North Arrow Minerals Inc.
#960 - 789 West Pender St., Vancouver, B.C.
V6C 1H2

Tel: 604-668-8355
Fax. 604-336-4813

MANAGEMENT DISCUSSION AND ANALYSIS

October 31, 2015

Form 51-102 F1
Management Discussion and Analysis ("MD&A")
North Arrow Minerals Inc.
Containing Information up to and including December 10, 2015

Description of Business

North Arrow Minerals Inc. ("North Arrow" or the "Company") is a Canadian mineral exploration company focused on evaluating prospective diamond exploration properties in Canada. The Company's key diamond properties include the Qilalugaq (Nunavut), Pikoo (Saskatchewan), Lac de Gras (Northwest Territories), and Redemption (Northwest Territories). Shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol NAR.

The following discussion and analysis of the Company's financial condition and results of operations for the six months ended October 31, 2015 should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the six months ended October 31, 2015 and the audited consolidated financial statements of the Company for the years ended April 30, 2015 and April 30, 2014, together with the notes thereto. The MD&A supplements, but does not form part of the unaudited condensed interim consolidated financial statements of the Company. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

Forward-Looking Statements

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to sources of and anticipated financing requirements, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks, and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

Highlights for the six months ended October 31, 2015 and subsequent events up to December 10, 2015

Flow-through Financing

- Effective May 28, 2015, the Company closed a 4,211,000 flow-through common share private placement at a price of $0.95 per share for gross proceeds of $4,000,450. The Company intends to use the proceeds for incurring Canadian Exploration Expenditures related to its Canadian diamond projects.

Qilalugaq project, NU

- On May 5, 2015, the Company reported that final diamond recoveries from a 1,500 tonne bulk sample from the Q1-4 kimberlite had been compiled and included 11,083 diamonds greater than +1 DTC weighing 384.28 carats from 1,353.37 dry tonnes and that the parcel had been shipped to Antwerp for valuation purposes. On June 9, 2015 the Company reported that the cleaned parcel of 383.55 carats of diamonds greater than +1 DTC had been valued by WWW International Diamond Consultants (WWW) with a modelled range of possible values including a possible low of $43 per carat and a possible high of $92 per carat. The Company reported that the primary conclusion reached by WWW was that the valuation results and modelled values should be treated with considerable caution when assessing the Qilalugaq project due to the very small size of the diamond parcel.

Pikoo project, SK

- During the six months ended October 31, 2015 the Company reported microdiamond results from the PK150, PK312, PK311 and PK314 kimberlites. Caustic fusion analyses of 323kg of kimberlite from PK150 confirmed this kimberlite is significantly diamondiferous with the recovery of 487 diamonds larger than 0.106mm sieve class, including 9 diamonds greater than the 0.85mm sieve class. A 14.5kg sample of coherent hypabyssal kimberlite PK312 returned 5 diamonds greater than the 0.106mm sieve class. A small, 4.74kg sample of a weathered, magnetic micaceous kimberlite from PK311 returned 2 diamonds greater than the 0.106mm sieve class. A 476 kg sample from PK314 returned 23 diamonds greater than the 0.106mm sieve class. During this period the Company also completed fixed wing and helicopter borne magnetic surveys within the project area.

Mel project, NU

- During the six months ended October 31, 2015 the Company announced the completion of a till sampling program at the Mel Diamond Project. A total of 227 till samples were collected during August 2015. Sample processing is underway and results are expected during the winter of 2016.

Redemption project, NT

- On June 2, 2015 the Company announced the completion of ground magnetic surveys on 14 separate grids within the Redemption project. A total of 69 line kilometres of surveying were completed testing 25 targets. The Company has also initiated a detailed evaluation of the surficial geology of the Redemption property to better define and interpret the South Coppermine KIM train.

A summary of the exploration activities for the Company follows, as well as a description of other corporate activities. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding consideration.

Exploration Projects Overview

An overview of the exploration activities for the Company follows. For additional details the reader is referred to the Company's continuous disclosure documents available on SEDAR (www.sedar.com).

Unless otherwise stated below, the Company's Canadian exploration activities are conducted under the supervision of Kenneth Armstrong, P.Geo. (ON), President and CEO of the Company. Mr. Armstrong is a Qualified Person under NI 43-101.

EXPLORATION AND EVALUATION ASSETS

	April 30, 2015	Expended	Write-offs	Oct. 31, 2015
Diamond Properties				
Lac de Gras, Canada				
Exploration costs	$ 235,404	$ -	$ -	$ 235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,559	-	-	153,559
Office and salaries	134,040	-	-	134,040
	800,921	-	-	800,921
Pikoo, Canada				
Exploration costs	918,487	42,850	-	961,337
Drilling	1,376,586	12,084	-	1,388,670
Acquisition and tenure costs	13,504	152	-	13,656
Geological, data collection and assays	860,902	345,621	-	1,206,523
Office and salaries	383,329	46,851	-	430,180
Contribution from joint-venture partner	(457,764)	(112,050)	-	(569,814)
	3,095,044	335,508	-	3,430,552
Timiskaming, Canada				
Exploration costs	4,638	-	-	4,638
Drilling	94,389	-	-	94,389
Acquisition and tenure costs	326,757	-	-	326,757
Geological, data collection and assays	68,751	-	-	68,751
Office and salaries	14,402	50	-	14,452
Contribution from joint-venture partner	(11,908)	-		(11,908)
	497,029	50	-	497,079
Qilalugaq, Canada				
Exploration costs	291,030	41,394	-	332,424
Acquisition and tenure costs	71,463	164	-	71,627
Geological, data collection and assays	3,143,171	237,322	-	3,380,493
Office and salaries	224,821	18,675	-	243,496
	3,730,485	297,555	-	4,028,040
Luxx, Canada				
Exploration costs	40,803	7,005	-	47,808
Acquisition and tenure costs	136,168	2,209	-	138,377
Geological, data collection and assays	121,301	-	-	121,301
Office and salaries	37,959	3,456	-	41,415
	336,231	12,670	-	348,901
Mel, Canada				
Exploration costs	10,205	69,970	-	80,175
Acquisition and tenure costs	128,472	449	-	128,921
Geological, data collection and assays	183,337	116,091	-	299,428
Office and salaries	18,684	34,848	-	53,532
	340,698	221,358	-	562,056
Redemption, Canada				
Exploration costs	429,053	8,530	-	437,583
Drilling	124,964	-	-	124,964
Acquisition and tenure costs	55,485	10,194	-	65,679
Geological, data collection and assays	1,058,015	76,759	-	1,134,774
Office and salaries	218,107	39,118	-	257,225
Recoveries	(50,000)	-	-	(50,000)
	1,835,624	134,601	-	1,970,225
TOTAL	$ 10,636,032	$1,001,742	$ -	$ 11,637,774

Diamond Projects

Qilalugaq, Pikoo and Timiskaming Diamond Projects, Canada

On March 14, 2013, the Company entered into an assignment agreement with 0954506 B.C. Ltd. ("BCCo") under which BCCo agreed to assign and transfer to the Company all of BCCo's interest and obligations in certain option agreements to earn an 80% interest in the Timiskaming, Pikoo and Qilalugaq diamond projects. At that time, Stornoway Diamond Corporation held a 100% interest in all three projects and had granted BCCo options to acquire 80% interests in the projects. BCCo is a private company controlled by Eira M. Thomas. Ms. Thomas is the daughter of D. Grenville Thomas, Chairman and a director of the Company.

On April 29, 2013 the Company announced the closing of the assignment agreement including the payment to BCCo of $20,000 and the issuance to BCCo of 500,000 transferrable share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share of the Company at a price of $0.25 for a period of five years. The warrants became exercisable once the Company exercised the option to earn an interest in the Timiskaming project (see below).

With closure of the assignment, the Company retained options to earn an 80% interest in each of the Qilalugaq, Pikoo and Timiskaming diamond properties by completing exploration work programs (each an "option work program") on each of the projects (complete). Upon completion of each option work program the Company provided notice to Stornoway of its intent to vest an 80% interest in a project. Stornoway had a one-time right (the "Back-in Right") to buy-back a 20% interest in each project by paying to the Company an amount equal to three times the costs incurred in connection with the applicable option work program. For each of the projects, Stornoway elected not to exercise its Back-in Right (details for each election provided below). As a result each of the Timiskaming, Pikoo and Qilalugaq projects are subject to a joint venture for the purpose of further exploration of the project, and the interests are 80% the Company and 20% Stornoway.

Details on the status and technical details of each project are provided below.

Qilalugaq diamond project, Nunavut

The Qilalugaq diamond project is located near the community of Naujaat (Repulse Bay), Nunavut. The property was originally staked by BHP Billiton Diamonds Inc. and subsequently optioned by Stornoway in 2006. Stornoway acquired a 100% interest in the project in 2010. The project is subject to a 3% net smelter returns royalty on metals produced and a 3% gross-overriding royalty on the sale of industrial minerals, including diamonds. A total of eight kimberlite pipes (Q1-4, A34, A42, A59, A76, A94, A97 and A152) have been identified within the Qilalugaq diamond project as well as a number of laterally extensive kimberlite dyke systems.

The 12.5 hectare Q1-4 kimberlite is the largest diamondiferous kimberlite pipe in the eastern Canadian Arctic. On May 15, 2013 the Company confirmed an Inferred Mineral Resource estimate for the Q1-4 kimberlite to be 26.1 million carats from 48.8 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 53.6 carats per hundred tonnes (cpht) extending from surface to a depth of 205m. Additional resource upside in the form of a target for further exploration was estimated at between 7.9 to 9.3 million carats of diamonds from 14.1 to 16.6 million tonnes total content of kimberlite with an average +1 DTC total diamond content of 56.1 cpht, extending from 205m depth to 305m depth. The mineral resource estimate comprised the integration of kimberlite volumes, density, petrology and diamond content-data obtained from 5,133 m of diamond drilling, 2,714 m of reverse circulation (RC) drilling, 2.9 tonnes of samples submitted for microdiamond analysis, 257.7 tonnes of samples submitted for macrodiamond sampling with 59.2 carats of diamonds (2,054 stones) recovered from RC drilling, 7.5 carats of diamonds (205 stones) recovered from surface trenching and 2.36 carats of diamonds (69 stones) recovered from HQ diameter diamond drilling.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade of the target for further exploration referred to above is conceptual in nature, there has been insufficient exploration to define a mineral resource, and it is uncertain whether further exploration will result in the target being delineated as a mineral resource. For information on the data verification, exploration information and the resource and target for further exploration estimation procedures please see the technical report dated May 13, 2013 which is available under the Company's profile at www.sedar.com and on the Company's website (www.northarrowminerals.com). The authors of the report were Barb Kupsch, P.Geol. and David Farrow, P.Geo.

Under the terms of a May 2013 option agreement, the Company had the option to earn an 80% interest in the Qilalugaq project from Stornoway by completing an option work program that included the collection of a minimum 1,000 tonne bulk sample from the Q1-4 kimberlite for the purpose of recovering a larger parcel of diamonds to better determine diamond content, size distribution, diamond parcel value, and to establish whether or not coloured diamonds persist into the larger diamond sizes. During the summer of 2014, the Company collected an approximate 1,500 wet tonne sample by surface trenching an area of Q1-4 where there is limited (<1m) overburden cover. The sample consisted of 1,688 megabags of kimberlite that were delivered to the processing laboratory in Thunder Bay, ON. Sample processing commenced in October 2014. The sample was initially processed through a dense media separation (DMS) plant and the resultant concentrate was shipped to Stornoway's North Vancouver diamond sorting facility in North Vancouver where it was further upgraded and sorted for diamonds. On May 5, 2015, the Company reported that final diamond recoveries from the sample included 11,083 diamonds greater than +1 DTC weighing 384.28 carats from 1,353.37 dry tonnes and that the parcel had been shipped to Antwerp for valuation purposes. The largest three diamonds are 4.42 carats (intense yellow cubic aggregate), 4.16 carats (greenish yellow cubic aggregate), and 3.53 carats (pale yellow cubic aggregate). The recovered diamonds include 15 diamonds larger than 1 carat. Yellow diamonds, representing a range of hues and tones, comprise approximately 9.0% by stone count (21.5% by carat weight) of the +1 DTC diamonds recovered to date. On June 9, 2015 the Company reported that the cleaned parcel of 383.55 carats of diamonds greater than +1 DTC had been valued by WWW International Diamond Consultants (WWW) at $13,795 or $36 per carat and a modelled range of possible values was also produced with a possible low of $43 per carat and a possible high of $92 per carat. The Company reported that the primary conclusion reached by WWW was that the valuation results and modelled values should be treated with considerable caution when assessing the Qilalugaq project due to the very small size of the diamond parcel. In addition, it is management's opinion that the valuation was further complicated by the unusual occurrence of two identifiable diamond populations including a population of rare Type Ib yellow diamonds. The Company is further evaluating the diamond parcel and reviewing options for advancing the project.

The reader is referred to the Company's news releases of April 21 2015, May 5 2015 and June 9 2015 available under the Company's profile at www.sedar.com or on the Company's website (www.northarrowminerals,com) for details on the processing of the bulk sample and related QA/QC measures.

The Q1-4 bulk sampling program and related diamond valuation was funded by the Company and fulfilled the Company's obligations to earn an 80% interest in the Qilalugaq project from Stornoway. As such, on July 10, 2015 the Company delivered to Stornoway official notice that it had vested at an 80% interest in the project, subject to a one time back-in right held by Stornoway. On July 20, 2015, Stornoway notified the Company that Stornoway had elected not to exercise its back-in right. As a result, ongoing exploration and evaluation of the project is subject to an 80%/20% (North Arrow/Stornoway) participating joint venture.

Pikoo diamond project, Saskatchewan

The Pikoo diamond project consists of 33,374 hectares of mineral claims located approximately 140 km east of La Ronge, Saskatchewan. An all-season road to the community of Deschambault Lake comes to within 6 km of the project's southern boundary. During the summer of 2013 the Company completed an initial exploration drilling program at the Pikoo project, intersecting kimberlite in nine of the ten drill holes, confirming the presence of a new kimberlite field in this region. The most significant discovery of the 2013 drilling program was the PK150 kimberlite. In November, 2013 the Company announced that 745 microdiamonds had been recovered from a 209.7 kg sample from PK150, including 23 diamonds larger than the 0.85 mm sieve size. A full summary of the initial diamond results from PK150 can be found in the Company's MD&A for the year ended April 30, 2014.

The 2013 Pikoo drilling program and related diamond test work was funded by the Company and fulfilled the Company's obligations under a March 2013 option agreement to earn an 80% interest in the Pikoo project from Stornoway. As such, on November 18, 2013 the Company delivered to Stornoway official notice that it had vested at an 80% interest in the project, subject to a one time back-in right held by Stornoway. On January 17, 2014, Stornoway notified the Company that Stornoway had elected not to exercise its back-in right. As a result, ongoing exploration and evaluation of the project is subject to an 80%/20% (North Arrow/Stornoway) participating joint venture.

During the summer and fall of 2014, the Pikoo joint venture completed two till sampling programs designed to identify and better define additional kimberlite indicator mineral ("KIM") trains within the project. A total of 560 till samples were collected and on February 8, 2015 the Company announced that up to five new KIM trains have been identified, including two KIM trains that are well defined and terminate within the project area.

In February and March 2015 the Pikoo joint venture completed a 3,243 m drilling program intended to follow up on the kimberlite discoveries made in 2013 and to test the new targets defined by the 2014 till sampling program. The program resulted in the discovery of four new kimberlite occurrences bringing the total number of discrete kimberlite discoveries within the project to seven. The four most significant kimberlite discoveries are the PK150, PK314, PK312 and PK311 kimberlites and during the six months ended October 31, 2015 the Company announced microdiamond recovery results for each.

PK150 – Kimberlite PK150, first discovered in 2013, was tested by an additional six drill holes and expanded to a depth of 199 m over a strike length of approximately 150 m. The body remains open at depth and along strike to the east. The drilling confirmed that PK-150 is also a pipe-like body that is not constrained by the high intensity magnetic anomaly identified as the initial exploration target in 2013. A weakly magnetic kimberlite phase, having textures consistent with transitional to Kimberley-type pyroclastic kimberlite, was encountered in a 30 m interval of drill hole DDH PK34 (-44/350), the last hole of the program representing a 50 metre step out to the east of the 2013 drilling. On September 8, 2015 the Company announced new microdiamond results for 323kg of kimberlite processed by caustic fusion. The sample returned a total of 487 diamonds larger than the 0.106 mm sieve size, including 9 diamonds larger than the 0.85 mm sieve size. Approximately 36% of the recovered diamonds are aggregates, 30% are octahedra, and 16% macles, and approximately 78% of the diamonds are white in colour. The new PK150 caustic fusion results are summarized in the following table.

		Number of Diamonds per Sieve Size (mm Square Mesh Sieve)										
	Sample Weight Dry Kg	+0.106 -0.150	+0.150 -0.212	+0.212 -0.300	+0.300 -0.425	+0.425 -0.600	+0.600 -0.850	+0.850 -1.18	+1.18 -1.70	+1.70 -2.36	Total Stones	Total Carats +0.85mm
PK150	323.0	197	131	69	47	23	11	7	1	1	487	0.185

Management considers these new results from PK150 to be consistent with the 2013 microdiamond results and confirm PK150 as a significantly diamondiferous kimberlite. Importantly, the portion of the sample collected from the transitional, weakly magnetic kimberlite encountered in drill hole DDH PK34 returned diamond counts that are consistent with the remainder of the kimberlite. This is important as the kimberlite remains open in this area and the occurrence of interpreted transitional type textures could be important for the volume potential of PK150 and for the discovery of other, weakly magnetic kimberlite bodies within the project.

PK314 – PK314 was discovered during the 2015 drilling program (four drill holes). The kimberlite has been drilled to vertical a depth of approximately 213 m and appears to be an E-W trending vertically emplaced pipe-like body that is 25 m wide with a minimum length of approximately 40 m and located immediately up ice from a high priority pyrope garnet anomaly. A 476 kg sample of drill core from PK314 was processed by caustic fusion and returned 23 diamonds greater than the 0.106mm sieve class. Further drilling of PK314 is likely not warranted.

PK312 – Kimberlite PK312 was discovered during the 2015 drilling program. Two 1.5m intervals of coherent hypabyssal kimberlite were encountered in drill holes DDH PK-28 (-45/025) and DDH PK-29 (-60/025). Both holes were drilled from the same set up and the body is estimated to have a near vertical orientation. The kimberlite contains a good mantle sample with abundant visual KIMs. A 14.5 kg sample of PK312 returned five diamonds including four greater than the 0.106mm sieve size and one greater than the 0.150mm sieve class. The sample size is very small but has confirmed PK312 to be diamond bearing.

PK311 – On September 8, 2015 the Company reported that PK311 has been confirmed as a kimberlite by the recovery of hundreds of kimberlite indicator minerals from a 1.45kg sample of a semi consolidated, black micaceous unit drilled over an interval of approximately 3 metres at the top of hole DDH PK23 (-60/156). The sample returned KIMs including mantle-derived pyrope and eclogitic garnet and kimberlite ilmenite. PK311 is a magnetic, weathered black micaceous unit with local green to white carbonate fracture fillings and veinlets crosscutting an adjacent country rock breccia unit. The size and orientation of the body is unknown and further drilling is required to fully define its extent. A small 4.74 kg composite sample from PK311 returned two diamonds including one greater than the 0.106 mm sieve size and one greater than the 0.212 mm sieve size. This result confirms the PK311 kimberlite as diamond bearing and indicates that further evaluation is warranted.

Additional drilling of both PK311 and PK312 is required to better define the full extent of these bodies and allow for a more complete evaluation of their diamond potential.

Diamond results for the Pikoo project are based on caustic fusion processing completed by Microlithics Laboratories, Thunder Bay, Ontario, an independent mineral process laboratory facility. Caustic fusion residues were sent for final diamond recoveries to I&M Morrison Geological Services Ltd. in Delta, British Columbia, an independent mineral sorting and petrographic laboratory. Quality assurance protocols, security and actual operating procedures for the processing, transport and recovery of diamonds conform to industry standard Chain of Custody provisions. As part of

North Arrow's ongoing QA/QC programs, concentrate residues and other materials are subject to audit. Any significant changes to recovered diamond contents will be reported when available.

During the six months ended October 31, 2015, the Company completed a helicopter borne magnetic survey covering the up ice terminations of kimberlite indicator mineral trains identified within the property. Initial results from this survey have been received. Planning is underway for a winter 2016 drilling program intended to fully define the known kimberlite occurrences and to test new targets generated by this new survey.

Pikoo Option Properties - In September 2014, the Company entered into separate option agreements with Eagle Plains Resources Ltd., Kalt Enterprises Ltd. and Canadian International Minerals Inc. to acquire interests in a group of contiguous mineral claims to the northeast of the Pikoo diamond project area. Under the terms of the agreements the Company can acquire 70% interests in the option properties by reimbursing staking costs that totalled $5,600 (paid) and discovering a kimberlite on the properties within a three year period. In the event that North Arrow earns a 70% interest, the properties will be subject to a 2% gross overriding royalty on diamonds, payable to the vendor. There will be a retained right to purchase 1% of any royalty granted at any time for $1,000,000. The Company and Stornoway have separately agreed to evaluate the properties under the Pikoo joint venture. Limited till sampling of these option properties was completed during the year ended April 30, 2014. During the six months ended October 31, 2015, a follow up fixed wing magnetic survey was completed over these Option Properties.

Timiskaming diamond project, Ontario/Quebec

The Timiskaming diamond project is located in the Cobalt-New Liskeard-Elk Lake-Notre Dame du Nord (Ville Marie) region of northeastern Ontario and northwestern Quebec. Between 1995 and 2012, Stornoway and its predecessor companies conducted comprehensive diamond exploration programs within the project area resulting in the discovery of nine kimberlites. On May 14, 2013 the Company announced the completion of a five hole (547 m) drilling program testing four targets located up ice from unsourced kimberlite indicator mineral trains. Kimberlite was not intersected in any of the drill holes. Completion of the May 2013 drilling program fulfilled the requirements of the option work program under the option agreement with Stornoway and the Company delivered to Stornoway a notice of its intent to vest at an 80% interest in the project, subject to a one time back in right held by Stornoway. On August 6, 2013 Stornoway notified the Company that it will not exercise its back-in right and, as a result, ongoing exploration of the Timiskaming project will be conducted under an 80/20 (North Arrow/Stornoway) joint venture.

Surficial sediment sampling and geophysical data from the Timiskaming diamond project suggest additional undiscovered kimberlites may be located within the project area and the Company is currently considering plans for further exploration.

Redemption Diamond Project, Northwest Territories

In July 2013 the Company entered into an agreement with Arctic Star Exploration Corp. under which Arctic Star has granted the Company an option to earn a 55% interest in the Redemption diamond project in the Lac de Gras region of the Northwest Territories. On July 11, 2014, the Company and Arctic Star signed an addendum to the option agreement under which the project area was expanded to include three additional mineral claims and one mining lease. Under the terms of the option agreement, as amended, the Company can earn a 55% interest in the Redemption project by incurring $5 million in exploration expenditures prior to July 1, 2017, including a firm commitment to spend $1,000,000 prior to July 1, 2014 (completed).

The Redemption project is located within the Lac de Gras diamond district, approximately 32 km southwest of, and 47 km to the west of the Ekati and Diavik diamond mines, respectively. The project benefits from an extensive database of previous exploration work by Arctic Star and others, including airborne and ground geophysical surveys, till geochemical sampling and a limited amount of drilling. Importantly, the project covers the interpreted up ice termination of the South Coppermine kimberlite indicator mineral train. The South Coppermine KIM train was extensively explored by Arctic Star between 2004 and 2010 and is defined by a full suite of kimberlite indicator minerals including pyrope garnet, high-magnesium ilmenite, chrome diopside, chromite and eclogitic garnet. These indicator minerals exhibit compositions that are typical of minerals found within diamond bearing kimberlites.

During 2013 and 2014 the Company completed exploration programs consisting of a helicopter- borne gravity survey of the property, bathymetry surveys, till sampling, ground geophysics and 800m of exploration drilling that tested seven targets located in the central part of the property near the up ice termination of the South Coppermine KIM train. Kimberlite was not discovered. Details of these exploration programs can be found in the Company's MD&A for the year ended April 30, 2015.

On June 2, 2015 the Company announced the completion of ground magnetic surveys on 14 separate grids within the property. A total of 69 line kilometres of surveying were completed testing 25 targets. Interpretation of the data indicates a number of the targets can be prioritized for future drilling. The Company has also initiated a detailed evaluation of the surficial geology of the Redemption property to better define and interpret the South Coppermine KIM train. The first phase of this work, consisting of a desktop evaluation of available air photo and satellite imagery, was completed during the six months ended October 31, 2015 as was a 7 day field program to ground truth and test interpretations derived from the desktop study. Final interpretations and results from the overall study will be used to plan a follow up exploration drilling, if warranted.

During the period ended October 31, 2015 the Company also reported that approximately 52 overburden reverse circulation drill holes were completed within and around the Redemption property as part of the Slave Province Surficial Materials and Permafrost Study (SPSMPS), an ongoing Government funded research project led by the Northwest Territories Geoscience Office. Government researchers will use the results from these and other drill holes completed elsewhere in the Lac de Gras region to build a regional 3D indicator mineral and till geochemistry database. Results from this work may supplement the Company's exploration activities in the Redemption area and assist in identifying priority target areas.

Lac de Gras Diamond Project – Northwest Territories

The Lac de Gras Diamond project forms a very large, contiguous block of mineral claims and mining leases located within the Lac de Gras region of the Northwest Territories. The project area directly adjoins the mineral leases that host the Diavik diamond mine, located 10 km to the north. The Ekati diamond mine is located within 40 km to the northwest.

The Lac de Gras project originally consisted of 81,500 acres of mining leases and mineral claims and was subject to a 50-50 joint venture with Dr. Chris Jennings who subsequently assigned his interest to Springbok Holdings Inc. ("Springbok"). The North Arrow / Springbok property was contiguous with a 226,000 acre block of claims held by Dominion Diamond Corporation (formerly Harry Winston Diamond Mines Ltd.). Under the terms of an option agreement announced on September 6th 2011, the Company, Springbok and Dominion agreed to amalgamate the two properties to form a "Joint Venture Property" totaling over 307,000 acres. Dominion maintained an option to earn a 55% interest in the Joint Venture Property by funding $5,000,000 in exploration expenditures over a five year period. Upon exercising the option, a joint venture would be formed in which Dominion would hold a 55% interest and the Company and Springbok would equally share a 45% interest in the entire 307,000 acre Joint Venture Property.

On October 24, 2012, the Company entered into an agreement with Springbok to acquire Springbok's 50% interest in the "Springbok Interests". The Springbok Interests were defined to include the right to obtain a 22.5% interest in the Joint Venture Property, subject to the terms and conditions of the option agreement among Springbok, the Company and Dominion. On April 29, 2013 the Company announced it had closed the acquisition of the Springbok Interests for consideration consisting of 1,000,000 post-consolidation common shares of the Company. As additional consideration, in the event that Dominion exercises its option and earns 55% interest in the Joint Venture Property and the Company subsequently incurs $2 million in joint venture expenditures on the Joint Venture Property, the Company will issue to Springbok that number of common shares of the Company having a value of $1 million.

No exploration work was completed on the property during fiscal 2015. During the year ended April 30, 2015, Dominion indicated to the Company that Dominion had incurred in excess of $5 million in exploration expenditures on the Lac de Gras Property. During the six months ended October 31, 2015, the Company and Dominion finalized a formal joint venture agreement intended to govern the further exploration and evaluation of the property on the basis of 45%/55% (North Arrow/Dominion) participating interests. A joint venture meeting is anticipated in January 2016 to review exploration plans and budgets for calendar 2016.

Mel Diamond Project - Nunavut

The Company currently maintains a 100% interest in the Mel diamond project, Nunavut. The project was acquired to cover unexplained kimberlite indicator mineral trains identified from public datasets and consists of approximately 183,000 acres on the Melville peninsula, approximately 140 km south of the community of Hall Beach and 210 km northeast of the community of Naujaat which is also the location of the Company's Qilalugaq diamond project. The property is located within 10 km of tidewater and hosts two unsourced KIM trains defined from over 500 till samples recorded in public assessment files. The mineral trains are composed of pyrope and eclogitic garnets, as well as ilmenite. A review of the mineral chemistry associated with the KIM trains indicates mineral compositions that are consistent with derivation from a mantle-derived kimberlitic source.

During the six months ended October 31, 2015 the Company collected 227 till samples from the property. The samples are currently being processed at Microlithics Laboratories Inc., an independent mineral processing laboratory located in Thunder Bay, Ontario. KIM results are expected during the winter of 2016 and will be used to help identify potential targets for follow up exploration, including drill testing.

The Mel project is subject to a 1% gross overriding royalty held by Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company. The Company retains the right to buy back half of the royalty (0.5%) for $1 million at any time.

Luxx Diamond Project - Nunavut

The Company currently maintains a 100% interest in the Luxx diamond project, Nunavut. The project was acquired to cover unexplained KIM trains identified from public datasets and consists of approximately 100,000 acres on the tidewater of Chesterfield Inlet, approximately 60 km from the community of Chesterfield Inlet and 100 km north of the community of Rankin Inlet. The project includes at least one, and possibly three KIM trains defined from over 350 till samples in public assessment records. The trains are located within 20 km of the Churchill kimberlite cluster, and include samples containing hundreds of garnets and ilmenites at the head of the train that is well cut-off by a series of barren till samples.

During 2013 and 2014 the Company completed an airborne magnetic survey and collected 81 till samples from the property. This work was generally successful in constraining existing KIM trains, including Mg-ilmenite, pyrope and eclogitic garnet. The Company is currently working to acquire required permits to allow for exploration drilling of targets on the property.

The Luxx project is subject to a 1% gross overriding royalty held by Anglo Celtic Exploration Ltd., a private company controlled by D. Grenville Thomas, a director of the Company. The Company retains the right to buy back half of the royalty (0.5%) for $1 million at any time.

Gold and Base Metal Projects

The Company maintains an interest in a number of non-material gold, base metal and lithium projects in northern Canada, particularly Nunavut. The Company continues to pursue opportunities to see these properties further evaluated, however has no plans to fund or conduct exploration of these properties on its own.

FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES, OPERATIONS AND FINANCIAL RESULTS

Overall performance

	October 31, 2015	April 30, 2015	April 30, 2014
Current assets	**$ 4,225,933**	$ 2,268,159	$ 9,467,652
Non-current assets	**11,736,441**	10,729,416	4,445,606
Liabilities	**(38,938)**	(278,449)	(381,512)
Shareholders' equity	**$ 15,923,436**	$ 12,719,126	$ 13,531,746

Financing/Use of Proceeds

On May 28, 2015, the Company completed a private placement of 4,211,000 flow-through shares at a price of $0.95 per share for total gross proceeds of $4,000,450. As part of this private placement the Company paid finders' fees and costs totalling $347,697. The Company intends to use the funds for exploration of its Canadian exploration and evaluation assets in calendar 2015 and 2016 and will renounce these expenditures to the investors effective December 31, 2015 using the look back rules. There was no flow through share premium on the issuance of the flow through shares.

Results of Operations

During the three and six months ended October 31, 2015 (the "current quarter and current period"), the Company recorded losses of $188,983 or $0.00 per share and $569,249 or $0.01 per share respectively. This is compared with losses of $387,055 or $0.01 per share and $787,995 or $0.02 per share respectively for the three and six month periods ended October 31, 2014 (the "comparative quarter and comparative period"). The largest components of the loss for current period were salaries $196,632 (comparative period - $164,517), share-based compensation $121,106 (comparative period - $412,584) and a $150,432 (comparative period - $8,420) property investigation charge for ongoing exploration work and costs related to cancellation of a planned drill program at the Qilalugaq project.

Expenses for the current quarter were $201,565 (comparative quarter - $409,820) a decrease of $208,255 from the comparative quarter. The reduction in expenses during the current quarter was largely related to reductions in advertising, promotion and travel $14,724 (comparative quarter - $69,467) and share-based compensation charges $38,460 (comparative quarter - $223,130) offset by an increase in property investigation costs $26,913 (comparative quarter – recovery $2,557). During the three months ended October 31, 2015 no stock options were granted and the Company has focused on project evaluation, in particular for the Qilalugaq and Pikoo projects, resulting in reductions to share-based compensation, advertising, promotion and travel and other costs.

Expenses for the current period were $590,711 (comparative period - $830,893) a decrease of $240,182 from the comparative period. The reduction in expenses during the current period was largely related to reductions in advertising, promotion and travel $23,838 (comparative period - $116,356) and share-based compensation charges $121,106 (comparative period - $412,584) offset by an increase in property investigation costs $150,432 (comparative period - $8,420). During the first and second quarter of the year no stock options were granted and the Company has focused on project evaluation, in particular for the Qilalugaq and Pikoo projects, and financing which resulted in reductions in advertising, promotion and travel and share based compensation costs.

Summary of quarterly results

The following table sets out selected unaudited quarterly financial information of North Arrow and is derived from the Company's unaudited quarterly consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS and are expressed in Canadian dollars.

Quarter Ending	Interest Income	Income or (Loss) from Continued Operation and Net Income (Loss)	Basic Earnings (Loss) per share from Continued Operation and Net Income (Loss)	Earnings (Loss) per share
October 31, 2015	$ 12,582	$ (188,983)	$ 0.00	$ 0.00
July 31, 2015	$ 7,373	$ (380,266)	$ (0.01)	$ (0.01)
April 30, 2015	$ 6,977	$ (396,027)	$ (0.01)	$ (0.01)
January 31, 2015	$ 12,564	$ (427,573)	$ (0.01)	$ (0.01)
October 31, 2014	$ 22,765	$ (387,055)	$ (0.01)	$ (0.01)
July 31, 2014	$ 20,133	$ (400,940)	$ (0.01)	$ (0.01)
April 30, 2014	$ 33,220	$ (543,975)	$ (0.02)	$ (0.02)
January 31, 2014	$ 12,919	$ (432,154)	$ (0.01)	$ (0.01)

Variations in Quarterly Results

The $188,983 loss for the second quarter of fiscal 2016 reflects the Company's ongoing administration, a non-cash $38,460 (comparative quarter - $223,130) share-based compensation charge for options granted to directors, officers, employees and consultants and a $26,913 (comparative quarter – recovery of $2,557) property investigation charge for project evaluation costs.

The $380,266 loss for the first quarter of fiscal 2016 reflects the ongoing administration costs, a non-cash $82,646 (comparative quarter - $189,454) share-based compensation charge for options granted to directors, officers, employees and consultants and a $123,519 (comparative quarter - $10,977) property investigation charge for project evaluation costs.

The $396,027 loss for the fourth quarter of fiscal 2015 reflects a non-cash $115,035 (comparative quarter - $215,665) share-based compensation charge for options granted to directors, officers, employees and consultants, a $nil (comparative quarter - $128,301) write-down of exploration and evaluation assets and the ongoing administration costs of the Company.

The $427,573 loss for the third quarter of fiscal 2015 reflects a non-cash $192,431 (comparative quarter - $240,581) share-based payment charge for options granted to directors, officers, employees and consultants and ongoing costs of administering the requirements of a public company active in exploration.

The $387,055 loss for the second quarter of fiscal 2015 reflects a non-cash $223,130 (comparative quarter - $153,422) share-based compensation charge for options granted to directors, officers, employees and consultants and the ongoing administrative costs of the Company.

The $400,940 loss for the first quarter of fiscal 2015 reflects a non-cash $189,454 (comparative quarter - $222,141) share-based compensation charge for options granted to directors, officers, employees and ongoing administration costs of the Company.

The $543,975 loss for the fourth quarter of fiscal 2014 reflects a non-cash $215,665 (comparative quarter - $1,246) share-based compensation charge for options granted to directors, officers, employees and consultants, a $128,301 (comparative quarter - $56,479) write-down of exploration and evaluation assets and the ongoing administration costs of the Company.

The $432,154 loss for the third quarter of fiscal 2014 reflects a non-cash $240,581 (comparative quarter - $3,717) share-based payment charge for options granted to directors, officers, employees and consultants. In addition, the increased expenses for the quarter reflect the Company's increased administrative and organizational activities.

The Company's quarterly results can be affected by many factors such as seasonal fluctuations, variations in capital markets, the write-off of capitalized amounts, stock-based compensation costs, tax recoveries and legal matters.

October 31, 2015 compared to April 30, 2015

At October 31, 2015, the Company had $4,186,995 of working capital, exploration and evaluation assets of $11,637,774 and shareholders' equity of $15,923,436. These financial positon numbers are compared to working capital of $1,989,710, exploration and evaluation assets of $10,636,032 and shareholders' equity of $12,719,126 at April 30, 2015. The increase in the Company's working capital and shareholders' equity is largely due to the completion of a $4,000,450 private placement financing May 28, 2015. During the current period the Company continued to fund exploration activities on its projects and as a result incurred exploration and evaluation expenditures of $1,001,742 (comparative period - $3,779,115).

Liquidity

At October 31, 2015 the Company had working capital of $4,186,995 compared to a working capital of $1,989,710 at April 30, 2015 and $4,931,429 at October 31, 2014. During the current period the Company's cash position increased $1,992,166 (comparative period – decreased $4,338,067) largely as a result of the completion of a flow through share financing for net proceeds of $3,652,753 (comparative period - $nil).

Operating activities

During the current period the Company's operating activities used $458,215 (comparative period - $539,047) of cash for its ongoing administration and project investigations. The use of cash in operating activities in the current period reflects the Company's loss of $569,249 (comparative period - $787,995) adjusted for non-cash expenditures such as share-based compensation $121,106 (comparative period - $412,584), depreciation $9,808 (comparative period - $5,191) and the use of cash of $19,880 (comparative period – $168,827) to fund changes in non-cash items such as accounts receivable, prepaid amounts and accounts payable.

Investing activities

The Company's primary investing activity is the acquisition of exploration and evaluation assets. During the six months ended October 31, 2015, the Company used cash of $1,202,372 (comparative period - $3,799,020) to evaluate its exploration and evaluation assets and purchase equipment, focusing on final processing and evaluation of the Qilalugaq project bulk sample. During the comparative period the Company incurred significant mobilization and start-up costs related to the Qilalugaq project bulk sample.

Financing activities

During the current period financing activities provided net cash of $3,652,753 (comparative period - $nil) from shares issued by way of a private placement consisting of a $4,000,450 flow through private placement financing reduced by related finders' fees and costs of $347,697.

Capital Resources

The Company's financial condition and future prospects are significantly affected by overall economic conditions. The Company has no source of operating revenue and relies on equity financings, joint ventures and warrant and stock option exercises to further exploration on its properties.

The Company's long-term financial success is dependent on management's ability to discover and develop economically viable mineral deposits. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the Company's ability to raise additional funds on favourable terms. Management recognizes there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

The Company's ability to generate cash is very much affected by the current market conditions, its share price and third party interest in its assets. In the current equity market, funds for companies at an early/grass-roots stage of exploration are limited and dilution to existing shareholders from an equity financing increases as the share price decreases. The Company has no credit facilities that could be used for ongoing operations because it has no operating cash flow.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and, in the past, from the sale of investments. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices and the climate for mineral exploration.

The Company's management actively manages its landholdings in an effort to keep those landholdings with the greatest exploration potential in good standing for as long as possible. The Company's management regularly reviews its cash position against future plans and makes decisions regarding these plans accordingly.

The Company may have to raise additional funds to further exploration efforts at its various exploration properties and to maintain its listing on the TSXV. The Company is seeking to minimize variable expenses to the extent possible and to seek joint venture partners to continue to further exploration of its non-diamonds mineral properties.

Risks and Uncertainties

Industry

An investment in natural resource companies involves a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration as opposed to the development stage. Investment in the securities of the Company should be considered as highly speculative due to the nature of the Company's business. The following additional risk factors should be given special consideration.

Exploration, Development and Mining Risks

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamonds and base/precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of ore resources and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, quantity of reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on diamond or metal prices. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that diamond and metal reserves in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors, which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews.

The Company’s properties are currently being assessed for exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration. Development of the Company’s mineral properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company’s mineral exploration and development activities will result in any discoveries of bodies of ore. The long-term profitability of the Company’s operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract the metal or diamonds from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Foreign Operation Risks

Historically, the majority of the Company’s expenses have been denominated in Canadian Dollars so its exposure to foreign exchange risk has been limited. Exploration activities outside of Canada can expose the Company to foreign exchange risk. Presently, the Company does not have foreign operations or use foreign-exchange contracts to mitigate this risk, but that may change in future, depending upon the size of the Company’s exploration programs denominated in currencies other than the Canadian Dollar.

Insurance

The Company's involvement in the exploration for mineral properties may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards. Although the Company may have insurance to address many risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental legislation. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with mining exploration and mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Prices, Markets and Marketing of Diamonds and Base/Precious Metals

The Company’s revenues, if any, are expected to be in large part derived from the mining and sale of diamonds and base/precious metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company’s control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of diamonds and base/precious metals, and therefore the economic viability of any of the Company’s exploration projects, cannot accurately be predicted.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as the proximity and capacity of milling facilities, mineral markets and processing equipment and governmental regulations including regulations relating to royalties, allowable production and importing and exporting of minerals.

Substantial Capital Requirements and Liquidity

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of its mineral properties in the future. The Company currently has no revenue and may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Issuance of Debt

From time to time the Company may enter into transactions or activities that may be financed with debt which could impair the Company's ability to obtain additional financing in the future. The inability of the Company to access sufficient capital for the repayment of any debt could have a material effect on the Company's financial condition, results of operations or prospects.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value.

As at December 10, 2015, the Company had the following shares, options and warrants outstanding:

		Number
Shares issued and outstanding		54,155,741
Options:		
Expire May 12, 2016	$2.00	53,000
Expire May 10, 2018	$0.27	2,075,000
Expire September 23, 2018	$0.50	200,000
Expire January 28, 2019	$0.70	985,000
Expire September 25, 2019	$0.60	680,000
Expire December 16, 2019	$0.54	200,000
Warrants:		
April 29, 2018	$0.25	500,000
August 19, 2018	$0.65	500,000
Fully diluted		59,348,741

Share issuances

During April 2015, 165,000 stock options were exercised raising cash proceeds of $79,600.

On May 28, 2015, the Company completed a private placement of 4,211,000 flow-through shares at a price of $0.95 per share for total gross proceeds of $4,000,450. As part of this private placement the Company paid finders' fees and costs totalling $347,697. The Company intends to use the funds for exploration of its Canadian exploration and evaluation assets in calendar 2015 and 2016 and will renounce these expenditures to the investors using the look back rules effective December 31, 2015. There was no flow through share premium on the issuance of the flow through shares.

Stock options and warrants

The Company's stock option plan (the "Plan") was approved by shareholders at an annual general and special meeting in November 2011 and at subsequent annual meetings. 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 TSXV.

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

Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not 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) During the six months ended October 31, 2015, the Company paid or accrued $2,249 (comparative period - $22,418) for shared administrative and accounting services to Northair Silver Corp., a company that previously had common officers.

b) During the six months ended October 31, 2015 the Company paid or accrued $nil (comparative period - $526) for technical services and rent to Strongbow Exploration Inc., a company with common directors.

c) During the six months ended October 31, 2015 the Company received or accrued $4,500 (comparative period - $nil) for rent and administrative recoveries from Strongbow Exploration Inc., a company with common directors.

d) During the six months ended October 31, 2015, the Company accrued $4,800 (comparative period 2014 - $nil) for rent and administrative recoveries from New Dimension Resources Ltd., a company with common officers.

e) At October 31, 2015 amounts totaling $nil (April 30, 2015 - $4,351) are owing to a director or companies with officers/directors in common.

f) At October 31, 2015, amounts totaling $13,205 (April 30, 2015 - $nil) are due from companies with officers/directors in common.

The remuneration of directors and key management personnel during the year ended October 31, 2015 was as follows:

	October 31, 2015	October 31, 2014
Salaries[1]	**$ 112,748**	$ 68,627
Exploration	**31,676**	31,373
Share-based compensation[2]	**73,692**	242,333
Total	**$ 218,116**	$342,333

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.

Commitments

As at October 31, 2015, the commitment for rental of the Company's office space is as follows:

Year ending	
April 30, 2016	$ 33,317
April 30, 2017	$ 49,975

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Nature and continuance of operations

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

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

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

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. At October 31, 2015, the Company has a deficit of $15,887,062, no current source of revenue and may require additional funding to meet its planned activities beyond the upcoming fiscal year. The Company's continuation as a going concern is dependent on the successful results from its mineral property exploration activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

Significant accounting policies

The October 31, 2015 Management Discussion and Analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ending April 30, 2015 for a listing of the Company's significant accounting policies.

Statement of Compliance

The Company's condensed interim consolidated 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 IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Reporting (IAS 34). The unaudited condensed interim consolidated financial statements of the Company should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2015. The Company's financial statements are presented in Canadian dollars unless otherwise noted.

Principles of Consolidation

The Company's comparative condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary Compania Minera North Arrow Chile Limitada ("Minera"). All inter-company transactions and balances have been eliminated upon consolidation. Effective September 22, 2014, the Company completed the wind-up of Minera, the Company's only subsidiary.

Historical cost

The Company's condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

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, 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 consolidated 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

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. 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.

New Accounting pronouncements

The IASB has issued several new standards which are not expected to have a significant impact on the Company's financial statements. Each of the new standards is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted, except for IFRS 9 which has a tentative effective date of January 1, 2018 and is summarized below.

- IFRS 9 - Financial Instruments – classification and measurement

  This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. The extent of the impact of adoption of IFRS 9 has not yet been determined.

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, accounts receivables, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 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 agreements, 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 October 31, 2015, the Company had cash of $4,095,086 (April 30, 2015 - $2,102,920) available to settle current liabilities of $38,938 (April 30, 2015 - $278,449).

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.

Foreign currency risk

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

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.

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.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation assets and expenses is provided in the Company's statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the Exploration and Evaluation Assets note contained in its unaudited condensed interim consolidated financial statements for the six month periods ended October 31, 2015 and 2014 and the audited consolidated financial statements of the Company for the years ended April 30, 2015 and April 30, 2014. These statements are available on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com and is available on the Company's website at www.northarrowminerals.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.