ARMOR MINERALS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended September 30, 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, 2019		March 31, 2019
Assets					
Current assets:					
Cash and cash equivalents		$	512,628	$	701,878
Amounts receivable			3,339		2,261
Prepaid expenses			32,425		6,600
			548,392		710,739
Non-current assets:					
Right-of-use assets	4		129,406		–
Due from related party	8		5,026		2,876
Total assets		$	682,824	$	713,615
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	5	$	65,484	$	57,273
Lease liabilities	4		51,105		–
Due to related party	8		–		13,932
Deferred liability	6		8,075		8,075
			124,664		79,280
Non-current liabilities:					
Lease liabilities	4		78,054		–
Deferred liability	6		9,420		13,458
Total liabilities		$	212,138	$	92,738
Shareholders' equity					
Share capital	7		27,937,218		27,937,218
Reserves	7		3,929,483		3,929,489
Deficit			(31,396,015)		(31,245,830)
Total shareholders' equity			470,686		620,877
Total liabilities and shareholders' equity		$	682,824	$	713,615
Nature of operations	1				

APPROVED BY THE DIRECTORS

/s/ Richard W. Warke
Richard W. Warke, Director

/s/ 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 data)

		Three months ended September 30,		Six months ended September 30,	
	Note	2019	2018	2019	2018
Expenses:					
Salaries and benefits		$ 50,389	$ 5,489	$ 67,032	$ 11,395
Professional fees		25,825	3,624	28,825	6,624
Depreciation	4	11,114	–	16,397	–
General office expenses		10,611	7,430	17,782	12,018
Listing and filing fees		8,721	11,028	11,295	13,349
Investor relations		2,381	240	4,155	300
Travel		1,301	–	1,301	–
Loss before other items		(110,342)	(27,811)	(146,787)	(43,686)
Other items:					
Finance income		1,423	1,954	3,465	3,767
Foreign exchange loss		(4)	(14)	(78)	(7)
Interest on lease liabilities	4	(4,818)	–	(6,785)	–
Net loss		(113,741)	(25,871)	(150,185)	(39,926)
Other comprehensive loss:					
Items that may be reclassified to profit or loss:					
Foreign currency translation (loss) gain		1	(8)	(6)	3
Comprehensive loss		$ (113,740)	$ (25,879)	$ (150,191)	$ (39,923)
Basic and diluted net loss per share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding		44,319,015	43,511,323	44,319,015	43,511,323

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)

	Share capital				Reserves									
	Number of shares		Amount		Foreign currency translation reserve		Options and warrants		Total		Deficit		Shareholders' equity
Balance, March 31, 2018	41,319,015	$	27,625,170	$	823	$	4,000,699	$	4,001,522	$	(31,108,554)	$	518,138
Shares issued on exercise of warrants	3,000,000		240,000		–		–		–		–		240,000
Fair value of warrants exercised	–		72,048		–		(72,048)		(72,048)		–		–
Comprehensive loss	–		–		3		–		3		(39,926)		(39,923)
Balance, September 30, 2018	44,319,015	$	27,937,218	$	826	$	3,928,651	$	3,929,477	$	(31,148,480)	$	718,215
Balance, March 31, 2019	44,319,015	$	27,937,218	$	838	$	3,928,651	$	3,929,489	$	(31,245,830)	$	620,877
Comprehensive loss	–		–		(6)		–		(6)		(150,185)		(150,191)
Balance, September 30, 2019	44,319,015	$	27,937,218	$	832	$	3,928,651	$	3,929,483	$	(31,396,015)	$	470,686

Armor Minerals Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian dollars)

		Three months ended September 30,		Six months ended September 30,	
	Note	2019	2018	2019	2018
Operating activities:					
Net loss		$ (113,741)	$ (25,871)	$ (150,185)	$ (39,926)
Items not affecting cash:					
Foreign exchange loss (gain)		(16)	1	30	5
Amortization of deferred liability	6	(2,019)	(2,019)	(4,038)	(4,038)
Interest on lease liabilities	4	4,818	–	6,785	–
Depreciation	4	11,114	–	16,397	–
Net changes in non-cash working capital items:					
Amounts receivable		(2,049)	872	(1,078)	569
Prepaid expenses		(29,125)	1,675	(25,825)	3,350
Accounts payable and accrued liabilities		15,393	(6,095)	8,211	(3,709)
Due to related parties		(8,659)	3,742	(13,932)	3,826
Net cash used in operating activities		(124,284)	(27,695)	(163,635)	(39,923)
Financing activities:					
Proceeds from exercise of warrants		–	–	–	240,000
Payment of lease liabilities	4	(15,742)	–	(23,429)	–
Net cash (used in) provided by financing activities		(15,742)	–	(23,429)	240,000
Investing activities:					
Advances to related party	8	(2,150)	–	(2,150)	–
Net cash used in investing activities		(2,150)	–	(2,150)	–
Effect of exchange rate changes on cash and cash equivalents		17	(9)	(36)	(2)
Increase (decrease) in cash and cash equivalents		(142,159)	(27,704)	(189,250)	200,075
Cash and cash equivalents, beginning of the period		654,787	764,498	701,878	536,719
Cash and cash equivalents, end of the period		$ 512,628	$ 736,794	$ (512,628)	$ 736,794
Supplementary information:					
Cash and cash equivalents, end of period comprise:					
Cash balances with banks		$ 40,149	$ 1,747	$ 40,149	$ 1,747
Cash equivalents		472,479	735,047	472,479	735,047
		$ 512,628	$ 736,794	$ 512,628	$ 736,794

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

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, 2019 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. 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, 2019 the Company had cash and cash equivalents of $512,628, working capital of $423,728, net loss for the six months ended September 30, 2019 of $150,185, and a deficit of $31,396,015. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months.

2. Basis of Presentation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statement") 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 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, 2019. The Board of Directors authorized these Interim Financial Statements for issuance on November 27, 2019.

b) Basis of presentation

The accounting policies used in the preparation of these Interim 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, 2019, except as disclosed in note 3.

c) Use of judgments and estimates

In preparing these 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 audited consolidated annual financial statements as at and for the year ended March 31, 2019, except as disclosed in note 3.

3. Summary of Significant Accounting Policies

Except for the changes described below, the accounting policies applied are consistent with those of the previous financial year.

IFRS 16 – Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right, then the asset is not identified.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposed the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered, or changed, on or after April 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-to-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful life of the right-to-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise prices under a purchase price option that the Company is reasonably certain to exercise,

(Unaudited – Expressed in Canadian dollars unless otherwise noted)

lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Impact of transition to IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach and, accordingly, the comparative information has not been restated and continues to be reported under IAS 17 and related interpretations.

On transition to IFRS 16, the Company elected to apply the new definition of a lease to all its contracts.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

There were no leases classified as finance leases at transition.

On initial application, the Company recognized right-of-use assets of and lease obligations of $77,503. When measuring lease liabilities, the Company discounted the remaining lease payments using its incremental borrowing rate at April 1, 2019. The weighted-average rate applied was 20%.

The following table reconciles the Company's operating lease obligations at March 31, 2019, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at April 1, 2019.

		Office Space
Operating lease commitments at March 31, 2019	$	122,200
Recognized under new lease definition		(21,607)
	$	100,593
Discounted using the incremental borrowing rate at April 1, 2019		(23,090)
Lease liabilities recognized at April 1, 2019	$	77,503

(Unaudited – Expressed in Canadian dollars unless otherwise noted)

4. Leases

Right-of-use assets

		Office Space
Balance, April 1, 2019	$	77,503
Change in future lease payments		68,300
Depreciation for the period		(16,397)
Balance, September 30, 2019	$	129,406

Lease liabilities

		Office Space
Balance, April 1, 2019	$	77,503
Change in future lease payments		68,300
Interest on lease liabilities		6,785
Lease payments for the period		(23,429)
Balance, September 30, 2019	$	129,159
Less current portion	$	51,105
Non-current lease liabilities	$	78,054

The Company shares office space with other companies related to it by virtue of certain directors and management in common (note 8). During the six months ended September 30, 2019, there were changes to the lease payments attributable to the Company as reflected as a change in future lease payments in the tables above.

The maturity analysis of the Company's contractual undiscounted lease liabilities as at September 30, 2019 is as follows:

		< 1 year		1 to 3 years		> 3 years		Total
Lease liabilities	$	51,105	$	78,054	$	–	$	129,159

Amounts recognized in condensed consolidated interim statements of net loss:

	Three months ended September 30,				Six months ended September 30,			
		2019		2018		2019		2018
Interest on lease liabilities	$	4,818	$	–	$	6,785	$	–
Variable lease payments	$	6,179	$	–	$	8,623	$	–

Amounts recognized in condensed consolidated interim statements of cash flows:

	Three months ended September 30,				Six months ended September 30,			
		2019		2018		2019		2018
Payment of lease liabilities	$	15,742	$	–	$	23,429	$	–
Variable lease payments	$	6,179	$	–	$	8,623	$	–

5. Accounts Payable and Accrued Liabilities

		September 30, 2019		March 31, 2019
Trade and other payables	$	35	$	2,531
Accrued Liabilities		65,449		54,742
	$	65,484	$	57,273

(Unaudited – Expressed in Canadian dollars unless otherwise noted)

6. 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 8). 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, 2019		March 31, 2019
Balance, start of period	$	21,533	$	29,608
Amortization of deferred liability		(4,038)		(8,075)
Balance, end of period	$	17,495	$	21,533
Less current portion	$	(8,075)	$	(8,075)
Non-current deferred liability	$	9,420	$	13,458

7. Share Capital and Reserves

a) Share capital

At September 30, 2019, the authorized share capital comprised of an unlimited number of common shares. The common shares do not have a par value and all issued common shares are fully paid.

b) Warrants

The following summarizes the Company's warrants as at September 30, 2019 and March 31, 2019:

Date of Issue	Exercise Price	Expiry Date	Outstanding Warrants
April 29, 2015	$0.05	April 22, 2020	25,618,106
October 7, 2015	$0.15	October 7, 2020	5,000,000
July 25, 2016	$0.40	July 25, 2021	2,500,000
As at September 30, 2019 and March 31, 2019			33,118,106

The weighted average exercise price of the warrants outstanding at September 30, 2019 is $0.09 (March 31, 2019 – $0.09).

8. Related Party Disclosures

Compensation of key management

Key management includes the Company's directors and certain senior management. For the three and six months ended September 30, 2019, the Company paid salaries and benefits of $29,825 and $33,470, respectively, to key management personnel (September 30, 2018 – $2,385 and $5,363).

Related party transactions

Commencing March 1, 2015, the Company shares office space, equipment, personnel, consultants and various administrative services with other companies 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.

(Unaudited – Expressed in Canadian dollars unless otherwise noted)

The Company was allocated the following costs with respect to these arrangements for the three and six months ended September 30, 2019 and 2018:

	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
Salaries and benefits	$ 50,389	$ 5,906	$ 67,032	$ 11,395
General office expenses[1]	9,383	6,932	16,555	15,604
Listing and filing fees	3,052	147	3,052	3,670
Investor relations	2,026	–	3,688	–
Travel	1,301	–	1,301	–
	$ 66,151	$ 12,985	$ 91,628	$ 30,669

[1]The Company's lease payments are administered by the management company.

At September 30, 2019, prepaid expenses include $30,775 (March 31, 2019 - $nil) with respect to these arrangements. At March 31, 2019, there was a balance due to related party of $13,932 with respect to these arrangements.

The amount due from related party at September 30, 2019 of $5,026 (March 31, 2019 – $2,876) relates to the Company's share of jointly owned assets held by the management company.

9. 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, 2019	March 31, 2019
Financial assets – loans and receivables		
Cash and cash equivalents	$ 512,628	$ 701,878
Amounts receivable	3,339	2,261
Due from related party	5,026	2,876
	$ 520,993	$ 707,015

	September 30, 2019	March 31, 2019
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	$ 65,484	$ 57,273
Due to related party	–	13,932
Lease liability	129,159	–
Deferred liability	17,495	21,533
	$ 212,138	$ 92,738

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. As at September 30, 2019, the Company has a U.S. dollar cash balance of $415 (March 31, 2019 – US$254), and a 10% change in the Canadian–U.S. dollar exchange rate would have 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 September 30, 2019 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 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.

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.

(Unaudited – Expressed in Canadian dollars unless otherwise noted)

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:						
September 30, 2019	$	682,824	$	–	$	682,824
March 31, 2019	$	713,414	$	201	$	713,615
Net loss for six months ended:						
September 30, 2019	$	149,816	$	369	$	150,185
September 30, 2018	$	39,753	$	173	$	39,926