



# North Arrow

MINERALS INC.

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## News Release

### **NORTH ARROW ACQUIRES OPTIONS TO EARN AN INTEREST IN THREE CANADIAN DIAMOND PROJECTS AND ANNOUNCES A \$3 MILLION PRIVATE PLACEMENT FINANCING**

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**North Arrow Minerals Inc.** (TSXV-NAR) (“North Arrow” or the “Company”) is pleased to announce it intends to complete a \$3,000,000 non-brokered private placement and has entered into an assignment agreement with 0954506 B.C. Ltd. (“BCCo”) under which BCCo has agreed to assign and transfer to North Arrow all of BCCo’s interest and obligations in certain option agreements with Stornoway Diamond Corporation. Stornoway has granted three distinct and separate options to BCCo to acquire an 80% interest in each of the Qilalugaq, Pikoo and Timiskaming diamond projects located in Canada. Stornoway is the holder of a 100% interest in all three projects. BCCo is a private company controlled by Eira M. Thomas. Ms. Thomas is the daughter of D. Grenville Thomas, President, CEO and a director of North Arrow.

Upon closing of the assignment, North Arrow will have options to earn an 80% interest in each of the Qilalugaq, Pikoo and Timiskaming diamond properties by completing exploration work programs (each an “option work program”) on each of the projects. If North Arrow completes an option work program and provides notice to Stornoway of its intent to vest an 80% interest in a project, Stornoway will have a one-time right (the “Back-in Right”) to buy-back a 20% interest in the project by paying to North Arrow an amount equal to three times the costs incurred in connection with the applicable option work program. Upon earn-in by North Arrow in a project, North Arrow and Stornoway will form a joint venture for the purpose of further exploration of the project, and the interests would be 80% North Arrow and 20% Stornoway, unless Stornoway exercises the Back-In Right, in which case the interest would 60% North Arrow and 40% Stornoway.

Mr. Thomas stated, “The acquisition of these options to earn an interest in the Qilalugaq, Pikoo and Timiskaming diamond projects, combined with North Arrow’s Lac de Gras diamond project currently under option to Harry Winston Diamond Corporation, positions North Arrow as a diamond-focused exploration company. North Arrow has the management and technical expertise and the financial capacity to evaluate and advance this pipeline of early to more advanced-stage diamond properties. Upon closing the financing announced today, North Arrow plans to initiate exploration programs on the Timiskaming and Pikoo projects and will continue to evaluate and acquire additional high quality diamond exploration opportunities.”

#### *Qilalugaq diamond project (Nunavut)*

The 7,143 hectare Qilalugaq diamond project is located near the community of Repulse Bay, Nunavut. The property was originally staked by BHP Billiton Diamonds Inc. and subsequently optioned by Stornoway in 2006. Stornoway acquired a 100% interest in the project in 2010. The project is subject to a 3% net smelter returns royalty on metals produced and a 3% gross-overriding royalty on the sale of industrial minerals, including diamonds. A total of eight kimberlite pipes (Q1-4, A34, A42, A59, A76, A94, A97 and A152) have been identified within the Qilalugaq diamond project as well as a number of laterally extensive kimberlite dyke systems.

The 12.5 hectare Q1-4 kimberlite is the largest kimberlite pipe in the eastern Canadian Arctic. In a technical report dated June 8, 2012 Stornoway announced an Inferred Mineral Resource at Q1-4 estimated to be 26.1 million carats from 48.8 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 53.6 carats per hundred tonnes (cpht) extending from surface to a depth of 205m. Additional resource upside in the form of a target for further exploration was estimated at between 7.9 to 9.3 million carats of diamonds from 14.1 to 16.6 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 56.1 cpht, extending from 205m depth to 305m depth. The mineral resource estimate comprised the integration of kimberlite volumes, density, petrology and diamond content-

data obtained from 5,133 m of diamond drilling, 2,714 m of reverse circulation (RC) drilling, 2.9 tonnes of samples submitted for microdiamond analysis, 257.7 tonnes of samples submitted for macrodiamond sampling with 59.2 carats of diamonds (2,054 stones) recovered from RC drilling, 7.5 carats of diamonds (205 stones) recovered from surface trenching and 2.36 carats of diamonds (69 stones) recovered from HQ diameter diamond drilling.

The above noted resource estimate is less than one year old and incorporates all exploration data relating to the Qilalugaq project; therefore, North Arrow considers the resource estimate to be relevant and reliable. However, a Qualified Person has not, on behalf of North Arrow, done sufficient work to classify the Qilalugaq historical estimate as a current mineral resource, and therefore North Arrow is not treating the historical estimate as a current mineral resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade of a target for further exploration referred to above is conceptual in nature, there has been insufficient exploration to define a mineral resource, and it is uncertain whether further exploration will result in the target being delineated as a mineral resource.

North Arrow will have the option to earn an 80% interest in the Qilalugaq project by completing an option work program that includes the collection of a 1,000 tonne mini bulk sample from the Q1-4 kimberlite for the purpose of recovering a large enough parcel of diamonds to better determine diamond grade, size distribution, diamond parcel value, and to establish whether or not coloured diamonds persist into the larger diamond sizes. The option work program must be completed within two years of receipt of the required land use permit and, in any event must be completed no later than January 2018.

#### *Pikoo diamond project (Saskatchewan)*

The Pikoo diamond project consists of 33,374 hectares of mineral claims located approximately 140 km east of La Ronge, Saskatchewan. An all-season road to the community of Deschambault Lake comes to within 6 km of the project's southern boundary. Stornoway staked the Pikoo claims based on results of regional exploration programs intended to test the diamond potential of the Sask craton in north-central Saskatchewan. Surficial till sampling of the Pikoo Property has identified two distinct kimberlite indicator mineral trains. The mineral trains are well defined and a bedrock source for the indicator minerals is interpreted to be located within the current property outline. Two potential source areas have been identified: the North target area and the South target area. A partially disaggregated boulder identified by Stornoway geologists as altered kimberlite was discovered in the spring of 2012 from the North target area, however a bedrock source has not been identified. These exploration results have been derived from Stornoway's Pikoo diamond project database and North Arrow considers the information to be relevant and reliable. However, there is no certainty that a bedrock source will be discovered within either of the North or South target areas.

North Arrow will have the option to earn an 80% interest in the Pikoo diamond project by completing an option work program consisting of a minimum 2,000 m diamond drilling program including a minimum of two drill holes at each of the North and South target areas. The work program must, among other requirements, be initiated by January 2015 and completed by January 2016.

#### *Timiskaming diamond project (Ontario/Quebec)*

The Timiskaming diamond project consists of 3,865 hectares of non-contiguous mineral claims in the Cobalt-New Liskeard-Elk Lake-Notre Dame du Nord (Ville Marie) region of northeastern Ontario and northwestern Quebec. Between 1995 and 2012, Stornoway and its predecessor companies conducted comprehensive diamond exploration programs within the project area resulting in the discovery of nine kimberlites. Six of these kimberlites (95-1, 96-1, SC-118, KL-01, KL-22, and Baby) are subject to the option agreement with BCCo. Surficial sediment sampling and geophysical data from the Timiskaming diamond project suggest additional undiscovered kimberlites may be located within the project area. North Arrow considers the information in the Timiskaming diamond project database to be relevant and reliable. However, there is no certainty that diamondiferous kimberlite source bodies will be discovered within the project area.

North Arrow will have the option to earn an 80% interest in the Timiskaming diamond project by completing an option work program that includes testing three separate geophysical targets, each with at least one diamond drill hole. The option work program must be commenced by January 2015 and completed by January 2016.

#### North Arrow / BCCo assignment agreement

Under the terms of the assignment agreement between North Arrow and BCCo, BCCo will assign and transfer its interest in the Stornoway option agreements in exchange for a cash payment from North Arrow of \$20,000. North Arrow will also issue to BCCo 500,000 transferrable share purchase warrants. Each warrant will entitle BCCo to acquire one common share of North Arrow at a price of 25 cents for a period of five years from the closing date of the assignment.

The warrants will only become exercisable in the event North Arrow exercises an option to earn an interest in at least one of the Qilalugaq, Pikoo and Timiskaming projects.

The assignment agreement requires, as a condition of closing, that North Arrow complete a minimum \$2,000,000 financing.

#### Private Placement Financing

North Arrow also reports that it intends to complete a non-brokered private placement of up to 20,000,000 shares at a price of 15 cents per share for total gross proceeds of \$3,000,000. Proceeds from the private placement will be used to finance exploration programs at the Timiskaming, Pikoo and Qilalugaq projects and for working capital purposes. It is anticipated that insiders of the Company will participate in the private placement on the same terms and conditions as arm's length subscribers. The Company may pay commissions and finders' fees in connection with the financing.

The assignment agreement and private placement announced in this news release is subject to certain conditions, including receipt by North Arrow of all necessary regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued as part of the private placement will be subject to a hold period of four months from the date of issuance of the securities.

#### Change to Board of Directors

North Arrow also reports that Karl Fix has resigned as a director of the Company to pursue other business interests. North Arrow thanks Mr. Fix for his service to the Company.

#### Qualified Person

Kenneth Armstrong, P. Geo. (ON), director of North Arrow and a Qualified Person under National Instrument 43-101, has reviewed and approved the contents of this news release.

#### **North Arrow Minerals Inc.**

/s/ "Kenneth A. Armstrong"

Kenneth Armstrong

Director

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*Neither the TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.*

*This news release contains "forward-looking statements" including but not limited to statements with respect to North Arrow's plans, the estimation of a mineral resource and the success of exploration activities. Forward-looking statements, while based on management's best estimates and assumptions, are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to general economic and market conditions; closing of financing; the timing and content of upcoming work programs; actual results of proposed exploration activities; possible variations in mineral resources or grade; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; changes in national and local government regulation of mining operations, tax rules and regulations. Although North Arrow has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. North Arrow undertakes no obligation or responsibility to update forward-looking statements, except as required by law.*