



Armor Minerals Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2022 and 2021

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, 2022	March 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 2,862,590	\$ 2,874,393
Amounts receivable		1,980	2,248
Prepaid expenses	6	5,140	12,046
		2,869,710	2,888,687
Due from related party	6	5,026	5,026
Total assets		\$ 2,874,736	\$ 2,893,713
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 20,155	\$ 15,561
		20,155	15,561
Shareholders' equity			
Share capital	5	31,720,376	31,720,376
Reserves		2,852,230	2,852,230
Deficit		(31,718,025)	(31,694,454)
Total shareholders' equity		2,854,581	2,878,152
Total liabilities and shareholders' equity		\$ 2,874,736	\$ 2,893,713

Nature of operations (Note 1)

Commitments (Note 8)

APPROVED BY THE DIRECTORS

"Richard W. Warke"

Richard W. Warke – Director

August 19, 2022

"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 Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian dollar, except share and per share amount)

	Note	Three months ended June 30,	
		2022	2021
Expenses			
Salaries and benefits	6 \$	13,565	\$ 11,499
General office expenses	6	6,787	2,301
Listing and filing fees	6	3,200	3,095
Professional fees	6	4,844	3,000
Investor relations	6	191	205
Loss before other items		28,587	20,100
Finance income		(5,011)	(1,970)
Foreign exchange (income) loss		(5)	5
Loss and comprehensive loss	\$	23,571	\$ 18,135
Basic and diluted loss per share attributable to shareholders of the Company		0.00	\$ 0.00
Weighted average number of shares outstanding – basic and diluted		76,624,621	74,977,986

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,	
		2022	2021
Cash provided by (used in):			
Operations			
Net loss		\$ (23,571)	\$ (18,135)
Adjustments for:			
Foreign exchange (gain) loss		(5)	4
Finance income, net		(5,011)	–
Amortization of deferred liability		–	(4,038)
Net changes in non-cash working capital items:			
Amounts receivable		268	(254)
Prepaid expenses		6,906	11,273
Accounts payable and accrued liabilities		4,594	2,642
Due to a related party		–	3,610
		(16,819)	(4,898)
Financing			
Proceeds from exercise of warrants		–	20,000
Finance income received, net		5,011	–
		5,011	20,000
Effect of exchange rate changes on cash and cash equivalents		5	(4)
Increase (decrease) in cash and cash equivalents		(11,803)	15,098
Cash and cash equivalents, beginning of period		2,874,393	2,312,778
Cash and cash equivalents, end of period		\$ 2,862,590	\$ 2,327,876
Supplementary information:			
Cash and cash equivalents, end of period comprise:			
Cash balances with banks		\$ 2,862,590	\$ 41,733
Guaranteed investment certificate		–	2,286,143
		\$ 2,862,590	\$ 2,327,876

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, except number of shares)

	Share capital		Reserves				Shareholders' equity
	Number of Shares	Amount	Foreign currency translation	Options and warrants	Total	Deficit	
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	50,000	20,000	—	—	—	—	20,000
Fair value of warrants exercised	—	6,357	—	(6,357)	(6,357)	—	—
Loss and comprehensive loss	—	—	—	—	—	(18,135)	(18,135)
Balance, June 30, 2021	74,993,371	\$ 30,860,495	\$ 832	\$ 3,058,779	\$ 3,059,611	\$ (31,602,859)	\$ 2,317,247
Balance, March 31, 2022	76,624,621	\$ 31,720,376	\$ 832	2,851,398	\$ 2,852,230	\$ (31,694,454)	\$ 2,878,152
Loss and comprehensive loss	—	—	—	—	—	(23,571)	(23,571)
Balance, June 30, 2022	76,624,621	\$ 31,720,376	\$ 832	2,851,398	\$ 2,852,230	\$ (31,718,025)	\$ 2,854,581

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 months ended June 30, 2022 and 2021

(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 June 30, 2022 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 June 30, 2022, the Company had cash and cash equivalents of \$2,862,590, working capital of \$2,849,555, loss for the three months ended June 30, 2022 of \$23,571, and a deficit of \$31,718,025. 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 and continues to be 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, 2022.

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, 2022. The Board of Directors authorized these condensed consolidated interim financial statements for issuance on August 19, 2022.

b) Basis of measurement

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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s presentation currency.

c) Use of judgements and estimates

In preparing these condensed consolidated 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, 2022.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(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 6).

During the three months ended June 30, 2022, the Company recognized \$5,027 (June 30, 2021 - \$370) of general office expenses for the two leased premises that do not meet the definition of a lease (Note 8). The Company is jointly liable for rent payments and uses the assets jointly.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2022		March 31, 2022
Accounts payables	\$	16,527	\$	1,286
Accrued liabilities		3,628		14,275
	\$	20,155	\$	15,561

5. SHARE CAPITAL

The authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

As of June 30, 2022 the Company had 76,624,621 (March 31, 2022 – 76,624,621) common shares outstanding.

6. 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, 2022, the Company paid \$6,117 in salaries and benefits to key management personnel (June 30, 2021 – \$4,359).

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, 2022 was approximately \$48,000, determined based on the Company's average share of rent paid in the immediately preceding 12 months.

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The Company was charged for the following with respect to these arrangements in the three months ended June 30, 2022 and 2021:

	Three months ended June 30,	
	2022	2021
Salaries and benefits	\$ 13,565	\$ 11,499
General office expenses	6,798	2,301
Professional fees	35	–
	<u>\$ 20,398</u>	<u>\$ 13,800</u>

At June 30, 2022, included in prepaid expenses is an amount due from a related party of \$290 (March 31, 2022 – \$4,771) with respect to these arrangements.

The amount due from related party at June 30, 2022 of \$5,026 (March 31, 2022 – \$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.

7. 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,		March 31,	
	2022		2022	
Financial assets				
Financial Assets at amortized cost				
Cash and cash equivalents	\$	2,862,590	\$	2,874,393
Amounts receivable		1,980		2,248
Due from related party		5,026		5,026
<u>Total financial assets</u>	<u>\$</u>	<u>2,869,596</u>	<u>\$</u>	<u>2,881,667</u>
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$	20,155	\$	15,561
<u>Total financial liabilities</u>	<u>\$</u>	<u>20,155</u>	<u>\$</u>	<u>15,561</u>

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 United States dollars ("US dollars"). The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable liabilities that are denominated in US dollars. 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.

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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.

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.

8. COMMITMENTS

At June 30, 2022, 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:

2023	\$	21,200
2024	\$	27,500
2025	\$	18,400

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:						
June 30, 2022	\$	2,874,736	\$	–	\$	2,874,736
March 31, 2022	\$	2,893,713	\$	–	\$	2,893,713
Loss for the three months ended:						
June 30, 2022	\$	23,571	\$	–	\$	23,571
June 30, 2021	\$	18,135	\$	–	\$	18,135