



ARMOR MINERALS INC.

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2017

Introduction

This management's discussion and analysis ("MD&A") of Armor Minerals Inc. (the "Company", "Armor", "we", "us", or "our") covers the three and nine months ended December 31, 2017. This MD&A takes into account information available up to and including February 28, 2018. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes ("financial statements") for the three months and nine ended December 31, 2017, and MD&A for the year ended March 31, 2017, which are available on the Company's website at www.armorminerals.com and on the SEDAR website at www.sedar.com.

The Company has prepared the condensed consolidated interim financial statements 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*.

All dollar amounts reported herein are in Canadian dollars unless indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including without limitation, statements with respect to the Company's expectations for obtaining new funding and the success of exploration activities. Forward-looking statements are often, but not always, identified by the use of words such as *may*, *will*, *seek*, *anticipate*, *believe*, *plan*, *estimate*, *budget*, *schedule*, *forecast*, *project*, *expect*, *intend*, or similar expressions. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Such factors include, among others, uncertainties related to financings and the other risks associated with being a mineral exploration company, as well as those factors discussed elsewhere in this MD&A. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Unless otherwise indicated, forward-looking statements contained herein are as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

Description of Business

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, 2017 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").

The Company is engaged in the acquisition and exploration of mineral property interests. Currently, Armor does not have any mineral producing properties or any revenues from operations.

Exploration and Evaluation Costs

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

On February 24, 2017 in accordance with the Agreement, Armor gave thirty days' advance notice of termination to Jack's Fork. As of the date of termination, the Company incurred expenditures totaling US\$455,040 and earned a 10% interest in the Properties.

Costs Expensed, Net Loss and Comprehensive Loss

During the three and nine months ended December 31, 2017, the Company recorded a loss before other items of \$13,997 and \$62,097, respectively and a net loss of \$13,060 (\$0.00 per share) and \$59,418 (\$0.00 per share), respectively compared to a loss before other items of \$253,755 and \$435,587, respectively and a net loss of \$252,982 (\$0.01 per share) and \$434,405 (\$0.01 per share) in the comparable periods of fiscal 2017. The decreased loss for both the three and nine months ended December 31, 2017 reflects the decrease in corporate activities commensurate with the absence of exploration activity in fiscal 2018 (see "Exploration and Evaluation Costs", previously discussed).

Salaries and benefits expense of \$4,480 in the three months and \$21,082 in the nine months ended December 31, 2017 compares to \$15,791 in the three months and \$41,944 in the nine months ended December 31, 2016. Salaries and benefits expense represents the allocation at cost of salary charges from a related management company (see "Related Party Transactions", subsequently in this MD&A). Personnel employed by the management company work on several public companies and accordingly, the cost charged to Armor will vary with the amount of time incurred on the Company's affairs.

General office expenses of \$3,663 in the three months and \$14,749 in the nine months ended December 31, 2017 compares to \$13,591 and \$29,375 in the comparable periods of fiscal 2017. The decrease in general office expenses in fiscal 2018 compared to fiscal 2017 is due to less office rent and other expenses allocated at cost by the related management company.

Professional fees expense of \$3,000 in the three months and \$10,635 in the nine months ended December 31, 2017 compares to \$5,733 and \$30,168 in the comparable periods of fiscal 2017. The Company incurred less consulting fees in the three and nine months ended December 31, 2017 than in the same periods of fiscal 2017 due to the reduction in due diligence procedures and analysis on various strategic initiatives.

Listing and filing fees of \$2,649 in the three months and \$14,591 in the nine months ended December 31, 2017 compares to \$12,575 in the three months and \$26,696 in the nine months ended December 31, 2016. In fiscal 2018 the Company had very limited activity other than ordinary corporate matters associated with its listing on the TSX-V.

After accounting for the foreign currency translation loss, there was a comprehensive loss for the three and nine months ended December 31, 2017 of \$13,102 and \$59,942 compared to a comprehensive loss of \$254,069 and \$435,182 for the same periods of fiscal 2017.

Liquidity and Capital Resources

As at December 31, 2017, the Company had cash and cash equivalents of \$529,265 compared to \$646,758 at March 31, 2017.

For the three and nine months ended December 31, 2017 the Company used \$11,593 and \$99,385, respectively for operating activities, compared to \$88,920 and \$292,788 in the same periods of fiscal 2017. The decreased use of cash in fiscal 2018 compared to fiscal 2017 is primarily attributable to the decrease in exploration and evaluation costs and other corporate head office expenditures, previously discussed.

Cash inflow from financing activities of \$992,508 for the nine months ended December 31, 2016 relates to a non-brokered private placement for \$1,000,000 less share issue costs of \$7,492.

Cash outflow from financing activities of \$4,800 for the three months and \$17,735 for the nine months ended December 31, 2017 relates to the addition of other assets (see "Related Party Transactions", subsequently in this MD&A).

At December 31, 2017 the Company had cash and cash equivalents of \$529,265, working capital of \$516,567, net loss for the nine months ended December 31, 2017 of \$59,418, and a deficit of \$31,092,373. 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.

Contractual Obligations

At December 31, 2017 the Company had contractual cash flow commitments estimated as follows:

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Operating lease obligations	\$ 15,900	\$ 31,700	\$ 14,700	\$ -	\$ 62,300
Accounts payable and accrued liabilities	9,657	-	-	-	9,657
Due to related parties	4,305	-	-	-	4,305
	\$ 29,862	\$ 31,700	\$ 14,700	\$ -	\$ 76,262

Summary of Quarterly Results

	Net income (loss) For the year ended March 31,			Net income (loss) per share For the year ended March 31,		
	2018	2017	2016	2018	2017	2016
Q1	\$ (16,935)	\$ (118,909)	\$ 565,182	\$ 0.00	\$ 0.00	\$ 0.03
Q2	(29,423)	(62,514)	(99,574)	0.00	0.00	0.00
Q3	(13,060)	(252,982)	(93,313)	0.00	(0.01)	0.00
Q4	N/A	(39,984)	(282,750)	N/A	0.00	(0.01)
Total	\$ (59,418)	\$ (474,389)	\$ 89,545	\$ 0.00	\$ (0.01)	\$ 0.00

The most significant factors influencing the Company's quarterly results over the last eight quarters are:

- The exploration and evaluation costs of \$201,272 in the third quarter of 2017 which relate to the follow-up soil sampling and drill program on the Warmister Project, which commenced in the third quarter of fiscal 2017.
- The exploration and evaluation costs of \$88,317 in the first quarter of 2017 which primarily relate to the drill program on the Warmister Project which was initiated in the fourth quarter of 2016.
- The exploration and evaluation costs of \$254,874 in the fourth quarter of 2016 which primarily relate to the drill program on the Warmister Project which was initiated in the same period.
- The Company's quarterly results are not generally subject to seasonal factor.

Share Capital Information

As at February 28, 2018, the Company had an unlimited number of common shares authorized for issuance with 41,319,015 issued and outstanding. Also, at February 28, 2018, the Company had 37,118,106 warrants issued and outstanding with a weighted average exercise price of \$0.09.

In connection with a units for debt transaction there are a total of 3,842,716 units remaining in escrow as at February 28, 2018. Each unit is comprised of one common share and one common share purchase warrant. Each 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 on April 22, 2018.

Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements

Related Party Transactions

Commencing March 1, 2015, the Company shares office space, equipment, personnel, consultants and various administrative services with other companies (NewCastle Gold Ltd. until December 22, 2017, Arizona Mining Inc. and Titan Mining Corporation) 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, 2017 and 2016:

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Salaries and benefits	\$ 4,480	\$ 15,791	\$ 21,082	\$ 41,944
General office expenses and other	3,793	14,159	14,225	29,075
Listing and filing fees	190	165	3,951	2,933
Investor relations	-	1,125	450	3,135
Travel	-	3,430	-	3,430
Exploration and evaluation costs	-	-	-	16,523
Professional fees	-	-	-	14,357
	<u>\$ 8,463</u>	<u>\$ 34,670</u>	<u>\$ 39,708</u>	<u>\$ 111,397</u>

At December 31, 2017, prepaid expenses include \$nil (March 31, 2017 – \$4,423) and due to related party includes \$4,305 (March 31, 2017 – \$319) with respect to these arrangements.

Other assets of \$17,735 (March 31, 2017 – \$nil) relate to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in its consolidated financial statements for the year ended March 31, 2017. The preparation of its consolidated financial statements requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated. However, actual outcomes could materially differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Going concern

Significant judgements are disclosed in the discussion on liquidity earlier in the MD&A.

Functional currency

The Company and its subsidiaries have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that, management has to analyse several factors, including which currency mainly influences the cost of undertaking the business activities, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities. Management uses its judgment to determine which factors are most important, when the above indicators are mixed and the functional currency is not obvious.

Options and warrants

The fair value of options and warrants is determined on the grant date. In order to compute the fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life, expected volatility, expected dividend yield and the risk-free interest rate, as well as the number of options or warrants expected to be exercised.

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* is mandatorily effective for the Company's consolidated financial statements for the year ending March 31, 2019. IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost; fair value through profit and loss; and fair value through other comprehensive income. IFRS 9 introduces the expected credit loss model for impairment of financial assets which replaces the incurred loss model used in IAS 39. IFRS 9 amends the rules on hedge accounting to align the accounting treatment with the risk management practices of the business. Lastly, IFRS 9 amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The Company has determined that there will not be any material changes in the classification, measurement or carrying values of the Company's financial instruments as a result of the adoption of IFRS 9.

On January 13, 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") in accordance with which, all leases will be recorded on the statement of financial position of lessees, except those that meet the limited exception criteria. As a result, for the Company's office rental leases, rent expense will be removed and replaced by the recording of depreciation and finance expenses. IFRS 16 is mandatorily effective for the Company's consolidated financial statements for the year ending March 31, 2020.

Financial Instruments

The Company's financial instruments are classified into the following categories of financial assets and liabilities (shown at carrying value):

	December 31, 2017	March 31, 2017
Financial assets		
Loans and receivables		
Cash and cash equivalents	\$ 529,265	\$ 646,758
Amounts receivable	1,264	650
	<u>\$ 530,529</u>	<u>\$ 647,408</u>
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 9,657	\$ 62,593
Due to related party	4,305	319
	<u>\$ 13,962</u>	<u>\$ 62,912</u>

The carrying values of the Company's financial instruments in the table above approximate their fair values as a result of their short-term nature.

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. Based on the assets and liabilities denominated in U.S. dollars held by the Canadian parent

company, a 10% change in the Canadian-U.S. dollar exchange rate would result in 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 December 31, 2017 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. The Company seeks to achieve this by maintaining sufficient cash (see discussion on liquidity earlier in the MD&A).

Risk Factors

The Company currently has no revenues from operations. Should the Company decide to explore or acquire other mineral property interests it will require additional funding, which the Company will likely seek from the equity markets. There can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described in the Company's MD&A for the year ended March 31, 2017 and the other information filed with the Canadian securities regulators, which are available on SEDAR at www.sedar.com, before investing in the Company's common shares. The risks described in the above-noted documents are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose part or all of their investment.

Armor Minerals Inc.
Corporate Information

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Directors	Purni Parikh Robert Pirooz, Q.C. Richard W. Warke
Officers	Matthew Watson – Chief Executive Officer and President Linda Chang – Chief Financial Officer Amber Schaefer – Corporate Secretary
Registrar & Transfer Agent	Computershare Investors Services Inc. #401 – 510 Burrard Street Vancouver, BC V6C 3B9
Auditors	Davidson & Company LLP 609 Granville St Vancouver, BC V7Y 1G6
Solicitors	Borden, Ladner, Gervais LLP 1200 Waterfront Centre 200 Burrard Street P.O. Box 48600 Vancouver, BC V7X 1T2
Shares Listed	TSX Venture Exchange (TSX-V) Trading symbol ~ A
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