

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 December 29, 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 October 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 six months ended October 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 interim consolidated condensed financial statements for the three months ended 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 October 31, 2011 and subsequent events up to December 29, 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 September of 2011, the Company staked a 2,583 acre claim with known gold occurrences in the Contwoyto Lake area of Nunavut. This claim, along with four claims comprising 4,467 acres staked in June of 2011, brings the Company's total of land held as claims in the Contwoyto Lake area to 7,050 acres. The claims are near the past producing Lupin gold mine and the Company's Dune and Pan gold deposits located on mining leases 3362 (4,969 acres) and 3407 (1,853 acres)

respectively. The Company's complete land holdings are collectively known as the Contwoyto project and total 13,872 acres.

Project Advancements:

- During the reporting period, the Company received assay results for its eleven hole, 1,225 metre drill program carried out on the Hope Bay ORO project in Nunavut. Ten of the 11 drill holes intersected the Elu shear and returned significant gold assays including 7.55 m grading 4.91 g/t gold and 2.00 m grading 20.22 g/t gold. The program was funded by Sennen Resources Ltd. ("Sennen") under the terms of an option agreement whereby Sennen may earn a 60% interest in the Hope Bay ORO project 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 in the joint venture property.
- In September 2011, the Company carried out a rock sampling program in the Greenstone Lake showing area, which is part of the Company's Anialik project in Nunavut. Six of twelve samples from carbonate altered mafic volcanic rocks returned assays of greater than 1 g/t gold and included assays of 11.2, 6.8 and 3.6 g/t gold.

Project terminations:

- 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 and as Chief Executive Officer in November 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 to make a cash payment of US\$50,000 for the exclusive right to conduct technical and legal due diligence over a period of up to 90 days. An addendum to the LOI (the "Addendum") was signed in September 2011, extending the due diligence period by an additional 90 days and making the \$50,000 payment subject to the completion of certain actions by the property vendors (the "AG Vendors"). Upon completion of the due diligence period the Company may execute 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 by completing a feasibility study. The AG Vendors will retain a 1.5% net smelter royalty.

In December 2011, the Company learned that the AG Vendors were taking steps to transfer title to the Agua Grande claims to another entity in an attempt to avoid their obligations to North Arrow under the terms of the LOI and the Addendum. On December 15, 2011 the Company provided the Vendors with notice of its intent to execute the Definitive Agreement and the Company filed a legal injunction in Chilean court preventing the AG Vendors from selling or transferring the Agua Grande claims. An arbitration hearing into the matter is expected in early January, 2012.

During the due diligence period, the Company also learned that several of the key mineral claims subject to the LOI and Addendum were not owned by the AG Vendors. The Company has subsequently completed a second LOI (the "Second LOI") with the owner of these mineral claims (the "Second Vendor"). The Second LOI provides that the Company may acquire an option to earn a 100% interest in the mineral claims owned by the Second Vendor on terms proportional to their importance to the overall Agua Grande project area. Acquiring the option outlined in the Second LOI is subject to the Company successfully acquiring the remainder of the Agua Grande properties from the AG Vendors.

The Company is currently considering several other properties in Chile and Colombia, however there are no other agreements in place at this time.

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. Please see "*Private Placement – August 2011*" below for additional details.

Exploration Update

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, 2011	Expended During the Period	Write-offs & Recoveries During the Period	October 31, 2011
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	\$ 22,980	\$ 19,991	\$ (13,330)	\$ 29,641
Acquisition costs	136,283	74,366	(74,567)	136,082
Geological and assays	6,561	-	(5,113)	1,448
Office and salaries	<u>20,489</u>	<u>3,258</u>	<u>(1,535)</u>	<u>22,212</u>
	<u>186,313</u>	<u>97,615</u>	<u>(94,545)</u>	<u>189,383</u>
Lithium Property, Nunavut				
Exploration costs	39,708	15,748	(15,748)	39,708
Acquisition costs	14,666	248	-	14,914
Geological and assays	11,464	211	(211)	11,464
Office and salaries	<u>9,972</u>	<u>2,595</u>	<u>-</u>	<u>12,567</u>
	<u>75,810</u>	<u>18,802</u>	<u>(15,959)</u>	<u>78,653</u>

Lithium Property, USA				
Exploration costs	-	5,035	(5,035)	-
Geological and assays	-	1,548	(1,548)	-
Office and salaries	-	1,168	(1,168)	-
	<u>-</u>	<u>7,751</u>	<u>(7,751)</u>	<u>-</u>
Diamond Properties, NWT and Nunavut				
Exploration costs	252,487	291,912	-	544,399
Acquisition costs	22,364	24,467	-	46,831
Geological and assays	153,264	225	-	153,489
Office and salaries	129,657	22,739	-	152,396
	<u>557,772</u>	<u>339,343</u>	<u>-</u>	<u>897,115</u>
TOTAL	\$ 819,895	\$ 463,511	\$ (118,255)	\$ 1,165,151

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). Newmont estimates that current potential resources within the HBVB are approximately 9 million ounces of gold, including the Doris, Madrid and Boston deposits (www.newmont.com/north-america). The Company's Hope Bay ORO Project is under option to Sennen Resources Ltd. ("Sennen") and the Company is conducting the exploration program described below on Sennen's behalf.

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 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).

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. The drilling tested 300 metres of strike length and all holes but one intersected the Elu shear and returned significant gold values including 7.55 metres grading 4.91 g/t gold and 2.00 metres grading 20.22 g/t gold. Substantial gold values were also returned for the Elu splay and Elu shear east, which occur sub parallel to the Elu shear to the northwest and the southeast of the Elu shear, respectively.

The most northerly intersection of the Elu shear was in hole 11-HB-10 where the host rock was a foliated feldspar quartz porphyry with moderate sericite alteration, quartz carbonate veining and related sulphide mineralization. The surface expression and all other intersections of the Elu shear are within an Archean mafic volcanic sequence. This means the Elu shear is not constrained by stratigraphy and is open to the north as well as down dip and to the south of current drilling. Hole 11-HB-03 which was collared approximately 50 m north of hole 11-HB-10 was terminated after drilling over 42 m of tonolite at the bottom of the hole. The discovery of the Elu shear in altered felsic intrusive rocks suggests that hole 11-HB-03 should have been allowed to continue farther to the east.

North Arrow's 2011 drilling program has confirmed continuity of gold mineralization for the Elu shear and that additional drilling is warranted to fully outline gold mineralization associated with the Elu shear. Further work to identify other gold mineralized shears on the Oro property is also warranted. This would include prospecting and the application of soil sampling to test for potentially hidden mineralized shears in overburden covered areas.

Greenstone Lake Showing, Anialik Project – Nunavut

The Greenstone Lake showing is located on a 762 acre portion of Inuit Owned Land parcel CO-30 under option from Nunavut Tunngavik Incorporated ("NTI") by North Arrow and forms part of the Anialik project. The initial Greenstone Lake showing was discovered in 1999 when a single sample returned 2.78 g/t gold from a quartz vein with 4% pyrite. Sampling in 2005 returned assays of over 1 g/t gold for six of eight samples described as being from sheared mafic volcanics with carbonate alteration and included assays of 33.83, 22.63 and 7.98 g/t gold. In September 2011, prospecting identified additional mineralized shears with six of twelve samples returning assays of greater than 1 g/t and including assays of 11.2, 6.8 and 3.6 g/t gold. All samples were from shear zones within mafic volcanic flows, tuffs and pillow lavas. The shear zones contain stringy quartz, and brown weathering carbonate, with accessory pyrite, and occasional arsenopyrite. Chlorite alteration is also prevalent. The shears strike just east of north, have sub-vertical dips and tend to occupy depressions. Width potential for individual shears is estimated between 1 to 20 metres. The sampling carried out to date has therefore identified a series of sub-parallel shears within a corridor measuring over 600 metres long and 50 metres wide. A program of detailed geologic mapping, sampling and ground geophysics is planned for the 2012 field season.

Contwoyto Project – Nunavut

The Company's 100% Contwoyto project is located near the past producing Lupin gold mine in Nunavut and consists of five claims and two leases totaling 13,872 acres. In the spring of 2011, Elgin Mining Inc. purchased the Lupin gold mine from Minerals and Metals Group and is actively carrying out new exploration, including diamond drilling on the Lupin mine leases.

The Company's claims contain known gold occurrences that have been subjected to various levels of mineral exploration up to and including diamond drilling. The Company's mining leases 3362 and 3407 contain the Dune and Pan gold deposits respectively. Historic combined resource calculations for these two deposits total 86,000 ounces. This historical resource has not been reviewed by a qualified person on behalf of the Company. This historic estimate is not current and does not meet NI 43-101 or CIM definition standards. This historic resource has not been verified by a qualified person, and is provided herein for information purposes only and should not be relied upon. Management believes that there is the potential to outline additional resources on its known deposits and there is potential for discovery of new mineralization on its ground. Currently the Company is reviewing a strategy for the Contwoyto project properties.

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 an 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 commencing in early June 2011. The program was completed in mid-July, with a total of twenty-one holes (1,800 m) completed and 930 meters of kimberlite recovered. 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 volcanoclastic kimberlite. Samples will be submitted for both microdiamond and macro-diamond analysis. Results are expected in early 2012.

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 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%. At the time the agreement was executed, Panarc and the Company were 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. The program located two areas which returned significant rock grab sample assay results as well as anomalous soil sample results in an overburden covered area near one of the showings. The first showing consists of vein and skarn type mineralization with grab samples returning values from 0.8% tin up to 2.46% tin over a 400 metre strike length. There is an adjacent large open tin soil sample anomaly with values ranging from 200 to greater than 1000 ppm tin over a strike length of approximately 500 metres and a width of approximately 40 metres. Additional sampling is required to fully outline the anomaly. The second showing consists of greisen and vein mineralization with grab samples returning up to 1.5% tin. There is limited outcrop exposure in this area and additional work, including soil sampling should be carried out. The Company is currently considering various options to advance and further evaluate these properties.

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). The Company is currently considering various options to advance and further evaluate these properties.

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 Bamako gold project 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 October 31, 2011 (the "**Current Period**"), the Company recorded a loss of \$787,705 (\$0.01 loss per share) as compared to a loss of \$586,795 (\$0.01 loss per share) for the period ended October 31, 2010 (the "**Comparative Period**"). The main reason for this difference is a \$487,675 increase the Company's administrative expenses (Current Period - \$799,577; Comparative Period - \$311,902).

Property investigation costs (Current Period - \$109,954; Comparative Period - \$12,754) and share-based compensation (Current Period - \$129,597; Comparative Period - \$36,462) contributed significantly to the Current Period loss. During the Current Period, the Company issued 1,220,000 stock options and began an exploration program in South America. Consulting (Current Period - \$125,000 Comparative Period - \$Nil) and professional fees (Current Period - \$123,115; Comparative Period - \$47,714) also had a significant impact on this increase, followed by increases in salaries and benefits (Current Period - \$118,839; Comparative Period - \$83,019), advertising, promotion and travel, (Current Period - \$99,546; Comparative Period - \$78,477) and office, miscellaneous and rent (Current Period - \$59,197; Comparative Period - \$45,135). Regulatory filing fees (Current Period - \$13,144; Comparative Period - \$8,001) also increased during the Current Period. Accretion of the convertible note (Current Period - \$20,947; Comparative Period - \$Nil) was recorded for the first time during the Current Period – please see "*Convertible Note Payable*" below. In general, administrative expenses have increased as the Company's corporate and exploration activities have increased.

Assets increased from \$1,658,492 at April 30, 2011 year-end to \$2,209,351 at October 31, 2011 with capitalized resource property costs increasing from \$819,895 at April 30, 2011 year-end to \$1,165,151 at October 31, 2011. The Company wrote off \$58,038 of capitalized exploration and evaluation assets (Comparative Period - \$277,651) and recorded a recovery of \$80,488 (Comparative Period - \$Nil) related to exploration and evaluation assets previously written-off. The Company's cash increased from \$671,960 at April 30, 2011 year-end to \$779,565 at October 31, 2011. Total current liabilities increased from \$129,445 at April 30, 2011 year-end to \$293,879 at October 31, 2011. Long-term liabilities increased to \$738,468 representing the fair value of the liability component of a \$1 million convertible note (see "*Convertible Note Payable*" below). There was an increase in share capital from \$10,947,436 at April 30, 2011 year-end to \$10,965,436 at October 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)
October 31, 2011	\$ 179	\$ (380,881)	\$ (0.01)	\$ (0.01)
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)

- (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 year ended April 30, 2010. This is a non-cash item recorded in compliance with Canadian GAAP but is derecognized under IFRS.

Current Quarter

The Company's loss for the three months ended October 31, 2011 (the "**Current Quarter**") totaled \$380,881, a decrease from the loss of \$425,617 for the quarter ended October 31, 2010 (the "**Comparative Quarter**"). The loss during the Current Quarter was most impacted by a significant increase in expenses, from \$150,248 in the Comparative Quarter to \$359,632 in the Current Quarter. Please see summary for the year-to-date period above under "*Results of Operations.*" The Comparative Quarter loss was most impacted by a write-off of exploration and evaluation assets totaling \$277,331 (Current Quarter - \$24,729).

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 for 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 (complete).

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. ("Anglo-Celtic"), 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 31, 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. At the date of the agreement, Mr. Thomas, through Anglo-Celtic, owned 9,839,582 common shares, representing approximately 18.7% of North Arrow's issued and outstanding common shares. Under the terms of the private placement, Anglo-Celtic 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 received from shareholders at the Annual General Meeting 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 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 October 31, 2011 was \$748,974 as compared to working capital of \$707,567 at April 30, 2011. Cash increased by \$107,605 in the Current Period (Comparative Period -\$38,469), to \$779,565 as at October 31, 2011 (Comparative Period - \$887,107). Cash flow used for operations was \$475,630, (Comparative Period - \$308,438) while cash flows from financing activities increased the Company's cash position by \$1,000,000 (Comparative Period - \$776,867).

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Period, the Company spent \$294,275 to acquire and explore its mineral property interests (Comparative Period - \$429,960).

As at October 31, 2011, the Company had 5,103,000 outstanding stock options with exercise prices that range from \$0.20 to \$0.40 and 1,979,167 warrants with an exercise price of \$0.25 which will expire February 20, 2012.

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 for companies at an early/grass-roots stage of exploration. 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 and consulting expense for its management 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 December 29, 2011, there were 52,758,378 common shares issued and outstanding. As at December 29, 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	500,000	March 7, 2016
	1,220,000	0.20	610,000	May 12, 2016
	170,000	0.20	42,500	November 3, 2016
Warrants	1,979,167	0.25	1,979,167	February 20, 2012

Transactions with Related Parties

	<u>October 31, 2011</u>	<u>April 30, 2011</u>
Strongbow, a company with two common directors and a common officer	\$ 9,405	\$ 17,655
Stornoway, a company with a common officer	2,623	12,206
Directors and Officers	<u>74,562</u>	<u>39,637</u>
	<u>\$ 86,590</u>	<u>\$ 69,498</u>

- a) During the six months ended October 31, 2011, the Company paid or accrued \$46,435 (October 31, 2010 - \$74,703) for shared technical services and rent to Strongbow.
- b) During the six months ended October 31, 2011, the Company paid or accrued \$12,121 (October 31, 2010 - \$14,084) for administrative and accounting services to Stornoway.
- c) During the six months ended October 31, 2011, the Company paid or accrued consulting fees of \$125,000 (October 31, 2010 - \$Nil) to a company controlled by a director and a company controlled by an officer of the Company.
- d) During the six months ended October 31, 2011, the Company paid or accrued \$4,015 (October 31, 2010 - \$Nil) for office rent to a company controlled by a director.

The remuneration of directors and key management personnel during the six month period ending October 31, 2011 was as follows:

	<u>Six Months Ended October 31, 2011</u>	<u>Six Months Ended October 31, 2010</u>
Salaries ¹	\$ 217,888	\$ 145,919
Share-based payments ²	<u>81,583</u>	-
Total	<u>\$ 299,471</u>	<u>\$ 145,919</u>

- 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.

Convertible Note Payable

On August 31, 2011, the Company closed a \$1,000,000 private placement of a convertible promissory note with Anglo-Celtic Exploration Ltd. (“Anglo Celtic”), 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. Anglo-Celtic may convert at any time all or a portion of the principal amount outstanding into common shares of the Company at \$0.25 per share, which would result in the issuance of up to 4,000,000 common shares if the entire principal amount is converted. The loan bears interest at the Royal Bank Prime Rate plus 400 basis points. The loan accrues interest to the date of repayment; interest is calculated and accrued on a monthly basis. The term of the loan is for two years, to August 31, 2013. Anglo-Celtic did not receive any warrants upon issuance of the convertible note, however, if the Company fails to repay the loan in full by August 31, 2012 or if the Company 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 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.

The convertible note has been segregated into the respective fair values of its debt and equity components on the date of issuance. The debt component, representing the value allocated to the liability at inception, is recorded as a long-term liability. The remaining component, representing the value ascribed to the holder’s option to convert the principal balance into common shares, is classified in capital and reserves as the “equity component of convertible note”. Over the term of the note, the debt component will be accreted to the face value of the note by the recording of additional interest expense.

At issuance, the Company estimated the fair value of the conversion option by using the Black-Scholes option pricing model with the following assumptions: two-year estimated life, 100% volatility and a risk-free rate of 1.08%.

	October 31, 2011	April 30, 2011
Principal amount	\$ 1,000,000	\$ -
Less equity component of convertible note	(294,178)	-
Accrued interest	11,699	-
Accretion interest	20,947	-
Liability component	<u>\$ 738,468</u>	<u>\$ -</u>

Changes in Accounting Policy Including Initial Adoption of IFRS

The Current Quarter is the second 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”).

The Company’s accounting policies adopted under IFRS are presented in Note 3 of the condensed interim consolidated financial statements for the three months ended July 31, 2011. The statements of financial position, loss and comprehensive loss, statements of changes in equity and cash flows are all presented in accordance with IFRS.

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 chosen to only apply IFRS 2 to equity instruments granted after November 7, 2002 which have not vested as of 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 and evaluation 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, accrued liabilities, due to related parties and a convertible note. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable, 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's convertible note is measured at fair value and separated into two components: equity and liability. The carrying value of the liability portion is the residual value of principal amount; the Black-Scholes method was used to estimate the fair value assigned to the equity component. Over the term of the convertible note, the liability amount will increase to the face value of the convertible note through the accretion of interest.

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 October 31, 2011, the Company had cash of \$779,565 available to settle current liabilities of \$293,879; the Company has a \$1 million convertible promissory note outstanding, which is due August 31, 2013.

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 make it subject to foreign currency fluctuations, which may affect the Company's financial position, and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US dollar. The Company does not presently invest in foreign currency contracts to mitigate this risk. It is management's opinion that the Company is not exposed to significant foreign currency risk arising from these financial instruments.

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 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 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 interim condensed, consolidated financial statements for the quarters ended October 31, 2011 and October 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.