NORTH ARROW MINERALS INC.

FINANCIAL STATEMENTS

APRIL 30, 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
North Arrow Minerals Inc.

We have audited the accompanying financial statements of North Arrow Minerals Inc., which comprise the statements of financial position as at April 30, 2017 and 2016 and the statements of loss and comprehensive loss, cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of North Arrow Minerals Inc. as at April 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

August 3, 2017

NORTH ARROW MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
As at April 30, 2017
(Expressed in Canadian Dollars)

		2017		2016
ASSETS				
Current				
Cash	**$**	**368,124**	$	2,507,640
Receivables (Note 5)		**15,444**		117,880
Marketable securities (Note 6)		**127,145**		375
Prepaid expenses		**62,439**		15,419
		573,152		2,641,314
Equipment (Note 7)		**67,636**		86,979
Exploration and evaluation assets (Note 8)		**11,999,472**		10,556,971
	$	**12,640,260**	$	13,285,264
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)		**76,207**	$	606,421
Due to related parties (Note 11)		**6,896**		2,249
		83,103		608,670
SHAREHOLDERS EQUITY				
Capital stock (Note 10)		**29,099,107**		28,719,107
Share-based payment reserve (Note 10)		**3,143,846**		3,141,778
Investment revaluation reserve		**(49,188)**		(15,113)
Deficit		**(19,636,608)**		(19,169,178)
		12,557,157		12,676,594
	$	**12,640,260**	$	13,285,264

Nature and continuance of operations (Note 1)
Commitments (Note 13)
Subsequent events (Notes 10 and 17)

Approved and authorized on behalf of the Board on August 3, 2017:

"D. Grenville Thomas" Director *"Blair Murdoch"* Director

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

NORTH ARROW MINERALS INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Year Ended April 30, 2017
(Expressed in Canadian Dollars)

	2017	2016
EXPENSES		
Advertising, promotion and travel	**$ 70,662**	$ 66,219
Consulting (Note 11)	**18,000**	17,249
Depreciation	**19,343**	21,899
Office, miscellaneous and rent (Note 11)	**124,639**	128,911
Professional fees	**45,527**	43,398
Property investigation costs	**39,578**	263,009
Regulatory and filing fees	**10,309**	17,447
Salaries and benefits (Note 11)	**370,263**	386,062
Share-based compensation (Note 10)	**2,068**	156,305
	(700,389)	(1,100,499)
Interest and other income	**6,022**	36,682
Recovery of exploration and evaluation assets (Note 8)	**299,774**	-
Loss on sale of marketable securities	**(1,214)**	-
Loss on revaluation of warrants (Note 6)	**(20,679)**	-
Write-off of exploration and evaluation assets (Note 8)	**(50,944)**	(2,787,548)
	232,959	(2,750,866)
Net loss for the year	**(467,430)**	(3,851,365)
Unrealized loss on available-for-sale financial assets (Note 6)	**(34,075)**	(225)
Comprehensive loss for the year	**$ (501,505)**	$ (3,851,590)
Basic and diluted loss per share	**$ (0.01)**	$ (0.07)
Weighted average number of common shares	**54,566,700**	53,833,588

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
STATEMENTS OF CASH FLOWS
For the Year Ended April 30, 2017
(Expressed in Canadian Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**$ (467,430)**	$ (3,851,365)
Items not involving cash:		
Depreciation	**19,343**	21,899
Share-based compensation	**2,068**	156,305
Write-off of exploration and evaluation assets	**50,944**	2,787,548
Recovery of exploration and evaluation assets	**(299,774)**	-
Loss on revaluation of warrants	**20,679**	-
Loss on sale of marketable securities	**1,214**	-
Changes in non-cash working capital items:		
Receivables	**102,436**	(17,947)
Prepaid expenses	**(47,020)**	49,287
Accounts payable and accrued liabilities	**(9,344)**	4,188
Due to related parties	**4,647**	(2,102)
	(622,237)	(852,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	**(1,634,315)**	(2,380,352)
Proceeds on sale of data	**66,250**	-
Proceeds on sale of marketable securities	**50,786**	-
Purchase of equipment	**-**	(15,494)
	(1,517,279)	(2,395,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	**-**	4,000,450
Share issuance costs	**-**	(347,697)
	-	3,652,753
Change in cash during the year	**(2,139,516)**	404,720
Cash, beginning of year	**2,507,640**	2,102,920
Cash, end of year	**$ 368,124**	$ 2,507,640
Cash paid during the year for interest	**$ -**	$ -
Cash paid during the year for income taxes	**$ -**	$ -

Supplemental disclosure with respect to cash flows (Note 14)

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

NORTH ARROW MINERALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Year Ended APRIL 30, 2017
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance, April 30, 2015	49,944,741	$ 25,066,354	$ 2,985,473	$ (14,888)	$ (15,317,813)	$ 12,719,126
Share-based compensation	-	-	156,305	-	-	156,305
Net loss	-	-	-	-	(3,851,365)	(3,851,365)
Investment loss	-	-	-	(225)	-	(225)
Private placement- net	4,211,000	3,652,753	-	-	-	3,652,753
Balance, April 30, 2016	**54,155,741**	**28,719,107**	**3,141,778**	**(15,113)**	**(19,169,178)**	**12,676,594**
Share-based compensation	**-**	**-**	**2,068**	**-**	**-**	**2,068**
Net loss	**-**	**-**	**-**		**(467,430)**	**(467,430)**
Investment loss	**-**	**-**	**-**	**(34,075)**	**-**	**(34,075)**
Shares issued for exploration and evaluation assets	**2,000,000**	**380,000**	**-**	**-**	**-**	**380,000**
Balance, April 30, 2017	**56,155,741**	**$ 29,099,107**	**$ 3,143,846**	**$ (49,188)**	**$ (19,636,608)**	**$ 12,557,157**

The accompanying notes are an integral part of these financial statements

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.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. These financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. At April 30, 2017, the Company has a deficit of $19,636,608 and may require additional funding to meet its planned activities beyond the upcoming fiscal year. The Company's continuation as a going concern is dependent on the successful results from its mineral property exploration activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. Subsequent to April 30, 2017, the Company completed a financing which is anticipated to provide funds to maintain the next twelve months of operations (Note 10).

These financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern. Continued operations of the Company are dependent on the Company's ability to receive financial support, obtain necessary financings and/or generate profitable operations in the future.

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"). 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) 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.

2. BASIS OF PRESENTATION - continued

d) Significant accounting judgments, estimates and assumptions - continued

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, valuation of share-based payments, marketable securities and valuation of deferred tax amounts.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Any transactions in currencies other than the functional currency have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and

3. SIGNIFICANT ACCOUNTING POLICIES – continued

a) Foreign currencies - continued

liabilities denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company's presentation currency is the Canadian dollar ("$").

b) Loss per share

Basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings (loss) per share. The calculation proved to be anti-dilutive for fiscal 2017 and 2016.

c) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured taking into account the terms and conditions upon which the share purchase options were granted. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

d) Equipment

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

The initial cost of an asset is comprised of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of equipment.

Assets are depreciated at the following rates:

Office and computer equipment	30% declining balance
Field equipment	20% declining balance

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Equipment - continued

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

The carrying values of equipment are reviewed for impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of equipment are included in the statement of loss and comprehensive loss in the period of retirement or disposal.

e) Exploration and evaluation assets

Costs directly related to the acquisition, exploration and evaluation of mineral properties are capitalized once the legal rights to explore the properties have been obtained. When it is determined that such costs will be recouped through successful development and exploitation, expenditures are transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken at the end of each reporting period or when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices that render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties 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 resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Marketable securities

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

h) Financial instruments

Financial assets

Financial assets are classified into one of the following categories:

- fair value through profit or loss ("FVTPL");
- available for sale ("AFS");
- held-to-maturity ("HTM"); and,
- loans and receivables.

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

(i) FVTPL financial assets

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial assets - continued

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

The Company has classified cash as FVTPL.

(ii) AFS financial assets

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

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

The Company has classified marketable securities consisting of common shares as AFS financial assets and warrants convertible into common shares as FVTPL.

(iii) HTM investments

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

(iv) Loans and receivables

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

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

The Company has classified receivables as loans and receivables.

(v) Effective interest method

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial assets - continued

(vi) Impairment of financial assets

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

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

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

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

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

(vii) Derecognition of financial assets

A financial instrument is derecognized when:

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

Financial liabilities

Financial liabilities are classified into one of the following categories:

- fair value through profit or loss ("FVTPL"); or
- other financial liabilities.

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

(i) FVTPL financial liabilities

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial liabilities - continued

(ii) Other financial liabilities

This category includes amounts due to related parties and accounts payable and accrued liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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

(iii) Effective interest method

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

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

(iv) Derecognition of financial liabilities

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

i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill
- differences relating to investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Income taxes - continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Environmental rehabilitation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is limited.

k) Flow-through shares

The Company can issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying mineral expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium liability, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon qualifying expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

l) 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, 2016. The adoption of the standards and amendments did not have a material effect on the financial statements.

ii) Certain pronouncements were issued by the IASB or IFRIC but are not yet effective as at April 30, 2017. The Company intends to adopt these standards and interpretations when they become effective.

The following are the accounting standards issued but not effective as of April 30, 2017 that the Company believes could be significant.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

- IFRS 9 - Financial Instruments – classification and measurement

  Effective for annual periods beginning on or after January 1, 2018. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments.

- IFRS 16 – Leases

  Effective for annual periods commencing on or after January 1, 2019, this new standard eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

4. 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, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their immediate or short-term maturity. Marketable securities 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 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.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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, 2017, the Company had cash of $368,124 (2016 - $2,507,640) available to settle current liabilities of $83,103 (2016 - $608,670).

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 available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

5. RECEIVABLES

	April 30, 2017	April 30, 2016
HST/GST receivables	**$ 8,812**	$ 108,764
Other receivables	**6,632**	9,116
	$ 15,444	$ 117,880

6. MARKETABLE SECURITIES

During the year ended April 30, 2012, the Company received 15,000 common shares of Adamera Minerals Corp., a TSX-V listed company in exchange for certain exploration data.

During the year ended April 30, 2017, the Company sold its interest in the in the previously written off Torp Lake and Phoenix mineral claims to Clean Commodities Corp. (previously Athabasca Nuclear Corp.) for consideration of 2,500,000 common shares of Clean Commodities Corp. having a fair value of $200,000 and warrants entitling the Company to purchase an additional 1,000,000 common shares at a price of $0.20 for a period of two years with a fair value of $33,524 under the following assumptions.

	April 30, 2017	May 19, 2016
Risk –free interest rate	**1.00%**	1.00%
Expected life of the warrants	**1.08 years**	2.0 years
Annualized volatility	**120.00%**	120.00%

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES - continued

	Cost	Unrealized Gain (Loss) on AFS Securities	Cost of FVTPL Securities Sold/Fair Valued	Fair Value
April 30, 2015	$ 15,488	$ (14,888)	-	$ 600
- 15,000 shares Adamera Minerals Corp.	-	(225)	-	(225)
April 30, 2016	15,488	(15,113)	-	375
- Adamera Minerals Corp. 15,000 shares	-	2,925	-	2,925
- Clean Commodities Corp.- 1,850,000 shares (July 31, 2016 – 2,500,000 shares)	200,000	(37,000)	(52,000)	111,000
- Clean Commodities Corp. – 1,000,000 warrants	33,524	-	(20,679)	12,845
April 30, 2017	**$ 249,012**	**$ (49,188)**	**(72,679)**	**$127,145**

7. EQUIPMENT

	Office and computer equipment	Field equipment	Total
Cost			
Balance, April 30, 2015	**$ 17,265**	**$ 93,775**	**$ 111,040**
Additions	**15,494**	**-**	**15,494**
Balance, April 30, 2016	**32,759**	**93,775**	**126,534**
Additions	**-**	**-**	**-**
Balance, April 30, 2017	**$ 32,759**	**$ 93,775**	**$ 126,534**
Accumulated Depreciation			
Balance, April 30, 2015	**$ 8,279**	**$ 9,377**	**$ 17,656**
Additions	**5,020**	**16,879**	**21,899**
Balance, April 30, 2016	**13,299**	**26,256**	**39,555**
Additions	**5,840**	**13,503**	**19,343**
Balance, April 30, 2017	**$19,139**	**$39,759**	**$58,898**
Carrying amounts			
April 30, 2016	19,460	67,519	86,979
April 30, 2017	**$ 13,620**	**$ 54,016**	**$ 67,636**

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	April 30, 2016	Expended During the Year	Write-offs During the Year	April 30, 2017
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	1,242,974	11,923	-	1,254,897
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	14,581	197,516	-	212,097
Geological, data collection and assays	1,374,630	223,510	(49,222)	1,548,918
Office and salaries	529,006	86,032	-	615,038
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	4,609,237	518,981	(49,222)	5,078,996
Loki, Canada				
Exploration costs	-	5,800	-	5,800
Acquisition and tenure costs	-	4,842	-	4,842
Geological, data collection and assays	-	70,431	-	70,431
Office and salaries	-	34,025	-	34,025
	-	115,098	-	115,098
Naujaat (formerly Qilalugaq), Canada				
Exploration costs	357,350	44,784	-	402,134
Drilling	-	240,218		240,218
Acquisition and tenure costs	73,670	240,025	-	313,695
Geological, data collection and assays	3,395,314	61,052	-	3,456,366
Office and salaries	252,634	75,919	-	328,553
	4,078,968	661,998	-	4,740,966
Luxx, Canada				
Exploration costs	50,420	-	-	50,420
Acquisition and tenure costs	138,639	94	-	138,733
Geological, data collection and assays	121,301	-	-	121,301
Office and salaries	43,221	1,572	-	44,793
	353,581	1,666	-	355,247
Mel, Canada				
Exploration costs	83,128	31,868	-	114,996
Acquisition and tenure costs	130,866	1,180	-	132,046
Geological, data collection and assays	444,364	128,843	-	573,207
Office and salaries	55,906	32,089	-	87,995
	714,264	193,980	-	908,244
Redemption, Canada				
Exploration costs	-	5,399	(5,399)	-
Drilling	-	21,436	(21,436)	-
Acquisition and tenure costs	-	12,859	(12,859)	-
Geological, data collection and assays	-	6,567	(6,567)	-
Office and salaries	-	21,461	(21,461)	-
Recoveries	-	(66,000)	66,000	-
	-	1,722	(1,722)	-
TOTAL	$ 10,556,971	1,493,445	(50,944)	$ 11,999,472

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	April 30, 2015	Expended During the Year	Write-offs During the Year	April 30, 2016
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	918,487	324,487	-	1,242,974
Drilling	1,376,586	709,273	-	2,085,859
Acquisition and tenure costs	13,504	1,077	-	14,581
Geological, data collection and assays	860,902	513,728	-	1,374,630
Office and salaries	383,329	145,677	-	529,006
Contribution from joint-venture partner	(457,764)	(180,049)	-	(637,813)
	3,095,044	1,514,193	-	4,609,237
Timiskaming, Canada				
Exploration costs	4,638	-	(4,638)	-
Drilling	94,389	-	(94,389)	-
Acquisition and tenure costs	326,757	139	(326,896)	-
Geological, data collection and assays	68,751	-	(68,751)	-
Office and salaries	14,402	132	(14,534)	-
Contribution from joint-venture partner	(11,908)	-	11,908	-
	497,029	271	(497,300)	-
Qilalugaq, Canada				
Exploration costs	291,030	66,320	-	357,350
Acquisition and tenure costs	71,463	2,207	-	73,670
Geological, data collection and assays	3,143,171	252,143	-	3,395,314
Office and salaries	224,821	27,813	-	252,634
	3,730,485	348,483	-	4,078,968
Luxx, Canada				
Exploration costs	40,803	9,617	-	50,420
Acquisition and tenure costs	136,168	2,471	-	138,639
Geological, data collection and assays	121,301	-	-	121,301
Office and salaries	37,959	5,262	-	43,221
	336,231	17,350	-	353,581
Mel, Canada				
Exploration costs	10,205	72,923	-	83,128
Acquisition and tenure costs	128,472	2,394	-	130,866
Geological, data collection and assays	183,337	261,027	-	444,364
Office and salaries	18,684	37,222	-	55,906
	340,698	373,566	-	714,264
Redemption, Canada				
Exploration costs	429,053	188,937	(617,990)	-
Drilling	124,964	783,277	(908,241)	-
Acquisition and tenure costs	55,485	21,024	(76,509)	-
Geological, data collection and assays	1,058,015	115,715	(1,173,730)	-
Office and salaries	218,107	145,671	(363,778)	-
Recoveries	(50,000)	(800,000)	850,000	-
	1,835,624	454,624	(2,290,248)	-
TOTAL	$ 10,636,032	$2,708,487	$(2,787,548)	$ 10,556,971

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 Harry Winston Diamond Mines Ltd. (subsequently Dominion Diamond Corp.) ("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"). Under the terms of the agreement, Dominion had to incur more than $5,000,000 of exploration expenditures to earn a 55% interest in the joint venture and the Company and Springbok would share equally a 45% interest in the JV Property.

On October 24, 2012, the Company entered into an agreement with Springbok to acquire Springbok's interest in the JV Property (the "Springbok Interests"). Under the terms of the agreement with Springbok, the Company issued 1,000,000 shares at a value of $235,000 to Springbok for the Springbok Interests. 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.

During the year ended April 30, 2015, Dominion had incurred $5,000,000 of expenditure and earned a 55% interest in the joint venture.

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 LDG JV Property located in the Lac de Gras region of the Northwest Territories. Subsequent to December 2015, the Company has elected not to contribute its proportionate share of costs to the 2016 (F2017) and 2017 (F2018) exploration programs and holds an approximate 38% interest in the joint venture at April 30, 2017.

Timiskaming, Pikoo and Qilalugaq Diamond Projects, Canada

In April 2013, the Company closed an assignment agreement with 0954506 B.C. Ltd. ("BCCo") under which the Company acquired BCCo's interest and obligations in three option agreements to earn 80% interests in the Timiskaming, Pikoo and Naujaat (formerly Qilalugaq) diamond projects. Stornoway Diamond Corporation ("Stornoway") was the holder of a 100% interest in all three projects. BCCo is a private company controlled by a party related to a director of the Company.

Under the terms of the assignment agreement the Company paid BCCo $20,000 and issued BCCo 500,000 transferrable share purchase warrants having a fair value of $314,325 which was included in acquisition costs at the time the Company earned its interest in the Timiskaming project. Each share purchase warrant entitles the holder to acquire one common share of the Company at a price of $0.25 for a period of five years from the date of issuance.

During the year ended April 30, 2014, the Company earned an 80% interest in the Timiskaming diamond project in accordance with the terms of an option agreement with Stornoway Diamond Corporation ("Stornoway"). Accordingly, ongoing evaluation of the project is subject to an 80%/20% (Company/Stornoway) participating joint venture.

During the year ended April 30, 2016, the Company wrote off $497,300 of exploration and acquisition costs related to the Timiskaming project in recognition of the lack of significant planned exploration expenditures on the property.

8. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada - continued

Naujaat (formerly Qilalugaq) project, Nunavut

During the year ended April 30, 2016, the Company earned an 80% interest in the Naujaat (formerly Qilalugaq) project in accordance with the terms of an option agreement with Stornoway.

Effective February 15, 2017, the Company acquired Stornoway's remaining interests in the Naujaat and Pikoo (see below) diamond projects by issuing to Stornoway 2,000,000 common shares of the Company. The shares were issued at a fair value of $380,000 of which $190,000 was allocated to acquisition costs for the Naujaat project. In addition, the Company agreed to pay Stornoway $2.5 million at the time the first royalty payments relating to the Naujaat project are payable. Stornoway retains a 0.5% GOR and NSR on diamond, precious metal and base metal production from the Naujaat project.

The Naujaat project is also subject to an additional 3% net smelter royalty ("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

During the year ended April 30, 2014, the Company earned an 80% interest in the Pikoo diamond project in accordance with the terms of an option agreement with Stornoway.

Effective February 15, 2017, the Company acquired Stornoway's remaining interests in the Pikoo and Naujaat (see above) diamond projects by issuing to Stornoway 2,000,000 common shares of the Company. The shares were issued at a fair value of $380,000 of which $190,000 was allocated to acquisition costs for the Pikoo project. In addition, the Company agreed to pay Stornoway $1.25 million at the time the first royalty payments relating to the Pikoo project are payable. Stornoway retains a 1% GOR and NSR on diamond, precious metal and base metal production from the Pikoo project.

In September 2014, the Company entered into separate option agreements with three third parties to acquire interests in mineral properties in the Pikoo diamond project area. Under the terms of the agreements the Company could acquire 70% interests in the properties by reimbursing staking costs totalling $5,600 (paid) and discovering a kimberlite on the properties within a three-year period. In the event that the Company earned an interest in any of the properties, the property in question would be subject to a 2% GOR on diamonds, payable to the vendor. During the year ended April 30, 2017, the Company relinquished its option interest in the three agreements and wrote-off $49,222 of expenditures.

Redemption project, Northwest Territories

In July 2013, the Company entered into an option agreement with Arctic Star Resources Ltd. ("Arctic Star") whereby it could earn a 55% interest in Arctic Star's Redemption project in the Lac de Gras region of the Northwest Territories by incurring $5,000,000 in exploration expenditures prior to July 1, 2017. On July 11, 2014, the Company and Arctic Star signed an addendum to the option agreement under which the project area was expanded to include three additional mineral claims and one mining lease.

Effective January 25, 2016 the Company closed the sale of a royalty interest in the Redemption property to Umgeni Holdings International Limited ("Umgeni") for $800,000. Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder. Umgeni paid the Company $800,000 to acquire the following royalty interests in the Redemption project:

- a 1.25% GOR and 1.25% NSR on 12 mineral claims and 5 mining leases (the "ADD Claims") that were subject to the option agreement with Arctic Star. These 1.25% royalties are payable from the Company's ultimate interest in the ADD claims and the Company will have sole responsibility for paying them.

In addition, Umgeni also acquired certain royalty interests in the Company's Loki diamond project (see below).

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada - continued

Effective April 30, 2016, the Company wrote off exploration and acquisition costs of $2,290,248 related to the Redemption project in recognition of the lack of exploration success with the drilling programs. In August, 2016, Umgeni elected not to acquire the Company's interest in the option agreement and the Company issued a notice to Arctic Star of the Company's intent to relinquish its option to earn an interest in the Redemption project. Further to the July 11, 2014 addendum to the option agreement, the Company also notified Arctic Star of the Company's intent to retain a 55% interest in one mineral claim contiguous to the Redemption project. This mineral claim remains subject to Umgeni's 1.25% GOR and 1.25% NSR referred to above.

Loki project, Northwest Territories

The Loki project consists 17 mineral claims staked in the Lac de Gras region of the Northwest Territories. The Company holds a 100% interest in these claims subject to a 1.5% GOR on diamonds ("GOR") and a 1.5% NSR on base and precious metals granted to Umgeni under the terms of the January 25, 2016 royalty purchase agreement referred to above.

Mel project, Nunavut

The Company maintains a 100% interest in the Mel diamond project in Nunavut. The project was acquired from Anglo Celtic Explorations 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% gross overriding royalty (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.

Luxx project, Nunavut

The Company maintains a 100% interest in the Luxx diamond project in Nunavut. The project was acquired from Anglo Celtic Explorations 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% gross overriding royalty (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.

Other Properties

Beaverdam, North Carolina, USA

Effective September 30, 2016, the Company sold data and information related to the previously written off Beaverdam Project in North Carolina to WCP Resources Ltd. for proceeds of $66,250 (US$50,000).

Torp Lake, Nunavut and Phoenix, Northwest Territories

Effective May 19, 2016, the Company sold its interest in the in the previously written off Torp Lake and Phoenix mineral claims to Clean Commodities Corp. (Note 6) for consideration of 2,500,000 common shares of Clean Commodities Corp. having a fair value of $200,000 and warrants entitling the Company to purchase an additional 1,000,000 common shares at a price of $0.20 for a period of two years with a fair value of $33,524 (Note 6).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2017	April 30, 2016
Trade payables	**$ 43,207**	$ 576,421
Accrued liabilities	**33,000**	30,000
	$ 76,207	$ 606,421

(Expressed in Canadian Dollars)

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 28, 2015, the Company completed a private placement of 4,211,000 flow-through shares at a price of $0.95 per share for total gross proceeds of $4,000,450. As part of this private placement the Company paid finders' fees and costs totalling $347,697. There was no flow through share premium on the issuance of the flow through shares.

b) On February 15, 2017, the Company issued 2,000,000 common shares in conjunction with its acquisition of Stornoway's remaining interests in the Naujaat (formerly Qilalugaq) and Pikoo diamond projects and allocated 1,000,000 shares to each of the projects as acquisition costs at a valuation of $190,000 to each project.

c) Subsequent to the year ended April 30, 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. 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.

Stock options and warrants

The Company's stock option plan (the "Plan") has been approved by shareholders at all annual general and special meetings since and including November 2011. The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSXV").

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

As at April 30, 2017, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
2,075,000	$ 0.27	2,075,000	May 10, 2018
200,000	$ 0.50	200,000	September 23, 2018
985,000	$ 0.70	985,000	January 28, 2019
680,000	$ 0.60	680,000	September 25, 2019
200,000	$ 0.54	200,000	December 16, 2019
4,140,000		4,140,000	

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2015	4,318,000	$ 0.47
Expired and forfeited	(125,000)	0.51
Balance, April 30, 2016	4,193,000	$ 0.47
Expired and forfeited	(53,000)	2.00
Balance, April 30, 2017	4,140,000	$0.45

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants - continued

Share-based compensation

During the year ended April 30, 2017, the Company granted nil stock options (2016 – nil). During the year ended April 30, 2017, the Company recognized share-based compensation of $2,068 (2016 – $156,305) relating to options vested during the year.

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2015	*1,000,000	$ 0.45
Issued	-	-
Balance, April 30, 2016 and April 30, 2017	*1,000,000	$ 0.45

*- 500,000 warrants exercisable at a price of $0.25 per share expire April 29, 2018
*- 500,000 warrants exercisable at a price of $0.65 per share expire August 19, 2018

11. RELATED PARTY TRANSACTIONS

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

Related party transactions

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 $nil (2016 - $2,249) for shared administrative and accounting services to Northair Silver Corp., a company that previously had common officers.

b) Paid or accrued consulting fees of $18,000 (2016 - $16,500) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.

c) Paid $3,842 (2016 - $3,863) for office and rent to a company controlled by a director.

d) Charged related parties $28,800 (2016 - $23,900) for rent, office and administrative costs.

e) Amounts due to related parties totaling $6,896 (2016 - $2,249) are owing to Northair Silver Corp. and Anglo-Celtic Exploration Ltd.

f) Included in other receivables is $6,632 (2016 - $9,116) due from companies having a director or officers in common.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS - continued

The remuneration of directors and key management personnel during the year ended April 30, 2017 was as follows:

		April 30, 2017		April 30, 2016
Salaries[1]	$	**224,676**	$	**209,141**
Salaries in exploration costs[1]		**82,166**		**92,359**
Share-based compensation[2]		**2,068**		**95,549**
Total	$	**308,910**	$	**397,049**

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. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2017		2016
Net loss for the year	$	(467,430)	$	(3,851,365)
Expected income tax (recovery)	$	(122,000)	$	(1,001,000)
Change in statutory rates, foreign tax and other		(2,000)		(1,000)
Permanent differences		1,000		41,000
Impact of flow through shares		74,000		973,000
Share issue cost		-		(90,000)
Change in unrecognized deductible temporary differences		49,000		78,000
Total income tax expense	**$**	**-**	**$**	**-**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		2017	Expiry Date Range		2016
Temporary Differences					
Exploration and evaluation assets	$	3,878,000	No expiry date	$ $	4,181,000
Investment tax credit		193,000	2028 to 2034		193,000
Property and equipment		68,000	No expiry date		49,000
Share issue costs		290,000	2018 to 2020		444,000
Marketable securities		36,000	No expiry date		15,000
Non-capital losses available for future period		6,037,000	2029 to 2037		5,378,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

13. COMMITMENTS

As at April 30, 2017, the commitment for rental of the Company's office space is as follows:

Year ending	
April 30, 2018	$53,613

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended April 30, 2017 were:

a) the Company incurred exploration and evaluation expenditures of $22,171 (2016 - $543,041) that are included in accounts payable and accrued liabilities at year end.

b) the Company received 2,500,000 common shares valued at $200,000 and 1,000,000 warrants valued at $33,524 pursuant to the sale of certain exploration and evaluation assets.

c) the Company issued 2,000,000 common shares valued at $380,000 pursuant to the acquisition of property interests.

15. 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.

16. SEGMENTED INFORMATION

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

17. SUBSEQUENT EVENTS

Subsequent to April 30, 2017:

a) The Company completed the sale of its 100% interest in the Contwoyto Project, Nunavut, including the Butterfly gold prospect, to Crystal Exploration Inc. ("Crystal") for consideration of $100,000 and 1,000,000 common shares of Crystal. Under the terms of the agreement, the Company received $50,000 and 500,000 shares on closing of the transaction with the balance of the shares and cash due on or before December 15, 2018. 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 Crystal at any time with the payment of $1.0 million. The Company will also receive conditional share payments of 500,000 Crystal shares in the event that Crystal reports an inferred gold resource exceeding 250,000 ounces associated with the Butterfly gold prospect and a further 500,000 Crystal shares in the event Crystal reports a separate inferred resource of at least 250,000 ounces of gold outside of the Butterfly area.

17. SUBSEQUENT EVENTS – continued

b) Granted stock options to directors, officers, employees and consultants entitling them to purchase 2,230,000 shares in the capital of the Company at a price of $0.27 per share for a period of 5 years.