

**Re: North Arrow Minerals Inc. - Mel Project Proposal
(NIRB File No. 16EN062)**



Jan. 31, 2017

Mr. George Qulaut, MLA Amittuq
Legislative Assembly of Nunavut
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**Re: North Arrow Minerals Inc. (North Arrow) - Mel Project Proposal
(NIRB File No. 16EN062)**

To the Honourable Mr. George Qulaut, MLA of Amittuq,

Thank you for your letter dated January 20, 2017 relating to North Arrow's Mel Diamond Project and the above noted Nunavut Impact Review Board (NIRB) screening of our land use permit application. We appreciate your comments on the NIRB screening documents, in particular with respect to community meetings in Hall Beach.

As you may recall from earlier correspondence with Nick Thomas, North Arrow's Manager of Community and Investor Relations, North Arrow has been evaluating the Mel Project since 2013. North Arrow has conducted short (1 to 6 day) annual exploration programs in conjunction with periods of activity at our more advanced Qilalugaq (Naujaat) Diamond Project located approximately 210 km to the south of the Mel Project, near the Hamlet of Naujaat. Although of short duration, these programs have been very effective, and have allowed North Arrow to narrow in on what we believe will be a new kimberlite discovery. Kimberlite is the bedrock source of all diamond deposits discovered to date in northern Canada. We expect to receive complete results from the 2016 till sampling program within the next two weeks. The program was designed to provide enough information to locate, by drilling, possible source areas for the kimberlite indicator mineral trains we've been following.

In anticipation of developing drill targets at the Mel Project, in October 2016 North Arrow submitted applications to the Qikiqtani Inuit Association (QIA), Indigenous and Northern Affairs Canada, and the Nunavut Water Board for the required land use permits to construct an exploration camp and conduct exploration drilling. Prior to submitting the applications, North Arrow contacted the Hamlet of Hall Beach to ensure that it would be acceptable to the Mayor and Council for the Company to submit the applications prior to community meetings taking place. The Hamlet indicated it was acceptable for North Arrow to submit the applications, based on North Arrow's expressed commitment to meet with the community during the spring of 2017. A tentative meeting date was to be scheduled around the Nunavut Mining Symposium taking place in Iqaluit in April. Last week Mr. Thomas contacted the Hamlet to arrange these meetings on or around April 6-7, 2017. As we have earlier indicated during our correspondence with the Hamlet, in the event the scheduled meetings do not proceed due to weather or some other factors, North Arrow will conduct these meetings prior to conducting the land use activities contemplated in our permit applications.

As you express in your letter, and North Arrow appreciates from our involvement as a Participant in the ongoing Nunavut Land Use Planning process, there are a number of important concerns relating to the potential impacts of mineral exploration on the land, especially relating to calving and post-calving caribou populations. The meetings in Hall Beach with the Hamlet, the Hunters and Trappers Organization (HTO), the QIA Community Director and Liaison Officer and interested community members will provide an important opportunity for North Arrow to present information on the Mel Project and directly engage with members of the community. If your schedule permits, we would be pleased if you could also attend these meetings as we would appreciate the opportunity to meet you directly.

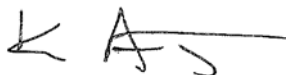
The purpose of these meetings will be to outline North Arrow's proposed land use activities, potential local employment and business opportunities, and to listen to concerns that the community may have. It is important for us to work together with the community in addressing any potential concerns and to find a way to mitigate them. In particular we will look to propose and develop a project wildlife (particularly caribou) monitoring and mitigation protocol that is acceptable to the community and the HTO. I would note that in 2014 North Arrow and the community of Nauyasat developed and implemented a similar wildlife monitoring and mitigation protocol for our exploration work at the Qilalugaq Diamond Project.

As noted above, the land use permit application for the Mel Project anticipates an exploration camp and drilling program and we expect it will make logistical and financial sense to coordinate this work from Hall Beach. Although the proposed program would be modest in scale, staging the drilling through Hall Beach will maximize the benefits of this work in the community, through the direct hiring of local employees and engaging local services. Just as importantly it will also maximize the visibility of the program within the community.

Lastly, for your reference, I would note that the most likely timing for the exploration drilling program at Mel would be during the summer of 2018. Exploration programs are always dependent on attracting investors, and companies like North Arrow presently face significant challenges raising the required high risk venture capital required to conduct exploration drilling. When money is raised we must spend it as cost effectively as possible, which in the case of Mel will mean taking advantage of the annual sealift to position a drill and ancillary equipment and fuel into Hall Beach. This would mean shipping the drill on the 2017 sealift ahead of mobilization and drilling in 2018. One important advantage of this mobilization plan is it extends the timeline for continued communication with the community.

Thank you once again for your expressed interest in the permitting process for the Mel Project. We look forward to keeping you informed of our progress, including the upcoming results from the 2016 till sampling program. I would particularly look forward to meeting you in the near future, perhaps during the meetings in Hall Beach or alternatively in Iqaluit during the Nunavut Mining Symposium.

Sincerely,



Ken Armstrong, President and CEO
North Arrow Minerals

C.C. ***Minister of Indigenous and Northern Affairs***
Minister of Environment
Mayor of Hall Beach
Hall Beach Hunters and Trappers Association
President of Qikiqtani Inuit Association
Land Administrator, Qikiqtani Inuit Association
Chairperson of Nunavut Impact Review Board
Chairperson of Nunavut Water Board