

NORTH ARROW MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2020

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

These condensed interim financial statements of North Arrow Minerals Inc. for the nine months ended January 31, 2020 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 January 31, 2020
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	January 31, 2020	April 30, 2019
ASSETS		
Current		
Cash	\$ 793,980	\$ 509,085
Receivables (Note 4)	10,655	4,850
Marketable securities (Note 5)	70,208	127,500
Prepaid expenses	33,482	7,557
	908,325	648,992
Equipment (Note 6)	57,240	70,506
Right of use assets (Note 7)	76,073	-
Exploration and evaluation assets (Note 8)	19,105,114	18,759,917
	\$ 20,146,752	\$ 19,479,415
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 345,569	\$ 496,517
Current portion of lease liabilities (Note 7)	68,550	-
	414,119	496,517
Lease Liabilities (Note 7)	4,925	-
SHAREHOLDERS' EQUITY		
Capital stock (Note 10)	37,147,321	36,097,528
Share-based payment reserve (Note 10)	5,275,300	4,972,654
Deficit	(22,694,913)	(22,087,284)
	19,727,708	18,982,898
	\$ 20,146,752	\$ 19,479,415

Nature and continuance of operations (Note 1)

Approved and authorized on behalf of the Board on March 26, 2020:

"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 and Nine Months Ended January 31, 2020
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Nine Months Ended January 31, 2020	Nine Months Ended January 31, 2019
Advertising, promotion and travel	\$ 23,003	\$ 25,400	\$ 45,828	\$ 99,349
Consulting (Note 11)	4,500	4,500	14,760	13,500
Depreciation	22,325	4,229	66,971	11,695
Office, miscellaneous and rent (Note 11)	16,212	21,502	60,594	77,844
Professional fees	338	2,086	4,227	8,388
Property investigation costs	2,776	3,340	18,765	16,170
Regulatory and filing fees	3,395	3,436	8,411	9,639
Salaries and benefits (Note 11)	114,277	106,627	284,069	256,699
Share-based compensation (Note 10)	67,419	85,220	123,603	603,434
	(254,245)	(256,340)	(627,228)	(1,096,718)
Interest, foreign exchange and other income	3,011	413	6,310	3,687
Recovery of exploration and evaluation assets	-	-	-	25,000
Gain (Loss) on marketable securities	(7,000)	(16,833)	13,289	(23,500)
Other income – deferred premium	-	30,609	-	304,050
	(3,989)	14,189	19,599	309,237
Net and comprehensive (loss) for the period	\$ (258,234)	\$ (242,151)	\$ (607,629)	\$ (787,481)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	(0.01)	\$ (0.01)
Weighted average number of common shares	110,676,744	92,772,458	104,643,778	89,762,183

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the Nine Months Ended January 31, 2020
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	January 31, 2020	January 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (607,629)	\$ (787,481)
Items not involving cash:		
Depreciation	66,971	11,695
Share-based compensation	123,603	603,434
Recovery of exploration and evaluation assets	-	(25,000)
Loss (gain) on marketable securities	(13,289)	23,500
Other income – deferred premium	-	(304,050)
Finance cost	3,750	-
Changes in non-cash working capital items:		
Receivables	(5,805)	84,114
Prepaid expenses	(25,925)	(3,279)
Accounts payable and accrued liabilities	(36,501)	(16,308)
	(494,825)	(413,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	(459,644)	(2,432,800)
Purchase of equipment	-	(13,227)
Proceeds on sale of marketable securities	70,581	-
	(389,063)	(2,446,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from a private placement	1,253,300	3,128,892
Share issuance costs	(24,464)	(90,169)
Repayment of lease liabilities	(60,053)	-
	1,168,783	3,038,723
Change in cash during the period	284,895	179,321
Cash, beginning of the period	509,085	774,951
Cash, end of the period	\$ 793,980	\$ 954,272
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

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	-	-	603,434	-	-	603,434
Net loss	-	-	-	-	(787,481)	(787,481)
Private placement - net	16,616,717	2,734,673	-	-	-	2,734,673
Balance, January 31, 2019	92,772,458	\$ 36,097,528	\$ 4,860,225	\$ -	\$ (21,414,013)	\$ 19,543,740
Balance, April 30, 2019	92,772,458	\$ 36,097,528	\$ 4,972,654	\$ -	\$ (22,087,284)	\$ 18,982,898
Share-based compensation	-	-	123,603	-	-	123,603
Net loss	-	-	-	-	(607,629)	(607,629)
Private placement - net	17,904,286	1,049,793	179,043	-	-	1,228,836
Balance, January 31, 2020	110,676,744	\$ 37,147,321	\$ 5,275,300	\$ -	\$ (22,694,913)	\$ 19,727,708

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 2020
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At January 31, 2020, the Company had an accumulated deficit of \$22,694,913 (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 the 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 the 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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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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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 January 31, 2020. 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 January 31, 2020, the Company had cash of \$793,980 (April 30, 2019 - \$509,085) available to settle current liabilities of \$414,119 (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

	January 31, 2020	April 30, 2019
HST/GST receivables	\$ 6,090	\$ 4,582
Other receivables	4,565	268
	\$ 10,655	\$ 4,850

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5. MARKETABLE SECURITIES

	Cost	Unrealized Gain (Loss) on AFS Securities	Cost of FVTPL Securities Sold	Gain (Loss) on FVTPL Securities Fair Valued	Fair Value
April 30, 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
April 30, 2019	379,012	\$ (50,000)	(172,167)	(29,345)	127,500
- Benchmark Metals Inc. – 58,333 shares	-	-	(61,875)	11,083	(50,792)
- Dixie Gold Inc. (formerly Clean Commodities Corp.) – 200,000 shares	-	-	-	16,000	16,000
- Rover Metals Corp. – 500,000 shares	-	-	-	(22,500)	(22,500)
January 31, 2020	\$ 379,012	\$ (50,000)	\$(234,042)	\$(24,762)	\$ 70,208

- 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.
- c) During the nine months ended January 31, 2020, Clean Commodities Corp. completed its corporate name change to Dixie Gold Inc. and consolidated its share capital on the basis of 4 old shares for 1 new share.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 2020
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6. EQUIPMENT

	Office and computer equipment	Field equipment	Total
Cost			
Balance, April 30, 2018	\$ 47,015	\$ 93,775	\$ 140,790
Additions	22,599	-	22,599
Balance, April 30, 2019	69,614	93,775	163,389
Additions	-	-	-
Balance, January 31, 2020	\$ 69,614	\$ 93,775	\$ 163,389
Accumulated Depreciation			
Balance, April 30, 2018	\$ 26,046	\$50,562	\$ 76,608
Additions	7,633	8,642	16,275
Balance, April 30, 2019	33,679	59,204	92,883
Additions	8,082	5,184	13,266
Balance, January 31, 2020	\$ 41,761	\$64,388	\$ 106,149
Carrying amounts			
April 30, 2019	\$ 35,935	\$ 34,571	\$ 70,506
January 31, 2020	\$ 27,853	\$ 29,387	\$ 57,240

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets	Nine Months ended January 31, 2020	Year ended April 30, 2019
Opening balance (Note 2)	\$ 129,778	\$ -
Depreciation	(53,705)	-
Ending Balance	\$ 76,073	\$ -
Lease Liabilities	Nine Months ended January 31, 2020	Year ended April 30, 2019
Opening balance (Note 2)	\$ 129,778	\$ -
Lease payments	(60,053)	-
Finance cost	3,750	-
Ending Balance	\$ 73,475	\$ -
Current	\$ 68,550	\$ -
Long-term	4,925	-
	\$ 73,475	\$ -

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8. EXPLORATION AND EVALUATION ASSETS

	April 30, 2019	Expended During the Period	Write-offs During the Period	January 31, 2020
Diamond Properties				
Lac de Gras, Canada				
Exploration costs	\$ 235,404	\$ -	\$ -	\$ 235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,559	-	-	153,559
Office and salaries	134,040	-	-	134,040
	800,921	-	-	800,921
Pikoo, Canada				
Exploration costs	1,259,526	2,274	-	1,261,800
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	217,782	-	-	217,782
Geological, data collection and assays	1,597,248	685	-	1,597,933
Office and salaries	644,946	10,928	-	655,874
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	5,167,548	13,887	-	5,181,435
Loki, Canada				
Exploration costs	443,655	57,647	-	501,302
Drilling	296,657	-	-	296,657
Acquisition and tenure costs	57,524	20,083	-	77,607
Geological, data collection and assays	204,754	73,013	-	277,767
Office and salaries	167,555	65,821	-	233,376
Recoveries	(270,000)	(351,000)	-	(621,000)
	900,145	(134,436)	-	765,709
Naujaat, Canada				
Exploration costs	849,587	161,035	-	1,010,622
Drilling	1,464,020	-	-	1,464,020
Acquisition and tenure costs	378,528	23,421	-	401,949
Geological, data collection and assays	4,916,690	129,447	-	5,046,137
Office and salaries	867,712	119,752	-	987,464
Recoveries	-	(24,000)	-	(24,000)
	8,476,537	409,655	-	8,886,192
Mel, Canada				
Exploration costs	1,341,032	624	-	1,341,656
Drilling	465,004	-	-	465,004
Acquisition and tenure costs	288,085	15,067	-	303,152
Geological, data collection and assays	991,850	5,229	-	997,079
Office and salaries	328,795	35,171	-	363,966
	3,414,766	56,091	-	3,470,857
TOTAL	\$ 18,759,917	\$ 345,197	\$ -	\$ 19,105,114

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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
Diamond Properties				
Lac de Gras, Canada				
Exploration costs	\$ 235,404	\$ -	\$ -	\$ 235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,559	-	-	153,559
Office and salaries	134,040	-	-	134,040
	800,921	-	-	800,921
Pikoo, Canada				
Exploration costs	1,257,815	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
TOTAL	\$ 16,340,050	\$2,775,114	\$ (355,247)	\$ 18,759,917

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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 22% interest in the joint venture as at January 31, 2020.

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 Diamond Corporation (“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 \$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”) pursuant to the terms of a January 25, 2016 royalty purchase agreement. Effective July 31, 2019, the royalty purchase agreement was amended to grant Umgeni increased royalties ranging to 2% for \$266,000 (received). Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder.

Mel project, Nunavut

The Company maintains a 100% interest in the Mel diamond project in Nunavut. 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

	January 31, 2020	April 30, 2019
Trade payables	\$ 96,874	\$ 222,517
Accrued liabilities	248,695	274,000
	\$ 345,569	\$ 496,517

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

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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. 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 \$24,464 were payable in connection with the private placement. At January 31, 2020 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 19, 2019, 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.

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10. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

As at January 31, 2020, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
2,210,000	\$ 0.27	2,210,000	June 23, 2022
50,000	\$ 0.25	50,000	November 21, 2022
2,070,000	\$ 0.27	2,070,000	May 10, 2023
2,670,000	\$ 0.20	2,670,000	July 12, 2023
2,970,000	\$ 0.10	742,500	November 8, 2024
9,970,000		7,742,500	

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	(952,500)	(0.60)
Options granted	2,970,000	0.10
Balance, January 31, 2020	9,970,000	\$0.20

Share-based compensation

During the nine months ended January 31, 2020, the Company extended nil stock options (January 31, 2019 - 2,075,000) and granted 2,970,000 stock options (January 31, 2019 - 2,695,000) having a total fair value of \$111,177 (January 31, 2019 - \$714,496) and a weighted average grant-date value of \$0.04 (January 31, 2019 - \$0.15) per option. During the nine months ended January 31, 2020, the Company recognized share-based compensation of \$123,603 (January 31, 2019 - \$603,434) 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:

	January 31, 2020	April 30, 2019
Risk-free interest rate	1.75%	1.75%
Expected dividend yield	Nil	Nil
Expected stock price volatility	117.57%	115.02%
Expected life	5 years	5 years
Expected forfeiture rate	Nil	Nil

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10. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

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	*\$0.235
Expired	(500,000)	0.65
Issued	5,070,887	*0.225
Issued	1,410,830	0.30
Balance, April 30, 2019	26,481,717	0.24
Issued	17,904,286	0.10
Balance, January 31, 2020	44,386,003	\$0.18

* Exercise price of 25,070,887 amended July 31, 2019 to \$0.225 per share. The numbers have been restated to reflect this repricing.

As at January 31, 2020, 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 \$13,500 (January 31, 2019 - \$13,500) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.
- b) Paid \$3,075 (January 31, 2019 - \$2,987) for office costs to a company controlled by a director.
- c) Charged related parties \$5,850 (January 31, 2019 - \$19,900) for rent, office and administrative costs.

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11. RELATED PARTY TRANSACTIONS – continued

The remuneration of directors and key management personnel during the nine months ended January 31, 2020 was as follows:

	January 31, 2020	January 31, 2019
Salaries ¹	170,431	132,550
Salaries in exploration costs ¹	59,893	97,688
Share-based compensation ²	78,984	429,555
Total	\$ 309,308	\$ 659,793

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.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the nine months ended January 31, 2020 were:

- a) the Company incurred exploration and evaluation expenditures of \$318,100 (April 30, 2019 - \$432,547) that are included in accounts payable and accrued liabilities.

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.