ARMOR

Armor Minerals Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended June 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		June 30, 2020		March 31, 2020
Assets					
Current assets					
Cash and cash equivalents		$	1,640,926	$	387,056
Amounts receivable			6,023		5,456
Prepaid expenses			5,893		8,284
			1,652,842		400,796
Due from related party	7		5,026		5,026
Total assets		$	1,657,868	$	405,822
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	4	$	15,270	$	13,487
Due to related party	7		929		504
Deferred liability	5		8,075		8,075
			24,274		22,066
Deferred liability	5		3,364		5,383
Total liabilities			27,638		27,449
Shareholders' equity					
Share capital	6		29,845,320		27,937,218
Reserves	6		3,302,286		3,929,483
Deficit			(31,517,376)		(31,488,328)
Total shareholders' equity			1,630,230		378,373
Total liabilities and shareholders' equity		$	1,657,868	$	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

August 31, 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 dollar)

	Note		Three months ended June 30, 2020		2019
Expenses					
Salaries and benefits		$	17,767	$	16,643
General office expenses			7,394		7,171
Professional fees			4,361		3,000
Depreciation	3		-		5,283
Listing and filing fees			2,225		2,574
Investor relations			374		1,774
Travel			-		–
Loss before other items			32,121		36,445
Finance income			(3,106)		(2,042)
Foreign exchange loss			33		74
Interest on lease liabilities	3				1,967
Net loss		$	29,048	$	36,444
Other comprehensive loss (income)					
Items that may be reclassified to profit or loss:					
Foreign currency translation loss (gain)			-		7
Total comprehensive loss		$	29,048	$	36,451
Basic and diluted net loss per share attributable to shareholders of the Company		$	0.00	$	0.00
Weighted average number of shares outstanding – basic and diluted			69,937,121		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 June 30, 2020		2019
Cash provided by (used in):					
Operations					
Net loss		$	(29,048)	$	(36,444)
Items not affecting cash:					
Foreign exchange loss (gain)			(62)		46
Amortization of deferred liability	5		(2,019)		(2,019)
Interest on lease liabilities	3		–		1,967
Depreciation	3		–		5,283
Net changes in non-cash working capital items:					
Amounts receivable			(567)		971
Prepaid expenses			2,391		3,300
Accounts payable and accrued liabilities			1,783		(7,182)
Due to related party			425		(5,273)
			(27,097)		(39,351)
Financing					
Payment of lease liabilities	3		–		(7,687)
Proceeds from exercise of warrants			1,280,905		–
			1,280,905		(7,687)
Effect of exchange rate changes on cash and cash equivalents			62		7
Increase (decrease) in cash and cash equivalents			1,253,870		(47,091)
Cash and cash equivalents, beginning of year			387,056		701,878
Cash and cash equivalents, end of year		$	1,640,926	$	654,787

Supplementary information:				
Cash and cash equivalents, end of year comprise:				
Cash and balances with banks	$	1,491	$	58,094
Guaranteed investment certificate		1,639,435		596,693
	$	1,640,926	$	654,787

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				Reserves								
	Number of Shares		Amount		Foreign currency translation		Options and warrants		Total		Deficit		Shareholders' equity
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	–		–		(7)		–		(7)		(36,444)		(36,451)
Balance, June 30, 2019	41,319,015	$	27,937,218	$	831	$	3,928,651	$	3,929,482	$	(31,282,274)	$	584,426
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)		–		–
Net loss and comprehensive loss	–		–		–		–		–		(29,048)		(29,048)
Balance, June 30, 2020	69,937,121	$	29,845,320	$	832	$	3,301,454	$	3,302,286	$	(31,517,376)	$	1,630,230

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 June 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 (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 June 30, 2020, the Company had cash and cash equivalents of $1,640,926, working capital of $1,628,568, net loss for the three months ended June 30, 2020 of $29,048, and a deficit of $31,517,376. 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 August 31, 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.

(d) Changes in accounting standards

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.

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

IFRS 3 –Business Combinations

Narrow-scope amendments to IFRS 3 were issued in October 2018 and apply to annual reporting periods beginning on or after January 1,2020. The amendments clarify the definition of a business, provide guidance in determining whether an acquisition is a business combination or a combination of a group of assets, emphasize that the output of a business is to provide goods and services to customers and provide supplementary guidance. The Company adopted IFRS 3 effective April 1, 2020 and the adoption had no impact on the Company's results of operations, financial position, and disclosures.

IAS 1 – Presentation of Financial Statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2022. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

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 months ended June 30, 2020, the Company recognized $86,000 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

		June 30, 2020		March 31, 2020
Trade and other payables	$	270	$	2,531
Accrued liabilities		15,000		54,742
	$	15,270	$	57,273

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:

		June 30, 2020		March 31, 2020
Balance, start of the period	$	13,458	$	21,533
Amortization of deferred liability		(2,019)		(8,075)
Balance, end of the period	$	11,439	$	13,458
Less current portion		8,075		8,075
Non-current deferred liability	$	3,364	$	5,383

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

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)

(b) Warrants

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

Date of Issue	Exercise Price	Expiry Date	March 31, 2020	Exercised	Expired	June 30, 2020
April 29, 2015	$0.05	April 22, 2020	25,618,106	(25,618,106)	–	–
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
			33,118,106	(25,618,106)	–	7,500,000

The weighted average exercise price of the warrants outstanding at June 30, 2020 is $0.23 (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 months ended June 30, 2020, the Company paid salaries and benefits of $4,599 to key management personnel (June 30, 2019 – $3,645).

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 June 30, 2020 was approximately $86,000, 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 months ended June 30, 2020 and 2019:

	Three months ended June 30, 2020		Three months ended June 30, 2019
Salaries and benefits	$	17,767	$	16,643
General office expenses		10,436		17,723
Listing and filing fees		3		–
Investor relations		194		1,662
	$	28,400	$	36,028

At June 30, 2020 due to related party includes $929 (March 31, 2020 – $504) with respect to these arrangements.

The amount due from related party at June 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.

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):

		June 30, 2020		March 31, 2020
Financial assets				
Loans and receivables at amortized cost				
Cash and cash equivalents	$	1,640,926	$	387,056
Amounts receivable		6,023		5,456
Due from related party		5,026		5,026
Total financial assets	$	1,651,975	$	397,538
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	$	15,270	$	13,487
Due to related party		929		504
Deferred liability		11,439		13,458
Total financial liabilities	$	27,638	$	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 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 June 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.

(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 June 30, 2020, based on the Company's current share of rent, the Company is committed to payments for office leases premises through 2023 in the total amount of approximately $45,100. Payments by fiscal year are:

2021	$	32,128
2022		19,517
2023		3,503

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:						
June 30, 2020	$	1,657,000	$	–	$	1,657,000
March 31, 2020	$	405,822	$	–	$	405,822
Net loss for the three months ended:						
June 30, 2020	$	29,0148	$	–	$	29,048
June 30, 2019	$	36,192	$	252	$	36,444