

Form 51-102F1
Interim Management's Discussion and Analysis
for
North Arrow Minerals Inc. ("North Arrow" or the "Company")

Containing Information up to and including March 28, 2011

Description of Business

North Arrow Minerals Inc. is a mineral exploration company with a diversified portfolio of lithium, diamond, gold, and base metal properties located in the Northwest Territories, Nunavut, Yukon and North Carolina. Shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol NAR.

The following discussion and analysis of the Company's financial condition and results of operations for the nine months ended January 31, 2011 should be read in conjunction with the audited financial statements of the Company for the year ended April 30, 2010 together with the notes thereto. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

Forward-Looking Statements

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements

will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks, and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

Highlights for the period ended January 31, 2011 and subsequent events up to March 28, 2011:

- In March 2011, the Company announced the appointment of Mr. Brian McEwen, P. Geol. as President and Chief Operating Officer. Mr. McEwen has over thirty years of exploration and production experience, worldwide. This will allow North Arrow to pursue opportunities in new jurisdictions.
- In February 2011, the Company announced an option agreement with Chelsea Minerals Corp., allowing Chelsea the option to earn a 60% interest in North Arrow's Hope Bay Oro gold project in Nunavut. Under the terms of the agreement, Chelsea may earn up to a 60% interest in the project by making an initial cash payment of \$50,000 and spending \$5 million over a five year period. A drilling program is planned for early summer 2011.
- In February 2011, the Company acquired the DMB property, in the Daniel Moore Bay area of Nunavut. Historic reconnaissance work from the 1960's references a quartz veined shear zone up to 12 m wide and over 600 m long. Random chip sampling returned values of up to 0.12 oz/ton, (4.11g/t) over 1.5 m. A prospecting and sampling program is planned for summer 2011.

A summary of the exploration activities for the Company follows. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing priorities and exploration targets.

Exploration Update

Summary of Exploration Expense for the period ended January 31, 2011:

	April 30, 2010	Expended During The Period	Write-off of Costs and Recoveries	January 31, 2011
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	\$ 31,523	\$ 38,184	\$ (21,834)	\$ 47,873
Acquisition costs	352,982	55,927	(276,311)	132,598
Geological and assays	1,449	5,758	(645)	6,562
Office and salaries	<u>20,948</u>	<u>15,645</u>	<u>(9,757)</u>	<u>26,836</u>
	<u>406,902</u>	<u>115,514</u>	<u>(308,547)</u>	<u>213,869</u>
Lithium Properties, NWT and Nunavut				
Exploration costs	702,769	9,910	-	712,679
Acquisition costs	71,888	8,852	-	73,577
Geological and assays	18,909	429	-	19,338
Office and salaries	<u>62,402</u>	<u>9,144</u>	<u>-</u>	<u>71,546</u>
	<u>855,968</u>	<u>21,172</u>	<u>-</u>	<u>877,140</u>
Lithium Properties, USA				
Exploration costs	336,900	148,423	-	485,323
Acquisition costs	212,505	93,566	-	306,071
Geological and assays	13,015	13,057	-	26,072
Office and salaries	<u>94,223</u>	<u>29,951</u>	<u>-</u>	<u>124,174</u>
	<u>656,643</u>	<u>284,997</u>	<u>-</u>	<u>941,640</u>
Diamond Properties, NWT and Nunavut				
Exploration costs	39,238	219,386	-	258,624
Acquisition costs	14,326	8,179	-	22,505
Geological and assays	146,928	-	-	146,928
Office and salaries	<u>87,646</u>	<u>35,102</u>	<u>-</u>	<u>122,748</u>
	<u>288,138</u>	<u>262,667</u>	<u>-</u>	<u>550,805</u>
TOTAL	\$ 2,207,651	\$ 684,350	\$ (308,547)	\$ 2,583,454

Unless otherwise stated below, the Company's exploration activities are conducted under the supervision of Gordon Clarke, P.Geol. (NT&NU) Vice-President, Exploration of the Company. Mr. Clarke is considered to be a qualified person within the meaning of NI 43-101.

Gold Projects

Hope Bay ORO Project – Nunavut

The Company's 100% owned ORO gold property is located in the Hope Bay Volcanic Belt (HBVB) in Nunavut and is the only strategically located land holding in the HBVB that is not held by Hope Bay Mining Ltd. (a wholly owned subsidiary of Newmont Mining Corporation). Hope Bay Mining Ltd. estimates that current potential resources within the HBVB are approximately 9 million ounces of gold, including the Doris, Madrid and Boston deposits.

The ORO leases cover an area of 40 sq km that adjoins Hope Bay Mining Ltd.'s property with the Doris deposit located only 3.25 km to the south. The Doris deposit contains an indicated resource of 798,000 ounces of gold at a grade of 19.31 g/t and is currently being mined with ore being stockpiled until a new mill, with a startup targeted for later 2011, becomes fully operational. Mineralization at Doris occurs along a well-defined stratigraphic volcanic contact, which extends northward onto the Company's property.

The ORO leases host numerous gold showings and potentially gold bearing structures including the Elu shear zone and Wombat zone. The Elu shear is located in the north western portion of the property and has been traced over 600 m. In 1998 a limited four hole diamond drilling program was carried out. One hole returned two m of 14.3 g/t Au and six metres of 5.5 g/t Au. Surface trenching has returned 11.6 g/t Au over 1.9 m and 25 g/t Au over five metres. The Wombat zone is located in the south eastern portion of the property and has been traced over one kilometre. It has had limited drilling (6 holes) with one hole returning 40.3 g/t over 2.7 m. As well the property contains small high grade native silver deposits that were mined in the 1970's. The potential exists to find larger silver deposits in larger structures on the property.

In February 2011, an option agreement was signed with Chelsea Minerals Corp. ("Chelsea"), allowing Chelsea the option to earn a 60% interest in the ORO gold project. Under the terms of the agreement, Chelsea may earn up to a 60% interest in the project by making an initial cash payment of \$50,000 and spending \$5 million over a five year period. A minimum expenditure of \$500,000 is required in the first year.

In conjunction with entering into the Option Agreement, Chelsea has entered into a Letter of Intent with Sennen Resources Ltd ("Sennen") (TSXV: SN), which contemplates that Sennen will acquire all of the issued and outstanding shares of Chelsea by way of a share exchange. Sennen has over \$15 million in its treasury and can fund the exploration obligations for the Hope Bay ORO project without the need to raise any further capital. Completion of the Option Agreement with Chelsea and its Plan of Arrangement with Sennen remains subject to completion of a satisfactory due diligence review and receipt of all necessary regulatory and shareholder approvals, including but not limited to acceptance of the transaction by the NEX and, if required, the TSX Venture Exchange.

Management believes that the location of the ORO project, situated along strike from Hope Bay Mining's multi-million ounce gold deposits is a significant opportunity for the Company and will supplement its diamond exploration activities in northern Canada. The exploration program for the ORO project will be managed by the Company and the permitting process is underway with plans to commence drilling and surface exploration as early as possible in 2011.

DMB Project – Nunavut

The Company's DMB gold project is located adjacent to Daniel Moore Bay on the north-west side of Bathurst Inlet, Nunavut. A reconnaissance exploration program carried out by International Mine Services Ltd., in 1967 documented a quartz veined shear zone up to 12 m wide and over 600 m long. Random chip sampling returned values of up to 0.12 oz/ton, (4.11 g/t) over 1.5 m. Mineralization is described as being contained within myriad veinlets of quartz intruded along the strike of the zone. The host rocks were mapped as metasediments with local volcanics. No other sample details were given in the assessment report filed with the Mining Recorder's Office.

In February 2011, the Company was granted an exploration permit for the northeast corner of NTS 76N/12 to cover the documented mineralized shear zone. In the summer of 2011, the Company plans to visit the documented shear zone and sample it in detail.

Cal and Dotty Project – Yukon Territory

During the period ending January 31, 2011, the Company acquired an option to earn a 100% interest in the Cal and Dotty gold properties, located approximately 50 km northwest of Keno City, Yukon. The target deposit type is carbonate hosted gold mineralization similar to the newly discovered Rau (Tiger Zone) deposit of ATAC Resources Ltd., located only 70 km to the east. The Cal and Dotty claim blocks were staked to cover anomalous results from government regional stream silt samples. On the Cal claims two samples are anomalous for gold and pathfinder elements. One of the samples contains 42 ppb Au and

310 ppm Mo, 21 ppm Pb and 5 ppm W. The other contains 37 ppb Au and 21 ppm As. In the Dotty claim area a sample returned a highly anomalous gold result of 210 ppb Au, as well as 331 ppm As, 1120 ppm Mo, 1230 ppm Ni, 3.4 ppm Sb, and 140 ppm W.

In early August 2010, an initial exploration program of silt sampling, prospecting and contour soil was carried out. During the program a total of 40 rock samples, 90 stream silt samples and 43 soil samples were collected. Results have been reviewed and future plans are being considered.

The Cal (1,446 acres) and Dotty (620 acres) mineral claims were optioned from Cathro Resources Corp. (50%) and Cazador Resources Ltd. (50%), both private companies. 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. During the nine months ended January 31, 2011, the Company issued 25,000 shares to Cathro and 25,000 shares to Cazador, at a total estimated fair value of \$10,000.

Diamond Projects

Lac de Gras Project – Northwest Territories

The Lac de Gras project is located within the prolific Lac de Gras diamondiferous kimberlite field in Canada's Northwest Territories. The property directly adjoins the mineral leases that host the Diavik diamond mine, located 10 km to the north. The Ekati diamond mine is located within 40 km to the northwest. The kimberlites of the Diavik and Ekati diamond mines are among the richest diamond deposits in the world.

In early 2010, Dr. Chris Jennings carried out a comprehensive review of detailed airborne geophysical coverage for the project area using a proprietary geophysical technique. This same processing technique has been used on geophysical data collected outside of, but proximal to, the Lac de Gras property and in 2008 resulted in the discovery of diamondiferous kimberlites. From his review, Dr. Jennings selected over 70 priority targets and in February 2010 entered into an agreement to jointly explore the project area with the Company. Under the terms of the agreement, Dr. Jennings 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), conducting a review of existing geophysical magnetic data (completed), and subscribing to a \$500,400 private placement in the Company (completed in March 2010). The Company is responsible for funding the first \$1,000,800 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.

A legal survey of 32 claims totaling 81,171 acres was completed in July 2010. At the same time ground checks of 79 priority kimberlite airborne geophysical targets selected by Dr. Jennings were carried out and 19 were selected for follow up ground geophysical surveys. In September 2010, a land use permit was received from the Mackenzie Valley Land and Water Board allowing for drilling on the property. In the fall of 2010, total field magnetic and electromagnetic surveys over 29 grids covering a total of 35 airborne geophysical targets were carried out. Ground geophysical surveys over additional airborne targets are planned and the combined results will be used to prioritize and select drill targets for a follow up drill program.

Hammer Project- Nunavut

The Hammer project is located in the Coronation diamond district of Nunavut and is a joint venture between Stornoway Diamond Corporation (“Stornoway”) (75%) and the Company (25%). In July 2009, Stornoway notified the Company that a new kimberlite had been discovered on the Hammer property. Kimberlite bedrock was found within a prominent topographic low feature that is 225 m long, between 15 and 100 m wide, and has a surface expression of approximately 1 hectare. A diamond (+0.106mm) was recovered from a small sample (6.6 kg) of the discovered kimberlite bedrock.

In September 2010, ground geophysical surveys were conducted over the Hammer kimberlite. A total of 7.6 line-km of total field magnetics and 2.2 line-km of Horizontal Loop Electromagnetics (HLEM) were completed. A magnetic anomaly was detected at the center of the work area, coinciding with the observable topographic low. The magnetic anomaly is ~530nT above background and is roughly 185 m in the NW-SE direction by 65 m in the NE-SW direction. A coincident moderate response conductor was detected with the HLEM survey. The HLEM conductive response outlines an area that matches the dimensions of the magnetic anomaly. A drilling program is planned for summer 2011.

Lithium Projects – Overview

The Company is exploring for lithium in the Tin-Spodumene belt of North Carolina (Beaverdam project), as well as at the Phoenix and Torp projects in the Northwest Territories and Nunavut, respectively. The Company is currently engaged in option agreement discussions for these projects with companies focusing specifically on developing lithium prospects worldwide.

Beaverdam Lithium Project – North Carolina

In 2009, the Company initiated a lithium exploration program in the Tin-Spodumene belt of North Carolina. This area is historically the world’s largest lithium producing region and hosts the past producing Kings Mountain and Bessemer City lithium mines. The respective owners of these mines, Chemetall Foote Corporation and FMC Lithium Inc., continue to maintain and operate lithium processing and research and development facilities in the area. These facilities include FMC Lithium’s Center for Lithium Energy and Advanced Research (CLEAR), which is at the forefront of American development of rechargeable lithium ion batteries for electric vehicles and is located just 11 km from the Beaverdam project, where the Company has concluded seven option agreements with private land owners, allowing the Company to evaluate the lithium potential of approximately 420 contiguous acres. In order to maintain these option agreements in good standing into 2011, the Company made payments totaling US\$102,779 to the underlying landowners in January 2011.

During the fall of 2009 and summer of 2010, the Company completed a 19 hole (2,545 m) drill program. Highlights included 1.24% Li₂O over 13.0 m, 1.18% Li₂O over 12.0 m and 1.40% over 11.0 m. Drilling to date has confirmed the presence of numerous spodumene pegmatites within the Beaverdam property. Additional drilling is required to define the along strike and down dip continuity of the pegmatite trends identified within the property. Drilling results returned to date continue to highlight the project's potential for discovery of an American domestic lithium source.

Phoenix Lithium Project – Northwest Territories

The Company’s Phoenix project is located in the Aylmer Lake area of the Northwest Territories, approximately 60 km east of existing winter road infrastructure that services the Ekati and Diavik diamond mines. The Company has identified nine localities where spodumene-bearing pegmatite dikes are located within the 23,000 acre project area. The two most important localities are the large Big Bird and Curlew pegmatites. The Big Bird pegmatite has been mapped over a 1,200 m strike length with

observable widths up to 80 m. Channel sampling has returned assays of up to 3.13 % Li₂O over 1.60 m and drilling returned assays of up to 1.24% Li₂O over 34.3 m. The Curlew pegmatite has been mapped over a 400 m strike length with observable widths to 20 m. Surface grab samples have returned grades of up to 3.62% Li₂O and drilling returned 1.72% Li₂O over 14.87 m.

The significant surface assays and the grades and widths returned from a limited exploration work completed to date illustrate the potential for the Phoenix project area to host a number of large lithium rich pegmatites.

Exploration work on the Phoenix Project is carried out under the authority of a land use permit granted in July 2009 by the Mackenzie Valley Land and Water Board. In August 2009, the Company, along with the Attorney General of Canada, received notification that it had been named as a Respondent with respect to a Notice of Application to the Federal Court of Canada. The Applicants to the Notice, including the Yellowknives Dene First Nation and Lutsel K'e Dene First Nation, sought, among other things, the cancellation of the July 2009 land use permit and orders directing both the Canadian Government and the Company to consult with and accommodate the Applicants in respect of their rights, including their known and asserted Aboriginal and Treaty rights. The Company filed a Notice of Appearance with the Federal Court, but was not an active participant in the proceedings as it believed the matter was between the First Nation Applicants and the Federal Government. The hearing for the case took place in Yellowknife, Northwest Territories on June 24th and 25th, 2010. On November 12, 2010, a judgment finding in favour of the applicants was announced and the land use permit was quashed.

The Company takes seriously its responsibility to consult and communicate with local stake holders, including First Nations and aboriginal communities. The Company has, within its exploration project portfolio, a number of properties, including the Canoe Lake and Anialik projects, that trace their roots back to the largest industry-aboriginal exploration agreement signed in Canada. With respect to the Phoenix project permit application, the Company did not refuse to meet or consult with either of the First Nations. However, the Company did decline to pay what it considered to be unreasonable monetary requests in order to have such meetings. The Company requested reasonable meeting budgets from the First Nations, in the absence of which, and after discussions with the MVLWB, the Company submitted its application for the land use permit. The MVLWB, after referring to Indian and Northern Affairs Canada (INAC), determined that sufficient consultation had occurred and the permit was granted. Justice Phelan's judgment would indicate that MVLWB and INAC were incorrect.

The Company works within the regulatory framework of any jurisdiction in which it operates. The Company is disappointed that a regulatory framework exists in the Northwest Territories that is confusing and misunderstood by all parties including responsible government agencies. The Company looks forward to learning the results of an ongoing Federal Government review of the regulatory process in the Northwest Territories. In particular, the Company is looking for the development of a clearly documented process by which exploration projects can be permitted in a timely and cost effective manner and includes adequate consultation that is acceptable to local stakeholders and First Nations.

Subsequent to filing of the Notice, the Company has met with both First Nations with respect to a different project permit application. The Company looks forward to continuing to develop a positive and respectful dialogue and relationship with the Yellowknives Dene First Nation and Lutsel K'e Dene First Nation with respect to all of the Company's exploration projects within the Akaitcho region of the Northwest Territories.

Torp Lake Lithium Project – Nunavut

The Torp Lake project is located in Nunavut, 30 km southwest of tidewater on the Arctic coast and 245 km east southeast of the Hamlet of Kugluktuk. The project consists of two claims totaling 4,958.4 acres that are centred on the McAvoy lithium rich pegmatite.

Two rock sawn channel samples were collected in the fall of 2009 to test high concentrations of spodumene that are observable within the McAvoy pegmatite over a 110 m interval and widths of 10 to 15 m. The samples located 78 m apart returned 6.0 m grading 4.5% Li₂O and 7.0 m grading 3.3% Li₂O. These very high assay results were also associated with low iron values indicating the potential for the pegmatite as a source of premium, low iron, technical grade spodumene. Spodumene demand can be divided into two distinct markets based on end use. Chemical grade spodumene is typically used for conversion to down-stream lithium products such as lithium carbonate or lithium hydroxide, two important feedstocks for the production of lithium batteries. Technical grade spodumene is used directly in the glass, ceramic and metallurgical industries. Economic deposits of technical grade spodumene are rare and therefore command a premium price in comparison to chemical grade products. Currently, the Greenbushes mine in southwestern Australia, operated by Talison Lithium Limited ("Talison"), is the world's only source for technical grade spodumene and Talison has indicated that by 2011 it anticipates being unable to meet global demand for this product (Source: Talison 43-101 technical report dated July 26, 2010).

To evaluate the potential of the McAvoy pegmatite as a source for technical grade spodumene, the Company forwarded samples to SGS Lakefield Research Limited for a detailed mineralogical investigation. Results of the evaluation confirmed that the pegmatite is mineralogically very simple and composed primarily of spodumene (52-55%), quartz (42-43%) and Na-Feldspar (2-4%). Spodumene was estimated to carry over 99% of the lithium in the sample and liberation of spodumene was excellent at approximately 99%. Thirty-three microprobe analyses of individual spodumene grains found it to be clean of major element impurities, particularly iron and manganese. The average iron content, reported as FeO, was 0.02 weight percent (wt%) (detection limit: 0.017 wt%) and the average for manganese, reported as MnO was less than the detection limit of 0.014 wt%. These results confirmed that the McAvoy pegmatite has the potential to represent a new source of technical grade spodumene and that further evaluation of the pegmatite is required. Permitting is nearly complete for the Torp Lake project and exploration plans for the 2011 field season include ground geophysics and diamond drilling.

Other Exploration Properties

The Company maintains an interest in a number of additional, non-material exploration properties. The Company continues to review the available exploration data associated with these properties in an effort to evaluate ways to further advance these properties. Included in these properties are the Anialik and Bamako gold and the Run and Rush Lake base metal properties in Nunavut.

Results of Operations

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company currently has mineral property interests in the Northwest Territories, Nunavut, and the Yukon, Canada and North Carolina, USA.

During the period ended January 31, 2011 (the "**Current Period**"), the Company recorded a loss of \$767,002 (\$0.02 loss per share) as compared to a loss of \$604,213 (\$0.02 loss per share) for the period ended January 31, 2010 (the "**Comparative Period**").

The Company's administrative expenses of \$478,729 decreased slightly from \$517,724 in the Comparative Period. Professional fees decreased significantly (Current Period - \$58,625; Comparative Period - \$103,191) as less consulting and legal fees were incurred in the Current Period. During the Comparative Period, legal fees were incurred for the creation of a new subsidiary registered in North Carolina, as well as for property option agreements. Office, miscellaneous and rent (Current Period - \$61,037; Comparative Period - \$66,708), regulatory and filing fees (Current Period - \$9,103; Comparative Period - \$10,279), salaries and benefits (Current Period - \$124,011; Comparative Period - \$124,938) and amortization (Current Period - \$509; Comparative Period - \$727) all decreased slightly

from the Comparative Period. Stock-based compensation expense increased (Current Period - \$102,747; Comparative Period - \$90,804), as did advertising, promotion and travel (Current Period - \$122,697; Comparative Period - \$121,077) Advertising, promotion and travel includes monthly fees of US \$4,000 for the Windward Agency (up until September 2010) and monthly fees of \$6,500 for Pierre Anglos, both related to investor relations activities. In March 2011, the Company terminated its agreement with Pierre Anglos for investor relations services.

Mineral property write-offs (Current Period - \$291,125; Comparative Period - \$86,495), a non-cash expense, had the most significant impact on the Current Period loss of \$767,002. The Company recorded interest income of \$4,937 in the Current Period (Comparative Period - \$Nil) and a foreign exchange loss of \$2,085 (Comparative Period - \$Nil).

Assets increased slightly from \$3,363,074 at April 30, 2010 to \$3,379,713 at January 31, 2011, with capitalized resource property costs increasing from \$2,207,651 at April 30, 2010 to \$2,583,454 at January 31, 2011. The Company's cash decreased from \$1,126,124 at April 30, 2010 to \$696,335 at January 31, 2011. Total current liabilities decreased from \$191,837 at April 30, 2010 to \$85,863 at January 31, 2011. There was an increase in share capital from \$8,755,602 at April 30, 2010 to \$9,568,769 at January 31, 2011 due primarily to the exercise of 604,500 warrants for gross proceeds of \$108,150, gross proceeds of \$712,500 from a private placement which closed in August 2010 and the issuance of 50,000 shares pursuant to a property option agreement.

Summary of Quarterly Results

Unless otherwise noted, all currency amounts are stated in Canadian dollars

The following table sets out selected unaudited quarterly financial information The Company Minerals Inc. and is derived from the Company's unaudited quarterly consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

Quarter Ending	Revenues	Income or (Loss) from Continued Operation and Net Income (Loss)	Basic Earnings (Loss) per share ⁽¹⁾ from Continued Operation and Net Income (Loss)	Fully Diluted Earnings (Loss) per share ⁽¹⁾ - from Continued Operation and Net Income (Loss)
January 31, 2011	\$ 2,179	\$ (135,128)	\$ (0.00)	\$ (0.00)
October 31, 2010	\$ 1,962	\$ (451,780)	\$ (0.01)	\$ (0.01)
July 31, 2010	\$ 795	\$ (180,094)	\$ (0.00)	\$ (0.00)
April 30, 2010	\$ Nil	\$ (2,150,894)*	\$ (0.00)	\$ (0.00)
January 31, 2010	\$ Nil	\$ (236,563)	\$ (0.01)	\$ (0.01)
October 31, 2009	\$ Nil	\$ (235,440)	\$ (0.01)	\$ (0.01)
July 31, 2009	\$ Nil	\$ (132,210)	\$ (0.00)	\$ (0.00)
April 30, 2009	\$ Nil	\$ 75,348*	\$ (0.00)	\$ (0.00)

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

*includes a future income tax recovery of \$147,500 (April 30, 2009 - \$476,876) due to the application of EIC-146, "Flow-through Shares", during the years ended April 30, 2010 and 2009. This is a non-cash item recorded in compliance with Canadian GAAP.

Current Quarter

The Company's net loss of \$135,128 for the three months ended January 31, 2011 (the "**Current Quarter**") was less than the \$236,563 loss in the three months ended January 31, 2010 (the "**Comparative Quarter**") due to a smaller write-off of capitalized acquisition and exploration costs in the Current Quarter (Current Quarter - \$720; Comparative Quarter - \$68,698). Total administrative expenses decreased to \$137,109 in the Current Quarter as compared to \$167,865 in the Comparative Quarter. During the Current Quarter, decreases in professional fees (Current Quarter - \$10,911; Comparative Quarter - \$21,845) and stock-based compensation (Current Period - \$21,207; Comparative Period - \$36,875) had the largest impact on the decrease in expenses. Salaries (Current Quarter - \$40,990; Comparative Quarter - \$40,891), amortization (Current Quarter - \$170; Comparative Quarter - \$243), office miscellaneous and rent (Current Quarter - \$18,510; Comparative Quarter - \$23,651), advertising, promotion and travel (Current Quarter - \$44,220; Comparative Quarter - \$42,781) and regulatory and filing fees (Current Quarter - \$1,101; Comparative Quarter - \$1,579) were slightly less overall as compared to the three months ended January 31, 2010. The Company's loss per share of \$0.00 in the Current Quarter compares to a \$0.01 loss per share in the Comparative Quarter.

Risks and Uncertainties

The Company's financial condition and future prospects are significantly affected by overall economic conditions. The Company has no source of operating revenue and relies on equity financings and warrant exercises to further exploration on its properties.

The majority of the Company's expenses are denominated in Canadian Dollars so its exposure to foreign exchange risk is limited. In July 2009, the Company acquired a land position, prospective for lithium, in North Carolina, USA. Exploration activities in the US may increase the Company's risk of litigation and expose the Company to foreign exchange risk.

The majority of the Company's receivables consist of sales tax receivables due from the federal government or from other exploration companies. From time-to-time, the Company will have receivables from companies with which it has exploration agreements or options. The maximum amount of the Company's exposure to credit risk with respect to its receivables is the carrying value of those receivables as at the balance sheet date.

The Company's liquidity risk, the risk that the Company won't be able to meet its obligations as they come due, has been reduced because the Company successfully completed several equity financings in 2010. The Company's management actively monitors its cash-flow and is making decisions and plans into 2011 accordingly. Under the terms of a flow-through private placement completed in June 2009, the Company was required to spend \$500,000 on Canadian exploration expense ("CEE") on or before December 31, 2010. The Company had met this expenditure requirement as of April 30, 2010. Under the terms of a flow-through private placement completed in August 2010, the Company is required to spend \$712,500 on CEE on or before December 31, 2011.

Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the Company's ability to raise additional funds at favourable terms. Management recognizes there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

The Company's ability to generate cash is very much affected by the current market conditions, its share price and third party interest in its assets. Dilution to existing shareholders from an equity financing increases as the share price decreases. The Company has no credit facilities that could be used for ongoing operations because it has no operating cash flow. The funds that the Company does have that aren't required in the short-term for exploration or overhead expenditures are invested for up to 90 days in

Bankers' Acceptance or Bankers' Deposit Notes to reduce the Company's exposure to credit risk. The Company has no exposure to asset-backed commercial paper nor does the Company have any long-term debt.

The Company's most significant fixed costs relate to management of the company and the costs associated with maintaining a TSXV listing. The Company has sufficient financial resources to keep its material landholdings and the majority of its non-material landholdings in good standing into 2012. Furthermore, the Company has also incurred sufficient exploration expenditures on these properties to keep them in good standing with the respective provincial and territorial governments into 2012 as well. The flow-through funds raised in August 2010 can be spent up to December 31, 2011. The Company's management actively manages its landholdings in an effort to keep those landholdings with the greatest exploration potential in good standing for as long as possible. The Company's management regularly reviews its cash position against future plans and makes decisions regarding these plans accordingly.

Liquidity and Capital Resources

Working capital as at January 31, 2011 was \$710,642 as compared to working capital of \$961,322 at April 30, 2010. Cash decreased by \$429,789 in the Current Period (Comparative Period – \$151,735), to \$696,335 as at January 31, 2011 (Comparative Period - \$48,751). Cash flow used for operations was \$450,480 (Comparative Period - \$216,737) while cash flows from financing activities increased the Company's cash position by \$776,867 (Comparative Period - \$1,312,971). During the Current Period, 604,500 common shares were issued upon exercise of warrants for gross proceeds of \$108,150 and the Company received gross proceeds of \$712,500 for a private placement which closed in August 2010. A description of the financing completed during the Current Period can be found under the heading "Financings" below.

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Period, the Company spent \$756,177 to acquire and explore its mineral property interests (Comparative Period - \$1,247,969).

As at January 31, 2011, the Company had 3,315,000 outstanding stock options with exercise prices that range from \$0.19 to \$0.40 and 11,212,917 warrants with exercise prices ranging from \$0.10 to \$0.32. During the Current Period, a total of 4,659,500 warrants expired on June 1, 2010 without exercise while 604,500 warrants were exercised prior to the expiry date, which increased the Company's working capital by \$108,150.

Financings

In August 2010, the Company completed a non-brokered private placement of 3,958,333 flow-through units (the "FT Units") at a price of \$0.18 per FT unit, for total gross proceeds of \$712,500. Each FT unit consisted of one flow-through common share of the Company and one-half of one non-flow-through common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company until August 20, 2011 at a price of \$0.25 per share. As part of this private placement, the Company paid finder's fees of \$38,220.

The Company expects that additional financings will be required to continue to further exploration efforts at its various exploration properties and to maintain its listing on the TSXV. In the interim, the Company is seeking to maximize the results received from its exploration efforts, to minimize variable expenses to the extent possible and to seek joint venture partners to continue to further exploration of its mineral properties.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at March 28, 2011, there were 52,658,378 common shares issued and outstanding. As at March 28, 2011 the Company had the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	54,000	\$ 0.25	September 15, 2011
	148,000	\$ 0.25	March 29, 2012
	1,125,000	\$ 0.40	August 7, 2012
	1,410,000	\$ 0.20	June 4, 2014
	200,000	\$ 0.30	September 2, 2014
	150,000	\$ 0.19	March 26, 2015
	150,000	\$ 0.25	March 26, 2015
	<u>3,240,000</u>		
Warrants	1,390,000	\$ 0.30	September 26, 2011*
	2,740,500	\$ 0.30	April 20, 2011*
	1,979,167	\$ 0.25	August 20, 2011
	<u>6,109,667</u>		

*On March 25, 2011, the Company received regulatory approval to extend the expiry date of 1,390,000 warrants by six months, from March 26, 2011 to September 26, 2011. The Company is seeking regulatory approval to extend the expiry date of 2,740,500 warrants by six months, from April 20, 2011 to October 20, 2011. All other terms and conditions of the warrants, including the \$0.30 exercise price, remain the same.

Transactions with Related Parties

Related party transactions disclosed in Note 6 of the interim consolidated financial statements for the period ended January 31, 2011 are as follows:

RELATED PARTY TRANSACTIONS

- a) During the period ended January 31, 2011, the Company paid or accrued \$105,763 (January 31, 2010- \$95,485) for shared technical services and rent to Strongbow.
- b) During the period ended January 31, 2011, the Company paid or accrued \$18,183 (January 31, 2010- \$23,333) for administrative and accounting services to Stornoway.
- c) During the period ended January 31, 2011, the Company paid \$NIL (January 31, 2010 - \$7,350) for technical services to a private company controlled by a director.

	<u>January 31, 2011</u>	April 30, 2010
Strongbow, a company with two common directors and a common officer	13,306	28,364
Stornoway Diamond Corporation (“Stornoway”), a company with a common officer	3,154	7,301
Directors	<u>29,933</u>	<u>40,945</u>
	<u>46,393</u>	<u>76,610</u>

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the potential impairment of long-lived assets, estimated costs associated with reclamation of exploration properties and the determination of stock-based compensation and future income taxes. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting policies upon which the Company depends are those requiring estimates of impairment, assumptions about fair value and future income taxes.

Impairment of long-lived assets

The Company's management reviews the carrying value of the Company's long-lived assets when there are events or circumstances that may indicate impairment.

The Company uses the guidance set out in AcG-11 as the basis for determining whether its mineral properties should be written off. Paragraph 16 AcG-11 sets out factors that may indicate the need for a write-down:

- a) unfavourable changes in the property or project economics;
- b) an inability to access the site;
- c) environmental restrictions on development;
- d) an inability to create an efficient distribution mechanism; and
- e) political instability of the region in which the property is located.

Paragraph 18 AcG-11 states: "In addition to the above general presumption, there should be a presumption of impairment in the carrying amount of property, plant and equipment and intangible assets of enterprises in the development stage engaged in extractive operations when any of the following conditions exist:

- a) the enterprise's work program on a property has significantly changed so that previously identified resource targets or work programs are no longer being pursued;
- b) exploration results are not promising and no more work is being planned for the foreseeable future; or
- c) remaining lease terms are insufficient to conduct necessary studies or exploration work.

Using these conditions as a guideline for estimating whether an impairment exists on its mineral properties and based on the Company's plan to further evaluate and advance these properties by analyzing results received to-date, management has determined that as of January 31, 2011 capitalized exploration and acquisition costs of \$291,125, mostly related to the Canoe Lake Property in Nunavut, should be written off. The Company informed Canadian Natural Resources that the option to purchase two mining leases would not be exercised.

Stock-based compensation

The Company's current market price and the volatility of the Company's market price will affect the estimates made for stock-based compensation. The volatility of the Company's stock price and the stock price at the grant date have the most significant impact on the estimate of fair value of stock-based compensation.

Recent Accounting Pronouncements

Business combinations

In January 2009, the CICA issued the new handbook Section 1582 - *Business Combinations* (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Section 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after May 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning May 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

International financial reporting standards

The Canadian Accounting Standards Board recently confirmed that IFRS will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions. The Company will be required to prepare fully IFRS compliant financial statements for the year ended April 30, 2012, with the first interim financial statements prepared under IFRS for the three-month period ended July 31, 2011.

The Company’s conversion plan consists of four phases: scoping and planning, detailed assessment, implementation and post implementation. The Company has completed the scoping and planning stage and is now in the detailed assessment stage. The Company has not commenced the implementation and the post implementation stages. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. IFRS education and reports to the Audit Committee commenced in calendar 2009 and continues to be ongoing.

Expected Areas of Significance

Standard	Description
Share based payments (IFRS 2)	IFRS requires that graded vesting be used for share options grants (previously Canadian GAAP permitted straight-line amortization), and that each installment should be treated as a separate share option grant and an estimated fair value must be calculated at each vesting date. This is not expected to have a material change upon transition to IFRS.
Exploration for and evaluation of mineral resources (IFRS 6)	The Company currently capitalizes all acquisition, exploration and evaluation costs as assets therefore, there is no expected change upon transition to IFRS.
Property, plant and equipment (IAS 16)	The Company will continue to record its property, plant and equipment assets at cost, less accumulated amortization. IFRS requires that part of an item of PPE with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. Management does not expect that there will be a change upon transition to IFRS.
Asset impairment (IAS 36)	The Company’s exploration assets are the Company’s most significant long-lived asset and must be reviewed for impairment when circumstances suggest that their carrying values may be impaired. The adoption of this standard is not expected to

	have a material change on the Company's financial reporting.
Income taxes (IAS 12)	Management is currently evaluating how the adoption of this standard will impact the Company.

As the detailed assessment phase is currently ongoing, the summaries above should not be considered as a complete list of the standards or changes that will result from the Company's transition to IFRS. These summaries are intended to highlight the areas identified to-date by management where the conversion to IFRS is expected to have the most significant impact. It should be noted that management's assessment of the impact of certain differences between Canadian GAAP and IFRS is still in progress and there are a number of decisions remaining where choices of accounting policies are available. Quantification of the impact of transitioning to IFRS will form part of the detailed assessment phase, which is currently ongoing.

Next Steps

The detailed assessment phase is currently underway and requires management to undertake an in-depth technical analysis to develop an understanding of the potential impacts and to quantify those impacts resulting from the adoption of IFRS; to make recommendations for accounting policy choices and to then draft accounting policies under IFRS. In addition, this phase will result in the identification of additional resource and training requirements and the processes for preparing financial statements, establishing IT system requirements and preparing detailed transition plans. The Company is currently working on this phase and management expects that a detailed technical analysis should be finished by the middle of 2011.

During the implementation phase, IFRS compliant financial statements and notes will be drafted and an opening balance sheet as at May 1, 2010 will be prepared. In addition, management will continue its review and assessment of the impact of transition on the Company's existing internal controls over financial reporting, its disclosure controls and its information technology and data systems. The last phase of post-implementation will involve monitoring of changes in IFRS and assessing the impact of those changes on the Company's reporting.

Off-Balance Sheet Arrangements

Not applicable.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in the Company's Statement of Operations and Deficit and the Mineral Properties Notes contained in its interim Consolidated Financial Statements for the nine months ended January 31, 2011 and January 31, 2010 and its audited Consolidated Financial Statements for the years ended April 30, 2010 and 2009. These statements are available on its SEDAR Page Site accessed through www.sedar.com.

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com and is available on the Company's website at www.northarrowminerals.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.