NORTH ARROW MINERALS INC.

FINANCIAL STATEMENTS

For the years ended APRIL 30, 2019 and 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
North Arrow Minerals Inc.

Opinion

We have audited the accompanying financial statements of North Arrow Minerals Inc. (the "Company"), which comprise the statements of financial position as at April 30, 2019 and 2018, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company had incurred ongoing losses and had an accumulated deficit of $22,087,284 as at April 30, 2019. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Peter Maloff.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada | Chartered Professional Accountants

July 18, 2019

NORTH ARROW MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
As at April 30, 2019 and 2018
(Expressed in Canadian Dollars)

		2019		2018
ASSETS				
Current				
Cash	$	**509,085**	$	774,951
Receivables (Note 7)		**4,850**		117,155
Marketable securities (Note 6)		**127,500**		119,000
Prepaid expenses		**7,557**		15,273
		648,992		1,026,379
Equipment (Note 8)		**70,506**		64,182
Exploration and evaluation assets (Note 9)		**18,759,917**		16,340,050
	$	**19,479,415**	$	17,430,611
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 10 and 12)	$	**496,517**	$	437,497
SHAREHOLDERS' EQUITY				
Capital stock (Note 11)		**36,097,528**		33,362,855
Share-based payment reserve (Note 11)		**4,972,654**		4,256,791
Investment revaluation reserve (Note 4)		**-**		(50,000)
Deficit		**(22,087,284)**		(20,576,532)
		18,982,898		16,993,114
	$	**19,479,415**	$	17,430,611

Nature and continuance of operations (Note 1)
Commitments (Note 14)
Subsequent events (Note 18)

Approved and authorized on behalf of the Board on July 18, 2019:

"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 Years Ended April 30, 2019 and 2018
(Expressed in Canadian Dollars)

		2019		2018
Advertising, promotion and travel	$	**132,150**	$	177,159
Consulting (Note 12)		**18,000**		18,000
Depreciation		**16,275**		17,710
Office, miscellaneous and rent (Note 12)		**117,684**		128,844
Professional fees		**43,488**		37,303
Property investigation costs		**23,250**		24,598
Regulatory and filing fees		**16,289**		13,491
Salaries and benefits (Note 12)		**340,669**		349,729
Share-based compensation (Note 11)		**715,863**		412,945
		(1,423,668)		(1,179,779)
Interest, foreign exchange and other income		**5,613**		27,420
Recovery of exploration and evaluation assets (Note 6)		**25,000**		205,000
Gain (Loss) on marketable securities		**(16,500)**		20,280
Other income – deferred premium		**304,050**		-
Loss on revaluation of warrants (Note 6)		**-**		(12,845)
Write-off of exploration and evaluation assets (Note 9)		**(355,247)**		-
		(37,084)		239,855
Net income (loss) for the year		**(1,460,752)**		(939,924)
Unrealized gain (loss) on available-for-sale financial assets (Note 6)		-		(812)
Comprehensive income (loss) for the year	$	**(1,460,752)**	$	(940,736)
Basic and diluted loss per share	$	**(0.02)**	$	(0.01)
Weighted average number of common shares		**90,496,195**		74,851,393

The accompanying notes are an integral part of these financial statements

NORTH ARROW MINERALS INC.
STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**$ (1,460,752)**	$ (939,924)
Items not involving cash:		
Depreciation	**16,275**	17,710
Share-based compensation	**715,863**	412,945
Recovery of exploration and evaluation assets	**(25,000)**	(205,000)
Loss on revaluation of warrants	**-**	12,845
Loss (gain) on marketable securities	**16,500**	(20,280)
Other income – deferred premium	**(304,050)**	-
Write-off of exploration and evaluation assets	**355,247**	-
Changes in non-cash working capital items:		
Receivables	**62,305**	(51,711)
Prepaid expenses	**7,716**	47,166
Accounts payable and accrued liabilities	**(529)**	3,567
	(616,425)	(722,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	**(2,715,565)**	(3,989,751)
Proceeds on sale of data	**50,000**	50,000
Proceeds on sale of marketable securities	**-**	119,768
Purchase of equipment	**(22,599)**	(14,256)
	(2,688,164)	(3,834,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from a private placement	**3,128,892**	5,000,000
Share issuance costs	**(90,169)**	(36,252)
	3,038,723	4,963,748
Change in cash during the year	**(265,866)**	406,827
Cash, beginning of the year	**774,951**	368,124
Cash, end of the year	**$ 509,085**	$ 774,951
Cash paid during the year for interest	**$ -**	$ -
Cash paid during the year for income taxes	**$ -**	$ -

Supplemental disclosure with respect to cash flows (Note 15)

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

NORTH ARROW MINERALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance, April 30, 2017	**56,155,741**	**$ 29,099,107**	**$ 3,143,846**	**$ (49,188)**	**$ (19,636,608)**	**$ 12,557,157**
Share-based compensation	-	-	412,945	-	-	412,945
Net loss	-	-	-	-	(939,924)	(939,924)
Investment gain (loss)	-	-	-	(812)	-	(812)
Private placement - net	20,000,000	4,263,748	700,000	-	-	4,963,748
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 - (Note 4)	**-**	**-**	**-**	**50,000**	**(50,000)**	**-**
Share-based compensation	**-**	**-**	**715,863**	**-**	**-**	**715,863**
Net loss	**-**	**-**	**-**	**-**	**(1,460,752)**	**(1,460,752)**
Private placement - net	**16,616,717**	**2,734,673**	**-**	**-**	**-**	**2,734,673**
Balance, April 30, 2019	**92,772,458**	**$ 36,097,528**	**$ 4,972,654**	**$ -**	**$ (22,087,284)**	**$ 18,982,898**

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.

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 April 30, 2019, the Company had an accumulated deficit of $22,087,284 (April 30, 2018 - $20,576,532), 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"). 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.

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 and deferred tax amounts.

2. BASIS OF PRESENTATION – continued

d) Significant accounting judgments, estimates and assumptions - continued

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.

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.

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 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 ("$")

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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 2019 and 2018.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

The Company classifies its financial assets in the following categories:
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL: for other marketable securities and investments, on the day of acquisition the Company can make an irrevocable election to classify them as FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss for the period.

Financial assets at FVTOCI: Marketable securities and investments carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in the period.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection of contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost
Marketable securities	FVTPL

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: this category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement 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

Other financial liabilities: This category includes accounts payable and accrued liabilities, due to related parties and flow through obligations, which are recognized at amortized cost using the 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.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the statement of loss and comprehensive (loss) income immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

j) Environmental rehabilitation - continued

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, 2018. 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, 2019. 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, 2019 that the Company believes could be significant.

- IFRS 16 – Leases

  IFRS 16 supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach substantially unchanged from IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

  The Company plans to apply IFRS 16 effective May 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its office and office equipment measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The associated right-of-use assets will be measured at the lease obligation amount less prepaid lease payments, resulting in no adjustment to the opening balance of its deficit. As at May 1, 2019 the Company expects to recognize approximately $129,000 in right-of-use assets and $129,000 of incremental lease obligations.

(Expressed in Canadian Dollars)

4. CHANGE IN ACCOUNTING STANDARD – IFRS 9, Financial Instruments

On May 1, 2018, the Company adopted a new accounting standard, IFRS 9- financial instruments ("IFRS 9'), which replaced International Accounting Standard 39 (IAS 39) Financial Instruments: Recognition and Measurement. This new standard introduces changes to IAS 39's guidance on the classification and measurement of financial assets and is effective for annual periods beginning after January 1, 2018. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities except for marketable securities. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in a reclassification of $50,000 from investment revaluation reserve to deficit at May 1, 2018. Future changes in the fair value of marketable securities will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

The Company completed an assessment of its financial instruments at May 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	Original Classification – IAS 39	New Classification – IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Marketable securities	AFS	FVTPL
Accounts payable and accrued liabilities	FVTPL	FVTPL

5. 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 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)

5. 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, 2019, the Company had cash of $509,085 (April 30, 2018 - $774,951) available to settle current liabilities of $496,517 (April 30, 2018 - $437,497).

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.

6. 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, 2017	$ 249,012	$ (49,188)	(72,679)		$127,145
- Adamera Minerals Corp. 15,000 shares sold	-	12,188	(15,488)		(3,300)
- Clean Commodities Corp.- 800,000 shares (April 30, 2017 – 1,850,000 shares)	-	17,000	(84,000)		(67,000)
- Benchmark Metals Inc. – 333,333 shares	105,000	(30,000)	-		75,000
- Clean Commodities Corp. – 1,000,000 warrants	-	-	-	(12,845)	(12,845)
April 30, 2018	**354,012**	**(50,000)**	**(172,167)**	**(12,845)**	**119,000**
- **Benchmark Metals Inc. – 333,333 shares**	**-**	**-**	**-**		**-**
- **Clean Commodities Corp. – 800,000 shares**	**-**	**-**	**-**	**(24,000)**	**(24,000)**
- **Rover Metals Corp. – 500,000 shares**	**25,000**	**-**	**-**	**7,500**	**32,500**
April 30, 2019	**$ 379,012**	**$ (50,000)**	**$ (172,167)**	**$ (29,345)**	**$ 127,500**

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES - continued

a) 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, 2019	April 30, 2018
Risk –free interest rate	**-**	1.00%
Expected life of the warrants	**-**	0.08 years
Annualized volatility	**-**	120.00%

During the year ended April 30, 2019, the warrants expired unexercised.

b) During the year ended April 30, 2018, 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.

c) 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, North Arrow shall be entitled to an additional $100,000 payable in either cash or shares at the purchaser's discretion.

7. RECEIVABLES

	April 30, 2019	April 30, 2018
HST/GST receivables	**$ 4,582**	$ 66,497
Other receivables	**268**	50,658
	$ 4,850	$ 117,155

(Expressed in Canadian Dollars)

8. EQUIPMENT

	Office and computer equipment	Field equipment	Total
Cost			
Balance, April 30, 2017	$ 32,759	$ 93,775	$ 126,534
Additions	14,256	-	14,256
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**
Accumulated Depreciation			
Balance, April 30, 2017	$ 19,139	$ 39,759	$ 58,898
Additions	6,907	10,803	17,710
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**
Carrying amounts			
April 30, 2018	$ 20,969	$ 43,213	$ 64,182
April 30, 2019	**$ 35,935**	**$ 34,571**	**$ 70,506**

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

	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

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS - continued

	April 30, 2017	Expended During the Year	Write-offs During the Year	April 30, 2018
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	1,254,897	2,918	-	1,257,815
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	212,097	1,563	-	213,660
Geological, data collection and assays	1,548,918	43,088	-	1,592,006
Office and salaries	615,038	15,671	-	630,709
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	5,078,996	63,240	-	5,142,236
Loki, Canada				
Exploration costs	5,800	379,781	-	385,581
Drilling	-	269,829	-	269,829
Acquisition and tenure costs	4,842	52,082	-	56,924
Geological, data collection and assays	70,431	98,860	-	169,291
Office and salaries	34,025	104,414	-	138,439
Recoveries	-	(144,500)	-	(144,500)
	115,098	760,466	-	875,564
Naujaat, Canada				
Exploration costs	402,134	331,012	-	733,146
Drilling	240,218	1,223,802	-	1,464,020
Acquisition and tenure costs	313,695	23,457	-	337,152
Geological, data collection and assays	3,456,366	1,213,580	-	4,669,946
Office and salaries	328,553	384,495	-	713,048
	4,740,966	3,176,346	-	7,917,312
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	114,996	89,089	-	204,085
Acquisition and tenure costs	132,046	155,292	-	287,338
Geological, data collection and assays	573,207	61,470	-	634,677
Office and salaries	87,995	34,675	-	122,670
	908,244	340,526	-	1,248,770
TOTAL	$ 11,999,472	$ 4,340,578	$ -	$ 16,340,050

9. 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 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 25% interest in the joint venture as at April 30, 2019.

Naujaat project, Nunavut

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

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 the Company agreed to pay Stornoway $1.25 million at the time the first royalty payments relating to the Pikoo project are payable. In addition, 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.

Timiskaming project, Ontario/Quebec

The Company maintains an 80% interest in the Timiskaming diamond project as part of an 80%/20% participating joint venture with Stornoway.

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada – continued

Loki project, Northwest Territories

The Company maintains a 100% interest in the Loki diamond project subject to royalties ranging from 1.25% to 1.5% on diamonds and base and precious metals granted to Umgeni Holdings International Limited ("Umgeni") under the terms of a January 25, 2016 royalty purchase agreement. Umgeni is a private company of which a director of the Company is a beneficiary of the sole shareholder.

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.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2019	April 30, 2018
Trade payables	**$ 222,517**	$ 395,497
Accrued liabilities	**274,000**	42,000
	$ 496,517	$ 437,497

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

11. 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.

(Expressed in Canadian Dollars)

11. CAPITAL STOCK AND RESERVES – continued

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 share and a transferrable warrant that entitles the holder to purchase one share at a price of $0.30 for a period of 24 months. If, commencing on October 20, 2018, the closing price of the Company's shares is at or above $0.40 for 10 or more consecutive trading days, the expiry date of the warrants may be accelerated to the date that is 30 days after the acceleration trigger date. 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 other income the deferred premium of $304,050. Finders' fees and costs of $90,169 were payable in connection with these private placements.

Stock options and warrants

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

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

As at April 30, 2019, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
607,500	$ 0.60	607,500	September 25, 2019
200,000	$ 0.54	200,000	December 16, 2019
2,230,000	$ 0.27	2,230,000	June 23, 2022
150,000	$ 0.25	112,500	November 21, 2022
2,070,000	$ 0.27	2,070,000	May 10, 2023
2,695,000	$ 0.20	1,347,500	July 12, 2023
7,952,500		6,567,500	

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2017	4,140,000	$0.45
Options granted	2,380,000	0.27
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

(Expressed in Canadian Dollars)

11. CAPITAL STOCK AND RESERVES – continued

Stock options and warrants – continued

Share-based compensation

During the year ended April 30, 2019, the Company extended 2,075,000 and granted 2,695,000 stock options (2018 – 2,380,000) having a total fair value of $714,496 and a weighted average grant-date value of $0.15 (2018 – $0.20) per option. During the year ended April 30, 2019, the Company recognized share-based compensation of $715,863 (2018 – $412,945) 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:

	April 30, 2019	April 30, 2018
Risk-free interest rate	1.75%	1.33%
Expected dividend yield	Nil	Nil
Expected stock price volatility	115.02%	131.25%
Expected life	5 years	5 years
Expected forfeiture rate	Nil	Nil

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	1,000,000	$ 0.45
Expired	(500,000)	0.25
Issued	20,000,000	0.40
Balance, April 30, 2018	20,500,000	0.41
Expired	(500,000)	0.65
Issued	6,481,717	0.30
Balance, April 30, 2019	*26,481,717	$0.38

* consists of 20,000,000 warrants exercisable at a price of $0.40 per share expiring May 18, 2020 and 6,481,717 warrants exercisable at a price of $0.30 per share expiring June 19, 2020.

12. 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 $18,000 (2018 - $18,000) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.
b) Paid $3,993 (2018 - $3,842) for office costs to a company controlled by a director.
c) Charged related parties $21,850 (2018 - $27,600) for rent, office and administrative costs.
d) Included in other receivables is $268 (2018 - $514) due from companies having a director or officers in common.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS - continued

The remuneration of directors and key management personnel during the year ended April 30, 2019 was as follows:

		April 30, 2019		April 30, 2018
Salaries[1]	**$**	**189,555**	$	193,112
Salaries in exploration costs[1]		**117,438**		113,730
Share-based compensation[2]		**495,609**		252,167
Total	**$**	**802,602**	$	559,009

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.

13. INCOME TAXES

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

		2019		2018
Net loss for the year	$	(1,460,752)	$	(939,924)
Expected income tax (recovery)	$	(394,000)	$	(254,000)
Change in statutory rates, foreign tax and other		(1,000)		(110,000)
Permanent differences		114,000		113,000
Impact of flow through shares		547,000		-
Share issue costs		(24,000)		(10,000)
Adjustment to prior years provision vs. statutory tax returns				(12,000)
Change in unrecognized deductible temporary differences		(242,000)		273,000
Total income tax expense	**$**	**-**	**$**	**-**

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

		2019	Expiry Date Range		2018
Temporary Differences					
Exploration and evaluation assets	$	1,760,000	No expiry date	$	3,438,000
Investment tax credit		192,000	2020 to 2037		193,000
Property and equipment		102,000	No expiry date		86,000
Share issue costs		163,000	2020 to 2041		168,000
Marketable securities		67,000	No expiry date		50,000
Allowable capital losses		-	No expiry date		18,000
Non-capital losses available for future period		7,966,000	2020 to 2037		7,184,000

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

(Expressed in Canadian Dollars)

14. COMMITMENTS

Commitments for rental of the Company's office space and equipment are as follows:

Year ending	
April 30, 2020	$78,226
April 30, 2021	$59,579
April 30, 2022	$ 3,636

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended April 30, 2019 were:

a) the Company incurred exploration and evaluation expenditures of $432,547 (April 30, 2018 - $372,998) that are included in accounts payable and accrued liabilities at year end.

b) the Company received 500,000 (April 30, 2018 – 333,333) common shares valued at $25,000 (April 30, 2018 - $105,000) pursuant to the sale of certain exploration and evaluation assets.

16. 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.

17. SEGMENTED INFORMATION

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

18. SUBSEQUENT EVENTS

a) Subsequent to April 30, 2019 the Company had received subscription agreements for 7,740,000 common shares totalling $541,800 pursuant to a non-brokered private placement of up to 17,000,000 units at a price of $0.07 per unit for gross proceeds of $1,190,000, subject to regulatory approval. Each unit will consist of one common share and one transferrable common share purchase warrant. Each warrant will entitle the holder to purchase one share at a price of $0.10 per share for a period of five years. Finders' fees may be payable on a portion of the private placement.

b) Subsequent to April 30, 2019 and subject to regulatory approval, the Company announced that it would extend the expiry date of 26,481,717 share purchase warrants by two years and reprice 25,070,887 of the share purchase warrants to $0.225 in accordance with TSX Venture Exchange Policy 4.1. Sec. 3.3 (d).