



Naujaat Diamond Project *(formerly Qilalugaaq Project)* **Annual Report for Land Use Permit LUP06-607-014**

March 26, 2018

Table of Contents

<i>Section</i>	<i>Pages</i>
1. Introduction: Naujaat Diamond Project	2
2. Regulatory Information.....	3
3. Summary of 2017 Field Exploration Program under LUP06-607-014.....	4
4. Details on Q1-4 2017 Summer Drill Program.....	5
5. Fuel Use and Fuel Storage.....	7
6. Local Hires, Contracting Opportunities and Initiatives.....	8
7. Wildlife Protocol.....	11
8. Summary and Discussion of Results of Caribou Monitoring Report.....	12
9. Community Engagement.....	13
10. Preliminary Archaeology Study.....	18
11. 2018 Work Plans.....	18

Figures

Figure 1: Project Location Map in Canada.....	3
Figure 2: Flight Corridor from Q1-4 to Core Shack and Laydown Area.....	3
Figure 3: Drill Setup 17Q-010 at Q1-4 Kimberlite.....	4
Figure 4: 2017 Mini-Bulk Sample Location During and After Remediation.....	5
Figure 5: Q1-4 Model Outline with 2017 Sample and Drill Hole Locations.....	6
Figure 6: Location of Fuel Storage, Laydown Area and Core Shack.....	7

Figure 7: Fuel Storage Berm at Laydown Area near Quarry.....	7
Figure 8: Drill Site Fuel Storage.....	8
Figure 9: Geotech Lee Ann Tungilik Preparing Drill Core for Microdiamond Sampling.....	8
Figure 10: Wild Life Monitor Gary Tinashlu.....	8
Figure 11: Naujaat Hamlet Services Loading Mini-Bulk Sample for Sealift.....	8
Figure 12: Caribou Calf Picture Taken by Wildlife Camera.....	9
Figure 13: Existing ATV trail to the Q1-4 Kimberlite with Wildlife Camera Locations.....	9
Figure 14: Community Presentation at the Youth Centre on May 15, 2017.....	11
Figure 15: Presentation to Naujaat Mayor and Council.....	11
Figure 16: Presentation to Arviq HTO.....	12
Figure 17: Potential Community Access Trail Routes to Q1-4 Work Site.....	15
Figure 18: Area of 2017 Archaeology Study Conducted by Thomson Heritage Consultants.....	16

Tables

Table 1: Details on 2017 Delineation Drilling Program at Q1-4.....	6
---	---

Appendices

Appendix I: Naujaat Project Wildlife Monitoring and Mitigation Protocol.....	18
Appendix II: Presentations to Community, Council and HTO in May and November 2017	22

1. Introduction: The Naujaat Diamond Project

This report is being submitted as required by the Terms and Conditions of the Nunavut Impact Review Board's (NIRB) Screening Decision Report as they apply to the Permit to Use Commissioner's Land #LUP06-607-014 (the "Permit"). The Permit was originally issued to Stornoway Diamond Corp. on May 5th, 2016, and expired on September 12th, 2017.



Figure 1: Project location – 9 km northeast of the Hamlet of Naujaat at the base of the Melville Peninsula.

A total of eight kimberlite pipes have been identified within the Project as

well as a number of associated kimberlite dykes. The Q1-4 kimberlite ("Q1-4"), is the largest and most diamondiferous of the kimberlites discovered to date and has been the focus of North Arrow's work since acquiring the Project from Stornoway Diamond Corporation in 2013. Q1-4 is located on Commissioner's Land within the municipality of Naujaat, approximately 9 km northeast of the community.

North Arrow continues to assess Q1-4's size and diamond value potential as the Company works towards a Preliminary Economic Assessment for the Project.

In 2014 North Arrow extracted a 1353 tonne sample for the A28 portion of the kimberlite (see Figure 6) under LUP06-607-014. In 2015 the Company submitted amendments to the Permit for drilling, fuel storage and construction of a wooden-framed structure at its

The Naujaat Diamond Project (the "Project") is located in close proximity to the community of Naujaat, Nunavut. Since diamonds were discovered in the area in 2002, the property has undergone several phases of exploration using airborne geophysics, together with property wide till sampling, drilling, and bulk sampling. The Project is currently being evaluated by North Arrow Minerals Inc. ("North Arrow" or "the Company") and consists of 7 mining leases and 3 mineral claims covering 10,743 hectares.

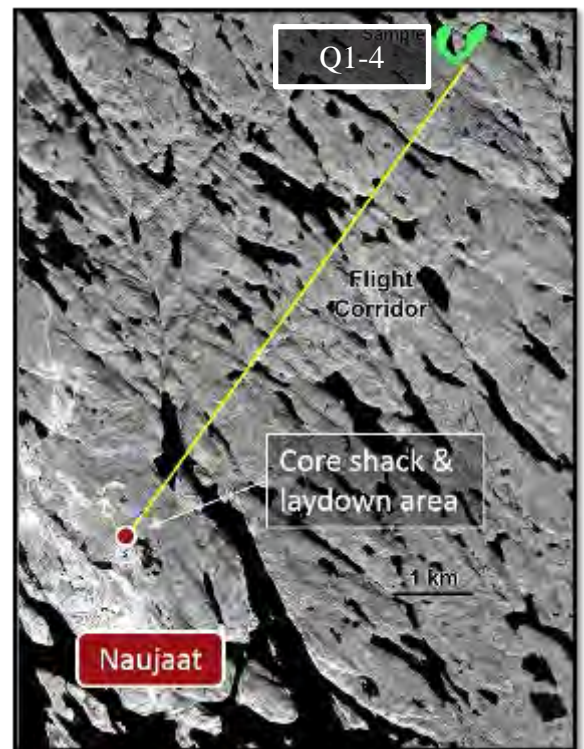


Figure 2: Flight Corridor of Helicopter from Q1-4 to Core Shack and Laydown Area.

storage location in Naujaat. Following review by GN-C&GS, GN-DoE, EC and NIRB, these permissions were combined and granted under LUP06-607-014 on May 4, 2016.

The following report provides a brief summary of exploration work conducted by North Arrow for the year 2017 including remediation efforts, community engagement, employment initiatives and wildlife protocol under the authority of Permit LUP06-607-014.

2. Regulatory Information

Exploration work on the Project is conducted under the terms and conditions of a land use permit granted by the Government of Nunavut (GN) Department of Community and Government Services (CGS), and a Water License granted by the Nunavut Water Board (NWB). As part of the permitting process the Project permit applications are also screened by the Nunavut Planning Commission (NPC) and Nunavut Impact Review Board (NIRB).

The following permits, licenses and file numbers were associated with the 2017 exploration program:

CGS: Land Use Permit: LUP06-607-014; *expired September 12, 2017.*

NWB: License 2BE-QIL1217 Type “B” – Amendment No. 1: Water Use for Drilling Purposes; *expired on November 30th, 2017.*

NPC: File No. 148542 (Naujaat Q1-4 Project); conformity determination issued on Feb 27, 2015.

NIRB: File No. 12EN012; Screening Decision Report dated June 05, 2015.

3. Summary of 2017 Work Conducted Under the Authority of LUP06-607-014

North Arrow’s 2017 summer exploration program ran from June 21st to September 7th, 2017. Field work consisted of drilling and sampling activities at the Q1-4 kimberlite. Exploration crews were based in Naujaat and a helicopter was used for daily access to the work site. Unless prohibited by a low ceiling or during take-off and landing, all flights associated with the drilling and sampling programs maintained altitudes of 610 m whenever possible as per the Terms and Conditions of the Permit.

Drilling commenced on June 30th and was completed on August 30th. The work was conducted by Cyr Drilling

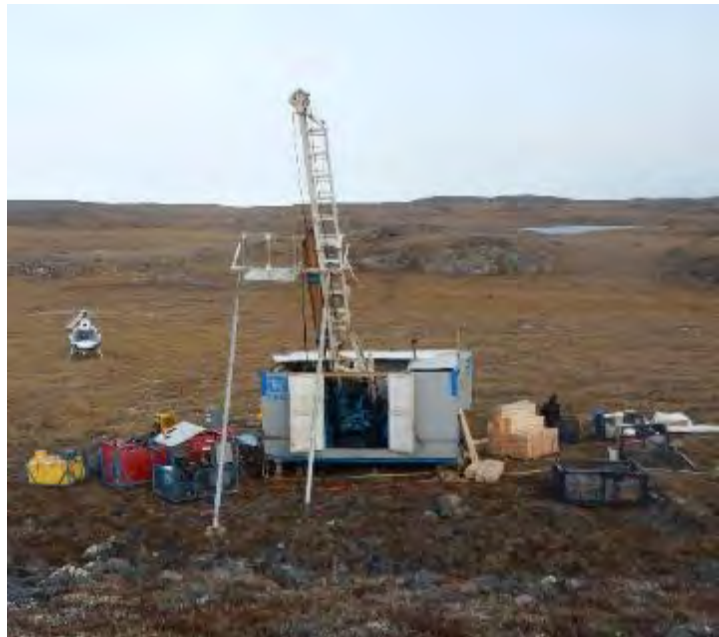


Figure 3: Cyr's Boyles Style 37 Heli-portable Drill at the Q1-4 Kimberlite on August 23, 2017– Hole #17Q-010

International with a 5 person crew operating a helicopter portable Boyles Style 37 drill (see Figure 3). Eleven delineation drill holes totaling 3,461m were completed with drill core slung by helicopter from the work site to a core shack facility located near the Naujaat Rock Quarry, approximately 1 km north of the community (see Figures 2 and 6).

In addition to the drilling, between July 7th and July 20th, a 210 dry tonne mini-bulk sample was collected from a single sample location (see Figures 4 and 5). The sample consisted of 250 megabags of kimberlite, collected using a mini-excavator, and transported daily by helicopter to a laydown area beside the core shack (see Figure 2 and 6). The excavator was slung back to the laydown on August 7th and 8th after the sample pit and two drilling sumps had been backfilled and re-contoured (see Figure 4).



Figure 4: 210 Tonne Mini-Bulk Sample Location during Sampling on July 9th, 2017 and After Remediation on July 19th, 2017

Additional field activities included an eight day archeological study, and a two day terrain mapping study of potential access routes from the community out to the work site, including along the routing of an existing ATV trail. Six wildlife cameras were installed on August 18th, four of which were along this existing ATV trail between Q1-4 and town, and two in prominent draws located approximately 1 km and 2 km northwest and east of Q1-4 respectively (see Figure 13). These six new wildlife camera installations are in addition to six that were installed, in consultation with the Arviq HTO, in May of 2017 around the immediate area of the Q1-4 kimberlite (see Figure 13). North Arrow is using the wildlife cameras to collect and share additional information on the timing and number of caribou movements through the exploration area and along the existing ATV trail. The last day of field activities for the 2017 program was August 29th, 2017.

4. Details on the Q1-4 Delineation Drill Program

As mentioned above, a total of eleven delineation drill holes totaling 3,461m were completed from June 30th to August 30th with approximately 2,440 m of kimberlite core recovered. The holes were part of approximately 6,000 m of planned drilling to increase confidence in the Q1-4 geological model.

HOLE	Date Started	Date Finished	Easting (NAD83 UTMz16)	Northing (NAD83 UTMz16)	End of Hole (m)	AZIMUTH of Collar (degrees)	Dip of Collar (degrees)
17Q-001	30-Jun-17	4-Jul-17	538829	7386010	299.00	309.5	57.5
17Q-002	5-Jul-17	8-Jul-17	538659	7386046	296.00	160	81.3
17Q-003	9-Jul-17	16-Jul-17	538349	7385988	398.00	64	64
17Q-004	17-Jul-17	22-Jul-17	538293	7386073	428.00	57	60
17Q-005	22-Jul-17	26-Jul-17	538523	7386358	326.00	222	53
17Q-006	27-Jul-17	2-Aug-17	539041	7386232	380.00	269.5	46
17Q-007	3-Aug-17	8-Aug-17	538824	7386210	371.00	140	69
17Q-008	9-Aug-17	10-Aug-17	538816	7386204	101.00	345	50
17Q-009	11-Aug-17	14-Aug-17	538715	7386101	238.13	100	65
17Q-010	21-Aug-17	24-Aug-17	538771	7385991	291.00	304.5	60
17-Q011	24-Aug-17	29-Aug-17	538656	7385881	333.00	300.5	45

Table 1: Details on 2017 Delineation Drilling Program at Q1-4

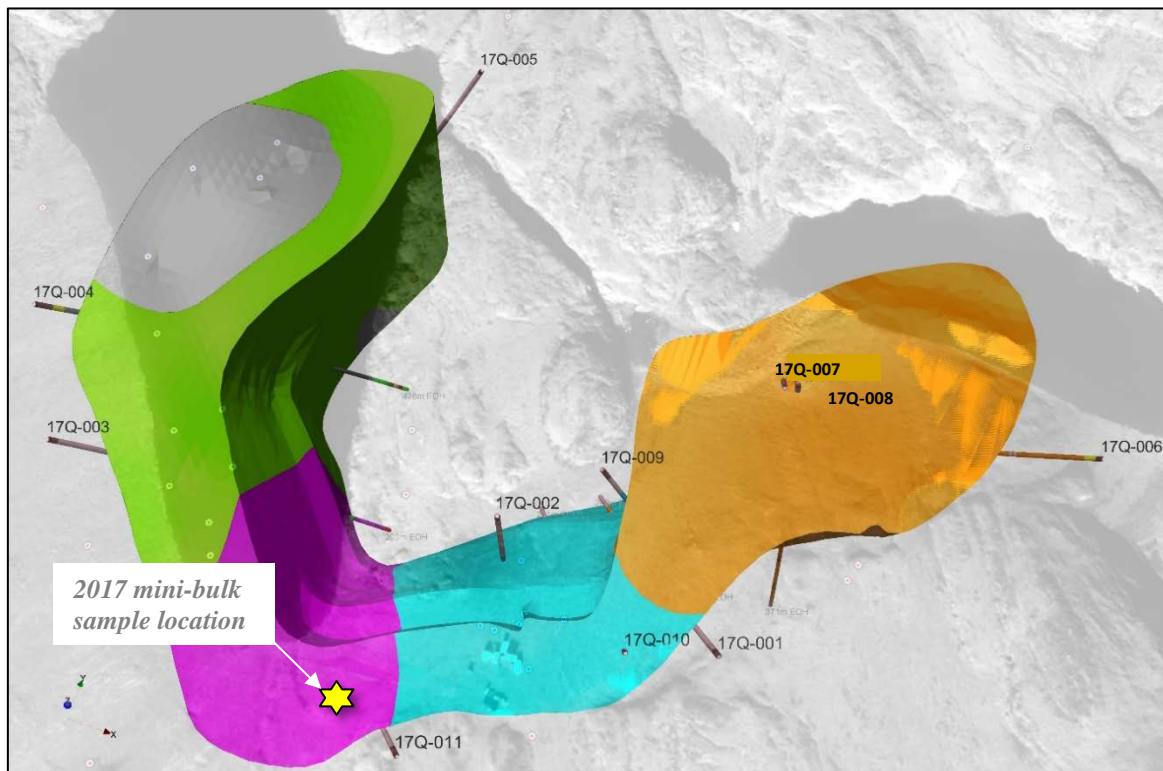


Figure 5: Q1-4 Kimberlite Model Outline with Mini-bulk Sample Location and 2017 Drill Hole Locations

5. Fuel Use and Storage

Fuel for the exploration program (Diesel and Jet A) was stored in a berm located approximately 1 km northwest of the Hamlet of Naujaat in a cleared area on the side of a service road northwest of the town's quarry. Amendments to the Land Use Permit for drilling and sampling were applied for in 2015 adding fuel storage and construction of a wooden-framed structure at this location. Following review by GN-C&GS, GN-DoE, EC and NIRB, these permissions were combined and granted under LUP06-607-014 in May 2016.



*Figure 6 Inset: satellite image of Naujaat relative to Q1-4 kimberlite and Core Shack and Laydown Area.
Figure 6 Main Image: view looking west above laydown and quarry.*



Figure 7: Fuel Berm at Laydown Area near the town quarry; ~1 km NW from the Hamlet of Naujaat.

At each of the 11 drill locations, double-walled containers were used by the drilling company to store diesel fuel. One drum of Jet A (emergency helicopter use) was also stored at the drill, and within secondary containment.

6. Local Hires, Contracting Opportunities and Initiatives



Figure 8: Drill site fuel storage - diesel in double-walled storage containers and single Jet A barrel in small berm.



Figure 9: Geotech Lee Ann Tungilik Preparing Drill Core for Microdiamond Sampling

Total expenditures in Naujaat were \$282,000 which accounted for 13% of the program costs. A total of \$698,000 were Nunavut based expenses. Contracting opportunities included the use of Hamlet Services to transport mini-bulk sample bags from the laydown area to the sealift loading area. Also, the Naujaat Co-Op was utilized for

North Arrow hired fourteen different local employees during the 2017 summer program which accounted for 238 Person Days total and over 1,900 hours of employment for the community. Positions included mini-bulk kimberlite samplers, wildlife monitors / driller's assistants, core shack geo-techs, housecleaners, cook's assistants, guides on the land and general labourers.



Figure 10: Wildlife Monitor Gary Tinashlu at the Q1-4 Work Site.



Figure 11: Naujaat Hamlet Services loading the 2017 Q1-4 mini-bulk sample on to the barge to be towed out to the end of August Sealift and shipped to Montreal

hotel, housing, food and other services accounting for \$147,000 of the local expenses or 32% of the total program costs.

7. Wildlife

Six wildlife cameras were installed around Q1-4 on May 17th, 2017 to collect baseline data regarding numbers and timing of migration for the Wager Bay Caribou and other animals in the area of exploration.

The memory cards were collected on July 4th by North Arrow geologists commencing the summer program and Wildlife Monitors commenced observations on June 30th. A report compiling and discussing the wildlife camera results from the May to July time period was presented to



Figure 12: Caribou calf picture taken by wildlife camera at location 27 on June 24th, 2017

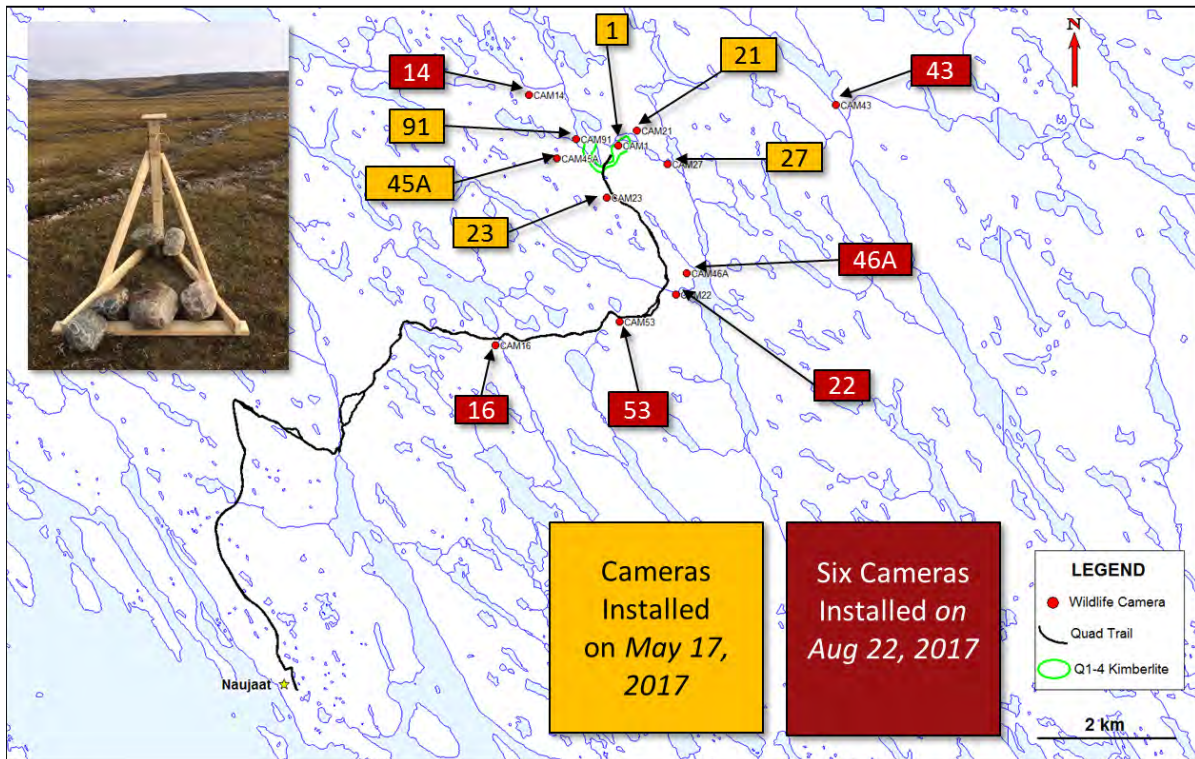


Figure 13: Existing ATV trail to the Q1-4 Kimberlite with wildlife camera locations in red. The trail continues beyond area shown.

Dolly Mablik of the Arviq HTO in August 2017. At that time, the placement of an additional six cameras was discussed and agreed upon. On August 18th five cameras were installed along the current ATV route that winds its way towards the work area and one camera was installed approximately 1 km east of the main work site. The data from all 12 cameras will be collected in April or May of 2018 by North Arrow or persons selected from the community. Results (pictures) will be shared with the Arviq HTO and the Mayor and Council of Naujaat and will become part of North Arrow's baseline database.

A Caribou Mitigation Protocol was included as part of the Terms and Conditions of LUP06-607-014 (see Appendix I). In accordance with the Protocol, an Annual Caribou Monitoring Report was submitted to NIRB in January 2018 to summarize the exploration field work completed by North Arrow during the 2017 field season and to report on wildlife observation logs (with particular attention to caribou) kept by local Wildlife Monitors (the "Monitors"). It was the Monitors' role to document wildlife sightings made by Company employees and the actions taken by the Company at the work site and along the helicopter flight path between the work site and community.

8. Summary and Discussion of Results for Caribou Monitoring Report

During the 2017 field program there were a total of 20 sightings of one or more caribou (49 total animals) between June 30th and August 30th including four sightings (six animals) in July and 16 sightings (43 animals) in August. Drilling was suspended on four occasions to allow caribou to move beyond 1 km from the drill site. On two other occasions observed caribou moved beyond 1 km from the drill before operations could be suspended. Helicopter operations were altered or delayed twice due to the presence of caribou.

Increasing numbers of observed caribou in August are consistent with information provided by the Arviq HTO, local Company employees and Naujaat Hamlet Council that caribou start moving west and south through the area in the early fall of each year. The presence of more caribou in August than in July is also consistent with observations made during the 2014 field program, when a total of 35 caribou were observed, including 10 caribou between July 12th and August 12th and 25 caribou between August 13th and 22nd. Drill site and sampling locations were remediated prior to the end of the field program, including the backfilling of the mini bulk sample trench and other small hand dug exploratory pits. All garbage was removed from the area as were all fuel tanks and mechanical components of the drill. Some non-mechanical drilling components (drill shack, rods, timbers etc.) remain at the work site.

The HTO approved Caribou Monitors offered an objective communication line and daily transparency to the community as to the Company's exploration conduct and our strict adherence to the Protocol.

9. Community Engagement

The result of this arrangement is constant communication with the community while the program is underway and provides transparency into how North Arrow conducts its operations.

Outside of the timing of the work program, the company visited the Hamlet twice in 2017 for official meetings with Mayor and Council, the Hunters and Trappers Organization and the Community.

Community Meeting - May 15, 2017

7:00 pm – 8:30 pm

Youth Centre

Presentation on the Project, 2017 work plans, DNLUP, Archaeology Study for Potential Access Trail and job opportunities. Presentation followed by Q&A and one on one meetings with job applicants. Approximately 79 adults and 20 to 30 children attended the meeting. No concerns were raised by the community at this meeting.



Figure 14: North Arrow President and CEO, Ken Armstrong presenting to the Community at the Youth Centre on May 15, 2017.

Meeting with Mayor and Hamlet Council – May 16, 2017

10:00 am – 11:30 am

Council Chambers

Presentation on the Project, 2017 work plans, DNLUP, Archaeology Study for Potential Access Trail, and job opportunities. Presentation followed by Q&A.



Figure 15: North Arrow President and CEO, Ken Armstrong presenting to the Mayor and Council in Council Chambers on May 16, 2017.

Issues and Concerns

1. Discussion regarding helicopter use for moving the mini-bulk sample to town. How many days will it take?
How much flying time per day? Could a road or trail be built to move the sample instead of a helicopter?
There will be fewer bags this summer, which will mean shorter days transporting sample bags; we will only sling bags during the day, not in the evenings and early morning. The archaeology study planned for the summer is a preliminary step in the investigation of a potential road or trail to the work site.

2. Discussion over who was involved in the development of the Caribou Protocol for the program.
Caribou Protocol was created with help/comment from the Hamlet, HTO and GN.
3. Discussion over when the time is right to start considering an Impact and Benefits Agreement.
Something to start discussions about, but really until a diamond value is determined for the Q1-4 diamonds there can be no economic assessment. To determine diamond value a large bulk sample will need to be taken.

Meeting with the HTO – May 16, 2017

Naujaat Inns North, Hotel Cafeteria

1:00 pm – 3:00 pm

Presentation on the Project, 2017 work plans, DNLUP, Archaeology Study for Potential Access Trail, Wildlife Cameras and what the data is for, and job opportunities. Presentation followed by Q&A.

Issues and Concerns

1. Discussion over how drilling works and how the sampling of the kimberlite works and how samples are organized to know where they came from. Also, how to drill on areas below the lakes.
Explanation on drill mechanics and the process of guaranteeing the security of kimberlite samples to the plant in Thunder Bay.



Figure 16: North Arrow President and CEO, Ken Armstrong presenting to the Arviq HTO on May 16th 2017.

- Explanation of drilling in the spring on ice to drill beneath the lakes and how that is done with minimal impact.*
2. Discussion over the 2016 Draft Nunavut Land Use Plan (DNLUP) and its impact on Naujaat if it was implemented. Most of the HTO had not ever heard of the DNLUP. The one member who had heard of it disagreed with the designated “Caribou Calving Areas” stating that they calve all over, in different places every year.

3. Discussion over Wildlife Monitors and the use of wildlife cameras and what information they will bring; how the HTO will be involved in the selection of the Wild Life Monitors and how they could be responsible for the maintenance and data collection from the cameras. *Wildlife Monitors would be selected by the HTO and if possible would be the same individuals used to maintain the wildlife cameras in the spring.*

Meeting with Naujaat Hamlet Council – November 29th, 2017

1pm - 3 pm

Council Chambers

Presentation was given outlining the work that was conducted in July and August including details and preliminary results of a road or access trail study. Additional slides looked at the money spent in the community and on what, plans for the future and the installation of six additional wildlife cameras along the current ATV trail that heads northeast from Naujaat; the preferred route for the potential access road (see figure 17).

Issues and Concerns

1. Discussion on the proposed Community Access Trail regarding possible costs, routing options, and timing of possible construction.
At the time of the meeting no costing was available yet. Conversations were had to show the routing that made the most sense based on the study completed in the summer and to weigh the response of Mayor and Council to determine if this is something that would be of interest to the community.
2. Questions were asked regarding the sampling of kimberlite, the amount of material that is needed to be sampled to understand the value of the diamonds, and whether the hole that we took the 2014 sample from was filled in.
Some time was spent explaining why diamonds require so much material to be sampled compared to other commodities and how the sampling that has been completed so far accounts for about 1/5 of the total required. Images of remediation of both sample locations were also shown and discussed.
3. Question regarding what North Arrow's plans are for the Project if it were to become a mine.
Answer: There are three possibilities: one is that North Arrow is doing the mining; the company has changed and expanded and hired engineers and miners to do this. As an example, Stornoway Diamond Corporation just opened the Renard Mine in Quebec and they went through that process. The other option is that the company or the project is purchased by a mining company. An example of that would be that Agnico Eagle bought the companies that were exploring and evaluating Meliadine. Or the other option would be that we would bring on a mining company as a partner. They buy a partial interest, usually a majority interest in the project and act as the operator. An example of this is Gahcho Kue which just opened in the Northwest Territories where DeBeers bought 51% of that mine and they are the operator. So those are the three ways that things could happen.

Meeting with HTO – November 29th, 2017

3 pm – 5 pm

Meeting Room in the Tundra Takeout

Presentation was given outlining the work that was conducted in July and August including details and preliminary results of a road or access trail study. Additional slides looked at the money spent in the community and how that broke down, exploration plans for spring and summer 2018 and the installation in August 2017 of six additional wildlife cameras along the current ATV trail that heads northeast from Naujaat; the preferred route for the potential access road.

Issues and Concerns

1. Questions on the proposed Community Access Trail regarding possible costs, routing options, timing of possible construction and when the road study was conducted.
Would need a permit first and would need to look into it more with the Hamlet and HTO's input. Need full report to know cost, especially the one major water crossing, permitting path and timing idea. Hope to engage the Hamlet to do the construction and be in support of an application. An application for permitting would either come from Hamlet, or would not go in without the Hamlet and HTO having a comment on it. The community has to want the trail or road or it would not happen. Study was conducted two days in August.
2. *Discussion on the drilling process with a focus on how cuttings and grey water are dealt with by using natural depressions away from water bodies. Also, what muds or additives are used explanation of the purpose of flocculants and that they are biodegradable and certified and approved by the NWB; environmentally friendly. Secondary containment of fuel at the drill and for the water pump was covered.*

Meeting with Community – November 29th, 2017

7:00 pm – 8: 30 pm

Youth Centre

~42 Adults Attended the Meeting

Presentation was given outlining the work that was conducted in July and August including details and preliminary results of a road or access trail study. Additional slides looked at the money spent in the community and how that broke down, exploration plans for spring and summer 2018 and the installation in August 2017 of six additional wildlife cameras along the current ATV trail that heads northeast from Naujaat; the preferred route for the potential access road.

Issues and Concerns

1. Short discussion over why North Arrow is interested in the yellow diamonds in particular.

The yellow diamonds have been shown to command higher prices on the rough market and could therefore prove to be the key value driver for this deposit and because of its lower grade it will most likely need to have a higher than average diamond value to be economic in the Arctic.

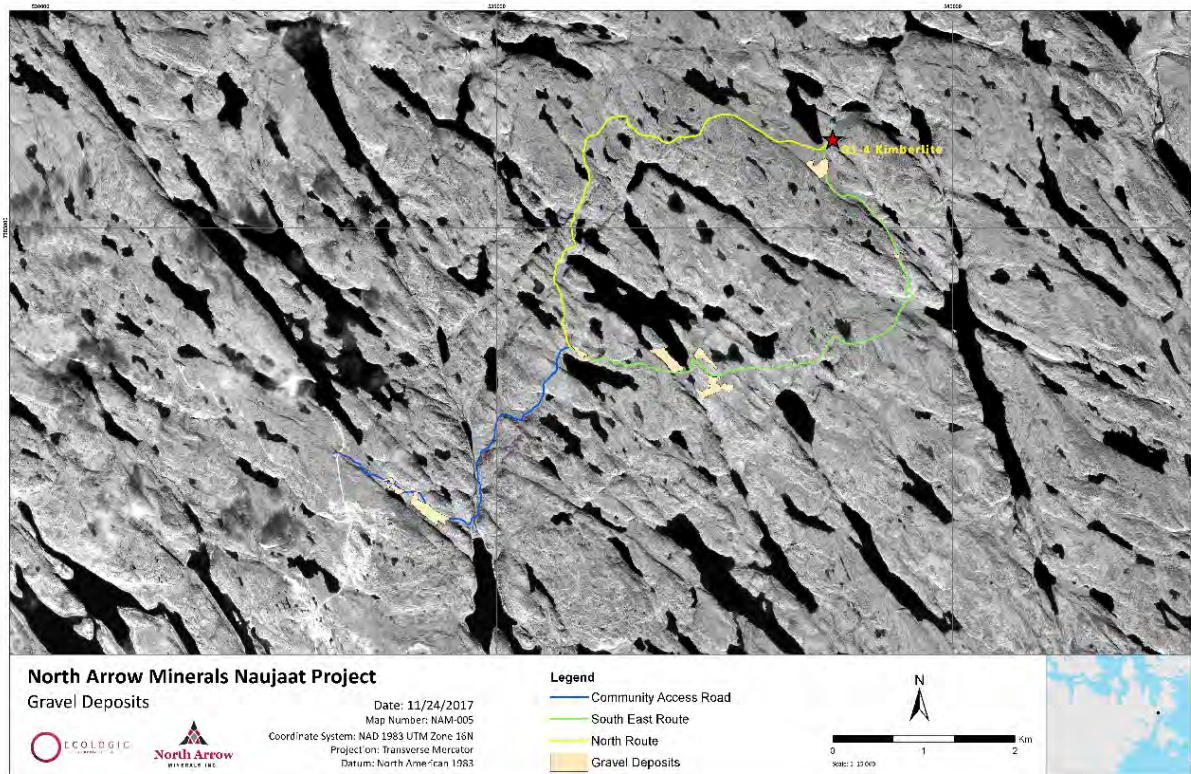


Figure 17: Results from a Preliminary Road Study showing two potential routes to the Q1-4 work site. The southern route in green, the path of the current ATV trail would require less blasting and is the preferred route. Tan coloured areas represent aggregate deposits found along the route that could be used for construction.

10. Preliminary Archaeological Field Survey

A preliminary archaeological field survey and assessment of the Project area was conducted from July 19-25, 2017 by Thomson Heritage Consultants. During the seven full days of field work, 118 archaeological and land use sites were located and documented. Preliminary site records were submitted to the Nunavut government so that official Borden site numbers could be assigned to each site. A final report was submitted to the GN March 24th, 2018.

Conclusion of Preliminary Archaeological Field Survey

We have concluded that North Arrow's exploration program as known in July 2017 has low risk of conflict with heritage resources with appropriate mitigation procedures because of i) the absence of evidence for disturbance of archaeological and land use sites identified during this

stage of mineral exploration by North Arrow, ii) the general lack of overlap between the current and proposed areas of intensive work and the location of archaeological and land use sites and areas judged to be of highest potential for heritage sites, and iii) the application of sound environmental practices by North Arrow. As part of planning future exploration programs, we recommend that North Arrow consult the attached set of co-ordinates for the 118 known archaeological and land use sites, so that these sites can be avoided (or other mitigation measures implemented with approval of the Government of Nunavut).

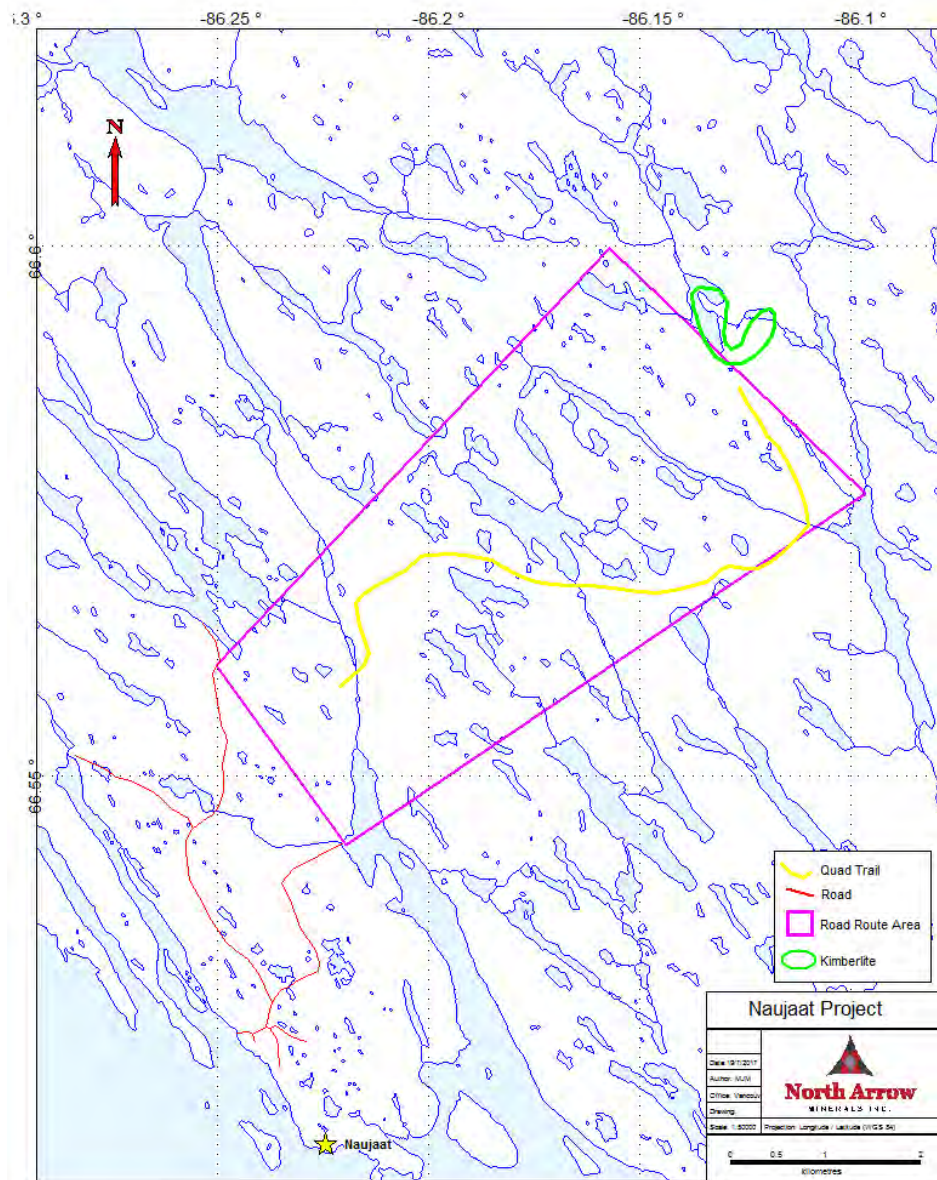


Figure 18: Area covered in the Archaeology Study conducted July 19-25, 2017 by Thomson Heritage Consultants outlined in purple.

11. 2018 Naujaat Project Exploration Plans

Plans to continue delineation drilling in April 2018 below the lake bound portions of the Q1-4 kimberlite are currently on hold pending financing. Drilling may instead be conducted in the summer months with angled holes to test kimberlite phases beneath the two lakes. The program will be determined once financing is complete.

The next stage of assessment for the Project following delineation drilling to better understand the dimensions and geology of the kimberlite is to determine diamond value. It is estimated that a 10,000 tonne bulk sample would be required to yield enough diamonds (2000 carats) to obtain an accurate understanding of diamond value for use in a Preliminary Economic Assessment. A community access trail out to the work site has been proposed to Mayor and Council, the HTO and the Community. This would be an upgrade to the current ATV trail so that it could be used for moving a bulk sample to the Laydown area near town. North Arrow is currently in discussions with the community to determine if, a) this is something the community would want, b) what the best permitting path forward would be, and c) possible financing scenarios.

Should Naujaat and North Arrow find a direction forward for this access trail some amount of baseline work may occur in summer 2018. The size and scope of this work is undetermined at this time.

Benefits of a Community Access Trail to Q1-4

The proposed community access trail would provide the community easier access to caribou hunting grounds (see figure 17). The proposed bridge and culverts over the three water crossings along the route would reduce the environmental impact of ATV travel as there are none in place at the moment. For North Arrow it would provide a cheaper alternative to the helicopter for moving 10,000 tonnes of kimberlite to the Laydown Area and would be less disturbing for the community and the local wildlife. Naujaat has some road building equipment and trained heavy machine operators and have also expressed an interest to be contracted to build the trail. Additional employment opportunities would be available during the extraction of the bulk sample once the route is complete.

Appendix I

Wildlife Monitoring and Mitigation Protocol (“Protocol”) - Qilalugaq Diamond Project, Naujaat, NU

Permittee will adhere to the terms and conditions of all regulatory instruments related to the Qilalugaq Diamond Project (the “Project”) and will comply with all applicable legislation. With respect to wildlife monitoring and disturbance mitigation, with a particular emphasis on caribou, Permittee will implement and adhere to the following wildlife monitoring and mitigation measures during permitted land use activities (“Operations”):

Wildlife Monitoring

1. Permittee will keep a wildlife log documenting all wildlife sightings and mitigation measures taken during Operations. The wildlife log will record all wildlife observations made from the air or on the ground using the form of Wildlife Log / Record of Observations attached to this Protocol. Each record should include locations (i.e., latitude and longitude), species, number of animals, a description of the animal activity, and a description of the gender and age of animals if possible.
2. Permittee will hire two (2) independent wildlife observers (the “Wildlife Observers”) through the Arviq Hunters and Trappers Organization (HTO). The Wildlife Observers will be directly supervised by the HTO and not Permittee, however the Wildlife Observers will be subject to the same corporate policies and standards as all employees and contractors of the Permittee including, but not limited to, safety, environmental, and confidentiality policies. Wildlife Observers will report to both the HTO and Government of Nunavut Department of Environment (GN-DOE) on the effects of the exploration operations on wildlife, with copies of such reporting provided to the Permittee. Wildlife Observers will be provided with radios to allow for direct communication with Permittee’s Project Manager and the helicopter pilot and overland vehicle operators, as applicable. A Wildlife Observer shall be present at the Q1-4 kimberlite site of operations during active Operations, or such other reasonable schedule as agreed to by the Permittee and HTO.
3. In addition to the Wildlife Observers, all employees and contractors of Permittee will be instructed to act as wildlife observers with responsibility to report and record wildlife sightings. As part of this instruction, the Permittee will ensure each employee is made aware of this wildlife monitoring and mitigation protocol and are provided with training and direction on how to implement these measures.

Suspension of Operations in the presence of Caribou

4. Permittee shall cease Operations that may interfere with the migration or calving of caribou until the caribou have passed or left the area.
5. Permittee shall not block or cause any diversion to caribou migration, and shall cease Operations likely to interfere with caribou migration such as airborne geophysics surveys, drilling, bulk sampling or movement of equipment or personnel until such time as the caribou have passed or left the area.

6. When caribou are observed within 1 km of project operations at the Q1-4 kimberlite, Permittee shall suspend all Operations, including low-level over flights or drilling, until caribou are no longer in the immediate area.

Aircraft/Helicopter Flights

7. With the exception of take-off and landing, aircraft/helicopter flights should avoid low-altitude flying wherever possible and when considered safe by the pilot.
8. First daily helicopter flight to site operations will be used as an initial reconnaissance trip to check for caribou along the Transportation Corridor and the vicinity and will include a Wildlife Observer.
9. Helicopter pilot shall continuously monitor the Transportation Corridor for wildlife during all transport activities.
10. Permittee shall ensure that aircraft/helicopter do not, unless for emergency, touch-down in areas where wildlife are present.
11. Permittee shall advise all aircraft pilots of this Protocol including the relevant flight restrictions and shall enforce their application over the project area, including the Transportation Corridor.
12. During the period from April 1 through June 25 of each year, in the event caribou are observed along the Transportation Corridor, the pilot will notify the Wildlife Observers and Permittee will cease helicopter operations until the caribou have moved on.
13. Outside of the period from April 1 through June 25 of each year, in the event caribou are observed along the Transportation Corridor, the pilot will attempt to choose an alternative travel route until the caribou have moved on. If caribou are present in such numbers or in an area around which an alternative and safe flight path or overland travel route is not possible (for instance if the caribou are within 1 km of site operations at Q1-4 kimberlite and such Operations are suspended) then helicopter operations shall cease until the caribou have moved on so that the caribou are not motivated to flee the area.
14. In the event a Wildlife Observer, employees or contractors on the ground observe caribou, they shall notify the Wildlife Observer who shall notify the helicopter pilot. The pilot will attempt to use a safe, alternative flight path or shall suspend helicopter operations as applicable.

Overland Transportation

15. First daily overland vehicle trip to site operations will be used as an initial reconnaissance trip to check for caribou along the Transportation Corridor and the vicinity and will include a Wildlife Observer.
16. Overland vehicle operator shall continuously monitor the Transportation Corridor for wildlife during all transport activities.
17. Permittee shall advise all overland vehicle operators of this Protocol including the relevant restrictions and shall enforce their application over the project area, including the Transportation Corridor.

18. In the event caribou are observed along the Transportation Corridor, the vehicle operator will notify the Wildlife Observer and driving operations shall cease until the caribou have moved on so that the caribou are not motivated to flee the area. Provided it is safe to do so, the vehicle operator will shut down any combustion engines and will remain within their vehicles until the caribou have departed.
19. In the event a Wildlife Observer, employees or contractors on the ground observe caribou, they shall notify the Wildlife Observer who shall notify the overland vehicle operator. The vehicle operator will attempt to use a safe, alternative travel route. If this is not possible (for instance if the caribou are within 1 km of site operations and such Operations are suspended), then all vehicular operations shall cease until the caribou have moved on.

Caribou Monitoring Group

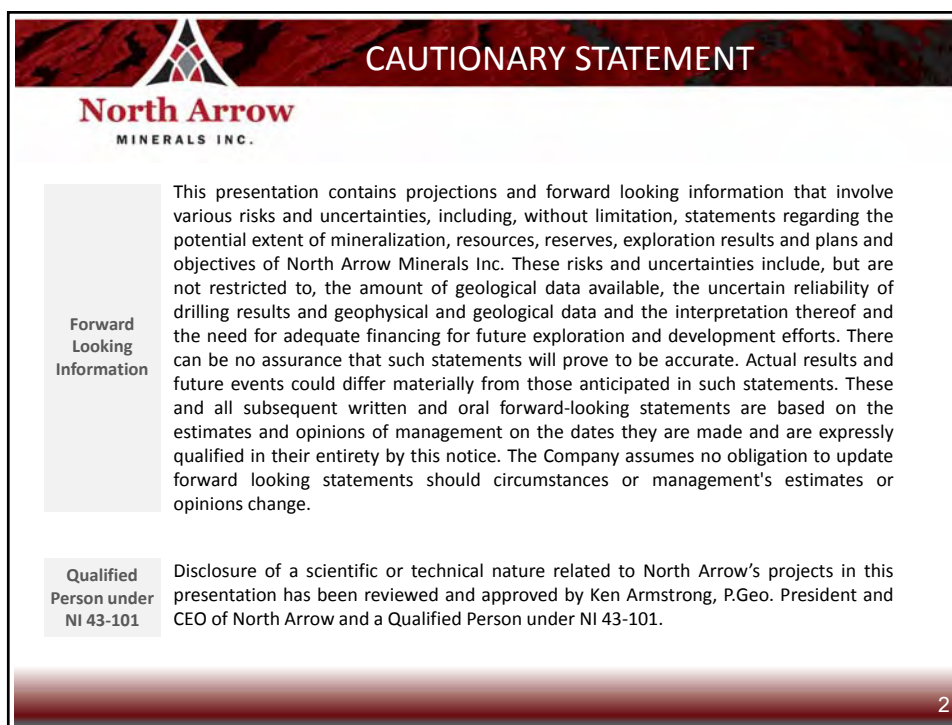
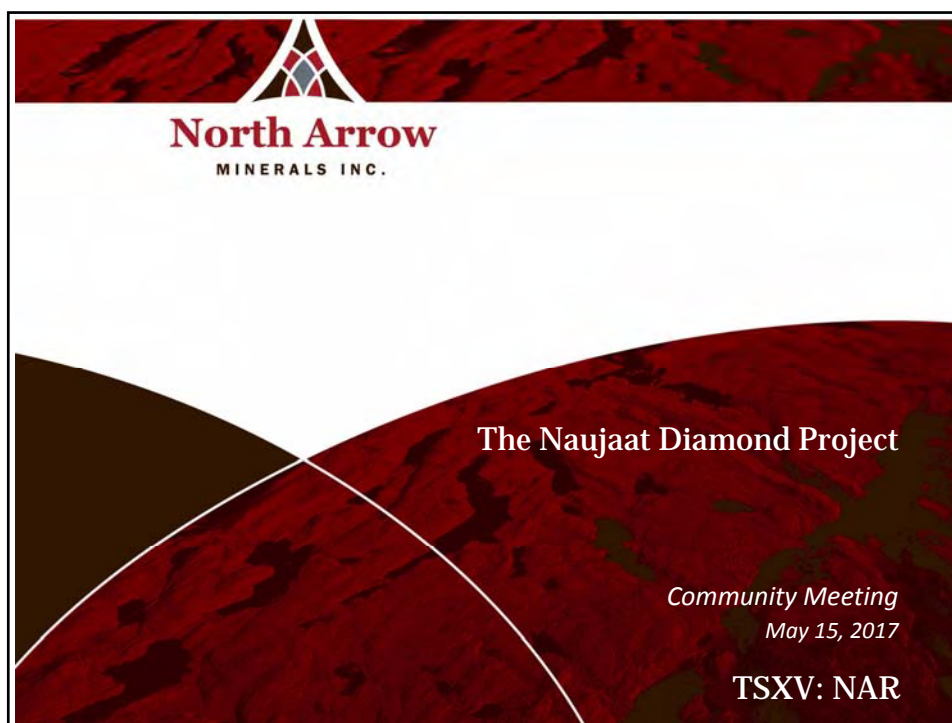
20. Permittee should collaborate with the GN to establish a project-specific **Caribou Monitoring Group**. This group should consist of representatives of:
 - GN, Department of Environment (GN-DoE);
 - The Arviq (Naujaat) Hunters and Trappers Organization (HTO);
 - The Hamlet of Naujaat (Hamlet);
 - Permittee.
21. The Permittee shall prepare an **Annual Caribou Monitoring Report**. The report should include, but not be limited to:
 - Effect predictions and effectiveness of mitigation related to sensory disturbances, energy expenditures, project related caribou mortality, and the estimated zone of influence imparted by project activities;
 - Wildlife sightings in proximity to drill sites, sample areas and overland travel routes will be recorded in a wildlife sightings log by independent observers (see above), including location, numbers observed and reactions.
22. The **Annual Caribou Monitoring Report** shall be delivered to the **Caribou Monitoring Group** not later than December 1 of each year in which there are Operations on the Property. A copy of the **Annual Caribou Monitoring Report** must also be sent to the Nunavut Impact Review Board (NIRB).
23. Each member of Caribou Monitoring Group shall designate a contact person, including email address, for the purposes of effective communication during any period of active Operations.
24. If caribou are sighted during Operations, Permittee will send an email to the Caribou Monitoring Group outlining the number of caribou observed, the location of the caribou, whether the travel path of the helicopter or overland vehicle was altered, and/or if any drill, helicopter or overland vehicle was shut down time as a result of caribou being present. The email shall be sent on the day of the caribou sighting using the form of email notice attached to this Protocol. This email notification will be in addition to and separate from any reporting by the Wildlife Observers to the HTO.

25. A copy of the wildlife log will be sent to the Caribou Monitoring Group on the last day of each month during which there are Operations and as part of the Annual Caribou Monitoring Report.

Notice of Operations

26. Permittee will confirm the start date of Operations with the Caribou Monitoring Group not less than one week prior to the start of Operations.
27. Permittee will prepare a radio notification for broadcast to the community announcing: the start of Operations; a brief description of the helicopter flight schedule and / or the overland transport schedule; and contact details of Permittee's on-site Project Manager.
28. Permittee will prepare a notice containing similar details and post the notice on prominent bulletin boards throughout the Hamlet.

Appendix II - Materials Handed Out at Community Consultations






PRESENTATION SUMMARY

What Are Talking About Today?

1. North Arrow Minerals – Who Are We?
2. History of the Naujaat Project
3. 2014 Sampling Program and Diamond Valuation
4. 2017 Drilling and Sampling Program
5. Employment Opportunities
6. Wildlife Concerns and Archaeological Study
7. Draft Nunavut Land Use Plan Update



3



NORTH ARROW MINERALS

Here Today

Ken Armstrong

Nick Thomas

Mike MacMorran

President and CEO:


Investor & Community Relations Manager:

Project Geologist:

Who Are We?

- Vancouver, BC based public company.
- We trade on TSX Venture Exchange: NAR
- We have no operating mines; exploration only.
- Our people have been a part of past diamond discoveries in Canada; including the **Diavik Diamond Mine** in the NWT.

4



CORPORATE OVERVIEW – PROJECTS

Advanced Stage

Assessing a known kimberlite or diamond deposit

1. Naujaat (Qilalugaq) Project (100%)

Discovery Stage

Next stage of diamond exploration could lead to discovery

- 1) Mel Project (100%)
- 2) Loki Project (100%)
- 3) LDG Project (~40% NAR with DDC)
- 4) Pikoo Project (100%)
- 5) Luxx Project (100%)

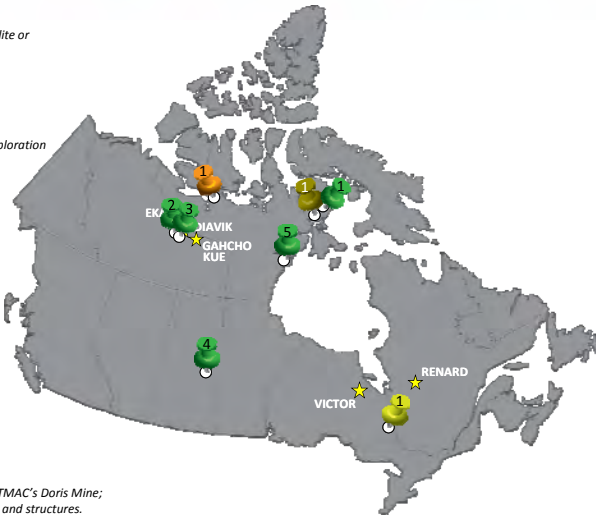
Grassroots

Target development

1. Timiskaming Project (80% with SWY)


Brownfields Gold

1. Hope Bay Project (100%)



★ EXISTING DIAMOND MINE


5



NAUJAAT PROJECT – TICKS ALL THE BOXES


- ☒ **Jurisdiction**
- ☒ **Near tide water**
- ☒ **Large tonnage**
- ☒ **Good inferred resource* grade**
- ☒ **Blue sky potential**
- ☒ **Low strip ratio**

Unique diamond value proposition



6

* CAUTION – Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability



QILALUGAQ PROJECT - BACKGROUND

2000-2005:

- BHP Billiton discovered 8 kimberlites
- Till sampling, geophysics, and drilling; Q1-4 (largest kimberlite) tested for diamonds.

2006-2012:

- Stornoway takes over Project.
- More till sampling, geophysics & prospecting; discovered 8 kimberlite dykes; testing of Q1-4.

2013:

- North Arrow partners with Stornoway.

2014:


- North Arrow collected ~1500 tonne sample of the Q1-4 kimberlite to recover diamonds for valuation.

2015:

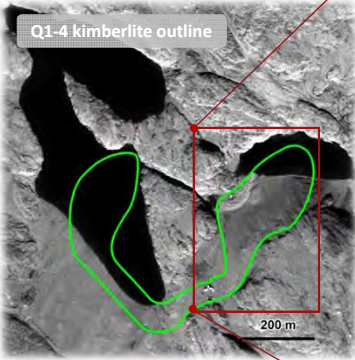
- North Arrow announced valuation results of 383 carat parcel of diamonds.



7

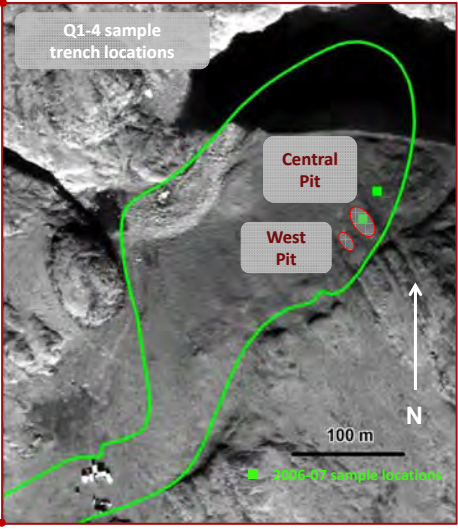


Q 1-4 2014 WORK PROGRAM REVIEW



Q1-4 kimberlite outline

200 m



Q1-4 sample trench locations

Central Pit

West Pit

100 m

N

2000-2014 sample locations

8



Q1-4 SAMPLING PROCESS

- Bags were set up on stands by sample site ground staff.
- Kimberlite was broken up and scooped into bags by excavator.
- Full bags were sealed and slung by helicopter to a sample laydown area in Naujaat.




9



Q1-4 SAMPLE – ACHIEVING THE GOAL

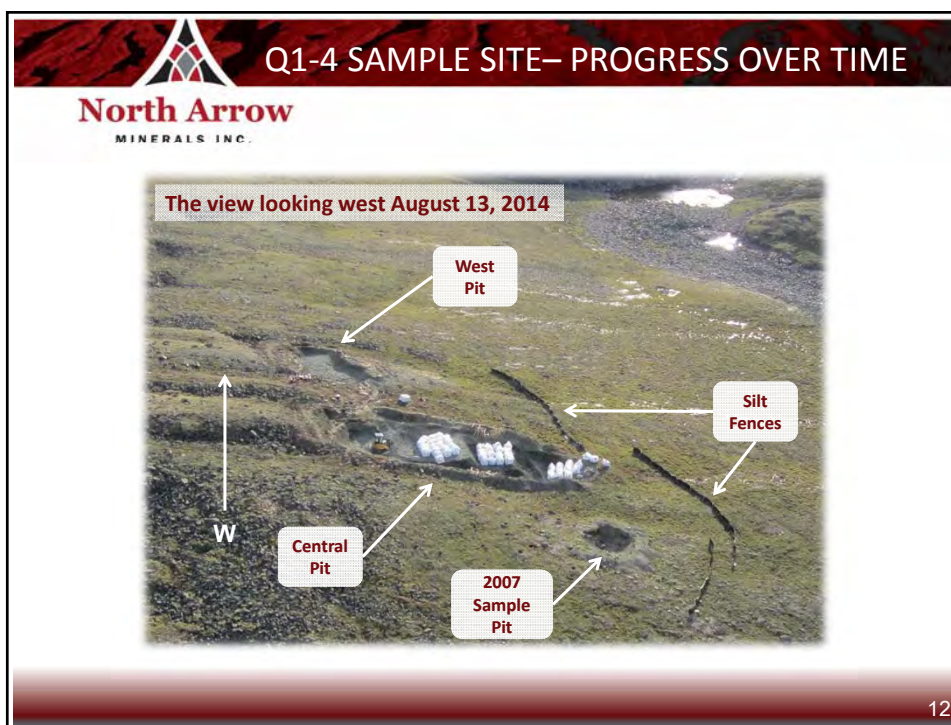
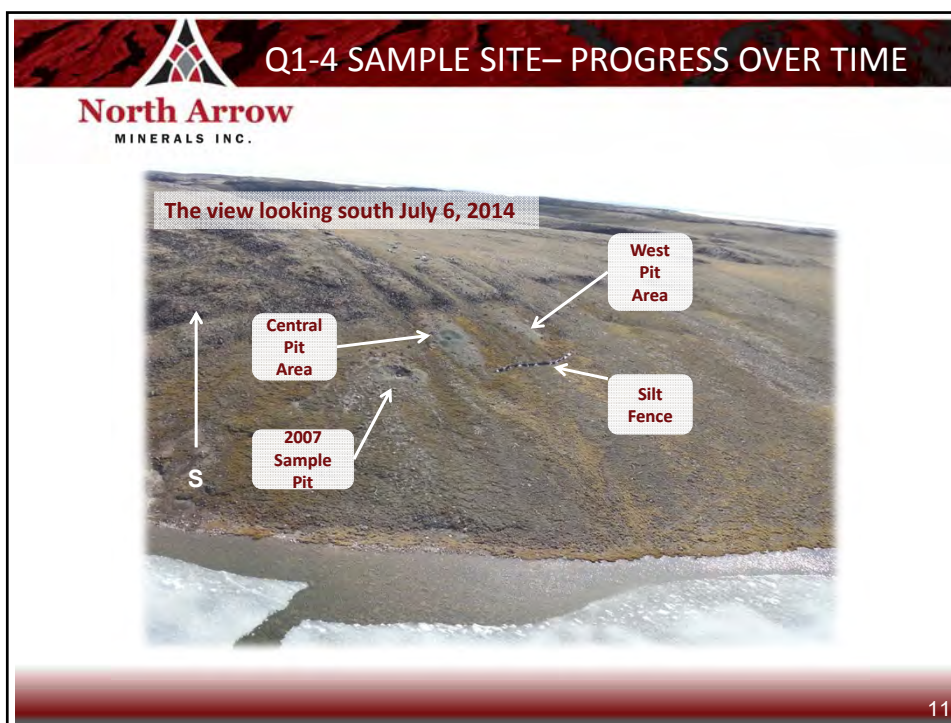
North Arrow's Sampling Team reach the planned goal of 1650 bags of kimberlite

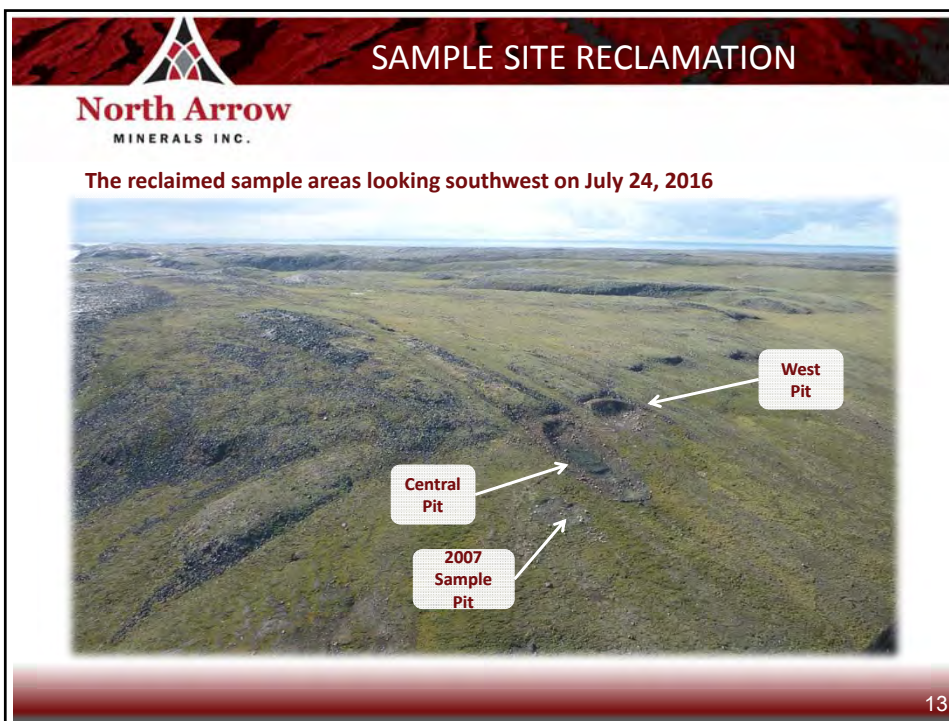
~1500 tonnes


1688 bags were ultimately collected and shipped for processing.




10








Q1-4 DIAMOND VALUATION



Q1-4 2014 sample was taken to understand value:

- ~384 carats from ~1,350 dry tonnes.
- Value was determined to be from \$43 to \$95 per carat – too low.
- Main conclusion from the valuator: the parcel of diamonds was too small to properly understand value.

Q1-4 "run of mine" from 2014 sample; +9DTC and above.



NAR spent 2016 Studying the Q1-4 Diamonds
 The true value of the orangey yellow diamonds could still be hidden - questions remain unanswered

15



POLISHING RESULTS



→

→

→




Conclusions from yellow diamond polishing exercise


Q1-4 'canary' diamonds can be polished and would be desirable in the gem trade

Q1-4 fancy colour diamonds are worth more than the white diamonds.

Bigger diamonds need to be recovered to get more information on total value. More kimberlite drilling and sampling is needed.

16


MORE TO LEARN ABOUT Q 1-4 IN 2017





Drilling

- Determine the amount of kimberlite at depth, below 205 m.
- Learn more about the contacts of the different types of kimberlite ("phases") in Q1-4.


Sampling


- Learn more about the number of carats of diamonds in each phase.
- Take a sample of around 200 tonnes to learn more about the value of the diamonds in the kimberlite.



17


PROGRAM TIMING AND DETAIL




Drilling

- Program running from ~June 26th to August 15th.
- Morning and evening helicopter flights for crew change; occasional additional daytime flights for drill moves or drill core pick up.

Sampling

- Program running approximately two weeks commencing early July 15th.
- 200 tonnes to be collected; approximately 225 bags flown from Q 1-4 site to core shack and laydown area; daytime flights only.



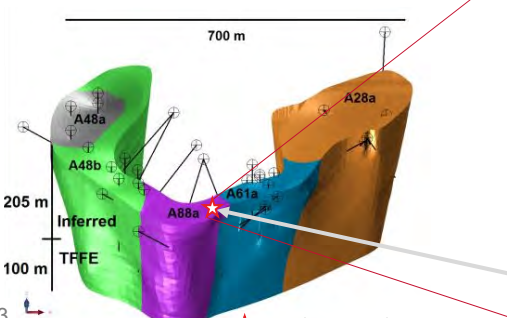
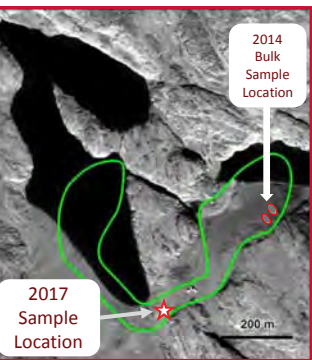

18

2017 EVALUATION PLAN

North Arrow
MINERALS INC.

Field program (\$3 million):

- **Diamond Drilling** Learn more about geology and diamond grade.
- **Mini-bulk sample – 200 t.**
 - ~80-100 carats from highest grade unit.
 - Learn about diamond quality and grade.
 - Use results to plan larger sample in 2018.

23

19

2017 EMPLOYMENT OPPORTUNITIES

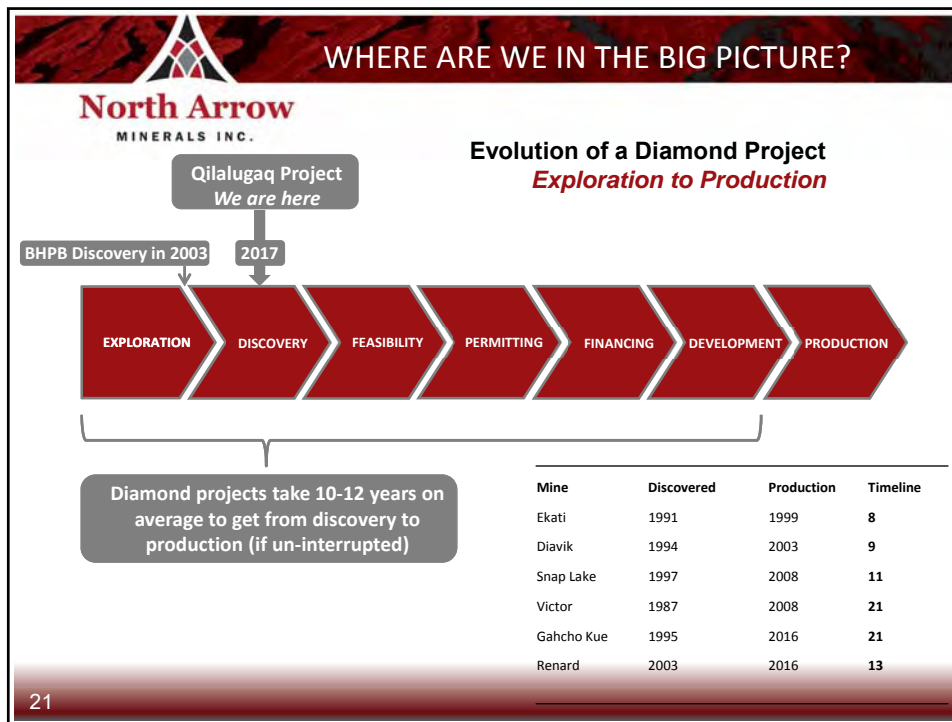
North Arrow
MINERALS INC.

1. Wildlife Monitor
2. Geotech
3. Pit Sampler / Labourer
4. Sample Bag Receiver
5. In Town General Worker
6. House Keeper




*Please see handout for additional details on available positions
and come out tomorrow at 3pm in the Youth Centre to fill out an application and talk with NAR*

20




2017 WILDLIFE PROTOCOL



North Arrow
MINERALS INC.

Protocol

- Wildlife Protocol was adopted for the 2014 sampling program; similar protocol in place for 2017.
- Drafted with, and approved by Hamlet and HTO in 2014. Reviewed and amended by Community & Government Services in 2016.
- Purpose is to minimize impact of our work on wildlife, in particular, the caribou.
- Observed wildlife recorded by a **local wildlife monitor** in a daily log.
- Wildlife logs will be shared with the Hamlet, HTO & Government of Nunavut ("**the Caribou Monitoring Committee**").
- North Arrow will issue an end of program final Wildlife report by December 1, 2017 to the Caribou Monitoring Committee and the Nunavut Impact Review Board



22

ARCHAEOLOGICAL STUDY – ROAD ROUTE

North Arrow
MINERALS INC.

- ~10 day long archaeology study
- Conducted between last week of July and the first week August.
- Purpose:** to search for and record any heritage sites to be avoided in the planning of potential all-season road routes to the worksite.
- Opportunity as an assistant to the archaeologist.

23

DRAFT NUNAVUT LANDUSE PLAN “DNLUP”

North Arrow
MINERALS INC.

Purpose of DNLUP 2012 – First point “Residents are employed at all levels of a long-term, healthy, sustainable renewable and non-renewable resource economy that brings financial and social benefits to the communities.”

DNLUP – Timeline of the Document

2007 – Nunavut Planning Commission “NPC” began development of a single **Nunavut-wide Land Use Plan**

2012 – First **Draft** of the **NLUP**

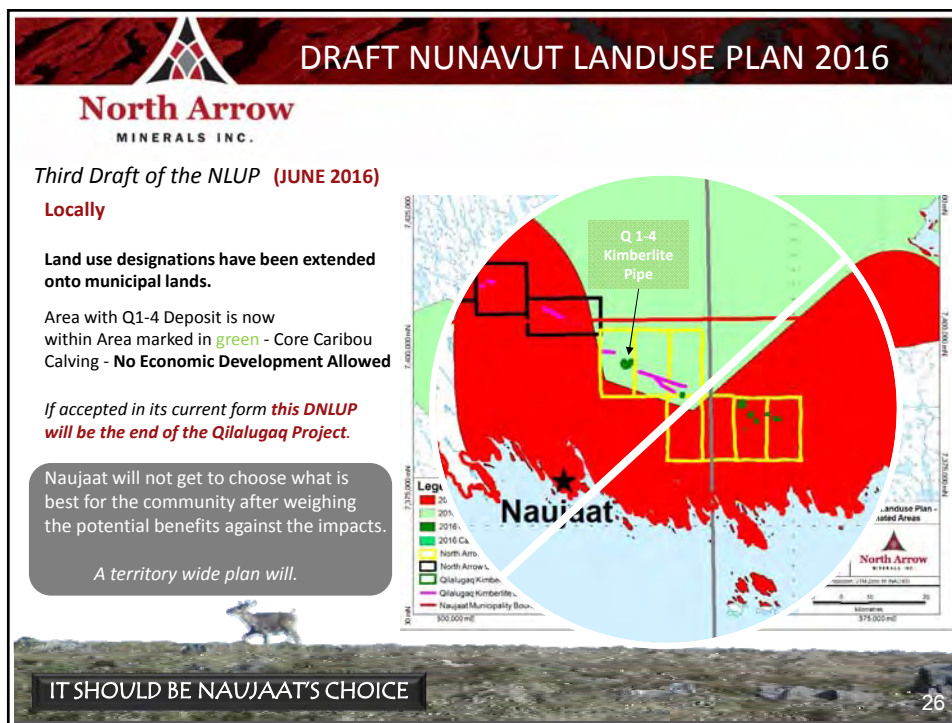
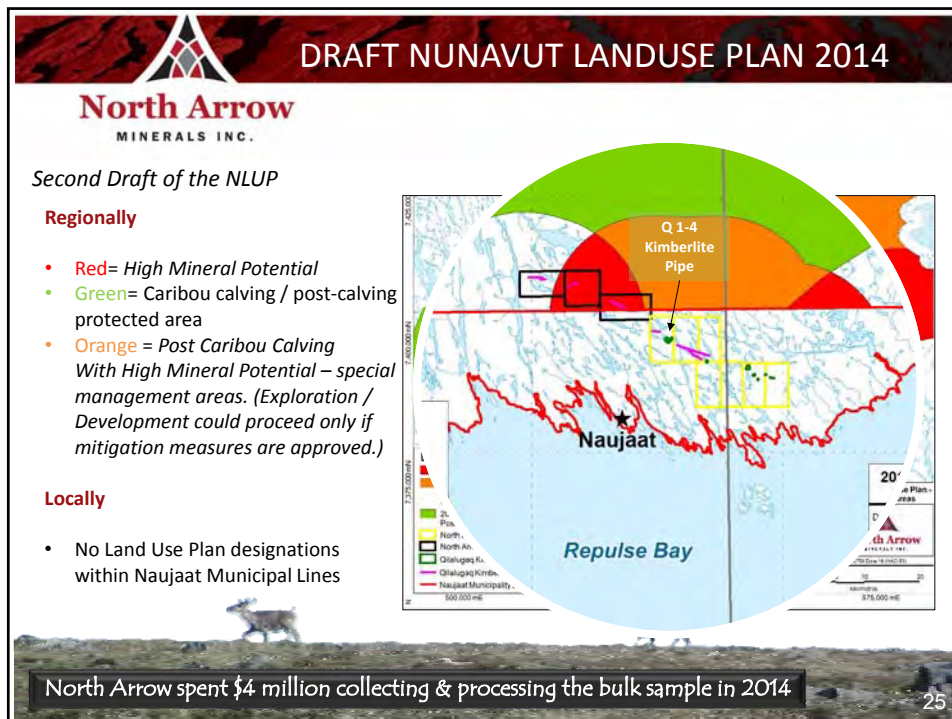
2014 – Second **Draft** of the **NLUP**

2016 – Third **Draft** of the **NLUP**

2017 – **Scheduled**
Public Hearings to be held. Finalized afterwards.

NLUP will be Legally Binding.

24





North Arrow
MINERALS INC.

ᑭᓄᓐᓇᓐᓇᓐ Qujannamiik!



27



North Arrow
MINERALS INC.

TSXV: NAR

Ken Armstrong
President & CEO

Nick Thomas
*Community and Investor
Relations Manager*



Suite 960-789 West Pender Street
Vancouver, BC
Canada V6C 1H2
Tel: +1.604.668.8354
Fax: +1.604.336.4813

info@northarrowminerals.com

@narminerals

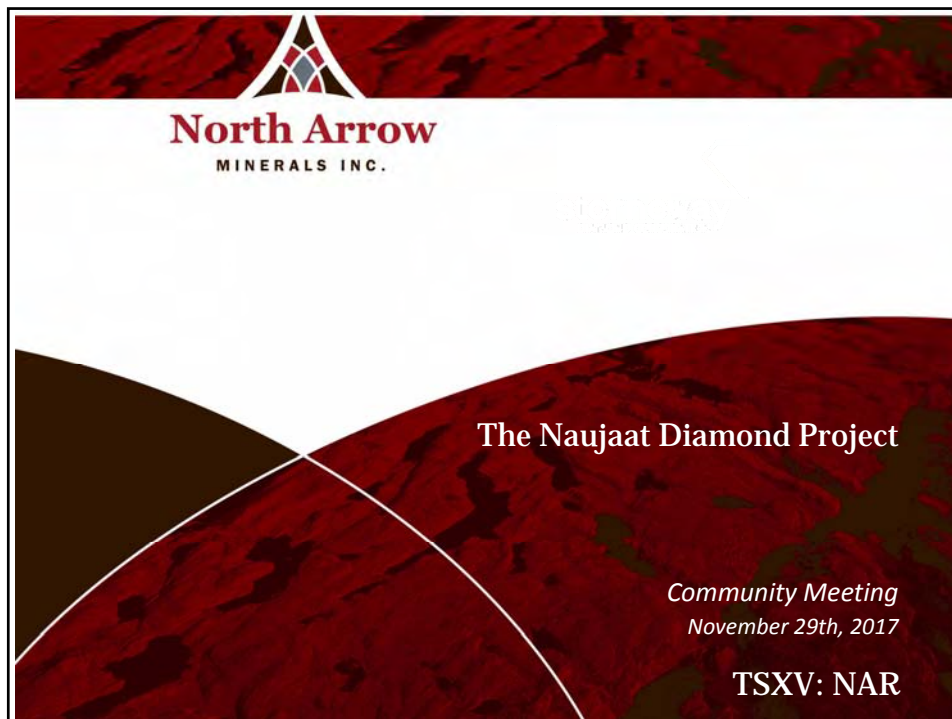
northarrowminerals

www.northarrowminerals.com





3bbWVj ;; Ž? sWSe: S` WWAgfSf5a_ _ g` [fk5a` egfSf]a` e



CAUTIONARY STATEMENT

North Arrow
MINERALS INC.

Forward Looking Information

This presentation contains projections and forward looking information that involve various risks and uncertainties, including, without limitation, statements regarding the potential extent of mineralization, resources, reserves, exploration results and plans and objectives of North Arrow Minerals Inc. These risks and uncertainties include, but are not restricted to, the amount of geological data available, the uncertain reliability of drilling results and geophysical and geological data and the interpretation thereof and the need for adequate financing for future exploration and development efforts. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward-looking statements are based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward looking statements should circumstances or management's estimates or opinions change.

Qualified Person under NI 43-101

Disclosure of a scientific or technical nature related to North Arrow's projects in this presentation has been reviewed and approved by Ken Armstrong, P.Geo. President and CEO of North Arrow and a Qualified Person under NI 43-101.

2




PRESENTATION SUMMARY

What Are Talking About Today?

1. North Arrow Minerals
2. Naujaat Diamond Project
3. 2017 Drilling and Sampling Program
4. 2017 Summary of Expenses
5. 2018 Work Plans
6. Discussion: Wildlife Cameras, Possible Access Road, Archaeological Study



3



NORTH ARROW MINERALS


Here For Today's Meeting

Ken Armstrong	<i>President and CEO:</i>
Nick Thomas	<i>Investor & Community Relations Manager:</i>
Mike MacMorran	<i>Project Geologist:</i>

- Vancouver, BC based public company.
- We trade on TSX Venture Exchange: NAR
- We have no operating mines; exploration only.
- Our people have discovered and developed diamond deposits in Canada; including the **Diavik Diamond Mine** in the NWT.



4



CORPORATE OVERVIEW – PROJECTS

Advanced Stage

Assessing a known kimberlite or diamond deposit

1. Naujaat (Qilalugaq) Project (100%)

Discovery Stage

Next stage of diamond exploration could lead to discovery

- 1) Mel Project (100%)
- 2) Loki Project (100%)
- 3) LDG Project (~40% NAR with DDC)
- 4) Pikoo Project (100%)
- 5) Luxx Project (100%)

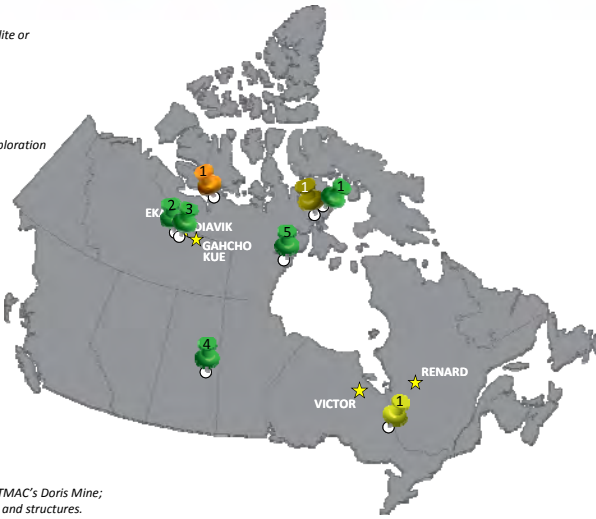
Grassroots

Target development

1. Timiskaming Project (80% with SWY)


Brownfields Gold

1. Hope Bay Project (100%) *Within 3km of TMAC's Doris Mine; similar geology and structures.*



★ EXISTING DIAMOND MINE

5



NAUJAAT PROJECT

☒ **Good Jurisdiction**

☒ **Near the Ocean**



☒ **It's Big**

☒ **Good inferred resource* grade**

☒ **More possible deposits**

☒ **Low strip ratio**


Unique diamond value proposition

6


* CAUTION – Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability






Q1-4 KIMBERLITE DRILLING

Wildlife Monitor
Gary Tinashlu
at a news drill site
(July 29th)



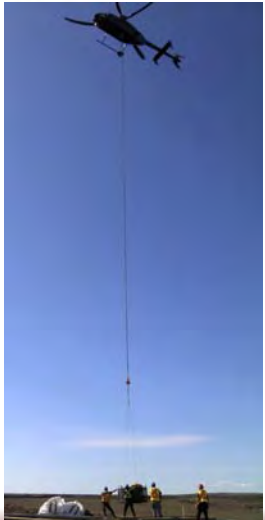

9




Q1-4 KIMBERLITE DRILLING

Helicopter moved the drill, piece by piece, once the drill pad was built.

Drillers then reassembled the drill at the new location (June 29th)


10



Q1-4 KIMBERLITE DRILLING

North Arrow
MINERALS INC.

Driller Adam Christianson and Wildlife Monitor Gary Tinashlu at the drill (June 29th)



11



Q1-4 KIMBERLITE DRILLING

North Arrow
MINERALS INC.

Drill - set up on the Q1-4 Kimberlite (July 23rd)



12




North Arrow
MINERALS INC.


Q1-4 KIMBERLITE DRILLING

Core shack & laydown area located near the town quarry.

Storage area for drill core, equipment, fuel and minibulk sample (August 6th)




13




North Arrow
MINERALS INC.

Q1-4 KIMBERLITE DRILLING


Drill core was flown to the core shack where it was measured, "logged" and sampled by Dan Gainer and Lee Ann Tungilik (August 22nd)



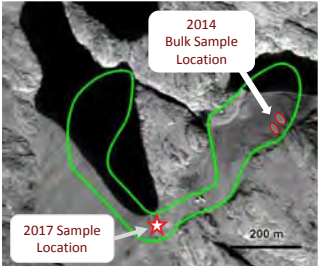
14




2017 SUMMER SAMPLING PROGRAM



- 234 wet tonne sample taken from a single location.
- 250 megabags of material; slung by helicopter to the laydown area near the Naujaat quarry.
- Completed between July 7th and July 20th.





July 11th, 2017

15



2017 SUMMER SAMPLING PROGRAM

Excavator was to strip away soil covering the kimberlite at the sample location (photo taken July 9th, 2017)



16



2017 SUMMER SAMPLING PROGRAM

North Arrow

MINERALS INC.

From L to R:
Johnny
Tongilik, John
Kadjuk, and
Charlie
Manernaluk
in the bulk
sample pit
(July 10th)

Bags were
filled & flown
to laydown
area near
quarry.




17



2017 SUMMER SAMPLING PROGRAM

North Arrow

MINERALS INC.

All 250
sample bags
at the
laydown area
near the
quarry ready
to be moved
to the beach
(July 17th)



18



2017 SUMMER SAMPLING PROGRAM

North Arrow
MINERALS INC.

Pascal Katokra (foreground) tracking the bags being loaded into the Hamlet truck (August 22nd)



19



2017 SUMMER SAMPLING PROGRAM

North Arrow
MINERALS INC.

Pascal Katokra (foreground) tracking the bags being loaded into the Hamlet truck (August 22nd)



20



2017 SUMMER SAMPLING PROGRAM

North Arrow
MINERALS INC.

At the beach moving the bags onto the barge to be towed and loaded on to the sealift (August 29th)



21



2017 SUMMER SAMPLING PROGRAM

North Arrow
MINERALS INC.

Sample complete: ground view of filled in and contoured sample pit location (July 19th)



22




2017 SUMMER SAMPLING PROGRAM

Sample complete:
aerial view of
filled in and
contoured
sample pit
(July 19th)



23



2017 PROGRAM – EXPENDITURE SUMMARY

North Arrow
MINERALS INC.

<u>Total Program (to get sample to Montreal)</u>	<u>\$2,211,000</u>
Total Nunavut Expenses (32% of total)	\$698,000
Total Kivalliq Based Expenses (14% of total)	\$309,000
Total Expenses in Naujaat (40% of NU; 13% of total)	\$282,000

Total
Expenses in
Naujaat
\$ 282,000
(13% of total)

Naujaat hotel, rent, food, Co-op services	\$147,000
Naujaat Hamlet / HTO Services, fees, support	\$42,500
Naujaat Diesel Fuel	\$39,500
Naujaat Wages and Direct Services to Individuals	\$52,000

24




2017 PROGRAM – DIRECT EMPLOYMENT



Direct Employment by North Arrow

- 14 Local employees during program.
- 238 Person Days total.
- Over 1,900 hours of employment.

25




2017 CARIBOU MONITORING RESULTS

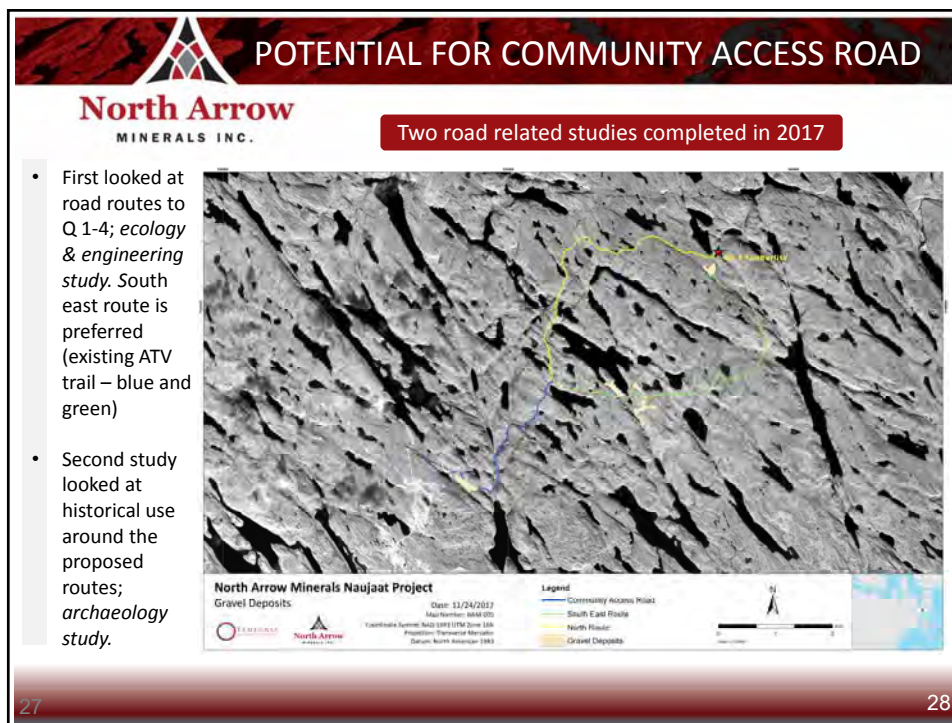
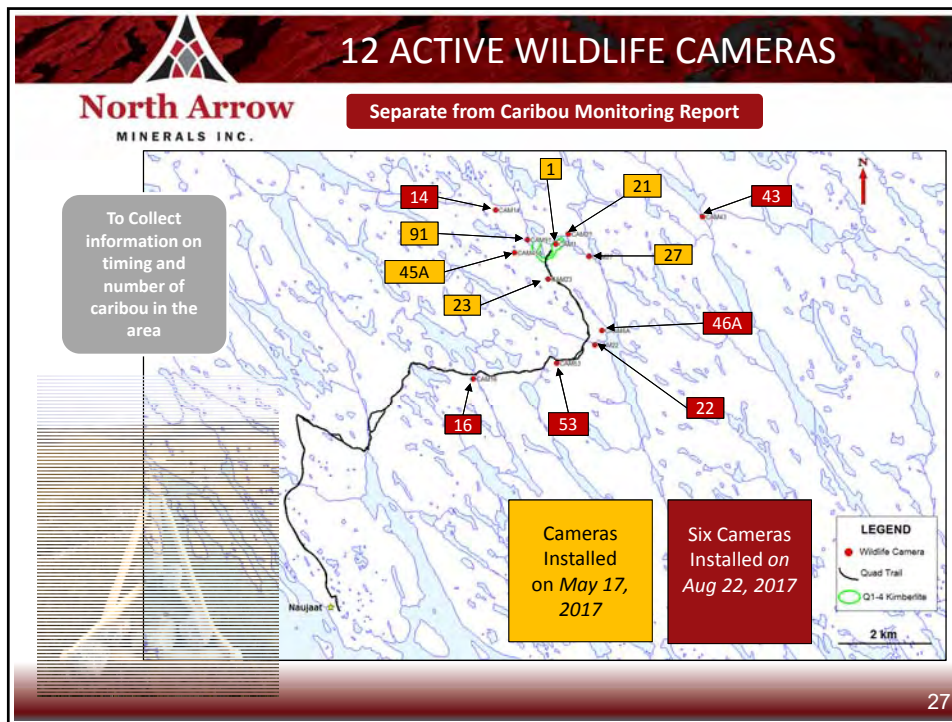
An Annual Caribou Monitoring Report for the 2017 Work Program has been issued

Summary from Annual Caribou Monitoring Report

- Work crews based in town; helicopter used to get to and from the work site daily.
- 2 Wildlife Monitors hired to watch for caribou and other wildlife.
- Caribou seen 20 times (49 total caribou).
- 4 sightings in July;
- 16 sightings in August.
- Most groups were 1 to 3 caribou.
- Largest group was 15 caribou, seen on August 8th.
- Drilling was stopped 4 times to allow caribou to move away.
- 2 times caribou moved away before drilling could be stopped.
- Helicopter stopped 2 times to allow caribou to move away.
- Increase in caribou sightings in August matches information from Arviq HTO & Hamlet of Naujaat.



26





WHAT'S NEXT: WINTER & SPRING 2018

Diamond Results

- 2017 drill core and mini-bulk sample.
- Results due in early 2018.




Spring 2018 Drilling

- ~3,500m of drilling for more information on size and shape.
- Same scope as 2017 program.
- To start around April 2018.






29



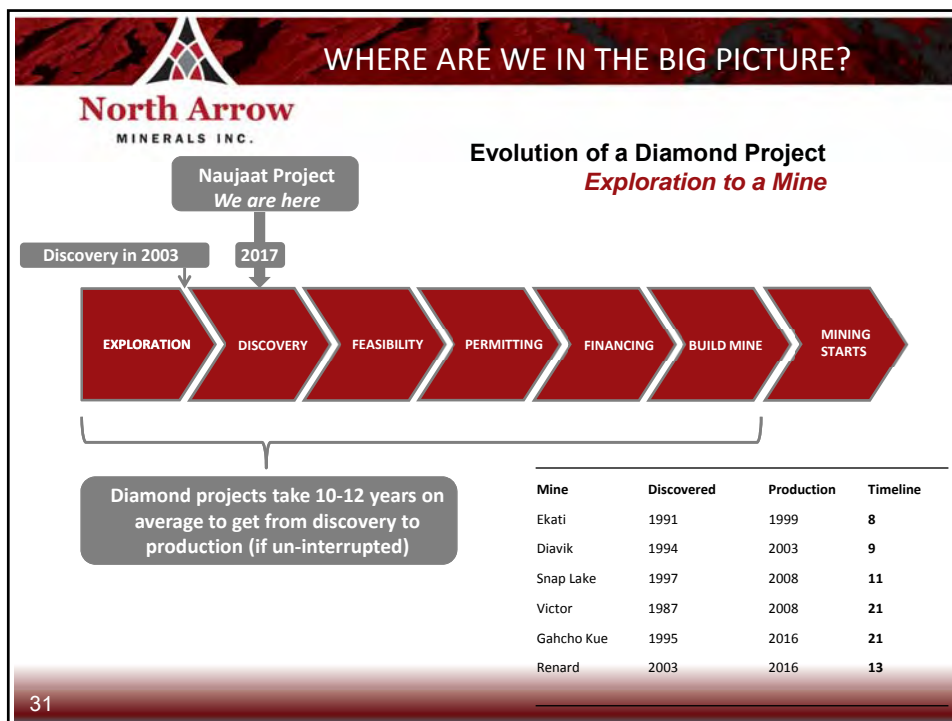
WHAT'S NEXT: SUMMER 2018 SAMPLING

- Permitted for a 1500 tonne minibulk sample summer 2018; same size as 2014.
- Considering a larger sample; possibly 3000 tonnes.
- Would require an amendment to the Land Use Permit.



Reclaimed 2014
bulk sample pits
(June 29th, 2017)

32






TSXV: NAR

Ken Armstrong
President & CEO

Nick Thomas
*Community and Investor
Relations Manager*

Suite 960-789 West Pender Street
Vancouver, BC
Canada V6C 1H2
Tel: +1.604.668.8354
Fax: +1.604.336.4813

info@northarrowminerals.com

@narminerals 

northarrowminerals 

www.northarrowminerals.com 