Form 51-102F1
Interim Management's Discussion and Analysis
for
North Arrow Minerals Inc. ("North Arrow" or the "Company")

Containing Information up to and including October 24, 2011

Description of Business

North Arrow Minerals is a well-established junior exploration company with a diversified portfolio including gold, base metal and diamond projects. Shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol NAR.

North Arrow's key Canadian projects include: the Hope Bay ORO gold project (Nunavut) located immediately north of Newmont Mining Corporation's Hope Bay gold mining operation; the Lac de Gras (Northwest Territories) diamond project within 10 km of the Diavik diamond mine; and the Hammer (Nunavut) diamond project. Most of North Arrow's Canadian property field programs are funded through option or joint venture agreements, allowing the Company to focus its resources on the acquisition and development of new gold and base metal advanced exploration properties in South America.

The following discussion and analysis of the Company's financial condition and results of operations for the period ended July 31, 2011 should be read in conjunction with the audited financial statements of the Company for the year ended April 30, 2011 together with the notes thereto. The audited consolidated financial statements for the year ended April 30, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's financial statements for the three months ended July 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). An explanation of the effect of the Company's transition from Canadian GAAP to IFRS can be found in Note 15 of the consolidated condensed financial statements as of July 31, 2011 and under "*Changes in Accounting Policy Including Initial Adoption of IFRS*" below.

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 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 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.

Highlights for the period ended July 31, 2011 and subsequent events up to October 24, 2011:

Since its inception in 2007, North Arrow has maintained a diversified portfolio of projects designed to provide a breadth of opportunity to discover metal resources. Management's strategy has included focusing on northern Canadian jurisdictions that are underexplored, and which in many cases have opportunities in close proximity to known deposits and mines. Where possible, the Company has entered into joint venture agreements to reduce the costs of exploration and capitalize on additional technical expertise.

In keeping with its strategy, the Company added new projects for evaluation, conducted exploration programs to advance existing properties, and in some cases completed evaluations that resulted in the termination of properties that were not deemed to have further potential for a significant return on investment. Recent highlights of these actions include:

Acquisitions:

- In May 2011, the Company entered into an option agreement with Panarc Resources Ltd., to earn a 100% interest in the "Seagull" property which covers 3,925.4 acres approximately 156 km west of Watson Lake, Yukon. The claims are prospective for tin mineralization. In July 2011, a prospecting and sampling program was carried out and the interpretation of results is pending.

- In June of 2011, the Company acquired by staking, four claims totaling 4,467 acres with known gold occurrences, in the Contwoyto Lake area, near the past producing Lupin gold mine and the Company's Butterfly gold deposit (prospect) in Nunavut. In September of 2011, the Company acquired by staking, an additional 2,582.5 acre claim with known gold occurrences in the Contwoyto Lake area near Lupin. Collectively the claims staked in 2011 in the Contwyoto area along with the Company's nearby existing Pan and Butterfly leases comprise the Contwoyto project.

<u>Project Advancements:</u>

- In July 2011, the Company initiated a drill program on its Hope Bay ORO project in Nunavut. An 11 hole, 1,225 metre drill program was completed in late August and results are pending. The program was funded by Sennen Resources Ltd. ("Sennen") under the terms of an option agreement whereby Sennen may earn a 60% interest by spending $5 million over a five year period.
- In September 2011, the Company and Springbok Holdings Inc. ("Springbok") announced an option agreement regarding their Lac de Gras property with Harry Winston Diamond Mines Ltd. (Harry Winston) and its wholly owned subsidiary, 6355137 Canada Inc. Under the terms of the agreement, the Company's Lac de Gras property and Harry Winston's adjoining property collectively form a "joint venture property" totaling over 307,000 acres. Harry Winston is to carry out exploration on the joint venture property, incurring at least $5,000,000 in expenditures over a five year period in order for the option to vest. Upon vesting Harry Winston and its subsidiary will hold a 55% interest and the Company and Springbok will equally share a 45% interest.

<u>Project terminations:</u>

- In August 2011, the Company terminated the option agreement for its Yukon Gold Property following a review of the results for the exploration program carried out in 2010.

The appointment of Mr. Brian McEwen, P. Geol as President and Chief Operating Officer in March of 2011, represents a shift in North Arrow's strategy to build a strong resource development program by including exploration projects in proven mining areas within stable jurisdictions of South America. The new management team believes that several areas, particularly Chile and Colombia, offer excellent opportunities for projects with near-term production potential for gold and base metals. North Arrow has completed the creation of its Chilean subsidiary, Compania Minera North Arrow Chile Limitada and established an exploration office in Santiago under the direction of the new country manager, Rodrigo Ocampo. The Company continues to review advanced exploration properties throughout South America and expects to add to its portfolio of precious and base metal projects in the coming months.

In June 2011, the Company, as part of this shift in strategy, signed a non binding Letter of Intent ("LOI") to acquire a 100% interest in the Agua Grande gold-copper project in Region IV of Chile. The project consists of 18 claims covering 1,370 hectares within the Agua Grande mining district. It is the opinion of management that the Agua Grande project has all the indicators that it could host a substantial gold-copper deposit, including strong structural controls, an extensive hydrothermal alteration zone, and widespread gold placer deposits. Surface sampling and local small- scale mining from both the surface and subsurface have reported excellent grades of gold and copper, providing multiple targets for exploration.

Under the terms of the LOI, North Arrow was required to make a cash payment of US$50,000 (completed) for the exclusive right to conduct technical and legal due diligence over a period of up to 90 days (subsequently extended for an additional 90-day period in September 2011) before executing a Definitive Agreement. If North Arrow executes the Definitive Agreement, the Company will have the option to acquire a 100% interest in the project by making staged cash payments totaling US$10 million over approximately five years and completing a feasibility study. The Owners will retain a 1.5% net smelter royalty. For additional details on the project and LOI, the reader is referred to the original news release dated July 11th 2011.

A condition of the LOI required the underlying project owners to secure certain outstanding properties. There was a delay and due to the length of time required to met the obligation, the start date of the due diligence period was adjusted to September 14th 2011. As part of the due diligence, induced polarization (IP) and ground magnetic surveys were initiated in early October 2011.

Management believes that its new broader strategy of acquiring advanced exploration projects in South America will enhance its ability build resources, resulting in growth in the value of Company. In addition, Management has undertaken to broaden its investor relation and marketing programs to bring greater awareness to the Company and its activities.

In order to fund exploration and overhead obligations the Company arranged a $1,000,000 private placement of a convertible note with Anglo-Celtic Exploration Ltd., a private company controlled by a Director. Regulatory approval of this transaction was received on August 31st, 2011.

Exploration Update

An overview of the exploration activities for the Company follows. For additional details the reader is referred to the original news releases and technical reports filed on SEDAR.

Summary of Exploration Expense for the period ended July 31, 2011:

	April 30, 2011	Expended During the Period	Write-offs & Recoveries During the Period	**July 31, 2011**
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	**$ 22,994**	$ 11,669	$ (25,649)	**$ 9,014**
Acquisition costs	**136,283**	52,267	(60,579)	**127,971**
Geological and assays	**6,561**	-	(5,113)	**1,448**
Office and salaries	**20,489**	1,690	(1,535)	**20,644**
	186,327	65,626	(92,876)	**159,077**
Lithium Property, Nunavut				
Exploration costs	**39,708**	-	-	**39,708**
Acquisition costs	**14,666**	-	-	**14,666**
Geological and assays	**11,464**	-	-	**11,464**
Office and salaries	**9,973**	2,594	-	**12,567**
	75,811	2,594	-	**78,405**
Diamond Properties, NWT and Nunavut				
Exploration costs	**252,487**	164,953	-	**417,440**
Acquisition costs	**22,364**	21,527	-	**43,891**
Geological and assays	**153,264**	-	-	**153,264**
Office and salaries	**129,642**	12,392	-	**142,034**
	557,757	198,872	-	**756,629**
TOTAL	**$ 819,895**	**$ 267,092**	**$ (92,876)**	**$ 994,111**

Unless otherwise stated below, the Company's exploration activities are conducted under the supervision of Gordon Clarke, P.Geol. (NT&NU) the Company's Vice-President, Exploration. Mr. Clarke is considered to be a qualified person within the meaning of National Instrument ("NI") 43-101.

Gold Projects - Overview

Hope Bay ORO 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 Hope Bay Mining Ltd. (a wholly owned subsidiary of Newmont Mining Corporation). Hope Bay Mining Ltd. estimates that current potential resources within the HBVB are approximately 9 million ounces of gold, including the Doris, Madrid and Boston deposits.

The ORO leases cover an area of 40 sq km that adjoins Hope Bay Mining Ltd's property with the Doris deposit located only 3.25 km to the south. The Doris deposit contains an indicated resource of 798,000 ounces of gold at a grade of 19.31 g/t and is currently being mined with ore being stockpiled until a new mill becomes fully operational. Mineralization at Doris occurs along a well-defined stratigraphic volcanic contact, which extends northward onto the Company's property. The ORO leases host numerous gold showings and potentially gold bearing structures including the Elu shear zone and Wombat zone.

Management believes that the location of the ORO project, situated along strike from Hope Bay Mining's multi-million ounce gold deposits is a significant exploration opportunity for the Company. As part of the continuing strategy to reduce shareholder risk while undertaking early-stage exploration, in February 2011, an option agreement was signed with Chelsea Minerals Corp. ("Chelsea"), allowing Chelsea the option to earn a 60% interest in the ORO gold project. In May 2011, Sennen Resources Ltd. ("Sennen") and Chelsea completed a plan of arrangement whereby Sennen acquired all of the issued and outstanding shares and assets of Chelsea, including the Oro option agreement. Under the terms of the agreement, 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). Sennen has over $15 million in its treasury and can fund the exploration obligations for the Oro project without the need to raise any further capital.

An eleven hole, 1,225 metre exploration program to explore the Ida Point prospect commenced in late July 2011 and was finished at the end of August 2011. Results are pending. Sennen is funding the program while North Arrow continues as operator.

DMB Project – Nunavut

The Company's DMB gold project is located adjacent to Daniel Moore Bay on the north-west side of Bathurst Inlet, Nunavut. A reconnaissance exploration program carried out by International Mine Services Ltd., in 1967 documented a quartz veined shear zone up to 12 m wide and over 600 m long. Random chip sampling returned values of up to 0.12 oz/ton, (4.11 g/t) over 1.5 m. Mineralization is described as being contained within myriad veinlets of quartz intruded along the strike of the zone. The host rocks were mapped as metasediments with local volcanics. No other sample details were given in the assessment report filed with the Mining Recorder's Office.

In February 2011, the Company was granted an exploration permit for the northeast corner of NTS 76N/12 to cover the documented mineralized shear zone. In August of 2011, the Company conducted a site visit and collected 16 samples from the shear zone. No significant assays were returned and no further work is recommended.

Yukon Gold Project – Yukon Territory

In July 2010, the Company acquired an option to earn a 100% interest in the Cal (1,446 acres) and Dotty (620 acres) mineral claims from Cathro Resources Corp. (50%) and Cazador Resources Ltd. (50%), both private companies.

Under the terms of the agreement, the Company could have earned a 100% interest in the property by funding a minimum $35,000 initial exploration program (completed) and by making cumulative payments totaling $150,000 and by issuing cumulative share payments totaling 750,000 shares over a period of four years. During the year ended April 30, 2011, the Company issued 25,000 shares to Cathro and 25,000 shares to Cazador, at a total estimated fair value of $10,000. Following a review in August 2011 of the exploration results from a program conducted in 2010, management concluded that continued work on the project was not justified, and North Arrow will therefore not be proceeding with further option payments or obligations. Consequently, the Company has written off $33,309, the carrying value of the property.

Diamond Projects - Overview

Lac de Gras Project – Northwest Territories

The Lac de Gras project originally consisted of over 81,000 acres and was a 50-50 joint venture with Dr. Chris Jennings [Dr. Jennings subsequently assigned his interest to Springbok Holdings Inc. ("Springbok")]. The 81,000 acre property is contiguous with a 226,000 acre block of claims held by Harry Winston Diamond Mines Ltd. ("Harry Winston"). Under the terms of the option agreement announced on September 6th 2011, the two properties collectively now form a "joint venture property" totaling over 307,000 acres. Harry Winston is to carry out exploration on North Arrow's property concurrently with its own property, by making expenditures of at least $5,000,000 over a five year period in order for the option to vest. Upon vesting, a joint venture will be formed in which Harry Winston will hold a 55% interest and North Arrow and Springbok will equally share a 45% interest in the entire 307,000 acre joint venture property.

The joint venture property forms a very large, contiguous block located within the prolific Lac de Gras diamondiferous kimberlite field in Canada's Northwest Territories, home to some of the richest diamond deposits in the world. The joint venture property directly adjoins the mineral leases that host the Diavik diamond mine, located only 10 km to the north and 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 joint venture property, while trend line defined by Ekati's mine project kimberlites crosses the western portion of 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. Work has already begun on mapping local ice directions and till characteristics in preparation for a systematic basal till sampling program, to be initiated in early 2012. The program will use a track mounted reverse circulation drill to sample a complete till column and reach basal till not accessed by previous sampling.

Hammer Project- Nunavut

The Hammer project is located in the Coronation diamond district of Nunavut and is a joint venture between Stornoway Diamond Corporation ("Stornoway") (75%) and the Company (25%). In July 2009, Stornoway notified the Company that a new kimberlite had been discovered on the Hammer property. Kimberlite bedrock was found within a prominent topographic low feature that is 225 m long, between 15 and 100 m wide, and has a surface expression of approximately 1 hectare. A diamond (+0.106mm) was recovered from a small sample (6.6 kg) of the discovered kimberlite bedrock.

In September 2010, ground geophysical surveys were conducted over the Hammer kimberlite. A total of 7.6 line-km of total field magnetics and 2.2 line-km of Horizontal Loop Electromagnetics (HLEM) were completed. A magnetic anomaly was detected at the center of the work area, coinciding with the observable topographic low. The magnetic anomaly is ~530nT above background and is roughly 185 m in the NW-SE direction by 65 m in the NE-SW direction. A coincident moderate response conductor was detected with the HLEM survey. The HLEM conductive response outlined an area matching the dimensions of the magnetic anomaly.

The success of the 2010 geophysical program led to a drill program on the Hammer kimberlite in early June 2011. The program was completed in mid-July, with a total of twenty-one holes drilled for a total combined meterage of 1,800, of which 930 meters was kimberlite. The Hammer kimberlite appears to have an elongated surface expression of approximately 0.4 hectares, a confirmed depth extent of at least 200 meters, and consists of olivine-rich variably bedded volcaniclastic kimberlite. Samples will be submitted for both microdiamond and macro-diamond analysis. Results are expected by late fall, 2011.

Base Metal Projects – Overview

Seagull Project – Yukon

In May 2011 North Arrow entered into an option agreement with Panarc Resources Ltd. ("Panarc") for the Seagull Tin project located approximately 156 km west of Watson Lake, Yukon. The project includes seventy-six claims totaling 3,925.4 acres staked by Panarc to cover historic tin showings. In the long-term the tin market is expected to remain strong, with the major demand being from the use of tin in solder for the growing electronics industry.

Under the terms of the agreement, the Company made an initial cash payment of $15,000 to Panarc and issued 100,000 common shares. In addition, the Company must incur aggregate exploration expenditures of $300,000 within a three-year period. Panarc will retain a royalty equal to 2.0% of net smelter returns, of which the Company may purchase one percentage point (1.0%) for $1,000,000 CAD such that the royalty would be reduced to 1.0%.   Panarc and the Company are related by virtue of a common director.

Tin mineralization within the project area has been documented and is related to the mid –Cretaceous aged Seagull Batholith which has been mapped in outcrop over an area of 14x44 km. In July of 2011, a prospecting and sampling program was carried out over the project claims. Results are pending.

Lithium Projects – Overview

The Company maintains in good standing mining claims covering spodumene (lithium) rich pegmatites in the Northwest Territories (Phoenix project) and in Nunavut (Torp Lake project). While the Company is currently considering various options for these properties, it is choosing to focus its exploration efforts on gold and base metal opportunities in Canada and South America.

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. Included in these properties are the Anialik, Contwoyto and Bamako gold projects in Nunavut, the Run Lake base metal project in Nunavut and the Hay-Duck base metal property in the Northwest Territories.

Results of Operations

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company currently has mineral property interests in the Northwest Territories and Nunavut, Canada.

During the period ended July 31, 2011 (the "Current Period"), the Company recorded a loss of $406,822

($0.01 loss per share) as compared to a loss of $161,178 ($0.01 loss per share) for the period ended July 31, 2010 (the "Comparative Period"). The main reason for this difference is a $278,290 increase the Company's administrative expenses (Current Period - $439,943; Comparative Period - $161,653).

Property investigation costs (Current Period - $71,338; Comparative Period - $5,241) and share-based compensation (Current Period - $82,075; Comparative Period - $21,854) were the most significant portions of the loss. During the Current Period, the Company issued 1,220,000 stock options and began an exploration program in South America. Consulting (Current Period - $55,000 Comparative Period - $Nil) and professional fees (Current Period - $72,126; Comparative Period - $21,243) also had a large impact on this increase, followed by increases in salaries and benefits (Current Period - $66,778; Comparative Period - $49,117), advertising, promotion and travel, (Current Period – $57,897; Comparative Period - $35,597) and office, miscellaneous and rent (Current Period - $32,426; Comparative Period - $24,055). Regulatory filing fees (Current Period - $2,184; Comparative Period - $4,376) and depreciation expense (Current Period - $119; Comparative Period - $170) both decreased during the Current Period. In general, administrative expenses have increased as the Company's corporate and exploration activities have increased.

Assets decreased from $1,658,492 at April 30, 2011 year-end to $1,656,178 at July 31, 2011 with capitalized resource property costs increasing from $819,895 at April 30, 2011 year-end to $994,111 at July 31, 2011. The Company wrote off $33,309 of capitalized exploration and evaluation assets (Comparative Period - $320). The Company's cash decreased from $671,960 at April 30, 2011 year-end to $559,169 at July 31, 2011. Total current liabilities increased from $129,445 at April 30, 2011 year-end to $438,866 at July 31, 2011. Included in this amount is $162,232 advanced from Sennen for exploration work at the Hope Bay property which is being conducted by the Company, but funded by Sennen. There was an increase in share capital from $10,947,436 at April 30, 2011 year-end to $10,965,436 at July 31, 2011 due to shares issued with respect to a mineral property option agreement.

Summary of Quarterly Results

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

The following table sets out selected unaudited quarterly financial information North Arrow Minerals Inc. 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[1] from Continued Operation and Net Income (Loss)	Fully Diluted Earnings (Loss) per share[1] - from Continued Operation and Net Income (Loss)
July 31, 2011	$ 943	$ (406,822)	$ (0.01)	$ (0.01)
April 30, 2011[2]	$ 1,874	$ (2,152,683)	$ (0.04)	$ (0.04)
January 31, 2011[2]	$ 2,179	$ (121,088)	$ (0.00)	$ (0.00)
October 31, 2010[2]	$ 1,962	$ (425,617)	$ (0.01)	$ (0.01)
July 31, 2010[2]	$ 795	$ (161,178)	$ (0.00)	$ (0.00)
April 30, 2010[3]	$ Nil	$ (2,150,894)*	$ (0.00)	$ (0.00)
January 31, 2010[3]	$ Nil	$ (236,563)	$ (0.01)	$ (0.01)
October 31, 2009[3]	$ Nil	$ (235,440)	$ (0.01)	$ (0.01)

(1) Based on the treasury share method for calculating diluted earnings.
(2) Restated IFRS
(3) Canadian GAAP

*includes a future income tax recovery of $147,500 due to the application of EIC-146, "Flow-through Shares", during the years ended April 30, 2009. This is a non-cash item recorded in compliance with Canadian GAAP but is derecognized under IFRS.

Risks and Uncertainties

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 and warrant exercises to further exploration on its properties.

Historically, the majority of the Company's expenses have been denominated in Canadian Dollars so its exposure to foreign exchange risk was limited. In July 2009, the Company acquired a land position, prospective for lithium, in North Carolina, USA (subsequently terminated) and in May 2011, the Company entered into a letter of intent for a Chilean exploration project. Exploration activities outside of Canada will expose the Company to foreign exchange risk. Presently, the Company does not use foreign-exchange contracts to mitigate this risk, but that may change in future, depending upon the size of the Company's exploration programs denominated in currencies other than the Canadian Dollar.

The majority of the Company's receivables consist of sales tax receivables due from the federal government or from other exploration companies. From time-to-time, the Company will have receivables from companies with which it has exploration agreements or options. The maximum amount of the Company's exposure to credit risk with respect to its receivables is the carrying value of those receivables as at the balance sheet date.

The Company's liquidity risk, the risk that the Company won't be able to meet its obligations as they come due, is an issue, because the Company has no source of operating revenue and has a history of losses. To mitigate this risk, the Company's management actively monitors its cash-flow and made decisions and plans into 2011 accordingly. In August 2011, the Company concluded a $1,000,000 private placement (please see "*Private Placement – August 2011*" below). Under the terms of a flow-through private placement completed in August 2010, the Company is required to spend $712,500 on CEE on or before December 31, 2011.

Private Placement – August 2011

On August 31, 2011, the Company received regulatory approval and closed a $1,000,000 private placement of a convertible promissory note with Anglo-Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, who is a director of the Company. The private placement consists of a convertible note, structured as an unsecured, interest bearing loan of $1,000,000. The term of the loan is for two years, to August 2013. Anglo-Celtic did not receive any warrants upon issuance of the convertible note, however, if North Arrow fails to repay the loan in full by August 31, 2012 or if North Arrow and Anglo-Celtic amend or re-negotiate the terms of the loan in future, Anglo-Celtic will have the right to convert the principal amount of the note into both common shares and an equal number of warrants, such warrants being exercisable until the loan's August 31, 2013 due date. Any shares issued pursuant to the terms of this private placement will be subject to a hold period, which expires on January 1, 2012.

As a result of the private placement, Mr. Thomas, through Anglo-Celtic, may become a "Control Person" (as defined in the TSX Venture Exchange's policies) of North Arrow. Mr. Thomas, through Anglo-Celtic, currently owns 9,839,582 common shares, representing approximately 18.7% of North Arrow's issued and outstanding common shares, and will be entitled to acquire a further 4,000,000 common shares by converting the $1,000,000 loan principal into common shares at a conversion price of $0.25 per share. If Anglo-Celtic converts the entire principal amount of the loan, Mr. Thomas would control approximately 24.4% of the then issued shares of North Arrow (assuming no other shares are issued by North Arrow, except the common shares to Anglo-Celtic upon conversion of the loan). The creation of a new Control Person requires shareholder approval, which North Arrow will seek from shareholders at the Annual General Meeting to be held on November 3, 2011. Proceeds from the loan will be used to continue to fund North Arrow's exploration activities in South America and for working capital purposes however, the Company will require additional financing in the future as it has no source of cash flow from operations.

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 at 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. 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. The funds that the Company does have that aren't required in the short-term for exploration or overhead expenditures are invested for up to 90 days in Bankers' Acceptance or Bankers' Deposit Notes to reduce the Company's exposure to credit risk. The Company has no exposure to asset-backed commercial paper nor does the Company have any long-term debt. The $1 million convertible note payable to Anglo-Celtic, is a significant liability for the Company, although it is unsecured. Should Anglo-Celtic choose to convert the loan principal and interest into common shares, this will result in dilution to existing shareholders.

The Company's most significant fixed costs relate to management of the company and the costs associated with maintaining a TSXV listing. Following the closing of the private placement of the convertible note described above, the Company has sufficient financial resources to keep its material landholdings and the majority of its non-material landholdings in good standing into 2012. Furthermore, the Company has also incurred sufficient exploration expenditures on these properties to keep them in good standing with the respective provincial and territorial governments into 2012 as well. The flow-through funds raised in August 2010 can be spent up to December 31, 2011. 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.

Liquidity and Capital Resources

Working capital as at July 31, 2011 was $221,735 as compared to working capital of $707,567 at April 30, 2011. Cash decreased by $112,791 in the Current Period (Comparative Period – decreased by $239,017), to $559,169 as at July 31, 2011 (Comparative Period - $887,107). Cash flow used for operations was $188,114, (Comparative Period - $159,920) while cash flows from financing activities increased the Company's cash position by $Nil (Comparative Period - $222,600).

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Period, the Company spent $86,909 to acquire and explore its mineral property interests (Comparative Period - $301,697).

As at July 31, 2011, the Company had 5,157,000 outstanding stock options with exercise prices that range from $0.20 to $0.40 and 6,109,667 warrants with exercise prices ranging from $0.25 to $0.30.

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 at 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. Fewer dollars are available for investment in the current equity markets. However, recent emphasis on finding "green" energy sources has generated an interest in lithium prospects and the Company is actively exploring for lithium at several of its projects. 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. The funds that the Company does have that aren't required in the short-term for exploration or overhead expenditures are invested for up to 90 days in Bankers' Acceptance or Bankers' Deposit Notes to reduce the Company's exposure to credit risk. The Company has no exposure to asset-backed commercial paper nor does the Company have any long-term debt.

The Company's most significant fixed costs relate to salary expense for its one full-time employee and the costs associated with maintaining a TSXV listing. The Company has sufficient financial resources to keep its material landholdings and the majority of its non-material landholdings in good standing into 2012. 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 expects that additional financings will be required to continue to further exploration efforts at its various exploration properties and to maintain its listing on the TSXV. In the interim, the Company is seeking to maximize the results received from its exploration efforts, to minimize variable expenses to the extent possible and to seek joint venture partners to continue to further exploration of its mineral properties.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at October 24, 2011, there were 52,758,378 common shares issued and outstanding. As at October 24, 2011 the Company had the following options and warrants outstanding:

	Number of Shares		Exercise Price	Number of Shares Vested	Expiry Date
Options	148,000	$	0.25	148,000	March 29, 2012
	1,125,000		0.40	1,125,000	August 7, 2012
	1,410,000		0.20	1,410,000	June 4, 2014
	200,000		0.30	200,000	September 2, 2014
	1,000,000		0.20	250,000	March 7, 2016
	1,220,000		0.20	305,000	May 12, 2016
Warrants	1,979,167		0.25	1,979,167	February 20, 2012

Transactions with Related Parties

		July 31, 2011		April 30, 2011
Strongbow, a company with two common directors and a common officer	**$**	**16,002**	**$**	**17,655**
Stornoway, a company with a common officer		**4,222**		**12,206**
Directors and Officers		**64,690**		**39,637**
	$	**84,914**	**$**	**69,498**

a) During the three months ended July 31, 2011, the Company paid or accrued $21,752 (July 31, 2010 - $36,568) for shared technical services and rent to Strongbow.

b) During the three months ended July 31, 2011, the Company paid or accrued $4,597 (July 31, 2010 - $8,268) for administrative and accounting services to Stornoway.

c) During the three months ended July 31, 2011, the Company paid consulting fees of $55,000 (July 31, 2010 - $Nil) to a company controlled by a director and a company controlled by an officer of the Company.

d) Included in prepaid expenses as at July 31, 2011 is $10,000 (April 30, 2011 - $Nil) paid to the President of the Company for future management services.

e) During the three months ended July 31, 2011, the Company paid or accrued $4,015 (July 31, 2010 - $Nil) for office rent to a company controlled by a director.

The remuneration of directors and other members of key management personnel during the three month period ending July 31, 2011 were as follows:

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010
Salaries[1]	**$ 89,644**	$ 76,396
Share-based payments[2]	**81,583**	-
Total	**$ 171,227**	$ 76,396

1 – When key management is working specifically on mineral properties their time is capitalized against the mineral property.

2 - Share-based payments are the fair value of options that have been granted to directors and key management personnel.

Changes in Accounting Policy Including Initial Adoption of IFRS

The Current Quarter is the first reporting period that condensed consolidated interim financial statements have been prepared in accordance with IFRS, and specifically, in accordance with IAS 34 – Interim Financial Reporting. The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1") as of May 1, 2011. The first date at which IFRS was applied was May 1, 2010 (the "Transition Date").

As stated in Note 2 of the Company's condensed interim consolidated financial statements, the financial statements as of July 31, 2011 are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the three months ended July 31, 2011 and 2010, the consolidated financial statements for the year ended April 30, 2011, and the opening IFRS consolidated statement of financial position as at May 1, 2010 (the "Transition Date").

In preparing the opening IFRS consolidated statement of financial position and the consolidated financial statements for the three month period ended July 31, 2011, the Company has adjusted amounts reported previously in consolidated financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out below.

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1") sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated May 1, 2010:

a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen this election and will apply IFRS 3 to business combinations prospectively from the Transition Date.

b) Share-based Payment Transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has not applied IFRS 2 to equity instruments granted and vested prior to the Transition Date.

c) Estimates

In accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company’s IFRS estimates as of May 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Reclassification Within Equity Section

As at May 1, 2010 the GAAP “contributed surplus” account was reclassified to “share-based payment reserve” as terminologies differ under IFRS.

Significant Adjustments

IFRS 6 requires all exploration costs incurred before a company has obtained legal rights to explore a specific area to be expensed in the year that they are incurred. Management has determined that under IFRS the Company’s accounting policy for exploration and evaluation assets is that exploration expenditures should be expensed and only capitalized to Exploration and Evaluation Assets after the legal rights to explore the property have been obtained. Consequently, on transition to IFRS, $56,537 of capitalized exploration and evaluation assets existed at May 1, 2010 which were capitalized before legal title was obtained. These costs have been derecognized and expensed in Deficit.

The accounting policy under IFRS 2 has been retrospectively applied to all equity instruments granted after November 7, 2002 and that have not vested at May 1, 2010. IFRS 2 requires share-based payments to be fair valued at the grant date and charged through the statement of loss over the vesting period using the graded method of vesting. The straight line method of amortization, used by the Company in accordance with Canadian GAAP, is disallowed. The expense of performance options under Canadian GAAP is typically recognized when the performance criteria are met and is often called “cliff vesting” where all of the expense is recognized upon satisfaction of the performance criteria. However, under IFRS the expense associated with performance options must be spread over the expected vesting period of the performance options.

On transition to IFRS, future income tax recoveries previously recognized due to flow through share issuances need to be derecognized. Consequently on May 1, 2010, $978,667 in future income tax recoveries related to prior years were reversed. In addition, the Company has adopted a policy under

IFRS where the proceeds from a flow-through share offering are to be allocated between the sale of the shares and the sale of the income tax benefit. The allocation is made based on the difference between the quoted market price of the existing shares and the amount an investor pays for the flow-through shares. This flow-through premium is recorded as a liability that is reduced when qualifying flow-through expenditures are incurred. The reduction of the flow-through liability is offset by an increase in the deferred tax liability and due to the valuation allowance recognized, in the Company's case it is treated as a deferred tax recovery. This has resulted in a re-classification between deficit and share capital at May 1, 2010 of $978,667.

Off-Balance Sheet Arrangements

Not applicable.

Financial Instruments

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. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

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 annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration of the Company's properties. As at July 31, 2011, the Company had cash of $559,169 available to settle current liabilities of $438,866. A $1,000,000 private placement which closed August 31, 2011 has mitigated this risk for the short-term.

Capital Management

The capital of the Company consists of the items included in capital and reserves. 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 spend its existing working capital and 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 mineral property costs is provided in the Company's statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the mineral properties note contained in its condensed, consolidated financial statements for the quarters ended July 31, 2011 and July 31, 2010. 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 interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.