ARMOR MINERALS INC.

Consolidated Financial Statements

For the Year Ended March 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Armor Minerals Inc.

We have audited the accompanying consolidated financial statements of Armor Minerals Inc., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015 and April 1, 2014, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in shareholders' equity (deficit) and cash flows for the years ended March 31, 2016 and 2015, 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 auditor considers 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Armor Minerals Inc. as at March 31, 2016 and 2015 and April 1, 2014, and its financial performance and its cash flows for the years ended March 31, 2016 and 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 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. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

July 20, 2016

Armor Minerals Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2016	March 31, 2015 (note 4)	April 1, 2014 (note 4)
Assets			
Current assets:			
Cash and cash equivalents	$ 122,367	$ 6,560	$ 7,309
Amounts receivable	2,855	4,137	804
Prepaid expenses	26,188	1,050	-
	$ 151,410	$ 11,747	$ 8,113
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 76,615	$ 1,245,549	$ 470,308
Due to related parties (note 8)	-	4,043	668,086
Loans payable to related parties (note 5)	-	715,043	413,924
	76,615	1,964,635	1,552,318
Derivative liability – warrants	-	-	1,469
	76,615	1,964,635	1,553,787
Shareholders' equity (deficit)			
Share capital (note 7)	26,950,489	25,971,135	22,634,599
Reserves (note 7)	3,682,872	2,724,088	2,373,983
Deficit	(30,558,566)	(30,648,111)	(26,554,256)
	74,795	(1,952,888)	(1,545,674)
	$ 151,410	$ 11,747	$ 8,113

Nature of operations and going concern (note 1)
Commitments (note 11)

These consolidated financial statements have been authorized for issue by the Board of Directors on July 20, 2016.

APPROVED BY THE DIRECTORS

/s/ Richard W. Warke
Richard W. Warke, Director

/s/ Purni Parikh
Purni Parikh, Director

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

Armor Minerals Inc.
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the Years Ended March 31
(Expressed in Canadian dollars)

	2016	2015 (note 4)
Expenses:		
Exploration and evaluation costs (note 6)	$ 287,744	$ -
Professional fees	76,446	150,250
Salaries, benefits and consulting	74,149	14,171
General office expenses	58,251	33,647
Listing and filing fees	16,226	21,184
Investor relations	6,011	6,506
Share-based compensation expense (note 7)	-	137
Loss before other items	(518,827)	(225,895)
Gain on settlement of debt (note 7)	494,655	-
Foreign exchange gain	113,386	76,520
Finance income (expense)	331	(7,449)
Change in fair market value of warrants	-	1,448
Net income (loss)	89,545	(155,376)
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Foreign currency translation loss	-	(251,975)
Comprehensive income (loss)	$ 89,545	$ (407,351)
Basic net income (loss) per share	$ 0.003	$ (0.090)
Diluted net income (loss) per share	$ 0.002	$ (0.090)
Weighted average number of shares outstanding (note 9):		
Basic	31,401,597	1,725,913
Diluted	46,762,775	1,725,913

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

Armor Minerals Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Share Capital		Reserves				
	Number of shares	Amount	Foreign currency translation reserve	Options and warrants	Total	Deficit	Total deficit
Balance, March 31, 2015 (note 4)	1,725,909	$ 22,634,599	$ (251,975)	$ 2,374,120	$ 2,122,145	$ (26,709,632)	$ (1,952,888)
Change in accounting policy – presentation currency (note 4)	-	3,336,536	251,975	349,968	601,943	(3,938,479)	-
Balance, April 1, 2015	1,725,909	$ 25,971,135	$ -	$ 2,724,088	$ 2,724,088	$ (30,648,111)	$ (1,952,888)
Units for debt settlement (note 7b)	25,618,106	653,708	-	627,197	627,197	-	1,280,905
Units issued on private placement (note 7c)	9,000,000	368,413	-	331,587	331,587	-	700,000
Share issue costs	-	(42,767)	-	-	-	-	(42,767)
Comprehensive income	-	-	-	-	-	89,545	89,545
Balance, March 31, 2016	36,344,015	$ 26,950,489	$ -	$ 3,682,872	$ 3,682,872	$ (30,558,566)	$ 74,795

	Share Capital		Reserves				
	Number of shares	Amount	Foreign currency translation reserve	Options and warrants	Total	Deficit	Total deficit
Balance, April 1, 2014 (note 4)	1,725,909	$ 22,634,599	$ -	$ 2,373,983	$ 2,373,983	$ (26,554,256)	$ (1,545,674)
Share-based compensation expense	-	-	-	137	137	-	137
Comprehensive loss (note 4)	-	-	(251,975)	-	(251,975)	(155,376)	(407,351)
Balance, March 31, 2015	1,725,909	$ 22,634,599	$ (251,975)	$ 2,374,120	$ 2,122,145	$ (26,709,632)	$ (1,952,888)

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

Armor Minerals Inc.
Consolidated Statements of Cash Flows
For the Years Ended March 31
(Expressed in Canadian dollars)

	2016	2015 (note 4)
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 89,545	$ (155,376)
Items not affecting cash:		
Foreign exchange gain	(116,704)	(44,170)
Gain on settlement of debt	(494,655)	-
Finance expense	-	7,460
Change in fair market value of warrants	-	(1,448)
Share-based compensation expense	-	137
Net changes in non-cash working capital items:		
Amounts receivable	1,282	(3,707)
Prepaid expenses	(25,138)	(1,050)
Accounts payable and accrued liabilities	5,334	116,101
Due to related parties	(4,043)	-
	(544,379)	(82,053)
Financing activities:		
Proceeds from private placement	700,000	-
Share issue costs	(42,767)	-
Loans received	-	87,569
	657,233	87,569
Effect of exchange rate changes on cash and cash equivalents	2,953	(6,265)
Increase in cash and cash equivalents	115,807	(749)
Cash and cash equivalents, beginning of year	6,560	7,309
Cash and cash equivalents, end of year	$ 122,367	$ 6,560
Supplementary information:		
Cash and cash equivalents, end of year comprise:		
Cash and balances with banks	$ 8,022	$ 6,560
Short-term investments	114,345	-
	$ 122,367	$ 6,560
Non-cash financing activities:		
Units issued for debt settlement (note 7b)	$ 1,280,905	$ -

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

1. Nature of Operations and Going Concern

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 and the registered and records office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. 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. 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 March 31, 2016 the Company had cash and cash equivalents of $122,367, working capital of $74,795, net income for the year ended March 31, 2016 of $89,545, and a deficit of $30,558,566. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. Based on current plans, Armor will need to raise additional funding in the first quarter of fiscal 2017. 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. This material uncertainty casts significant doubt about the Company’s ability to continue as a going concern.

The Company’s financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

2. Basis of Presentation

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, 2016 as issued and outstanding as of July 20, 2016, the date the Board of Directors approved the financial statements.

b) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. The Company changed its functional and presentation currency effective April 1, 2015, the details of which are described in note 4.

c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Use of estimates and judgements

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.

- Going concern – Significant judgments are disclosed in Note 1.

- 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.

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) Basis of consolidation

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. All intercompany transactions and balances are eliminated on consolidation. On March 31, 2015, Armor's two wholly owned subsidiaries, Cerro La Mina Cayman Ltd. and Rio Cristal Zinc Cayman Ltd. were struck off of the Cayman Island's Registrar of Companies. At March 31, 2016 and 2015, the Company has no subsidiaries.

b) Translation of foreign currencies

Management determines the functional currency of each entity as the currency of the primary economic environment in which the entity operates.

Foreign currency transactions

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 gains and losses arising on period-end revaluations are recognized in the statement of income (loss).

Foreign operations

A subsidiary that has a functional currency other than Canadian dollars translates its assets and liabilities to Canadian dollars at the exchange rates prevailing at the end of each reporting period. Revenues and expenses are translated at the average exchange rate during the period. Differences arising from these foreign currency translations are recognized in other comprehensive income (loss) and presented within shareholders' equity (deficit) in the foreign currency translation reserve. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the statement of income (loss) as part of the profit or loss on disposal.

Net investment in a foreign operation

Foreign currency gains and losses arising on translational of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in other comprehensive income (loss) and presented within shareholders' equity (deficit) in the foreign currency translation reserve.

c) Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and short-term investments with maturities at point of purchase of 90 days or less or are cashable after 30 days at the option of the Company. Interest from cash and cash equivalents is recorded on an accrual basis.

d) Exploration and evaluation expenditures

Exploration and evaluation costs are charged to the statement of income (loss) in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development costs are capitalized.

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, option payments, and the costs of the Company's exploration activities.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributable to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

e) Share capital

Common shares are classified as share capital. Proceeds from share issuances are recorded net of issue costs. Share capital issued as non-monetary consideration is recorded at an amount based on the fair value of the consideration received.

f) Loss per share

Basic loss per share is computed by dividing net 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.

g) Share-based payments

The Company has established a share purchase option plan for eligible directors, officers, employees and consultants and accounts for this plan using the fair value method of accounting. Under this method, the grant date fair value of an award under the plan is recognized as an expense using a graded vesting method, with a corresponding increase in reserves. For awards subject to vesting, the Company recognizes an expense over the period that the holder becomes unconditionally entitled to the awards. Awards not subject to vesting are recognized as an expense at the grant date.

The Company estimates the grant date fair value of the award using the Black-Scholes option pricing model. The number of options expected to vest are estimated at the grant date and reviewed at the end of each reporting period. The Company recognises the impact of the revision to original estimates, if any, in the statement of income (loss) and comprehensive income (loss), with a corresponding adjustment to reserves. When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of statement of income (loss) and comprehensive income (loss).

The fair value of warrants, issued in connection with the issuance of shares in the functional currency of the entity in which they are issued, are recognized on the date of issue as a reduction in share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants issued, separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

h) 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 income (loss) and comprehensive income (loss). Gains and losses arising from changes in fair value are presented in the statement of income (loss) and comprehensive income (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 (loss). 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 cash and cash equivalents and 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 and accrued liabilities, due to related parties and loans payable to related parties. Financial liabilities at amortized cost 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 issued in connection with the closing of a previous equity financing required settlement for an amount in Canadian dollars, a currency different to the Company's previous functional currency of U.S. dollars, and therefore did not meet the definition of an equity instrument. As such, the share purchase warrants were carried on the statement of financial position as other derivative financial instruments.

i) 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 income (loss) and comprehensive income (loss). This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of income (loss) and comprehensive income (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.

j) 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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (loss).

k) 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.

l) Income taxes

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

m) New accounting standards, amendments and interpretations

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.

4. Change in Functional and Presentation Currency

The Company changed its functional currency from the U.S. dollar ("USD") to the Canadian dollar ("CAD") as of April 1, 2015. The change in functional currency coincides with the April 2015 closing of the previously announced Canadian dollar units for debt transaction and private placement (note 7). Considering Armor's business activities, comprised primarily of Canadian dollar expenditures as well as Canadian dollar denominated financings, management determined that the functional currency of the Company is the Canadian dollar. All assets, liabilities, share capital, and other components of shareholders' equity (deficit) were translated into Canadian dollars at the exchange rate at the date of change. These changes have been accounted for prospectively.

Concurrent with the change in functional currency, on April 1, 2015, the Company changed its presentation currency from the U.S. dollar to the Canadian dollar. This change in presentation currency is to better reflect the Company's business activities, comprised primarily of Canadian dollar transactions following the dissolution of its remaining foreign subsidiaries in the year ended March 31, 2015. The consolidated financial statements for all years presented have been translated into the new presentation currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The consolidated statements of loss and comprehensive loss have been translated into the presentation currency using the average exchange rates prevailing during each quarterly reporting period. All assets and liabilities previously reported in U.S. dollars have been translated into Canadian dollars as at April 1, 2014 and March 31, 2015 using the period-end noon exchange rates of 1.1053 USD/CAD and 1.2682 USD/CAD, respectively. As a practical measure, the comparative shareholders' equity (deficit) balances were translated at the April 1, 2014 exchange rate of 1.1053 USD/CAD. The comparative statements of net loss and cash flows were translated at quarterly averages between 1.0890 USD/CAD and 1.2418 USD/CAD for the year ending March 31, 2015. All resulting exchange differences have been recognized in the foreign currency translation reserve. The effect of applying different exchange rates for the change in functional currency and presentation currency have been included as a reconciling item within the statement of changes in shareholders' equity (deficit) as at April 1, 2015.

5. Loans Payable to Related Parties

		March 31, 2016		March 31, 2015
Demand promissory notes from Debt Purchasers (note a)	$	-	$	77,771
Loans originally issued by former related parties (note b)		-		637,272
	$	-	$	715,043

a) Demand promissory notes from Debt Purchasers

25022011 Ltd. (formerly Augusta Investments Inc., "Augusta") and Iris Consulting Limited ("Iris", together with Augusta, the "Debt Purchasers"), independent third-parties at the time, each provided $38,886 in December 2014 by way of a demand promissory note. Under the terms of the demand promissory note, no interest accrued on the principal amount of the note until the demand was made on the note. Following demand, interest on the balance was to accrue at a rate of prime plus 2% per annum. These notes were included in the units for debt transaction as described in note 7b. Richard W. Warke, a director of the Company, indirectly owns 100% of 25022011 Ltd. and Robert Pirooz Q.C., a director of the Company, beneficially owns or controls Iris Consulting Limited.

b) Loans originally issued by former related parties

In August 2014, the Debt Purchasers purchased loans payable to former related parties of Armor, valued at the time of purchase at $43,634 and $544,054 (US$468,084). These loans payable were unsecured and bore interest at 6% per annum, with no further interest accrued after June 30, 2014. These loans were included in the units for debt transaction as described in note 7b.

(Expressed in Canadian dollars unless otherwise noted)

6. Exploration and Evaluation Costs

The following is a summary of exploration and evaluation costs by category for the years ended March 31, 2016 and 2015:

	2016	2015
Administration fee	$ 32,870	$ -
Option payments	53,757	-
Drilling	115,569	-
Property access	14,221	-
Assay and analysis	8,380	-
Geologic consulting and support	39,585	-
Travel, food and accommodations	16,909	-
Supplies and other	6,453	-
	$ 287,744	$ -

On October 28, 2015, the Company signed a definitive Earn-in Agreement (the "Agreement") with Jack's Fork Exploration, Inc. ("Jack's Fork") to acquire up to an 80% joint venture interest in the Warmister and Tower Hill gold properties (the "Properties") located in Virginia, USA.

Under the terms of the Agreement, Armor will earn up to a 50% interest in the Properties by incurring exploration expenditures aggregating US$950,000 (the "Work Expenditures") in accordance with the following schedule:

- US$250,000 on or before October 28, 2016 to acquire a 10% interest in the Properties;
- US$250,000 on or before October 28, 2017 to acquire an additional 15% interest in the Properties; and
- US$450,000 on or before October 28, 2018 to acquire an additional 25% interest in the Properties.

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 US$25,000 annually thereafter until the earlier of when US$75,000 is paid or the delivery of a fully funded preliminary economic assessment.

Armor will earn an additional 30% interest in the Properties with delivery of a preliminary economic assessment on or before October 28, 2020.

At March 31, 2016, accounts payable and accrued liabilities include $62,799 payable to Jack's Fork with respect to the Agreement.

7. Share Capital and Reserves

a) Share capital

At March 31, 2016, 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's common shares were consolidated on the basis of one post-consolidated share for every ten pre-consolidated shares. All comparative common share, share option and share purchase warrant figures in these consolidated financial statements have been retrospectively restated to present post-consolidation amounts.

In connection with the units for debt transactions (note 7b) there are a total of 19,213,580 Debt Units remaining in escrow as at March 31, 2016. The remaining escrowed shares 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.

b) Units for debt transaction

In August 2014, liabilities of the Company were purchased by the Debt Purchasers directly from each of the creditors. The amounts purchased by the Debt Purchasers included the loans from former related parties of $43,634 and $544,054 (US$468,084) (note 5b), and accounts payables and accrued liabilities of $386,049 and $704,052 (US$605,740) (the "Purchased Debt"). In addition to the demand promissory notes issued to the Debt Purchasers (note 5a), $20,000 was advanced by the Debt Purchasers in September 2014, and included in accounts payable and accrued liabilities. Taking into account the Purchased Debt, the demand promissory notes of $77,771, and the advances of $20,000, the aggregate amount owed to the Debt Purchasers was $527,454 and $1,248,106 (US$1,073,824), totaling $1,775,560 (the "Total Debt"). Augusta and Iris each held an equal amount of the Total Debt.

On April 29, 2015, the Company issued 25,618,106 units for debt ("Debt Units") at a price of $0.05 per Debt Unit to settle $1,280,905 of the Total Debt. 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 Debt Units are subject to a 36-month staged release escrow commencing from April 22, 2015, released in stages with 10% of the Debt Units being released from escrow immediately and the balance being released in six equal installments every six months thereafter (note 7a). The Company determined that the fair value of the Debt Warrants issued on April 29, 2015 was $627,197. This fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 5 years; annualized volatility of 161%; a risk free interest rate of 0.98%; and zero expected dividend yield.

The remainder of the Total Debt of $494,655 was recorded as a gain on settlement of debt.

c) Private placements

As part and parcel of the units for debt transaction, on April 29, 2015 the Company closed a non-brokered private placement for $200,000 under which the Company issued 4,000,000 units ("Private Placement Units") at a price of $0.05 per Private Placement Unit to certain directors of the Company. Each Private Placement Unit comprised of one common share and one common share purchase warrant (a "Private Placement Warrant"). Each Private Placement Warrant entitles the holder to purchase one common share at a price of $0.08 per common share until April 29, 2018. The Company determined that the fair value of the Private Placement Warrants issued on April 29, 2015 was $96,064. This fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 3 years; annualized volatility of 189%; a risk free interest rate of 0.68%; and zero expected dividend yield.

On October 7, 2015, the Company closed a non-brokered private placement of 5,000,000 units at a price of $0.10 per unit for gross proceeds of $500,000. Each unit comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.15 per common share until October 7, 2020. The Company determined that the fair value of the warrants issued on October 7, 2015 was $235,523. This fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 5 years; annualized volatility of 147%; a risk free interest rate of 0.82%; and zero expected dividend yield.

(Expressed in Canadian dollars unless otherwise noted)

d) Warrants

The following summarizes the Company's warrants at March 31, 2016:

Date of Issue	Exercise Price	Expiry Date	March 31, 2015 and 2014	Issued	Expired	March 31, 2016
April 29, 2015	$0.05	April 22, 2020	-	25,618,106	-	25,618,106
April 29, 2015	$0.08	April 29, 2018	-	4,000,000	-	4,000,000
October 7, 2015	$0.15	October 7, 2020	-	5,000,000	-	5,000,000
			-	34,618,106	-	34,618,106

The weighted average exercise price of the warrants outstanding at March 31, 2016 is $0.07 (March 31, 2015 – $nil).

e) 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, 2016, 2015 and 2014 there are no options reserved under the Plan and there are no options outstanding.

During the year ended March 31, 2016, the Company recognized $nil (March 31, 2015 – $137) in share based compensation expense.

8. Related Party Disclosures

Compensation of key management

Key management includes the Company's directors and certain senior management. For the year ended March 31, 2016, the Company paid salaries and benefits of $30,051 to key management personnel (March 31, 2015 – $4,702).

The Company paid the following remuneration to former directors and certain senior management in the years ended March 31, 2016 and 2015:

	2016	2015
Salaries, benefits and consulting	$ 2,393	$ 8,179
Professional fees	9,479	-
Share-based compensation expense	-	137
	$ 11,872	$ 8,316

(Expressed in Canadian dollars unless otherwise noted)

Related party transactions

In addition to the related party disclosures or balances disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions.

Commencing March 1, 2015, the Company shares office space, equipment, personnel and various administrative services with other companies (Arizona Mining Inc. and Catalyst Copper Corp.) 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 years ended March 31, 2016 and 2015:

		2016		2015
Salaries, benefits and consulting	$	74,149	$	5,992
Office and administrative		58,471		3,388
Listing and filing fees		3,101		-
Investor relations		1,239		521
Professional fees		-		1,142
	$	136,960	$	11,043

At March 31, 2016, prepaid expenses include $21,701 (March 31, 2015 – $nil) and due to related parties includes $nil (March 31, 2015 – $4,043) with respect to these arrangements.

9. (Loss) Earnings per Share Data

	March 31, 2016	March 31, 2015
Weighted average common shares outstanding	31,401,597	1,725,913
Plus net incremental shares from assumed conversions:		
Warrants	15,361,178	-
Diluted weighted average common shares outstanding	46,762,775	1,725,913

For the periods where Armor records a loss, the Company calculates diluted loss per share using the basic weight average number of shares. If the diluted weighted average number of shares was used, the result would be a reduction in the loss, which would be anti-dilutive.

10. 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):

		March 31, 2016		March 31, 2015
Financial assets				
Loans and receivables				
Cash and cash equivalents	$	122,367	$	6,560
Amounts receivable		2,855		4,137
	$	125,222	$	10,697

Financial liabilities
Financial liabilities at amortized cost

Accounts payable and accrued liabilities	$	76,615	$	1,245,549
Due to related parties		-		4,043
Loans payable to related parties		-		715,043
	$	76,615	$	1,964,635

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 at March 31, 2016 and Canadian dollars at March 31, 2015:

			March 31, 2016			March 31, 2015
Cash and cash equivalents	USD	$	163	CAD	$	3,424
Amounts receivable			-			4,137
Accounts payable and accrued liabilities			(48,799)			(471,551)
Due to related parties			-			(4,043)
Loans payable to related parties			-			(121,405)
	USD	$	(48,636)	CAD	$	(589,438)

As at March 31, 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 $6,309 (March 31, 2015 – US$46,475).

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 March 31, 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.

(Expressed in Canadian dollars unless otherwise noted)

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 1).

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 pursue the joint venture with Jack's Fork 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' equity (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.

11. Commitments

At March 31, 2016, based on current estimated usage, the Company is committed to payments for office premises through fiscal 2018 in the total amount of approximately $15,400. Payments by fiscal year are:

2017	$	6,600
2018		6,600
2019		2,200

12. Segment Information

All of the identifiable assets and (loss) earnings are located in Canada.

13. Income Taxes

The provision for income taxes reported differs from the amount computed by applying the cumulative Canadian Federal and Provincial income tax rates to the loss before the tax provision due to the following:

		Year ended March 31, 2016		Year ended March 31, 2016
Net income (loss)	$	89,545	$	(155,376)
Statutory tax rate		26.00%		26.00%
Expected income tax expense (recovery)		23,282		(40,398)
Reconciling items:				
Non-deductible expenses and other		77,405		(20,504)
Utilization of previously unrecognized tax losses		(104,125)		-

(Expressed in Canadian dollars unless otherwise noted)

Unrecognized tax losses		3,438		60,902
Income tax expense	$	-	$	-

The Company's unrecognized tax losses and other deductible temporary differences for which no deferred tax asset is recognized consists of the following:

		March 31, 2016		March 31, 2016
Non-capital loss carryforwards	$	4,634,000	$	4,863,000
Net-capital loss carry forwards		7,636,242		7,636,242
Excess tax value of equipment over book value		25,517		25,517
Share issuance costs		36,853		5,280
Cumulative eligible expenditures		39,077		-
	$	12,371,689	$	12,530,039

The unrecognized operating loss carry forwards were incurred in Canada and expire between 2027 and 2035. The unrecognized net capital losses were also incurred in Canada and can be carried forward indefinitely.