



March 29, 2018

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**Re: 2017 Annual Report, Land Use Permit N2016C0005, Luxx Project, Chesterfield Inlet, NU**

This 2017 Annual Report is being submitted as required by the conditions annexed to Nunavut Land Use Permit N2016C0005 (Permit) for work that was conducted in 2017 on the Luxx Diamond Project. The class "A" Land Use Permit was issued to North Arrow Minerals Inc. (North Arrow) on March 16<sup>th</sup>, 2016, and expired on March 10<sup>th</sup>, 2018.

An extension for this permit was issued on February 15<sup>th</sup>, 2018, extending the N2016C0005 Land Use Permit from March 11, 2018 to March 10<sup>th</sup>, 2020. All conditions annexed to the original permit still apply to the extension.

The Luxx Project (the "Project") is located approximately 60 km northwest of the Hamlet of Chesterfield Inlet and 90 km north of the town of Rankin Inlet (Figure 1). It is comprised of three mineral claims recorded on March 19<sup>th</sup>, 2013 covering approximately 2,300 hectares (Figure 2).

Since its acquisition, the property has undergone one airborne geophysical survey, and two short till sampling and prospecting programs. These activities were conducted prior to receiving permit N2016C0005, and no work has been conducted under the authority of the land use permit since its issuance.

As there has been no work done under the authority of the land use permit, there have been no cease work orders, no archaeological/heritage sites found, and no aircraft flight logs, wildlife observation logs or community resident transit logs have been created. Therefore, North Arrow has not developed a Wildlife Management and Mitigation Protocol (WMMP) for the Project. Should plans change, and a program at the Project come to fruition, North Arrow will create and submit to the various agencies (i.e. NIRB, INAC, GN) the WMMP for review and approval.

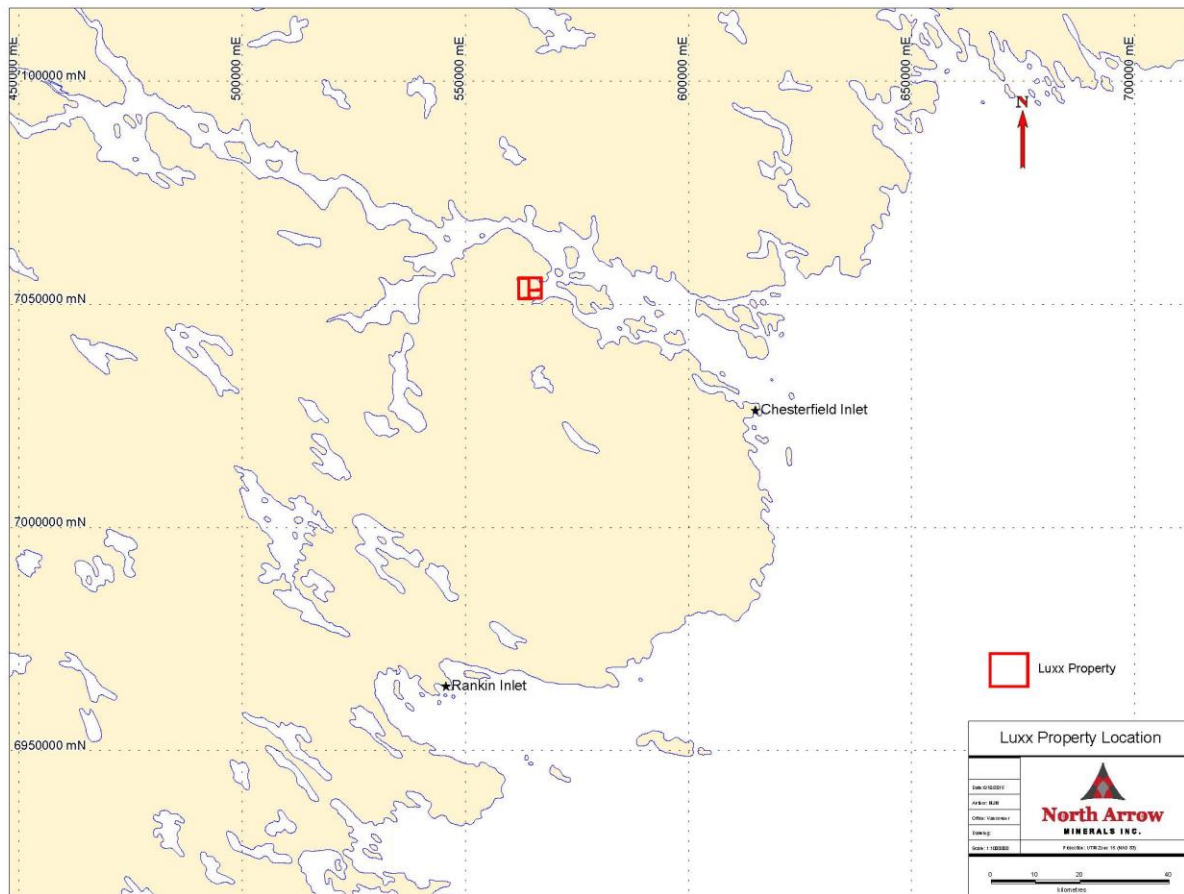
This project also operates under the authority of Nunavut Water Board Licence 2BE-LUX1618 which currently holds an expiry date of July 14<sup>th</sup>, 2018.

There were no meetings held with the Hamlet of Chesterfield Inlet during 2017 (residents, HTO or Mayor and Council).

## Future Plans

Exploration activities described under the permit application are yet to be conducted. Any future work will be a continuation of the previous prospecting and sampling activities, and will most likely include ground geophysics and/or a short drilling program as described in the original land use permit application. North Arrow is investigating ways to reduce the cost of mobilizing a drill to this remote area. The cost associated with transporting a drill for such a short work program has so far been prohibitive and is what led to the required extension of this permit.

*Figure 1: Project Location Map*



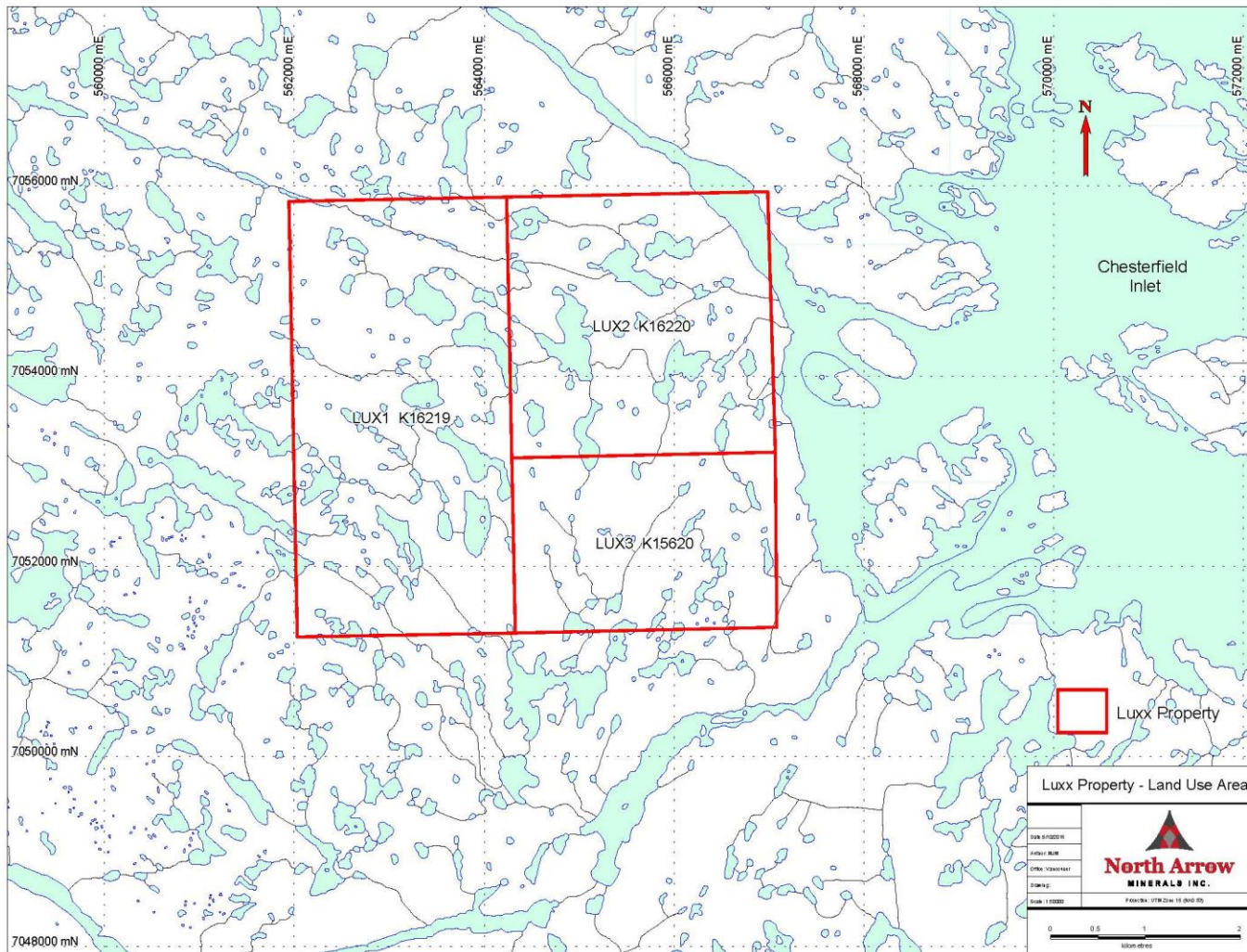


Figure 2: Luxx Property Map