (434,405)	$ 372,295
Items not affecting cash:				
Foreign exchange (gain) loss	(515)	16	(258)	(113,890)
Gain on settlement of debt	-	-	-	(494,655)
Net changes in non-cash working capital items:				
Amounts receivable	2,555	1,570	1,858	2,744
Prepaid expenses	4,356	(3,114)	25,663	(6,130)
Accounts payable and accrued liabilities	143,396	(29,317)	95,757	(18,937)
Due to related parties	14,270	(16,620)	18,597	(4,043)
	(88,920)	(140,778)	(292,788)	(262,616)
Financing activities:				
Proceeds from private placement	-	500,000	1,000,000	700,000
Share issue costs	(741)	(3,250)	(7,492)	(3,250)
	(741)	496,750	992,508	696,750
Effect of exchange rate changes on cash and cash equivalents	(572)	(16)	(519)	139
Increase (decrease) in cash and cash equivalents	(90,233)	355,956	699,201	434,273
Cash and cash equivalents, beginning of period	911,801	84,877	122,367	6,560
Cash and cash equivalents, end of period	$ 821,568	$ 440,833	$ 821,568	$ 440,833
Supplementary information:				
Cash and cash equivalents, end of period comprise:				
Cash and balances with banks	$ 28,694	$ 40,319	$ 28,694	$ 40,319
Short-term investments	792,874	400,514	792,874	400,514
	$ 821,568	$ 440,833	$ 821,568	$ 440,833
Non-cash financing activities				
Units issued for debt settlement	$ -	$ -	$ -	$ 1,280,905

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of Operations and Liquidity

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, 2016 consist of Armor and it 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"). The Company's shares were delisted from the Bolsa de Valores de Lima (the "BVL") in Peru, effective January 31, 2017.

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, 2016 the Company had cash and cash equivalents of $821,568, working capital of $632,121, a net loss for the nine months ended December 31, 2016 of $434,405 and a deficit of $30,992,971. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months. However, depending on the level of exploration activities, additional funds may be required and the Company may need to seek additional funding to finance such activities. The Company has historically raised funds principally through the sale of securities and will continue to seek to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms.

The Company's financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

2. Basis of Presentation

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, 2016. The Board of Directors authorized these financial statements for issuance on February 27, 2017.

3. 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.

IFRS 9, *Financial Instruments: Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition* *and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company expects to adopt this standard effective January 1, 2018 and has not yet assessed the impact on its financial reporting.

On January 13, 2016, the IASB issues IFRS 16, *Leases* ("IFRS 16"), according to which, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRS 16 on its financial statements.

4. Accounts Payable and Accrued liabilities

	December 31, 2016	March 31, 2016
Trade and other payables	$ 31,735	$ 13,816
Due to Jack's Fork (note 5)	140,637	62,799
	$ 172,372	$ 76,615

5. Exploration and Evaluation Costs

The following is a summary of exploration and evaluation costs by category for the three and nine months ended December 31, 2016 and 2015:

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Administration fee	$ 33,353	$ 32,870	$ 33,353	$ 32,870
Option and royalty payments	-	-	32,618	-
Drilling	54,617	-	54,617	-
Property access	4,783	-	4,783	-
Assay and analysis	20,881	-	56,908	-
Geologic consulting and support	66,651	-	89,435	-
Travel, food and accommodations	14,321	-	19,161	-
Supplies and other	6,666	-	8,401	-
	$ 201,272	$ 32,870	$ 299,276	$ 32,870

On October 28, 2015, the Company signed a definitive Earn-in Agreement (the "Agreement") with Jack's Fork Exploration, Inc. ("Jack's Fork"), to acquire up to an 80% joint venture interest in the Warmister and Tower Hill gold properties (the "Properties") located in Virginia, USA. On April 7, 2016, the Company assigned the Agreement to its wholly owned subsidiary, Armor US.

Under the terms of the Agreement, Armor will earn up to a 50% interest in the Properties by incurring exploration expenditures aggregating US$950,000 (the "Work Expenditures") in accordance with the following schedule:

- US$250,000 on or before October 28, 2016 to acquire a 10% interest in the Properties;
- US$250,000 on or before October 28, 2017 to acquire an additional 15% interest in the Properties; and
- US$450,000 on or before October 28, 2018 to acquire an additional 25% interest in the Properties.

Included in the Work Expenditures is a US$25,000 administration fee, the first payment of which was due upon execution of the Agreement (paid), and US$25,000 annually thereafter until the earlier of when

US$75,000 is paid or the delivery of a fully funded preliminary economic assessment.

Armor will earn an additional 30% interest in the Properties with delivery of a preliminary economic assessment on or before October 28, 2020.

At December 31, 2016, accounts payable and accrued liabilities include $140,637 (March 31, 2016 – $62,799) payable to Jack's Fork with respect to the Agreement. On February 24, 2017 in accordance with the Agreement, Armor gave thirty days' advance notice of termination to Jack's Fork (see note 10).

6. Share Capital and Reserves

a) Share capital

In connection with the April 29, 2015 units for debt transactions there are a total of 11,528,148 units ("Debt Units") remaining in escrow as at December 31, 2016 (March 31, 2016 – 19,213,580). Each Debt Unit comprised of one common share and one common share purchase warrant (a "Debt Warrant"). Each Debt Warrant entitles the holder to purchase one common share at a price of $0.05 per common share until April 22, 2020. The remaining escrowed units are to be released every six months from April 22, 2016 until April 22, 2018.

b) Private placement

On July 25, 2016, the Company closed a non-brokered private placement of 5,000,000 units at a price of $0.20 per unit for gross proceeds of $1,000,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is convertible into one common share of the Company at a price of $0.40 for a period of 5 years from closing.

The Company determined that the fair value of the warrants issued on July 25, 2016 was $317,827. The fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 5 years; annualized volatility of 154%; a risk free interest rate of 0.65%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

c) Warrants

The following summarizes the Company's warrants at December 31, 2016:

Date of Issue	Exercise Price	Expiry Date	March 31, 2016	Issued	Expired	December 31, 2016
April 29, 2015	$0.05	April 22, 2020	25,618,106	-	-	25,618,106
April 29, 2015	$0.08	April 29, 2018	4,000,000	-	-	4,000,000
October 7, 2015	$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
			34,618,106	2,500,000	-	37,118,106

The weighted average exercise price of the warrants outstanding at December 31, 2016 is $0.09 (March 31, 2016 – $0.07).

7. Related Party Disclosures

In addition to the related party disclosures or balances disclosed elsewhere in these condensed consolidated interim financial statements, the Company had the following 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. and NewCastle Gold Ltd.) 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 three and nine months ended December 31, 2016 and 2015:

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and benefits	$ 15,791	$ 25,795	$ 41,944	$ 61,960
General office expenses and other	14,159	26,309	29,075	51,419
Travel	3,430	-	3,430	3,101
Investor relations	1,125	-	3,135	-
Listing and filing fees	165	45	2,933	-
Exploration and evaluation costs	-	-	16,523	-
Professional fees	-	-	14,357	-
	$ 34,670	$ 52,149	$ 111,397	$ 116,480

At December 31, 2016, prepaid expenses include $nil (March 31, 2016 – $21,701) and due to related parties includes $18,597 (March 31, 2015 – $nil) with respect to these arrangements.

8. Commitments

At December 31, 2016, based on current estimated usage, the Company is committed to payments for office premises through fiscal 2019 in the total amount of approximately $26,000. Payments by fiscal year are:

Remainder of 2017	$	4,100
2018		16,400
2019		5,500

9. 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, 2016	$ 823,090	$ -	$ 823,090
March 31, 2016	$ 151,410	$ -	$ 151,410
Net income (loss) for the nine months ended:			
December 31, 2016	$ 134,302	$ 300,103	$ 434,405
December 31, 2015	$ 372,295	$ -	$ 372,295

10. Subsequent Event

On February 24, 2017 in accordance with the Agreement, Armor gave thirty days' advance notice of termination to Jack's Fork. Upon expiry of the thirty day notice period, the Agreement will be of no further force or effect and Armor shall have no further obligation to incur expenses on or for the benefit of the Properties and shall have no further obligations or liabilities to Jack's Fork under the Agreement or with respect to the Properties, other than to reimburse Jack's Fork for Work Expenditures initiated on the Properties prior to the termination date.