Form 51-102F1
Annual Management's Discussion and Analysis
for
North Arrow Minerals Inc. ("North Arrow" or the "Company")

Containing Information up to and including August 26, 2011

Description of Business

North Arrow Minerals is a well-established junior exploration company with a diversified portfolio of gold, base metal and diamond projects. Shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol NAR.

North Arrow's key Canadian projects include: the Hope Bay ORO gold project (Nunavut) located immediately north of Newmont Mining Corporation's Hope Bay gold mining operation; the Lac de Gras (Northwest Territories) diamond project within 10km of the Diavik diamond mine; and the Hammer (Nunavut) diamond project. Most of North Arrow's 2011 field programs on its Canadian properties are funded through option or joint venture agreements, allowing the Company to focus its resources on the acquisition and development of new gold and base metal advanced exploration properties in South America.

The following discussion and analysis of the Company's financial condition and results of operations for the year ended April 30, 2011 and should be read in conjunction with the audited financial statements of the Company for the year ended April 30, 2011 together with the notes thereto. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

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 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 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 year ended April 30, 2011 and subsequent events up to August 26, 2011:

Since its inception in 2007, North Arrow has maintained a diversified portfolio of projects designed to provide a breadth of opportunity to discover metal resources. Management's strategy has included focusing on northern Canadian jurisdictions that are underexplored, and which in many cases have opportunities in close proximity to known deposits and mines. Where possible, the Company has entered into joint venture agreements to reduce the costs of exploration and capitalize on additional technical expertise.

In keeping with its strategy, in the year ending April 30, 2011 the Company added new projects for evaluation, conducted exploration programs to advance existing properties, and in some cases completed evaluations that resulted in the termination of properties that were not deemed to have further potential for a significant return on investment. Highlights of these actions include:

Acquisitions:

- In July 2010, the Company entered an option agreement to earn a 100% interest in the "Yukon Gold" property, situated in north-central Yukon Territory. Both claim blocks were staked to cover anomalous government stream silt geochemical results in an area having bedrock stratigraphy similar to ATAC Resources Ltd.'s Rau Gold Project.

- In February 2011, the Company acquired the DMB property, in the Daniel Moore Bay area of Nunavut. Historic reconnaissance work from the 1960's references a quartz veined shear zone up to 12 m wide and over 600 m long. Random chip sampling returned values of up to 0.12 oz/ton, (4.11g/t) over 1.5 m.

- In May 2011, the Company entered into an option agreement with Panarc Resources Ltd., to earn a 100% interest in the "Seagull" property which covers 3925.4 acres approximately 156 km west of Watson Lake, Yukon. The claims are prospective for tin mineralization. In July 2011, a prospecting and sampling program was carried out and results are pending.

Project Advancements:

- In July 2010, a legal survey of 32 mineral claims totaling 80,420.5 acres was completed on the Company's Lac de Gras diamond property. Ground investigations were also carried out on 70 priority airborne geophysical targets and 19 were selected for follow up ground geophysical surveys. In October 2010, the Company completed total field magnetic and electromagnetic surveys over 29 grids covering a total of 35 targets on the Lac de Gras property.
- In September 2010, ground geophysical surveys were conducted over the Company's 25% owned Hammer kimberlite, Nunavut. In May through July 2011, the Company and its joint venture partner Stornoway Diamond Corporation completed a drill program on the Hammer kimberlite; results are pending.
- In October 2010, the Company announced that it was going to resume exploration on its Hope Bay ORO gold project in Nunavut. The Company subsequently announced an option agreement, resulting in Sennen Resources Ltd. having the option to earn a 60% interest in the project by making an initial cash payment of $50,000 and spending $5 million over a five year period. A drill program was initiated in July of 2011.

Project terminations:

- In December 2010, Minerals and Metals Group (MMG) informed the Company that it was not going to exercise its option on the Canoe Lake Project. Subsequently the Company informed Canadian Natural Resources Ltd. that the option to purchase the Canoe Lake Canada Mining leases 3125 and 3126 for $490,000 would not be exercised.
- The Company has terminated two of its three lithium projects (Beaverdam, North Carolina and the Phoenix project in the NWT); the Company is evaluating its options for the Torp Lake project in the NWT. Both of the projects terminated had reasonable mineral potential however, the Company has chosen to focus on gold and base metal properties.
- Subsequent to the year-end, the Company terminated its option agreement for the above-mentioned Yukon Gold property following a review of the results of the August 2010 exploration program.

In March 2011, the Company announced the appointment of Mr. Brian McEwen, P. Geol. as President and Chief Operating Officer. Mr. McEwen has over thirty years of exploration and production experience, worldwide.

Mr. McEwen's appointment represents a broadening of North Arrow's strategy to build a strong resource development program by including exploration projects in proven mining areas within stable jurisdictions of South America. The new management team believes that several areas, particularly Chile and Colombia, offer excellent opportunities for projects with near-term production potential for gold and base metals.

In June 2011, the Company made its first initiative in this strategy by signing a non binding Letter of Intent ("LOI") to acquire a 100% interest in the Agua Grande gold-copper project in Region IV of Chile. The project consists of 18 claims covering 1,370 hectares within the Agua Grande mining district. It is the opinion of management that the Agua Grande project has all the indicators that it could host a substantial gold-copper deposit, including strong structural controls, an extensive hydrothermal alteration zone, and widespread gold placer deposits. Surface sampling and local small-scale mining from both the surface and subsurface have reported excellent grades of gold and copper, providing multiple targets for exploration.

Under the terms of the LOI, North Arrow was required to make a cash payment of US$50,000 for the exclusive right to conduct technical and legal due diligence over a period of up to 90 days before executing a Definitive Agreement. If North Arrow executes the Definitive Agreement, the Company will have the option to acquire a 100% interest in the project by making staged cash payments totaling US$10 million over approximately five years and completing a Feasibility Study. The Owners will retain a 1.5% net smelter royalty. For additional details on the project and LOI, the reader is referred to the original news release dated July 11th 2011.

At the time of writing the Company was engaged in legal and technical due diligence on the project.

The performance of the Company's stock over the past year has been relatively flat, with a range of $0.13-0.22 and an average daily trading volume of less than 40,000. Management believes that its new broader strategy of acquiring advanced exploration projects in South America will enhance its ability build resources, resulting in growth in the value of Company. In addition, Management has undertaken to broaden its investor relation and marketing programs to bring greater awareness to the Company and its activities.

In order to fund exploration and overhead obligations the Company completed several fiscal transactions during and subsequent to the period ending April 30, 2011. These included:

- 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 potential gross proceeds of $712,500. In August 2011, the Company received regulatory approval to extend the expiry date for the associated warrants by six months to February 20, 2012 from August 20, 2011.
- In March 2011, the Company received regulatory approval to extend the expiry dates of two tranches of subscriber warrants by six months. In March 2010, the Company issued 1,390,000 warrants exercisable at $0.30 until March 26, 2011. The expiry date was extended to September 26, 2011. In April 2010, the Company issued an additional 2,740,500 warrants exercisable at $0.30 until April 20, 2011. The expiry date was extended to October 20, 2011.
- In May 2011, the Company granted 1,220,000 incentive stock options to directors, officers, employees and consultants. The options can be exercised at $0.20 per share and will expire May 12, 2016.
- In August 2011, the Company arranged a $1,000,000 private placement of a convertible note with Anglo-Celtic Exploration Ltd. Regulatory approval of this transaction will be required.

Exploration Update

An overview of the exploration activities for the Company follows. For additional details the reader is referred to the original news releases and technical reports filed on SEDAR.

Summary of Exploration Expense for the period ended April 30, 2011:

	April 30, 2010	Expended During The Year	Write-offs & Recoveries During The Year	**April 30, 2011**
Gold and Base Metal Properties, NWT, Yukon and Nunavut				
Exploration costs	$ 31,523	41,383	(23,834)	**$ 49,072**
Acquisition costs	352,982	57,742	(274,441)	**136,283**
Geological and assays	1,449	5,757	(645)	**6,561**
Office and salaries	20,948	26,615	(15,150)	**32,413**
	406,902	131,497	(314,070)	**224,329**
Lithium Properties, NWT and Nunavut				
Exploration costs	702,769	44,316	(707,377)	**39,708**
Acquisition costs	71,888	1,689	(58,911)	**14,666**
Geological and assays	18,909	10,284	(17,729)	**11,464**
Office and salaries	62,402	10,358	(62,787)	**9,973**
	855,968	66,647	(846,804)	**75,811**
Lithium Properties, USA				
Exploration costs	336,900	149,810	(486,710)	-
Acquisition costs	212,505	93,567	(306,072)	-
Geological and assays	13,015	13,821	(26,836)	-
Office and salaries	94,223	30,000	(124,223)	-
	656,643	287,198	(943,841)	-
Diamond Properties, NWT and Nunavut				
Exploration costs	39,238	213,249	-	**252,487**
Acquisition costs	14,326	8,038	-	**22,364**
Geological and assays	146,928	6,336	-	**153,264**
Office and salaries	87,646	41,996	-	**129,642**
	288,138	269,619	-	**557,757**
TOTAL	$ 2,207,651	$ 754,961	$ (2,104,715)	**$ 857,897**

Unless otherwise stated below, the Company's exploration activities are conducted under the supervision of Gordon Clarke, P.Geol. (NT&NU) the Company's Vice-President, Exploration. Mr. Clarke is considered to be a qualified person within the meaning of National Instrument ("NI") 43-101.

Gold Projects - Overview

Hope Bay ORO Project – Nunavut

The Company's 100% owned ORO gold property is located in the Hope Bay Volcanic Belt (HBVB) in Nunavut and is the only strategically located land holding in the HBVB that is not held by Hope Bay Mining Ltd. (a wholly owned subsidiary of Newmont Mining Corporation). Hope Bay Mining Ltd. estimates that current potential resources within the HBVB are approximately 9 million ounces of gold, including the Doris, Madrid and Boston deposits.

The ORO leases cover an area of 40 sq km that adjoins Hope Bay Mining Ltd.'s property with the Doris deposit located only 3.25 km to the south. The Doris deposit contains an indicated resource of 798,000 ounces of gold at a grade of 19.31 g/t and is currently being mined with ore being stockpiled until a new mill, with a startup targeted for late 2011, becomes fully operational. Mineralization at Doris occurs along a well-defined stratigraphic volcanic contact, which extends northward onto the Company's property. The ORO leases host numerous gold showings and potentially gold bearing structures including the Elu shear zone and Wombat zone.

Management believes that the location of the ORO project, situated along strike from Hope Bay Mining's multi-million ounce gold deposits is a significant exploration opportunity for the Company. However, as part of the continuing strategy to reduce shareholder risk while undertaking early-stage exploration, in February 2011, an option agreement was signed with Chelsea Minerals Corp. ("Chelsea"), allowing Chelsea the option to earn a 60% interest in the ORO gold project. In May 2011, Sennen Resources Ltd. ("Sennen") and Chelsea completed a plan of arrangement whereby Sennen acquired all of the issued and outstanding shares and assets of Chelsea, including the Oro option agreement. Under the terms of the agreement, Sennen may earn up to a 60% interest in the project by making an initial cash payment of $50,000 (received) and spending $5 million over a five year period. A minimum expenditure of $500,000 is required in the first year. Sennen has over $15 million in its treasury and can fund the exploration obligations for the Oro project without the need to raise any further capital. An exploration program to explore the Ida Point prospect commenced in late July 2011, and will include up to 1500 metres of diamond drilling. Sennen is funding the program while North Arrow continues as operator.

<u>DMB Project – Nunavut</u>

The Company's DMB gold project is located adjacent to Daniel Moore Bay on the north-west side of Bathurst Inlet, Nunavut. A reconnaissance exploration program carried out by International Mine Services Ltd., in 1967 documented a quartz veined shear zone up to 12 m wide and over 600 m long. Random chip sampling returned values of up to 0.12 oz/ton, (4.11 g/t) over 1.5 m. Mineralization is described as being contained within myriad veinlets of quartz intruded along the strike of the zone. The host rocks were mapped as metasediments with local volcanics. No other sample details were given in the assessment report filed with the Mining Recorder's Office.

In February 2011, the Company was granted an exploration permit for the northeast corner of NTS 76N/12 to cover the documented mineralized shear zone. In August of 2011, the Company conducted a site visit and collected samples from the shear zone. Assay results are pending.

<u>Yukon Gold Project – Yukon Territory</u>

In July 2010, the Company acquired an option to earn a 100% interest in the Cal (1,446 acres) and Dotty (620 acres) mineral claims from Cathro Resources Corp. (50%) and Cazador Resources Ltd. (50%), both private companies. The Cal and Dotty gold properties are located approximately 50 km northwest of Keno City, Yukon. The target deposit type is carbonate hosted gold mineralization similar to the newly discovered Rau (Tiger Zone) deposit of ATAC Resources Ltd., located only 70 km to the east. The claim blocks were staked to cover anomalous results from government regional stream silt samples.

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. During the year ended April 30, 2011, the Company issued 25,000 shares to Cathro and 25,000 shares to Cazador, at a total estimated fair value of $10,000.

In early August 2010, an initial exploration program of silt sampling, prospecting and contour soil was carried out. During the program a total of 40 rock samples, 90 stream silt samples and 43 soil samples were collected. Results have been reviewed and in August 2011, management concluded that continued work on the project was not justified, and North Arrow will therefore not be proceeding with further option payments or obligations.

Diamond Projects - Overview

Lac de Gras Project – Northwest Territories

The Lac de Gras project (LDG) is located within the prolific Lac de Gras diamondiferous kimberlite field in Canada's Northwest Territories. The property 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 kimberlites of the Diavik and Ekati diamond mines are among the richest diamond deposits in the world.

The LDG project is a 50-50 joint venture with Dr. Chris Jennings. The Company is responsible for funding the first $1,000,800 in exploration expenditures on the property, subsequent to which exploration of the property will be carried out based upon a 50/50 joint venture. In early 2010, Dr. Jennings carried out a comprehensive review of detailed airborne geophysical coverage for the project area using a proprietary geophysical technique. This same processing technique has been used on geophysical data collected outside of, but proximal to, the Lac de Gras property and in 2008 resulted in the discovery of diamondiferous kimberlites.

A legal survey of 32 claims totaling 81,171 acres was completed in July 2010. At the same time ground checks of 79 priority kimberlite airborne geophysical targets selected by Dr. Jennings were carried out and 19 were selected for follow up ground geophysical surveys. In September 2010, a land use permit was received from the Mackenzie Valley Land and Water Board allowing for drilling on the property. In the fall of 2010, total field magnetic and electromagnetic surveys over 29 grids covering a total of 35 airborne geophysical targets were carried out. Work to date confirms management's belief that there is significant potential for diamondiferous kimberlite on the property, and the Company is currently developing an exploration strategy.

Hammer Project- Nunavut

The Hammer project is located in the Coronation diamond district of Nunavut and is a joint venture between Stornoway Diamond Corporation ("Stornoway") (75%) and the Company (25%). In July 2009, Stornoway notified the Company that a new kimberlite had been discovered on the Hammer property. Kimberlite bedrock was found within a prominent topographic low feature that is 225 m long, between 15 and 100 m wide, and has a surface expression of approximately 1 hectare. A diamond (+0.106mm) was recovered from a small sample (6.6 kg) of the discovered kimberlite bedrock.

In September 2010, ground geophysical surveys were conducted over the Hammer kimberlite. A total of 7.6 line-km of total field magnetics and 2.2 line-km of Horizontal Loop Electromagnetics (HLEM) were completed. A magnetic anomaly was detected at the center of the work area, coinciding with the observable topographic low. The magnetic anomaly is ~530nT above background and is roughly 185 m in the NW-SE direction by 65 m in the NE-SW direction. A coincident moderate response conductor was detected with the HLEM survey. The HLEM conductive response outlined an area matching the dimensions of the magnetic anomaly.

The success of the geophysical program led to a drill program on the Hammer kimberlite in early June 2011. The program was completed in mid-July, with a total of 22 holes drilled for a total combined meterage of 1,801. Preliminary field work suggests a pipe like body consisting of hypabyssal kimberlite breccia with a surface expression of approximately 0.4 ha. Approximately 930 m of NQ sized kimberlite core (approximately 3.8 tonnes) was collected and will undergo micro and macrodiamond testing in the fall of 2011. Results will be reported when available.

Base Metal Projects – Overview

Seagull Project – Yukon

In May 2011 North Arrow entered into an option agreement with Panarc Resources Ltd. ("Panarc") for the Seagull Tin project located approximately 156 km west of Watson Lake, Yukon. The project includes seventy-six claims totaling 3925.4 acres staked by Panarc to cover historic tin showings. In the long-term the tin market is expected to remain strong, with the major demand being from the use of tin in solder for the growing electronics industry.

Under the terms of the agreement, the Company made an initial cash payment of $15,000 to Panarc and issued 100,000 common shares. In addition, the Company must incur aggregate exploration expenditures of $300,000 within a three-year period. Panarc will retain a royalty equal to 2.0% of net smelter returns, of which the Company may purchase one percentage point (1.0%) for $1,000,000 CAD such that the royalty would be reduced to 1.0%.

Tin mineralization within the project area has been documented and is related to the mid –Cretaceous aged Seagull Batholith which has been mapped in outcrop over an area of 14X44 km. In July of 2011, a prospecting and sampling program was carried out over the project claims. Results are pending.

Lithium Projects – Overview

During the year ended April 30, 2011, the Company wrote-off all capitalized acquisition and exploration expenditures related to two of its three lithium properties as no future work is planned on the properties for the foreseeable future. This includes the Beaverdam project in North Carolina, as well as the Phoenix projects in the Northwest Territories. The Company retains an interest in the Torp Lake project in Nunavut, and is currently considering various options for this property. The Company is choosing to focus its efforts on exploration opportunities on gold and base metal opportunities in Canada and South America.

Beaverdam Lithium Project – North Carolina

In 2009, the Company initiated a lithium exploration program at the Beaverdam Project in North Carolina through seven option agreements with private land owners, covering approximately 420 contiguous acres. In order to maintain these option agreements in good standing into 2011, the Company made payments totaling US$102,779 to the underlying landowners in January 2011.

During the fall of 2009 and summer of 2010, the Company completed a 19 hole (2,545 m) drill program. Highlights included 1.24% Li_2O over 13.0 m, 1.18% Li_2O over 12.0 m and 1.40% over 11.0 m. Although drilling results were positive,, the Company has determined that further work on this project is not warranted at the present time. Accordingly, during the year ended April 30, 2011, the Company wrote-off capitalized acquisition and exploration expenditures of $943,841.

Phoenix Lithium Project – Northwest Territories

The Phoenix project is located in the Aylmer Lake area of the Northwest Territories, approximately 60 km east of existing winter road infrastructure that services the Ekati and Diavik diamond mines. The Company identified nine localities where spodumene-bearing pegmatite dikes are located within the 23,000 acre project area. Despite significant surface assays and the grades and widths returned from the limited 2009 exploration work, in the year ending April 30, 2011 the Company did not complete any substantial exploration program due to a dispute over the land use permit for the project.

During the year ended April 30, 2011, the Company decided to focus its exploration efforts in other areas and accordingly, wrote-off $846,804 in capitalized acquisition and exploration expenditures related to the Phoenix Project.

The claims for the Phoenix property remain in good standing.

Torp Lake Lithium Project – Nunavut

The Torp Lake project is located in Nunavut, 30 km southwest of tidewater on the Arctic coast and 245 km east southeast of the Hamlet of Kugluktuk. The project consists of two claims totaling 4,958.4 acres that are centred on the McAvoy lithium rich pegmatite.

Two rock sawn channel samples were collected in the fall of 2009 to test high concentrations of spodumene that are observable within the McAvoy pegmatite over a 110 m interval and widths of 10 to 15 m. The samples located 78 m apart returned 6.0 m grading 4.5% Li_2O and 7.0 m grading 3.3% Li_2O. These very high assay results were also associated with low iron values indicating the potential for the pegmatite as a source of premium, low iron, technical grade spodumene. Technical grade spodumene is used directly in the glass, ceramic and metallurgical industries. Economic deposits of technical grade spodumene are rare and therefore command a premium price in comparison to chemical grade products.

To evaluate the potential of the McAvoy pegmatite as a source for technical grade spodumene, during the year ended April 30, 2011 the Company forwarded samples to SGS Lakefield Research Limited for a detailed mineralogical investigation. Results of the evaluation confirmed that the McAvoy pegmatite has the potential to represent a new source of technical grade spodumene, (see News Release dated November 10, 2010) however further evaluation of the pegmatite including ground geophysics and diamond drilling is required. At the present time, the Company is considering the most appropriate course of action for this project.

Other Exploration Properties

The Company maintains an interest in a number of additional, non-material exploration properties. The Company continues to review the available exploration data associated with these properties in an effort to evaluate ways to further advance these properties. Included in these properties are the Fin, Anialik and Bamako gold and the Run, Rush Lake and Hay-Duck base metal properties in Nunavut.

Results of Operations

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company currently has mineral property interests in the Northwest Territories, Nunavut, and the Yukon, Canada and North Carolina, USA. In addition, the Company has recently executed a letter of intent to acquire a gold-copper project in Chile, South America and intends to pursue other exploration opportunities in South America.

During the year ended April 30, 2011 (the "Current Year"), the Company recorded a loss of $2,709,262 ($0.06 loss per share) as compared to a loss of $2,755,107 ($0.08 loss per share) for the year ended April 30, 2010 (the "Comparative Year"). Mineral property write-offs (Current Year -$2,087,293; Comparative Year - $2,180,427) are the most significant part of the Company's annual loss. Mineral property write-offs of $2,087,293 during the Current Year relate mainly to the Phoenix property ($846,504) and lithium projects in North Carolina ($943,841), where no exploration programs of significance are planned for the foreseeable future or have been carried out in the last three years. In the Comparative Year, the majority of the write-off relates to capitalized costs for the Anialik property.

The Company's administrative expenses of $831,842 increased from $722,180 in the Comparative Year.

Consulting fees (Current Year - $176,333; Comparative Year - $11,080), and advertising, promotion and travel (Current Year - $172,638; Comparative Year - $160,391) had the largest impact on this increase. Salaries and benefits expense (Current Year -$177,166; Comparative Year - $187,912), office, miscellaneous and rent expense (Current Year -$86,052; Comparative Year -$97,324), stock-based compensation (Current Year -$121,270; Comparative Year - $130,276), professional fees (Current Year - $79,968; Comparative Year - $110,374), and regulatory and filing fees (Current Year -$17,736; Comparative Year - $23,853) all decreased as compared to the prior year. Excluding stock-based compensation, a non-cash expense, administrative expenses increased by 20% from the Comparative Year. Most of this increase is due to the payment of consulting fees totaling $150,833 for the management of the Company.

Assets decreased from $3,363,074 at the April 30, 2010 year-end to $1,696,494 at April 30, 2011 with capitalized resource property costs decreasing from $2,207,651 at the April 30, 2010 year-end to $857,897 at April 30, 2011. The Company's cash decreased from $1,126,124 at the April 30, 2010 year-end to $671,960 at April 30, 2011. Total current liabilities decreased from $191,837 at the April 30, 2010 year-end to $129,445 at April 30, 2011 and consist primarily of exploration related payables and amounts due to related parties (Current Year -$69,498; Comparative Year - $76,610). There was an increase in share capital from $8,755,602 at the April 30, 2010 year-end to $9,765,706 at April 30, 2011 due to a private placement during the year. The Company issued 3,958,333 common shares for gross proceeds of $712,500. A further 4,604,500 common shares were issued upon exercise of warrants for gross proceeds of $508,150.

Selected Annual Information

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

The following table summarizes selected financial data for North Arrow Minerals Inc. for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, and their related notes.

	Year Ended April 30, 2011	**Year Ended April 30, 2010**	**Year Ended April 30, 2009**
Total revenue	$ Nil	$ Nil	$ Nil
General and administrative expenses, net	$ 831,842	$ 722,180	$ 345,212
Write off of mineral properties	$ 2,087,293	$ 2,180,427	$ 3,229,988
Loss from continuing operations: - In total - Basic and diluted loss per Share	 $ 2,912,325 $ 0.06	 $ 2,902,607 $ 0.08	 $ 3,572,888 $ 0.16
Net loss: - In total - Basic and diluted loss per Share	 $ 2,709,262 $ 0.06	 $ 2,755,107 $ 0.08	 $ 3,096,012 $ 0.14
Total Assets	$1,696,494	$3,363,074	$3,255,711
Total long-term financial liabilities	$Nil	$Nil	$Nil

The Company has no source of operating revenue.

As at April 30, 2011, the Company had no long-term debt. Funds for exploration programs and general working capital are raised from equity financings and the exercise of warrants. During the years ended April 30, 2010 and 2011, the Company financed a significant portion of its exploration programs from the sale of common shares.

Summary of Quarterly Results

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

The following table sets out selected unaudited quarterly financial information North Arrow Minerals Inc. 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 Canadian generally accepted accounting principles 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[1] from Continued Operation and Net Income (Loss)	Fully Diluted Earnings (Loss) per share[1] - from Continued Operation and Net Income (Loss)
April 30, 2011	$ 1,874	$ (1,942,260)*	$ (0.04)	$ (0.04)
January 31, 2011	$ 2,179	$ (135,128)	$ (0.00)	$ (0.00)
October 31, 2010	$ 1,962	$ (451,780)	$ (0.01)	$ (0.01)
July 31, 2010	$ 795	$ (180,094)	$ (0.00)	$ (0.00)
April 30, 2010	$ Nil	$ (2,150,894)*	$ (0.00)	$ (0.00)
January 31, 2010	$ Nil	$ (236,563)	$ (0.01)	$ (0.01)
October 31, 2009	$ Nil	$ (235,440)	$ (0.01)	$ (0.01)
July 31, 2009	$ Nil	$ (132,210)	$ (0.00)	$ (0.00)

(1) Based on the treasury share method for calculating diluted earnings.

*includes a future income tax recovery of $203,063 (April 30, 2010 - $147,500) due to the application of EIC-146, "Flow-through Shares", during the years ended April 30, 2011 and 2010. This is a non-cash item recorded in compliance with Canadian GAAP.

Current Quarter

The Company's net loss of $1,942,260 in the three months ended April 30, 2011 (the "**Current Quarter**") compares to a loss of $2,150,894 in the three months ended April 30, 2010 (the "**Comparative Quarter**"). The main reason for the difference between the Current and the Comparative fourth quarter losses is a smaller write-off of mineral properties (Current Quarter -$1,796,168; Comparative Quarter - $2,093,932). Total administrative expenses totaled $353,113 in the Current Quarter, as compared to $204,456 in the Comparative Quarter. The main reason for the increase is consulting fees paid for the management of the Company.

Risks and Uncertainties

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 and warrant exercises to further exploration on its properties.

Historically, the majority of the Company's expenses have been denominated in Canadian Dollars so its exposure to foreign exchange risk was limited. In July 2009, the Company acquired a land position, prospective for lithium, in North Carolina, USA and in May 2011, the Company entered into a letter of intent for a Chilean exploration project. Exploration activities in the US may increase the Company's risk of litigation; exploration activities outside of Canada will expose the Company to foreign exchange risk. Presently, the Company does not 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.

The majority of the Company's receivables consist of sales tax receivables due from the federal government or from other exploration companies. From time-to-time, the Company will have receivables from companies with which it has exploration agreements or options. The maximum amount of the Company's exposure to credit risk with respect to its receivables is the carrying value of those receivables as at the balance sheet date.

The Company's liquidity risk, the risk that the Company won't be able to meet its obligations as they come due, was reduced in calendar 2010 because the Company successfully completed several equity financings, but remains an issue because the Company has no source of operating revenue and has a history of losses. The Company's management actively monitors its cash-flow and has made decisions and plans into 2011 accordingly. Under the terms of a flow-through private placement completed in June 2009, the Company was required to spend $500,000 on Canadian exploration expense ("CEE") on or before December 31, 2010. The Company had met this expenditure requirement as of April 30, 2010. Under the terms of a flow-through private placement completed in August 2010, the Company is required to spend $712,500 on CEE on or before December 31, 2011.

Private Placement – August 2011

In August 2011, the Company announced that it had concluded an agreement for a $1,000,000 private placement of a convertible note with Anglo-Celtic Exploration Ltd. ("Anglo-Celtic" or the "Lender"), a private company controlled by D. Grenville Thomas, who is a director of North Arrow. The independent directors of North Arrow reviewed and accepted the proposed private placement, which remains subject to regulatory approval. The private placement will consist of a convertible note, structured as an unsecured, interest-bearing loan of $1,000,000. The term of the loan will be for one-year, following receipt of all required regulatory approvals. The Lender may convert at any time all or a portion of the principal amount outstanding under the loan into common shares of North Arrow at a conversion price of $0.25 per common share. The Lender will also have the right to convert all or any portion of the accrued interest on the loan into common shares of North Arrow at the market price of North Arrow's common shares at the time of conversion. North Arrow may, at its option, repay all or any part of the principal amount outstanding under the loan, without bonus or penalty, subject to the requirement that North Arrow give notice to the Lender that the Lender may elect within 10 days to convert all or any portion of the loan into common shares. The loan agreement will contain provisions related to default by North Arrow and remedies available to the Lender. North Arrow will pay interest to the Lender at the rate charged by the Lender's bank or financial institution, plus 400 basis points. The loan will accrue interest to the date of repayment and will be calculated monthly on the last day of the month.

As a result of the private placement, Mr. Thomas, through Anglo-Celtic, may become a "Control Person" (as defined in the TSX Venture Exchange's policies) of North Arrow. Mr. Thomas, through Anglo-Celtic, currently owns 9,839,582 common shares, representing approximately 18.7% of North Arrow's issued and outstanding common shares, and will be entitled to acquire a further 4,000,000 common shares by converting the $1,000,000 loan principal into common shares at a conversion price of $0.25 per share. If Anglo-Celtic converts the entire principal amount of the loan, Mr. Thomas would control approximately 24.4% of the then issued shares of North Arrow (assuming no other shares are issued by North Arrow, except the common shares to Anglo-Celtic upon conversion of the loan). The creation of a new Control Person requires shareholder approval, which North Arrow will seek from shareholders at the next Annual

General Meeting. Proceeds from the loan will be used to continue to fund North Arrow's exploration activities in South America and for working capital purposes however, the Company will require additional financing in the future as it has no source of cash flow from operations.

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 at 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. 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. The funds that the Company does have that aren't required in the short-term for exploration or overhead expenditures are invested for up to 90 days in Bankers' Acceptance or Bankers' Deposit Notes to reduce the Company's exposure to credit risk. The Company has no exposure to asset-backed commercial paper nor does the Company have any long-term debt. The $1 million convertible note payable to Anglo-Celtic, if approved by regulators and subsequently issued, will be a significant liability for the Company. Should Anglo-Celtic choose to convert the loan principal and interest into common shares, this will result in dilution to existing shareholders.

The Company's most significant fixed costs relate to management of the company and the costs associated with maintaining a TSXV listing. Subject to regulatory approval of the private placement of the convertible note described above, the Company will have sufficient financial resources to keep its material landholdings and the majority of its non-material landholdings in good standing into 2012. Furthermore, the Company has also incurred sufficient exploration expenditures on these properties to keep them in good standing with the respective provincial and territorial governments into 2012 as well. The flow-through funds raised in August 2010 can be spent up to December 31, 2011. 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.

Liquidity and Capital Resources

Working capital as at April 30, 2011 was $707,567 as compared to working capital of $961,322 at April 30, 2010. Cash decreased by $454,164 in the Current Year (Comparative Year – increased by $925,638), to $671,960 as at April 30, 2011 (Comparative Year -$1,126,124). Cash flow used for operations was $757,630 (Comparative Year - $527,594) while cash flows from financing activities increased the Company's cash position by $1,176,867 (Comparative Year - $2,775,463). During the Current Year, the Company issued 3,958,333 common shares for gross proceeds of $712,500. A further 4,604,500 common shares were issued upon exercise of warrants for gross proceeds of $508,150. A description of the financing completed during the Current Year can be found under the heading "Financing" below.

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Year, the Company spent $873,401 to acquire and explore its mineral property interests (Comparative Year -$1,322,231). The majority of the Company's expenditures in the Current Year were on its lithium properties in the Northwest Territories (Current Year - $66,647; Comparative Year - $665,733), and in North Carolina (Current Year - $287,198; Comparative Year - $651,818), and on the Company's diamond property in the Northwest Territories (Current Year - $269,619; Comparative Year - $15,812). Also during the Current Year, the Company spent $131,497 (Comparative Year - $58,842) to explore its gold and base metal properties in Canada.

As at April 30, 2011, the Company had 4,237,000 outstanding stock options with exercise prices that range from $0.19 to $0.40 and 6,109,667 warrants with exercise prices ranging from $0.25 to $0.30. During the Current Year, a total of 5,762,750 warrants with an average exercise price of $0.22 expired, while 4,604,500 warrants with an average exercise price of $0.11 were exercised, increasing the Company's working capital by $508,150.

Financing

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 August 2011, the Company received regulatory approval to extend the expiry date of these warrants to February 20, 2012; all other terms and conditions remain the same.

The Company expects that additional financings will be required to continue to further exploration efforts at its various exploration properties and to maintain its listing on the TSXV. In the interim, the Company is seeking to maximize the results received from its exploration efforts, to minimize variable expenses to the extent possible and to seek joint venture partners to continue to further exploration of its mineral properties. The Company has also arranged, subject to regulatory approval, a $1 million private placement of a convertible note with a private company controlled by a director of the Company to provide short-term working capital. See "Private Placement – August 2011" above for additional details.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at August 26, 2011, there were 52,758,378 common shares issued and outstanding. As at August 26, 2011 the Company had the following options and warrants outstanding:

	Number of Shares		Exercise Price	Expiry Date
Options	54,000	$	0.25	September 15, 2011
	148,000	$	0.25	March 29, 2012
	1,125,000	$	0.40	August 7, 2012
	1,410,000	$	0.20	June 4, 2014
	200,000	$	0.30	September 2, 2014
	1,000,000	$	0.20	March 7, 2016
	3,937,000			
Warrants	1,390,000	$	0.30	September 26, 2011
	2,740,500	$	0.30	October 20, 2011
	1,979,167	$	0.25	February 20, 2012
	6,109,667			

Transactions with Related Parties

Related party transactions disclosed in Note 6 of the audited, consolidated financial statements for the year ended April 30, 2011 are as follows:

		April 30, 2011		April 30, 2010
Strongbow Exploration Inc., a company with two common directors and a common officer	**$**	**17,655**	$	28,364
Stornoway Diamond Corporation, a company with a common officer		**12,206**		7,301
Directors		**39,637**		40,945
	$	**69,498**	$	76,610

a) During the year ended April 30, 2011, the Company paid or accrued $129,210 (April 30, 2010 - $133,982) for shared technical services and rent to Strongbow.

b) During the year ended April 30, 2011, the Company paid or accrued $23,451 (April 30, 2010 - $31,072) for administrative and accounting services to Stornoway.

c) During the year ended April 30, 2011, the Company paid $Nil (April 30, 2010 - $7,350) for technical services to a private company controlled by a director.

d) During the year ended April 30, 2011, the Company paid $1,338 (April 30, 2010 - $Nil) for office rent to a company controlled by a director.

e) During the year ended April 30, 2011, the Company paid consulting fees of $150,833 (April 30, 2010 - $Nil) to a company controlled by a director and a company controlled by an officer of the Company.

f) Included in prepaid expenses as at April 30, 2011 is $10,000 (April 30, 2010 - $Nil) paid to the President of the Company for future management services.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the potential impairment of long-lived assets, estimated costs associated with reclamation of exploration properties and the determination of stock-based compensation and future income taxes. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting policies upon which the Company depends are those requiring estimates of impairment, assumptions about fair value and future income taxes.

Impairment of long-lived assets

The Company's management reviews the carrying value of the Company's long-lived assets when there are events or circumstances that may indicate impairment.

The Company uses the guidance set out in AcG-11 as the basis for determining whether its mineral properties should be written off. Paragraph 16 AcG-11 sets out factors that may indicate the need for a write-down:

a) unfavourable changes in the property or project economics;
b) an inability to access the site;
c) environmental restrictions on development;

d) an inability to create an efficient distribution mechanism; and
e) political instability of the region in which the property is located.

Paragraph 18 AcG-11 states: "In addition to the above general presumption, there should be a presumption of impairment in the carrying amount of property, plant and equipment and intangible assets of enterprises in the development stage engaged in extractive operations when any of the following conditions exist:

a) the enterprise's work program on a property has significantly changed so that previously identified resource targets or work programs are no longer being pursued;
b) exploration results are not promising and no more work is being planned for the foreseeable future; or
c) remaining lease terms are insufficient to conduct necessary studies or exploration work.

Using these conditions as a guideline for estimating whether an impairment exists on its mineral properties and based on the Company's plan to further evaluate and advance these properties by analyzing results received to-date, management has determined that as of April 30, 2011 capitalized exploration and acquisition costs of $2,087,293, mostly related to the Company's lithium properties in northern Canada and in the US, as well as the Canoe Lake Property in Nunavut, should be written off.

Stock-based compensation

The Company's current market price and the volatility of the Company's market price will affect the estimates made for stock-based compensation. The volatility of the Company's stock price and the stock price at the grant date have the most significant impact on the estimate of fair value of stock-based compensation.

Recent Accounting Pronouncements

International financial reporting standards

International financial reporting standards ("IFRS") have replaced Canadian standards and interpretations for financial years beginning on or after January 1, 2011. The process of changing from Canadian GAAP to IFRS is a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions. The Company is 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. During the scoping and planning phase, management developed an implementation plan and completed an initial assessment of the key areas where the IFRS transition could have a significant impact on the Company's financial reporting processes. The scoping and planning phase is complete. Summarized below are the standards that are expected to have the most significance for the Company upon transition to IFRS.

Expected Areas of Significance

Standard	Description
Share based payments (IFRS 2)	IFRS requires that graded vesting be used for share options grants (previously Canadian GAAP permitted straight-line amortization), and that each installment should be treated as a separate share option grant and an estimated fair value must be calculated at each vesting date. This is not expected to have a material change upon transition to IFRS.
Exploration for and evaluation of	The Company currently capitalizes all acquisition, exploration and evaluation costs as assets therefore, there is no expected change upon transition to IFRS.

mineral resources (IFRS 6)	
Property, plant and equipment (IAS 16)	The Company will continue to record its property, plant and equipment assets at cost, less accumulated amortization. IFRS requires that part of an item of PPE with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. Management does not expect that there will be a change upon transition to IFRS.
Asset impairment (IAS 36)	The Company's exploration assets are the Company's most significant long-lived asset and must be reviewed for impairment when circumstances suggest that their carrying values may be impaired. The adoption of this standard is not expected to have a material change on the Company's financial reporting.
Income taxes (IAS 12)	Management is currently evaluating how the adoption of this standard will impact the Company.

Although the detailed assessment phase is nearly complete, the summary above should not be considered as a exhaustive list of the standards or changes that will result from the Company's transition to IFRS. These summaries are intended to highlight the areas identified to-date by management where the conversion to IRFS is expected to have the most significant impact. It should be noted that management's assessment of the impact of certain differences between Canadian GAAP and IFRS is still in progress and there are a number of decisions remaining where choices of accounting policies are available. Quantification of the impact of transitioning to IFRS forms part of the detailed assessment phase.

Next Steps

The detailed assessment phase is nearly complete. Management has undertaken an in-depth technical analysis to develop an understanding of the potential impacts and to quantify those impacts resulting from the adoption of IFRS; has made recommendations for accounting policy choices and has started to draft accounting policies under IFRS. In addition, this phase will result in the identification of additional resource and training requirements and the processes for preparing financial statements, establishing IT system requirements and preparing detailed transition plans. The Company is currently preparing to report its first full quarter, ended July 31, 2011, under IFRS.

The implementation phase has started, with IFRS compliant financial statements and notes in draft form and an opening balance sheet as at May 1, 2010 in preparation. In addition, management will continue its review and assessment of the impact of transition on the Company's existing internal controls over financial reporting, its disclosure controls and its information technology and data systems. The last phase of post-implementation will involve monitoring of changes in IFRS and assessing the impact of those changes on the Company's reporting. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS remains to be quantified. IFRS education and reports to the Audit Committee commenced in 2009 and continue to be ongoing.

Off-Balance Sheet Arrangements

Not applicable.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in the Company's Statement of Operations and Deficit and the Mineral Properties Notes contained in its audited Consolidated Financial Statements for the years ended April 30, 2011 and April 30, 2010. These statements are available on its SEDAR Page Site accessed through 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 annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.