

NORTH ARROW MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

October 31, 2014

**(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)**

These condensed interim financial statements of North Arrow Minerals Inc. for the six months ended October 31, 2014 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NORTH ARROW MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

| | October 31, 2014 | April 30, 2014 |
|---|-------------------------|----------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 5,058,902 | \$ 9,396,969 |
| Receivables (Note 5) | 322,192 | 52,472 |
| Marketable securities (Note 6) | 450 | 1,275 |
| Prepaid expenses | 36,054 | 16,936 |
| | 5,417,598 | 9,467,652 |
| Equipment (Note 7) | 94,057 | 94,697 |
| Exploration and evaluation assets (Note 8) | 8,130,024 | 4,350,909 |
| | \$ 13,641,679 | \$ 13,913,258 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 9) | \$ 459,547 | \$ 360,890 |
| Due to related parties | 26,622 | 20,622 |
| | 486,169 | 381,512 |
| SHAREHOLDERS' EQUITY | | |
| Capital stock (Note 10) | 24,918,104 | 24,918,104 |
| Share-based payment reserve (Note 10) | 2,746,657 | 2,334,073 |
| Investment revaluation reserve | (15,038) | (14,213) |
| Deficit | (14,494,213) | (13,706,218) |
| | 13,155,510 | 13,531,746 |
| | \$ 13,641,679 | \$ 13,913,258 |

Nature and continuance of operations (Note 1)

Approved and authorized on behalf of the Board on December 16, 2014:

"D. Grenville Thomas"

Director

"Blair Murdoch"

Director

The accompanying notes are an integral part of these condensed interim financial statements.

NORTH ARROW MINERALS INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Three and Six Months Ended October 31,
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

| | Three months ended October 31, 2014 | Three months ended October 31, 2013 | Six months ended October 31, 2014 | Six months ended October 31, 2013 |
|---|--|---|--|---|
| EXPENSES | | | | |
| Advertising, promotion and travel | \$ 69,467 | \$ 16,169 | \$ 116,356 | \$ 24,861 |
| Consulting | 9,402 | 29,209 | 24,228 | 53,904 |
| Depreciation | 2,677 | - | 5,191 | 692 |
| Office, miscellaneous and rent | 49,367 | 23,041 | 86,110 | 44,679 |
| Professional fees | 4,206 | 4,726 | 11,090 | 12,658 |
| Property investigation costs(recovery) | (2,557) | - | 8,420 | 12,867 |
| Regulatory and filing fees | 1,160 | 4,270 | 2,397 | 13,857 |
| Salaries and benefits | 52,968 | 35,857 | 164,517 | 70,247 |
| Share-based compensation (Note 10) | 223,130 | 153,422 | 412,584 | 375,563 |
| | (409,820) | (266,694) | (830,893) | (609,328) |
| Interest and other income | 22,765 | 4,430 | 42,898 | 11,754 |
| Net loss for the period | (387,055) | (262,264) | (787,995) | (597,574) |
| Unrealized loss on available-for-sale financial assets | (825) | - | (825) | (300) |
| Comprehensive loss for the period | \$ (387,880) | \$ (262,264) | \$ (788,820) | \$ (597,874) |
| Basic and diluted loss per share | \$(0.01) | \$(0.01) | \$(0.02) | \$(0.02) |
| Weighted average number of common shares | 49,779,741 | 28,735,936 | 49,779,741 | 28,587,838 |

The accompanying notes are an integral part of these condensed interim financial statements

NORTH ARROW MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended October 31,
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

| | 2014 | 2013 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the period | \$ (787,995) | \$ (597,574) |
| Items not involving cash: | | |
| Depreciation | 5,191 | 692 |
| Share-based compensation | 412,584 | 375,563 |
| Changes in non-cash working capital items: | | |
| Decrease (increase) in receivables | (153,598) | (71,003) |
| Increase in prepaid expenses | (19,118) | - |
| Increase (decrease) in accounts payable and accrued liabilities | (2,111) | 82,945 |
| Increase (decrease) in due to related parties | 6,000 | (112,346) |
| | (539,047) | (321,723) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 5,368,600 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Expenditures on exploration and evaluation assets, net | (3,794,469) | (1,860,183) |
| Purchase of equipment | (4,551) | - |
| | (3,799,020) | (1,860,183) |
| Change in cash | (4,338,067) | 3,186,694 |
| Cash, beginning of the period | 9,396,969 | 2,893,755 |
| Cash, end of the period | \$ 5,058,902 | \$ 6,080,449 |
| Cash paid during the period for interest | \$ - | \$ - |
| Cash paid during the period for income taxes | \$ - | \$ - |

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these condensed interim financial statements.

NORTH ARROW MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

| | Number of Shares | Capital Stock | Share-based payment reserve | Investment revaluation reserve | Deficit | Total |
|---|-------------------|----------------------|-----------------------------|--------------------------------|------------------------|----------------------|
| Balance, April 30, 2013 | 28,439,741 | \$14,863,029 | \$ 938,235 | \$(14,438) | \$(12,132,515) | \$ 3,654,311 |
| Share-based compensation | - | - | 375,563 | - | - | 375,563 |
| Warrants issued for exploration and evaluation assets | - | - | 567,329 | - | - | 567,329 |
| Private placement- net | 13,625,000 | 5,368,600 | - | - | - | 5,368,600 |
| Net loss | - | - | - | - | (597,574) | (597,574) |
| Investment loss | - | - | - | (300) | - | (300) |
| Balance, October 31, 2013 | 42,064,741 | \$20,231,629 | \$1,881,127 | \$(14,738) | \$(12,730,089) | \$9,367,929 |
| | | | | | | |
| Balance, April 30, 2014 | 49,779,741 | \$ 24,918,104 | \$ 2,334,073 | \$ (14,213) | \$ (13,706,218) | \$ 13,531,746 |
| Share-based compensation | - | - | 412,584 | - | - | 412,584 |
| Net loss | - | - | - | - | (787,995) | (787,995) |
| Investment loss | - | - | - | (825) | - | (825) |
| Balance, October 31, 2014 | 49,779,741 | \$ 24,918,104 | \$ 2,746,657 | \$ (15,038) | \$ (14,494,213) | \$ 13,155,510 |

The accompanying notes are an integral part of these condensed interim financial statement.

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Six Months Ended October 31, 2014
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

North Arrow Minerals Inc. (the “Company”) is incorporated federally under the laws of the Canada Business Corporations Act. The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company trades on the TSX Venture Exchange (TSXV – NAR) and its registered office address is Ste. #860-625 Howe Street, Vancouver, BC, Canada V6C 2T6.

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

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. These financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. At October 31, 2014, the Company has a deficit of \$14,494,213, no current source of revenue and may require additional funding to meet its planned activities beyond the upcoming fiscal year. The Company’s continuation as a going concern is dependent on the successful results from its mineral property exploration activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management’s plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and specifically with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (IAS 34). These condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended April 30, 2014. These financial statements are presented in Canadian dollars unless otherwise noted.

Principles of Consolidation

Effective September 22, 2014, the Company wound up Compania Minera North Arrow Chile Limitada (“Minera”) its wholly-owned inactive subsidiary. The comparative consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary Minera. All inter-company transactions and balances have been eliminated upon consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period. Although management uses historical experiences and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION - continued

Significant accounting judgments, estimates and assumptions - continued

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

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

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

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

- (ii) Valuation of share-based payments

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

- (iii) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

New Accounting pronouncements

Refer to the audited financial statements for the year ended April 30, 2014 for a summary of significant accounting policies.

Changes in Accounting Standards

The IASB has issued several new standards. Each of the new standards is effective for annual periods beginning on or after January 1, 2014 with early adoption permitted, except IFRS 7 which becomes effective January 1, 2015 and IFRS 9 which has a tentative effective date of January 1, 2018. The following is a brief summary of the new standards:

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Six Months Ended October 31, 2014
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3. SIGNIFICANT ACCOUNTING POLICIES - continued

- IAS 36 – Impairment of assets – disclosure

This standard has limited scope amendments to disclosure requirements in IAS 36, Impairment of Assets. The adoption of IAS 36 did not result in any change in the financial statements.

- IAS 32 – Financial instruments – presentation

This standard has been amended to clarify requirements for offsetting of financial assets and financial liabilities. The adoption of IAS 32 did not result in any change in the financial statements.

- IFRS 9 - Financial Instruments – classification and measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. The extent of the impact of adoption of IFRS 9 has not yet been determined.

- IFRS 7 – Financial instruments – disclosure

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

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

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

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

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

Credit risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. It is management's opinion that the Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding could cast significant doubt on the Company's ability to continue as a going concern. As at October 31, 2014, the Company had cash of \$5,058,902 (April 30, 2014 - \$9,396,969) available to settle current liabilities of \$486,169 (April 30, 2014 - \$381,512).

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.

5. RECEIVABLES

| | October 31, 2014 | April 30, 2014 |
|---|-------------------------|------------------|
| HST/GST receivables | \$ 176,878 | \$ 45,714 |
| Receivable from joint venture partners and option holders | 145,314 | - |
| Trade and other receivables | - | 6,758 |
| | \$ 322,192 | \$ 52,472 |

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Six Months Ended October 31, 2014
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

The Company owns 15,000 (75,000 pre-consolidation) common shares of Adamera Minerals Corp., a TSX-V listed company.

| | October 31, 2014 | | | April 30, 2014 | | |
|---|------------------|-----------------|-------------------|----------------|-----------------|-------------------|
| | Cost | Unrealized Loss | Fair Market Value | Cost | Unrealized Loss | Fair Market Value |
| Common shares of Adamera Minerals Corp. | \$ 15,488 | \$(15,038) | \$450 | \$15,488 | \$(14,213) | \$1,275 |

7. EQUIPMENT

| | Office and computer equipment | Field equipment | Total |
|----------------------------------|-------------------------------|------------------|-------------------|
| Cost | | | |
| Balance, April 30, 2013 | \$ 6,474 | \$ - | \$ 6,474 |
| Additions | 1,086 | 93,775 | 94,861 |
| Balance, April 30, 2014 | 7,560 | 93,775 | 101,335 |
| Additions | 4,551 | - | 4,551 |
| Balance, October 31, 2014 | \$ 12,111 | \$ 93,775 | \$ 105,886 |
| Accumulated Depreciation | | | |
| Balance, April 30, 2013 | \$ 5,782 | \$ - | \$ 5,782 |
| Depreciation | 856 | - | 856 |
| Balance, April 30, 2014 | 6,638 | - | 6,638 |
| Depreciation | 503 | 4,688 | 5,191 |
| Balance, October 31, 2014 | \$ 7,141 | \$ 4,688 | \$ 11,829 |
| Carrying amounts | | | |
| April 30, 2014 | \$ 922 | \$ 93,775 | \$ 94,697 |
| October 31, 2014 | \$4,970 | \$89,087 | \$ 94,057 |

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Six Months Ended October 31, 2014
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(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

| | April 30, 2014 | Expended During the Period | Write-offs During the Period | October 31, 2014 |
|--|---------------------|----------------------------------|------------------------------------|---------------------|
| Diamond Properties | | | | |
| Lac de Gras, Canada | | | | |
| Exploration costs | 235,404 | - | - | 235,404 |
| Acquisition and tenure costs | 277,918 | - | - | 277,918 |
| Geological, data collection and assays | 153,559 | - | - | 153,559 |
| Office and salaries | 134,040 | - | - | 134,040 |
| | 800,921 | - | - | 800,921 |
| Pikoo, Canada | | | | |
| Exploration costs | 302,574 | 127,628 | - | 430,202 |
| Drilling | 602,315 | - | - | 602,315 |
| Acquisition and tenure costs | 7,453 | 5,815 | - | 13,268 |
| Geological, data collection and assays | 72,852 | 617,734 | - | 690,586 |
| Office and salaries | 120,144 | 138,553 | - | 258,697 |
| Contributions from joint-venture partner | - | (194,414) | - | (194,414) |
| | 1,105,338 | 695,316 | - | 1,800,654 |
| Timiskaming, Canada | | | | |
| Exploration costs | 4,638 | - | - | 4,638 |
| Drilling | 94,389 | - | - | 94,389 |
| Acquisition and tenure costs | 326,757 | - | - | 326,757 |
| Geological, data collection and assays | 19,560 | 48,957 | - | 68,517 |
| Office and salaries | 6,542 | 5,682 | - | 12,224 |
| Contributions from joint-venture partner | - | (11,908) | - | (11,908) |
| | 451,886 | 42,731 | - | 494,617 |
| Qilalugaq, Canada | | | | |
| Exploration costs | 87,641 | 119,857 | - | 207,498 |
| Acquisition and tenure costs | 24,623 | 36,056 | - | 60,679 |
| Geological, data collection and assays | 84,069 | 2,097,750 | - | 2,181,819 |
| Office and salaries | 41,058 | 143,357 | - | 184,415 |
| | 237,391 | 2,397,020 | - | 2,634,411 |
| Luxx, Canada | | | | |
| Exploration costs | 38,370 | 2,389 | - | 40,759 |
| Acquisition and tenure costs | 135,028 | 1,140 | - | 136,168 |
| Geological, data collection and assays | 104,191 | 13,444 | - | 117,635 |
| Office and salaries | 26,824 | 8,477 | - | 35,301 |
| | 304,413 | 25,450 | - | 329,863 |
| Mel, Canada | | | | |
| Exploration costs | 7,961 | - | - | 7,961 |
| Acquisition and tenure costs | 126,772 | 1,700 | - | 128,472 |
| Geological, data collection and assays | 126,012 | 17,455 | - | 143,467 |
| Office and salaries | 13,140 | 3,728 | - | 16,868 |
| | 273,885 | 22,883 | - | 296,768 |
| Redemption, Canada | | | | |
| Exploration costs | 3,879 | 126,773 | - | 130,652 |
| Drilling | - | 124,964 | - | 124,964 |
| Acquisition and tenure costs | 39,651 | 10,281 | - | 49,932 |
| Geological, data collection and assays | 1,031,914 | 317,613 | - | 1,349,527 |
| Office and salaries | 101,631 | 58,584 | - | 160,215 |
| Recoveries | - | (42,500) | - | (42,500) |
| | 1,177,075 | 595,715 | - | 1,772,790 |
| TOTAL | \$ 4,350,909 | \$3,779,115 | \$ - | \$ 8,130,024 |

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Six Months Ended October 31, 2014
(Unaudited- Prepared by Management)
(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - continued

| | April 30, 2013 | Expended During the Period | Write-offs During the Period | April 30, 2014 |
|--|---------------------|----------------------------------|------------------------------------|---------------------|
| Gold Properties, Canada | | | | |
| Exploration costs | \$ 24,389 | \$ - | \$ (24,389) | \$ - |
| Acquisition costs | 81,044 | - | (81,044) | - |
| Geological, data collection and assays | 458 | - | (458) | - |
| Office and salaries | 20,704 | 1,706 | (22,410) | - |
| | 126,595 | 1,706 | (128,301) | - |
| Diamond Properties | | | | |
| Lac de Gras, Canada | | | | |
| Exploration costs | 235,404 | - | - | 235,404 |
| Acquisition and tenure costs | 277,918 | - | - | 277,918 |
| Geological, data collection and assays | 153,489 | 70 | - | 153,559 |
| Office and salaries | 126,608 | 7,432 | - | 134,040 |
| | 793,419 | 7,502 | - | 800,921 |
| Pikoo, Canada | | | | |
| Exploration costs | 6,099 | 296,475 | - | 302,574 |
| Drilling | - | 602,315 | - | 602,315 |
| Acquisition and tenure costs | 6,667 | 786 | - | 7,453 |
| Geological, data collection and assays | - | 72,852 | - | 72,852 |
| Office and salaries | - | 120,144 | - | 120,144 |
| | 12,766 | 1,092,572 | - | 1,105,338 |
| Timiskaming, Canada | | | | |
| Exploration costs | 4,606 | 32 | - | 4,638 |
| Drilling | 92,672 | 1,717 | - | 94,389 |
| Acquisition and tenure costs | 12,432 | 314,325 | - | 326,757 |
| Geological, data collection and assays | 19,532 | 28 | - | 19,560 |
| Office and salaries | - | 6,542 | - | 6,542 |
| | 129,242 | 322,644 | - | 451,886 |
| Qilalugaq, Canada | | | | |
| Exploration costs | - | 87,641 | - | 87,641 |
| Acquisition and tenure costs | 6,666 | 17,957 | - | 24,623 |
| Geological, data collection and assays | - | 84,069 | - | 84,069 |
| Office and salaries | - | 41,058 | - | 41,058 |
| | 6,666 | 230,725 | - | 237,391 |
| Luxe, Canada | | | | |
| Exploration costs | - | 38,370 | - | 38,370 |
| Acquisition and tenure costs | - | 135,028 | - | 135,028 |
| Geological, data collection and assays | - | 104,191 | - | 104,191 |
| Office and salaries | - | 26,824 | - | 26,824 |
| | - | 304,413 | - | 304,413 |
| Mel, Canada | | | | |
| Exploration costs | - | 7,961 | - | 7,961 |
| Acquisition and tenure costs | - | 126,772 | - | 126,772 |
| Geological, data collection and assays | - | 126,012 | - | 126,012 |
| Office and salaries | - | 13,140 | - | 13,140 |
| | - | 273,885 | - | 273,885 |
| Redemption, Canada | | | | |
| Exploration costs | - | 3,879 | - | 3,879 |
| Acquisition and tenure costs | - | 39,651 | - | 39,651 |
| Geological, data collection and assays | - | 1,031,914 | - | 1,031,914 |
| Office and salaries | - | 101,631 | - | 101,631 |
| | - | 1,177,075 | - | 1,177,075 |
| TOTAL | \$ 1,068,688 | \$ 3,410,522 | \$ (128,301) | \$ 4,350,909 |

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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8. Exploration and evaluation assets - continued

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

Diamond Properties, Canada

Lac de Gras, Northwest Territories

In August 2011, the Company entered into an option agreement with Harry Winston Diamond Mines Ltd. (subsequently Dominion Diamond Corp.) (“Dominion”), and Springbok Holdings Inc. (“Springbok”), to jointly explore Springbok and the Company’s Lac de Gras property and Dominion’s land holdings contiguous to Springbok and the Company’s Lac de Gras property (collectively, the “JV Property”).

Dominion must incur exploration expenditures of at least \$5,000,000 over a 5 year period to allow the option to vest. Upon vesting, a joint venture will be formed whereby Dominion will hold a 55% interest and the Company and Springbok will share equally a 45% interest in the JV Property.

On October 24, 2012, the Company entered into an agreement with Springbok to acquire Springbok’s 50% interest in the Lac de Gras property (“the Springbok Interests”). The Springbok Interests include the right to obtain a 22.5% interest in the JV Property, subject to the terms and conditions of the option agreement among Springbok, the Company and Dominion. Under the terms of the agreement with Springbok, the Company issued 1,000,000 post-consolidation shares at a value of \$235,000 to Springbok for the Springbok Interests. As additional consideration, in the event that Dominion exercises its option and earns a 55% interest in the JV Property and the Company subsequently incurs \$2 million in joint venture expenditures on the JV Property, the Company will issue to Springbok that number of common shares of the Company having a value of \$1 million.

Timiskaming, Pikoo and Qilalugaq Diamond Projects, Canada

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

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

Qilalugaq diamond project, Nunavut

The Company has the option to earn an 80% interest in the Qilalugaq project by completing an option work program that includes the collection of a minimum 1,000 tonne mini-bulk sample within two years of receipt of the required land use permit or no later than January 2018. The project is subject to a 3% net smelter royalty on metals produced and a 3% gross-overriding royalty on the sale of industrial minerals, including diamonds.

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8. Exploration and evaluation assets - continued

Pikoo diamond project, Saskatchewan

The Company has earned an 80% interest in the Pikoo diamond project by completing an option work program consisting of a minimum 2,000 meter diamond drilling program. During the year ended April 30, 2014, the Company issued Stornoway notice that it had completed the option work program and had therefore earned an 80% interest in the project, subject to Stornoway's right to buy back a further 20% interest in the project. During the year ended April 30, 2014 the Company was notified by Stornoway that Stornoway did not elect to exercise its right to buy back a further 20% interest in the project. Ongoing evaluation of the project is subject to an 80/20 (Company/Stornoway) participating joint venture.

During the six-month period ended October 31, 2014, the Company entered into option agreements with Eagle Plains Resources Ltd., Kalt Enterprises Ltd. and Canadian International Minerals Inc. to acquire interests in mineral properties in the Pikoo diamond project area. Under the terms of the agreements the Company can acquire 70% interests in the properties by reimbursing staking costs that totalled \$5,600 (paid) and discovering a kimberlite on the properties within a three year period. In the event that North Arrow earns a 70% interest in any of the properties that property will be subject to a 2% gross overriding royalty on diamonds, payable to the vendor. There will be a retained right to purchase 1% of any royalty granted at any time for \$1,000,000. Subsequent to October 31, 2014, the Company and Stornoway agreed that the Pikoo joint venture would be responsible for exploration conducted under these option agreements.

Timiskaming diamond project, Ontario/Quebec

The Company has earned an 80% interest in the Timiskaming diamond project by completing an option work program that includes testing three separate geophysical targets with at least one diamond drill hole.

During the year ended April 30, 2014, the Company issued Stornoway notice that it had completed the option work program and had therefore vested at an 80% interest in the project subject to Stornoway's right to buy back a 20% interest in the project. During the year ended April 30, 2014, the Company was notified by Stornoway that Stornoway would not elect to exercise its right to buy back a further 20% interest in the project. Accordingly, under the terms of the Company's assignment agreement with BCCo, the value of warrants issued to BCCo under the terms of the assignment agreement was included in the acquisition costs at the time the Company earned its interest in the Timiskaming diamond project. Ongoing evaluation of the project is subject to an 80/20 (Company/Stornoway) participating joint venture.

Redemption project, Northwest Territories

In July 2013, the Company entered into an option agreement with Arctic Star Resources Ltd. ("Arctic Star") whereby it can earn a 55% interest in Arctic Star's Redemption diamond project in the Lac de Gras region of the Northwest Territories. Under the terms of the option agreement, the Company can earn a 55% interest in the project by incurring \$5,000,000 in exploration expenditures prior to July 1, 2017, including a firm commitment to spend \$1,000,000 prior to July 1, 2014 (completed). On July 11, 2014, the Company and Arctic Star signed an addendum to the option agreement under which the project area was expanded to include three additional mineral claims and one mining lease.

Mel project, Nunavut

In July 2013, the Company acquired a 100% interest in the Mel diamond project in Nunavut. The acquisition was subject to a purchase and sale agreement with Anglo Celtic Exploration Ltd., a private company controlled by a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property for consideration of a 1% gross overriding royalty and 250,000 warrants entitling the holder to acquire 250,000 shares at a price of \$0.65 per share for a period of five years. The warrants have a fair value of \$126,502 which has been included in acquisition costs. In addition, the Company retains the right to buy back one half of the gross overriding royalty for \$1,000,000 at any time.

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8. Exploration and evaluation assets - continued

Luxx project, Nunavut

In July 2013, the Company acquired a 100% interest in the Luxx diamond project in Nunavut. The acquisition was subject to a purchase and sale agreement with Anglo Celtic Exploration Ltd., a private company controlled by a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property for consideration of a 1% gross overriding royalty and 250,000 warrants entitling the holder to acquire 250,000 shares at a price of \$0.65 per share for a period of five years. The warrants have a fair value of \$126,502 which has been included in acquisition costs. In addition, the Company retains the right to buy back one half of the gross overriding royalty for \$1,000,000 at any time.

Gold and Base Metal Properties, Canada

In addition to the properties described above, the Company maintains interests in various gold and base metal properties in the Northwest Territories, and Nunavut.

Hope Bay Property, Nunavut

On January 28, 2011 the Company entered into an agreement with Chelsea Minerals Corp. ("Chelsea"), whereby Chelsea has the option to earn a 60% interest in the Company's Hope Bay Oro gold project in Nunavut, consisting of five mining leases. Under the terms of the agreement, Chelsea may earn up to a 60% interest in the project by making an initial cash payment of \$50,000 (received) and spending \$5 million over a five year period. A minimum expenditure of \$500,000 is required in the first year (complete). In May 2011, Chelsea was acquired by Sennen Resources Ltd. (subsequently Sennen Potash Corp.) ("Sennen") pursuant to a Plan of Arrangement. Sennen has assumed Chelsea's obligations pursuant to the agreement for the Hope Bay Property. On February 1, 2013 the Company and Sennen signed an amending agreement that extended the length of the option term from five to six years. On May 30, 2014 the Company and Sennen signed a further amending agreement that extended the length of the option term from six to seven years. During the year ended April 30, 2014, the Company wrote off \$54,400 of related costs.

Contwoyto Property, Nunavut

Between June and September 2011, the Company acquired, by staking, certain mineral claims in the Contwoyto Lake area, Nunavut. The Company also maintains a 100% interest in two mining leases in the Contwoyto Lake area. In July 2012, subsequently amended, the Company entered into an agreement with a subsidiary of Elgin Mining Inc. ("Elgin"). Under the terms of the amended agreement Elgin could earn a 60% interest in the Company's Contwoyto properties by spending \$6,000,000 over a seven year period. During the year ended April 30, 2014, the Company was notified by Elgin that Elgin was terminating its option to earn an interest in the property. During the year ended April 30, 2014, the Company wrote off \$32,788 of related costs.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | October 31, 2014 | April 30, 2014 |
|---------------------|-------------------------|-----------------------|
| Trade payables | \$ 459,547 | \$ 330,890 |
| Accrued liabilities | - | 30,000 |
| | \$ 459,547 | \$ 360,890 |

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10. CAPITAL STOCK AND RESERVES

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

Share issuances

On October 29, 2013, the Company completed a non-brokered private placement of 13,625,000 common shares at a price of \$0.40 per share for total gross proceeds of \$5,450,000. As part of this private placement the Company paid finders' fees and costs totalling \$81,400.

On February 25, 2014, the Company completed a private placement of 7,700,000 common shares at a price of \$0.65 per share for total gross proceeds of \$5,005,000. As part of this private placement the Company paid finders' fees and costs totalling \$325,875.

Stock options and warrants

The Company's stock option plan (the "Plan") was approved by shareholders at an annual general and special meeting in November 2011. The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSXV"). Options granted can have a term up to 5 years with vesting provisions determined by the directors in accordance with TSXV policies for Tier 2 Issuers, with a typical vesting period of 25% upon grant and 25% every six months thereafter.

As at October 31, 2014, the following stock options were outstanding:

| Number of Shares | Exercise Price | Number of Shares Vested | Expiry Date |
|------------------|----------------|-------------------------|--------------------|
| 53,000 | \$ 2.00 | 53,000 | May 12, 2016 |
| 2,205,000 | \$ 0.27 | 1,650,000 | May 10, 2018 |
| 200,000 | \$ 0.50 | 100,000 | September 23, 2018 |
| 1,105,000 | \$ 0.70 | 552,500 | January 28, 2019 |
| 720,000 | \$ 0.60 | 180,000 | September 25, 2019 |
| 4,283,000 | | 2,535,500 | |

A summary of the Company's stock option activity is as follows:

| | Number of Options | Weighted Average Exercise Price |
|-------------------------|-------------------|---------------------------------|
| Balance, April 30, 2013 | 166,000 | \$ 2.12 |
| Granted | 3,525,000 | 0.42 |
| Exercised | (15,000) | 0.27 |
| Expired and forfeited | (31,000) | 2.00 |
| Balance, April 30, 2014 | 3,645,000 | 0.48 |

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10. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

| | Number of Options | Weighted Average Exercise Price |
|---|----------------------|---------------------------------------|
| Balance, April 30, 2014 | 3,645,000 | 0.48 |
| Granted | 720,000 | 0.60 |
| Expired and forfeited | (82,000) | (2.24) |
| Balance, October 31, 2014 | 4,283,000 | \$ 0.47 |
| Number of options currently exercisable | 2,535,500 | \$ 0.49 |

Share-based compensation

During the six months ended October 31, 2014, the Company granted 720,000 stock options (2013 – 2,420,000). The estimated fair value of the options granted during the period is \$366,194 (2013 – \$565,534). During the six months ended October 31, 2014, the Company recognized share-based compensation of \$412,584 (2013 – \$375,563) relating to options vested during the period.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

| | Six months October 31, 2014 | Six months October 31, 2013 |
|--------------------------|--------------------------------|--------------------------------|
| Risk-free interest rate | 1.33% | 1.38% |
| Expected life of options | 5.0 years | 5.0 years |
| Annualized volatility | 126% | 119% |
| Forfeiture rate | 0.00% | 0.00% |
| Dividend rate | 0.00% | 0.00% |

A summary of the Company's warrant activity is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|--|--------------------------|---------------------------------------|
| Balance, April 30, 2012 | - | \$ - |
| Issued | 500,000 | 0.25 |
| Balance, April 30, 2013 | 500,000 | 0.25 |
| Issued | 500,000 | 0.65 |
| Balance, April 30, 2014 and October 31, 2014 | 1,000,000 | \$ 0.45 |

Five hundred thousand (500,000) warrants were issued as part of the acquisition agreement to acquire options to earn interests in the Timiskaming, Pikoo and Qilalugaq projects (Note 8). Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.25 per share until April 29, 2018. The warrants became exercisable when the Company exercised its option to earn an interest in the Timiskaming project and have been valued at \$314,325 which has been capitalized as an acquisition cost of the Timiskaming project.

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10. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

Five hundred thousand (500,000) warrants were issued as part of the purchase and sale agreements to acquire 100% interests in the Mel and Luxx projects (Note 8). Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.65 per share until August 19, 2018. The warrants have been valued at \$253,004 which has been capitalized as an acquisition cost of the properties.

The following weighted average assumptions were used for the Black Scholes valuation of share purchase warrants issued in conjunction with the acquisition of exploration and evaluation assets:

| | October 31, 2014 | April 30, 2014 |
|-------------------------|------------------|----------------|
| Risk-free interest rate | 1.79% | 1.79% |
| Expected life | 5.0 years | 5.0 |
| Annualized volatility | 137.65% | 137.65% |
| Dividend rate | 0.00% | 0.00% |

11. RELATED PARTY TRANSACTIONS

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

| Related Parties | Nature of transactions |
|-------------------------------|-----------------------------------|
| Anglo Celtic Exploration Ltd. | Interest and consulting |
| Strongbow Exploration Inc. | Exploration and administration |
| 0954506 BC Ltd. | Exploration |
| Northair Silver Corp. | Accounting and corporate services |

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

- a) During the six months ended October 31, 2014, the Company paid or accrued \$526 (October 31, 2013 - \$4,659) for technical services and office costs to a company with common directors.
- b) During the six months ended October 31, 2014, the Company paid or accrued \$22,418 (October 31, 2013 - \$28,136) for shared administrative and accounting services to a company with common officers.
- c) During the six months ended October 31, 2014 the Company paid \$nil (October 31, 2013 - \$14,387) for office fees and rent to a company controlled by a director.
- d) Issued warrants to a party controlled by a director for exploration and evaluation assets with a value of \$nil (October 31, 2013 - \$253,004).

The Company considers officers and directors as key management personnel.

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11. RELATED PARTY TRANSACTIONS - continued

The remuneration of key management personnel was as follows:

| | Six Months October 31, 2014 | Six Months October 31, 2013 |
|---------------------------------------|--|-----------------------------------|
| Salaries ¹ | \$68,627 | \$65,596 |
| Exploration salaries | 31,373 | 9,404 |
| Share-based compensation ² | 242,333 | 197,880 |
| Total | \$342,333 | \$272,880 |

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

2 – Share-based compensation is the fair value of options and warrants that have been granted to directors and key management personnel.

12. COMMITMENTS

As at October 31, 2014, the commitment for rental of the Company's office space is as follows:

| Year ending | |
|----------------|-----------|
| April 30, 2015 | \$ 33,317 |
| April 30, 2016 | \$ 66,634 |
| April 30, 2017 | \$ 49,975 |

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the six months ended October 31, 2014 were:

- a) The Company incurred exploration and evaluation expenditures of \$413,874 (October 31, 2013 - \$167,314) that are included in accounts payable and accrued liabilities at October 31, 2014.
- b) The Company had amounts receivable from a joint venture partner of \$116,122 (October 31, 2013 - \$nil) for contributions on exploration and evaluation expenditures.
- c) The Company issued nil warrants (October 31, 2013- 500,000 warrants) with a value of \$nil (October 31, 2013 - \$253,004) for exploration and evaluation assets.

14. CAPITAL MANAGEMENT

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

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14. CAPITAL MANAGEMENT - continued

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

15. SEGMENTED INFORMATION

The Company operates in Canada in a single operating segment – the acquisition and exploration of mineral properties in Canada.