



ARMOR MINERALS INC.

Management's Discussion and Analysis

For the Three Months Ended June 30, 2016

Introduction

This management's discussion and analysis ("MD&A") of Armor Minerals Inc. (the "*Company*", "*Armor*", "*we*", "*us*", or "*our*") covers the three months ended June 30, 2016. This MD&A takes into account information available up to and including August 24, 2016. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes ("financial statements") for the three months ended June 30, 2016, and MD&A for the year ended March 31, 2016, 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 completing exploration expenditures within applicable timeframes. 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, risks related to the completion and integration of acquisitions and actual effects of the acquisitions; risks related to joint venture operations; uncertainties related to financings; the uncertainties of interpreting exploration results 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 statement as at June 30, 2016 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") and the Bolsa de Valores de Lima (the "BVL") in Peru.

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.

Summary, Objectives and Outlook

The Company is currently focused on exploring for Haile-style gold mineralization in altered volcanics and sediments in Central Virginia, pursuant to a joint venture earn-in agreement with Jack's Fork Exploration, Inc. ("Jack's Fork", a privately owned Company).

Agreement with Jack's Fork Exploration

On October 28, 2015, the Company signed a definitive Earn-in Agreement (the "Agreement") with Jack's Fork to

joint venture the Warmister and Tower Hill gold properties (the "Properties") located in Virginia, USA. On April 7, 2016, the Company assigned the Agreement to its wholly owned subsidiary, Armor US. Jack's Fork is currently the holder of certain mineral leases covering the Properties. Under the terms of the Agreement, Armor will earn up to an 80% interest in the Properties by incurring exploration expenditures aggregating US\$950,000 (the "Work Expenditures") over a three year period, with delivery of a preliminary economic assessment by the end of the term. Included in the Work Expenditures is a US\$25,000 administration fee, the first payment of which was due upon execution of the Agreement (paid), and \$25,000 annually thereafter until the earlier of when US\$75,000 is paid or the delivery of a fully funded preliminary economic assessment.

As at August 24, 2016, the Company has incurred Work Expenditures totaling US\$263,394 and has earned a 10% interest in the Properties.

Should the Company determine to advance the joint venture it will require additional funding, which the Company will likely seek from the equity markets. There can be no assurance any such funding would be available or available on acceptable terms.

Warmister Project

On June 9, 2016, the Company announced the results of six shallow diamond drill holes targeting high grade gold in outcrop at the Warmister Project located in Buckingham, Virginia.

The drilling program was composed of six shallow diamond drill holes targeting high grade gold in surface rock chip samples and coincident gold-in-soil anomalies covering a 300 meter long trend of anomalous gold values. All of the drill holes, with the exception of WAR16-003 were successful by intersecting gold mineralization related to late stage quartz veining over narrow thicknesses, including 24.3 g/t gold over 2.6 meters (drill thickness) in WAR16-006 and 15.6 g/t gold over 4.1 meters (drill thickness) in WAR16-005. A summary of these results are provided below:

Table 1^{1,2}

DHID	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
WAR16-001	39.93	41.15	1.22	0.27	0.10
WAR16-002	21.34	22.86	1.52	0.55	0.15
WAR16-002	110.03	111.25	1.22	0.40	0.10
WAR16-003	3.05	4.57	1.52	0.18	0.10
WAR16-004	17.50	19.80	2.30	0.65	0.50
WAR16-005	22.00	26.10	4.10	15.57	4.67
WAR16-006	0.00	3.05	3.05	0.23	0.10
WAR16-006	45.40	48.50	3.10	11.69	5.68
Including	22.00	24.59	2.59	24.28	7.21
WAR16-006	68.58	96.01	27.43	0.40	0.31

* All drill depths and assay intervals are drill hole depths and thicknesses and do not represent true widths.

¹ Assays and Quality Assurance/Quality Control: To ensure reliable sample results, the Company has a rigorous QA/QC program in place; it includes the insertion of blanks and/or certified reference standards at statistical derived interval for each batch of samples. Core is photographed and split in half with one-half retained in a secured facility for verification purposes. Sample preparation (crushing and pulverizing) has been performed at ALS Minerals Laboratories, an ISO/IEC accredited lab located in Reno, Nevada. ALS Minerals Laboratories prepares a pulp of all samples and sends the pulps to their analytical laboratory in Vancouver, B.C. Canada for analysis. ALS analyzes each sample by 30 gm fire assay with an AAS finish (Au-AA23) and by ICP following a 4-acid digestion (ME-ICP61 for 33 elements) + Hg by ICPMS (HG-MS42). Any Gold values over 10 gm triggers an automatic 30 gm fire assay with gravimetric finish (Au-GRA21).

² Qualified Person: The results of the Armor drilling results have been reviewed, verified and compiled by Donald R. Taylor, MSc., PG, a qualified person as defined by National Instrument 43-101 (NI 43-101). Mr. Taylor has more than 25 years of mineral exploration and mining experience, and is a Registered Professional Geologist through the SME (registered member #4029597).

The Company is planning follow-up exploration which will focus on testing expansions of the siliceous zones and altered volcanics through additional soil sampling and additional drilling.

Corporate Matters

Private placement

On July 25, 2016, the Company closed a non-brokered private placement of 5,000,000 units at a price of \$0.20 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is convertible into one common share of the Company at a price of \$0.40 for a period of 5 years from closing.

Proceeds from the financing will be used for follow-up exploration at the Warmister Project and for general working capital purposes.

Exploration and Evaluation Costs

The following is a summary of exploration and evaluation costs by category for the three months ended June 30, 2016 and 2015:

	2016	2015
Option and royalty payments	\$ 32,618	\$ -
Assay and analysis	34,011	-
Geologic consulting and support	16,813	-
Travel, food and accommodations	3,140	-
Supplies and other	1,735	-
	<u>\$ 88,317</u>	<u>\$ -</u>

The exploration and evaluation costs include a \$32,618 (US\$25,000) advance minimum royalty payment with respect to the Tower Hill property, paid on behalf of Jack's Fork. The other exploration and evaluation costs relate to the drill program on the Warmister Project which was initiated in the fourth quarter of fiscal 2016.

Costs Expensed, Net Loss and Comprehensive Loss

	2016	2015
Expenses:		
Exploration and evaluation costs	\$ 88,317	\$ -
Salaries and benefits	10,933	12,155
Professional fees	8,506	17,476
General office expenses	5,920	6,523
Listing and filing fees	3,056	5,912
Investor relations	2,740	1,160
Loss before other items	<u>(119,472)</u>	<u>(43,226)</u>
Finance expense	(211)	(117)
Gain on settlement of debt	-	494,655
Foreign exchange gain	774	113,870
Net income (loss)	<u>(118,909)</u>	<u>565,182</u>
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Foreign currency translation loss	<u>(161)</u>	<u>-</u>
Comprehensive income (loss)	<u>\$ (119,070)</u>	<u>\$ 565,182</u>

Basic and diluted net income (loss) per share	\$ (0.003)	\$ 0.026
Weighted average number of shares outstanding	36,344,015	21,905,278

During the three months ended June 30, 2016, the Company recorded a loss before other items of \$119,472 and net loss of \$118,909 (\$0.003 per share), compared to a loss before other items of \$43,226 and a net income of \$565,182 (\$0.026 per share) in the same period of fiscal 2016. The increase in the loss before other items is primarily attributable to \$88,317 of exploration and evaluation costs incurred during the three months ended June 30, 2016 compared to \$nil in the same period of fiscal 2016 (see "Exploration and Evaluation Costs", previously discussed).

Professional fees expense of \$8,506 in the three months ended June 30, 2016 compares to \$17,476 in the three months ended June 30, 2015. The decrease in professional fees expense is primarily attributable to the fiscal 2015 audit fee which was expensed in the first quarter of fiscal 2016.

The gain on settlement of debt of \$494,655 incurred during the three months ended June 30, 2015 represents the difference between the value of the units of \$1,280,905 issued and the debt of \$1,775,560 that was settled with the units. The foreign exchange gain of \$113,870 for the three months ended June 30, 2015 is primarily attributable to the foreign exchange difference arising on the settlement with units of the US denominated debt.

After accounting for the foreign currency translation loss, there was a comprehensive loss of \$119,070 in the three months ended June 30, 2016 compared to comprehensive income of \$565,182 in the same period of fiscal 2016.

Liquidity and Capital Resources

As at June 30, 2016, the Company had cash and cash equivalents of \$7,771 compared to \$122,367 at March 31, 2016.

For the three months ended June 30, 2016 the Company used cash for operations of \$115,044 compared to \$41,652 in fiscal 2016. The increased use of cash is primarily attributable to the exploration and evaluation costs, previously discussed.

Cash flow from financing activities was \$nil in the three months ended June 30, 2016 as compared to \$153,000 in the same period of fiscal 2016. The cash flow from financing activities for the three months ended June 30, 2015 includes a non-brokered private placement for \$200,000 which closed on April 29, 2015, net of share issue costs of \$47,000.

At June 30, 2016 the Company had cash of \$7,771, and a working capital deficiency of \$44,275. On July 25, 2016, the Company closed the financing discussed under "Corporate Matters" for gross proceeds of \$1,000,000. 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 on the Warmister Project 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 June 30, 2016 the Company had contractual cash flow commitments estimated as follows:

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Operating lease obligations	\$ 29,500	\$ 31,900	\$ -	\$ -	\$ 61,400
Accounts payable and accrued liabilities	45,151	-	-	-	45,151
Due to related party	11,192				11,192
	<u>\$ 85,843</u>	<u>\$ 31,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,743</u>

Summary of Quarterly Results

	Net income (loss) For the period ending March 31,			Net income (loss) per share For the period ending March 31,		
	2017	2016	2015	2017	2016	2015
Q1	\$ (118,909)	\$ 565,182	\$ (71,809)	\$ 0.00	\$ 0.03	\$ (0.04)
Q2	N/A	(99,574)	(44,152)	N/A	0.00	(0.03)
Q3	N/A	(93,313)	(45,471)	N/A	0.00	(0.03)
Q4	N/A	(282,750)	6,056	N/A	(0.01)	0.00
Total	\$ (118,909)	\$ 89,545	\$ (155,376)	\$ 0.00	\$ 0.00	\$ (0.09)

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

- 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 gain on settlement of debt of \$494,655 in the first quarter of fiscal 2016 with respect to the units issued for debt settlement
- The foreign exchange gain of \$113,870 in the first quarter of fiscal 2016 primarily attributable to the foreign exchange difference arising on the settlement with units of the US denominated debt
- The shared office space, equipment, personnel and other administrative costs which are shared with other companies through a related management company, effective March 1, 2015 (see "Related Party Transactions", subsequently in this MD&A) that increased overall corporate costs in fiscal 2016 compared to fiscal 2015
- The Company's quarterly results are not generally subject to seasonal factor

Share Capital Information

As at August 24, 2016, the Company had an unlimited number of common shares authorized for issuance with 41,344,015 issued and outstanding. Also, at August 24, 2016, the Company had 37,118,106 warrants issued and outstanding with a weighted average exercise price of \$0.09.

In connection with the April 29, 2015 units for debt transactions there are a total of 15,370,864 units ("Debt Units") remaining in escrow as at August 24, 2016. Each Debt Unit comprised of one common share and one common share purchase warrant (a "Debt Warrant"). Each Debt 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 every six months from April 22, 2016 until April 22, 2018. There are an additional 25,000 common shares that remain in escrow from a historical transaction.

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

In addition to the related party transactions or balances disclosed elsewhere in this MD&A, the Company had the following related party transactions.

Commencing March 1, 2015, the Company shares office space, equipment, personnel, consultants and various administrative services with other companies (Arizona Mining Inc. and NewCastle Gold Ltd.) 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 months ended June 30, 2016 and 2015:

	2016	2015
Exploration and evaluation costs	\$ 15,536	\$ -
Salaries and benefits	10,933	12,155
Office and administrative	5,682	6,725
Professional fees	5,414	-
Investor relations	330	-
Listing and filing fees	-	233
	<u>\$ 37,895</u>	<u>\$ 19,113</u>

At June 30, 2016, prepaid expenses include \$nil (March 31, 2016 – \$21,701) and due to related parties includes \$11,192 (March 31, 2015 – \$nil) with respect to these arrangements.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in its consolidated financial statements for the year ended March 31, 2016. 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: Classification and Measurement* is the first part of 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 standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company expects to adopt this standard effective January 1, 2018 and has not yet assessed the impact on its financial reporting.

On January 13, 2016, the IASB issues IFRS 16, *Leases* ("IFRS 16"), according to which, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRS 16 on its financial statements.

Financial Instruments

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

	June 30, 2016	March 31, 2016
Financial assets		
Loans and receivables		
Cash and cash equivalents	\$ 7,771	\$ 122,367
Amounts receivable	323	2,855
	\$ 8,094	\$ 125,222
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 45,151	\$ 76,615
Due to related party	11,192	-
	\$ 56,343	\$ 76,615

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. The Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars held by the Canadian parent company:

	June 30, 2016		March 31, 2016	
Cash and cash equivalents	USD	\$ 10	USD	\$ 163
Accounts payable and accrued liabilities		(14,630)		(48,799)
	USD	\$ (14,620)	USD	\$ (48,636)

As at June 30, 2016, based on the above net exposures a 10% change in the Canadian-U.S. dollar exchange rate would impact the Company's earnings by approximately \$1,902 (March 31, 2016 – \$6,309).

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from cash held with banks and financial institutions, as well as credit exposure on outstanding amounts receivable. The Company manages its exposure to credit risk by holding its cash through Canadian chartered banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the investments included in cash is limited. Based on the amount of cash invested as at June 30, 2016 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 going concern earlier in the MD&A).

Risk Factors

The Company currently has no revenues from operations. Should the Company determine to advance the joint venture 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, 2016 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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Records & Registered Office	1200 Waterfront Centre 200 Burrard Street P.O. Box 48600 Vancouver, BC V7X 1T2
Directors	Lenard Boggio Purni Parikh Robert Pirooz, Q.C. Richard W. Warke
Officers	Matthew Watson – Chief Executive Officer and President Linda Chang – Chief Financial Officer Amber Shaefer – 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 Bolsa de Valores de Lima (BVL) Trading Symbol ~ RCZ
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