



Armor Minerals Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2021 and 2020

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, 2021	March 31, 2021
Assets			
Current assets			
Cash and cash equivalents	\$	2,933,261	\$ 2,312,778
Amounts receivable		1,007	736
Prepaid expenses	7	5,508	19,968
		2,939,776	2,333,482
Due from related party	7	5,026	5,026
Total assets	\$	2,944,802	\$ 2,338,508
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	4 \$	7,264	\$ 12,360
Deferred liability	5	2,691	10,766
Total liabilities		9,955	23,126
Shareholders' equity			
Share capital	6	31,720,376	30,834,138
Reserves	6	2,852,230	3,065,968
Deficit		(31,637,759)	(31,584,724)
Total shareholders' equity		2,934,847	2,315,382
Total liabilities and shareholders' equity	\$	2,944,802	\$ 2,338,508

Nature of operations (Note 1)

Commitments (Note 9)

APPROVED BY THE DIRECTORS

"Richard W. Warke"

Richard W. Warke – Director

"Purni Parikh"

Purni Parikh – Director

November 25, 2021

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

Armor Minerals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian dollars, except share and per share amounts)

	Note	Three months ended September 30,		Six months ended September 30,	
		2021	2020	2021	2020
Expenses:					
Salaries and benefits	7	\$ 19,130	\$ 10,675	\$ 30,629	\$ 28,442
Listing and filing fees	7	11,134	8,640	14,229	10,865
Professional fees	7	3,664	5,149	6,664	9,510
General office expenses	7	2,332	7,174	4,633	14,568
Investor relations	7	180	15	385	389
Loss before other items		36,440	31,653	56,540	63,774
Finance income		(1,532)	(3,532)	(3,502)	(6,638)
Foreign exchange loss (gain)		(8)	(5)	(3)	28
Loss and comprehensive loss		\$ 34,900	\$ 28,116	\$ 53,035	\$ 57,164
Basic and diluted 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					
		76,344,526	69,937,121	75,664,990	66,857,349

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 September 30,		Six months ended September 30,	
		2021	2020	2021	2020
Cash provided by (used in):					
Operations					
Loss		\$ (34,900)	\$ (28,116)	\$ (53,035)	\$ (57,164)
Items not affecting cash:					
Foreign exchange loss (gain)		(7)	89	(3)	27
Amortization of deferred liability	5	(4,037)	(2,019)	(8,075)	(4,038)
Net changes in non-cash working capital items:					
Amounts receivable		(17)	4,472	(271)	3,905
Prepaid expenses		3,187	3,437	14,460	5,828
Accounts payable and accrued liabilities		(7,738)	(6,005)	(5,096)	(4,222)
Due to related party		(3,610)	(791)	–	(366)
		(47,122)	(28,933)	(52,020)	(56,030)
Financing					
Proceeds from exercise of warrants	6b	652,500	–	672,500	1,280,905
Subscriptions received in advance	6c	–	750,000	–	750,000
		652,500	750,000	672,500	2,030,905
Effect of exchange rate changes on cash and cash equivalents					
		7	(89)	3	(27)
Increase in cash and cash equivalents		605,385	720,978	620,483	1,974,848
Cash and cash equivalents, beginning of the period		2,327,876	1,640,926	2,312,778	387,056
Cash and cash equivalents, end of the period		\$ 2,933,261	\$ 2,361,904	\$ 2,933,261	\$ 2,361,904
Supplementary information:					
Cash and cash equivalents, end of period comprise:					
Cash balances with banks		\$ 1,414,884	\$ 2,694	\$ 1,414,884	\$ 2,694
Guaranteed investment certificate		1,518,377	2,359,210	1,518,377	2,359,210
		\$ 2,933,261	\$ 2,361,904	\$ 2,933,261	\$ 2,361,904

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		Subscriptions received in advance	Foreign currency translation	Reserves Options and warrants	Total	Deficit	Shareholders' equity
	Number of Shares	Amount						
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)	–	–
Subscription received in advance	–	–	750,000	–	–	–	–	750,000
Loss and comprehensive loss	–	–	–	–	–	–	(57,164)	(57,164)
Balance, September 30, 2020	69,937,121	\$ 29,845,320	\$ 750,000	\$ 832	\$ 3,301,454	\$ 3,302,286	\$ (31,545,492)	\$ 2,352,114
Balance, March 31, 2021	74,943,371	\$ 30,834,138	\$ –	\$ 832	\$ 3,065,136	\$ 3,065,968	\$ (31,584,724)	\$ 2,315,382
Shares issued on exercise of warrants	1,681,250	672,500	–	–	–	–	–	672,500
Fair value of warrants exercised	–	213,738	–	–	(213,738)	(213,738)	–	–
Loss and comprehensive loss	–	–	–	–	–	–	(53,035)	(53,035)
Balance, September 30, 2021	76,624,621	\$ 31,720,376	\$ –	\$ 832	2,851,398	\$ 2,852,230	\$ (31,637,759)	\$ 2,934,847

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 six months ended September 30, 2021 and 2020

(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 September 30, 2021 are comprised 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 September 30, 2021, the Company had cash and cash equivalents of \$2,933,261, working capital of \$2,929,821, loss for the six months ended September 30, 2021 of \$53,035, and a deficit of \$31,637,759. 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 has been 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 for the year ended March 31, 2021.

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, 2021. The Board of Directors authorized these financial statements for issuance on November 25, 2021.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is the Company’s presentation currency.

(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, 2021.

Armor Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2021 and 2020

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

(d) Changes in accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee. However, these updates either are not applicable to the Company or are not material to the condensed consolidated interim financial statements.

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 three and six months ended September 30, 2021, the Company recognized \$972 and \$1,342 respectively of general office expenses for the two leased premises that do not 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

	September 30, 2021		March 31, 2021
Trade and other payables	\$ 359	\$	360
Accrued liabilities	6,894		12,000
Due to related party	11		–
	\$ 7,264	\$	12,360

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 lease.

The following is a summary of changes in deferred liability:

	September 30, 2021		March 31, 2021
Balance, start of the period	\$ 10,766	\$	13,458
Contribution from former related party	–		9,420
Amortization of deferred liability	(8,075)		(12,112)
Balance, end of the period	\$ 2,691	\$	10,766

6. SHARE CAPITAL AND RESERVES

(a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 76,624,621 (March 31, 2021 – 74,943,371)

Armor Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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

(b) Warrants

The following is a summary of the Company's warrants at September 30, 2021 and March 31, 2021:

Date of Issue	Exercise Price	Expiry Date	March 31, 2021	Exercised	Expired	September 30, 2021
July 25, 2016	\$0.40	July 25, 2021	2,493,750	(1,681,250)	(812,500)	–

The weighted average exercise price of the warrants outstanding at September 30, 2021 is \$0.40 (March 31, 2021 – \$0.40).

(c) Subscription received in advance

During the three months ended September 30, 2020, the Company received proceeds of \$750,000 for 5,000,000 share purchase warrants which were exercised on October 1, 2020.

7. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Company's directors and certain senior management. For the three and six months ended September 30, 2021, the Company paid salaries and benefits of \$8,599 and \$12,918, respectively to key management personnel (September 30, 2020 – \$4,599 and \$9,198, 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 September 30, 2021 was approximately \$51,000, 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 six months ended September 30, 2021 and 2020:

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
Salaries and benefits	\$ 19,130	\$ 10,844	\$ 30,629	\$ 28,611
Listing and filing fees	5,243	3,367	5,243	3,370
General office expenses	2,332	7,783	4,633	18,219
Investor relations	–	–	–	194
Professional fees	17	–	17	–
	26,722	\$ 21,994	\$ 40,522	\$ 50,394

At September 30, 2021 amounts in accounts payable and accrued liabilities include \$11 (March 31, 2021 – prepaids include \$12,013) with respect to these arrangements.

The amount due from related party at September 30, 2021 of \$5,026 (March 31, 2021 – \$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.

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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):

	September 30, 2021		March 31, 2021
Financial assets			
Loans and receivables at amortized cost			
Cash and cash equivalents	\$ 2,933,261	\$	2,312,778
Amounts receivable	1,007		736
Due from related party	5,026		5,026
Total financial assets	\$ 2,939,294	\$	2,318,540
Financial liabilities			
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	\$ 7,264	\$	12,360
Deferred liability	2,691		10,766
Total financial liabilities	\$ 9,955	\$	23,126

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.

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.

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.

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.

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9. COMMITMENTS

At September 30, 2021, based on the Company's share of rent, the Company is committed to payments for office leased premises through 2025. Payments by fiscal year are:

2022	\$	8,500
2023	\$	16,600
2024	\$	16,600
2025	\$	11,100

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, 2021	\$	2,944,802	\$	–	\$	2,944,802
March 31, 2021	\$	2,338,508	\$	–	\$	2,338,508
Loss for the six months ended:						
September 30, 2021	\$	53,035	\$	–	\$	53,035
September 30, 2020	\$	57,164	\$	–	\$	57,164