NORTH ARROW MINERALS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2011

Reader’s Note: These interim, consolidated financial statements for North Arrow Minerals Inc. (“North Arrow”), for the nine months ended January 31, 2011, have been prepared by management and have not been subject to review by North Arrow’s auditor.

NORTH ARROW MINERALS INC.
INTERIM CONSOLIDATED BALANCE SHEET

	January 31, 2011 (Unaudited)	April 30, 2010 (Audited)
ASSETS		
Current		
Cash	$ 696,335	$ 1,126,124
Receivables	71,798	2,021
Prepaid expenses	26,372	25,014
	794,505	1,153,159
Equipment (Note 3)	1,754	2,264
Mineral properties (Note 4)	2,583,454	2,207,651
	$ 3,379,713	$ 3,363,074
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 39,470	$ 115,227
Due to related parties (Note 6)	46,393	76,610
	85,863	191,837
Shareholders' equity		
Capital stock (Note 5)	9,568,769	8,755,602
Contributed surplus (Note 5)	684,411	607,963
Deficit	(6,959,330)	(6,192,328)
	3,293,850	3,171,237
	$ 3,379,713	$ 3,363,074

Nature and continuance of operations (Note 1)
Subsequent event (Note 10)

On behalf of the Board:

"D. Grenville Thomas" Director *"Kenneth A. Armstrong"* Director

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

NORTH ARROW MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	For the Three Months Ending		For the Nine Months Ending	
	January 31, 2011	January 31, 2010	**January 31, 2011**	January 31, 2010
EXPENSES				
Advertising, promotion and travel	**$ 44,220**	$ 42,781	**$ 122,697**	$ 121,077
Amortization	**170**	243	**509**	727
Office, miscellaneous and rent	**18,510**	23,651	**61,037**	66,708
Professional fees	**10,911**	21,845	**58,625**	103,191
Regulatory and filing fees	**1,101**	1,579	**9,103**	10,279
Salaries and benefits	**40,990**	40,891	**124,011**	124,938
Stock-based compensation (Note 5)	**21,207**	36,875	**102,747**	90,804
Loss before other items	**(137,109)**	(167,865)	**(478,729)**	(517,724)
OTHER ITEMS				
Write-off of mineral properties (Note 4)	**(720)**	(68,698)	**(291,125)**	(86,495)
Interest & other income	**2,179**	-	**4,937**	6
Foreign exchange gain or (loss)	**522**	-	**(2,085)**	-
	1,981	(68,698)	**(288,273)**	(86,489)
Loss for the period	**(135,128)**	(236,563)	**(767,002)**	(604,213)
Deficit, beginning of period	**(6,824,202)**	(3,804,871)	**(6,192,328)**	(3,437,221)
Deficit, end of period	**$ (6,959,330)**	$ (4,041,434)	**(6,959,330)**	$ (4,041,434)
Basic and diluted loss per share	**$ (0.00)**	$ (0.01)	**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding	**48,658,378**	35,698,545	**46,829,123**	33,450,241

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	For the Three Months Ending		For the Nine Months Ending	
	January 31, 2011	January 31, 2010	**January 31, 2011**	January 31, 2010
Loss for the period	**$ (135,128)**	$ (236,563)	**$ (767,002)**	$ (604,213)
Other comprehensive loss	-	-	-	-
Comprehensive loss for the period	**$ (135,128)**	$ (236,563)	**$ (767,002)**	$ (604,213)

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

NORTH ARROW MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	For the Three Months Ending		For the Nine Months Ending	
	January 31, 2011	January 31, 2010	**January 31, 2011**	January 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	**$ (135,128)**	$ (236,563)	**$ (767,002)**	$ (604,213)
Items not involving cash:				
Amortization	**170**	243	**509**	727
Stock-based compensation	**21,207**	36,875	**102,747**	90,804
Write-off of mineral properties	**720**	68,698	**291,125**	86,495
Changes in non-cash working capital items:				
Decrease (increase) in receivables	**(21,787)**	2,571	**(36,423)**	854
Decrease (increase) in prepaid expenses	**5,792**	64,647	**(1,358)**	24,687
Increase (decrease) in accounts payable and accrued liabilities	**(33,115)**	39,138	**(17,541)**	13,432
Increase (decrease) in due to related parties	**7,346**	6,829	**(22,536)**	70,477
Increase in promissory note payable	**-**	100,000	**-**	100,000
Net cash (used in) provided by operating activities	**(154,795)**	82,438	**(450,479)**	(216,737)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	**42,132**	-	**712,500**	985,430
Proceeds from the exercise of warrants	**-**	-	**108,150**	358,688
Share issue costs	**(42,132)**	-	**(43,783)**	(31,147)
Net cash (used in) financing activities	**-**	-	**776,867**	1,312,971
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties, net	**(313,463)**	(337,838)	**(756,177)**	(1,247,969)
Net cash used in investing activities	**(313,463)**	(337,838)	**(756,177)**	(1,247,969)
Change in cash during the period	**(468,258)**	(255,400)	**(429,789)**	(151,735)
Cash, beginning of period	**1,164,593**	304,151	**1,126,124**	200,486
Cash, end of period	**696,335**	$ 48,751	**$ 696,335**	$ 48,751
Cash paid during the period for interest	**$ -**	$ -	**$ -**	$ -
Cash paid during the period for income taxes	**$ -**	$ -	**$ -**	$ -

Supplemental disclosure with respect to cash flows (Note 8)

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

1. NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

North Arrow Minerals Inc. (the "Company") was incorporated on February 27, 2007 and is in the business of mineral property exploration. 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 exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a history of losses and no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	January 31, 2011	April 30, 2010
Deficit	**$ 6,995,330**	$ (6,192,328)
Working capital	**$ 708,642**	$ 961,322

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian GAAP for interim financial information using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended April 30, 2010. These unaudited interim financial statements do not include all of the information and note disclosures required by Canadian GAAP for annual financial statements of the Company and should therefore be read in conjunction with the audited financial statements of the Company as at April 30, 2010. The accounting policies followed by the Company in preparing these interim consolidated financial statements are consistent with the accounting policies used by the Company, as set out in the consolidated audited financial statements for the year ended April 30, 2010.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Recent Accounting Pronouncements

Business combinations

In January 2009, the CICA issued the new handbook Section 1582 - *Business Combinations* ("Section 1582"), 1601 – *Consolidated Financial Statements* ("Section 1601") and 1602 – *Non-controlling Interests* ("Section 1602") which replaces CICA Handbook Section 1581 – *Business Combinations* and 1600 – *Consolidated Financial Statements.* Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after May 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning February 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

Recent Accounting Pronouncements (cont'd…)

International financial reporting standards

The Canadian Accounting Standards Board has confirmed that IFRS will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions. The Company will be required to prepare fully IFRS compliant financial statements for the year ended April 30, 2012, with the first interim financial statements prepared under IFRS for the three-month period ended July 31, 2011.

The Company's conversion plan consists of four phases: scoping and planning, detailed assessment, implementation and post implementation. The Company has completed the scoping and planning stage and is now in the detailed assessment stage. The Company has not commenced the implementation and the post implementation stages. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. IFRS education and reports to the Audit Committee commenced in calendar 2009 and continues to be ongoing.

3. EQUIPMENT

	As at January 31, 2011			As at April 30, 2010		
	Cost	Accumulated Amortization	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 6,474	$ 4,720	$ 1,754	$ 6,474	$ 4,210	$ 2,264
	$ 6,474	$ 4,720	$ 1,754	$ 6,474	$ 4,210	$ 2,264

4. MINERAL PROPERTIES

	April 30, 2010	Expended During The Period	Write-offs & Recoveries During The Period	**January 31, 2011**
Gold and Base Metal Properties, NWT Yukon and Nunavut				
Exploration costs	$ 31,523	38,184	(21,834)	**47,873**
Acquisition costs	352,982	55,927	(276,311)	**132,598**
Geological and assays	1,449	5,758	(645)	**6,562**
Office and salaries	20,948	15,645	(9,757)	**26,836**
	406,902	115,514	(308,547)	**213,869**
Lithium Properties, NWT and Nunavut				
Exploration costs	702,769	9,910	-	**712,679**
Acquisition costs	71,888	1,689	-	**73,577**
Geological and assays	18,909	429	-	**19,338**
Office and salaries	62,402	9,144	-	**71,546**
	855,968	21,172	-	**877,140**
Lithium Properties, USA				
Exploration costs	336,900	148,423	-	**485,323**
Acquisition costs	212,505	93,566	-	**306,071**
Geological and assays	13,015	13,057	-	**26,072**
Office and salaries	94,223	29,951	-	**124,174**
	656,643	284,997	-	**941,640**
Diamond Properties, NWT and Nunavut				
Exploration costs	39,238	219,386	-	**258,624**
Acquisition costs	14,326	8,179	-	**22,505**
Geological and assays	146,928	-	-	**146,928**
Office and salaries	87,646	35,102	-	**122,748**
	288,138	262,667	-	**550,805**
TOTAL	$ 2,207,651	$ 684,350	$ (308,547)	**$ 2,583,454**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Gold and Base Metal Properties, Northwest Territories, Yukon and Nunavut

In addition to the properties described below, the Company maintains interests in various other gold and base metal properties in the Northwest Territories and Nunavut.

Canoe Lake Property, Nunavut

The Company maintains, or maintains the right to earn, a 100% interest in certain mineral claims and mining leases known as the "Canoe Lake Property" in the High Lake Greenstone Belt, Nunavut. In order to earn a 100% interest in two mining leases, the Company had to complete a $490,000 cash payment to Canadian Natural Resources Ltd. ("CNR") before December 31, 2010. The agreement with CNR also provided for a 2.5% gross overriding royalty ("GOR") on diamond production and a 2.5% net smelter return royalty ("NSR") on metallic mineral production from the leases. The Company retained the option to purchase half of these royalties from CNR for $1,500,000. In December 2010, the Company informed CNR that it would not exercise its option to earn a 100% interest in the two mining leases and accordingly, wrote-off capitalized acquisition and exploration expenditures of $276,993.

4. MINERAL PROPERTIES (CONT'D…)

Gold and Base Metal Properties, Northwest Territories, Yukon and Nunavut (cont'd…)

Canoe Lake Property, Nunavut (cont'd…)

Separate from the agreement with CNR, the Company maintains a 100% interest in a number of contiguous mineral claims. The 'BK claims' are subject to a 1% NSR on non-diamond mineral production and a 1% GOR on diamond production to a third party royalty holder (the 'BK royalty holder'). The 'Canoe claims' are subject to a 1% NSR on non-diamond mineral production and a 1% GOR on diamond production to a different third party royalty holder (the 'Canoe royalty holder'), as well as various royalties, payable to the BK royalty holder, ranging from 0.5% to 1.0%. The Company may purchase 100% of the royalties payable to the Canoe royalty holder for $1,000,000.

The property was under option to Minerals and Metals Group ("MMG"), a subsidiary of the China Minmetals Non-Ferrous Metals Company Limited. Under the terms of the original and several revised agreements, MMG could have earned up to a 70% interest in the Canoe Lake Project by making a cash payment to the Company of $55,600 (received) and spending $3,000,000 on project exploration by December 1, 2010 (not completed). In December 2010, MMG informed the Company that it was not going to exercise its option on the Canoe Lake Project.

Hay Duck Property, NWT

On May 29, 2008, the Company and Strongbow Exploration Inc. ("Strongbow") entered into an option agreement whereby the Company may earn a 100% interest in the Hay Duck property by reimbursing certain expenditures incurred to-date by Strongbow and assuming the annual option payments due under the original, underlying option agreement. The third party agreement, dated May 2007 and amended in January 2010, required three future annual cash option payments totalling $450,000. These future option payments will be payable by the Company annually, following receipt of a land use permit which allows the Company to drill at the Hay Duck property. As partial compensation for amending the agreement, the Company issued 50,000 common shares to the property vendor in February 2010. At the date of issuance, the common shares had a fair value of $9,750, which has been applied against the payment due January 1, 2010. The remainder of the January 2010 payment will be paid by the Company upon receipt of a land use permit for the Hay Duck property. The third party option holder will retain a 2.5% NSR of which 1% can be purchased at anytime for $500,000. An additional 1% of the royalty can be purchased at any time for $2,000,000. Upon the Company incurring $5,000,000 in exploration on the property, Strongbow may elect to back-in to 40% of the Company's interest in the property by funding the next $5,000,000 in exploration expenditures. In certain circumstances, Strongbow has the option to elect to acquire a 1% NSR in place of exercising the back-in right. The Company may purchase one-half (0.5%) of the NSR at any time for $500,000.

Hope Bay Property, NU

On February 2, 2011 the Company entered into an agreement with Chelsea Minerals Inc., whereby Chelsea has the option to earn a 60% interest in the Company's Hope Bay Oro gold project in Nunavut. The Oro project consists of five mining leases. Under the terms of the agreement, Chelsea may earn up to 60% interest in the project by making an initial cash payment of $50,000 and spending $5 million over a five year period. A minimum expenditure of $500,000 is required in the first year. This option agreement with Chelsea is subject to approval from the TSX Venture Exchange.

4. MINERAL PROPERTIES (CONT'D…)

Gold and Base Metal Properties, Northwest Territories, Yukon and Nunavut (cont'd…)

Yukon Gold Property

On July 30, 2010, the Company and Cathro Resources Corp. ("Cathro") (50%) and Cazador Resources Ltd. ("Cazador") (50%), both private companies and collectively, the "Vendors", entered into an agreement whereby the Company may earn a 100% interest in certain mineral claims situated in north-central Yukon Territory. Under the terms of the agreement, the Company can earn a 100% interest in the property by funding a minimum $35,000 initial exploration program (completed) and by making cumulative payments totaling $150,000 and by issuing cumulative share payments totaling 750,000 shares over a period of four years. Upon completion of the option, the Vendors will retain a 2.0% net smelter return royalty of which 1% can be purchased at any time for $1,000,000. Advance royalty payments of $25,000 per year will be payable upon exercise of the option until such time as the regular royalty payments begin or the property is returned in good standing. Advance royalty payments can be credited against future royalty payments. The Company issued 25,000 shares to Cathro and 25,000 shares to Cazador during the nine months ended January 31, 2011 at a total estimated fair value of $10,000.

Other Properties

Mineral property write-offs of $14,132 during the nine months ended January 31, 2011 relate to various other properties in NWT and Nunavut, where no exploration programs of significance are planned for the foreseeable future.

Lithium Properties, Northwest Territories and Nunavut

Phoenix Lithium Project, NWT

At various times between June 2008 and July 2009, the Company acquired, by staking, eleven claims in the Aylmer Lake area of the Northwest Territories. The claims form one contiguous block and the Company maintains a 100% interest in all the acquired claims.

The Company, along with the Attorney General of Canada, were named as respondents in an application to the Federal Court of Canada filed by certain First Nations. The First Nations sought, among other things, the cancellation of the Company's land use permit. In November 2010, a judgment finding in favour of the First Nations was announced. However, the Company can carry out additional consultation and reapply for a land-use permit.

Torp Lake Project, Nunavut

In March 2009, the Company acquired, by staking, two claims in the Torp Lake area of Nunavut.

Lithium Properties, USA

Lithium Projects, North Carolina, USA

Between July and September 2009, the Company entered into seven option agreements with landowners in North Carolina. Under the terms of these option agreements, the Company must make cash payments upon execution (US $84,706 paid) and various annual option payments ranging from US $9,024 to US $84,706 (US $84,706 paid in 2010 and US $102,779 paid in 2011) between 2010 and 2018.

Lithium Projects, Generative

In July 2009, the Company and Strongbow entered into a generative exploration agreement, which establishes an area of interest ("AOI") for the acquisition of lithium exploration properties, mineral rights or other interests (collectively, the "Rights"). Upon notice from Strongbow, the Company may exercise a back-in right to acquire an undivided 40% interest in the AOI and any Rights acquired by Strongbow within the AOI, after Strongbow incurs $2 million in acquisition and exploration expenditures. If the Company elects to exercise the back-in right, it must spend $2 million within thirty-six months from the date of notice, including minimum expenditures of $500,000 within each twelve-month period. As of January 31, 2011, the Company and Strongbow agreed to terminate this agreement.

4. MINERAL PROPERTIES (CONT'D…)

Diamond Properties, Northwest Territories and Nunavut

The Company has varying interests in a number of diamond properties, including the Lac de Gras and Hammer properties.

Lac de Gras, NWT

In February 2010, the Company entered into an agreement with a third party option holder to jointly explore its Lac de Gras diamond property. Under the terms of the agreement, the third party option holder can earn a 50% interest in the Lac de Gras diamond property by paying the full legal survey costs required to convert selected existing mineral claims to mining leases, paying the first year's rental fees for the mining leases (completed), and conducting a review of existing geophysical magnetic data (completed). The Company will be responsible for funding the first $1,000,800 in exploration expenditures on the property, subsequent to which exploration of the Lac de Gras property will be carried out based upon a 50/50 joint venture.

Hammer, Nunavut

In October 2008, the Company and Stornoway Diamond Corporation ("Stornoway") revised a pre-existing agreement on the Bear property, Nunavut, to include an area of interest, known as the "Hammer AOI", into the agreement. As a result of this revision, the Company holds a 25% interest in the property and Stornoway holds a 75% interest. The portion of the property comprising the original Bear Property is subject to an underlying 2% NSR and 2% GOR.

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at April 30, 2010	44,045,545	$ 8,755,602	$ 607,963
Shares issued for property	50,000	10,000	-
Private placements	3,958,333	712,500	-
Share issue costs	-	(43,782)	-
Exercise of warrants	604,500	134,449	(26,299)
Stock-based compensation	-	-	102,747
As at January 31, 2011	48,658,378	$ 9,568,769	$ 684,411

Share issuances

In August 2010, the Company completed a non-brokered private placement of 3,958,333 flow-through units (the "FT Units") at a price of $0.18 per FT unit, for total gross proceeds of $712,500. Each FT unit consisted of one flow-through common share of the Company and one-half of one non-flow-through common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company until August 20, 2011 at a price of $0.25 per share. As part of this private placement, the Company paid finder's fees of $38,220.

In June 2010, the Company received gross proceeds of $108,150 from the exercise of 604,500 warrants at prices between $0.15 and $0.20 per warrant.

Stock options and warrants

The Company's stock option plan (the "Plan") was approved by shareholders at the September 2010 annual meeting. The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSXV"). Options granted can have a term up

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D…)

Stock options and warrants (cont'd…)

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, 2011, the following stock options and warrants were outstanding:

	Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
Options	78,000	0.25	78,000	March 16, 2011 *
	54,000	0.25	54,000	September 15, 2011
	148,000	0.25	148,000	March 29, 2012
	1,125,000	0.40	1,125,000	August 7, 2012
	1,410,000	0.20	1,410,000	June 4, 2014
	200,000	0.30	150,000	September 4, 2014
	150,000	0.19	75,000	March 26, 2015
	150,000	0.25	75,000	March 26, 2015
Warrants	1,045,750	0.32	1,045,750	February 21, 2011*
	57,500	0.32	57,500	February 26, 2011*
	4,000,000	0.10	4,000,000	February 26, 2011(subsequently exercised)
	1,390,000	0.30	1,390,000	March 26, 2011**
	2,740,500	0.30	2,740,500	April 20, 2011**
	1,979,167	0.25	1,979,167	August 20, 2011

*****Subsequently expired without exercise
******See Note 10 – Subsequent Event

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

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2010	3,324,500	$ 0.28
Expired	(9,500)	0.25
Balance, January 31, 2011	3,315,000	$ 0.28
Number of options currently exercisable	3,115,000	$ 0.28

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

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2010	14,497,750	$ 0.21
Granted	1,979,167	0.25
Exercised	(604,500)	0.18
Expired	(4,659,500)	0.20
Balance, January 31, 2011	11,212,917	$ 0.22

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D…)

Stock-based compensation

During the nine months ended January 31, 2011, the Company granted no stock options (January 31, 2010 – 1,610,000). The estimated fair value of the options granted during the nine months ended January 31, 2011 is $ Nil (January 31, 2010 - $221,251). During the nine months ended January 31, 2011; $102,747 (January 31, 2010 - $90,804) has been recognized as stock-based compensation.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

	Year Ended April 30, 2010
Risk-free interest rate	1.58%~2.50%
Expected life of options	1.5~5.0 years
Annualized volatility	100%
Dividend rate	0.00%

6. RELATED PARTY TRANSACTIONS

	January 31, 2011	April 30, 2010
Strongbow, a company with two common directors and a common officer	**13,306**	28,364
Stornoway Diamond Corporation ("Stornoway"), a company with a common officer	**3,154**	7,301
Directors	**29,933**	40,945
	46,393	76,610

a) During the period ended January 31, 2011, the Company paid or accrued $105,763 (January 31, 2010- $95,485) for shared technical services and rent to Strongbow.

b) During the period ended January 31, 2011, the Company paid or accrued $18,183 (January 31, 2010- $23,333) for administrative and accounting services to Stornoway.

c) During the period ended January 31, 2011, the Company paid $NIL (January 31, 2010 - $7,350) for technical services to a private company controlled by a director.

7. INCOME TAXES

As at January 31, 2011, the Company has approximately $1,192,000 in non-capital losses available for deduction against future year's taxable income. These losses will expire up to 2030.

Subject to certain restrictions, the Company has approximately $5,276,000 of mineral property expenditures available to reduce taxable income of future years.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended January 31, 2011 were:

a) The Company incurring mineral property expenditures of $10,815 (January 31, 2010 - $18,239) that are included in accounts payable and accrued liabilities at January 31, 2011.

b) The Company incurring mineral property expenditures of $4,999 (January 31, 2010 - $35,075) that are included in due to related parties at January 31, 2011.

c) The Company has included in receivables, deferred mineral property costs of $33,354 at January 31, 2011 (January 31, 2010 - $Nil).

d) The Company issuing 50,000 common shares valued at $10,000 (January 31, 2010 – 50,000 common shares valued at $7,500) pursuant to property option agreements (Note 4).

e) During the nine months ended January 31, 2010, the Company issuing 300,000 finder's warrants with a value of $30,940 and issuing 240,000 finder's common shares with a value of $30,000 to the finders as a financing fee for a non-brokered private placement.

9. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration of mineral properties in Canada and the United States as follows:

	January 31, 2011			April 30, 2010		
	Canada	**United States**	**Total**	Canada	United States	Total
Mineral Properties	**$ 1,641,814**	**$ 941,640**	**$ 2,583,454**	$ 1,551,008	$ 656,643	$ 2,207,651
Equipment	**1,754**	**-**	**1,754**	2,264	-	2,264
	$ 1,643,568	**$ 941,640**	**$ 2,585,208**	$ 1,553,272	$ 656,643	$ 2,209,915

10. SUBSEQUENT EVENT

On March 25, 2011 the Company received regulatory approval to extend the expiry date of 1,390,000 warrants priced at $0.30 (Note 5) by six month from March 26, 2011 to September 26, 2011. The Company has also applied for regulatory approval to extend the expiry date of 2,740,500 warrants priced at $0.30 (Note 5) for a further six months, from April 20, 2011 to October 20, 2011