



North Arrow

MINERALS INC.

Naujaat Diamond Project (formerly Qilalugaaq Project) **Annual Report for Land Use Permit LUP06-607-016**

March 23rd, 2021

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1. Introduction

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 #LUP06-607-016 (the “Permit”).



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

The Naujaat Diamond Project (the “Project”) is located 9 km northeast of the Hamlet 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 seven mining leases and three mineral claims covering 10,743 hectares.

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 nine kilometres 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 1,353 tonne sample from the A28 portion of the kimberlite under LUP06-607-14. Following this that program, in 2015 the Company submitted amendments to the Permit for drilling, fuel storage and construction of a drill core logging facility at its storage location in Naujaat. Following review by GN-C&GS, GN-DoE, EC and NIRB, these permissions were combined and granted under permit LUP06-607-014 on May 4th, 2016.

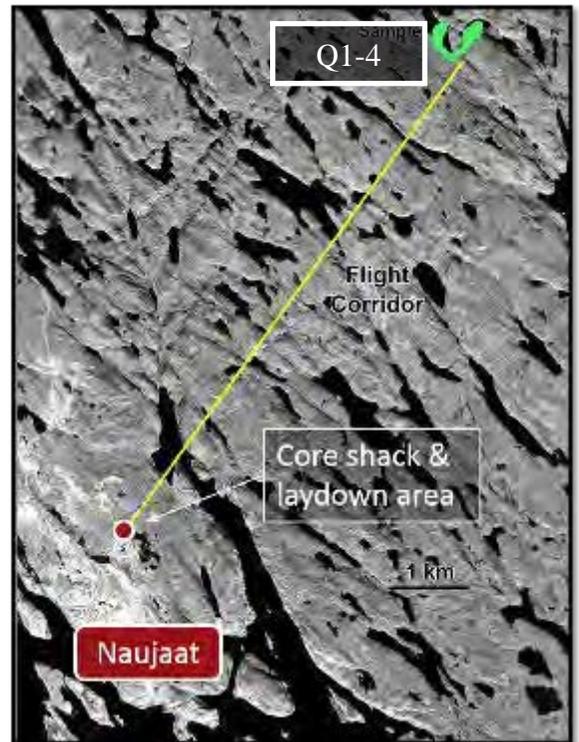


Figure 2: Flight Corridor of Helicopter from Q1- 4 to Core Shack and Laydown Area.

Permit LUP06-607-016 authorizes drilling on land and/or ice, and up to 20,000 metres of drill core. It also allows for bulk sampling activities with a cumulative total of up to 1,500 tonnes.

North Arrow conducted a summer exploration program in 2017 that ran from June 21st to September 7th. Fieldwork 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 between town and the work site, approximately 9 km away.

Due to recent poor economic conditions, limited work has been conducted at the Project since 2017. A small till sampling and ground-truthing program was conducted over 5 days in 2019. Crews stayed in town and were transported daily by helicopter between town and the field.

Due to the COVID-19 pandemic, North Arrow postponed work originally planned for 2020, and no new exploration work was conducted at Naujaat under LUP06-607-016.

The Naujaat Hamlet is currently in the permitting and financing stages of construction of a Community Access Trail that will bring easier access to the area northeast of the community. This proposed trail would come within 1.5 km of the Q1-4 kimberlite and could be used to help advance the Naujaat Diamond Project.

Wildlife cameras have been actively collecting baseline information between Naujaat and the Q1-4 diamond deposit since May 2017. The wildlife monitoring program is being conducted in cooperation with the Arviq Hunters and Trappers Organization (HTO). Reports of results are compiled and reported to the HTO and Hamlet Council at regular intervals.

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 screened by the Nunavut Planning Commission (NPC) and Nunavut Impact Review Board (NIRB). The following permits, licenses and file numbers are associated with work conducted at the Naujaat Diamond Project:

CGS: Municipal Land Use Permit LUP06-607-016; *expires September 1st, 2021.*

NWB: License 2BE-QIL1722 Type "B"; *expires November 30th, 2022.*

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

NIRB: File No. 12EN012; Screening Decision Report dated June 5th, 2015.

3. Storage/Laydown and Core Shack Area

A small equipment and core storage area was established approximately 1 km north of the town as part of the permitted activities back in 2014 (Figure 3). This facility continues to be utilized and is regularly monitored by local employees to ensure the security and integrity of equipment and materials is maintained.

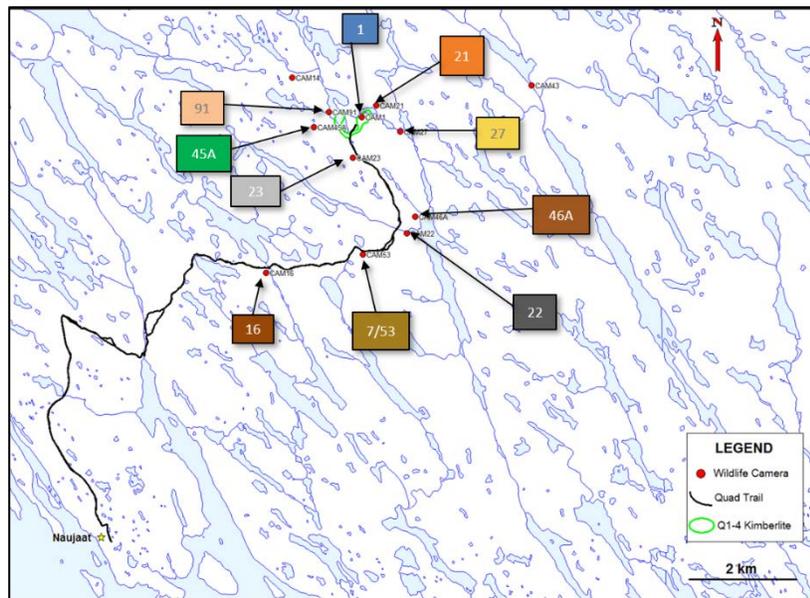
A small supply of drummed aviation fuel is also stored at the laydown area. Drummed fuel is stored in secondary containment berms, and drums are regularly checked for damage and leaks. No leaks were reported in 2020.



Figure 3 (Inset): satellite image of Naujaat relative to Q1-4 kimberlite and Core Shack / Laydown Area. Figure 3 (Main Image): view looking west above Laydown Area and quarry in 2017.

4. Wildlife Monitoring

Wildlife cameras have been collecting information regarding type, number, frequency and time and date of animals in the area of the Naujaat Diamond Project since 2017 (Figure 4, right). Six wildlife cameras were initially set up around the Q1-4 kimberlite in May of 2017, and an additional six cameras were installed in August of 2017. Four of the cameras were positioned in easily accessible locations along an existing ATV trail between the kimberlite and town, and two were placed a short distance beyond the Q1-4 kimberlite.



Four cameras have gone missing since placement (Cam53 was recovered in 2020 nearby where it was taken from) and two have been replaced.

Since their initial placement, employees selected by the HTO (Tommy Mablik and Leo Akkuardjuk) have been retrieving and replacing data cards and batteries in the cameras. The most recent memory card collection took place in September 2020, and a report documenting the results of the observation period of October 2019 to September 2020 and compiled caribou data for the entire program was submitted to the HTO and Hamlet Council in English and Inuktitut. The next data card collection and battery replacement will be happening in April/May 2021. Data from the program may be used as baseline information for future environmental impact assessment of the Q1-4 deposit, other economic initiatives in the area, or future trail use and planning.

Camera	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cam 1	0	0	0	0	2	3	0	18	0	4	0	0	27
Cam 21	0	0	0	0	0	3	3	40	14	0	0	0	60
Cam 23	0	0	0	0	0	0	0	4	8	0	0	0	12
Cam 27	0	0	0	0	0	0	0	9	8	24	0	0	41
Cam 45A	0	0	0	0	0	1	1	31	4	0	0	0	37
Cam 91	0	0	0	0	0	0	0	11	0	0	28	0	39
Cam 14	0	0	0	0	0	0	0	34	32	0	18	0	84
Cam 46A	0	0	0	0	0	0	2	29	0	0	0	0	31
Cam 22	0	0	0	0	0	0	1	2	0	0	0	0	3
Cam 6/16	0	0	0	0	0	2	0	2	4	0	10	3	21
Cam 53/7	0	0	0	0	0	0	0	1	0	13	0	0	14
Total	0	0	0	0	2	9	7	181	70	41	56	3	369

Table 1: Total Caribou Observations from May 2017 to October 2020 by Month

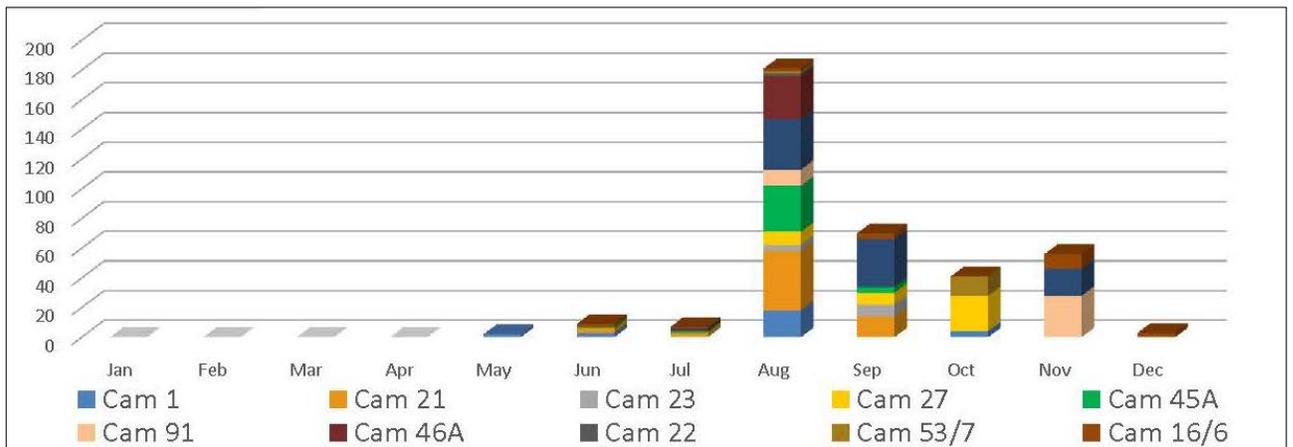


Figure 5: Caribou Observations by Month between May 2017 and October 2020.

Camera ID	Eastings	Northings	Direction Camera is Facing (degrees)	# of Photos Taken During Period	# of Triggered Wildlife Events	# of Scheduled Wildlife Events	Total Wildlife Events	Observation Period
	NAD83 UTM zone 16							
CAMERA1	538818	7386226	51	1376	0	0	0	May 17, 2017 – July 4, 2017
			51	1635	4	4	8	Aug 2017 – July 2018
			51	1509	10	1	11	July 3, 2018 – April 4, 2019
			51	1509	1	1	2	Apr 4, 2019 – Oct. 8th, 2019
			51	1741	5	0	5	October 8th, 2019 - September 8th, 2020
CAMERA21	539082	7386440	6	1189	0	0	0	May 17, 2017 – July 4, 2017
			6	1564	5	2	7	Aug 2017 – July 2018
			6	1710	17	5	22	July 3, 2018 – May 1, 2019
			6	1710	3	2	5	May 1, 2019 – Oct. 12th, 2019
			6	1762	14	2	16	October 8th, 2019 - September 8th, 2020
CAMERA23	538647	7385467	0	1164	0	0	0	May 17, 2017 – July 4, 2017
			0	1649	4	1	5	Aug 2017 – July 2018
			0	1415	2	6	8	July 3, 2018 – April 4, 2019
			0	1415	9	5	14	April 4, 2019 – Oct. 8th, 2019
			0	1742	2	0	2	October 8th, 2019 - September 8th, 2020
CAMERA27	539533	7385954	120	1224	2	3	2	May 17, 2017 – July 4, 2017
			64	1626	1	1	2	Aug 2017 – July 2018
			64	1548	7	2	9	July 3, 2018 – April 4, 2019
			64	1548	3	2	5	May 1st, 2019 – Oct. 8 th , 2019
			64	1681	0	4	4	October 8th, 2019 - September 8th, 2020 (data card corrupted somewhat from cool temp or other...)
CAMERA45A	537924	7386046	285	1180	1	2	na	May 17, 2017 – July 4, 2017
			315	1665	1	3	4	Aug 2017 – July 2018
			315	1624	13	8	21	July 3, 2018 – April 4, 2019
			315	1624	5	1	6	April 4, 2019 – Oct. 8, 2019
			315	1774	2	0	2	October 8th, 2019 - September 8th, 2020
CAMERA91	538208	7386324	45	1219	0	0	0	May 17, 2017 – July 4, 2017
			45	1664	2	0	2	Aug 2017 – July 2018
			45	1616	10	0	10	July 3, 2018 – April 4, 2019
			45	1616	2	3	5	April 4, 2019 – Oct. 8, 2019
			45	178	1	0	1	October 8th, 2019 - September 8th, 2020
CAMERA46A	539805	7384368	355	1528	0	2	2	Aug 2017 – July 2018
			355	1663	11	10	21	June 26, 2018 – May 1, 2019
			355	1663	2	10	12	May 1, 2019 – Oct. 8th, 2019
			355	1784	2	0	2	October 8th, 2019 - September 8th, 2020
CAMERA22	539654	7384059	345	1617	4	2	6	Aug 2017 – July 2018
			345	1606	4	2	6	June 26, 2018 – May 1, 2019
			345	1606	1	8	9	May 1, 2019 – Oct. 8, 2019
			345	1689	0	6	6	October 8th, 2019 - September 8th, 2020
CAMERA14	537522	7386965	350	1849	6	3	9	Aug 2017 – July 2018
			350	1849	22	1	23	July 3, 2018 – April 4, 2019
CAMERA6	537032	7383327	0	1849	9	2	11	May 16, 2019 – Oct. 8, 2019
CAMERA6	537032	7383327	0	8289	19	7	26	October 8th, 2019 - September 8th, 2020
CAMERA53	538837	7383670	15	1648	1	0	1	Aug 22, 2017 – June 26, 2018
CAMERA53	538837	7383670	15	513	1	0	1	June 26, 2018 - September 22, 2018
			TOTAL	74030	208	111	313	Since May 2017 *excluding July 4th to August 22, 2017

Table 2: Camera Location, Direction and Observed Wildlife Events – May 2017 to October 2020 by Month

5. Community Consultation

Due to the COVID-19 pandemic, in-person community meetings were deferred in 2020 until a later time when visitors would be welcomed to the community without fear of bringing the virus. The last in-person meetings took place in 2019 when two separate trips were organized for communication and consultation purposes. Both trips were conducted by the same group, including two representatives of North Arrow Minerals, Ken Armstrong (President and CEO) and Nick Thomas (Manager of Investor and Community Relations), as well as Jason Jones, a Senior Biologist with Ecologic Consultants. Ecologic Consultants are an environmental consulting company working with the Hamlet to commission a proposed community access trail northeast from town. The trail has the potential to provide safer access to popular, but currently hard-to-reach, hunting grounds, and could provide local economic opportunities and employment through tourism, access to new sources of aggregate, carving stone and diamonds. North Arrow has been supporting the cost of Ecologic's work for the community, including the trail's early-stage studies. The proposed routing comes within 1.5 km of the Q1-4 deposit and the trail could be used by North Arrow Minerals to help transport material and equipment in support of exploration activities.

The first trip in 2019 occurred the week of March 18th. The second was conducted the week of October 6th and was funded through money received from the Government of Nunavut, Department of Economic Development and Transportation, Community Engagement Support Program.

The meetings held in March included the Arviq Hunters and Trappers Organization, Mayor and Council, and another that was open to the entire Community. At each meeting, a presentation was given on the Naujaat Project. Additionally, the proposed Community Access Trail was also reviewed (including permitting and funding progress made to date at the time). Both topics were followed with a question-and-answer period which was recorded and documented. Most of this period was spent discussing the Access Trail, specifically permitting, financing, environmental impact, employment opportunities, training, and logistical considerations. Additional subject material that was discussed included:

- Timing of when trail studies were done.
- Timing of when trail construction would happen and how to avoid caribou migration.
- How to deal with accidents or spills along the trail.
- Where gravel will be sourced for the trail.
- Hours per day that construction will happen.
- Whether there will be bear patrol for workers during construction.
- Equipment that will be required to build the trail.
- How and when the equipment to build the trail would arrive.
- Whether a local work force or a contractor would be doing the proposed work.
- The training that will be required so that local people can do the work.
- Where the training would take place, locally or down south.
- How water crossings will be constructed and maintained so that they will last not be washed away or damaged (like those along the North Pole River Road).
- How fish habitats will be preserved.

- Trail specifications i.e. width, height, where the aggregate sources are.
- Benefits that building the access trail will provide for the community.
- Diamond-related: If there are white diamonds, why the company is looking for yellow ones.



Figure 6: Community Meeting held March 18th, 2019 in the Naujaat Community Hall.

The October community visit was made by the same group of North Arrow and Ecologic representatives and provided updates on both the Access Trail and the Diamond Project. The Access Trail presentation was given by Jason Jones and included an update covering road-related work conducted the previous summer and the study of the Naujaat River crossing area.

This meeting also introduced the plan to break the previously discussed, road dependent, 10,000 tonne bulk sample down into two phases, starting with a smaller, 2,000 tonne phase one. The idea being that the project could keep moving forward and answering important questions, making it potentially more attractive to potential partners (note: which it was! Burgundy Diamond Mines came in as a partner of the Naujaat Project in June of 2020).

The sample would be slightly larger than the one collected in 2014 (2,000 tonnes, up from 1,500) but would be conducted in a similar manner. Transport of the kimberlite sample to the storage/laydown area would be completed by helicopter, and from there shipped south for processing on the annual sealift.

Formal meetings were held with Hamlet Council the afternoon of October 7th, and with the Arviq HTO and Community on October 8th. Access Trail related questions were fielded by Jason Jones, and all diamond project related questions were fielded by Ken Armstrong and Nick Thomas.



Figure 7: Community Meeting held October 8th, 2019 in the Naujaat Community Hall.

Points of discussion regarding access trail:

- Proposed width and height.
- The number and type of jobs that could be generated if the Access Trail were built.
- Permits that need to be applied for to start construction.
- The main water crossing over Naujaat River: vented ford vs. clear-span bridge.
- How crossings of smaller creeks will be handled so that they don't fail (this has been observed along the North Pole River Road).
- Where the trail ends and whether it is still within the municipal boundary.
- Which streams have fish, and which don't.
- How to handle areas of overlap between archaeological sites and trail alignment when the trail doesn't have room to be moved.

Points of discussion regarding diamond project:

- Discussion over if and when lakes at Q1-4 would need to be drained, and what remediation post-mining would look like.
- The timing of when negotiations of an Inuit Impact and Benefits Agreement would typically commence.
- Number of jobs that would be created during the bulk sampling program.
- Number of jobs that would be created if a mine were to be built.
- If North Arrow has any agreements in place with Agnico Eagle.

6. Summary and Future Work

Permit LUP06-607-016 was granted a two-year extension on February 11th, 2019. The extension covers the time-period September 1st, 2019 to September 1st, 2021 and has the same Terms and Conditions applied originally, authorizing bulk sampling, drilling, fuel storage, and a core logging facility at North Arrow's Laydown facility.

In 2020 an amendment application was submitted to the Nunavut Planning Commission by North Arrow proposing an increase to the permitted bulk sample tonnage from 1,500 tonnes to 2,000 tonnes. A sample of this size would increase the total number of diamonds collected from the kimberlite to help further characterize the diamond population, which includes high-value coloured diamonds. The collection of incrementally larger samples is typical, and necessary, in the evaluation of diamond projects. Each subsequent sample increases confidence in diamond values needed for feasibility studies.

North Arrow successfully secured funding to conduct the 2,000 tonne bulk sample through the previously mentioned partnership with Australia's Burgundy Diamond Mines, and is currently planning to go ahead with operations in summer 2021. The program will allow the Project to continue to move forward while the Hamlet of Naujaat endeavors to move toward construction of the Community Access Trail. Supplies, including additional fuel needed to complete the bulk sampling program, were shipped to the community in 2020 in preparation for activities in summer 2021.

Appendix 1:
2020 Community Engagement and Consultation Log

Date & Time	Location of Meeting	Organization	Organization's Representatives - Person(s) Engaged - Participants - Attendees	Type of Organization	North Arrow Reps	Type of Contact or Engagement - meeting, letter, email, phone	Written Correspondence, email, letter, meeting notes, minutes	Contact / Engagement	Purpose of the engagement, issues raised, and recommendations made by affected parties	Proponent response to questions and issues raised (i.e. resolved or ongoing)
October 21, 2020	Email	Hamlet	Mayor Alan Robinson CC'd: Kevin Tegumiar, SAO	Municipal Government	Sent by Ken Armstrong Nick Thomas CC'd	Email / Letter	Email	Engagement	Main purpose was to provide Mayor Alan Robinson with some background on the proposed road that the Hamlet and Ecologic are in the process of studying and having financed and permitted. See emails.	No response as Oct. 22, 2020
October 21, 2020	Email	Hamlet	Kevin Tegumiar, SAO Cc'd: Mayor Alan Robinson Katelyn Tatty EDO	Municipal Government	Nick Thomas	Email / Letter	Email	Engagement	Letter was composed to inform Kevin that the ED&T still has money for funding infrastructure projects and that he should re-activate work with Ecologic as he has applications for funding just requiring Hamlet Council approval.	No response as Oct. 22, 2020
October 9, 2020	Teleconference	Hamlet	Kevin Tegumiar: SAO Alan Robinson: Mayor Donat Milortok: Deputy Mayor Levi Kotokra: councillor Michel Akkuardjuk: councillor Mary Tuktudjuk: councillor Peter Manik: councillor Joseph Mapsalak: councillor Theresa Tagornak: New Councillor The interpreter's name was Jessica Tinashlu.	Municipal Government	Ken Armstrong Mike MacMorran Barb Kupsch Nick Thomas	Meeting by Teleconference	Meeting Minutes from partial recording	Engagement	Following a few emails from the somewhat new Mayor Alan Robinson we thought it best to bring the discussion to the entire Council via a teleconference seeing as going to the community currently comes with a 14 day quarantine period in Winnipeg. We provided a presentation in English but with interpretation provided after each slide plus the presentation was translated into Inuktitut. Meeting Minutes on file	
June 1, 2020	n/a	Hamlet Leadership	Mayor Alan Robinson SAO, Kevin Tegumiar	Municipal Government	Nick Thomas	Email	Letter to support press release	Contact	Sent a letter to support the press release that announced North Arrow's partnership with EHR	No response.
January 29 th , 2020	Tundra Takeout	Arviq HTO	Louis Angotingoar – Chairman Mary Tuktudjuk Peter Manik David Ammaq Hugh Haqpi – Acting also as translator John Ell Tinashlu	Community Hunting Organization	Nick Thomas	Meeting	Meeting Minutes on file	Engagement	- Project update - provide more detail on the potential helicopter supported 2000 tonne sample. - details on 10,000 tonne sample. - Provide results of compiled wildlife report. - Give update on Hamlet and Ecologic's	- continued concern over what would happen to the two lakes at Q1-4. - In future, some examples of remediated lakes after mining complete would go a long way. - Discussion over what opportunities

									permitting and studies.	could be available if either or both of the programs were to move forward. - One member, John Ell Tinashlu questioned why the 2000 tonne helicopter sample needs to happen at all. "Just wait for the road. What's is the hurry"? Answering this is difficult because it is a southern junior company's need to be busy and moving things forward. - we agreed to discuss the wildlife mitigation plan as we get closer to the program to find ways to lessen the impact of the heli.
January 28 th , 2020	Hamlet Office, Mayor's Office	Hamlet Leadership	Mayor Alan Robinson SAO, Kevin Tegumiar	Municipal Government	Nick Thomas	Meeting	Meeting minutes and sound file on server	Engagement	Introduction of Nick Thomas & North Arrow to the new Mayor. Provide a presentation covering the history of the Naujaat Diamond Project, information on diamond exploration. Discuss future potential plans for project: preliminary bulk sample and road supported full bulk sample. Introduction to access road idea and studies conducted thus far.	Generally a positive meeting. Some misunderstanding over North Arrow's sampling of kimberlite, thinking we're profiting from the sale of diamonds from the earlier sampling. Ended saying he wishes us luck and that he has heard nothing negative from people about how we're doing our work. Said the job took some getting used to at first. He was acting without the proper discussions with the Council and has had to learn other things about the job.
January 27 th , 2020	Town Hall / Youth Centre	Community of Naujaat	Henri Aglukka, Philomen Thadiaz Akkuardjuk, Dawtin Kringayark, Chastity N., Laura Tagornak, David Nimiqtatqutq, Louisa Kringuk, Linda Tagornak, Wendy Palliser, Emmanuel N., Tiffany Siusangnark, Martha Iguptak, Michael Siusangnark, Simona Benoit, Natalie Iguptak, Delilah Kopak, Gino Immingark, Eric Nanorak, Arsene, Perpetua A., Mary Rose Kopak, Moses Kopak, Tianna Shea, Owen	Municipality	Nick Thomas	Meeting	Meeting minutes on file	Engagement	- Project update - provide more detail on the potential helicopter supported 2000 tonne sample. - details on 10,000 tonne sample. - Provide results of compiled wildlife report. - Give update on Hamlet and Ecologic's permitting and studies.	- continued concern over what would happen to the two lakes at Q1-4. - In future, some examples of remediated lakes after mining complete would go a long way. - Discussion over what opportunities could be available if either or both of the programs were to move forward.

			Basil, Robert Kaufman (briefly came before the meeting to ask for some help on a Science Fair Project for his grade 12s).							
January 27 th , 2020	Hamlet Council Chambers	Hamlet Council of Naujaat	Kevin Tegumiar: SAO Donat Milortok: Deputy Mayor Levi Kotokra: councillor Michel Akkuardjuk: councillor Mary Tuktudjuk: councillor Peter Manik: councillor Joseph Mapsalak: councillor	Municipal Government	Nick Thomas	In person meeting	Minutes written down after meeting. Only one NAR staff made it to town	Engagement	<ul style="list-style-type: none"> - Project update - Meet new councilors and new Mayor - provide more detail on the potential helicopter supported 2000 tonne sample. <ul style="list-style-type: none"> - details on 10,000 tonne sample. - Provide results of compiled wildlife report. - Give update on Hamlet and Ecologic's permitting and studies. 	<ul style="list-style-type: none"> - Most questions from the new councilor, Michel Akkuardjuk. - concern over impact of helicopter not being able to see caribou in valleys despite having wildlife monitors on board. - Agreed to revisit Wildlife Protocol document used in 2017 to look for improvements to bring to - Re-iterated support for processing the 10,000 tonne sample in town by Donat Milortok.