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MANAGEMENT DISCUSSION AND ANALYSIS

October 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 December 12, 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 six months ended October 31, 2013 should be read in conjunction with the condensed interim unaudited financial statements of the Company for the six months ended October 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 unaudited and audited financial statements of the Company. The Company’s 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 period ended October 31, 2013 and subsequent events up to December 12, 2013

- On August 7, 2013, the Company announced that hypabyssal kimberlite was intersected in nine of ten drill holes at the Pikoo project, Saskatchewan as part of a 2,000m drilling program.

- On August 19, 2013, the Company announced it had closed the acquisition of a 100% interest in the Mel and Luxx diamond projects, Nunavut. The projects were acquired subject to purchase and sale agreements with Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company.

- 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.

- In September, 2013 the Company completed a brief exploration program at the Luxx diamond project, including the collection of 64 till samples.

- In September, 2013, the Company completed a one day field program at the Mel diamond project, including the collection of 13 till samples.

- On October 3, 2013, the Company reported it had been notified by Dominion Diamond Corporation that the 2013 field exploration program at the companies' 125,000 hectare Lac de Gras Diamond project, NWT was complete. Exploration work consisted of a total of 757 overburden reverse circulation drill holes (1,704 samples) intended to test the basal tills of the property.

- On October 29, 2013, the Company reported the completion of exploration work at its 11,500 ha Redemption diamond project, NWT. Exploration work consisted of an airborne gravity gradiometry survey, bathymetric surveys and the collection of 350 till samples.

- On October 30, 2013, the Company announced it had closed a non-brokered private placement of 13,625,000 common shares at a price of $0.40 per common share for total gross proceeds of $5,450,000.

- On November 5, 2013, the Company announced microdiamond results for 209.7 kg sample of kimberlite from the PK150 kimberlite at the Pikoo project, SK. The sample returned a total of 745 diamonds larger than the 0.106 mm sieve size, including 23 diamonds larger than the 0.85 mm sieve size. The total weight of the +0.85 mm diamonds recovered from the sample was 0.2815 carats and over 95% of the diamonds are described as intact, white octahedrons and aggregates.

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	Oct. 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**	**1,641,529**	**-**	**1,999,842**
Acquisition costs	**303,683**	**608,934**	**-**	**912,617**
Geological and assays	**153,489**	**129,677**	**-**	**283,166**
Office and salaries	**126,608**	**59,806**		**186,414**
	942,093	**2,439,946**	**-**	**3,382,039**
TOTAL	**$ 1,068,688**	**$ 2,439,946**	$ **-**	**$ 3,508,634**

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

During the six months ended October 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 and a sample of the PK150 kimberlite was submitted for microdiamond analyses. The Company also completed ground follow up exploration including bathymetry surveys and till sampling at the Redemption property, NWT and brief till sampling programs at the Mel and Luxx projects, Nunavut. The Company continued planning for a bulk sampling program at the Qilalugaq project in Nunavut.

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 Diamond Corporation ("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.

During the summer of 2014 the Company plans to collect between 1,000 and 1,500 tonnes from the Q1-4 kimberlite for the purpose of recovering a +500 carat diamond parcel for a formal valuation in later 2014 or early 2015. The diamond valuation will be used to better determine diamond grade, size distribution, diamond parcel value, and to establish whether or not coloured (yellow) diamonds persist into the larger diamond sizes. Planning is underway for the sampling program with fuel shipped to Repulse Bay in October 2013. Funds received from the October 2013 financing will be used to conduct the sampling program.

Subject to a 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 minimum 1,000 tonne mini bulk sample from the Q1-4 kimberlite. 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.

Pikoo Diamond Project - Saskatchewan

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 six months ended October 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 with the discovery of the PK150 kimberlite. 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.

In November, 2013 the Company announced microdiamond results for a 209.7 kg samples from the PK150 kimberlite. The sample returned a total of 745 diamonds larger than the 0.106 mm sieve size, including 23 diamonds larger than the 0.85 mm sieve size. The total weight of the +0.85 mm diamonds recovered from the sample was 0.2815 carats and over 95% of the diamonds are described as intact, white octahedrons and aggregates. A summary of the diamond results can be found in the following table:

	Number of Diamonds per Sieve Size (mm Square Mesh Sieve)									
Sample Weight Dry Kg	+0.106 -0.150	+0.150 -0.212	+0.212 -0.300	+0.300 -0.425	+0.425 -0.600	+0.600 -0.850	+0.850 -1.18	+1.18 -1.70	+1.70 -2.36	Total Stones	Total Carats +0.85mm
209.7	392	199	65	27	19	20	21	1	1	745	0.2815

Management considers the recovery of such relatively high counts of +0.85 mm diamonds from the first kimberlite discovered at the Pikoo project to be an exceptional result and establishes Pikoo and the northern Sask Craton as a new diamond district in Canada.

A study of the mineral chemistry of the North Pikoo and South Pikoo kimberlites is underway and will include a comparison to the compelling mineral chemistry of the North Pikoo and South Pikoo kimberlite indicator mineral trains. The project area hosts additional kimberlite targets and numerous anomalous KIM samples that require further follow up work and target definition. Exploration plans for 2014 will be developed over the next couple of months; work is expected to include drilling, geophysical surveys and till sampling.

The 2013 Pikoo drilling program and related diamond testwork was funded by the Company as part of a March 2013 option agreement with Stornoway under which North Arrow can earn an 80% interest in the Pikoo Project. Under the terms of the option agreement, 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 drilling program and related diamond testwork have fulfilled the requirements of the option work program as defined in the option agreement and on November 18, 2013 the Company delivered to Stornoway official notice that it had vested an 80% interest in the project, subject to the Back-in Right held by Stornoway. Stornoway will have a 60 day period from the date of receipt of the notice from the Company, in which to elect to increase its interest in the project from 20% to 40% by paying the Company an amount equal to three times the costs incurred by the Company in completing the option work program.

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. The program is fully funded by Dominion.

In October 2013 the Company was notified by Dominion that the 2013 exploration was complete. The initial phase one program consisted of 562 drill holes on a nominal 3 km by 1 km grid. A total of 1,309 heavy mineral till samples were collected and initial mineral picking results have been received for 1,208 of the samples. The phase two program consisted of an additional 195 overburden drill holes (395 samples) drilled at 250 m intervals along variably spaced lines intended to further evaluate several target areas identified from historic data and initial phase one program results. Several of these targets fall along the southern extension of a trendline defined by the Diavik mine kimberlites. The 2013 exploration program is being managed by Aurora Geosciences Ltd. of Yellowknife, NT and till samples are being processed at Overburden Drilling Management Limited of Ottawa, ON.

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 part of the Timiskaming diamond project. Surficial sediment sampling and geophysical data from the project suggest additional undiscovered kimberlites may be located within the project area.

During the period ended October 31, 2013 the Company exercised its option to earn an 80% interest in the Timiskaming diamond project from Stornoway, 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 the 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 with the cost of further exploration shared by the partners proportionate to their respective interests in the project.

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 period ended October 31, 2013 the Company completed an exploration program at the Redemption diamond project, located in the Lac de Gras region of the Northwest Territories. The exploration work consisted of a helicopter-borne gravity survey of the property as well as follow up bathymetry surveys and till sampling. The gravity survey was conducted by Fugro Airborne Surveys using their proprietary Falcon airborne gravity gradiometer (AGG) system. AGG 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. Follow up 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.

Exploration of the Redemption property is conducted subject to a July 2013 option agreement with Arctic Star Exploration Corp. (“Arctic Star”). Under the terms of the agreement, 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 October 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 agreement 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 250,000 transferrable share purchase warrants. Each warrant will entitle Anglo Celtic to acquire one common share of the Company at a price of $0.65 for a period of five years from the closing date of 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 October 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 the 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.

An airborne magnetic survey was completed during July 2013 and 64 till samples were collected during a brief, 4 day field program completed in September 2013. Additional follow up exploration is planned for the 2014 field season.

Acquisition of the Luxx project was subject to a purchase and sale agreement 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 250,000 transferrable share purchase warrants. Each warrant will entitle Anglo Celtic to acquire one common share of the Company at a price of $0.65 for a period of five years from the closing date of 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.

Other Exploration Properties

In addition to the projects listed specifically above, the Company maintains an interest in a number of additional, non-material gold, base metal and lithium 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.

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 October 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 October 31, 2013.

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

Overall Performance

	October 31, 2013	April 30, 2013	April 30, 2012
Current assets	$6,177,138	$2,919,741	$ 93,331
Non-current assets	3,508,634	1,069,380	798,243
Liabilities	(317,843)	(334,810)	(1,124,949)
Shareholders' equity (deficiency)	$9,367,929	$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 October 31, 2013 the Company has been able to focus on exploration programs at its diamond properties, the acquisition of additional diamond properties and the raising of additional funds.

During the six months ended October 31, 2013, the Company incurred expenditures totaling $2,439,946 on its exploration and evaluation assets. Included in the Company's expenditures are drilling costs of $606,946, geophysical survey and data collection costs of $647,694, camp and setup costs of $267,052, geological and assay costs of $129,677 and an acquisition valuation of $567,329 for warrants that vested in accordance with the terms of five property acquisition agreements. The value attributed to the warrants is their fair value calculated using a Black-Scholes model.

During the current period, the Company largely focused its efforts on the Pikoo property, completing a 10 hole 2,000 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 PK150 kimberlite body. Subsequent to the six months ended October 31, 2013, the Company announced initial positive diamond results for PK150.

In addition to work on the Pikoo property, the Company undertook airborne geophysical surveys and till sampling programs at each of the Redemption, Luxx and Mel projects.

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 and has spent these funds exploring its diamond exploration properties and financing the administrative functions of the Company. During the six months ended October 31, 2013, the Company completed a 13,625,000 share financing at a price of $0.40 per share to raise net proceeds of $5,368,600 after costs of $81,400. The funds raised will be used for exploration of the Company's exploration and evaluation assets and for general working capital purposes.

Results of Operations

During the three and six month periods ended October 31, 2013 (the "current quarter and current period"), the Company recorded losses of $262,264 or $0.01 per share and $597,574 or $0.02 per share respectively compared to losses of $84,006 or $0.02 per share and $185,908 or $0.04 per share for the three and six months ended October 31, 2012 (the "comparative quarter and comparative period"). The increase in the Company's losses for the current quarter and period compared to the comparative quarter and period was largely a result of increased exploration and administrative activities and increased share based compensation charges.

Expenses for the current quarter were $266,694 (comparative quarter - $49,088) an increase of $217,606 from the comparative quarter. The largest component of the increased expenses was a $153,422 (comparative quarter - $8,063) share-based compensation expense charged to operations as a result of stock options granted. Share-based compensation charges are non-cash items calculated using a Black-Scholes option pricing model. In addition to share-based compensation, expenses for the quarter included salaries and benefits $35,857 (comparative quarter- $3,250), office $23,041 (comparative quarter - $8,916) and consulting $29,209 (comparative quarter - $11,719).

The increased expenses for the current quarter reflect the Company's increased activities in exploration, acquisitions and financings and the increased administration required to support these activities. During the comparative quarter the Company was seeking funds and reducing costs as it started its restructuring which resulted in a reorganization and refinancing of the Company in the fourth quarter of fiscal 2013.

Expenses for the current period were $609,328 (comparative period - $115,186) an increase of $494,142 from the comparable period. Included in the expenses for the current period were share-based compensation charges of $375,563 (comparative period - $20,526), salaries and benefits $70,247 (comparative period- $21,556), office $44,679 (comparative period - $22,009) and consulting $53,904 (comparative period - $29,044). The increased expenses for the current period reflect a $355,037 increase in share-based compensation charges and the Company's increased activities in exploration, acquisitions, financing and administration.

Summary of quarterly results

The following table sets out selected unaudited quarterly financial information of North Arrow 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
October 31, 2013	$	4,430	$	(262,264)	$	(0.01)	$	(0.01)
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 second quarter of fiscal 2014 reflects a non-cash $153,422 (comparative period - $8,063) share-based compensation charge for options granted to directors, officers, employees and consultants. In addition, the increased expenses for the quarter reflect the Company's increased activity levels as it has expanded its exploration and financing activities.

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 exploration properties.

The profit for 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.

<u>October 31, 2013 compared to April 30, 2013</u>

During the six months ended October 31, 2013, the Company's working capital increased $3,274,364 and its share capital increased $5,368,600 from April 30, 2013 as a result of its financing activities. During the six months ended October 31, 2013, the Company completed a 13,625,000 share private placement financing that raised net proceeds of $5,368,600, expanded its exploration programs by spending $2,439,946 on its exploration and evaluation assets and funded a $597,574 loss from operations.

Liquidity

During the current period the Company's cash position increased by $3,186,694 (comparative period - $12,713) as a result of its financing, operating and investing activities.

Operating activities

During the current period the Company's operating activities used $321,723 (comparative period - source of cash of $22,751). The use of cash in operating activities in the current period reflects the Company's net loss of $597,574 (comparative period - $185,908) adjusted for non-cash expenditures and changes in non-cash items. The adding back of these non-cash expenditures resulted in the cash loss from operations being reduced to $321,723 from $597,574. These non-cash expenditures consisted of items such as share-based compensation $375,563 (comparative period - $20,526), accretion $nil (comparative period – $35,737), interest on convertible note $nil (comparative period - $35,286) and other non-cash items requiring the use of cash of $100,404 (comparative quarter - source of cash of $116,812) 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 period, the Company used cash of $1,860,183 (comparative period - $10,038) to investigate acquisitions and evaluate its mineral interests.

Financing activities

During the current period the Company completed a private placement of 13,625,000 shares at a price of $0.40 per share, raising proceeds of $5,368,600 (comparative period - $nil) after finder's fees and closing costs of $81,400.

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 diamonds and 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 diamonds and/or 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 diamonds and 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.

Conflicts of Interest

The Company’s directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors or officers may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict arises, the Company will follow the provisions of the laws applicable to the Company in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company’s directors, disclose his interest and refrain from voting on the matter unless otherwise permitted.

Dependence on Management

The Company is dependent upon the personal efforts of its existing management. To the extent that management's services would be unavailable for any reason a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

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 December 12, 2013, the Company had the following shares, options and warrants outstanding:

	Exercise price	Number
Shares issued and outstanding		42,064,741
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
Expire September 23, 2018	$0.50	200,000
Warrants		
April 29, 2018	$0.25	500,000
August 19 2018	$0.65	500,000
Fully diluted		45,619,741

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.

Related party transactions

Certain companies which have an officer and/or director in common or are related to a director and render services are 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 or are related to a director of the Company.

a) During the six months ended October 31, 2013, the Company paid or accrued $4,659 (2012 - $7,630) for technical services and office to a company with common directors.

b) During the six months ended October 31, 2013, the Company paid or accrued $28,136 (2012 - $29,044) for shared administrative and accounting services to a company with common officers.

c) During the six months ended October 31, 2013, the Company paid $14,387 (2012 - $nil) for office, consulting and rent to a company with common directors and officers and/or controlled by a director.

d) During the period 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. The warrants have been valued at $253,004 which has been capitalized as an acquisition cost.

e) On March 12, 2013, the Company entered into an assignment agreement with 0954506 B.C. Ltd. ("BCCo") under which BCCo agreed to assign and transfer to the Company all of BCCo's interest and obligations in certain options to earn an 80% interest in the Timiskaming, Pikoo and Qilalugaq diamond projects. Stornoway is the holder of a 100% interest in all three projects and had granted BCCo options to acquire the 80% interests in the projects. BCCo is a private company controlled by a party related to a director of the Company. Stornoway will retain a one-time right to buy-back a 20% interest in any of the projects once the Company completes an option work program and provides Stornoway with notice of its intent to vest an 80% interest in a project. Under the terms of the agreement, the cost of the buy-back will be equal to three times the costs incurred in connection with the applicable option work program.

   Under the terms of the assignment agreement the Company paid BCCo $20,000 and issued BCCo 500,000 transferrable share purchase warrants having a fair value of $314,325 which was included in acquisition costs at the time the Company earned its interest in one of the projects. Each share purchase warrant will entitle the holder to acquire one common share of the Company at a price of $0.25 for a period of five years from the date of issuance.

   During the period ended October 31, 2013 the Company exercised its option and vested an 80% interest in the Timiskaming diamond project.

Subsequent to the period ended October 31, 2013 the Company exercised its option and vested an 80% interest in the Pikoo diamond project subject to Stornoway's right to buy-back a 20% interest in the project.

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

	Six Months Ended October 31, 2013	Six Months Ended October 31, 2012
Salaries[1]	**$ 65,596**	$ -
Exploration Salaries[1]	**9,404**	-
Share-based compensation[2]	**197,880**	11,214
Total	**$ 272,880**	$ 11,214

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 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 October 31, 2013, the Company has a deficit of $12,730,089 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 ended April 30, 2013, current and comparative share information has been retrospectively restated.

Significant accounting policies

This October 31, 2013 Management Discussion and Analysis should be read in conjunction with the condensed interim unaudited financial statements of the Company for the six months ended October 31, 2013 and the audited financial statements of the Company for the year ended April 30, 2013, together with the notes thereto, 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. 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 to form the basis for judgments and estimates, 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, the valuation of share-based payments, and the 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 use of judgment and 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 utilizes judgment to make 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

The following new standards, amendments to standards and interpretations have been issued and have been adopted effective during the six months ended October 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 supersedes 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.

The IASB has also issued several new standards which have not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2014 with early adoption permitted, except for IFRS 9 and IFRS 7 which become effective January 1, 2015. The following is a brief summary of the new standards

- *IAS 36 – Impairment of assets – disclosure*
  This standard has limited scope amendments to disclosure requirements in IAS 36, Impairment of Assets. The extent of the impact of adoption of IAS 36 has not yet been determined by the Company.

- *IAS 32 – Financial instruments – presentation*
  This standard has been amended to clarify requirements for offsetting of financial assets and financial liabilities. The extent of the impact of adoption of IAS 32 has not yet been determined by the Company.

- *IFRS 9 - Financial Instruments – classification and measurement*
  This 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 recorded 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 with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. This standard is effective for years beginning on or after January 1, 2015. The extent of the impact of adoption of IFRS 9 has not yet been determined.

- *IFRS 7 – Financial instruments – disclosure*
  This standard has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. The extent of the impact of adoption of IFRS 7 has not yet been determined.

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 October 31, 2013, the Company had cash of $6,080,449 (April 30, 2013 - $2,893,755) available to settle current liabilities of $317,843 (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.

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 six months ended October 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.