

NORTH ARROW MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2019

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

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

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

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

	January 31, 2019	April 30, 2018
ASSETS		
Current		
Cash	\$ 954,272	\$ 774,951
Receivables (Note 4)	33,041	117,155
Marketable securities (Note 5)	120,500	119,000
Prepaid expenses	18,552	15,273
	1,126,365	1,026,379
Equipment (Note 6)	65,714	64,182
Exploration and evaluation assets (Note 7)	18,746,004	16,340,050
	\$ 19,938,083	\$ 17,430,611
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 394,343	\$ 437,497
SHAREHOLDERS EQUITY		
Capital stock (Note 9)	36,097,528	33,362,855
Share-based payment reserve (Note 9)	4,860,225	4,256,791
Investment revaluation reserve (Note 2)	-	(50,000)
Deficit	(21,414,013)	(20,576,532)
	19,543,740	16,993,114
	\$ 19,938,083	\$ 17,430,611

Nature and continuance of operations (Note 1)
Commitments (Note 11)

Approved and authorized on behalf of the Board on March 25, 2019:

"D. Grenville Thomas"

Director

"Blair Murdoch"

Director

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

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

	Three Months January 31, 2019	Three Months January 31, 2018	Nine Months January 31, 2019	Nine Months January 31, 2018
Advertising, promotion and travel	\$ 25,400	\$ 45,777	\$ 99,349	\$ 142,323
Consulting (Note 10)	4,500	4,500	13,500	13,500
Depreciation	4,229	4,550	11,695	13,163
Office, miscellaneous and rent (Note 10)	21,502	23,901	77,844	77,078
Professional fees	2,086	-	8,388	2,590
Property investigation costs	3,340	8,366	16,170	18,717
Regulatory and filing fees	3,436	885	9,639	5,671
Salaries and benefits (Note 10)	106,627	79,096	256,699	254,002
Share-based compensation (Note 9)	85,220	54,196	603,434	380,651
	(256,340)	(221,271)	(1,096,718)	(907,695)
Interest, foreign exchange and other income	413	2,637	3,687	15,394
Recovery of exploration and evaluation assets	-	-	25,000	102,500
Gain (Loss) on marketable securities (Note 5)	(16,833)	29,248	(23,500)	20,280
Other income – deferred premium (Note 9)	30,609	-	304,050	-
Loss on revaluation of warrants (Note 5)	-	(2,538)	-	(11,668)
	14,189	29,347	309,237	126,506
Net loss for the period	(242,151)	(191,924)	(787,481)	(781,189)
Unrealized gain on available-for-sale financial assets	--	101,500	-	93,188
Comprehensive loss for the period	\$ (242,151)	\$ (90,424)	\$ (787,481)	\$ (688,001)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares	92,772,458	76,155,741	89,762,183	74,851,393

The accompanying notes are an integral part of these financial statements

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (787,481)	\$ (781,189)
Items not involving cash:		
Depreciation	11,695	13,163
Share-based compensation	603,434	380,651
Recovery of exploration and evaluation assets	(25,000)	(102,500)
Loss on revaluation of warrants	-	11,668
Loss (gain) marketable securities	23,500	(20,280)
Other income- deferred premium	(304,050)	-
Changes in non-cash working capital items:		
Receivables	84,114	(44,643)
Prepaid expenses	(3,279)	55,386
Accounts payable and accrued liabilities	(16,308)	(45,310)
	(413,375)	(533,054)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	(2,432,800)	(3,067,347)
Proceeds on sale of data	-	50,000
Proceeds on sale of marketable securities	-	119,768
Purchase of equipment	(13,227)	(14,256)
	(2,446,027)	(2,911,835)
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 period	179,321	1,518,859
Cash, beginning of the period	774,951	368,124
Cash, end of the period	\$ 954,272	1,886,983
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

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

	Number of Shares	Capital Stock	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance, April 30, 2017	56,155,741	\$ 29,099,107	\$ 3,143,846	\$ (49,188)	\$ (19,636,608)	\$12,557,157
Share-based compensation	-	-	380,651	-	-	380,651
Net loss	-	-	-	-	(781,189)	(781,189)
Investment gain	-	-	-	93,188	-	93,188
Private placement - net	20,000,000	4,263,748	700,000	-	-	4,963,748
Balance, January 31, 2018	76,155,741	\$33,362,855	\$4,224,497	\$44,000	\$(20,417,797)	\$17,213,555
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 2)	-	-	-	50,000	(50,000)	-
Share-based compensation	-	-	603,434	-	-	603,434
Net loss	-	-	-	-	(787,481)	(787,481)
Private placement – net - (Note 9)	16,616,717	2,734,673	-	-	-	2,734,673
Balance, January 31, 2019	92,772,458	\$ 36,097,528	\$ 4,860,225	\$ -	\$ (21,414,013)	\$ 19,543,740

The accompanying notes are an integral part of these financial statements

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At January 31, 2019, the Company had an accumulated deficit of \$21,414,013 (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”) and specifically with IAS 34, Interim Financial Reporting. The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended April 30, 2018, save for the adoption of IFRS 9 as outlined below. These financial statements are presented in Canadian dollars unless otherwise noted.

b) Historical cost

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

c) Change in accounting policy – financial instruments

On May 1, 2018, the Company adopted IFRS 9- financial instruments (“IFRS 9”) which replaced IAS 39 Financial Instruments: Recognition and Measurement. 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.

NORTH ARROW MINERALS INC.
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2. BASIS OF PRESENTATION - continued

d) IFRS 16 - Leases

Effective for annual periods commencing on or after January 1, 2019, IFRS 16 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 this new accounting standard on its financial statements.

e) 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, valuation of share-based payments, marketable securities, valuation of deferred premiums 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 rates. Changes in the input assumptions can materially affect the fair value estimate and a Company's earnings and equity reserves.

(iii) Valuation of deferred premiums and flow-through shares

On issuance the Company bifurcates the flow-through share into i) a flow-through share premium liability based on the estimated premium the investor pays for the flow-through share feature and ii) share capital. Upon qualifying expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

(iv) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

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

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding could cast significant doubt on the Company's ability to continue as a going concern. As at January 31, 2019, the Company had cash of \$954,272 (April 30, 2018 - \$774,951) available to settle current liabilities of \$394,343 (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.

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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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.

4. RECEIVABLES

	January 31, 2019	April 30, 2018
HST/GST receivables	\$ 30,066	\$ 66,497
Other receivables	2,975	50,658
	\$ 33,041	\$ 117,155

5. MARKETABLE SECURITIES

	January 31, 2019		April 30, 2018	
	Cost	Fair Market Value	Cost	Fair Market Value
Clean Commodities Corp. – 800,000 shares	\$ 64,000	\$ 28,000	\$ 64,000	\$ 44,000
Benchmark Metals Inc – 333,333 shares	105,000	60,000	105,000	75,000
Rover Metals Corp. – 500,000 shares	25,000	32,500	-	-
	\$ 194,000	\$ 120,500	\$ 169,000	\$ 119,000

- 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. 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.

	January 31, 2019	April 30, 2018
Risk-free interest rate	-	1.00%
Expected life of the warrants	-	0.08 years
Annualized volatility	-	120.00%

During the period 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"), formerly Crystal Exploration Inc., for consideration of \$100,000 and 333,333 common shares of Benchmark. Under the terms of the agreement, the Company received \$50,000 and 333,333 shares, having a fair value of \$105,000, with the balance of the cash due on or before December 15, 2018 (received). 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.

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5. MARKETABLE SECURITIES – continued

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 it reports a separate inferred resource of at least 250,000 ounces of gold outside of the Butterfly area.

- c) During the nine month period ended January 31, 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.

6. 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	13,227	-	13,227
Balance, January 31, 2019	60,242	93,775	154,017
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	5,215	6,480	11,695
Balance, January 31, 2019	\$ 31,261	\$57,042	\$88,303
Carrying amounts			
April 30, 2018	\$ 20,969	\$ 43,213	\$ 64,182
January 31, 2019	\$ 28,981	\$ 36,733	\$ 65,714

NORTH ARROW MINERALS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 2019
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7. EXPLORATION AND EVALUATION ASSETS

	April 30, 2018	Expended During the Period	Write-offs During the Period	Jan. 31, 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	1,318	-	1,259,133
Drilling	2,085,859	-	-	2,085,859
Acquisition and tenure costs	213,660	3,730	-	217,390
Geological, data collection and assays	1,592,006	2,921	-	1,594,927
Office and salaries	630,709	13,298	-	644,007
Contribution from joint-venture partner	(637,813)	-	-	(637,813)
	5,142,236	21,267	-	5,163,503
Loki, Canada				
Exploration costs	385,581	56,469	-	442,050
Drilling	269,829	25,328	-	295,157
Acquisition and tenure costs	56,924	-	-	56,924
Geological, data collection and assays	169,291	35,463	-	204,754
Office and salaries	138,439	21,488	-	159,927
Recoveries	(144,500)	(110,500)	-	(255,000)
	875,564	28,248	-	903,812
Naujaat, Canada				
Exploration costs	733,146	35,275	-	768,421
Drilling	1,464,020	1,603	-	1,465,623
Acquisition and tenure costs	337,152	41,376	-	378,528
Geological, data collection and assays	4,669,946	212,038	-	4,881,984
Office and salaries	713,048	88,897	-	801,945
	7,917,312	379,189	-	8,296,501
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	1,129,782	-	1,333,867
Drilling	-	349,004	-	349,004
Acquisition and tenure costs	287,338	-	-	287,338
Geological, data collection and assays	634,677	309,719	-	944,396
Office and salaries	122,670	188,745	-	311,415
	1,248,770	1,977,250	-	3,226,020
TOTAL	\$ 16,340,050	\$ 2,405,954	\$ -	\$ 18,746,004

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For the Nine Months Ended January 31, 2019
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7. 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
Luxe, 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

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7. 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 October 2015, the Company and Dominion Diamond Corp. (subsequently Dominion Diamond Mines) (“Dominion”) finalized a joint venture agreement to govern the ongoing evaluation, of the Lac de Gras Joint Venture Property (“the JV Property”), on the basis of a 45%/55% (North Arrow/Dominion) joint venture. Subsequent to December 2015, the Company has elected not to contribute its proportionate share of costs to the 2016, 2017, and 2018 exploration programs and, as a result, held an approximate 25% interest in the joint venture as at January 31, 2019.

Under the terms of an October 24, 2012 agreement with Springbok Holdings Inc. (“Springbok”), under which the Company acquired Springbok’s interest in the JV Property, and as additional consideration for the acquisition, in the event the Company 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. To date the Company has not incurred any joint venture expenditures on the JV Property. A director of the Company is a principal of Springbok.

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. 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 totaling \$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. Stornoway retains a 1% GOR and NSR on diamond, precious metal and base metal production from the Pikoo project.

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.

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7. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada - continued

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 period ended January 31, 2019, these warrants expired.

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 period ended January 31, 2019, these warrants expired.

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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2019	April 30, 2018
Trade payables	\$ 248,674	\$ 395,497
Accrued liabilities	145,669	42,000
	\$ 394,343	\$ 437,497

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9. 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.
- 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 nine months ended January 31, 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 January 31, 2019, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
607,500	\$ 0.60	607,500	September 25, 2019
200,000	\$ 0.54	200,000	December 16, 2019
2,230,000	\$ 0.27	2,230,000	June 23, 2022
150,000	\$ 0.25	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	

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9. CAPITAL STOCK AND RESERVES - continued

Stock options and warrants – continued

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2017	4,140,000	\$ 0.47
Options granted	2,380,000	0.27
Balance, April 30, 2018	6,520,000	0.38
Options expired	(3,337,500)	0.28
Options extended	2,075,000	0.27
Options granted	2,695,000	0.20
Balance, January 31, 2019	7,952,500	\$ 0.28

Share-based compensation

During the nine months ended January 31, 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 (2018 - \$486,644) and a weighted average grant-date value of \$0.15 (2018 - \$0.20) per option. During the nine months ended January 31, 2019, the Company recognized share-based compensation of \$603,434 (2018 – \$380,651) relating to options vested during the period.

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

	January 31, 2019	January 31, 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
Issued	6,481,717	0.30
Expired	(500,000)	0.65
Balance, January 31, 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.

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10. RELATED PARTY TRANSACTIONS

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

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

- a) Paid or accrued consulting fees of \$13,500 (2018 - \$13,500) to the Corporate Secretary of the Company. This amount is included in salaries disclosed below.
- b) Paid \$2,987 (2018 - \$2,879) for office costs to a company controlled by a director.
- c) Charged related parties \$19,900 (2018 - \$20,700) for rent, office and administrative costs.
- d) Included in other receivables is \$nil (2018 - \$668) due from companies having a director or officers in common.

The remuneration of directors and key management personnel during the period ended January 31, 2019 was as follows:

	January 31, 2019	January 31, 2018
Salaries ¹	\$ 132,550	\$ 136,005
Salaries in exploration costs ¹	97,688	94,130
Share-based compensation ²	429,555	231,381
Total	\$ 659,793	\$ 461,516

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.

11. COMMITMENTS

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

Year ending	
April 30, 2019	\$19,557
April 30, 2020	\$78,226
April 30, 2021	\$59,579
April 30, 2022	\$ 3,636

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12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended January 31, 2019 were:

- a) the Company incurred exploration and evaluation expenditures of \$346,152 (April 30, 2018 - \$372,998) that are included in accounts payable and accrued liabilities.
 - b) the Company received 500,000 (January 31, 2018 – 500,000) common shares valued at \$25,000 (January 31, 2018 - \$52,500) pursuant to the sale of certain exploration and evaluation assets.
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13. CAPITAL MANAGEMENT

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

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

14. SEGMENTED INFORMATION

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