

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

Containing Information up to and including July 28, 2010

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 and North Carolina. Shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol NAR.

The Company was incorporated by Strongbow Exploration Inc. ("Strongbow") under the Canada Business Corporations Act ("CBCA") on February 27, 2007 to facilitate a Plan of Arrangement with Strongbow as described in an Arrangement Agreement dated March 29, 2007. On May 9, 2007 the Company completed the Plan of Arrangement with Strongbow. As required under the Plan of Arrangement, North Arrow listed its shares on the TSXV and commenced trading on May 10, 2007 under the symbol NAR. Strongbow continues to hold 4,819,609 shares of North Arrow, representing a 10.9% shareholding. The consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Carolina Lithium Inc. ("Carolina Lithium").

The following discussion and analysis of the Company's financial condition and results of operations for the year ended April 30, 2010 and, 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.

Overview –General

This Management Discussion & Analysis contains certain forward-looking information. When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects and goals for the Company and therefore involve inherent risks and uncertainties. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements.

Highlights for the Year ended April 30, 2010 and subsequent events up to July 28, 2010:

- The Company concluded seven option agreements with private landowners to evaluate the lithium potential of approximately 420 contiguous acres in the Beaverdam Creek area of the tin-spodumene belt of North Carolina. The Company subsequently completed a twelve-hole exploration drill program. Highlight results included 1.24% Li₂O over 13.0 m and 1.18% Li₂O over 12.0 m.
- In July 2009, Stornoway Diamond Corporation ("Stornoway") notified the Company that a new kimberlite had been discovered on the Hammer property which is a joint venture between North Arrow (25%) and Stornoway (75%). Kimberlite bedrock was found within a prominent topographic low feature that is 225m long, between 15 and 100m wide, and has a surface expression of approximately 1 hectare.

- In August 2009, the Company completed a seven hole (682 m) drilling program at the Phoenix lithium project, NT. Highlight results include 1.24% Li₂O over 34.3 m from the Big Bird pegmatite and 1.72% Li₂O over 14.87 m from Curlew pegmatite.
- In August 2009, the Company completed a channel sampling program on the McAvoy pegmatite located within North Arrow's Torp Lake lithium project area, NU. Rock sawn channel samples returned 6.0 m grading 4.5% Li₂O and 7.0 m grading 3.3% Li₂O.
- In September 2009, North Arrow appointed Blair Murdoch to its board of directors, increasing the number of directors to five, and the number of independent directors to three.
- In January 2010, the Company amended the terms of the Hay Duck project agreement, NT. The amended terms allowing for the deferment of certain cash payments to the property vendor. The Company issued 50,000 common shares to the property vendor in February 2010 as partial consideration for a cash payment due in January 2010.
- In February 2010, the Company announced an agreement with Dr. Chris Jennings to jointly explore the Company's Lac de Gras diamond property, NT. Dr. Jennings can earn a 50% interest in the Lac de Gras property by paying the costs associated with converting the property's mineral claims to mining leases, including the first year's rental fees, and conducting a review of existing geophysical magnetic data using a proprietary processing technique.
- In April 2010, the Company recommenced drilling program at its Beaverdam lithium project. Highlights from this seven hole, 1,310 m program included 1.14% Li₂O over 9.95 m, and 1.09% Li₂O over 11.3 m from the previously untested eastern pegmatite trend.
- In July 2010, the Company began the legal survey of 32 of the mineral claims comprising the Lac de Gras diamond property.
- The Company completed three non-brokered unit private placements raising a total of \$1,972,410 as well as a non-brokered \$500,000 flow-through unit private placement.
- In July 2010, the Company announced a non-brokered private placement of 2,000,000 flow-through units (the "FT Units") at a price of \$0.18 per FT unit for potential gross proceeds of up to \$360,000, subject to receipt of the required regulatory approvals. The proceeds from the financing will be used primarily to advance the Lac de Gras diamond project.

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 year ended April 30, 2010:

	April 30, 2009	Expended During The Year	Write-off of Costs and Recoveries	April 30, 2010
Gold and Base Metal Properties, NWT and Nunavut				
Exploration costs	\$ 893,065	\$ 15,157	\$ (876,699)	\$ 31,523
Acquisition costs	595,889	39,052	(281,959)	352,982
Geological and assays	263,650	-	(262,201)	1,449
Office and salaries	775,883	4,633	(759,568)	20,948
	<u>2,528,487</u>	<u>58,842</u>	<u>(2,180,427)</u>	<u>406,902</u>
Lithium Properties, NWT and Nunavut				
Exploration costs	139,159	563,610	-	702,769
Acquisition costs	21,134	50,754	-	71,888

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Geological and assays	3,197	15,712	-	18,909
Office and salaries	<u>26,745</u>	<u>35,657</u>	-	<u>62,402</u>
	<u>190,235</u>	<u>665,733</u>	-	<u>855,968</u>
Lithium Properties, USA				
Exploration costs	4,454	332,446	-	336,900
Acquisition costs	-	212,505	-	212,505
Geological and assays	-	13,015	-	13,015
Office and salaries	<u>371</u>	<u>93,852</u>	-	<u>94,223</u>
	<u>4,825</u>	<u>651,818</u>	-	<u>656,643</u>
Diamond Properties, NWT and Nunavut				
Exploration costs	33,767	5,471	-	39,238
Acquisition costs	21,274	600	(7,548)	14,326
Geological and assays	146,436	492	-	146,928
Office and salaries	<u>78,397</u>	<u>9,249</u>	-	<u>87,646</u>
	<u>279,874</u>	<u>15,812</u>	<u>(7,548)</u>	<u>288,138</u>
TOTAL	<u>\$ 3,003,421</u>	<u>\$ 1,392,205</u>	<u>\$ (2,187,975)</u>	<u>\$ 2,207,651</u>

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.

Lithium Projects – Overview

The Company is currently exploring for lithium in the Tin-Spodumene belt of North Carolina (Beaverdam project), as well as the Phoenix and Torp projects in the Northwest Territories and Nunavut, respectively. The Company also continues to pursue additional lithium project opportunities in North America.

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.

Initial prospecting, mapping and drilling identified up to 37 spodumene-bearing pegmatite bodies within a 1.7 km by 1.0 km area. In the fall of 2009, a twelve-drill hole (1,235 m) diamond drilling program was carried out, testing nine of these pegmatite bodies. All twelve drill holes intersected lithium bearing pegmatites, with reported assays including 1.54% Li₂O over 4.67 m and 1.24% Li₂O over 13 m.

The Company subsequently carried out a seven hole (1,310 m) from April to June of 2010. Drill holes 10-BD-13 through 10-BD-15 were drilled along a 500 m strike length of the eastern pegmatite trend. All holes were drilled at an angle of -45 degrees and each encountered between 4 and 6 mineralized pegmatites exceeding 2 m in width with highlight intervals including 1.14% Li₂O over 9.95 m starting at 116.9 m in 10-BD-13 and 1.09% Li₂O over 11.3 m starting at 193.25 m in 10-BD-14.

Drill holes 10-BD-16 through 10-BD-18 tested the central pegmatite trend along the same east-west section. Each hole was drilled at an angle of -45 degrees and encountered between six and eight pegmatite

dykes exceeding 2 metres in width. Highlight intervals include 10-BD-17 which encountered 1.43% Li₂O over 10.97 m starting at 63.1 m, including 2.74% Li₂O over 1.9 m starting at 72.1 m.

The final hole of the program (10-BD-19) tested a well exposed pegmatite in the central part of the property but failed to hit the target at depth. It is possible the pegmatite mapped at surface is faulted off or dipping in the opposite direction. Further drilling is required.

The current drilling program 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. 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 drilling program (682 m in seven holes in the summer of 2009) illustrate the potential for the 23,026 acre 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, seek, among other things, the cancellation of the July 2009 land use permit and orders directing both the Canadian Government and North Arrow to consult with and accommodate the Applicants in respect of their rights, including their known and asserted Aboriginal and Treaty rights. The Company has filed a Notice of Appearance with the Federal Court, however the Company is not an active participant in the proceedings as it believes the matter to be resolved is 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. Judgment is pending.

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 contain 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 of the McAvoy pegmatite as a source of a high quality technical grade spodumene product. The Company is having samples of the pegmatite evaluated to determine the quality of the spodumene. Pending results of this evaluation further exploration of the property may be warranted and would include testing the down

dip and additional along strike potential of the McAvoy pegmatite using ground geophysical surveys and drilling.

Diamond, Gold, and Base Metal 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 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, paying the first year's rental fees for the mining leases, and conducting a review of existing geophysical magnetic data. The Company will be 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. Dr. Jennings participated in the March 2010 non-brokered private placement, purchasing 2,780,000 units at \$0.18/unit (see "Financings" below).

A legal survey of 32 claims totaling 80,420.5 acres is underway, to take the claims to mining lease status. Permit issuance is expected within 42 days of the acceptance date. If the permit is issued at this time, it would allow for an early September diamond drilling program of 1,500 m comprised of approximately ten to twelve targets which have been prioritized by the August ground geophysical program. Additional work planned for 2010 will include ground geophysics and drilling of selected targets.

Hammer Project- Nunavut

The Hammer project is located in the Coronation diamond district of Nunavut and is a joint venture between Stornoway (75%) and the Company (25%). In July 2009, Stornoway Diamond Corporation ("Stornoway") notified the Company that a new kimberlite had been discovered on the Hammer property which is a joint venture between North Arrow (25%) and Stornoway (75%). Kimberlite bedrock was found within a prominent topographic low feature that is 225m long, between 15 and 100m wide, and has a surface expression of approximately 1 hectare. Previous work has discovered kimberlite outcrop associated with a large (1 hectare) topographic low. A diamond (+0.106mm) has been recovered from a small sample of the kimberlite (6.6 kg) collected when the kimberlite was discovered in 2008. A ground geophysical program is planned for the summer of 2010. Stornoway is the project operator.

Canoe Lake Project - Nunavut

The Canoe Lake Project is located in the High Lake volcanic belt, approximately 190 km south southeast of Kugluktuk and 25 km south of the High Lake base metal deposit. The Canoe Lake Project is under option to Minerals and Metals Group ("MMG") and hosts a number of mineral occurrences including the Canoe Lake base metal and Bamako gold showings.

In the fall of 2009, drilling was carried out in the Canoe Lake area by MMG on one of a series of conductors interpreted from a 2008 time domain electromagnetic ground geophysical survey. Drilling

intersected stringer sulphide mineralization and alteration indicative of hydrothermal fluid movement representing volcanogenic massive sulphide deposition systems. A number of other geophysical targets including a response coincident with the original Canoe Lake showing remain to be tested.

Under the terms of the option agreement, MMG could earn a 70% interest in the property by spending \$3 million prior to December 2010. MMG has not fulfilled expenditure requirements, and has notified the Company that it does not plan to carry out additional work in 2010. The Company is currently evaluating plans for this Project.

Hay Duck Project – Northwest Territories

On May 29, 2008, the Company and 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, required staged cash payments totalling \$500,000 over five years (\$17,500 previously paid by Strongbow). 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.

In April 2009, the terms of the third party option agreement were amended and the Company issued 50,000 common shares at a value of \$7,500 in May 2009 as partial consideration for a \$25,000 cash payment due under the terms of the agreement. The Company was required to make the remaining cash payment of \$17,500 by January 1, 2010. In January 2010, the terms of the April 2009 agreement were amended. The amended agreement postpones the due dates of 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.

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 Hope Bay Gold property in Nunavut, and the Anialik and Rush Lake base metal properties in Nunavut.

Investor Relations

In September 2009, the Company retained the services of the Windward Agency to provide assistance with Company's Investor Relations and Public Relations efforts, at a rate of \$4,000 US per month. The agreement may be terminated with two weeks written notice.

Effective April 1, 2010, the Company retained the services of Pierre Anglos, to provide investor relation services at a monthly fee of \$6,500 per month, for an initial term of six months, with a firm commitment for three months (the "Guaranteed Period"). Upon completion of the Guaranteed Period, the agreement can be terminated with fifteen days advance written notice. The Company also granted 300,000 stock options to Pierre Anglos, pursuant to the terms of its stock option plan. The options are exercisable until

March 26, 2015; 150,000 options are exercisable at \$0.19 and the remaining 150,000 options are exercisable at \$0.25.

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 and Nunavut, Canada and North Carolina, USA.

During the year ended April 30, 2010 (the "Current Year"), the Company recorded a loss of \$2,755,107 (\$0.08 loss per share) as compared to a loss of \$3,096,012 (\$0.14 loss per share) for the year ended April 30, 2009 (the "Comparative Year"). The main reason for this difference is a \$1,049,561 decrease in the write-off of mineral properties (Current Year - \$2,180,427; Comparative Year - \$3,229,988). Mineral property write-offs of \$2,180,427 during the Current Year relate mainly to the Anialik property (\$2,078,588) and other non-material properties in NWT and Nunavut (\$101,839), where no exploration programs of significance are planned for the foreseeable future or have been carried out in the last three years. In the Comparative Year, the majority of the write-off relates to capitalized costs for the Pale 1 mineral claim (part of the Silvertip property).

The Company's administrative expenses of \$722,180 increased from \$345,212 in the Comparative Year. Professional fees (Current Year - \$121,454; Comparative Year - \$17,504), and advertising, promotion and travel (Current Year - \$160,391; Comparative Year - \$45,189) had the largest impact on this increase, followed by increases in salaries and benefits (Current Year - \$187,912; Comparative Year - \$101,483), office, miscellaneous and rent expense (Current Year - \$97,324; Comparative Year - \$64,663) and stock-based compensation (Current Year - \$130,276; Comparative Year - \$99,398). In general, administrative expenses have increased as the Company's corporate activity levels have increased. Professional fees are significantly higher as compared to the Comparative Year due to legal fees for a number of property option agreements, and the creation of a U.S. subsidiary, Carolina Lithium Inc. Advertising, promotion and travel includes monthly fees of US \$4,000 for the Windward Agency (effective September 2009) and monthly fees of \$6,500 for Pierre Anglos (effective April 2010). Salaries and benefits are significantly higher as compared to the Comparative Year due to more corporate time as a result of several financings completed during the year.

Assets increased from \$3,255,711 at the April 30, 2009 year-end to \$3,363,074 at April 30, 2010 with capitalized resource property costs decreasing from \$3,003,421 at the April 30, 2009 year-end to \$2,207,651 at April 30, 2010. The Company's cash increased from \$200,486 at the April 30, 2009 year-end to \$1,126,124 at April 30, 2010. Total current liabilities increased from \$104,856 at the April 30, 2009 year-end to \$191,837 at April 30, 2010 and consist primarily of exploration related payables and amounts due to related parties (Current Year - \$76,610; Comparative Year - \$45,184). There was an increase in share capital from \$6,137,617 at the April 30, 2009 year-end to \$8,755,602 at April 30, 2010 due to a number of private placements during the year. In total, the Company issued 15,467,500 common shares for gross proceeds of \$2.5 million. A further 2,427,250 common shares were issued upon exercise of warrants for gross proceeds of \$368,000.

Selected Annual Information

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

The following table summarizes selected financial data for North Arrow Minerals Inc. for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, and their related notes.

	Year Ended April 30, 2010	Year Ended April 30, 2009	Year Ended April 30, 2008
Total revenue	\$ Nil	\$ Nil	\$ Nil
General and administrative expenses, net	\$ 722,180	\$ 345,212	\$ 604,138
Write off of mineral properties	\$ 2,180,427	\$ 3,229,988	\$ Nil
Loss from continuing operations:			
- In total	\$ 2,902,607	\$ 3,572,888	\$ 281,292
- Basic and diluted loss per Share	\$ 0.08	\$ 0.16	\$ 0.01
Net loss:			
- In total	\$ 2,755,107	\$ 3,096,012	\$ 281,292
- Basic and diluted loss per Share	\$ 0.08	\$ 0.14	\$ 0.01
Total Assets	\$3,363,074	\$3,255,711	\$6,993,456
Total long-term financial liabilities	\$Nil	\$Nil	\$476,876

The Company has no source of operating revenue.

The Company has no long-term debt and raises funds for exploration programs and general working capital from equity financings and the exercise of warrants. During the year ended April 30, 2010, the Company financed a significant portion of its exploration programs from the sale of common shares.

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 North Arrow 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)
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
January 31, 2009	\$ 202	\$ (1,893,458)	\$ (0.09)	\$ (0.09)
October 31, 2008	\$ 2,064	\$ (1,181,306)	\$ (0.05)	\$ (0.05)
July 31, 2008	\$ 6,304	\$ (96,596)	\$ (0.00)	\$ (0.00)

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

*includes a future income tax recovery of \$147,500 (2009 - \$476,876) due to the application of EIC-146, "Flow-through Shares", during the year-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 \$2,150,894 in the three months ended April 30, 2010 (the "**Current Quarter**") compares to net income of \$75,348 in the three months ended April 30, 2009 (the "**Comparative Quarter**") due to a larger write-off of mineral properties (Current Quarter - \$2,093,932; Comparative Quarter - \$325,393), and a lower FIT recovery (Current Quarter - \$147,500; Comparative Quarter - \$476,876). Total administrative expenses increased to \$204,456 in the Current Quarter, as compared to \$69,876 in the Comparative Quarter. The increase in administrative expenses is a reflection of greater activity levels (investor relation conferences, new exploration agreements, creation of a US subsidiary) in the Current Quarter. Loss per share of \$0.00 in the Current Quarter is consistent with the earnings per share of \$0.00 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 Company's corporate and administrative expenses cannot be financed with "flow-through" dollars (restricted for use on "grass-roots" exploration at the Company's Canadian mineral properties) so the Company's management is making decisions with a view to preserving its "hard dollars" for as long as possible. 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. 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 for the rest of 2010 and 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. The Company's mineral properties are all in good standing and the Company has sufficient financial resources to keep those properties in good standing into 2011. The Company regularly reviews its landholdings with a view to reducing or consolidating those landholdings to focus on specific areas of interest and exploration potential.

The Company has no long-term debt and, as of the report date, the Company has positive working capital, which will be used to continue operations and conduct exploration programs on the Company's properties

over the next year. The most significant expenditures facing the Company in 2010 are those costs associated with maintaining a TSXV listing and the cost of exploring its lithium properties; the Company has only one full-time employee. As of July 28, 2010, the Company has sufficient financial resources for its corporate and administrative expenditures for the next twelve months.

Liquidity and Capital Resources

Working capital as at April 30, 2010 was \$961,322 as compared to working capital of \$144,200 at April 30, 2009. Cash increased by \$925,638 in the Current Year (Comparative Year – decreased by \$2,065,311), to \$1,126,124 as at April 30, 2010 (Comparative Year - \$200,486). Cash flow used for operations was \$527,594 (Comparative Year - \$272,785) while cash flows from financing activities increased the Company's cash position by \$2,775,463 (Comparative Year - \$200,000). During the Current Year, the Company issued 15,467,500 common shares for gross proceeds of \$2.5 million. A further 2,427,250 common shares were issued upon exercise of warrants for gross proceeds of \$368,000. A description of the financings completed during the Current Year 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 Year, the Company spent \$1,322,231 to acquire and explore its mineral property interests (Comparative Year - \$1,992,526). The majority of the Company's expenditures in the Current Year were on its lithium properties in the Northwest Territories, Nunavut and in North Carolina. In the Comparative Year, the Company conducted a much larger exploration program on the Silvertip Project, NU.

As at April 30, 2010, the Company had 3,324,500 outstanding stock options with exercise prices that range from \$0.18 to \$0.40 and 14,497,750 warrants with exercise prices ranging from \$0.10 to \$0.32. A total of 733,750 warrants expired on July 19, 2009 while 2,391,250 warrants were exercised prior to the expiry date, which increased the Company's working capital by \$359,000.

Financings

In June 2009, the Company completed a non-brokered private placement of 5,000,000 flow-through units ("FT Units") at a price of \$0.10 per FT Unit, for gross proceeds of \$500,000. Each FT Unit consisted of one flow-through common share and one common share purchase warrant. Each warrant is transferable and can be exercised to acquire one common share at a price of \$0.20 per share until June 1, 2010. The Company paid certain finders a fee by the issuance of a total of 240,000 common shares, which represented 6% of the gross proceeds from the sale of FT Units. The Company also issued 300,000 warrants to the finders. Each finder's warrant was exercisable to acquire one common share of the Company at \$0.15 per share until June 1, 2010 and a total of 255,000 warrants were exercised prior to the expiry date. Expenditures from the shares will constitute Canadian exploration expense ("CEE") (as defined in the Income Tax Act) and will be renounced to the subscribers of this private placement for the 2009 tax year.

In August 2009, the Company completed a non-brokered private placement of 2,206,500 units at a price of \$0.22 per unit, for gross proceeds of \$485,430. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of the Company. A total of 1,045,750 warrants will expire on February 21, 2011 and 57,500 warrants will expire on February 26, 2011. All warrants are exercisable at a price of \$0.32 per share. Proceeds from this private placement were used to advance the Company's lithium exploration projects in the US and for general working capital. As part of this private placement, the Company paid a finder's fee of \$12,717.

In January 2010, a private company controlled by a director loaned the Company \$100,000 for short-term working capital. In February 2010, the private company loaned the Company an additional \$100,000

bringing the total owed to \$200,000. This amount was evidenced by a promissory note, was unsecured, was not interest bearing and was due March 31, 2010. The Company re-paid the amount in full.

On March 26, 2010, the Company completed a non-brokered private placement of 2,780,000 units at a price of \$0.18 per unit for total gross proceeds of \$500,400. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company until March 26, 2011 at a price of \$0.30 per share. The shares issued as part of this private placement and any shares issued upon exercise of the warrants are subject to a hold period until July 27, 2010.

On April 20, 2010, the Company completed a non-brokered private placement of 5,481,000 units at a price of \$0.19 per unit, for total gross proceeds of \$986,580. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of the Company until April 20, 2011 at a price of \$0.30 per share. The common shares issued as part of this private placement and any common shares issued upon the exercise of the warrants are subject to a hold period until August 21, 2010.

In July 2010, the Company announced a non-brokered private placement of up to 2,000,000 flow-through units (the "FT Units") at a price of \$0.18 per FT unit. Each FT unit will consist of one flow-through common share of the Company and one half of one non-flow-through share purchase warrant. A full warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.25 for a period one year from the closing date. The private placement and any finder's fee payable, including any common shares or finder's warrants issued as part of the finder's fee, are subject to certain conditions, including regulatory acceptance.

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. Fewer dollars are available for investment in the current equity markets. However, recent emphasis on finding "green" energy sources has generated an interest in lithium prospects and the Company is actively exploring for lithium at several of its projects. 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 salary expense for its one full-time employee 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 2011. 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 2011 as well. All flow-through funds raised in 2009 have been expended as of April 30, 2010. 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.

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 July 28, 2010, there were 44,650,045 common shares issued and outstanding. As at July 28, 2010 the Company had the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	2,000	\$ 0.25	September 23, 2010
	78,000	\$ 0.25	March 16, 2011
	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
	3,317,000		
Warrants	1,045,750	\$ 0.32	February 21, 2011
	4,000,000	\$ 0.10	February 26, 2011
	57,500	\$ 0.32	February 26, 2011
	1,390,000	\$ 0.30	March 26, 2011
	2,740,500	\$ 0.30	April 20, 2011
		9,233,750	

Transactions with Related Parties

Related party transactions disclosed in Note 7 of the audited consolidated financial statements for the years ended April 30, 2010 and 2009 are as follows:

	April 30, 2010	April 30, 2009
Strongbow, a company with two common directors and a common officer	\$ 28,364	\$ 17,026
Stornoway, a company with a common officer	7,301	514
Directors	40,945	27,644
	\$ 76,610	\$ 45,184

- a) During the year ended April 30, 2010, the Company paid or accrued \$133,982 (2009 - \$61,212) for shared technical services and rent to Strongbow. As at April 30, 2010, Strongbow owned approximately 10.94% (2009 – 18.67%) of the Company's issued and outstanding shares.

- b) During the year ended April 30, 2010, the Company paid or accrued \$31,072 (2009 - \$13,181) for administrative and accounting services to Stornoway.
- c) During the year ended April 30, 2010, the Company paid \$7,350 (2009 - \$1,512) for technical services to a private company controlled by a director.

Promissory Note Payable

In January 2010, a private company controlled by a director loaned the Company \$100,000 for short-term working capital. In February 2010, the private company loaned the Company an additional \$100,000 bringing the total owed to \$200,000. This amount was evidenced by a promissory note and was unsecured, bearing no interest and was due on March 31, 2010 (paid).

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

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.

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.

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 April 30, 2010 capitalized exploration and acquisition costs of \$2,078,588 for the Anialik property and \$101,839, which relate to various non-material properties in NWT and Nunavut, should be written off because no exploration programs of significant are planned for the foreseeable future.

Changes in Accounting Policies

Goodwill and intangible assets

The Company adopted the CICA recommendations pertaining to goodwill and intangible assets (Section 3064), which establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The adoption of this section did not have a significant impact on the Company's consolidated financial statements.

Amendment to Financial Instruments – Disclosures

In June 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures" to require enhanced disclosure about the fair value assessments of the financial instruments. The new disclosures are based on a fair value hierarchy that categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate the fair values. The fair value of assets and liabilities included in level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data. The adoption of this revised section did not result in a material impact on the Company's consolidated financial statements.

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 February 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 February 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.

First-Time Adoption of IFRS

"First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The most significant IFRS 1 exemptions that are expected to apply to the Company upon adoption are summarized as follows:

1. Use the mandatory IFRS 1 election for estimates. 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;
2. Choose the IFRS 1 election for IFRS 2 – Share-Based Payments, which allows an exemption from retroactive restatement of equity instruments granted after November 2, 2002, but vested prior to transition;
3. Choose not to use the IFRS 1 election for IAS 16 – Property, Plant and Equipment, which allows an entity to measure an item of PPE at its fair value at the date of transition and use that fair value as its deemed cost;
4. Choose to use the IFRS 1 election for IFRIC 1 – Changes in Existing Decommissioning, Restoration and Similar Liabilities, which alleviates an entity from re-measuring provisions at every reporting date from the inception of the provision to the IFRS transition date;
5. Choose to use the IFRS 1 election for IFRS 3R – Business combinations, which allows a first-time adopter of IFRS to not apply IFRS 3R retrospectively to past business combinations;
6. Choose to use the IFRS 1 election for IAS 32 – Borrowing Costs, which allows a first-time adopter to elect to apply this standard prospectively to qualifying assets, either on the date of transition or at any date prior to transition.

The following mandatory IFRS 1 exemptions are not applicable for the Company:

- Derecognition of financial assets and financial liabilities;
- Hedge accounting;
- Non-controlling interest.

Management has determined that additional analysis is required for the following standards before a decision on the IFRS 1 exemptions can be made:

- Cumulative translation differences as the Company's functional currency is the Canadian Dollar;
- Leases;
- Designation of previously recognized financial instruments;
- Fair value measurement of financial assets or financial liabilities at initial recognition.

Expected Areas of Significance

Standard	Description
Share based payments (IFRS 2)	The Company will need to apply the graded vesting method for all stock option grants. This is not expected to have a material change upon transition to IFRS.
Exploration for and evaluation of mineral resources	The Company currently capitalizes all acquisition, exploration and evaluation costs as assets therefore, there will be no change upon transition to IFRS.

(IFRS 6)	
Property, plant and equipment (IAS 16)	The Company will continue to record its property, plant and equipment assets at cost, less accumulated amortization assets therefore, there will be no 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 before the end of calendar 2010.

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. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS remains to be quantified. IFRS education and reports to the Audit Committee commenced in 2009 and continue to be ongoing.

Off-Balance Sheet Arrangements

Not applicable.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and amounts due to related parties. The carrying value of receivables, accounts payable and accrued liabilities and amounts due to related parties approximates their fair values due to their immediate or short-term maturity. Cash is measured at fair value using a level 1 fair value measurement.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk, equity risk and foreign currency risk. An analysis of the impact of these

specific risks can be found in Note 3 to the audited consolidated financial statements as at April 30, 2010. The Company presently 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 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, interest rate and credit risk arising from these financial instruments. 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.

Capital Management

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

The Company's mineral properties 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.

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 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 annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.