

**NORTH ARROW MINERALS INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**JULY 31, 2019**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

These condensed interim financial statements of North Arrow Minerals Inc. for the three months ended July 31, 2019 have been prepared by and are the responsibility of the Company's Management.

The company's independent auditors have not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

**NORTH ARROW MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**As at July 31, 2019**  
**(Unaudited – Prepared by Management)**  
**(Expressed in Canadian Dollars)**

	<b>July 31, 2019</b>	<b>April 30, 2019</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,407,764	\$ 509,085
Receivables (Note 4)	19,517	4,850
Marketable securities (Note 5)	81,500	127,500
Prepaid expenses	43,754	7,557
	<b>1,552,535</b>	<b>648,992</b>
<b>Equipment (Note 6)</b>	<b>66,084</b>	<b>70,506</b>
<b>Right of use assets (Note 7)</b>	<b>111,877</b>	<b>-</b>
<b>Exploration and evaluation assets (Note 8)</b>	<b>18,916,870</b>	<b>18,759,917</b>
	<b>\$ 20,647,366</b>	<b>\$ 19,479,415</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9 and 11)	\$ 465,540	\$ 496,517
Current portion of lease liabilities (Note 7)	74,095	-
	<b>539,635</b>	<b>496,517</b>
<b>Lease Liabilities (Note 7)</b>	<b>36,915</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 10)	37,147,614	36,097,528
Share-based payment reserve (Note 10)	5,191,732	4,972,654
Deficit	(22,268,530)	(22,087,284)
	<b>20,070,816</b>	<b>18,982,898</b>
	<b>\$ 20,647,366</b>	<b>\$ 19,479,415</b>

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

**Approved and authorized on behalf of the Board on September 19, 2019:**

"D. Grenville Thomas"

Director

"Blair Murdoch"

Director

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

**NORTH ARROW MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**For the Three Months Ended July 31, 2019**  
**(Unaudited – Prepared by Management)**  
**(Expressed in Canadian Dollars)**

	<b>July 31, 2019</b>	<b>July 31, 2018</b>
Advertising, promotion and travel	\$ 13,934	\$ 46,679
Consulting (Note 11)	5,760	4,500
Depreciation	22,323	3,733
Office, miscellaneous and rent (Note 11)	13,080	26,746
Professional fees	-	5,202
Property investigation costs	12,167	11,749
Regulatory and filing fees	4,499	4,125
Salaries and benefits (Note 11)	94,799	72,079
Share-based compensation (Note 10)	40,035	432,994
	<b>(206,597)</b>	<b>(607,807)</b>
Interest, foreign exchange and other income	770	1,226
Gain (Loss) on marketable securities	24,581	(33,667)
Other income – deferred premium	-	100,336
	<b>25,351</b>	<b>67,895</b>
<b>Net and comprehensive (loss) for the period</b>	<b>\$ (181,246)</b>	<b>\$ (539,912)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares</b>	<b>92,967,069</b>	<b>83,741,643</b>

The accompanying notes are an integral part of these financial statements

**NORTH ARROW MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended July 31, 2019**  
**(Unaudited – Prepared by Management)**  
**(Expressed in Canadian Dollars)**

	July 31, 2019	July 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (181,246)	\$ (539,912)
Items not involving cash:		
Depreciation	22,323	3,733
Share-based compensation	40,035	432,994
Recovery of exploration and evaluation assets	-	-
Loss (gain) on marketable securities	(24,581)	33,667
Other income – deferred premium	-	(100,336)
Finance cost	1,250	-
Changes in non-cash working capital items:		
Receivables	(14,667)	25,889
Prepaid expenses	(36,197)	(35,000)
Accounts payable and accrued liabilities	39,660	(10,489)
	<b>(153,423)</b>	<b>(189,454)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets, net	(227,590)	(630,618)
Proceeds on sale of marketable securities	70,581	-
	<b>(157,009)</b>	<b>(630,618)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from a private placement	1,253,300	3,128,892
Share issuance costs	(24,171)	(90,169)
Repayment of lease liabilities	(20,018)	-
	<b>1,209,111</b>	<b>3,038,723</b>
<b>Change in cash during the period</b>	<b>898,679</b>	<b>2,218,651</b>
<b>Cash, beginning of the period</b>	<b>509,085</b>	<b>774,951</b>
<b>Cash, end of the period</b>	<b>\$ 1,407,764</b>	<b>\$ 2,993,602</b>
<b>Cash paid during the period for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

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

	Number of Shares	Capital Stock	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance, April 30, 2018	76,155,741	\$ 33,362,855	\$ 4,256,791	\$ (50,000)	\$ (20,576,532)	\$ 16,993,114
Reclassification on adoption of IFRS 9	-	-	-	50,000	(50,000)	-
Share-based compensation	-	-	432,994	-	-	432,994
Net loss	-	-	-	-	(539,912)	(539,912)
Private placement - net	16,616,717	2,734,673	-	-	-	2,734,673
Balance, July 31, 2018	92,772,458	\$ 36,097,528	\$ 4,689,785	\$ -	\$ (21,166,444)	\$ 19,620,869
<b>Balance, April 30, 2019</b>	<b>92,772,458</b>	<b>\$ 36,097,528</b>	<b>\$ 4,972,654</b>	<b>\$ -</b>	<b>\$ (22,087,284)</b>	<b>\$ 18,982,898</b>
Share-based compensation	-	-	40,035	-	-	40,035
Net loss	-	-	-	-	(181,246)	(181,246)
Private placement - net	17,904,286	1,050,086	179,043	-	-	1,229,129
Balance, July 31, 2019	110,676,744	\$ 37,147,614	\$ 5,191,732	\$ -	\$ (22,268,530)	\$ 20,070,816

The accompanying notes are an integral part of these financial statements

**NORTH ARROW MINERALS INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the Three Months Ended July 31, 2019**  
**(Unaudited – Prepared by Management)**  
**(Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

North Arrow Minerals Inc. (the “Company”) is incorporated federally under the laws of the Canada Business Corporations Act (“CBCA”).

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company trades on the TSX Venture Exchange (TSXV – NAR) and its registered office address is Ste. #960-789 West Pender Street, Vancouver, BC, Canada V6C 1H2.

The Company’s principal business activity is the acquisition and exploration of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At July 31, 2019, the Company had an accumulated deficit of \$22,268,530 (April 30, 2019 - \$22,087,284), incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

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

**2. BASIS OF PRESENTATION**

**a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and specifically with IAS 34, Interim Financial Reporting. The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended April 30, 2019, save for the adoption of IFRS 16 as outlined below. These financial statements are presented in Canadian dollars unless otherwise noted.

**b) Historical cost**

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

**c) Change in accounting policy – Leases**

On May 1, 2019, the Company adopted IFRS 16 - Leases (“IFRS 16”), which is effective for annual periods on or after January 1, 2019. This new standard eliminates the classification of leases as either operating or financing leases and requires the lessee to recognize assets and liabilities for all significant leases with a term of longer than 12 months.

The Company has analyzed its contracts and determined that the significant lease agreements in place relate to the Company’s office space and office equipment. The Company has applied the exemptions in IFRS 16 for low value leases and leases that end within 12 months. Mineral leases held by the Company are exempt from the provisions of IFRS 16.

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**2. BASIS OF PRESENTATION**

**c) Change in accounting policy – Leases - continued**

The Company adopted IFRS 16 using the modified retrospective application method where comparatives are not restated. On adoption of IFRS 16, the Company recognized right-of-use assets and related lease liabilities of \$129,778. The lease liabilities were initially measured at the present value of the lease payments discounted using the Company's estimated incremental borrowing rate, rather than the interest rates implicit in the leases as those rates could not be readily determined. Each lease payment is allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss using the effective interest method.

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

**d) Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period.

Although management uses historical experiences and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets and the valuations for share-based payments, marketable securities, deferred premiums, deferred tax amounts, right of use assets and lease liabilities.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- (i) **Economic recoverability and probability of future benefits of exploration and evaluation costs.**  
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.
- (ii) **Valuation of share-based payments and warrants recorded as marketable securities**  
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants recorded as marketable securities. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.
- (iii) **Income taxes**  
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

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**2. BASIS OF PRESENTATION – continued**

**d) Significant accounting judgments, estimates and assumptions - continued**

- iv) Valuation of deferred premiums and flow-through shares  
On issuance the Company bifurcates the flow-through share into a flow-through share premium liability based on the estimated premium the investor pays for the flow through share and share capital. When qualifying expenses are incurred the Company derecognizes the liability and the premium is recognized as other income.
- v) Valuation of marketable securities  
Marketable securities are valued at fair market value based on quoted prices in active markets. Changes in market prices can materially affect the fair value estimate and the Company's earnings.
- vi) Valuation of right of use assets and related liabilities  
Lease liabilities are initially measured at the present value of the lease payments discounted using the Company's estimated incremental borrowing rate or the interest rates implicit in the lease. Lease payment are allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss using the effective interest method.  
The right-of-use assets are initially measured at cost or the corresponding lease liability plus direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

**e) New accounting pronouncements**

- i) The IASB has issued several new standards and amendments which have been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2019. The adoption of the standards and amendments did not have a material effect on the financial statements other than as disclosed in Note 2 c).
- ii) Certain pronouncements were issued by the IASB or IFRIC but are not yet effective as at July 31, 2019. The Company intends to adopt these standards and interpretations when they become effective.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, marketable securities, receivables and accounts payable and accrued liabilities. Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities consisting of common shares are recorded at fair value based on the quoted market prices in active markets at the reporting date, which is consistent with Level 1 of the fair value hierarchy. Marketable securities consisting of warrants are recorded at fair value based on a Black Scholes pricing model consistent with Level 3 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides



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**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**

direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. It is management's opinion that the Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding could cast significant doubt on the Company's ability to continue as a going concern. As at April 30, 2019, the Company had cash of \$1,407,764 (April 30, 2019 - \$509,085) available to settle current liabilities of \$539,635 (April 30, 2019 - \$496,517).

Foreign currency risk

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

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as fair value through profit (loss). The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

**4. RECEIVABLES**

	<b>July 31, 2019</b>	April 30, 2019
HST/GST receivables	\$ 4,760	\$ 4,582
Other receivables	14,757	268
	<b>\$ 19,517</b>	\$ 4,850

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**5. MARKETABLE SECURITIES**

	<b>Cost</b>	<b>Unrealized Gain (Loss) on AFS Securities</b>	<b>Cost of FVTPL Securities Sold</b>	<b>Gain (Loss) on FVTPL Securities Fair Valued</b>	<b>Fair Value</b>
April 30, 2018	\$354,012	\$ (50,000)	\$ (172,167)	\$ (12,845)	\$ 119,000
- Benchmark Metals Inc. – 333,333 shares	-	-	-	-	-
- Clean Commodities Corp. – 800,000 shares	-	-	-	(24,000)	(24,000)
- Rover Metals Corp. – 500,000 shares	25,000	-	-	7,500	32,500
<b>April 30, 2019</b>	<b>379,012</b>	<b>\$ (50,000)</b>	<b>(172,167)</b>	<b>(29,345)</b>	<b>127,500</b>
- <b>Benchmark Metals Inc. – 58,333 shares</b>	-	-	<b>(61,875)</b>	<b>7,875</b>	<b>(54,000)</b>
- <b>Clean Commodities Corp. – 800,000 shares</b>	-	-	-	<b>8,000</b>	<b>8,000</b>
- <b>Rover Metals Corp. – 500,000 shares</b>	-	-	-	-	-
<b>July 31, 2019</b>	<b>\$ 379,012</b>	<b>\$ (50,000)</b>	<b>\$(234,042)</b>	<b>\$(13,470)</b>	<b>\$ 81,500</b>

- a) During the year ended April 30, 2018, the Company completed the sale of its 100% interest in the Contwoyto Project, Nunavut, including the Butterfly gold prospect, to Benchmark Metals Inc. (“Benchmark”, previously Crystal Exploration Inc.) for \$205,000 consisting of consideration of \$100,000 and 333,333 common shares of Benchmark having a fair value of \$105,000. The Company retains a 1.0% gross overriding royalty on diamonds and a 1.0% net smelter return on precious and base metals. Half of the royalties can be purchased by Benchmark at any time with the payment of \$1.0 million. The Company will also receive conditional share payments of 166,666 Benchmark shares in the event that Benchmark reports an inferred gold resource exceeding 250,000 ounces associated with the Butterfly gold prospect and a further 166,666 Benchmark shares in the event Benchmark reports a separate inferred resource of at least 250,000 ounces of gold outside of the Butterfly area.
- b) During the year ended April 30, 2019, the Company completed the sale of certain assets to Rover Metals Corp. (“Rover”) for consideration of 500,000 shares (received) having a fair value of \$25,000. Subsequent to the acquisition date, should Rover disclose an inferred, indicated or measured mineral resource of 500,000 ounces of gold within an area of interest, the Company shall be entitled to an additional \$100,000 payable in either cash or shares at the purchaser’s discretion. In addition, should Rover disclose an inferred, indicated or measured mineral resource of 750,000 ounces of gold within the area of interest, North Arrow shall be entitled to an additional \$100,000 payable in either cash or shares at the purchaser’s discretion.

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**6. EQUIPMENT**

	Office and computer equipment	Field equipment	Total
<b>Cost</b>			
Balance, April 30, 2018	\$ 47,015	\$ 93,775	\$ 140,790
Additions	22,599	-	22,599
<b>Balance, April 30, 2019</b>	<b>69,614</b>	<b>93,775</b>	<b>163,389</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance, July 31, 2019</b>	<b>\$ 69,614</b>	<b>\$ 93,775</b>	<b>\$ 163,389</b>
<b>Accumulated Depreciation</b>			
Balance, April 30, 2018	\$ 26,046	\$50,562	\$ 76,608
Additions	7,633	8,642	16,275
<b>Balance, April 30, 2019</b>	<b>33,679</b>	<b>59,204</b>	<b>92,883</b>
<b>Additions</b>	<b>2,694</b>	<b>1,728</b>	<b>4,422</b>
<b>Balance, July 31, 2019</b>	<b>\$ 36,373</b>	<b>\$60,932</b>	<b>\$ 97,305</b>
<b>Carrying amounts</b>			
April 30, 2019	\$ 35,935	\$ 34,571	\$ 70,506
<b>July 31, 2019</b>	<b>\$ 33,241</b>	<b>\$ 32,843</b>	<b>\$ 66,084</b>

**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

<b>Right-of- use assets</b>		<b>Three Months ended July 31, 2019</b>	Year ended April 30, 2019
<b>Opening balance (Note 2)</b>	\$	<b>129,778</b>	\$ -
<b>Depreciation</b>		<b>(17,901)</b>	-
<b>Ending Balance</b>	\$	<b>111,877</b>	\$ -
<b>Lease Liability</b>		<b>Three Months ended July 31, 2019</b>	Year ended April 30, 2019
<b>Opening balance (Note 2)</b>	\$	<b>129,778</b>	\$ -
<b>Lease payments</b>		<b>(20,018)</b>	-
<b>Finance cost</b>		<b>1,250</b>	-
<b>Ending Balance</b>	\$	<b>111,010</b>	\$ -
<b>Current</b>	\$	<b>74,095</b>	\$ -
<b>Long-term</b>		<b>36,915</b>	-
	\$	<b>111,010</b>	\$ -

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**8. EXPLORATION AND EVALUATION ASSETS**

	April 30, 2019	Expended During the Year	Write-offs During the Year	July 31, 2019
<b>Diamond Properties</b>				
Lac de Gras, Canada				
Exploration costs	\$ 235,404	\$ -	\$ -	\$ 235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,559	-	-	153,559
Office and salaries	134,040	-	-	134,040
	<b>800,921</b>	<b>-</b>	<b>-</b>	<b>800,921</b>
Pikoo, Canada				
Exploration costs	1,259,526	192	-	1,259,718
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	217,782	-	-	217,782
Geological, data collection and assays	1,597,248	45	-	1,597,293
Office and salaries	644,946	1,577	-	646,523
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	<b>5,167,548</b>	<b>1,814</b>	<b>-</b>	<b>5,169,362</b>
Loki, Canada				
Exploration costs	443,655	49,515	-	493,170
Drilling	296,657	-	-	296,657
Acquisition and tenure costs	57,524	17,611	-	75,135
Geological, data collection and assays	204,754	-	-	204,754
Office and salaries	167,555	31,632	-	199,187
Recoveries	(270,000)	(85,000)	-	(355,000)
	<b>900,145</b>	<b>13,758</b>	<b>-</b>	<b>913,903</b>
Naujaat, Canada				
Exploration costs	849,587	26,921	-	876,508
Drilling	1,464,020	-	-	1,464,020
Acquisition and tenure costs	378,528	17,650	-	396,178
Geological, data collection and assays	4,916,690	54,612	-	4,971,302
Office and salaries	867,712	32,875	-	900,587
	<b>8,476,537</b>	<b>132,058</b>	<b>-</b>	<b>8,608,595</b>
Mel, Canada				
Exploration costs	1,341,032	23	-	1,341,055
Drilling	465,004	-	-	465,004
Acquisition and tenure costs	288,085	2,179	-	290,264
Geological, data collection and assays	991,850	-	-	991,850
Office and salaries	328,795	7,121	-	335,916
	<b>3,414,766</b>	<b>9,323</b>	<b>-</b>	<b>3,424,089</b>
<b>TOTAL</b>	<b>\$ 18,759,917</b>	<b>\$ 156,953</b>	<b>\$ -</b>	<b>\$ 18,916,870</b>

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**8. EXPLORATION AND EVALUATION ASSETS -continued**

	April 30, 2018	Expended During the Year	Write-offs During the Year	April 30, 2019
<b>Diamond Properties</b>				
Lac de Gras, Canada				
Exploration costs	\$ 235,404	\$ -	\$ -	\$ 235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,559	-	-	153,559
Office and salaries	134,040	-	-	134,040
	800,921	-	-	800,921
Pikoo, Canada				
Exploration costs	1,257,815	1,711	-	1,259,526
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	213,660	4,122	-	217,782
Geological, data collection and assays	1,592,006	5,242	-	1,597,248
Office and salaries	630,709	14,237	-	644,946
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	5,142,236	25,312	-	5,167,548
Loki, Canada				
Exploration costs	385,581	58,074	-	443,655
Drilling	269,829	26,828	-	296,657
Acquisition and tenure costs	56,924	600	-	57,524
Geological, data collection and assays	169,291	35,463	-	204,754
Office and salaries	138,439	29,116	-	167,555
Recoveries	(144,500)	(125,500)	-	(270,000)
	875,564	24,581	-	900,145
Naujaat, Canada				
Exploration costs	733,146	116,441	-	849,587
Drilling	1,464,020	-	-	1,464,020
Acquisition and tenure costs	337,152	41,376	-	378,528
Geological, data collection and assays	4,669,946	246,744	-	4,916,690
Office and salaries	713,048	154,664	-	867,712
	7,917,312	559,225	-	8,476,537
Luxx, Canada				
Exploration costs	50,420	-	(50,420)	-
Acquisition and tenure costs	138,733	-	(138,733)	-
Geological, data collection and assays	121,301	-	(121,301)	-
Office and salaries	44,793	-	(44,793)	-
	355,247	-	(355,247)	-
Mel, Canada				
Exploration costs	204,085	1,136,947	-	1,341,032
Drilling	-	465,004	-	465,004
Acquisition and tenure costs	287,338	747	-	288,085
Geological, data collection and assays	634,677	357,173	-	991,850
Office and salaries	122,670	206,125	-	328,795
	1,248,770	2,165,996	-	3,414,766
<b>TOTAL</b>	<b>\$ 16,340,050</b>	<b>\$2,775,114</b>	<b>\$ (355,247)</b>	<b>\$ 18,759,917</b>

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**8. EXPLORATION AND EVALUATION ASSETS - continued**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of these assets are in good standing.

**Diamond Properties, Canada**

*Lac de Gras project, Northwest Territories*

In August 2011, the Company entered into an option agreement with Dominion Diamond Mines (“Dominion”), and Springbok Holdings Inc. (“Springbok”), to jointly explore Springbok and the Company’s Lac de Gras property and Dominion’s land holdings contiguous to Springbok and the Company’s Lac de Gras property (collectively, the “JV Property”). Subsequently in accordance with the terms of the agreement, Dominion incurred more than \$5,000,000 of exploration expenditures and earned a 55% interest in the joint venture and the Company and Springbok shared equally a 45% interest in the JV Property.

On October 24, 2012, the Company entered into an agreement to acquire Springbok’s interest in the JV Property (the “Springbok Interests”) for 1,000,000 common shares in the Company issued at a value of \$235,000. As additional consideration, in the event that the Company subsequently incurs \$2 million in joint venture expenditures on the JV Property, the Company will issue to Springbok that number of common shares of the Company having a value of \$1 million. A director of the Company is a principal of Springbok.

In October 2015, the Company and Dominion finalized a joint venture agreement having an effective date of June 1, 2015 to govern the ongoing evaluation, on the basis of a 45%/55% (North Arrow/Dominion) joint venture, of the JV Property. Subsequent to December 2015, the Company has elected not to contribute its proportionate share of costs to the 2016, 2017, 2018 and 2019 exploration programs and as a result holds an approximate 23% interest in the joint venture as at July 31, 2019.

*Naujaat project, Nunavut*

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

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

*Pikoo project, Saskatchewan*

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

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**8. EXPLORATION AND EVALUATION ASSETS - continued**

**Diamond Properties, Canada – continued**

*Loki project, Northwest Territories*

The Company maintains a 100% interest in the Loki diamond project subject to royalties ranging from 1.25% to 1.5% on diamonds and base and precious metals granted to Umgeni Holdings International Limited (“Umgeni”) under the terms of a January 25, 2016 royalty purchase agreement. Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder. Subsequent to July 31, 2019, the Company completed the sale of an addition royalty to Umgeni (see Note 15).

*Mel project, Nunavut*

The Company maintains a 100% interest in the Mel diamond project in Nunavut. The project was acquired from Anglo Celtic Exploration Ltd., a private company controlled by a director, for 250,000 warrants entitling the holder to acquire 250,000 shares at a price of \$0.65 per share and is subject to a 1% GOR payable to Anglo Celtic Exploration Ltd. The Company retains the right to buy back one half of the GOR for \$1,000,000 at any time. During the year ended April 30, 2019 the warrants expired unexercised.

*Luxx project, Nunavut*

The Company maintains a 100% interest in the Luxx diamond project in Nunavut. The project was acquired from Anglo Celtic Exploration Ltd., a private company controlled by a director, for 250,000 warrants entitling the holder to acquire 250,000 shares at a price of \$0.65 per share and is subject to a 1% GOR payable to Anglo Celtic Exploration Ltd. The Company retains the right to buy back one half of the gross overriding royalty for \$1,000,000 at any time. During the year ended April 30, 2019, the warrants expired unexercised. During the year ended April 30, 2019, the Company wrote off \$355,247 of exploration and evaluation expenses related to the property due to the lack of active exploration on the property over the last three years.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>July 31, 2019</b>	April 30, 2018
Trade payables	<b>\$ 142,540</b>	\$ 222,517
Accrued liabilities	<b>323,000</b>	274,000
	<b>\$ 465,540</b>	\$ 496,517

Included in accrued liabilities is a provision of \$241,000 for estimated costs related to the demobilization of equipment in Nunavut over the next two years.

**10. CAPITAL STOCK AND RESERVES**

**Authorized share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value.

**Share issuances**

- a) On May 18, 2017, the Company completed a non-brokered private placement of 20,000,000 units at a price of \$0.25 per unit for gross proceeds of \$5,000,000. Each unit consisted of one common share and one common share purchase warrant.

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**10. CAPITAL STOCK AND RESERVES – continued**

At May 18, 2017, the Company’s market price was \$0.215 per share: accordingly, \$700,000 of the proceeds were assigned to the value of the warrants under the residual method. Each warrant entitles the holder to purchase one additional common share at a price of \$0.40 per share for a period of three years. On July 31, 2019, the Company extended the expiry date of the warrants by two years and reduced the exercise price of the warrants to \$0.225.

- b) On June 19, 2018, the Company issued 10,135,000 flow-through shares at a price of \$0.20 per share and 6,481,717 non-flow-through units at a price of \$0.17 per unit for gross proceeds of \$3,128,892. Each non-flow-through unit consisted of a non-flow through common share and a transferrable warrant that entitles the holder to purchase one common share at a price of \$0.30 for a period of 24 months. The flow-through shares were issued at a premium which was determined to be \$304,050 and this was initially recorded as a deferred premium liability. During the year ended April 30, 2019, the Company incurred eligible exploration expenditures and credited to other income the deferred premium of \$304,050. Finders’ fees and costs of \$90,169 were payable in connection with these private placements. On July 31, 2019, the Company extended the expiry date of all 6,481,717 warrants by two years and reduced the exercise price of 5,070,887 of the warrants to \$0.225.
- c) On July 31, 2019, the Company issued 17,904,286 units at a price of \$0.07 per unit for gross proceeds of \$1,253,300. Each unit consisted of one common share and a transferrable warrant that entitles the holder to purchase one additional common share at a price of \$0.10 for a period of 60 months. Finders’ fees and costs of \$24,171 were payable in connection with the private placement. At July 31, 2019 the Company’s market price was \$0.06 per share: accordingly, \$179,043 of the proceeds were assigned to the value of the warrants under the residual method.

**Stock options and warrants**

At the Company’s Annual General Meeting held on December 20, 2018, the shareholders ratified the stock option plan (the “Plan”). The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange (“TSXV”).

Options granted typically have a term up to 5 years with vesting provisions determined by the directors in accordance with TSXV policies for Tier 2 Issuers, with a typical vesting period of 25% upon grant and 25% every six months thereafter.

As at July 31, 2019, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
607,500	\$ 0.60	607,500	September 25, 2019
200,000	\$ 0.54	200,000	December 16, 2019
2,230,000	\$ 0.27	2,230,000	June 23, 2022
150,000	\$ 0.25	150,000	November 21, 2022
2,070,000	\$ 0.27	2,070,000	May 10, 2023
2,695,000	\$ 0.20	2,021,250	July 12, 2023
7,952,500		7,278,750	



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**10. CAPITAL STOCK AND RESERVES – continued**

**Stock options and warrants – continued**

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2018	6,520,000	\$0.38
Options expired	(3,337,500)	0.42
Options extended	2,075,000	0.27
Options granted	2,695,000	0.20
Balance, April 30, 2019	7,952,500	0.28
Options expired	-	-
Options granted	-	-
Balance, July 31, 2019	7,952,500	\$0.28

**Share-based compensation**

During the three months ended July 31, 2019, the Company extended nil stock options (2018 - 2,075,000) and granted nil stock options (2018 - 2,695,000) having a total fair value of \$nil (2018 - \$714,496) and a weighted average grant-date value of \$nil (2018 - \$0.15) per option. During the three months ended July 31, 2019, the Company recognized share-based compensation of \$40,035 (2018 – \$432,994) relating to options vested during the period.

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

	July 31, 2019	April 30, 2019
Risk-free interest rate	-	1.75%
Expected dividend yield	-	Nil
Expected stock price volatility	-	115.02%
Expected life	-	5 years
Expected forfeiture rate	-	Nil

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2018	20,500,000	*\$0.41
Expired	(500,000)	0.65
Issued	5,070,887	*0.30
Issued	1,410,830	0.30
Balance, April 30, 2019	26,481,717	0.38
Expired	-	-
Issued	17,904,286	0.10
Balance, July 31, 2019	44,386,003	**\$0.18

\* Exercise price amended July 31, 2019 to \$0.225 per share.

\*\* The July 31, 2019 weighted average price reflects the July 31, 2019 amendment of exercise prices of 25,070,887 warrants to \$0.225.

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**10. CAPITAL STOCK AND RESERVES – continued**

**Stock options and warrants – continued**

As at July 31, 2019, the following warrants were outstanding:

Number of Warrants/ Shares	Exercise Price	Expiry Date
20,000,000	*\$0.225	**May 17, 2022
5,070,887	*\$0.225	**June 19, 2022
1,410,830	\$0.30	**June 19, 2022
17,904,286	\$0.10	July 31, 2024
44,386,003		

\* Exercise price amended July 31, 2019 to \$0.225.

\*\* Expiry date was amended July 31, 2019 to May 17, 2022 and June 19, 2022 respectively.

**11. RELATED PARTY TRANSACTIONS**

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

The Company incurred the following transactions in the normal course of operations in connection with companies which have an officer and/or director in common.

- a) Paid or accrued consulting fees of \$4,500 (2018 - \$4,500) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.
- b) Paid \$1,014 (2018 - \$976) for office costs to a company controlled by a director.
- c) Charged related parties \$1,950 (2018 - \$6,900) for rent, office and administrative costs.
- d) Included in other receivables is \$nil (2018 - \$1,575) due from companies having a director or officers in common.
- e) Included in accounts payable is \$39,800 (2018 - \$nil) due to a company of which a director is a beneficiary of the sole shareholder.

The remuneration of directors and key management personnel during the three months ended July 31, 2019 was as follows:

	July 31, 2019	July 31, 2018
Salaries <sup>1</sup>	\$ 61,073	\$ 44,726
Salaries in exploration costs <sup>1</sup>	15,690	32,000
Share-based compensation <sup>2</sup>	26,703	256,168
<b>Total</b>	<b>\$ 103,466</b>	<b>\$ 332,894</b>

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

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

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

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

The significant non-cash transactions for the three months ended July 31, 2019 were:

- a) the Company incurred exploration and evaluation expenditures of \$361,910 (April 30, 2019 - \$432,547) that are included in accounts payable and accrued liabilities at year end.

**13. CAPITAL MANAGEMENT**

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities. There have been no changes to the management of capital during the fiscal year.

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

**14. SEGMENTED INFORMATION**

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

**15. SUBSEQUENT EVENTS**

- a) Subsequent to July 31, 2019 the Company completed the sale of royalty interests in the Loki Diamond Project with Umgeni Holdings International Limited. Under the terms of the agreement Umgeni has increased its royalty interest in the Loki Project from 1.5% to 2.0% in exchange for payment of \$266,000 to North Arrow. The royalties consist of net smelter return royalties on base and precious metals and a gross overriding royalty on diamonds. Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder.