

NORTH ARROW MINERALS INC.

FINANCIAL STATEMENTS

For the Years Ended APRIL 30, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
North Arrow Minerals Inc.

Opinion

We have audited the accompanying financial statements of North Arrow Minerals Inc. (the "Company"), which comprise the statements of financial position as at April 30, 2022 and 2021, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that as at April 30, 2022, the Company had an accumulated deficit of \$25,285,993, incurred ongoing losses and has no source of recurring revenue. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 4, 2022

NORTH ARROW MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
As at April 30,
(Expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current		
Cash	\$ 1,032,414	\$ 1,091,927
Receivables (Note 6)	61,747	17,929
Marketable securities (Note 5)	10,000	27,500
Prepaid expenses	16,601	29,880
	<u>1,120,762</u>	<u>1,167,236</u>
Equipment (Note 7)	31,270	41,513
Right-of-use assets (Note 8)	95,595	32,408
Exploration and evaluation assets (Note 9)	<u>18,888,590</u>	<u>19,356,366</u>
	<u>\$ 20,136,217</u>	<u>\$ 20,597,523</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10 and 14)	\$ 490,069	\$ 434,204
Bank line of credit (Note 11)	40,000	40,000
Loan payable (Note 12)	430,408	338,461
Advance from Burgundy Diamond Mines Limited (Note 9)	731,289	761,734
Deferred premium	15,218	-
Current portion of lease liabilities (Note 8)	37,905	32,390
	<u>1,744,889</u>	<u>1,606,789</u>
Lease liabilities (Note 8)	56,972	883
SHAREHOLDERS' EQUITY		
Capital stock (Note 13)	38,168,252	37,232,321
Share-based payment reserve (Note 13)	5,452,097	5,343,896
Deficit	(25,285,993)	(23,586,366)
	<u>18,334,356</u>	<u>18,989,851</u>
	<u>\$ 20,136,217</u>	<u>\$ 20,597,523</u>

Nature and continuance of operations (Note 1)

Approved and authorized on behalf of the Board on August 4, 2022

"D. Grenville Thomas"

Director

"Blair Murdoch"

Director

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

NORTH ARROW MINERALS INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended April 30,
(Expressed in Canadian Dollars)

	2022		2021
Advertising, promotion and travel	\$ 128,342	\$	34,704
Amortization of bonus shares and warrants (Note 12)	71,970		16,767
Consulting (Note 14)	9,000		9,105
Depreciation	50,521		77,400
Office, miscellaneous and rent (Note 14)	148,287		80,673
Professional fees	49,630		29,542
Property investigation costs	45,583		90,440
Regulatory and filing fees	13,598		12,838
Salaries and benefits (Note 14)	310,529		320,914
Share-based compensation (Note 13)	85,779		43,444
	(913,239)		(715,827)
Interest, foreign exchange and other income	1,141		(3,331)
Other income – deferred premium	30,892		-
Gain (loss) on marketable securities	(17,500)		90,967
Write-down of exploration and evaluation as sets (note 9)	(800,921)		-
	(786,388)		87,636
Net and comprehensive loss for the year	\$ (1,699,627)	\$	(628,191)
Basic and diluted loss per share	\$ (0.01)	\$	(0.01)
Weighted average number of common shares	120,125,506		110,868,525

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
STATEMENTS OF CASH FLOWS
For the Years Ended April 30,
(Expressed in Canadian Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,699,627)	\$ (628,191)
Items not involving cash:		
Depreciation	50,521	77,400
Share-based compensation	85,779	43,444
Loss (gain) on marketable securities	17,500	(90,967)
Finance cost	45,397	11,806
Amortization of bonus shares	71,970	16,767
Other income – deferred premium	(30,892)	-
Write-down of exploration and evaluation assets	800,921	-
Changes in non-cash working capital items:		
Receivables	(43,818)	1,889
Prepaid expenses	13,279	3,511
Accounts payable and accrued liabilities	33,302	60,550
	(655,668)	(503,791)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	(310,582)	(214,068)
Advance from Burgundy Diamond Mines Limited	(30,445)	761,734
Proceeds on sale of marketable securities	-	135,384
Purchase of equipment	-	(2,087)
	(341,027)	680,963
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from a private placement	1,014,420	-
Share issuance costs	(32,379)	-
Loan payable	-	400,000
Repayment of lease liabilities	(44,859)	(64,795)
	937,182	335,205
Change in cash during the year	(59,513)	512,377
Cash, beginning of the year	1,091,927	579,550
Cash, end of the year	\$ 1,032,414	\$ 1,091,927

Supplemental disclosure with respect to cash flows (Note 16)

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based payment reserve	Deficit	Total
Balance, April 30, 2020	110,676,744	\$ 37,147,321	\$ 5,300,452	\$ (22,958,175)	\$ 19,489,598
Share-based compensation	-	-	43,444	-	43,444
Net loss	-	-	-	(628,191)	(628,191)
Shares issued – bonus shares	1,000,000	85,000	-	-	85,000
Balance, April 30, 2021	111,676,744	37,232,321	5,343,896	(23,586,366)	18,989,851
Share-based compensation	-	-	85,779	-	85,779
Net loss	-	-	-	(1,699,627)	(1,699,627)
Warrants issued on extension of loan	-	-	22,422	-	22,422
Private placement - net	9,222,000	935,931	-	-	935,931
Balance, April 30, 2022	120,898,744	\$ 38,168,252	\$ 5,452,097	\$ (25,285,993)	\$ 18,334,356

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended April 30, 2022 and 2021
(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 (“CBCA”).

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. #960-789 West Pender Street, Vancouver, BC, Canada V6C 1H2.

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.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At April 30, 2022, the Company had an accumulated deficit of \$25,285,993 (April 30, 2021 - \$23,586,366), incurred on going losses and has no source of recurring revenue. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

The Company’s continuation as a going concern is dependent on the successful results from its mineral property exploration activities, its ability to reduce or defer discretionary expenditures and its continued ability to raise equity capital or borrowings sufficient to meet current and future obligations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PRESENTATION

a) Statement of compliance

These 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”). These financial statements are presented in Canadian dollars unless otherwise noted.

b) Historical cost

These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

c) 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.

2. BASIS OF PRESENTATION – continued

c) 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 and the valuations for share-based payments, marketable securities, deferred premiums, deferred tax amounts, right-of-use assets and lease liabilities.

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 and warrants recorded as marketable securities**
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants recorded as marketable securities. 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.
- iv) **Valuation of deferred premiums and flow-through shares**
On issuance the Company bifurcates the flow-through share into a flow-through share premium liability based on the estimated premium the investor pays for the flow through share and share capital. When qualifying expenses are incurred the Company derecognizes the liability and the premium is recognized as other income.
- v) **Valuation of marketable securities**
Marketable securities are valued at fair market value based on quoted prices in active markets. Changes in market prices can materially affect the fair value estimate and the Company's earnings.
- vi) **Valuation of right-of-use assets and related lease liabilities**
Lease liabilities are initially measured at the present value of the lease payments discounted using the Company's estimated incremental borrowing rate or the interest rate implicit in the lease. Lease payments are allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss using the effective interest method.

The right-of-use assets are initially measured at the cost or corresponding lease liability plus direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”).

Any transactions in currencies other than the functional currency have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company’s presentation currency is the Canadian dollar (“\$”).

b) Loss per share

Basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings (loss) per share. The calculation proved to be anti-dilutive for fiscal 2022 and 2021.

c) Share-based compensation and unit financings

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured taking into account the terms and conditions upon which the share purchase options were granted. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Equity financing transactions may involve the issuance of common shares or units. A unit is comprised of a number of common shares and a number of warrants. Depending on the terms of each equity financing agreement the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the financing agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments.

d) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

d) Equipment - continued

The initial cost of an asset is comprised of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of equipment.

Assets are depreciated at the following rates:

Office and computer equipment	30% declining balance
Field equipment	20% declining balance

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

The carrying values of equipment are reviewed for impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of equipment are included in the statement of loss and comprehensive loss in the period of retirement or disposal.

e) Exploration and evaluation assets

Costs directly related to the acquisition, exploration and evaluation of mineral properties are capitalized once the legal rights to explore the properties have been obtained. When it is determined that such costs will be recouped through successful development and exploitation, expenditures are transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken at the end of each reporting period or when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices that render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

e) Exploration and evaluation assets - continued

are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farmout its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties 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 resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

f) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Marketable securities

Marketable securities are measured at fair value and consist of shares listed on the TSX Venture Exchange and warrants convertible into securities listed on the TSX Venture Exchange.

h) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL; for other marketable securities and investments, on the day of acquisition the Company can make an irrevocable election to classify them as FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial assets - continued

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss for the period.

Financial assets at FVTOCI: Marketable securities and investments carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in the period.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection of contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost
Marketable securities	FVTPL

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: this category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes accounts payable and accrued liabilities, loan payable, bank line of credit, advance from Burgundy Diamond Mines Limited and lease liabilities, which are recognized at amortized cost using the effective interest method.

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill
- differences relating to investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Environmental rehabilitation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is limited.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

k) Flow-through shares

The Company can issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying mineral expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium liability, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon qualifying expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

l) Right-of-use assets and lease liabilities

The Company assesses whether a contract is a lease, at inception of the contract and recognizes a right-of-use asset and a corresponding liability with respect to all lease arrangements unless the lease is a low value lease or ends within 12 months. Mineral leases held by the Company are exempt from the provisions of IFRS 16.

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities and any direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

m) New accounting pronouncements

Certain pronouncements were issued by the IASB or IFRIC but are not yet effective as at April 30, 2022. The Company intends to adopt these standards and interpretations when they become effective.

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, bank line of credit, loan payable, advance from Burgundy Diamond Mines Limited and lease liabilities. Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities, loans, advances and bank line of credit approximate their fair values due to their immediate or short-term maturity. Marketable securities consisting of common shares are recorded at fair value based on the quoted market prices in active markets at the reporting date, which is consistent with Level 1 of the fair value hierarchy. Marketable securities consisting of warrants are recorded at fair value based on a Black Scholes pricing model consistent with Level 3 of the fair value hierarchy.

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

Credit risk

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

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

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 April 30, 2022, the Company had cash of \$1,032,414 (April 30, 2021 - \$1,091,927) available to settle current liabilities of \$1,744,889 (April 30, 2021 - \$1,606,789).

Foreign currency risk

The Company's activities are within Canada and accordingly the Company is not subject to significant foreign currency risk.

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as fair value through profit (loss). 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. MARKETABLE SECURITIES

	Cost	Unrealized Gain (Loss) on AFS Securities	Cost of FVTPL Securities Sold	Gain (Loss) on FVTPL Securities Fair Valued	Fair Value
April 30, 2020	\$ 379,012	\$ (50,000)	\$(234,042)	\$ (23,053)	\$ 71,917
- Benchmark Metals Inc. – nil shares	-	-	(58,150)	37,733	(20,417)
- Dixie Gold Inc. – nil shares	-	-	(44,495)	10,495	(34,000)
- Rover Metals Corp. – 250,000 shares	-	-	(18,750)	28,750	10,000
April 30, 2021	379,012	(50,000)	(355,437)	53,925	27,500
- Rover Metals Corp. – 250,000 shares	-	-	-	(17,500)	(17,500)
April 30, 2022	\$379,012	\$ (50,000)	\$ (355,437)	\$ 36,425	\$ 10,000

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5. MARKETABLE SECURITIES - continued

During the year ended April 30, 2019, the Company completed the sale of certain assets to Rover Metals Corp. (“Rover”) for consideration of 500,000 shares (received) having a fair value of \$25,000. Subsequent to the acquisition date, should Rover disclose an inferred, indicated or measured mineral resource of 500,000 ounces of gold within an area of interest, the Company shall be entitled to an additional \$100,000 payable in either cash or shares at the purchaser’s discretion. In addition, should Rover disclose an inferred, indicated or measured mineral resource of 750,000 ounces of gold within the area, North Arrow shall be entitled to an additional \$100,000 payable in either cash or shares at the purchaser’s discretion.

6. RECEIVABLES

	April 30, 2022	April 30, 2021
HST/GST receivables	\$ 30,958	\$ 11,121
Other receivables	30,789	6,808
	\$ 61,747	\$ 17,929

7. EQUIPMENT

	Office and computer equipment	Field equipment	Total
Cost			
Balance, April 30, 2020	\$ 69,614	\$ 93,775	\$ 163,389
Additions	2,087	-	2,087
Balance, April 30, 2021	71,701	93,775	165,476
Additions	-	-	-
Balance April 30, 2022	\$ 71,701	\$ 93,775	\$ 165,476
Accumulated Depreciation			
Balance, April 30, 2020	\$ 44,456	\$ 66,118	\$ 110,574
Additions	7,858	5,531	13,389
Balance April 30, 2021	52,314	71,649	123,963
Additions	5,818	4,425	10,243
Balance April 30, 2022	\$58,132	\$76,074	\$134,206
April 30, 2021	\$ 19,387	\$ 22,126	\$ 41,513
April 30, 2022	\$ 13,569	\$ 17,701	\$ 31,270

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8. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets	Year ended April 30, 2022	Year ended April 30, 2021
Opening balance	\$ 32,408	\$ 58,171
Lease modification	103,465	38,248
Depreciation	(40,278)	(64,011)
Ending Balance	\$ 95,595	\$ 32,408

Lease Liabilities	Year ended April 30, 2022	Year ended April 30, 2021
Opening balance	\$ 33,273	\$ 54,708
Additions	103,465	38,248
Lease payments	(44,859)	(64,795)
Finance cost	2,998	5,112
Ending Balance	\$ 94,877	\$ 33,273
Current	\$ 37,905	\$ 32,390
Long-term	56,972	883
	\$ 94,877	\$ 33,273

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9. EXPLORATION AND EVALUATION ASSETS

	April 30, 2021	Expended During the Year	Write-offs During the Year	April 30, 2022
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	1,262,325	10,479	-	1,272,804
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	219,864	1,115	-	220,979
Geological, data collection and assays	1,597,498	47,400	-	1,644,898
Office and salaries	681,107	38,225	-	719,332
Recoveries and contributions	(637,813)	-	-	(637,813)
	5,208,840	97,219	-	5,306,059
Loki, Canada				
Exploration costs	519,758	27,640	-	547,398
Drilling	296,657	390,569	-	687,226
Acquisition and tenure costs	79,029	975	-	80,004
Geological, data collection and assays	463,993	35,829	-	499,822
Office and salaries	310,198	53,183	-	363,381
Recoveries	(748,952)	(19,500)	-	(768,452)
	920,683	488,696	-	1,409,379
Naujaat, Canada				
Exploration costs	1,165,963	289,942	-	1,455,905
Drilling	1,464,020	-	-	1,464,020
Acquisition and tenure costs	430,290	5,876	-	436,166
Geological, data collection and assays	5,272,485	3,347,128	-	8,619,613
Office and salaries	1,157,704	698,144	-	1,855,848
Recoveries and contributions	(582,560)	(4,583,506)	-	(5,166,066)
	8,907,902	(242,416)	-	8,665,486
Mel, Canada				
Exploration costs	1,331,925	8,675	-	1,340,600
Drilling	465,004	-	-	465,004
Acquisition and tenure costs	305,896	364	-	306,260
Geological, data collection and assays	997,079	6,265	-	1,003,344
Office and salaries	399,750	14,713	-	414,463
Recoveries	-	(120,500)	-	(120,500)
	3,499,654	(90,483)	-	3,409,171
CSI, Canada				
Exploration costs	-	3,808	-	3,808
Acquisition and tenure costs	12,375	829	-	13,204
Geological, data collection and assays	5,991	55,827	-	61,818
Office and salaries	-	19,665	-	19,665
	18,366	80,129	-	98,495
TOTAL	\$ 19,356,366	\$ 333,145	\$(800,921)	\$ 18,888,590

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9. EXPLORATION AND EVALUATION ASSETS - continued

	April 30, 2020	Expended During the Year	Write-offs During the Year	April 30, 2021
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	1,261,940	385	-	1,262,325
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	218,467	1,397	-	219,864
Geological, data collection and assays	1,597,498	-	-	1,597,498
Office and salaries	661,065	20,042	-	681,107
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	5,187,016	21,824	-	5,208,840
Loki, Canada				
Exploration costs	501,302	18,456	-	519,758
Drilling	296,657	-	-	296,657
Acquisition and tenure costs	78,299	730	-	79,029
Geological, data collection and assays	287,068	176,925	-	463,993
Office and salaries	256,778	53,420	-	310,198
Recoveries	(636,000)	(112,952)	-	(748,952)
	784,104	136,579	-	920,683
Naujaat, Canada				
Exploration costs	984,565	181,398	-	1,165,963
Drilling	1,464,020	-	-	1,464,020
Acquisition and tenure costs	402,881	27,409	-	430,290
Geological, data collection and assays	5,056,137	216,348	-	5,272,485
Office and salaries	1,007,866	149,838	-	1,157,704
Recoveries and contributions	-	(582,560)	-	(582,560)
	8,915,469	(7,567)	-	8,907,902
Mel, Canada				
Exploration costs	1,330,689	1,236	-	1,331,925
Drilling	465,004	-	-	465,004
Acquisition and tenure costs	303,152	2,744	-	305,896
Geological, data collection and assays	997,079	-	-	997,079
Office and salaries	371,766	27,984	-	399,750
	3,467,690	31,964	-	3,499,654
CSI, Canada				
Acquisition and tenure costs	-	12,375	-	12,375
Geological, data collection and assays	-	5,991	-	5,991
		18,366	-	18,366
TOTAL	\$ 19,155,200	\$ 201,166	\$ -	\$ 19,356,366

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9. 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 project, Northwest Territories

In August 2011, the Company entered into an option agreement with Dominion Diamond Mines (“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”). Subsequently in accordance with the terms of the agreement, Dominion incurred more than \$5,000,000 of exploration expenditures and earned a 55% interest in the joint venture and the Company and Springbok shared equally a 45% interest in the JV Property.

On October 24, 2012, the Company entered into an agreement to acquire Springbok’s interest in the JV Property (the “Springbok Interests”) for 1,000,000 shares in the Company issued at a value of \$235,000. As additional consideration, in the event that 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. A director of the Company is a principal of Springbok.

In October 2015, the Company and Dominion finalized a joint venture agreement having an effective date of June 1, 2015 to govern the ongoing evaluation, on the basis of a 45%/55% (North Arrow/Dominion) joint venture, of the JV Property. During 2020, Dominion filed for creditor protection under the regulations of the Companies’ Creditor Arrangement Act (“CCAA”) to allow time for the reorganization of its finances with respect to its operating mine and operations in the Northwest Territories. Effective February 3, 2021, Dominion sold its Ekati diamond mine and associated assets, including its interest in the joint venture and the JV property, to Arctic Canadian Diamond Company.

Subsequent to December 2015, the Company has elected not to contribute its proportionate share of costs to subsequent exploration programs and as a result holds an approximate 22% interest in the joint venture as at April 30, 2022.

During the year ended April 30, 2022, the company wrote down \$800,921 of exploration and evaluation expenditures on the Lac de Gras project in recognition of the lack of significant planned exploration expenditures on the property.

Naujaat project, Nunavut

The Company maintains a 100% interest in the Naujaat diamond project. This interest is subject to a February 15, 2017 agreement under which the Company agreed to pay Stornoway Diamond Corporation (“Stornoway”) \$2.5 million at the time the first royalty payments relating to the Naujaat project are payable. In addition, Stornoway retains a 0.5% gross overriding royalty (“GOR”) and net smelter royalty (“NSR”) on diamond, precious metal and base metal production from the Naujaat project.

The Naujaat project is also subject to an additional 3% NSR on metals and a 3% gross production royalty (“GPR”) on industrial minerals, including diamonds. Effective November 21, 2016, the Company reached an agreement with the underlying royalty holder where each of the NSR and GPR may be reduced to from 3% to 1% subject to future contingent cash payments totaling \$5.15 million and future staged exploration expenditures totalling \$20 million. At April 30, 2022, as a result of expenditures incurred, the NSR and GPR was reduced to 2.5%.

Effective June 1, 2020 the Company entered into an option agreement with Burgundy Diamond Mines Limited (“Burgundy”) (previously EHR Resources Ltd.) to fund further evaluation of the project. Under the terms of the option agreement, Burgundy can earn a 40% interest in the project by investing \$5,600,000 to collect a 1,500 to 2,000 tonne preliminary bulk sample during the 2021 summer field season. The agreement provides that North Arrow will receive a

9. EXPLORATION AND EVALUATION ASSETS – continued

Diamond Properties, Canada – continued

fee of 5% of costs incurred on the Naujaat project and the Company has recorded the fee as an exploration cost and a contribution to the project. As part of the agreement, Burgundy has, as at April 30, 2022, advanced \$5,600,000 (received) to be used by North Arrow, as operator, to prepare for the bulk sample program. At April 30, 2022, \$731,289 of the advanced funds has not been spent. The Company and Burgundy have also entered into a non-binding letter of intent to negotiate a second option agreement under which Burgundy may elect, after completing the 2021 preliminary bulk sample, to earn an additional 20% interest in the Q1-4 diamond deposit by funding the collection of a 10,000 tonne bulk sample.

Pikoo project, Saskatchewan

The Company maintains a 100% interest in the Pikoo diamond project. This interest is subject to a February 15, 2017 agreement under which the Company agreed to pay Stormoway \$1.25 million at the time the first royalty payments relating to the Pikoo project are payable. In addition, Stormoway retains a 1.0% GOR and NSR on diamond, precious metal and base metal production from the Pikoo project.

Loki project, Northwest Territories

The Company maintains a 100% interest in the Loki diamond project subject to royalties ranging from 1.25% to 1.5% on diamonds and base and precious metals granted to Umgeni Holdings International Limited (“Umgeni”) under the terms of a January 25, 2016 royalty purchase agreement. Effective July 31, 2019, the royalty purchase agreement was amended to grant Umgeni increased royalties ranging to 2% for \$266,000 (received). Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder.

Mel project, Nunavut

The Company maintains a 100% interest in the Mel diamond project in Nunavut. This interest is subject to a 1% GOR payable to Anglo Celtic Exploration Ltd (the “ACEL GOR”), a private company controlled by a director. The Company retains the right to buy back one half of the ACEL GOR for \$1,000,000 at any time.

Effective January 13, 2021, the Company entered into an agreement with StrategX Elements Corp (“StrategX”) to sell to StrategX the non-diamond mineral rights in the Mel Property for consideration of a 1% GOR on the non-diamond production and 100% of the rights to any diamond discoveries in a 435,000 ha area of interest surrounding the property (“StrategX AOI”). In addition, StrategX will assume 50% of the responsibility for the Mel exploration camp, including the demobilization costs. StrategX retains a 2% GOR on any diamond production in the StrategX AOI, reduced to 1% wherever the ACEL GOR applies. North Arrow retains the right to purchase 50% of StrategX’s GOR for \$2,000,000. StrategX retains the right to purchase 50% of the North Arrow GOR for \$1,000,000.

Luxx project, Nunavut

The Company maintains a 100% interest in the Luxx diamond project in Nunavut. The interest is subject to a 1% GOR payable to Anglo Celtic Exploration Ltd. The Company retains the right to buy back one half of the gross overriding royalty for \$1,000,000 at any time.

CSI Project, Nunavut

The CSI project consists of 3 claims that were acquired through staking during the year ended April 30, 2021.

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10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2022	April 30, 2021
Trade payables	\$ 317,269	\$ 77,477
Accrued liabilities	172,800	356,727
	\$ 490,069	\$ 434,204

Included in accrued liabilities is an initial provision of \$120,500 (2021 - \$241,000) for estimated costs related to the demobilization of equipment in Nunavut

11. BANK LINE OF CREDIT

	April 30, 2022	April 30, 2021
Bank line of credit	\$ 40,000	\$ 40,000

During the year ended April 30, 2020, the Company received a 0% interest operating line of credit under the terms of the Canadian Emergency Business Account Program. If repaid in full by December 31, 2023, 25% of the balance may be forgiven. If not repaid by December 31, 2023, the Company will have the option for a 2 year term extension on the unpaid balance of the loan bearing interest at the rate of 5% per annum. The loan must be repaid in full by December 31, 2025.

12. LOAN PAYABLE

Effective February 17, 2021 the Company entered into an agreement with Anglo Celtic Exploration Ltd. (“Anglo”), a company controlled by a director, to provide North Arrow an unsecured loan of \$400,000. Under the terms of the agreement the loan carries an interest rate of 10% per annum and is to be repaid February 16, 2022. As further consideration for agreeing to advance the loan, North Arrow issued to Anglo 1,000,000 bonus shares at a fair value of \$85,000. The bonus shares cost was amortized over the original term of the loan. The unamortized portion of the cost the bonus shares was recorded as a reduction in the loan. Effective February 16, 2022, the loan was extended for a period of one year under the same terms and conditions. As consideration for granting the extension Anglo received 1,000,000 warrants. Each warrant entitles Anglo to purchase one share at a price of \$0.12 per share for a period of one year. The warrants granted had a total fair value of \$22,422. The warrants cost is amortized over one year. The unamortized portion of the cost of the warrants was recorded as a reduction in the loan.

The fair value of warrants granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.00%
Expected dividend yield	Nil
Expected stock price volatility	30.34%
Expected life	1 year
Expected forfeiture rate	Nil

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13. 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 May 31, 2021 the Company completed a 9,222,000 unit flow through financing at a price of \$0.11 per share for gross proceeds of \$1,014,420. Each unit consisted of a flow through share and one half of a transferable non-flow-through warrant. Each whole warrant will entitle the holder to purchase one additional non-flow through share at a price of \$0.18 for a period of two years. The flow through shares were issued at a premium which was determined to be \$46,110 and this has been recorded as a deferred premium liability. During the year ended April 30, 2022, the Company incurred eligible exploration expenditures and credited other income of \$30,892 to operations and the remaining amount of \$15,218 is recorded as the deferred premium at April 30, 2022. Finders' fees and costs of \$32,379 were payable in connection with this private placement.

Stock options and warrants

At the Company's Annual General Meeting held on December 17, 2021, the shareholders ratified the stock option plan (the "Plan"). 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 typically 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 April 30, 2022, the following stock options were outstanding:

Number of options	Exercise Price	Number of Options vested	Expiry Date
2,210,000	\$ 0.27	2,210,000	June 23, 2022
50,000	\$ 0.25	50,000	November 21, 2022
2,070,000	\$ 0.27	2,070,000	May 10, 2023
2,670,000	\$ 0.20	2,670,000	July 12, 2023
2,970,000	\$ 0.10	2,227,500	November 8, 2024
400,000	\$ 0.10	300,000	December 17, 2025
1,025,000	\$ 0.12	512,500	June 3, 2026
11,395,000		10,040,000	

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2020	9,970,000	\$0.20
Options granted	400,000	0.10
Balance, April 30, 2021	10,370,000	0.20
Options granted	1,025,000	0.12
Balance, April 30, 2022	11,395,000	\$0.19

Subsequent to April 30, 2022, 2,210,000 option expired unexercised.

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13. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

Share-based compensation

During the year ended April 30, 2022, the Company granted 1,025,000 stock options (2021 – 400,000) having a total fair value of \$90,394 (2021 - \$14,974) and a weighted average grant-date value of \$0.09 (2021 – \$0.04) per option. During the year ended April 30, 2022, the Company recognized share-based compensation of \$85,779 (2021 – \$43,444) relating to options vested during the year.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	April 30, 2022	April 30, 2021
Risk-free interest rate	1.00%	1.75%
Expected dividend yield	Nil	Nil
Expected stock price volatility	116.00%	117.57%
Expected life	5 years	5 years
Expected forfeiture rate	Nil	Nil

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2020 and 2021	44,386,003	\$ 0.18
Issued	5,611,000	0.17
Balance, April 30, 2022	49,997,003	\$ 0.18

At April 30, 2022 the following warrants were outstanding:

	Number of Warrants	Exercise Price	Expiry Date
	20,000,000	\$0.225	May 17, 2022
	5,070,887	\$0.225	June 19, 2022
	1,410,830	\$ 0.30	June 19, 2022
	17,904,286	\$ 0.10	July 31, 2024
	4,611,000	\$ 0.18	May 31, 2023
	1,000,000	\$ 0.12	February 16, 2023
	49,997,003	\$ 0.18	

Subsequent to April 30, 2022, 26,481,717 warrants expired unexercised.

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14. RELATED PARTY TRANSACTIONS

Details of the transactions between the Company and related parties not disclosed elsewhere in the financial statements are disclosed below.

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) Paid or accrued consulting fees of \$9,000 (2021 - \$9,000) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.
- b) Paid \$nil (2021 - \$347) for office costs to a company controlled by a director.
- c) Charged related parties \$6,540 (2021 - \$6,590) for rent, office and administrative costs.
- d) Included in accounts payable is \$93,720 (2021 - \$81,295) due to directors and officers.
- e) Interest of \$42,399 (2021 - \$6,694) has been accrued on an unsecured loan from a company controlled by a director.

The remuneration of directors and key management personnel during the year ended April 30, 2022 was as follows:

	April 30, 2022	April 30, 2021
Salaries ¹	\$ 199,686	\$ 220,917
Salaries in exploration costs ¹	100,314	67,430
Share-based compensation ²	60,036	29,563
Total	\$ 360,036	\$ 317,910

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 that have been granted to directors and key management personnel.

During the year ended April 30, 2016, the Company entered into an employment agreement with a senior employee and officer for his services requiring a minimum annual payment of \$225,000. In addition, the employment agreement contains clauses which could provide for a payment or payments in excess of \$450,000 on termination of employment or conclusion of a change in control or similar transaction.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Net loss for the year	\$ (1,699,627)	\$ (628,191)
Expected income tax (recovery)	\$ (459,000)	\$ (165,000)
Change in statutory rates, foreign tax and other	260,000	401,000
Permanent differences	17,000	3,000
Share issue costs	(9,000)	(7,000)
Adjustment to prior years provision vs. statutory tax returns	(248,000)	(347,000)
Change in unrecognized deductible temporary differences	439,000	115,000
Total income tax expense	\$ -	\$ -

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15. INCOME TAXES - continued

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2022	Expiry Date Range	2021
Temporary Differences			
Exploration and evaluation assets	\$ 2,103,000	No expiry date	\$ 2,834,000
Investment tax credit	192,000	2028 to 2042	192,000
Property and equipment	143,000	No expiry date	133,000
Share issue costs	54,000	2022 to 2042	88,000
Marketable securities	3,000	No expiry date	15,000
Non-capital losses available for future period	10,954,000	2029 to 2042	9,124,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended April 30, 2022 were:

- a) the Company incurred exploration and evaluation expenditures of \$326,884 (2021 - \$304,321) that are included in accounts payable and accrued liabilities at year end.
- b) the Company issued nil (2021 - 1,000,000) common shares valued at \$nil (2021 - \$85,000) as consideration for a company controlled by a director loaning \$400,000 to the Company.
- c) the Company issued 1,000,000 (2021 - nil) warrants valued at \$22,422 (2021 - \$nil) as consideration for a one year extension of the \$400,000 loan a company controlled by a director made to the Company. The unamortized cost of the warrants of \$18,685 has been charged to the loan payable.
- c) Included in right-of-use assets is \$271,491 (2021 - \$168,026) representing the capitalized portion of leased real estate and equipment assets.
- d) Included in lease liabilities is \$271,491 (2021 - \$168,026) of capitalized lease payments and \$2,998 (2021 - \$5,112) of effective interest expense.

17. 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. There have been no changes to the management of capital during the fiscal year.

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.

18. SEGMENTED INFORMATION

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

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