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MANAGEMENT DISCUSSION AND ANALYSIS

January 31, 2012

Form 51-102 F1
Management Discussion and Analysis
North Arrow Minerals Inc. (“North Arrow” or the “Company”)
Containing Information up to and including March 30, 2012

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 and the Lac de Gras (Northwest Territories) diamond project within 10 km of the Diavik diamond mine. 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.

The following discussion and analysis of the Company's financial condition and results of operations for the period ended January 31, 2012 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 nine months ended January 31, 2012 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 January 31, 2012 and subsequent events up to March 30, 2012

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. The initial focus was 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 on these projects to reduce the costs of exploration and capitalize on additional technical expertise.

In 2011 North Arrow broadened its exploration strategy to build a strong resource development program by including exploration projects in proven mining areas within stable jurisdictions of South America. The Company's 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.

In keeping with these strategies, during the last quarter 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:

- In January of 2012, the Company staked thirty-two additional claims (1,652.8 acres) related to its Seagull Tin project located in the Yukon Territory. Of the total, sixteen claims (826.4 acres) were staked to cover tin greisen mineralization in the Eccles Ridge area and the remaining sixteen claims (826.4 acres) were staked to expand the land package around the Do Claims skarn and vein hosted tin showings and soil sample survey anomaly.
- In February 2012, the Company announced the signing of a Letter of Intent ("LOI") to acquire a 100% interest in the El Tesoro copper-gold project which is located approximately 250 kilometres north of Santiago and 35 kilometres from the town of Illapel, in Region IV of Chile.

Other Business

In March 2012, the Company announced that, effective March 31, 2012, Mr. D. Grenville Thomas will be appointed President and CEO of the Company. Mr Thomas, who had been Chairman of the Company, will replace Mr. Brian McEwen who will remain with the Company on a consulting basis to manage the Company's affairs in South America.

In February 2012, the Company announced that it has appointed Mr. Wayne Johnstone as Chief Financial Officer, and Ms. Brenda Nowak as Corporate Secretary to the Company. Mr. Johnstone graduated from the University of British Columbia in 1977 with a Bachelor of Commerce (Finance) degree and in 1979 earned his chartered accountant designation. He has over 30 years of financial experience with public and private companies. Ms. Nowak has 20 years of experience in the securities legal industry during which time she has served as Corporate Secretary for several junior mining companies. Concurrently to these appointments, Ms. Zara Boldt resigned as Corporate Secretary and Controller as a result of ongoing business commitments.

In February 2012, the Company announced a non-brokered private placement of up to 2,000,000 flow-through shares at a price of \$0.18 per flow-through share and 10,000,000 units at a price of \$0.13 per share for potential gross proceeds of up to \$1,660,000, subject to receipt of the required regulatory approvals. Proceeds from the private placement will be used to fund exploration on the Company's projects and for general corporate purposes.

Exploration Projects Overview

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

	April 30, 2011	Expended During the Period	Write-offs & Recoveries During the Period	January 31, 2012
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	\$ 22,980	\$ 53,667	\$ (13,330)	\$ 63,317
Acquisition costs	136,283	84,292	(74,567)	146,008
Geological and assays	6,561	4,327	(5,113)	5,775
Office and salaries	<u>20,489</u>	<u>4,116</u>	<u>(1,571)</u>	<u>23,034</u>
	<u>186,313</u>	<u>146,402</u>	<u>(94,581)</u>	<u>238,134</u>
Lithium Property, Nunavut				
Exploration costs	39,708	16,647	(16,647)	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>2,631</u>	<u>-</u>	<u>12,603</u>
	<u>75,810</u>	<u>19,737</u>	<u>(16,858)</u>	<u>78,689</u>
Lithium Property, USA				
Exploration costs	-	7,598	(7,598)	-
Acquisition costs	-	-	-	-
Geological and assays	-	1,548	(1,548)	-
Office and salaries	<u>-</u>	<u>1,168</u>	<u>(1,168)</u>	<u>-</u>
	<u>-</u>	<u>10,314</u>	<u>(10,314)</u>	<u>-</u>
Diamond Properties, NWT and Nunavut				
Exploration costs	252,487	320,162	(337,947)	234,702
Acquisition costs	22,364	24,467	(3,913)	42,918
Geological and assays	153,264	225	-	153,489
Office and salaries	<u>129,657</u>	<u>22,792</u>	<u>(25,826)</u>	<u>126,623</u>
	<u>557,772</u>	<u>367,646</u>	<u>(367,686)</u>	<u>557,732</u>
TOTAL	\$ 819,895	\$ 544,099	\$ (489,439)	\$ 874,555

Unless otherwise stated below, the Company's Canadian exploration activities are conducted under the supervision of Gordon Clarke, P.Geol. (NT&NU) the Company's Vice-President, Exploration. The Company's exploration activities in Chile are conducted under the supervision of Brian McEwen, P.Geol. Both Mr. McEwen and Mr. Clarke are considered to be qualified persons within the meaning of National Instrument ("NI") 43-101.

Gold and Base Metal Projects

Agua Grande Gold-Copper Project, Chile

In June 2011, the Company 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. Following receipt of the legal injunction, the Company filed a lawsuit requesting an arbitrator to compel the Vendors to either execute an option agreement with North Arrow over the 11 mining concessions or pay damages to North Arrow, and the matter is now under arbitration.

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 executed a ninety day 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 Second LOI has subsequently lapsed and the Company is currently working to renew the agreement.

El Tesoro Copper-Gold Project, Chile

In February of 2012, the Company signed a Letter of Intent ("LOI") to acquire a 100% interest in the El Tesoro copper-gold project, ("El Tesoro" or "the Project") which is located approximately 250 kilometres north of Santiago and 35 kilometres from the town of Illapel, in Region IV of Chile. El Tesoro is host to geological features similar to the archetype Candelaria iron-oxide-copper-gold (IOCG) deposit, as well as the pre-feasibility stage El Espino IOCG deposit that lies approximately 3.5 kilometres to the south of the Project. The mineralized system at El Tesoro includes a 1.8 x1.5 kilometre alteration zone with a strong potassic-altered centre and albite-silica halo. A near-surface mesothermal vein system hosts gold, copper and iron mineralization, and there is the potential for significant disseminated copper and gold at depth.

Infrastructure in the area is very good, with road access to the project, rail and high-tension power in close proximity, and local mining and community resources available. The area includes rolling hills up to 1500 metres in elevation. The Illapel region has a long mining history, with artisanal copper and gold mining continuing to the present day.

The most recent exploration work was conducted in 2008 by the property owners, Sociedad Contractual Minera El Tesoro (the "Owners") and included a 7.5 line kilometre IP-Resistivity geophysical survey, 30 samples from underground workings, 23 surface samples and six square kilometres of 1:10,000 scale mapping. In the coming months, the Company plans to complete a ground magnetometer survey and a National Instrument ("NI") 43-101 technical report prior to a diamond drilling program.

The LOI allows North Arrow exclusivity for 90 days to negotiate a definitive option agreement with the Owners and to complete legal and technical due diligence on the Project. Under the terms outlined in the LOI, North Arrow will have an option to earn a 100% interest in the El Tesoro properties by spending US\$250,000 on exploration in the first year, spending US\$750,000 (US\$1,000,000 cumulative) on exploration in the second year, making a cash payment of US\$600,000 to the Owners within 60 days of the end of the second year, completing a feasibility study on the project and making a cash payment to the owners equal to US\$0.50 per tonne of reserves as defined in the feasibility study. The Owners will retain a 1% Net smelter royalty. The transaction will be subject to customary conditions, including regulatory and Exchange approval.

Hope Bay ORO Gold Project – Nunavut

The Company's 100% owned ORO gold property is located in the Hope Bay Volcanic Belt (HBVB) in Nunavut and is the only strategically located land holding in the HBVB that is not held by 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"). 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). 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 19.31g/t. 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.

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 tonalite 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.

The 2011 drilling program has confirmed the continuity of gold mineralization along the Elu shear and that additional drilling is warranted to fully outline gold mineralization associated with this structure. 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.

Anialik Gold 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") 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 Gold Project – Nunavut

The Company's Contwoyto project is located near the past producing Lupin gold mine in Nunavut and consists of five claims and two leases. 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. Management believes that there is the potential to outline additional mineralization at Pan and Dune, as well as elsewhere within the Contwoyto claims and leases.

Seagull Tin 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 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 and adjacent areas. The program located two areas that 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 tin soil geochemical 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 extent of this soil anomaly and in January of 2012 an additional sixteen claims (826.4 acres) were staked to protect the land position in this area. The second showing was identified in the Eccles Ridge area and consists of greisen and vein mineralization with grab samples returning from background values up to 1.5% tin. There is limited outcrop exposure in this area and additional work, including soil sampling should be carried out. The Eccles Ridge showing was on open ground and sixteen claims were staked in January 2012 to cover the showing and surrounding area. The Company is currently planning follow up sampling and ground geophysics for the 2012 summer field season.

Diamond Projects

Lac de Gras Diamond 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 the joint venture property, and may exercise its option to vest at a 55% interest in the joint venture property by funding \$5,000,000 in exploration expenditures over a five year period. Upon exercising the option, a joint venture will be formed in which 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 of mineral claims and mining leases 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. 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. Preliminary work, including mapping local ice directions and till characteristics in preparation for a systematic basal till sampling program, has been carried out. The basal till sampling program will be initiated in early summer 2012. Initial plans were to use a track mounted reverse circulation drill, but subsequently it was decided to use a helicopter portable reverse circulation drill to avoid time constraints associated with a winter road mobilization/demobilization operation window. The drill will be used to sample a complete till column and reach basal till not accessed by previous sampling.

Hammer Diamond 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 magnetic anomaly was detected at the center of the work area, coinciding with the observable topographic low and coincident with a moderate response conductor. 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. A total of 200.9 kilograms of drill core submitted for microdiamond recovery returned four diamonds greater than 0.106mm square mesh with the largest stone in the 1.18mm to 1.70mm size class. A total of 3.27 tonnes of core processed through a dense media separation facility returned eight diamonds greater than 0.3mm square mesh with one stone on the +5 DTC screen. No further work is planned and as such exploration expenditures totalling \$367,686 were written off for the period ended January 31, 2012.

Lithium Projects

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.

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

Results of Operations

During the three months ended January 31, 2012 (the “current quarter”), the Company recorded a net loss of \$855,393 or \$0.02 per share and a net loss of \$1,643,098 or \$0.03 per share for the nine months ended January 31, 2012 (the “current period”). This is compared with a net loss of \$121,088 or \$0.01 per share for the three months ended January 31, 2011 (the “comparative quarter”) and \$707,883 or \$0.01 per share for the nine months ended January 31, 2011 (the “comparative period”). The primary reason for the increased losses is related to increased exploration activity and the associated costs.

Expenses for the current quarter increased \$341,067 from the comparative quarter with the most significant components being: stock-based compensation charges \$33,894 (comparative quarter- \$7,166), salaries and benefits \$53,628 (comparative quarter- \$40,992), property investigation costs \$98,455 (comparative quarter \$nil), professional fees \$124,137 (comparative quarter- \$10,911), consulting \$61,667 (comparative quarter- \$nil) and the non-cash accretion cost related to the convertible note of \$32,530 (comparative quarter- \$nil). In addition, during the current quarter the Company wrote-off \$371,183 (2011- \$720) of exploration and evaluation costs related to the Hammer and other Canadian properties.

Expenses for the current period increased \$831,350 from the comparative period with the most significant components being: stock-based compensation charges \$163,491 (comparative period- \$43,628), salaries and benefits \$172,467 (comparative period- \$124,011), property investigation costs \$208,409 (comparative period- \$12,754) professional fees \$247,252 (comparative period- \$58,625), consulting \$186,667 (comparative period- \$nil) and the non-cash accretion cost related to the convertible note of \$53,477 (comparative period- \$nil).

Property investigation costs, the write-off of mineral properties, consulting and legal fees have contributed significantly to the current period’s loss and reflect the Company’s activities in South America and Canada. The Company has entered into letters of intent (LOI) for the acquisition of properties in Chile and initiated due diligence and exploration work. As part of the due diligence process the Company discovered there were title issues with certain of the properties and that the vendors of certain of the LOI properties had attempted to transfer them to another party. As a result, the Company initiated legal action to prevent this transfer and the matter will be settled through arbitration. Accordingly, all related legal fees, exploration costs and consulting fees have been expensed in the current period.

Financial Condition- January 31, 2012 compared with April 30, 2011

At January 31, 2012, the Company had assets of \$1,290,255 that included working capital of \$267,239 as compared to assets of \$1,658,492 and working capital of \$707,567 at April 30, 2011. The reduction in working capital was largely due to the funding of exploration expenditures and the loss for the period offset by funds raised by the issuance of a convertible promissory note.

Summary of Quarterly Results

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)
January 31, 2012	\$ 113	\$ (855,393)	\$ (0.02)	\$ (0.02)
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)	\$ (0.01)	\$ (0.01)
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) ⁽⁴⁾	\$ (0.00)	\$ (0.00)

(1) Based on the treasury share method for calculating diluted earnings.

(2) Restated IFRS

(3) Canadian GAAP

(4) 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 quarterly results can be affected by many factors such as seasonal fluctuations, variations in capital markets, the write-off of capitalized amounts, stock-based compensation costs, tax recoveries and legal matters.

The Company's loss for the current quarter totaled \$855,393, an increase from the loss of \$121,088 for the comparative quarter. The loss during the current quarter was affected by a significant increase in expenses, from \$123,070 in the comparative quarter to \$464,137 in the current quarter and the write-off of exploration and evaluation assets. Please refer to "Results of Operations" above.

Liquidity and Capital Resources

At January 31, 2012 the Company had \$267,239 of working capital that included cash of \$262,059. This is compared to working capital of \$707,567 at April 30, 2011 and \$708,642 at January 31, 2011. During the current period the Company's cash position was reduced by \$409,901 (comparative period \$429,789) as a result of funding its operating and investing activities offset by the completion of a \$1,000,000 (comparative period - \$776,867) financing by way of a convertible note.

During the current period the Company's operating activities used cash of \$983,474 (comparative period -\$463,233) reflecting the increased activity level in property investigation related work and professional fees.

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the current period, the Company spent \$426,427 to acquire and explore its mineral property interests (comparative period - \$743,423).

As at January 31, 2012, the Company had 5,273,000 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 expired unexercised 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.

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 2013. 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 minimize variable expenses to the extent possible and to seek joint venture partners to continue to further exploration of its mineral properties.

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. 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 Company's receivables consist of refunds due from the federal government for sale taxes, refunds of amounts advanced and amounts due 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 2012 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. 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 2013. 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 2013 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.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at March 30, 2012, there were 52,758,378 common shares issued and outstanding. As at March 30, 2012 the Company had the following options outstanding:

	Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
Options				
	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
	<u>170,000</u>	0.20	170,000	November 3, 2016
	<u>5,125,000</u>			

In addition, the Company has a \$1,000,000 convertible note payable outstanding that can be converted into 4,000,000 common shares.

Transactions with Related Parties

- a) During the nine months ended January 31, 2012, the Company paid or accrued \$79,393 (2011 - \$123,946) for shared technical services, accounting and rent to a related Company.
- b) Included in current liabilities is \$92,639 (April 30, 2011- \$69,498) due to related parties.
- c) The Company has entered into a consulting agreement expiring March 7, 2013, requiring minimum annual payments totaling \$120,000. In addition, the agreement contains clauses which could provide for payments of up to 12 months on the termination of the contract. During the nine months ended January 31, 2012, the Company paid or accrued consulting fees of \$120,000 (2011 - \$Nil) pursuant to this agreement to a company controlled by an officer of the Company.
- d) During the nine months ended January 31, 2012 the Company paid or accrued consulting fees of \$66,667 (2011- \$Nil) to a company controlled by a director.

The remuneration of directors and key management personnel during the nine month period ending January 31, 2012 was as follows:

	Nine Months Ended January 31, 2012	Nine Months Ended January 31, 2011
Salaries ¹	\$ 276,667	\$ 188,698
Share-based payments ²	136,163	\$ -
Total	\$ 412,830	\$ 188,698

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%.

	January 31, 2012	April 30, 2011
Principal amount	\$ 1,000,000	\$ -
Less equity component of convertible note	(294,178)	-
Accrued interest	29,343	-
Accretion interest	53,477	-
Liability component	\$ 788,642	\$ -

Changes in Accounting Policy Including Initial Adoption of IFRS

The Current Quarter is the third reporting period that condensed interim consolidated 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.

Critical Accounting Estimates

The preparation of consolidated financial statements requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements.

Significant assumptions and estimates relate to, but are not limited to the following:

- The carrying value of exploration and evaluation assets;
- The inputs used for the calculation of stock-based compensation;
- Future income tax values; and
- The inputs used in accounting for the convertible note.

Actual amounts could differ materially from the estimates used and, accordingly, affect the results of operations.

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.

Financial Instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

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.

Financial Risk Management

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 generally 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 January 31, 2012, the Company had cash of \$262,059 available to settle current liabilities of \$147,233 and the Company has a \$1 million convertible promissory note outstanding to a related party, 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.

Subsequent Events and Proposed Transactions

Subsequent to January 31, 2012:

- i) The Company announced private placements consisting of up to 2,000,000 flow-through shares at a price of \$0.18 per share and 10,000,000 units at a price of \$0.13 per unit. Each unit shall be comprised of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.20 for a period of 18 months following the closing of the placement. A 6% finders' fee, payable in cash or shares, may be payable on a portion of the placement.

- ii) The Company announced that it had signed a letter of intent to acquire the El Tesoro Property in Chile. Under the terms of the proposed agreement the Company can acquire a 100% interest in the property, subject to a 1% NSR, by:
- Spending US\$250,000 on exploration of the property in the first year;
 - Spending an additional US\$750,000 on exploration of the property in the second year;
 - Making a US\$600,000 cash payment to the owners at the end of the second year ;
 - Completing a feasibility study on the project; and
 - Making a cash payment to the owners equal to \$0.50 per tonne of reserves as defined in the feasibility study.

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 will have to raise additional funds and has announced financings for exploration purposes. 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 January 31, 2012 and January 31, 2011. 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.