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MANAGEMENT DISCUSSION AND ANALYSIS

July 31, 2013

Form 51-102 F1
Management Discussion and Analysis (“MD&A)
North Arrow Minerals Inc. (“North Arrow” or the “Company”)
Containing Information up to and including September 26, 2013

Description of Business

North Arrow Minerals Inc. (the “Company”) is a Canadian mineral exploration company focused on evaluating prospective diamond exploration properties in Canada. The Company’s key diamond properties include the Qilalugaq (Nunavut), Lac de Gras (Northwest Territories), Redemption (Northwest Territories), Pikoo (Saskatchewan), and Timiskaming (Ontario/Quebec) projects. Shares of the Company trade on the TSX Venture Exchange (“TSXV”) under the symbol NAR.

The following discussion and analysis of the Company’s financial condition and results of operations for the three months ended July 31, 2013 should be read in conjunction with the condensed interim unaudited financial statements of the Company for the three months ended July 31, 2013 and the audited financial statements of the Company for the year ended April 30, 2013, together with the notes thereto. The MD&A supplements, but does not form part of the audited financial statements of the Company. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS).

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

Forward-Looking Statements

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to sources of and anticipated financing requirements, the Company’s ability to continue as a going concern, the Company’s ability to maintain its exploration and evaluation assets in good standing, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company’s objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company’s future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company’s current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks, and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

A summary of the exploration activities for the Company follows, as well as a description of other corporate activities. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding considerations.

Highlights for the three months ended July 31, 2013 and subsequent events up to September 26, 2013

- On May 13, 2013, the Company announced it had completed an initial diamond drilling program at the Timiskaming diamond project, Ontario thereby fulfilling the Company's requirements to earn an 80% interest in the project from Stornoway Diamond Corporation ("Stornoway"). The drilling program consisted of five holes (547m) testing four targets. Kimberlite was not intersected.

- In May 2013, the Company confirmed an earlier mineral resource estimate for the Q1-4 kimberlite at the Qilalugaq diamond project, Nunavut. The resource estimate consists of a total Inferred Mineral Resource for the Q1-4 kimberlite pipe of 26.1 million carats from 48.8 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 53.6 carats per hundred tonnes (cpht) extending from surface to a depth of 205m. Additional resource upside has been identified in the form of a target for further exploration for the Q1-4 kimberlite pipe of between 7.9 to 9.3 million carats from 14.1 to 16.6 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 56.1 cpht, extending from 205m depth to 305m depth.

- On June 26, 2013, the Company announced that kimberlite was intersected in the first hole of a 2,000m drilling program at the Pikoo diamond project, Saskatchewan.

- On July 4, 2013, the Company announced it had acquired, from Arctic Star Exploration Corp. ("Arctic Star"), an option to earn a 55% interest in the Redemption diamond project in the Lac de Gras region of the Northwest Territories. The Company can exercise its option by spending $5 million prior to July 1, 2017.

- On July 12, 2013, the Company announced it had entered purchase and sale agreements with Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company, to acquire 100% interests in each of the Mel and Luxx diamond projects, Nunavut. Under the terms of the agreements, which are subject to regulatory approval, the property interests shall be acquired for consideration consisting of a 1% gross overriding royalty and a total of 500,000 share purchase warrants with each warrant entitling the holder to acquire one common share of the Company at a price of 65 cents for a period of five years.

- On August 7, 2013, the Company announced that hypabyssal kimberlite was intersected in nine of ten drill holes at the Pikoo project, Saskatchewan.

- On August 19, 2013, the Company announced it had closed the acquisition of the Mel and Luxx diamond projects.

- On September 23, 2013 the Company announced that Mr. William Lamb, the President and CEO of Lucara Diamond Corp., had joined the Board of Directors of the Company.

Exploration Projects Overview

An overview of the exploration activities for the Company follows. For additional details the reader is referred to the Company's continuous disclosure documents available on SEDAR (www.sedar.com).

	April 30, 2013	Expended During the Period	Write-offs During the Period	July 31, 2013
Gold and Base Metal Properties, Canada				
Exploration costs	24,389	$ -	$ -	24,389
Acquisition costs	81,044	-	-	81,044
Geological and assays	458	-	-	458
Office and salaries	20,704	-	-	20,704
	126,595	-	-	126,595
Diamond Properties, Canada				
Exploration costs	358,313	1,083,647	-	1,441,960
Acquisition costs	303,683	328,129	-	631,812
Geological and assays	153,489	91,404	-	244,893
Office and salaries	126,608	-	-	126,608
	942,093	1,503,180	-	2,445,273
TOTAL	$ 1,068,688	$ 1,503,180	$ -	$ 2,571,868

Unless otherwise stated below, the Company's Canadian exploration activities are conducted under the supervision of Kenneth Armstrong, P.Geo. (ON), President and CEO of the Company and a "Qualified Person" under National Instrument ("NI") 43-101.

During the three months ended July 31, 2013, the Company focussed on evaluating its Canadian diamond exploration properties. The Company completed an initial drilling program at the Pikoo project in Saskatchewan, intersecting kimberlite in nine of ten drill holes. The Company continued planning for a bulk sampling program at the Qilalugaq project in Nunavut and also acquired an option to earn 55% interest in the Redemption diamond project in the Lac de Gras region of the Northwest Territories, as well as 100% interests in each of the Mel and Luxx projects in Nunavut.

The Company's plans for its non-diamond exploration properties include evaluation through option and joint venture agreements with third parties and the possible sale of properties.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Diamond Projects

Qilalugaq Diamond Project - Nunavut

The 7,143 hectare Qilalugaq diamond project is located near the community of Repulse Bay, Nunavut. The property was originally staked by BHP Billiton Diamonds Inc. and subsequently optioned by Stornoway in 2006. Stornoway acquired a 100% interest in the project in 2010. The project is subject to a 3% net smelter returns royalty on metals produced and a 3% gross-overriding royalty on the sale of industrial minerals, including diamonds. A total of eight kimberlite pipes (Q1-4, A34, A42, A59, A76, A94, A97 and A152) have been identified within the Qilalugaq diamond project as well as a number of laterally extensive kimberlite dyke systems.

The 12.5 hectare Q1-4 kimberlite is the largest kimberlite pipe in the eastern Canadian Arctic. On May 15, 2013 the Company confirmed an Inferred Mineral Resource at Q1-4 estimated to be 26.1 million carats from 48.8 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 53.6 carats per hundred tonnes (cpht) extending from surface to a depth of 205m. Additional resource upside in the form of a target for further exploration was estimated at between 7.9 to 9.3 million carats of diamonds from 14.1 to 16.6 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 56.1 cpht, extending from 205m depth to 305m depth. The mineral resource estimate comprised the integration of kimberlite volumes, density, petrology and diamond content-data obtained from 5,133 m of diamond drilling, 2,714 m of reverse circulation (RC) drilling, 2.9 tonnes of samples submitted for microdiamond analysis, 257.7 tonnes of samples submitted for macrodiamond sampling with 59.2 carats of diamonds (2,054 stones) recovered from RC drilling, 7.5 carats of diamonds (205 stones) recovered from surface trenching and 2.36 carats of diamonds (69 stones) recovered from HQ diameter diamond drilling.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade of a target for further exploration referred to above is conceptual in nature, there has been insufficient exploration to define a mineral resource, and it is uncertain whether further exploration will result in the target being delineated as a mineral resource.

Subject to March 2013 option agreement with Stornoway, the Company has the option to earn an 80% interest in the Qilalugaq project by completing an option work program that includes the collection of a 1,000 tonne mini bulk sample from the Q1-4 kimberlite for the purpose of recovering a large enough parcel of diamonds to better determine diamond grade, size distribution, diamond parcel value, and to establish whether or not coloured diamonds persist into the larger diamond sizes. The option work program must be completed within two years of receipt of the required land use permit and, in any event must be completed no later than January 2018. If the Company completes the option work program and provides notice to Stornoway of its intent to vest an 80% interest in a project, Stornoway will have a one-time right (the “Back-in Right”) to buy-back a 20% interest in the project by paying to the Company an amount equal to three times the costs incurred in connection with the option work program. Upon earn-in by the Company in the project, the Company and Stornoway will form a joint venture for the purpose of further exploration of the project, and the interests would be 80% the Company and 20% Stornoway, unless Stornoway exercises the Back-In Right, in which case the interest would 60% the Company and 40% Stornoway.

<u>Pikoo Diamond Project - Saskatchewan</u>

The Pikoo diamond project consists of 33,374 hectares of mineral claims located approximately 140 km east of La Ronge, Saskatchewan. An all-season road to the community of Deschambault Lake comes to within 6 km of the project’s southern boundary. Stornoway staked the Pikoo claims based on results of regional exploration programs intended to test the diamond potential of the Sask craton in north-central Saskatchewan. Surficial till sampling of the Pikoo Property has identified two distinct kimberlite indicator mineral trains described as the North Pikoo and South Pikoo target areas.

During the three months ended July 31, 2013 the Company completed an initial ten hole (2,002 m) exploration drilling program at the Pikoo project, testing both the North and South Pikoo target areas. Hypabyssal kimberlite was intersected in nine of the ten drill holes, confirming the presence of a new kimberlite field in this region.

The most significant discovery of the program was in the South Pikoo area where target PK150 was tested by three drill holes. Drill hole DDH 13PK06 ($-59^0/194^0$Az) drilled 28.89 m of kimberlite from 51.39 m down hole. Additional 0.51 m and 0.18 m kimberlite dykes were also encountered at 122.67 m and 123.60 m downhole, respectively. DDH 13PK08 ($-49^0/010^0$Az) tested PK150 approximately 35 m to the west of 13PK06, and drilled 22.12 m of kimberlite from 140.95 m down hole and 0.59 m of kimberlite from 167.26 m down hole. DDH 13PK09 ($-60^0/199^0$Az) was collared approximately 70 m west of 13PK06 and drilled 20.12 m of kimberlite starting at 63.85 m down hole. The PK150 kimberlite is interpreted as a near vertical body comprised of dark grey hypabyssal kimberlite containing abundant olivine as well as common ilmenite and orange to purple garnets and less common chrome diopside. Internal country rock dilution is estimated as less than 5% and mantle nodules ranging up to 10 cm are common.A narrow (<1.0m) kimberlite dyke was intersected by drill hole DDH 13PK10 testing a separate target located 300 m east of PK150.

In the North Pikoo area, five drill holes tested a 1.1 km strike length of an east-west trending target located at the head of the North Pikoo kimberlite indicator mineral train. Four of the holes were drilled along a north-northeast azimuth with one hole drilled from the north side of the target in a south-southwesterly direction. The drill holes encountered between one and six individual kimberlite dykes ranging from 3 cm to 59 cm in width. The dykes are interpreted to be vertical to steeply south dipping.

The Pikoo project drilling program has discovered a new kimberlite field within in Sask Craton, Saskatchewan. A study of the mineral chemistry of the North Pikoo and South Pikoo kimberlites is underway including a comparison to the compelling mineral chemistry of the North Pikoo and South Pikoo kimberlite indicator mineral trains. Further, approximately 205 kg of kimberlite drill core from the three holes that tested PK150 have been submitted to Microlithics Laboratory in Thunder Bay, ON for microdiamond analyses. Results are expected in October, 2013.

Subject to a March 2013 option agreement with Stornoway, the Company retains the option to earn an 80% interest in the Pikoo diamond project by completing an option work program consisting of a minimum 2,000 m diamond drilling program including a minimum of two drill holes at each of the North and South target areas. The work program must, among other requirements, be initiated by January 2015 and completed by January 2016. If the Company completes the option work program and provides notice to Stornoway of its intent to vest an 80% interest in a project, Stornoway will have a one-time right (the "Back-in Right") to buy-back a 20% interest in the project by paying to the Company an amount equal to three times the costs incurred in connection with the option work program. Upon earn-in by the Company in the project, the Company and Stornoway will form a joint venture for the purpose of further exploration of the project, and the interests would be 80% the Company and 20% Stornoway, unless Stornoway exercises the Back-In Right, in which case the interest would 60% the Company and 40% Stornoway.

Lac de Gras Diamond Project – Northwest Territories

The Lac de Gras Diamond project forms a large, contiguous block of mineral claims and mining leases located within the Lac de Gras diamondiferous kimberlite field in Canada's Northwest Territories. The project area directly adjoins the mineral leases that host the Diavik diamond mine, located 10 km to the north. The Ekati diamond mine is located within 40 km to the northwest. The trend line defined by Diavik's mine project kimberlites runs directly through the centre of the project, while trend line defined by Ekati's mine project kimberlites crosses the western portion of the project.

The Lac de Gras project consists of 81,500 acres of mining leases and mineral claims that are 100% owned by the Company as well as a contiguous 226,000 acre block of claims held by Dominion Diamond Corporation (formerly Harry Winston Diamond Mines Ltd.) ("Dominion"). Under the terms of a September 6th 2011 option agreement, the two properties were amalgamated to form a "Joint Venture Property" totaling over 307,000 acres. Dominion maintains an option to earn a 55% interest in the Joint Venture Property by funding $5,000,000 in exploration expenditures over a five year period. Upon exercising the option, a joint venture will be formed in which Dominion will hold a 55% interest and the Company will hold a 45% interest in the Joint Venture Property.

Previous exploration has been carried out on portions of the Joint Venture Property, but traditional surface till sampling for kimberlite mineral indicator trains has been hampered by thick glacial till cover. In April, 2013 Dominion commenced an overburden drilling program intended to test the basal tills of the property on a defined grid. The program utilized a helicopter portable reverse circulation drill capable of sampling a complete till column to reach basal till not accessed by previous sampling. The initial $1.3M phase one program was completed in June 2013 and a phase 2 follow up program commenced in July 2013. Total expenditures for the 2013 program are anticipated to be approximately $3 million. The program is fully funded by Dominion.

Timiskaming Diamond Project - Ontario/Quebec

The Timiskaming diamond project consists of 3,865 hectares of non-contiguous mineral claims in the Cobalt-New Liskeard-Elk Lake-Notre Dame du Nord (Ville Marie) region of northeastern Ontario and northwestern Quebec. Between 1995 and 2012, Stornoway and its predecessor companies conducted comprehensive diamond exploration programs within the project area resulting in the discovery of nine kimberlites. Six of these kimberlites (95-1, 96-1, SC-118, KL-01, KL-22, and Baby) are subject to the option agreement with BCCo. Surficial sediment sampling and geophysical data from the Timiskaming diamond project suggest additional undiscovered kimberlites may be located within the project area.

During the period ended July 31, 2013 the Company exercised its option to earn an 80% interest in the Timiskaming diamond project by completing a five hole (547 m) drilling program testing four targets located up ice from unsourced kimberlite indicator mineral trains. Kimberlite was not intersected in any of the drill holes. Completion of the May 2013 drilling program fulfilled the requirements of the option work program under an option agreement with Stornoway and the Company delivered to Stornoway a notice of its intent to vest at an 80% interest in the project, subject to a one time back in right held by Stornoway. On August 6, 2013 Stornoway notified the Company that it will not exercise its back-in right and, as a result, ongoing exploration of the Timiskaming project will be conducted under an 80/20 (North Arrow/Stornoway) joint venture.

The Timiskaming drilling program was conducted under the supervision of Robin Hopkins, P.Geol. (NU/NT), Vice-President, Exploration for Stornoway and a Qualified Person under NI 43-101.

Redemption Diamond Project - Northwest Territories

During the three month period ended July 31, 2013 the Company announced it had entered into an agreement with Arctic Star Exploration Corp. under which Arctic Star has granted the Company an option to earn a 55% interest in the Redemption diamond project in the Lac de Gras region of the Northwest Territories.

The 11,500 hectare Redemption project is located within the Lac de Gras diamond district, approximately 32 km southwest of, and 47 km to the west of the Ekati and Diavik diamond mines, respectively. The project benefits from an extensive database of previous exploration work by Arctic Star and others, including airborne and ground geophysical surveys, till geochemical sampling and a limited amount of drilling. Importantly, the project covers the interpreted up ice termination of the South Coppermine kimberlite indicator mineral train. The South Coppermine train was extensively explored by Arctic Star between 2004 and 2010 and is defined by a full suite of kimberlite indicator minerals including pyrope garnets, high-magnesium ilmenites, chrome diopsides, chromite and eclogiticgarnets. These indicator minerals exhibit compositions that are typical of minerals found within diamond bearing kimberlites. A number of the indicator minerals have been described as having angular shapes, soft alteration coats and in some cases are attached to kimberlite; textural characteristics that are interpreted to indicate the minerals have not travelled far from their bedrock source.

A helicopter-borne gravity survey of the Redemption project was completed in July 2013. The survey was conducted by Fugro Airborne Surveys using their proprietary Falcon airborne gravity gradiometer system. Airborne Gravity Gradiometry has proven to be an effective tool for locating kimberlites in the Lac de Gras region, and will complement the existing airborne electromagnetic and magnetic geophysical survey information within the project database. Subsequent to the period ended July 31, 2013 lake bathymetry surveys were completed over a number of lakes within the gravity survey area and 350 till samples were also collected. Data from the bathymetry survey will aid in the interpretation of the airborne gravity gradiometry data, which will be evaluated, along with results from the till sampling program and other existing datasets, to identify and prioritize potential kimberlite targets for follow up exploration in 2014.

Under the terms of the option agreement with Arctic Star, the Company can earn a 55% interest in the Redemption project by incurring $5 million in exploration expenditures prior to July 1, 2017, including a firm commitment to spend $1,000,000 prior to July 1, 2014.

Mel Diamond Project - Nunavut

During the period ended July 31, 2013 the Company announced it had acquired a 100% interest in the Mel diamond project, Nunavut. The project was acquired to cover unexplained kimberlite indicator mineral trains identified from public datasets and consists of approximately 183,000 acres on the Melville peninsula, approximately 140 km south of the community of Hall Beach and 210 km northeast of the community of Repulse Bay which is also the location of the Company’s Qilalugaq diamond project. The property is located within 10 km of tidewater and hosts two unsourced KIM trains defined from over 500 till samples recorded in public assessment files. The mineral trains are composed of pyrope and eclogitic garnets, as well as ilmenite.

An airborne magnetic survey was completed during July 2013 and 13 till samples were collected during a one day site visit in September 2013. Additional follow up exploration is planned for 2014 field season.

Acquisition of the Mel project was subject to a purchase and sale agreements with Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property in consideration of a 1% gross overriding royalty. The Company will retain the right to buy back half of the royalty (0.5%) for $1 million at any time. The Company also issued to Anglo Celtic a 250,000 transferrable share purchase warrants. Each warrant will entitle Anglo Celtic to acquire one common share of the Company at a price of 65 cents for a period of five years from the closing date of the purchase and sale. Any shares issued as a result of the exercise of the warrants will be subject to a hold period of four months from the date of closing the purchase and sale. On August 19, 2013 the Company announced it had received all required regulatory approvals and closed the acquisition of the Mel project.

Luxx Diamond Project - Nunavut

During the period ended July 31, 2013 the Company announced it had acquired a 100% interest in the Luxx diamond project, Nunavut. The project was acquired to cover unexplained kimberlite indicator mineral trains identified from public datasets and consists of approximately 100,000 acres on tidewater of Chesterfield Inlet, approximately 60 km from the community of Chesterfield Inlet and 100 km north of the community of Rankin Inlet. The project includes at least one, and possibly three KIM trains defined from over 350 till samples in public assessment records. The trains are located within 20 km of the Churchill kimberlite cluster, and include samples containing in excess of 30 garnets and 200 ilmenites at the head of the train that is well cut-off by a series of barren till samples. Initial exploration of the property will consist of an airborne magnetic survey during July with follow up till sampling to confirm and better define the composition of the kimberlite indicator minerals.

Acquisition of the Luxx project was subject to a purchase and sale agreements with Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property in consideration of a 1% gross overriding royalty. The Company will retain the right to buy back half of the royalty (0.5%) for $1 million at any time. The Company also issued to Anglo Celtic a 250,000 transferrable share purchase warrants. Each warrant will entitle Anglo Celtic to acquire one common share of the Company at a price of 65 cents for a period of five years from the closing date of the purchase and sale. Any shares issued as a result of the exercise of the warrants will be subject to a hold period of four months from the date of closing the purchase and sale. On August 19, 2013 the Company announced it had received all required regulatory approvals and closed the acquisition of the Luxx project.

Gold and Base Metal Projects

Contwoyto Gold Project – Nunavut

The Contwoyto project consists of six blocks (13,000 acres) of mining leases and mineral claims located close to and adjoining Elgin Mining Inc.'s Lupin gold mine property, which is presently being explored by Elgin with the potential for restart of mining operations. The Company's Contwoyto project claims contain known gold occurrences that have been subjected to various levels of mineral exploration up to and including diamond drilling. The Company's mining leases 3362 and 3407 contain the Dune and Pan gold prospects, respectively. Management believes that there is the potential to outline additional mineralization at Pan and Dune, as well as elsewhere within the Contwoyto claims and leases.

In June 2012, the Company entered into an agreement with Lupin Mines Incorporated, a wholly owned subsidiary of Elgin. Under the terms of the agreement Elgin can earn a 60% interest in the Company's Contwoyto gold project by spending $6 million over a period of six years. During the period ended July 31, 2013, the Company and Elgin signed an amending agreement extending the deadline for certain exploration expenditure thresholds by a period of twelve months, thereby extending the term of the option from six to seven years.

Hope Bay ORO Gold Project – Nunavut

The Company's 100% owned ORO gold property is located in the Hope Bay Volcanic Belt (HBVB) in Nunavut and is the only strategically located land holding in the HBVB that is not held by TMAC Resources Ltd. TMAC acquired its holdings in the HBVB in March 2013 from Hope Bay Mining Ltd. (a wholly owned subsidiary of Newmont Mining Corporation). The ORO gold property covers an area of 40 sq. km that adjoins TMAC's property, with the Doris gold deposit located only 3.25 km to the south of the property boundary. Mineralization at the Doris deposit occurs along a well-defined stratigraphic volcanic contact, which extends northward onto the Company's property. The ORO gold property hosts numerous gold showings and potentially gold bearing structures including the Elu shear zone and Wombat zone.

The Company's Hope Bay ORO Project is under option to Sennen Potash Corp. (formerly Sennen Resources Ltd.) ("Sennen"), and Sennen may earn up to a 60% interest in the project by making an initial cash payment of $50,000 (received) and spending $5 million over a five year period. A minimum expenditure of $500,000 is required in the first year (complete). In February 2013, the Company and Sennen amended the terms of their January 28, 2011 option agreement. The effect of the amendment is to extend the deadline for certain exploration expenditure thresholds by a period of twelve months, thereby extending the term of the option from five to six years.

Hay Duck Project – Northwest Territories

Subject to a May 2008 agreement with Strongbow as well as third party agreement dated May 2007 and as amended in April 2009 and January 2010, The Company has maintained an option to earn a 100% interest in the Hay Duck property located near Yellowknife, Northwest Territories. During the period ended July 31, 2013 the Company notified the third party property owner of its intent to relinquish its option to earn an interest in the property and a termination agreement was signed subsequent to the period ended July 31, 2013.

Other Exploration Properties

The Company maintains an interest in a number of additional, non-material exploration properties. The Company continues to review the available exploration data associated with these properties in an effort to evaluate ways to further advance these properties.

FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES, OPERATIONS AND FINANCIAL RESULTS

Overall Performance

	July 31, 2013	April 30, 2013	April 30, 2012
Current assets	$1,703,269	$2,919,741	$ 93,331
Non-current assets	2,571,868	1,069,380	798,243
Liabilities	(419,970)	(334,810)	(1,124,949)
Shareholders' equity (deficiency)	$3,855,167	$3,654,311	$ (233,375)

During fiscal 2013, the Company raised funds, settled much of its debt, added projects and restructured its share capital. As a result of the Fiscal 2013 reorganization activities, during the period ended July 31, 2013 the Company has been able to focus on its exploration programs on the Pikoo and Timiskaming properties and the acquisition of additional diamond properties.

During the three months ended July 31, 2013, the Company incurred expenditures totaling $1,503,180 on its exploration and evaluation assets. Included in the Company's expenditures are drilling costs of $546,484, geophysical survey and data collection costs of $243,420, camp and setup costs of $199,930, geological and assay costs of $91,404 and an acquisition valuation of $314,325 for warrants that vested in accordance with the terms of the agreement for the Pikoo, Timiskaming and Qilalugaq properties.

During the current quarter, the Company largely focused its efforts on the Pikoo property, completing a 10 hole 2,002 meter drill program designed to test the North and South target areas. The results of the program confirmed the presence of a new kimberlite field in this region with the most significant discovery being in the South Pikoo area.

In addition to work on the Pikoo property, the Company undertook a helicopter-borne gravity survey of the Redemption project in the Lac de Gras region of the Northwest Territories.

Financing/Use of Proceeds

In fiscal 2013, North Arrow completed a private placement for gross proceeds of $3,000,000 for funding its ongoing administration and exploration activities.

Results of Operations

During the three months ended July 31, 2013 (the "current quarter"), the Company recorded a net loss of $335,310 or $0.01 per share. This is compared with a net loss of $101,902 or $0.02 per share for the three months ended July 31, 2012 (the "comparative quarter"). The $233,408 increase in the Company's net loss for current quarter compared to the comparative quarter was largely a result of a $222,141 (comparative quarter - $12,463) share-based compensation expense incurred by the Company as a result of the granting of options to directors, officers, employees and consultants.

Expenses for the current quarter were $342,634 (comparative quarter - $66,098) and interest and accretion expenses totaled $nil (comparative quarter - $36,105). Included in the expenses for the current quarter were share-based compensation charges of $222,141 (comparative quarter - $12,463), salaries and benefits $34,390 (comparative quarter - $18,306), office $21,638 (comparative quarter - $13,093) and consulting $24,695 (comparative quarter - $17,325). The increased expenses for the current quarter reflect increased share based compensation charges and the Company's increased activities in exploration, acquisitions and financings. During the comparative quarter the Company was seeking funds and reducing costs as it started its restructuring which resulted in a $478,251 gain on the settlement of its convertible debt and a $91,250 forgiveness of debt in the third quarter of fiscal 2013.

Summary of quarterly results

The following table sets out selected unaudited quarterly financial information and is derived from the Company's unaudited quarterly consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS and are expressed in Canadian dollars.

Quarter Ending	Interest Income	Income or (Loss) from Continued Operation and Net Income (Loss)	Basic Earnings (Loss) per share from Continued Operation and Net Income (Loss)	Earnings (Loss) per share
July 31, 2013	$ 7,324	$ (335,310)	$ (0.01)	$ (0.01)
April 30, 2013	$ -	$ (162,269)	$ (0.02)	$ (0.02)
January 31, 2013*	$ 100	$ 454,227	$ 0.10	$ 0.10
October 31, 2012*	$ -	$ (84,006)	$ (0.02)	$ (0.02)
July 31, 2012*	$ 301	$ (101,902)	$ (0.02)	$ (0.02)
April 30, 2012*	$ -	$ (466,883)	$ (0.09)	$ (0.09)
January 31, 2012*	$ 113	$ (837,260)	$ (0.20)	$ (0.20)
October 31, 2011*	$ 179	$ (372,822)	$ (0.10)	$ (0.10)

**Per share amounts have been restated to reflect a 1 new share for 10 old shares consolidation of share capital.*

Variations in Quarterly Results

The loss for the first quarter of fiscal 2014 reflects a non-cash $222,141 (comparative quarter - $12,463) share-based compensation charge for options granted to directors, officers, employees and consultants, resulting in an increased loss for the quarter.

The loss for the fourth quarter of fiscal 2013 reflects the ongoing administration costs of the Company as it restructured its share capital, raised funds, completed acquisitions and undertook work on its projects.

The profit of the third quarter of fiscal 2013 reflects the results of the Company's restructuring activities, including a $478,251 gain realized on settlement of debt for shares and a $91,250 gain realized on indebtedness forgiven by certain creditors.

The first and second quarter of fiscal 2013 reflect the Company's reductions in costs as it sought new projects and financings.

The quarterly results for fiscal 2012 reflect the Company's activities as it optioned projects in South America, hired consultants, incurred travel and related exploration and legal costs.

July 31, 2013 compared to April 30, 2013

During the first quarter of fiscal 2014 the Company incurred a loss of $335,310 and had a reduction in its working capital of $1,301,632 from April 30, 2013. The reduction in working capital during the first quarter was largely a result of the Company's expenditures of $1,503,180 on exploration of its exploration and evaluation assets.

Liquidity

During the current quarter the Company's cash position was reduced by $1,284,898 (comparative quarter - $9,649) as a result of increased activity levels and the resulting funding of its operating and investing activities. During the comparative quarter the Company was cutting costs and reducing expenditures.

Operating activities

During the current quarter the Company's operating activities used $268,467 (comparative quarter - source of $1,578) of cash. The use of cash in operating activities in the current quarter reflects the Company's increased activity level and the net loss of $335,310 (comparative quarter - $101,902) adjusted for non-cash expenditures and changes in non-cash items. The non-cash expenditures consisted of items such as share-based compensation $222,141 (comparative quarter - $12,463), accretion $nil (2012 - $18,462), interest on convertible note $nil (comparative quarter - $17,643) and a use of cash from changes in other non-cash items totaling $155,990 (comparative quarter - source of cash of $54,763) related to funding changes in items such as accounts receivable and payable.

Investing activities

The Company's primary investing activity is the acquisition and exploration of mineral properties in Canada. During the current quarter, the Company used cash of $1,016,431 (comparative quarter - $11,227) to investigate acquisitions and evaluate its mineral interests. During the comparative quarter the Company was cutting costs and reducing all expenditures which resulted in reduced exploration and the eventual restructuring of the Company in fiscal 2013.

Financing activities

During the current and comparative quarters the Company did not raise funds from share issuances.

Capital Resources

The Company's financial condition and future prospects are significantly affected by overall economic conditions. The Company has no source of operating revenue and relies on equity financings, joint ventures and warrant and stock option exercises to further exploration on its properties.

The Company's long-term financial success is dependent on management's ability to discover and develop economically viable mineral deposits. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the Company's ability to raise additional funds on favourable terms. Management recognizes there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

The Company's ability to generate cash is very much affected by the current market conditions, its share price and third party interest in its assets. In the current equity market, funds for companies at an early/grass-roots stage of exploration are limited and dilution to existing shareholders from an equity financing increases as the share price decreases. The Company has no credit facilities that could be used for ongoing operations because it has no operating cash flow.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and, in the past, from the sale of investments. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices and, the climate for mineral exploration.

The Company's management actively manages its landholdings in an effort to keep those landholdings with the greatest exploration potential in good standing for as long as possible. The Company's management regularly reviews its cash position against future plans and makes decisions regarding these plans accordingly.

The Company will have to raise additional funds to further planned exploration efforts at its various exploration properties and to maintain its listing on the TSXV. The Company is seeking to minimize variable expenses to the extent possible and, where applicable, to seek joint venture partners to continue to further exploration of its non-diamond mineral properties.

Risks and Uncertainties

Industry

An investment in natural resource companies involves a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration as opposed to the development stage. Investment in the securities of the Company should be considered as highly speculative due to the nature of the Company's business. The following additional risk factors should be given special consideration.

Exploration, Development and Mining Risks

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base/precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of ore resources and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, quantity of reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on metal or diamond prices. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal reserves in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors, which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews.

The Company's properties are currently being assessed for exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration. Development of the Company's mineral properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract the metal or diamonds from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Foreign Operation Risks

Historically, the majority of the Company's expenses have been denominated in Canadian Dollars so its exposure to foreign exchange risk has been limited. Exploration activities outside of Canada can expose the Company to foreign exchange risk. Presently, the Company does not use foreign-exchange contracts to mitigate this risk.

Insurance

The Company's involvement in the exploration for mineral properties may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards. Although the Company may have insurance to address many risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental legislation. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association mining exploration and mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Prices, Markets and Marketing of Base/Precious Metals

The Company’s revenues, if any, are expected to be in large part derived from the mining and sale of base/precious metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company’s control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of base/precious metals, and therefore the economic viability of any of the Company’s exploration projects, cannot accurately be predicted.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as the proximity and capacity of milling facilities, mineral markets and processing equipment and governmental regulations including regulations relating to royalties, allowable production and importing and exporting of minerals.

Substantial Capital Requirements and Liquidity

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of its mineral properties in the future. The Company currently has no revenue and may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Issuance of Debt

From time to time the Company may enter into transactions or activities that may be financed with debt which could impair the Company’s ability to obtain additional financing in the future. The inability of the Company to access sufficient capital for the repayment of any debt could have a material effect on the Company’s financial condition, results of operations or prospects.

Outstanding Share Data

The Company’s authorized capital is unlimited common shares without par value.

As at September 26, 2013, the Company had the following shares, options and warrants outstanding:

	Exercise price	Number
Shares issued and outstanding		28,439,741
Options		
Expire June 4, 2014	$2.00	62,000
Expire September 2, 2014	$3.00	20,000
Expire May 12, 2016	$2.00	53,000
Expire May 10, 2018	$0.27	2,220,000
Warrants		
April 29, 2018	$0.25	500,000
August 19, 2018	$0.65	500,000
Fully diluted		31,794,741

Stock options

The Company's stock option plan (the "Plan") was approved by shareholders at an annual general and special meeting in November 2011 and at subsequent annual meetings. The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSXV").

Options granted can have a term up to 5 years with vesting provisions determined by the directors in accordance with TSXV policies for Tier 2 Issuers, with a typical vesting period of 25% upon grant and 25% every six months thereafter.

Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed below. Details of the transactions between the Company and related parties not disclosed elsewhere in the Company's financial statements are disclosed below.

Related party transactions

Certain companies which have an officer and/or director or former officer and/or director in common and render services or are charged for certain services as follows:

	Nature of transactions
Anglo-Celtic Exploration Ltd.	Interest and consulting
Strongbow Exploration Inc.	Exploration and administration
0954506 BC Ltd.	Exploration
International Northair Mines Ltd.	Accounting and corporate services

The Company incurred the following transactions in the normal course of operations in connection with companies which have an officer and/or director in common.

a) During the three months ended July 31, 2013, the Company paid or accrued $2,508 (2012 - $4,116) for technical services to a company with common directors or a former officer.

b) During the three months ended July 31, 2013, the Company paid or accrued $13,813 (2012 - $23,784) for shared administrative and accounting services to a company with common officers.

c) During the three months ended July 31, 2013 the Company paid $4,023 (2012 - $nil) for office and rent to a company with common directors and officers and/or controlled by a director.

The remuneration of directors and key management personnel during the three months ended July 31, 2013 was as follows:

		July 31, 2013		July 31, 2012
Salaries[1]	**$**	**32,580**	$	-
Exploration-geological[1]		**4,920**		-
Share-based compensation[2]		**131,063**		4,259
Total	**$**	**168,563**	$	4,259

1 – When key management is working specifically on mineral properties their time is capitalized against the mineral property.
2 – Share-based compensation is the fair value of options that have been granted to directors and key management personnel.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Nature and continuance of operations

North Arrow Minerals Inc. (the "Company") is incorporated federally under the laws of the Canada Business Corporations Act.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.The Company trades on the TSX Venture Exchange (TSXV – NAR) and its registered office address is Ste. #860-625 Howe Street, Vancouver, BC, Canada V6C 2T6.

The Company's principal business activity is the acquisition and exploration of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. These financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. At July 31, 2013, the Company has a deficit of $12,467,825 and no current source of revenue. The Company's continuation as a going concern is dependent on the successful results from its mineral property exploration activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

As a result of the ten for one share consolidation completed during the year, current and comparative share information has been retrospectively restated.

Significant accounting policies

The July 31, 2013 Management Discussion and Analysis should be read in conjunction with the audited annual financial statements of the Company for a listing of the Company's significant accounting policies.

Statement of Compliance

The Company's condensed interim 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 Financial Reporting Interpretations Committee ("IFRIC") and specifically with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2013. The financial statements are presented in Canadian dollars unless otherwise noted.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary Compania Minera North Arrow Chile Limitada ("Minera"). All inter-company transactions and balances have been eliminated upon consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period.

Although management uses historical experiences and its best knowledge of the amount, events or actions form the basis for judgments and estimates and actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and valuation of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

(ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.

(iii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

New Accounting Standards Adopted

The following new standards, amendments to standards and interpretations have been issued and have been adopted effective during the three months ended July 31, 2013:

- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities(i)
- IFRS 11 New standard to account for the rights and obligations in accordance with a joint agreement(i)

- IFRS 12 — New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39(i)
- IFRS 13 — New standard on the measurement and disclosure of fair value(i)
- IAS 1 (Amendment) — Presentation of other comprehensive income(ii)
- IAS 28 (Amendment) — New standard issued that supercedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures(i)

i) Effective for annual periods beginning on or after January 1, 2013
ii) Effective for annual periods beginning on or after July 1, 2012

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities and, due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

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. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. It is management's opinion that the Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of budgets and significant expenditures and commitments. Failure to realize additional funding could cast significant doubt on the Company's ability to continue as a going concern. As at July 31, 2013, the Company had cash of $1,608,857 (April 30, 2013 - $2,893,755) available to settle current liabilities of $419,970 (April 30, 2013 - $334,810)

Foreign currency risk

The Company has exposure to foreign currency risk through its exploration activities outside of Canada, however, the majority of its assets and liabilities are denominated in Canadian dollars. The Company's exploration activities and any related land tenure expense outside Canada could make it subject to foreign currency fluctuations, which may affect the Company's financial position, and cash flows. During the year ended April 30, 2012, the Company wound up its operations in the United States and South America and is presently not subject to significant foreign currency risk.

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for- sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

Proposed Transactions and Subsequent Events

Subsequent to July 31, 2013:

a) The Company received regulatory approval for the acquisition of a 100% interest in the Mel and Luxx diamond projects, Nunavut, from a company controlled by a director of the Company. Under the terms of the agreements, the Company acquired a 100% interest in each property, in consideration for a 1% gross overriding royalty and a total of 500,000 share purchase warrants, entitling the holder to purchase 500,000 shares in the Company, at a price of $0.65 per share for a period of five years. The Company will have the right to buy half of each royalty for $1 million at any time.

b) Announced non-brokered private placements consisting of:
   i) 7,000,000 shares at a price of $0.50 per share for gross proceeds of $3,500,000 and
   ii) 3,000,000 flow-through shares at a price of $0.60 per share for gross proceeds of $1,800,000.

   The Company may pay commissions and finders' fees in connection with a portion of the financing.

c) On September 23, 2013 the Company announced Mr. William Lamb, the President and CEO of Lucara Diamond Corp., had joined the Board of Directors of the Company, bringing the total number of directors to five.

Capital Management

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's exploration and evaluation assets are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will have to raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation assets and expenses is provided in the Company's statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the Exploration and Evaluation Assets note contained in its consolidated financial statements for the three months ended July 31, 2013 and 2012. These statements are available on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com and is available on the Company's website at www.northarrowminerals.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.