ARMOR MINERALS INC.

(Formerly Rio Cristal Resources Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015 and 2014

EXPRESSED IN US DOLLARS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Armor Minerals Inc. (formerly Rio Cristal Resources Corporation)

We have audited the accompanying consolidated financial statements of Armor Minerals Inc. (formerly Rio Cristal Resources Corporation), which comprise the consolidated statements of financial position as at March 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' deficit for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Armor Minerals Inc. (formerly Rio Cristal Resources Corporation) as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Armor Minerals Inc. (formerly Rio Cristal Resources Corporation) to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

July 24, 2015

Armor Minerals Inc.
(Formerly Rio Cristal Resources Corporation)
Consolidated Statements of Financial Position
(Expressed in US dollars)

	Note	**March 31, 2015**	March 31, 2014
ASSETS			
Current			
Cash		**$ 5,173**	$ 6,613
Amounts receivable		**3,262**	727
Prepaid expenses		**828**	-
		$ 9,263	$ 7,340
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 982,114**	$ 425,503
Due to related parties	11	**3,188**	604,439
Loans payable to related parties	8	**563,812**	374,490
		$ 1,549,114	$ 1,404,432
Derivative liability – warrants	9	**-**	1,328
		$ 1,549,114	$ 1,405,760
SHAREHOLDERS' DEFICIT			
Share capital	10	**20,478,240**	20,478,240
Contributed surplus		**2,147,944**	2,147,818
Deficit		**(24,166,035)**	(24,024,478)
		$ (1,539,851)	$ (1,398,420)
		$ 9,263	$ 7,340

Nature of Operations (note 1)
Going Concern (note 2)
Subsequent Event (note 16)

These consolidated financial statements have been authorized for issue by the Board of Directors on July 24, 2015.

APPROVED BY THE DIRECTORS

/signed/ Richard Warke
Richard Warke, Director

/signed/ Purni Parikh
Purni Parikh, Director

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

Armor Minerals Inc.
(Formerly Rio Cristal Resources Corporation)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31
(Expressed in US dollars)

	Note		**2015**		2014
Operating Expenses					
Amortization		**$**	**-**	$	5,108
Exploration and evaluation costs	7		**-**		74,370
General office expenses			**46,925**		113,804
Listing and filing fees			**17,922**		103,563
Investor relations			**5,508**		2,145
Professional fees			**121,692**		143,177
Salaries and consulting			**7,500**		87,332
Share-based compensation expense	10		**126**		14,418
Loss before other items		**$**	**199,673**	$	543,917
Impairment of equipment	7		**-**		23,662
Change in fair market value of warrants	9		**(1,328)**		(69,743)
Finance expense			**7,015**		23,704
Foreign exchange gain			**(63,803)**		(26,006)
Loss and Comprehensive Loss for the Year		**$**	**141,557**	$	495,534
Loss per Share – Basic and Diluted		**$**	**0.08**	$	0.29
Weighted Average Number of Shares Outstanding			**1,725,909**		1,681,526

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

Armor Minerals Inc.
(Formerly Rio Cristal Resources Corporation)
Consolidated Statements of Cash Flows
For the Years Ended March 31
(Expressed in US dollars)

		2015		2014
Operating Activities				
Loss for the year	**$**	**(141,557)**	$	(495,534)
Adjustments for				
Amortization		**-**		5,108
Non-cash change in fair market value of warrants		**(1,328)**		(69,743)
Share-based compensation expenses		**126**		14,418
Impairment of plant and equipment		**-**		23,662
Financing costs		**7,025**		23,776
Unrealized foreign exchange gain		**(18,669)**		-
	$	**(154,403)**	$	(498,313)
Changes in current assets and liabilities				
Amounts receivable		**(2,923)**		29,570
Prepaid expenses		**(828)**		11,368
Accounts payable and accrued liabilities		**91,546**		253,748
Cash used in operating activities	**$**	**(66,608)**	$	(203,627)
Financing Activities				
Funds from related parties		**-**		144,000
Loans received		**70,319**		58,000
Cash provided by financing activities	**$**	**70,319**	$	202,000
Effect of exchange rate changes on cash		**(5,151)**		-
Net decrease in cash	**$**	**(1,440)**	$	(1,627)
Cash, beginning of year		**6,613**		8,240
Cash, end of year	**$**	**5,173**	$	6,613

Supplemental cash flow information is contained in note 15.

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

Armor Minerals Inc.
(Formerly Rio Cristal Resources Corporation)
Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in US dollars)

	Share Capital			**Contributed Surplus**	**Deficit**	**Total Deficit**
	Number of Shares (Note 10)	**Amount** (Note 10)	**Common Share Subscriptions** (Note 10)			
March 31, 2013	1,554,689	$ 19,978,240	$ 500,000	$ 2,133,400	$ (23,528,944)	$ (917,304)
Common shares subscribed	171,220	500,000	(500,000)	-	-	-
Share-based compensation expense	-	-	-	14,418	-	14,418
Loss for the year	-	-	-	-	(495,534)	(495,534)
March 31, 2014	**1,725,909**	**$ 20,478,240**	**$ -**	**$ 2,147,818**	**$ (24,024,478)**	**$ (1,398,420)**
March 31, 2014	1,725,909	$ 20,478,240	$ -	$ 2,147,818	$ (24,024,478)	$ (1,398,420)
Share-based compensation expense	-	-	-	126	-	126
Loss for the year	-	-	-	-	**(141,557)**	**(141,557)**
March 31, 2015	**1,725,909**	**$ 20,478,240**	**$ -**	**$ 2,147,944**	**$ (24,166,035)**	**$ (1,539,851)**

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

1. Nature of Operations

Armor Minerals Inc. (formerly Rio Cristal Resources Corporation) ("Armor" or the "Company") was incorporated on November 24, 2006 under the name "Rio Cristal Zinc Corporation" and is organized under the laws of British Columbia, Canada. In May 2015, the Company changed its name to "Armor Minerals Inc." from "Rio Cristal Resources Corporation" which it had changed its name to in June 2009. The Company's head office is located at Suite 555, 999 Canada Place, Vancouver, BC V6C 3E1 and the registered and records office is located at Suite 1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada, V7X 1T2. The Company is publicly traded with shares listed on the TSX Venture Exchange (TSX-V) and the Bolsa de Valores de Lima ("BVL") in Peru.

As at March 31, 2015 the Company has no subsidiaries. The consolidated financial statements for the year to March 31, 2014 consisted of the Company and its three wholly owned subsidiaries: Cerro La Mina S.A., Cerro La Mina Cayman Ltd. and Rio Cristal Zinc Cayman Ltd. On April 7, 2014 Cerro La Mina S.A., Rio Cristal's wholly owned subsidiary in Peru, was dissolved. On January 13, 2015 an application was filed in the Cayman Islands for the voluntary dissolution of Cerro La Mina Cayman Ltd. and Rio Cristal Zinc Cayman Ltd. On February 3, 2015 an officer of the Registrar of Companies for the Cayman Islands certified that the Cayman subsidiaries will be struck off the Register of Companies on March 31, 2015.

The Company consolidated its share capital on a one new for ten old (1:10) basis on September 29, 2014. In addition, the Company consolidated its share capital on a one new for ten old (1:10) basis on July 31, 2013. Accordingly, all common share, stock option, warrant, and per share awards have been retroactively restated to reflect these consolidations.

The Company is in the business of acquiring and exploring mineral properties. The Company has focused much of its resources in the past on the Bongará zinc project, located in Northern Peru. The Company had an option to acquire 100% interest in the project by making cash payments, issuing common shares of the Company, or a combination of both. The Company has allowed this option to lapse and therefore does not have any active exploration projects.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company's prospective activities are subject to the impact of changes in legal, tax and regulatory regimes at the national level and changes in community relations, labor and political issues at the local level. While the Company actively monitors all such changes and makes plans accordingly for areas it is seeking projects, factors beyond the Company's control could adversely impact its opportunities for operations. The Company's current and future mineral exploration and mining activities could be impacted by adverse political or economic developments. The adverse developments may include the imposition of unfavourable government regulations on foreign investment.

2. Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred losses since inception and has an accumulated deficit of $24,166,035 at March 31, 2015. The Company has limited resources, has no source of operating cash flow, has a working capital deficit at March 31, 2015 of $1,539,851 and has no assurances that sufficient funding will be available to meet its administrative overhead and conduct further exploration and development on new properties, should any new properties be acquired.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. Effective April 29, 2015 the Company completed the Transaction as described in note 16 which included the conversion of debt into shares and a private placement for C$200,000. However, the Company's budget indicates it will need funding to support its costs in late 2015. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Summary of Significant Accounting Policies

This summary of significant accounting policies described below has been applied consistently to all periods presented in these consolidated financial statements.

a. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financing Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ending March 31, 2015 as issued and outstanding as of July 24, 2015, the date the Board of Directors approved the statements.

b. Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c. Basis of Consolidation

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries Cerro La Mina Cayman Ltd., Rio Cristal Zinc Cayman Ltd., and Cerro La Mina S.A. All inter-company transactions and balances have been eliminated. Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date which control is transferred to the Company until the date that control ceases (note 1). All intercompany transactions and balances have been eliminated on consolidation.

d. Foreign Currencies

The consolidated financial statements are presented in United States dollars. The functional currency of the Company and all of its subsidiaries is the United States ("US") Dollar. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation of non-monetary items are recognized in the profit or loss or other comprehensive income (loss), should specific criteria be met.

Foreign operations

A subsidiary that has a functional currency other than United States dollars translates its statement of loss and comprehensive loss items to United States dollars at the average rate during the period. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange variations resulting from the retranslation at the closing rate of the net investment in such subsidiaries, together with differences between their statement of loss and comprehensive loss items translated at actual and average rates, are recognized in other comprehensive income (loss) as part of the foreign currency translation reserve.

For the purpose of foreign currency translation, the net investment in a foreign operation is determined inclusive of foreign currency intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future. The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is recognized in the statement of loss and comprehensive loss at the time of disposal.

e. Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are expensed when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The Company does not hold any assets classified as fair value through profit or loss.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss and comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of loss and comprehensive loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale

investments are initially measured at fair value with subsequent changes in fair value recognized in other comprehensive income. The Company does not hold any available-for-sale assets.

(iii) Held-to-Maturity investments: Held-to-maturity investments are non-derivatives that are designated in this category where the Company's intent is to hold the investment to maturity. Held-to-maturity investments are initially measured at fair value including transaction costs, and subsequently carried at amortized cost. The Company does not hold any held-to-maturity assets.

(iv) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of amounts receivable, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(v) Financial liabilities at amortized cost: Financial instruments held by the Company and classified in this category include accounts payable, accrued liabilities, due to related parties and loans payable to related parties. Accounts payable and accrued liabilities, due to related parties and loans payable to related parties are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest method.

The effective interest rate method calculates the amortized cost of a financial instrument and allocates interest over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts/payments over the expected life of the financial instrument.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(vi) Derivative financial instruments: Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss ("FVTPL") and accordingly are recorded on the statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the statement of financial position date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Share purchase warrants were issued in connection with the closing of previous equity financing when the Company issued units consisting of common shares and share purchase warrants. These share purchase warrants are classified as other financial liabilities and are measured at FVTPL with fair value determined using the Black-Scholes valuation model. The fair value of these instruments is subject to change based on the fluctuation in the Company's share price and foreign exchange rates. Warrants that have been issued to agents for services provided for a capital raising transaction are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as a share issuance cost and included in contributed surplus.

f. Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

(i) *Financial assets carried at amortized cost:* The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

g. Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable and at each statement of financial position date. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized in the statement of loss and comprehensive loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicated that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset on the prior periods. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

h. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability.

i. Share-Based Compensation

The fair value method of accounting is used for share-based compensation for employees. Under this method, the cost of stock options and other equity-settled share-based payment arrangements is recorded based on the date of grant estimated fair value of each tranche using the Black-Scholes option pricing model, and charged to earnings over the vesting period. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss, with a corresponding adjustment to contributed surplus.

Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

j. Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' deficit, in which case the income tax is also recognized directly in shareholders' deficit.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

k. Share capital

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from share capital, net of any tax effects.

For equity offerings of units consisting of a common share and another equity instrument, the common shares and other equity instruments are assigned values based on their pro rata fair value.

l. Accounting for warrants

The fair value of warrants issued in connection with common share placements in the functional currency of the entity in which they are issued are recognized on the date of issue as contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants issued.

Warrants issued in private placements that have an exercise price denominated in a currency other than the Company's functional currency meet the definition of a derivative liability and are recorded as a financial liability and are marked-to-market each period. Subsequent changes in the fair value of the warrants will be recognized as gains or losses in the statement of loss and comprehensive loss until they are fully exercised.

m. Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses, the exercise of outstanding stock options has not been included in this calculation as it would be anti-dilutive.

4. Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions 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. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

a) Going concern

Significant judgments are disclosed in Note 2.

b) 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 main expenses of providing services, 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.

c) 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.

5. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC.

a) New accounting policies adopted during the year

Effective April 1, 2014, the Company adopted IAS 36, *Impairment of Assets*, which provides for additional disclosures that may be required in the event the Company recognises an impairment loss or the reversal of an impairment loss. The adoption of IAS 36 did not result in any changes in the disclosure in the Company's financial statements.

b) New accounting standards, amendments and interpretations not adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC). Some updates that are not applicable or are not consequential to the Company may have been excluded.

IFRS 9, *Financial Instruments: Classification and Measurement* is a new standard on classification and measurement of financial assets that will replace IAS 39; *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The IASB has deferred the mandatory effective date for annual periods beginning on or after January 1, 2018 and has left it open pending the finalization of the impairment and classification and measurement requirements. The Company has not yet assessed the impact of this standard on its financial reporting.

6. Financial Instruments

Categories of financial instruments

		March 31, 2015		March 31, 2014
Financial assets				
Loans and receivables				
Cash	**$**	**5,173**	$	6,613
Amounts receivables		**3,262**		727
	$	**8,435**	$	7,340
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	**$**	**982,114**	$	425,503
Due to related parties		**3,188**		604,439
Loans payable to related parties		**563,812**		374,490
Fair value through profit or loss				
Derivative liability - warrants		**-**		1,328
	$	**1,549,114**	$	1,405,760

a) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
Level 3 Inputs that are not based on observable market data.

	March 31, 2015	March 31, 2014
Level 2		
Derivative liability - warrants	**$ -**	$ 1,328

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties and loans payable to related parties approximate their fair value because of the short-term nature of these instruments.

b) Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and development of its mineral properties and 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' deficit.

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.

c) Management of financial risk

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 Canadian dollars. Formerly the Company operated in Peru and incurred a portion of its expenses in Peruvian Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the US 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. At March 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

	Canadian Dollars	
	March 31, 2015	**March 31, 2014**
Cash and cash equivalents	**$ 3,424**	$ 2,673
Amounts receivables	**4,137**	803
Accounts payable and accrued liabilities	**(471,551)**	(343,871)
Loans payable to related parties and due to related parties	**(121,405)**	(43,009)

Based on the above net exposures as at March 31, 2015 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in a change of $46,475 in the Company's loss for the year (March 31, 2014: $38,000 change in the Company's loss for the year).

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. The maximum credit risk the Company is exposed to is 100% of cash and receivables.

The Company's cash is held through large Canadian financial institutions. Amounts receivable consist of GST receivable from the government of Canada.

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 March 31, 2015 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 (refer to discussion on going concern in note 2).

7. Resource Property Costs

Bongara Project, Peru

By agreement dated April 17, 2007 and as amended on November 15, 2007, the Company acquired 100% of Cerro La Mina S.A. ("CLM") from a company controlled by the founding shareholder of the Company, Compania Minera Pilar del Amazonas ("Amazonas"). CLM held the right to acquire 100% of the rights to the Bongara Project in the Amazonas Region of Peru. In exchange, the Company issued 50,000 common shares to the founding shareholder pursuant to the amended agreement dated November 15, 2007. The 50,000 shares were being valued according to a specific time schedule provided the property option agreement remained in good standing and provided that no more than 25,000 of the shares were to be released until the Issuer had completed a preliminary economic assessment as defined in National Instrument 43-101 in respect of the project and met certain other

conditions. As at March 31, 2014 the Company had released 25,000 shares from escrow. No value has been attributed to the remaining 25,000 shares due to the performance conditions described above.

On May 16, 2013, management decided not to renew its option and as a result the acquisition costs totalling $1,656,265 related to the project were written off as of March 31, 2013. Pursuant to the property lease agreement, the remaining 25,000 shares that have not been released from escrow will be cancelled.

Congruent with the Company divesting itself of its Peruvian operations, and the dissolution of the Peruvian subsidiaries in year ended March 31, 2015, the Company charged $23,662 to operations on the impairment of equipment in fiscal 2014.

Exploration costs for the years ending March 31 are as follows:

	2015	2014
Bongara		
Assaying and sampling	**$ -**	$ -
Community Relations	**-**	1,335
Geophysics	**-**	2,326
Mining rights	**-**	-
Salary and consulting	**-**	1,636
Supplies and general	**-**	67,853
Travel	**-**	1,220
Costs for the Year	**$ -**	$ 74,370

8. Loans payable to related parties

	March 31, 2015	**March 31, 2014**
Demand Promissory Notes from Debt Purchasers (note a)	**$ 61,322**	$ -
Loans originally issued by former related parties (note b)	**502,490**	354,437
	$ 563,812	$354,437

a. Loans from Debt Purchasers and related parties

25022011 Ltd. (formerly Augusta Investments Inc.) and Iris Consulting Limited, independent third-parties at the time (the "Debt Purchasers") each provided C$38,886 in December 2014 by way of demand promissory note. Under the terms of the demand promissory note, until the demand is made on the note, no interest shall accrue on the principal amount of the note. Following demand, interest on the balance will accrue at a rate equal to prime plus 2%. These notes were included in the units for debt transaction as described in note 16. At the annual general and special meeting held on February 26, 2015 Richard Warke and Robert Pirooz were elected as Directors of the Company. Richard Warke indirectly owns 100% of 25022011 Ltd and Robert Pirooz beneficially owns or controls Iris Consulting Limited.

b. Loans from former related parties

In August 2014, the Debt Purchasers purchased loans payable to existing and former related parties totaling $502,490. These loans payable are unsecured and bear annual interest of 6%. After June 30, 2014, no further interest accrued on the loans. As at March 31, 2015 interest totaling $44,526 had been accrued on these loans. None of the persons whose debt was purchased remain related parties of the Company.

9. Derivative Liability – Warrants

On January 21, 2013, a total of 62,091 warrants were granted as part of units in a private placement transaction. These warrants expired on January 20, 2015. Of the total granted, 60,291 warrants had an exercise price denominated in Canadian dollars and are accounted for using marked-to-market accounting policy. The remaining 1,800 warrants were granted to agents for services provided for a capital raising transaction and had an exercise price denominated in Canadian dollars but are not classified as a financial liability of the Company. The initial fair value of these warrants has been recognized as a share issuance cost and included in contributed surplus.

	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)
Balance – March 31, 2014 and 2013	62,091	$8.57
Expired	(62,091)	($8.57)
Balance – March 31, 2015	**-**	**$ -**

The changes in the fair market value of the financial liability of the warrants for the year ended March 31, 2015 and 2014 were as follows:

	Derivative liability - warrants
Derivative warrant liability – March 31, 2013	$ 71,071
Fair market value change	(69,743)
Derivative warrant liability – March 31, 2014	$ 1,328
Fair market value change	(1,328)
Derivative warrant liability – March 31, 2015	**$ -**

10. Share Capital and Contributed Surplus

a. Share capital

At March 31, 2015, 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.

On September 29, 2014, the Company consolidated its share capital on a one new for ten old (1:10) basis. Accordingly, all common share, stock option, warrant and per share awards have been retroactively restated to reflect this consolidation.

On July 31, 2013, the Company consolidated its share capital on a one new for ten old (1:10) basis. Accordingly, all common share, stock option, warrant and per share awards have been retroactively restated to reflect this consolidation.

On June 14, 2013 there were 171,220 shares issued relating to the option payment on the Bongara property owing on March 15, 2013. As described in note 7, certain performance conditions relating to the property were not achieved and the remaining 25,000 shares in escrow will be cancelled and removed from shares outstanding.

b. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the

Company's board of directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan. The option plan provides that the aggregate number of shares reserved for issuance under the plan which may be made subject to options at any time and from time to time (including those issuable upon the exercise of pre-existing options) shall not exceed 10% of the total number of issued and outstanding shares, on a non-dilutive basis, as constituted on the grant date of such options. At March 31, 2015 there are no options reserved under the Plan and there are no options outstanding.

i. Movements in share options

The changes in share options during the year ended March 31, 2015 and 2014 were as follows:

	Year ended March 31, 2015		Year ending March 31, 2014	
	Number of options	**Weighted average exercise price (in CAD)**	Number of options	Weighted average exercise price (in CAD)
Options outstanding, beginning of the year	**35,000**	**C$ 12.52**	63,250	C$ 14.44
Forfeited	**(26,500)**	**13.33**	(25,250)	12.88
Expired	**(8,500)**	**10.00**	(3,000)	50.00
Options outstanding, end of the year	**-**	**C$ -**	35,000	C$ 12.12

During the year ended March 31, 2015, the Company recognized $126 (2014 - $14,418) in share based compensation expense for options granted in fiscal 2013 and vested thereafter.

11. Related Party Transactions

Purchase of related party debt

In August 2014, the Debt Purchasers purchased $611,141 due to related parties and owing to individuals or companies whose officers, directors or partners were also officers or directors of the Company (March 31, 2014 - $604,439). The amount purchased included $109,051 of loans from directors and officers of the Company the terms of which are described in note 8 and $491,926 of deferred salaries and services payable to the former President of the Company which was unsecured, non-interest bearing and due on demand. This transaction is further described in note 16.

Trading transactions

Historically, certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner. The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

	Nature of transactions	**Year ended March 31, 2015**	Year ended March 31, 2014
DuMoulin Black (ended December 30, 2013)	Legal fees	**$ -**	$ 75,394
Avisar Chartered Accountants (ended September 18, 2013)	Accounting fees	**-**	$ 29,108

Commencing March 1, 2015, the Company shares office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. These services have been mainly provided through a management company. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. For the year ended March 31, 2015, the Company

was charged C$8,889 with respect to these arrangements and has balances owed to related companies totalling $3,188.

Compensation of key management personnel

In the year ended March 31, 2014 and the period from April 1, 2014 to March 1, 2015, no salaries to key management personnel were paid. All of these salaries were accrued and included as amounts due to related parties at June 30, 2014 and subsequently formed part of the amounts purchased by the Debt Purchasers. All former key management personnel resigned on August 28, 2014.

The remuneration of the former directors, chief executive officer, and president and chief financial officer (collectively the key management personnel) during the year ended March 31, 2015 and 2014 were as follows:

	Year ended March 31,	
	2015	2014
Salaries	**$ 7,500**	$ 87,333
Share-based compensation	**126**	14,049
	$ 7,626	$ 101,382

For the current officers and directors from the period from March 1, 2015, the remuneration to key management personnel was as follows:

	Year ended March 31,	
	2015	2014
Salaries	**$ 4,702**	$ -
Share-based compensation	**-**	-
	$ 4,702	$ -

12. Segmented Information

All of the identifiable assets are located in Canada. The net loss by geographic area is as follows:

	Year ended March 31,	
	2015	2014
Canada	**$ 141,577**	$ 205,312
Peru	**-**	290,222
	$ 141,577	$ 495,534

13. Commitments

The Company is committed to payments under operating leases for building and other commitments through 2018 in the total amount of approximately $98,300. Annual payments are:

Remainder of 2015	$	22,100
2016		29,500
2017		29,500
2018		17,200

The Company has issued a promissory note to one of its accounts payable vendors, whereby the amount of C$15,200 is due at the earlier of September 30, 2015 or when a financing or equivalent transaction of greater than C$500,000 is completed.

14. Income Taxes

Income tax expense

A reconciliation between tax expense and accounting profit multiplied by the Company's domestic tax rate for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014 $
Loss before income taxes	**$ (141,557)**	$ (495,534)
Federal and provincial statutory income tax rates	**26.00%**	25.75%
Income tax recovery based on the above rates	**$ (36,805)**	$ (127,600)
Increase (decrease) due to:		
Non-deductible expenses and other	**(18,680)**	38,877
Foreign tax rates different from statutory rates	**-**	(47,852)
Tax effect of temporary differences not recognized	**(3,791)**	-
Tax effect of tax losses not recognized	**59,276**	136,575
Total income tax expense	**-**	-

The applicable statutory rate changed due to changes in the enacted Federal and Provincial tax rates.

Deferred taxes

Deferred income taxes result primarily from temporary differences in the recognition of certain revenue and expense items from financial and income tax reporting purposes. The amount of the unrecognized temporary difference and unused tax losses are attributable to the following:

	March 31, 2015	**Expiry dates**
Unrecognized temporary differences		
Non-capital losses	**$ 3,835,000**	**2016-2035**
Net capital losses	**7,500,262**	**Indefinite**
Resource properties	**-**	**-**
Other	**6,313**	**2016-2017**
Total	**$ 11,341,575**	

	March 31, 2014	Expiry dates
Unrecognized temporary differences		
Non-capital losses	$ 4,895,672	2015-2034
Net capital losses	-	-
Resource properties	5,766	N/A
Other	15,008	2015-2017
Total	$ 4,916,446	

No deferred tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is not probable. The unrecognized deductible temporary difference will be deducted from taxable income in future years.

The Company has non-capital loss carry-forwards of approximately $3,835,000 that may be available for tax purposes. The non-capital loss carry-forwards are all in respect of Canadian operations and expire between 2027 and 2034. The Company has capital loss carry-forwards of approximately $7,500,262 that may be available for tax purposes. These capital loss carry-forwards are in respect of Canadian operations and do not expire.

15. Supplemental cash flow information

	2015	2014
Equipment exchanged for an amount payable	**$ -**	$ 1,164
Shares issued and issuable capitalized to the Bongara property	**-**	500,000

16. Subsequent Event

In August 2014, the Debt Purchasers purchased equally substantially all of the liabilities of the Company directly from each of the creditors totaling C$429,683 and $1,073,824. The amounts purchased by the Debt Purchasers included the accounts payable and loans to related parties at the date of purchase and former related parties (notes 8 and 11). In addition, the Debt Purchasers were issued promissory notes totalling C$77,771 (note 8) and had an amount owing for $20,000 as working capital. The aggregate amount owed to the Debt Purchasers at March 31, 2015 was C$527,454 and $1,073,824 (the "Total Debt").

At the annual general and special meeting held on February 26, 2015, the disinterested shareholders of the Company approved the proposed units for debt ("Debt Units") to satisfy the Total Debt, private placement of 4,000,000 units (the "Private Placement") and new board nominees (the "Transaction").

On April 29, 2015, following the approval of the TSX-V a total of 25,618,106 Debt Units were issued at a price of C$0.05 per Debt Unit. Each Debt Unit comprised of one common share and one common share purchase warrant (a "Debt Warrant"). The Debt Warrants have an exercise price of C$0.05 per common share and will be exerciseable for a five year term commencing April 29, 2015. On April 29, 2015 the Total Debt settled was C$1,811,103 of which C$1,280,905 was attributed to the common shares issued and of that amount C$627,197 was allocated to the fair value of the warrants issued estimated using the Black-Scholes option-pricing model. The remaining amount of the Total Debt C$530,198 was recorded as a gain on forgiveness of debt.

As part and parcel of the units for debt transaction, the Company completed the Private Placement of C$200,000 under which the Company issued 4,000,000 units ("Private Placement Units") at a price of C$0.05 per Private Placement Unit. Each Private Placement Unit comprised one common share and one common share purchase warrant (a "Private Placement Warrant"). The Private Placement Warrants have an exercise price of C$0.08 per common share and are exerciseable for a three year term commencing April 29, 2015. Three directors of Armor directly, through companies they control or companies that they beneficially own participated in the Private Placement. The fair value of the warrants issued was C$99,600 estimated using the Black-Scholes option-pricing model.

On completion of the Transaction at April 29, 2015, the share capital of the Company is as follows:

	Number of Shares
Balance, March 31, 2015	1,725,909
Shares issued for debt units	25,618,106
Shares issued in private placement	4,000,000
Balance, as at April 29, 2015	31,344,015
Warrants issued for debt units at C$0.05 expiring April 29, 2020	25,618,106
Warrants issued in private placement at C$0.08 expiring April 29, 2018	4,000,000