

**NORTH ARROW MINERALS INC.**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**JULY 31, 2011**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

**NORTH ARROW MINERALS INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	July 31, 2011	April 30, 2011	May 1, 2010
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 559,169	\$ 671,960	\$ 1,126,124
Receivables (Note 6)	59,303	132,785	2,021
Marketable securities (Note 5)	10,500	-	-
Prepaid expenses	<u>31,629</u>	<u>32,267</u>	<u>25,014</u>
	660,601	837,012	1,153,159
<b>Equipment</b> (Note 8)	1,466	1,585	2,264
<b>Exploration and evaluation assets</b> (Note 9)	<u>994,111</u>	<u>819,895</u>	<u>2,151,114</u>
	\$ 1,656,178	\$ 1,658,492	\$ 3,306,537
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (Note 7)	\$ 191,720	\$ 59,947	\$ 115,227
Advances from optionee (Note 9)	162,232	-	-
Due to related parties (Note 11)	<u>84,914</u>	<u>69,498</u>	<u>76,610</u>
	<u>438,866</u>	<u>129,445</u>	<u>191,837</u>
<b>CAPITAL AND RESERVES</b>			
Capital stock (Note 10)	10,965,436	10,947,436	9,734,269
Share-based payment reserve (Note 10)	818,464	736,389	674,643
Investment revaluation reserve	(4,988)	-	-
Deficit	<u>(10,561,600)</u>	<u>(10,154,778)</u>	<u>(7,294,212)</u>
	<u>1,217,312</u>	<u>1,529,047</u>	<u>3,114,700</u>
	\$ 1,656,178	\$ 1,658,492	\$ 3,306,537

**Nature and continuance of operations** (Note 1)  
**IFRS transition** (Note 15)  
**Subsequent events** (Note 16)

**Approved and authorized on behalf of the Board on October 24, 2011:**

“D. Grenville Thomas” Director “Blair Murdoch” Director

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

**NORTH ARROW MINERALS INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED JULY 31**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	2011	2010
<b>EXPENSES</b>		
Advertising, promotion and travel	\$ 57,897	\$ 35,597
Consulting	55,000	-
Depreciation	119	170
Office, miscellaneous and rent	32,426	24,055
Professional fees	72,126	21,243
Property investigation costs	71,338	5,241
Regulatory and filing fees	2,184	4,376
Salaries and benefits	66,778	49,117
Share-based compensation (Note 10)	<u>82,075</u>	<u>21,854</u>
<b>Loss before other items</b>	<u>(439,943)</u>	<u>(161,653)</u>
<b>OTHER ITEMS</b>		
Interest income	943	795
Recoveries from exploration and evaluation assets previously written-off (Note 9)	65,487	-
Write-off of exploration and evaluation assets (Note 9)	<u>(33,309)</u>	<u>(320)</u>
	<u>33,121</u>	<u>475</u>
<b>Loss for the period</b>	(406,822)	(161,178)
Unrealized loss on available-for-sale financial assets arising during the period	<u>(4,988)</u>	<u>-</u>
<b>Comprehensive loss for the period</b>	<u>\$ (411,810)</u>	<u>\$ (161,178)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding</b>	<u>52,675,769</u>	<u>44,513,920</u>

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

**NORTH ARROW MINERALS INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JULY 31**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (406,822)	\$ (161,178)
Items not involving cash:		
Depreciation	119	170
Share-based compensation	82,075	21,854
Write-off of exploration and evaluation assets	33,309	320
Changes in non-cash working capital items:		
Increase in receivables	(6,430)	(2,078)
(Increase)/decrease in prepaid expenses	638	(6,830)
Increase in accounts payable and accrued liabilities	87,797	11,233
Increase/(decrease) in due to related parties	<u>21,200</u>	<u>(23,411)</u>
Net cash used in operating activities	<u>(188,114)</u>	<u>(159,920)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets, net	(86,909)	(301,697)
Advances from optionee	<u>162,232</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>75,323</u>	<u>(301,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the exercise of warrants	-	108,150
Subscription receipts from a private placement	-	116,100
Share issue costs	<u>-</u>	<u>(1,650)</u>
Net cash provided by financing activities	<u>-</u>	<u>222,600</u>
<b>Change in cash during the period</b>	(112,791)	(239,017)
<b>Cash, beginning of period</b>	<u>671,960</u>	<u>1,126,124</u>
<b>Cash, end of period</b>	<u>\$ 559,169</u>	<u>\$ 887,107</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**Supplemental disclosure with respect to cash flows (Note 12)**

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

**NORTH ARROW MINERALS INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**JULY 31, 2011**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital Amount	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
<b>Balance at May 1, 2010</b>	<b>44,045,545</b>	<b>\$ 9,734,269</b>	<b>\$ 674,643</b>	<b>\$ -</b>	<b>\$ (7,294,212)</b>	<b>\$ 3,114,700</b>
Private placement		116,100				116,100
Share issuance costs		(1,650)				(1,650)
Shares issued for cash on exercise of options and warrants	604,500	134,450	(26,300)			108,150
Share-based compensation			21,854			21,854
Loss for period					(161,178)	(161,178)
<b>Balance at July 31, 2010</b>	<b>44,650,045</b>	<b>\$ 9,983,169</b>	<b>\$ 670,197</b>	<b>\$ -</b>	<b>\$ (7,455,390)</b>	<b>\$ 3,197,976</b>
Private placements	3,958,333	596,400				596,400
Share issuance costs		(42,133)				(42,133)
Shares issued for exploration and evaluation assets	50,000	10,000				10,000
Share-based compensation			66,192			66,192
Loss for period					(2,699,388)	(2,699,388)
Shares issued for cash on exercise of options and warrants	4,000,000	400,000				400,000
<b>Balance at April 30, 2011</b>	<b>52,658,378</b>	<b>\$ 10,947,436</b>	<b>\$ 736,389</b>	<b>\$ -</b>	<b>\$ (10,154,778)</b>	<b>\$ 1,529,047</b>
Shares issued for exploration and evaluation assets	100,000	18,000				18,000
Share-based compensation			82,075			82,075
Loss for period					(406,822)	(406,822)
Investment loss				(4,988)		(4,988)
<b>Balance at July 31, 2011</b>	<b>52,758,378</b>	<b>\$ 10,965,436</b>	<b>\$ 818,464</b>	<b>\$ (4,988)</b>	<b>\$ (10,561,600)</b>	<b>\$ 1,217,312</b>

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

**NORTH ARROW MINERALS INC.**

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**JULY 31, 2011**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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**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 consolidated condensed interim 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 – SBW) and its address is 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. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its exploration and evaluation assets and upon future profitable production.

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company’s ability to complete equity financings or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

On August 31, 2011 the Company closed a \$1,000,000 private placement of a convertible promissory note. See Note 16.

**2. Basis of Presentation**

**Statement of Compliance and Conversion to International Financial Reporting Standards**

The Canadian Accounting Standards Board (“ASCB”) confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company adopted IFRS for the period beginning May 1, 2011 with a transition date of May 1, 2010.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s first IFRS consolidated condensed statements of financial position and statements of loss and comprehensive income (loss). The disclosures concerning the transition from GAAP to IFRS are included in Note 15.

**3. Significant Accounting Policies**

**a) Significant Accounting Estimates and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**NORTH ARROW MINERALS INC.**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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**3. Significant Accounting Policies – Continued**

**a) Significant Accounting Estimates and Judgments - Continued**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

*Critical accounting estimates*

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

- The carrying value and the recoverability of evaluation and exploration assets, which are included in the statements of financial position;
- Future site restoration costs;
- The inputs used in accounting for the valuation of agent warrants issued as part of private placements;
- The inputs used in accounting for share-based compensation expense which is included in the statement of comprehensive loss;
- Deferred income tax asset valuation allowance.

**b) Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Carolina Lithium Inc., (“Carolina Lithium”). All inter-company transactions and balances have been eliminated upon consolidation.

**c) Foreign Currencies**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary 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”).

These consolidated statements of financial position 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 carried at fair value that are 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 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 (“\$”).

**d) Share-based Compensation**

The Company grants share purchase 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 the options is measured at the grant date, using the Black-Scholes option pricing model. The fair value of the share purchase options considers the terms and conditions upon which the share purchase options were granted. The fair value of the options granted is recognized as a share-based payment expense with a corresponding increase in equity. The

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**3. Significant Accounting Policies - Continued**

**d) Share-based Compensation - Continued**

fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. 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.

**e) Income Taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of 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 the period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method whereby 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 deferred 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 provides a valuation allowance against the excess.

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

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.

**f) Loss Per Share**

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted 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 loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in the diluted loss per share by application of the treasury stock method.

**g) Equipment**

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

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

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**3. Significant Accounting Policies - Continued**

**g) Equipment - Continued**

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.

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for annually at the following rates:

Computer equipment	30% declining balance
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The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each 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 property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and 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 property and equipment are included in the statement of comprehensive loss in the period of retirement or disposal.

**h) Exploration and Evaluation Assets**

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditure is 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 review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices 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 exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable 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 exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

**3. Significant Accounting Policies - Continued**

**h) 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 its exploration and evaluation assets are in good standing.

**i) 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 profit or 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.

**j) Financial Instruments**

Financial instruments are classified into one of the following categories:

- financial instruments at fair value through profit or loss ("FVTPL");
- available for sale ("AFS") financial instruments;
- held-to-maturity investments;
- loans and receivables; and
- other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

*(i) Financial instruments at FVTPL*

Financial instruments are classified as FVTPL when the financial instrument is held for trading or it is designated as FVTPL.

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

**3. Significant Accounting Policies - Continued**

**j) Financial Instruments - Continued**

Financial instruments classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial instrument.

The Company has classified its cash as FVTPL.

*(ii) AFS financial instruments*

Investments held by the Company that are classified as AFS are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investment revaluation reserve. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

The Company has classified its marketable securities as AFS.

*(iii) Held-to-maturity investments*

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

*(iv) Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified receivables as loans and receivables.

*(v) Financial liabilities*

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. 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 it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

*Other financial liabilities:* This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

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**3. Significant Accounting Policies - Continued**

**j) Financial Instruments - Continued**

The Company has classified due to related parties, accounts payable and accrued liabilities as other financial liabilities.

*(vi) Effective interest method*

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

Income is recognized on an effective interest basis for debt instruments other than those financial instruments classified as FVTPL.

*(vii) Impairment of financial assets*

Financial instruments, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial instruments are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial instrument, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial instruments carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortized cost had impairment not been recognized.

*(viii) Derecognition of financial assets*

A financial instrument is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial instrument and all risks and rewards of ownership to another entity.

*(ix) Derecognition of financial liabilities*

Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or they expire.

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**3. Significant Accounting Policies - Continued**

**k) Environmental Rehabilitation**

An 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 immaterial.

**l) 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, 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.

**m) Marketable Securities**

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

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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.

*Credit risk*

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

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration of the Company's properties. As at July 31, 2011, the Company had cash of \$559,169 available to settle current liabilities of \$438,866.

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT- *Continued****Foreign Currency Risk*

The Company has some exposure to foreign currency risk with its acquisition of mineral properties in the United States however, the majority of its assets and liabilities are denominated in Canadian dollars. The Company's exploration activities and ongoing land tenure expense in the United States make it subject to foreign currency fluctuations, which may affect the Company's financial position, and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US dollar. The Company does not presently invest in foreign currency contracts to mitigate this risk. It is management's opinion that the Company is not exposed to significant foreign currency risk arising from these financial instruments.

*Equity market risk*

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

**5. MARKETABLE SECURITIES**

	July 31, 2011			April 30, 2011		
	Cost	Unrealized Loss	Fair Market Value	Cost	Unrealized Loss	Fair Market Value
Common shares of a company listed on the TSX-V	\$ 15,488	\$ (4,988)	\$ 10,500	\$ -	\$ -	\$ -

During the three months ended July 31, 2011, the Company acquired 75,000 common shares of a TSX-V listed company in exchange for exploration data.

**6. RECEIVABLES**

	July 31, 2011	April 30, 2011	May 1, 2010
HST/GST receivables	\$ 59,303	\$ 46,297	\$ 2,021
Trade receivables	-	80,326	-
Accrued interest	-	6,162	-
Total	\$ 59,303	\$ 132,785	\$ 2,021

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	July 31, 2011	April 30, 2011	May 1, 2010
Trade payables	\$ 80,185	\$ 20,374	\$ 50,761
Accrued liabilities	111,535	39,573	64,466
Total	\$ 191,720	\$ 59,947	\$ 115,227

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**8. EQUIPMENT**

Cost – Computer Equipment		Accumulated Depreciation		Net Book Value	
<b>Balance at May 1, 2010</b>	<b>\$ 6,474</b>	<b>Balance at May 1, 2010</b>	<b>\$ 4,210</b>	<b>Balance at May 1, 2010</b>	<b>\$ 2,264</b>
Additions	-	Depreciation	679		
Disposals	-	Disposals	-		
<b>Balance at April 30, 2011</b>	<b>\$ 6,474</b>	<b>Balance at April 30, 2011</b>	<b>\$ 4,889</b>	<b>Balance at April 30, 2011</b>	<b>\$ 1,585</b>
Additions	-	Depreciation	119		
Disposals	-	Disposals	-		
<b>Balance at July 31, 2011</b>	<b>\$ 6,474</b>	<b>Balance at July 31, 2011</b>	<b>\$ 5,008</b>	<b>Balance at July 31, 2011</b>	<b>\$ 1,466</b>

**9. EXPLORATION AND EVALUATION ASSETS**

	April 30, 2011	Expended During the Period	Write-offs & Recoveries During the Period	July 31, 2011
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	\$ 22,994	\$ 11,669	\$ (25,649)	\$ 9,014
Acquisition costs	136,283	52,267	(60,579)	127,971
Geological and assays	6,561	-	(5,113)	1,448
Office and salaries	20,489	1,690	(1,535)	20,644
	<u>186,327</u>	<u>65,626</u>	<u>(92,876)</u>	<u>159,077</u>
Lithium Property, Nunavut				
Exploration costs	39,708	-	-	39,708
Acquisition costs	14,666	-	-	14,666
Geological and assays	11,464	-	-	11,464
Office and salaries	9,973	2,594	-	12,567
	<u>75,811</u>	<u>2,594</u>	<u>-</u>	<u>78,405</u>
Diamond Properties, NWT and Nunavut				
Exploration costs	252,487	164,953	-	417,440
Acquisition costs	22,364	21,527	-	43,891
Geological and assays	153,264	-	-	153,264
Office and salaries	129,642	12,392	-	142,034
	<u>557,757</u>	<u>198,872</u>	<u>-</u>	<u>756,629</u>
<b>TOTAL</b>	<b>\$ 819,895</b>	<b>\$ 267,092</b>	<b>\$ (92,876)</b>	<b>\$ 994,111</b>

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. During the three months ended July 31, 2011, Company wrote - off \$33,309 (2010 - \$320) relating to certain properties and recorded \$125,054 (2010 - \$Nil) in recoveries of which \$65,487 is recognized as income.

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**9. EXPLORATION AND EVALUATION ASSETS (CONT'D...)**

**Gold and Base Metal Properties, Northwest Territories, Yukon and Nunavut**

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

*Canoe Lake Property, Nunavut*

The Company maintains a 100% interest in a number of contiguous mineral claims known as the “Canoe Lake Property” in the High Lake Greenstone Belt, Nunavut. The ‘BK claims’ are subject to a 1% NSR on non-diamond mineral production and a 1% GOR on diamond production to a third party royalty holder (the ‘BK royalty holder’). The ‘Canoe claims’ are subject to a 1% NSR on non-diamond mineral production and a 1% GOR on diamond production to a different third party royalty holder (the ‘Canoe royalty holder’), as well as various royalties, payable to the BK royalty holder, ranging from 0.5% to 1.0%. The Company may purchase 100% of the royalties payable to the Canoe royalty holder for \$1,000,000.

*Hay Duck Property, NWT*

On May 29, 2008, the Company and Strongbow Exploration Inc. (“Strongbow”) entered into an option agreement whereby the Company may earn a 100% interest in the Hay Duck property by reimbursing certain expenditures incurred to-date by Strongbow and assuming the annual option payments due under the original, underlying option agreement. The third party agreement, dated May 2007 and amended April 2009 and January 2010, requires three future annual cash option payments totalling \$450,000. These future option payments will be payable by the Company annually, following receipt of a land use permit which allows the Company to drill at the Hay Duck property. As partial compensation for amending the agreement, the Company issued 50,000 common shares to the property vendor in February 2010. At the date of issuance, the common shares had a fair value of \$9,750, which has been applied against the payment due January 1, 2010. The remainder of the January 2010 payment will be paid by the Company upon receipt of a land use permit for the Hay Duck property. The third party option holder will retain a 2.5% NSR of which 1% can be purchased at anytime for \$500,000. An additional 1% of the royalty can be purchased at any time for \$2,000,000. Upon the Company incurring \$5,000,000 in exploration on the property, Strongbow may elect to back-in to 40% of the Company’s interest in the property by funding the next \$5,000,000 in exploration expenditures. In certain circumstances, Strongbow has the option to elect to acquire a 1% NSR in place of exercising the back-in right. The Company may purchase one-half (0.5%) of the NSR at any time for \$500,000.

*Hope Bay Property, NU*

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 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. (“Sennen”) pursuant to a Plan of Arrangement. Sennen has assumed Chelsea’s obligations pursuant to the agreement for the Hope Bay Property; the Company is conducting an exploration program at Hope Bay on Sennen’s behalf. As at July 31, 2011 the Company had received advances of \$162,232 (April 30, 2011 - \$Nil) from Sennen for this work.

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**9. EXPLORATION AND EVALUATION ASSETS (CONT'D...)**

**Gold and Base Metal Properties, Northwest Territories, Yukon and Nunavut (cont'd...)**

*Yukon Gold Property*

On July 30, 2010, the Company and Cathro Resources Corp. (“Cathro”) (50%) and Cazador Resources Ltd. (“Cazador”) (50%), both private companies and collectively, the “Vendors”, entered into an agreement whereby the Company may earn a 100% interest in certain mineral claims situated in north-central Yukon Territory. Under the terms of the agreement, the Company can earn a 100% interest in the property by funding a minimum \$35,000 initial exploration program (completed) and by making cumulative payments totaling \$150,000 and by issuing cumulative share payments totaling 750,000 shares over a period of four years. Upon completion of the option, the Vendors will retain a 2.0% net smelter return royalty of which 1% can be purchased at any time for \$1,000,000. Advance royalty payments of \$25,000 per year will be payable upon exercise of the option until such time as the regular royalty payments begin or the property is returned in good standing. Advance royalty payments can be credited against future royalty payments. The Company issued 25,000 shares to Cathro and 25,000 shares to Cazador during the year ended April 30, 2011 at a total estimated fair value of \$10,000. In August 2011, the Company terminated the option agreement for its Yukon Gold Property following a review of the results for the exploration program carried out in 2010. Consequently, the Company wrote-off the entire carrying value of the property. See Note 16.

*Seagull Property*

The Company entered into an agreement in May 2011 whereby the Company can earn a 100% interest in certain mineral claims known as the “Seagull Property” from Panarc Resources Ltd (“Panarc”). Under the agreement, the Company must make an initial \$15,000 cash payment (completed) and issue 100,000 common shares (completed). The Company must incur aggregate exploration expenditures of \$300,000 within a 3 year period. Panarc will retain a royalty equal to 2% of net smelter returns, of which the Company may purchase one percent (1.0%) for \$1,000,000, such that the royalty would be reduced to 1.0%. Panarc and the Company are related by virtue of a common director.

*Contwoyto, Nunavut*

In June 2011, the Company acquired by staking four claims totalling 4,467 acres in the Contwoyto Lake area. In September 2011, the Company acquired by staking an additional 2,583 acre claim in the Contwoyto Lake area. See Note 16.

*Nunavut Tunngavik Incorporated (“NTI”) Properties, Nunavut*

The Company has a 100% interest in the Nunavut Tunngavik Incorporated (“NTI”) properties located in the West Kitikmeot region of Nunavut. If a feasibility study is completed on any area within the NTI properties, NTI has the option of taking either a 20% participating interest or a 7.5% net profits royalty in the specific area subject to study.

**Lithium Property, Nunavut**

*Torp Lake Project, Nunavut*

In March 2009, the Company acquired, by staking, two claims in the Torp Lake area of Nunavut.

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**9. EXPLORATION AND EVALUATION ASSETS (CONT'D...)**

**Diamond Properties, Northwest Territories and Nunavut**

*Lac de Gras, NWT*

In February 2010, the Company entered into an agreement with a third party option holder to jointly explore its Lac de Gras diamond property. Under the terms of the agreement, the third party option holder can earn a 50% interest in the Lac de Gras diamond property by paying the full legal survey costs required to convert selected existing mineral claims to mining leases (completed), paying the first year's rental fees for the mining leases (completed), and conducting a review of existing geophysical magnetic data (completed). The Company will be responsible for funding the first \$1,000,000 in exploration expenditures on the property, subsequent to which exploration of the Lac de Gras property will be carried out based upon a 50/50 joint venture. In September 2011, the Company, the third party option holder and Harry Winston Diamond Mines Ltd., entered into an option agreement for exploration at this property (Note 16).

*Hammer, Nunavut*

In October 2008, the Company and Stornoway Diamond Corporation ("Stornoway") revised a pre-existing agreement on the Bear property, Nunavut, to include an area of interest, known as the "Hammer AOI", into the agreement. As a result of this revision, the Company holds a 25% interest in the property and Stornoway holds a 75% interest. The portion of the property comprising the original Bear Property is subject to an underlying 2% NSR and 2% GOR.

**Generative Exploration – South America**

In June 2011, the Company executed a letter of intent ("LOI") to acquire a 100% interest in the Agua – Grande gold-copper project in Chile. Under the terms of the LOI, the Company must make a US \$50,000 payment (complete) for the exclusive right to conduct due diligence over a 90-day period (subsequently extended for a second 90 day period in September 2011) before executing a Definitive Agreement, whereby the Company will have the option to acquire a 100% interest in the project by making staged cash payments totaling US \$10,000,000 over approximately five years and by completing a feasibility study. The owners will retain a 1.5% net smelter royalty. The agreement is subject to regulatory approval.

**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**

During the three months ended July 31, 2011, the Company issued 100,000 common shares at a value of \$18,000 pursuant to the Seagull property option agreement.

**Stock options and warrants**

The Company's stock option plan (the "Plan") was approved by shareholders at the September 2010 annual meeting. 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.

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**10. CAPITAL STOCK AND RESERVES (CONT'D...)****Stock options and warrants (cont'd...)**

As at July 31, 2011, the following stock options and warrants were outstanding:

	Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
<b>Options</b>	54,000	\$ 0.25	54,000	September 15, 2011**
	148,000	0.25	148,000	March 29, 2012
	1,125,000	0.40	1,125,000	August 7, 2012
	1,410,000	0.20	1,410,000	June 4, 2014
	200,000	0.30	200,000	September 2, 2014
	1,000,000	0.20	250,000	March 7, 2016
	1,220,000	0.20	305,000	May 12, 2016
<b>Warrants</b>				
	1,390,000	0.30	1,390,000	September 26, 2011**
	2,740,500	0.30	2,740,500	October 20, 2011**
	1,979,167	0.25	1,979,167	February 20, 2012

\*\*Subsequently Expired

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2011	4,237,000	\$ 0.26
Granted	1,220,000	0.20
Expired	(300,000)	0.22
Balance, July 31, 2011	5,157,000	\$ 0.25
Number of options currently exercisable	3,492,000	\$ 0.27

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30 and July 31, 2011	6,109,667	\$ 0.28

In August 2010, the Company issued 1,979,167 warrants exercisable at \$0.25 until August 20, 2011 to subscribers of a private placement. In August 2011, the Company received regulatory approval to extend the expiry date for those warrants by six months to February 20, 2012.

**Share-based compensation**

During the three months ended July 31, 2011, the Company granted 1,220,000 stock options (July 31, 2010 – Nil). The estimated fair value of the options granted during the period is \$132,708 (July 31, 2010 - \$Nil). During the three months ended July 31, 2011 the Company recognized share-based compensation of \$82,075 (July 31, 2010 - \$21,854) relating to options vested during the period.

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**10. CAPITAL STOCK AND RESERVES (CONT'D...)****Share-based compensation (cont'd...)**

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

	Three months Ended July 31, 2011	Three Months Ended July 31, 2010
Risk-free interest rate	1.94%	-
Expected life of options	3.0 years	-
Annualized volatility	100%	-
Forfeiture Rate	0.00%	-
Dividend rate	0.00%	-

**11. RELATED PARTY TRANSACTIONS**

	July 31, 2011	April 30, 2011
Strongbow, a company with two common directors and a common officer	\$ 16,002	\$ 17,655
Stornoway, a company with a common officer	4,222	12,206
Directors and Officers	64,690	39,637
	\$ 84,914	\$ 69,498

- a) During the three months ended July 31, 2011, the Company paid or accrued \$21,752 (July 31, 2010 - \$36,568) for shared technical services and rent to Strongbow.
- b) During the three months ended July 31, 2011, the Company paid or accrued \$4,597 (July 31, 2010 - \$8,268) for administrative and accounting services to Stornoway.
- c) During the three months ended July 31, 2011, the Company paid consulting fees of \$55,000 (July 31, 2010 - \$Nil) to a company controlled by a director and a company controlled by an officer of the Company.
- d) Included in prepaid expenses as at July 31, 2011 is \$10,000 (April 30, 2011 - \$Nil) paid to the President of the Company for future management services.
- e) During the three months ended July 31, 2011, the Company paid or accrued \$4,015 (July 31, 2010 - \$Nil) for office rent to a company controlled by a director.

The remuneration of directors and other members of key management personnel during the three month period ending July 31, 2011 were as follows:

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010
Salaries <sup>1</sup>	\$ 89,644	\$ 76,396
Share-based payments <sup>2</sup>	81,583	-
Total	\$ 171,227	\$ 76,396

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

2 - Share-based payments are the fair value of options that have been granted to directors and key management personnel.

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**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the period ended July 31, 2011 were:

- a) The Company incurring exploration and evaluation expenditures of \$53,152 (July 31, 2010 - \$445,625) that are included in accounts payable and accrued liabilities at July 31, 2011.
- b) The Company incurring exploration and evaluation expenditures of \$Nil (July 31, 2010 - \$8,948) that are included in due to related parties at July 31, 2011.
- c) The Company issuing 100,000 common shares valued at \$18,000 pursuant to a property option agreement (Note 9) and the Company received 75,000 common shares with a fair value of \$15,488 from the sale of exploration data.
- d) The Company has included in receivables, exploration and evaluation cost recoveries of \$Nil (July 31, 2010 - \$363,587) at July 31, 2011.

**13. CAPITAL MANAGEMENT**

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

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

**14. SEGMENTED INFORMATION**

The Company operates in one business segment being the exploration of mineral properties in Canada and the United States as follows:

	July 31, 2011			April 30, 2011		
	Canada	United States	Total	Canada	United States	Total
Exploration and Evaluation Assets	\$ 994,111	\$ -	\$ 994,111	\$ 819,895	\$ -	\$ 819,895
Equipment	<u>1,466</u>	<u>-</u>	<u>1,466</u>	<u>1,585</u>	<u>-</u>	<u>1,585</u>
	<b>\$ 995,577</b>	<b>\$ -</b>	<b>\$ 995,577</b>	<b>\$ 821,480</b>	<b>\$ -</b>	<b>\$ 821,480</b>

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**15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

As stated in Note 2, these consolidated financial statements are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the three months ended July 31, 2011 and 2010, the consolidated financial statements for the year ended April 30, 2011, and the opening IFRS consolidated statement of financial position as at May 1, 2010 (the "Transition Date").

In preparing the opening IFRS consolidated statement of financial position and the consolidated financial statements for the year ended April 30, 2011 and three month period ended July 31, 2010, the Company has adjusted amounts reported previously in consolidated financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out below.

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1") sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated May 1, 2010:

**a) Business Combinations**

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen this election and will apply IFRS 3 to business combinations prospectively from the Transition Date.

**b) Share-based Payment Transactions**

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has chosen to only apply IFRS 2 to equity instruments granted after November 7, 2002 which have not vested as of the Transition Date.

**c) Estimates**

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of May 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

**Reclassification Within Equity Section**

As at May 1, 2010 the GAAP "contributed surplus" account was reclassified to "share-based payment reserve" as terminologies differ under IFRS.

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**15. Transition to International Financial Reporting Standards - Continued**

The May 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	<b>May 1, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 1,126,124	\$ -	\$ 1,126,124
Receivables	2,021	-	2,021
Prepaid expenses	25,014	-	25,014
	1,153,159		1,153,159
Equipment	2,264	-	2,264
Exploration and evaluation assets <sup>1</sup>	2,207,651	(56,537)	2,151,114
	\$ 3,363,074	\$ (56,537)	\$ 3,306,537
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 115,227	\$ -	\$ 115,227
Due to related parties	76,610	-	76,610
	191,837	-	191,837
<b>CAPITAL AND RESERVES</b>			
Capital Stock <sup>3</sup>	8,755,602	978,667	9,734,269
Share-based payment reserve <sup>2</sup>	607,963	66,680	674,643
Deficit	(6,192,328)	(1,101,884)	(7,294,212)
	3,171,237	(56,537)	3,114,700
	\$ 3,363,074	\$ (56,537)	\$ 3,306,537

**NORTH ARROW MINERALS INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The May 1, 2010 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	<b>May 1, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Gold and Base Metal Properties, NWT, Yukon and Nunavut</b>			
Exploration costs	\$ 31,523	\$ (26,078)	\$ 5,445
Acquisition costs	352,982	-	352,982
Geological and assays	1,449	-	1,449
Office and salaries	<u>20,948</u>	<u>(11,924)</u>	<u>9,024</u>
	<u>406,902</u>	<u>(38,002)</u>	<u>368,900</u>
<b>Lithium Properties, NWT and Nunavut</b>			
Exploration costs	702,769	-	702,769
Acquisition costs	71,888	-	71,888
Geological and assays	18,909	-	18,909
Office and salaries	<u>62,402</u>	<u>-</u>	<u>62,402</u>
	<u>855,968</u>	<u>-</u>	<u>855,968</u>
<b>Lithium Properties, USA</b>			
Exploration costs	336,900	(4,054)	332,846
Acquisition costs	212,505	(9,059)	203,446
Geological and assays	13,015	-	13,015
Office and salaries	<u>94,223</u>	<u>(5,422)</u>	<u>88,801</u>
	<u>656,643</u>	<u>(18,535)</u>	<u>638,108</u>
<b>Diamond Properties, NWT and Nunavut</b>			
Exploration costs	39,238	-	39,238
Acquisition costs	14,326	-	14,326
Geological and assays	146,928	-	146,928
Office and salaries	<u>87,646</u>	<u>-</u>	<u>87,646</u>
	<u>288,138</u>	<u>-</u>	<u>288,138</u>
<b>TOTAL</b>	<b>\$ 2,207,651</b>	<b>\$ (56,537)</b>	<b>\$ 2,151,114</b>

**NORTH ARROW MINERALS INC.****NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The July 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	<b>July 31, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 887,107	\$ -	\$ 887,107
Receivables	367,686	-	367,686
Prepaid expenses	31,844	-	31,844
	1,286,637	-	1,286,637
Equipment	2,094	-	2,094
Exploration and evaluation assets <sup>1</sup>	2,519,104	(56,537)	2,462,567
	\$ 3,807,835	\$ (56,537)	\$ 3,751,298
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 503,855	\$ -	\$ 503,855
Due to related parties	49,467	-	49,467
	553,322	-	553,322
<b>CAPITAL AND RESERVES</b>			
Capital Stock <sup>3</sup>	9,004,502	978,667	9,983,169
Share-based payment reserve <sup>2</sup>	622,433	47,764	670,197
Deficit	(6,372,422)	(1,082,968)	(7,455,390)
	3,254,513	(56,537)	3,197,976
	\$ 3,807,835	\$ (56,537)	\$ 3,751,298

**NORTH ARROW MINERALS INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The July 31, 2010 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	<b>July 31, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Gold and Base Metal Properties, NWT, Yukon and Nunavut</b>			
Exploration costs	\$ 31,523	\$ (26,078)	\$ 5,445
Acquisition costs	375,181	-	375,181
Geological and assays	1,449	-	1,449
Office and salaries	<u>21,714</u>	<u>(11,924)</u>	<u>9,790</u>
	<u>429,867</u>	<u>(38,002)</u>	<u>391,865</u>
<b>Lithium Properties, NWT and Nunavut</b>			
Exploration costs	702,769	-	702,769
Acquisition costs	71,888	-	71,888
Geological and assays	19,013	-	19,013
Office and salaries	<u>63,268</u>	<u>-</u>	<u>63,268</u>
	<u>856,938</u>	<u>-</u>	<u>856,938</u>
<b>Lithium Properties, USA</b>			
Exploration costs	475,826	(4,054)	471,772
Acquisition costs	225,269	(9,059)	216,210
Geological and assays	25,523	-	25,523
Office and salaries	<u>117,034</u>	<u>(5,422)</u>	<u>111,612</u>
	<u>843,652</u>	<u>(18,535)</u>	<u>825,117</u>
<b>Diamond Properties, NWT and Nunavut</b>			
Exploration costs	56,930	-	56,930
Acquisition costs	82,400	-	82,400
Geological and assays	146,928	-	146,928
Office and salaries	<u>102,389</u>	<u>-</u>	<u>102,389</u>
	<u>388,647</u>	<u>-</u>	<u>388,647</u>
<b>TOTAL</b>	<b>\$ 2,519,104</b>	<b>\$ (56,537)</b>	<b>\$ 2,462,567</b>

**NORTH ARROW MINERALS INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The April 30, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	<b>April 30, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 671,960	\$ -	\$ 671,960
Receivables	132,785	-	132,785
Prepaid expenses	32,267	-	32,267
	837,012	-	837,012
Equipment	1,585	-	1,585
Exploration and evaluation assets <sup>1</sup>	857,897	(38,002)	819,895
	\$ 1,696,494	\$ (38,002)	\$ 1,658,492
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 59,947	\$ -	\$ 59,947
Due to related parties	69,498	-	69,498
	129,445	-	129,445
<b>CAPITAL AND RESERVES</b>			
Capital stock <sup>3</sup>	9,765,706	1,181,730	10,947,436
Share-based payment reserve <sup>2</sup>	702,933	33,456	736,389
Deficit	(8,901,590)	(1,253,188)	(10,154,778)
	1,567,049	(38,002)	1,529,047
	\$ 1,696,494	\$ (38,002)	\$ 1,658,492

**NORTH ARROW MINERALS INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The April 30, 2011 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	<b>April 30, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Gold and Base Metal Properties, NWT, Yukon and Nunavut</b>			
Exploration costs	\$ 49,072	\$ (26,078)	\$ 22,994
Acquisition costs	136,283	-	136,283
Geological and assays	6,561	-	6,561
Office and salaries	<u>32,413</u>	<u>(11,924)</u>	<u>20,489</u>
	<u>224,329</u>	<u>(38,002)</u>	<u>186,327</u>
<b>Lithium Property, Nunavut</b>			
Exploration costs	39,708	-	39,708
Acquisition costs	14,666	-	14,666
Geological and assays	11,464	-	11,464
Office and salaries	<u>9,973</u>	<u>-</u>	<u>9,973</u>
	<u>75,811</u>	<u>-</u>	<u>75,811</u>
<b>Diamond Properties, NWT and Nunavut</b>			
Exploration costs	252,487	-	252,487
Acquisition costs	22,364	-	22,364
Geological and assays	153,264	-	153,264
Office and salaries	<u>129,642</u>	<u>-</u>	<u>129,642</u>
	<u>557,757</u>	<u>-</u>	<u>557,757</u>
<b>TOTAL</b>	<b>\$ 857,897</b>	<b>\$ (38,002)</b>	<b>\$ 819,895</b>

**NORTH ARROW MINERALS INC.****NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The Canadian GAAP statement of loss and comprehensive loss for the year ending April 30, 2011 has been reconciled to IFRS as follows:

	<b>Year Ended April 30, 2011</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Expenses</b>			
Advertising, promotion and travel	\$ 172,638	\$ -	\$ 172,638
Consulting	176,333	-	176,333
Depreciation	679	-	679
Office, miscellaneous and rent	86,052	-	86,052
Professional fees	79,968	-	79,968
Property investigation costs <sup>1</sup>	-	20,784	20,784
Regulatory and filing fees	17,736	-	17,736
Salaries and benefits	177,166	-	177,166
Share-based compensation <sup>2</sup>	121,270	(33,224)	88,046
<b>Loss before other items</b>	<b>(831,842)</b>	<b>12,440</b>	<b>(819,402)</b>
<b>Other items</b>			
Interest income	6,810	-	6,810
Write-off of exploration and evaluation assets <sup>1</sup>	(2,087,293)	39,319	(2,047,974)
Future income tax recovery <sup>3</sup>	203,063	(203,063)	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (2,709,262)</b>	<b>\$ (151,304)</b>	<b>\$ (2,860,566)</b>

**NORTH ARROW MINERALS INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The Canadian GAAP statement loss and of comprehensive loss for the three months ended July 31, 2010 has been reconciled to IFRS as follows:

	<b>3 Months Ended July 31, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Expenses</b>			
Advertising, promotion and travel	\$ 35,597	\$ -	\$ 35,597
Depreciation	170	-	170
Office, miscellaneous and rent	24,055	-	24,055
Professional fees	21,243	-	21,243
Property investigation costs <sup>1</sup>	-	5,241	5,241
Regulatory and filing fees	4,376	-	4,376
Salaries and benefits	49,117	-	49,117
Share-based compensation <sup>2</sup>	40,770	(18,916)	21,854
<b>Loss before other items</b>	<b>(175,328)</b>	<b>(13,675)</b>	<b>(161,653)</b>
<b>Other items</b>			
Interest income	795	-	795
Write-off of exploration and evaluation assets <sup>1</sup>	(5,561)	5,241	(320)
	(4,766)	5,241	475
<b>Loss and comprehensive loss for the period</b>	<b>\$ (180,094)</b>	<b>\$ 18,916</b>	<b>\$ (161,178)</b>

**NORTH ARROW MINERALS INC.****NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The Canadian GAAP statement of cash flows for the year ending April 30, 2011 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year	\$ (2,709,262)	\$ (151,304)	\$ (2,860,566)
Items not involving cash:			
Depreciation	679	-	679
Share-based compensation	121,270	(33,224)	88,046
Future income tax recovery	(203,063)	203,063	-
Write-off of exploration and evaluation assets	2,087,293	(39,319)	2,047,974
Changes in non-cash working capital items:			
Increase in receivables	(50,852)	-	(50,852)
Increase in prepaid expenses	(7,253)	-	(7,253)
Increase in accounts payable and accrued liabilities	3,774	-	3,774
Decrease in due to related parties	(216)	-	(216)
Net cash used in operating activities	<u>(757,630)</u>	<u>(20,784)</u>	<u>(778,414)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on exploration and evaluation assets, net	<u>(873,401)</u>	<u>20,784</u>	<u>(852,617)</u>
Net cash used in investing activities	<u>(873,401)</u>	<u>20,784</u>	<u>(852,617)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of capital stock	1,220,650	-	1,220,650
Share issue costs	<u>(43,783)</u>	<u>-</u>	<u>(43,783)</u>
Net cash provided by financing activities	<u>1,176,867</u>	<u>-</u>	<u>1,176,867</u>
<b>Change in cash during the year</b>	<b>(454,164)</b>	<b>-</b>	<b>(454,164)</b>
<b>Cash, beginning of year</b>	<u>1,126,124</u>	<u>-</u>	<u>1,126,124</u>
<b>Cash, end of year</b>	<b>\$ 671,960</b>	<b>\$ -</b>	<b>\$ 671,960</b>
<b>Cash paid during the year for interest</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the year for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NORTH ARROW MINERALS INC.****NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**15. Transition to International Financial Reporting Standards - Continued**

The Canadian GAAP statement of cash flows for the quarter ending July 31, 2010 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period	\$ (180,094)	\$ 18,916	\$ (161,178)
Items not involving cash:			
Depreciation	170	-	170
Share-based compensation	40,770	(18,916)	21,854
Write-off of exploration and evaluation assets	5,561	(5,241)	320
Changes in non-cash working capital items:			
Increase in receivables	(2,078)	-	(2,078)
Increase in prepaid expenses	(6,830)	-	(6,830)
Increase in accounts payable and accrued liabilities	11,233	-	11,233
Decrease in due to related parties	(23,411)	-	(23,411)
Net cash used in operating activities	(154,679)	(5,241)	(159,920)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on exploration and evaluation assets, net	(306,938)	5,241	(301,697)
Net cash used in investing activities	(306,938)	5,241	(301,697)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the exercise of warrants	108,150	-	108,150
Subscription receipts	116,100	-	116,100
Share issue costs	(1,650)	-	(1,650)
Net cash provided by financing activities	222,600	-	222,600
<b>Change in cash during the period</b>	(239,017)	-	(239,017)
<b>Cash, beginning of period</b>	1,126,124	-	1,126,124
<b>Cash, end of period</b>	\$ 887,107	\$ -	\$ 887,107
<b>Cash paid during the period for interest</b>	\$ -	\$ -	\$ -
<b>Cash paid during the period for income taxes</b>	\$ -	\$ -	\$ -

**NORTH ARROW MINERALS INC.**

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

JULY 31, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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**15. Transition to International Financial Reporting Standards - *Continued***

<sup>(1)</sup> – IFRS 6 requires all exploration and evaluation costs, incurred before a company has obtained legal rights to explore a specific area to be expensed in the year that they are incurred. Management has determined that under IFRS the Company's accounting policy for exploration and evaluation assets is that exploration expenditures should only be capitalized after the legal rights to explore the property have been obtained.

On transition to IFRS \$56,537 of capitalized mineral exploration costs existed at May 1, 2010 under GAAP which were capitalized before legal title was obtained. These costs have been derecognized and expensed in Deficit.

<sup>(2)</sup> – The accounting policy under IFRS 2 has been retrospectively applied to all equity instruments granted after November 7, 2002 and that have not vested at May 1, 2010.

IFRS 2 requires share-based payments to be fair valued at the grant date and charged through the statement of comprehensive loss over the vesting period using the graded method of vesting. The straight line method of amortization, used by the Company in accordance with Canadian GAAP, is disallowed. The expense of performance options under Canadian GAAP is typically recognized when the performance criteria are met and is often called "cliff vesting" where all of the expense is recognized upon satisfaction of the performance criteria. However, under IFRS the expense associated with performance options must be spread over the expected vesting period of the performance options.

<sup>(3)</sup> – On transition to IFRS, future income tax recoveries previously recognized due to flow through share issuances need to be derecognized. Consequently on May 1, 2010, \$978,667 in future income tax recoveries related to prior years were reversed.

The Company has adopted a policy under IFRS where the proceeds from the offering are to be allocated between the sale of the shares and the sale of the income tax benefit. The allocation is made based on the difference between the quoted market price of the existing shares and the amount an investor pays for the flow-through shares. This flow-through premium is recorded as a liability that is reduced when qualifying flow-through expenditures are incurred. The reduction of the flow-through liability is recognized as other income.

**16. Subsequent Events**

- a) In August 2011, the Company entered into an option agreement with Harry Winston Diamond Mines Ltd. ("Harry Winston"), and Springbok Holdings Inc. ("Springbok"), to jointly explore the Company's Lac de Gras property and Harry Winston's land holdings contiguous to the Company's property collectively, (the "JV Property"). Harry Winston 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 Harry Winston will hold a 55% interest and the Company and Springbok will share equally a 45% interest in the JV Property.
- b) On August 31, 2011, the Company received regulatory approval and closed a \$1,000,000 private placement of a convertible promissory note with Anglo-Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, who is a director of the Company. The private placement consists of a convertible note, structured as an unsecured, interest bearing loan of \$1,000,000. The term of the loan is for two years, to August 2013. Anglo-Celtic did not receive any warrants upon issuance of the convertible note, however, if the Company fails, to repay the loan in full by August 31, 2012 or if the Company and Anglo-Celtic amend or re-negotiate the terms of the loan in future, Anglo-Celtic will have the right to convert the principal amount of the note into both common shares and an equal number of warrants, such warrants being exercisable until the loan's August 31, 2013 due date. Any shares issued pursuant to the terms of this private placement will be subject to a hold period, which expires on January 1, 2012.
- c) In September 2011, the Company acquired by staking an additional 2,583 acre claim in the Contwoyto Lake area nearby existing Pan and Butterfly leases to comprise the Contwoyto Project.
- d) In August 2011, based on the results of the exploration program, the Company terminated the option agreement for its Yukon Gold Property.