ARROWSTAR RESOURCES LTD.

(FORMERLY GULFSIDE MINERALS LTD.)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2012

REPORT DATE
May 25, 2012

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Arrowstar Resources Ltd. (the "Company") for the three month period ended March 31, 2012.

The Company's activities are primarily directed towards acquisition and exploration of resource properties. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves and future profitable production, or proceeds from the disposition of these properties. The carrying values of resource properties do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the condensed consolidated interim financial statements ("financial statements") are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The MDA should be read in conjunction with the Company's financial statements and notes thereto for the quarter ended March 31, 2012 and for the year ended December 31, 2011, all of which can be found on SEDAR at www.sedar.com.

The Company is a reporting issuer in each of the provinces of British Columbia and Alberta. Its head and principal office is located at 507 – 475 Howe Street Vancouver, British Columbia, V6C 2B3. It's registered and records office is located at 1500 – 1055 West Georgia Street Vancouver, British Columbia, V6E 4N7.

OVERALL PERFORMANCE

EXPLORATION AND EVALUATION PROJECTS

The Company is primarily searching out iron ore properties that would have the potential to create a cash flow within a reasonable period of time with an achievable investment strategy. The Company's focus is as follows:

Alaska USA – Port Snettisham Property

The Snettisham Iron Ore (magnetite) Deposit is located on the Snettisham Peninsula on the south side of Port Snettisham and west of Gilbert Bay, about 30 miles southeast of Juneau, Alaska. The latest exploration work was done in 1970, using less sophisticated equipment than is currently available now. No gravity survey work was done, but some magnetic surveys, sampling, and beneficiation test work has been done.

The Company has planned a program of measuring the magnetic susceptibility of surface and trenched samples and with some geochemistry analysis to correlate the Fe magnetic and total values with the magnetic susceptibility values. The petrographic data is very basic and will also be enhanced through analysis and thin section work.

The Company also plans a ground based IP and Gravity anomaly survey once this initial work is completed. After this work is completed Arrowstar expects to have sufficient data for a diamond drill program to determine an inferred or indicated 43-101 resource estimate.

This project is a titaniferous magnetite deposit on the Snettisham Peninsula. Ore has been subjected to several programs of beneficiation test work and reports indicate that the ore is amenable to magnetic separation. It is possible to produce an iron ore concentrate containing in excess of 60% Fe with good iron recoveries. The concentrate can then be smelted to produce pig iron and a slag containing high TiO2 values. On average, the Snettisham deposit is believed to contain: 18% - 20% magnetite, 2% - 6% titanium, c. 0.05% vanadium and c. 0.0114% platinum (Source: Scoping Study Proposal for the Metallurgical Development of Snettisham Titano-Magnetite Deposit. Tata Steel Consulting – Jan 2011).

The first major effort to explore the iron potential of the deposit was in the 1950's by the US Department of the Interior, Bureau of Mines, who drilled 11 holes, conducted a geophysical survey over the body, and had beneficiation tests done on the ore. The magnetite-bearing pyroxenite intrusive occupies a land area of approximately 390 acres along the northeast shore of the Snettisham Peninsula. The work outlined a magnetite rich area of pyroxenite about 2,400 feet by 9,600 feet in area with a vertical extent of 1,500 feet at an average SG of 5.1 representing an estimated historical resource deposit of 4 billion metric tonnes. Altitudes ranged from sea level to 1000 feet. The pyroxenite extends northwestward under the waters of Snettisham Inlet for an unknown distance. A section of 1900 feet of the deposit was explored to a depth of 1000 feet, totaling 6,546 linear feet of drill holes. The work done by the Bureau of Mines indicated a favorably-situated, potentially-large deposit containing titaniferous magnetite that can be recovered as a high-grade magnetite, using standard, comparatively low-cost methods of beneficiation. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and the Company is not treating the historical estimate as current mineral resources.

In 1969, Marcona Corporation optioned the iron deposit and carried out extensive exploration including diamond drilling and metallurgical tests. It was reported in 1969, that Marcona Corporation and the Marubeni Company of Japan, had developed plans to pelletize two to four million tons of iron ore annually. By 1970, Marcona completed a feasibility study on the deposit and announced plans to put the deposit into production at a rate of 5 million tons of concentrate per year over a 50 year mine life (State of Alaska, Mines Bulletin, February 1970.) However, iron ore prices declined and the project did not proceed.

Work Program Timeline – Two Phase Program

Early Summer, 2012

- Reconnaissance of the historical data and grid soil and rock chip sampling with an XRF gun and magnetic susceptibility meter. This will allow us to correlate Fe Total and Fe mag values with magnetic susceptibility.
- An outcrop and trenching sampling study using a magnetometer to correlate Fe with magnetic susceptibility. Mineralogy and petrology studies will also be conducted to analyze the presence of the titanium and vanadium mineralization in the magnetite and the extent of silica, sulphur, phosphorous and alkalis.
- A ground based IP magnetic and gravity study to identify key changes in mineralogy and the extent of mineralization. No gravity surveys have been completed to date and this will be completed prior to a drilling phase.

Late Summer, 2012

- In phase two, a diamond drilling program directed by the results of the above studies that will allow suitable targets to be identified so that a Resource Estimate can be produced followed by a Feasibility Study.

- A beneficiation study using samples to ensure the results are statistically significant and the proposed beneficiation process design is proven at pilot plant size. This stage is particularly important to the success of the project given the high cost of crushing to 100 mesh.

The field season in the Snettisham region extends from April through to September. While it is possible to drill during the winter, it becomes very inefficient when drilling shorter holes. A two phase, exploration program is proposed to complete the drilling necessary to confirm a CIM and NI 43-101 compliant inferred (and possibly indicated) mineral resource in the Snettisham area. If chemical analysis results are favourable, then further drilling at closer spacing will be required to identify a measured or indicated resource.

Phillip Thomas, BSc, MBus, MAIG, a Qualified Person under NI 43-101, has read and approved the technical information above on the Snettisham project.

Newfoundland and Labrador, Canada – Rannie Lake

National Instrument ("NI") 43-101 Technical Report

The Company has prepared a NI 43-101 Compliant Technical Report for the Rannie Lake Property, prepared by Christopher Hutchings, P. Geo., and President, KIEX Consulting Limited. The NI 43-101 report is summarized below.

Property Area and Geographical Location

Rannie Lake property, 4,300 hectares in size, consisting of single mineral exploration licence comprised of 172 map staked claims, is situated at the junction of National Topographic Sheets 023G/07, 023G/08, 023G/09 and 023G/10, Shabogamo Lake Area, Electoral District of Labrador West, Province of Newfoundland and Labrador.

Accessibility

The Rannie Lake property is situated approximately 12.8 km due west of the Quebec North Shore & Labrador ("QNS&L") Railway and 60 km north of Labrador City/Wabush. Route 500, the Trans Labrador Highway, a gravel road passes through the twin-towns. Current access is by helicopter or fixed wing aircraft utilizing Sawbill Lake immediately south of the property.

Climate

Western Labrador experiences a continental climate, short warm summers and long cold winters, temperatures ranging from +25^{o}C to lows of -40^{o}C, winter lasting until April or May and freeze-up by mid-November. Annual snowfall is approximately 3.65 meters. Drilling is often carried out in the winter months due to snow cover facilitating mobility.

Local Resources – Infrastructure

The site of world class iron mining operations, a very skilled mining labour force is attracted to Labrador West, having a population of 9,400+ residing in the Town of Labrador City and the Town of Wabush, located on the south shore of Wabush Lake. Specifically in the twin-towns area, mining is the primary industry. Hydroelectric power, another important primary industry, produced at Churchill Falls, 243 km east, supplies Labrador West via a transmission line. Labrador West is also a very popular tourist hunting, fishing and wilderness experience destination.

Transportation within Labrador West is by road, rail or air. Labrador City/Wabush is situated 534 km west of Happy Valley-Goose Bay. This inland town on the east coast of Labrador having a well-developed infrastructure including an air terminal and port is situated on Lake Melville connecting with the Atlantic Ocean. Fermont, Quebec, another iron ore mining area, is nearby, located just across the provincial border. Distance from Labrador West on Route 389, a gravel road, to Baie-Comeau, Quebec, eventually connecting with the Trans-Canada Highway is 581 km. Labrador West and Schefferville, are connected to the port of Sept-Iles on the St. Lawrence Seaway, a total distance of 573 km, by the Quebec North Shore & Labrador Railway. Shipping season for iron ore is approximately 200 to 230 days a year. An airport is situated at Wabush.

Regional Geology

The Labrador Trough, situated on the western margin of the Churchill Province is comprised of Mid-Paleoproterozoic sedimentary and volcanic rocks of the Kaniapiskau Supergroup unconformably overlying the stable Archean craton of the Superior Province. Also, termed the Circum-Ungava Foldbelt or Geosyncline or New Quebec orogen, the Labrador Trough, a geosyncline, is a sinuous to arcuate belt, which traverses the Quebec-Labrador Peninsula for 1100 km. This belt is approximately 100 km wide in the central part and narrows considerably to the north and south. Within Labrador, the central section or Knob Lake Range, in the Schefferville (Quebec) area extends 550 km south to the Grenville Front. The southern section extends from the Grenville Front south through the Wabush/Labrador City area into Quebec, a distance of approximately 300 km.

Stratigraphical succession of the Knob Lake Group, from oldest to youngest, are Attikamagen, Denault, Fleming, Wishart, Ruth, Sokoman and Menihek Formations. The Sokoman Formation, a distinct unit traceable throughout the length of the Labrador Trough, is subdivided into Lower, Middle and Upper Iron Formation Members. "The middle part of the Sokoman is economically the most important portion of the iron formation. It contains 30% to 35% Fe and consists chiefly of irregular bedded, massive to banded, commonly granular, oolitic and locally conglomeratic iron formation with thin-banded, jasper-bearing lower and upper units." Character of the Sokoman Formation is distinctly different on either side of Sawbill Lake. Northward, metamorphism is generally lower greenschist facies. The south section lies within the Grenville Province with a metamorphic grade increase to upper amphibolite – lower granulite; rocks are recrystallized. The iron-formation north of Sawbill Lake is composed chiefly of carbonate, hematite and chert. South of Sawbill Lake, predominant types of iron-formation in the Sokoman Formation, also known as the Wabush Formation, is variable in composition from hematite-quartz to hematite-magnetite-quartz, to magnetite-iron-silicate-carbonate-quartz in different structural segments and is associated with quartzite and dolomite.

Sedimentary rocks of the Knob Lake Range are folded into a northwest striking series of anticlines and overturned synclines, cut by high angle reverse faults. In the Labrador City/Wabush area, "what was originally a continuous belt of iron formations with quartzite, calcareous and dolomitic carbonate, and shale becomes across the front a dismembered belt of folded and oval-shaped orebodies associated with quartzite, calcitic and dolomitic marble, calcitic rock, and aluminous and graphitic paragneiss distributed, in a northeast-southwest trend, over their Archean tonalitic basement". Repeated folding in Labrador West has formed complex structures with overturned synclines and anticlines.

Mineral Deposits

World class Lake Superior-type iron deposits are hosted by the Sokoman Formation in the Labrador Trough, currently experiencing expansion of producing mines and increased exploration activity in both, Labrador West and Schefferville areas. Style of mineralization varies between the central and southern sections of the Trough.

Typical of the Knob Lake Range, Schefferville area, are soft iron ores (direct shipping ore) composed of friable fine-grained secondary iron oxides - hematite, goethite, limonite - formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation. Magnetite iron formation or taconite, fine grained, weakly metamorphosed iron formations comprised of magnetite-specularite with above average magnetite content is also present. West of Schefferville, the Howells River taconite deposit in Labrador is the largest undeveloped cherty magnetite iron formation deposit in the area, occurring in a gently dipping cherty metallic member of iron formation that contains approximately 23% magnetite.

Metataconite, characteristic of the south section, Labrador West and eastern Quebec, is intensely metamorphosed iron formation containing recrystallized coarse-grained magnetite and hematite. Refolded iron formations attain several hundreds of metres in structural thickness and iron oxides tend to concentrate in fold hinges; deposits reach hundreds of millions tonnes grading 25 to 45% iron. The iron ore is easy to separate from its gangue minerals and produces, by gravity or magnetic separation, a high-grade iron concentrate of 66 to 67% Fe.

Local Geology

Description of local geology in the vicinity of Licence 018489M, refers to map units specified on Government of Newfoundland and Labrador, Department of Natural Resources website interactive geological map. Middle Paleoproteroic aged Knob Lake Group rocks are in contact with gneisses of the Archean Ashuanipi Complex to the west. Centred on the Rannie Lake property is Unit P_2i – cherty ironstone and underlying quartzite. In contact to the north with Unit P_2i is Unit P_2st - siltstone, shale, greywacke and Unit $P_s$sts - pelitic schist, pelitic gneiss, the metamorphic equivalent, occurring west and east, respectively. The units are additionally assigned to the western Southeast Churchill Province and western Grenville Province, respectively. Unit $P_2$is - meta-ironstone, quartzite assigned to the Grenville Province, occurs west and south of Unit P_2i, and apparently within the same belt as Unit P_2i, trends east and southwest towards the Smallwood Reservoir and Labrador City/Wabush, respectively. Unit $P_2$is is designated as the schistose to gneissic equivalent to Unit P_2i. Mafic intrusive bodies of the Early Mesoproterozoic Shabogamo gabbro, Unit M_1ga, occur in the vicinity. Thrust faults, trending E-W and NE-SW, border the property.

Property Geology

Property bedrock geology consists predominately of the Sokoman Formation and overlying Menihek Formation of the Middle Paleoproterozic Knob Lake Group. Exposure is very poor. A conspicuous lack of outcrop was observed by the author during the personal inspection. The Sokoman Formation comprising 75-80% of the property area and flanked by the Menihek Formation is depicted on the Department of Natural Resources website geological map as extending further north, though wholly within the confines of Licence 018489M. Newfoundland and Labrador Geological Survey Maps 85-27 and 85-28 designate formation lithologies with question marks, possibly attributed to drift cover. A small mafic intrusive body of the Shabagamo Intrusive Suite occurs beyond the southeastern claim boundary. Geological contacts are assumed. *Lithologies cannot be verified by the author.*

Structure is undoubtedly complex. Information on folding is limited to unknown. Two thrust faults, E-W and ENE-WSW trending, traverse the property on the northern and southern ends, respectively. Two more thrust faults, having the similar trends occur further south in the vicinity of Sawbill Lake. All of the faults may have an affiliation with the nearby Grenville Front.

Magnetic Expression

Aeromagnetic expression of the Rannie Lake property observed from 1974 Geological Survey of Canada aeromagnetic map sheets 23G/7, 8, 9, and 10 are two roughly northeast trending tightly contoured features having peaks of 57,960 and 58,500 gammas separated by a small east-west trending magnetic depression. Values are common to all map sheets. The magnetically-positive features are flanked further to the east, off the property, by an area of broad contours with magnetic peaks of 57,780 gammas.

A geological-structural interpretation by Lee (2001) with respect to the Iron Ore Company of Canada aeromagnetic survey state ***"broad anomalies in the far north are interpreted as deeply buried, shallow dipping oxide-rich beds"***. This information appears on a map titled *"Distribution of oxide-rich horizons of the Sokoman Formation, interpreted from 2001 aeromagnetic data"*. The author observed the Rannie

Lake property is emphatically included in this area of broad anomalies; however these anomalies were not included in Lee's recommendation for further exploration. Distance from Iron Ore Company of Canada's operations and initial ease of extraction may have been contributing factors in the author's opinion.

Deposit types

Lake Superior-type stratiform iron deposits or banded iron formation (BIF) chemical sediments border the Canadian Shield. Lake Superior-type iron-formation taconite, metataconite and enriched iron deposits are the most important source of iron ore in Canada. Iron deposits consist mainly of oxide, silicate, carbonate and sulphide lithofacies that contain <20% to >35%, averaging 30% Fe as magnetite and hematite in laminated or bedded sedimentary rocks on a scale of millimetres to metres with alternating layers of iron-rich and iron-poor minerals. The deposits are associated with dolomite, quartzite, arkose, black shale and conglomerate, and with tuff and other volcanic rocks; sequences are commonly metamorphosed. Producing, inactive and exhausted iron mines within the Labrador Trough in both Labrador and Quebec are typical Lake Superior-type deposits.

Conclusions

Rannie Lake, an early stage exploration property, may host a historically identified unsubstantiated Lake Superior-type iron formation target. Determination of positive upgradeable potential and traits for hosting economic mineralization can only be achieved through detailed evaluation. A geophysical program is required to determine target signature for subsequent undertaking of mineralization delineation, continuity and grade by drilling for eventual undertaking of NI 43-101 compliant resource estimation.

Recommended Work Program

Recommendations for a Phase I work program include an airborne magnetic survey and a Phase II work program consisting of follow-up ground geophysical surveys and geological mapping/prospecting to prepare the property for subsequent implementation of diamond drilling to investigate the in-situ iron formation. Advancement to Phase II is contingent upon receipt of positive results received from Phase I.

Phase I

1. A high-resolution airborne magnetic survey should be flown for comprehensive coverage of the property with 100 meter spaced flight lines tentatively oriented northwest-southeast.

2. Independent re-examination of the historical airborne data and structural interpretation and interpretation of the new airborne survey should be undertaken.

Phase II

1. A combined ground magnetic and gravity survey should be implemented on a cut grid to cover the location of the most attractive airborne magnetic anomaly.

2. Independent interpretation of the ground geophysical surveys should be undertaken.

3. Though outcrop exposure is extremely sparse, geological mapping/prospecting/sampling should be engaged to obtain better knowledge of the ground and aid any future drilling procedure decisions.

4. Any analysis should include specific gravity determinations tied to Quality Assurance / Quality Control (QA-QC) programs.

A proposed budget of $ 398,475.00 is recommended to undertake the programs.

Christopher Hutchings, P. Geo., a Qualified Person as defined by NI 43-101, has read and approved the technical information on the Rannie Lake property.

Quebec, Canada – Roberts Lake

The Roberts Lake project is composed of 128 claims in northern Quebec in the Robert's Lake area along the Ungava Bay iron formation. This area has being explored for iron ore and appears to have the potential for a future economic play close to a tidewater ocean access.

British Columbia, Canada – Northern Treasure

The Company entered into an option agreement to acquire a 100% interest in the project, the Company must make cash payments totaling $30,000, incur $225,000 in work over three years and issue 400,000 common shares of the Company. In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The optionee retains a 1% net smelter royalty ("NSR") which the Company may purchase for $1,000,000. The Company received TSX Venture Exchange ("TSXV") approval on the option agreement.

The property is located 150 km NW of Dease Lake, B.C. and is comprised of 75 totaling 1,267 hectares in three mineral tenures. The claims are on trend 12 km from the Inlaw/Trapper Lake group and 70 km from the Golden Bear mine and mine access road which was developed by Chevron Minerals of Canada.
The property was located on a BC Geological Survey regional Stream Sediment geochemical sample of 609 ppb gold in stream sediments. The area to the east is known for high gold anomalies in soils and rocks from work done in the early 1980's by Chevron Minerals of Canada who outlined a large scale, high-tenor gold in soil geochemical anomaly on what is now known as the Trapper Lake Property.

These claims are located in a trend of mineralized rocks trending northwest, anchored on one end by the Golden Bear deposit and on the western end by the Tulsequah gold deposit. Numerous gossans which may be intensely oxidized, weathered or decomposed rock have been observed over a large area on the claims in images from air photos.

The Company conducted stream sampling on available drainages, including those conducted by the BC Geological Survey. The Company failed to duplicate the high values from the BC Geological Survey but did get some anomalous values. There were several rusty outcrops of which samples were taken and received low semi anomalous values.

British Columbia, Canada – Bryer

The Company entered into an option agreement to acquire a 100% interest in the Bryer property and will make cash payments totaling $15,000, incur $225,000 in expenditures over three years and issue 300,000 common shares of the Company. In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The optionee retains a one percent (1%) NSR. The Company received TSXV approval on the option agreement.

The property is located approximately 150 km northwest of Dease Lake, BC and 120 km south of Atlin, BC. The property is comprised of 149 units totaling 2,528.85 hectares (6,246.27 acres) in seven mineral tenures and is in the Atlin Mining Division in northwestern British Columbia.

The claims are on trend approximately 9 km southeast of the Company's Northern Treasure claims, which are on geological trend north-easterly from the Thorn group (Brixton Metals (BBB)) and the Inlaw/Trapper Lake group (Ocean Park Ventures (OCP)) and approximately 70 km from the former Golden Bear mine and mine access road which was developed by Chevron Minerals of Canada.

In 1988, Cominco Ltd. took a sample on the property, which assayed 17.043 g/t Au (BC Assessment Report 19326). In 2004, Rimfire Minerals Corp. took a grab sample on the property that assayed 10.7 g/t Au, 2.2 g/t Ag, and 0.047% Cu. (BC Assessment Report 27589).

The Company conducted prospecting and sampling from both rocks and streams. The Company received low to modest values and is in the process of evaluating the Bryer property for further exploration.

British Columbia, Canada – Argonaut and Golden Fleece

During fiscal 2011, the Company acquired a 100% interest in certain claims located in the Atlin Mining Division of British Columbia. Later that year, the interest was farmed-out for proceeds of $25,000 and 300,000 common shares of Ocean Park Ventures, to be received over the span of two years.

British Columbia, Canada – Harris Group

In February 2012, Arrowstar executed an agreement to acquire an option on the Harris Group of four mineral Tenures located in the Snowcrest Mountain area of SE British Columbia about 53 km west of Cranbrook, B.C. The property comprises 48 claim units totaling 1005 hectares in four mineral reserve tenures. To acquire 100% Arrowstar must make cash payments totaling $100,000, issue 800,000 shares and complete $225,000 in work over three years. The vendor retains a 2% NSR.

The property was discovered 111 years ago in difficult terrain for the times. However gold bearing showings were interesting enough that three adits were opened up. Today the claims have been surrounded by staking by Teck Resources Limited (TCK.B) to the west and south and by Eagle Plains Resources (EPL) on the east and north. Both companies conducted some exploration during the 2011 exploration season on their respective ground.

The company has filed a Notice of Work application to cover a proposed work program to rehabilitate old trails to get access to prior showings and adits so they can be mapped, pits blasted and sampled prior to a diamond drilling program.

The program is expected to begin in early July 2012.

SELECTED ANNUAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last three completed financial years to the year ended December 31.

Financial Year Ended	**IFRS December 31, 2011**	**IFRS December 31, 2010**	**Canadian GAAP December 31, 2009**
Net income (loss)	810,419	(4,829,989)	(1,664,977)
Earnings (loss) per share – basic and diluted	0.02	(0.12)	(0.05)
Exploration and evaluation assets	706,691	-	4,722,863
Total assets	2,417,065	142,425	4,967,602
Working capital (deficiency)	1,495,000	(217,024)	(132,573)

Overview

During fiscal 2011, the Company completed two private placements as follows:

- Issued 3,100,000 flow-through units and 5,140,000 non-flow-through units a price of $0.10 per unit, for gross proceeds of $824,000. Each flow-through unit consisted of one common share and one half share purchase warrant exercisable at a price of $0.15 per share expiring on April 13, 2012. Each non-flow-through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on April 13, 2012.
- Issued 2,200,000 flow-through units and 9,800,000 non-flow-through units a price of $0.05 per unit, for gross proceeds of $600,000. Each flow-through unit consisted of one common share and one whole share purchase warrant exercisable at a price of $0.15 per share expiring on September 30, 2013. Each non-flow-through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on September 30, 2013.

Additional working capital was generated, during fiscal 2011, through a recovery from property settlement of $1,515,750 as a result of a recovery on its former Mongolian properties, as described in the fiscal 2010 notes below. Further, the Company signed option agreements for each of the properties described in the "Overall Performance."

During fiscal 2010, the Company signed a Share Purchase Agreement ("SPA") with Mangreat Group Ltd. ("Mangreat"), the majority owner of ECM LLC ("ECM") providing for the sale of the Company's 5% interest in ECM. The Company will receive up to US$3,000,000 under certain conditions. Mangreat has paid US$500,000 with a balance of US$1,500,000 due within one year. The Company will transfer its 5% interest in ECM and terminate its current litigation in Mongolia upon receipt of the first US$2,000,000. If the property is sold or joint ventured to a third party for a value greater than US$40,000,000 the Company will receive an additional US$1,000,000. Under the SPA the parties have also agreed to abandon all litigation over the property and the license. The Company has also made reports on the property and exploration data available to the purchaser for a fee of US$25,000.

All related property and deferred exploration costs in the amount of $4,896,340 has been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties in Mongolia.

During fiscal 2009, the Company won its civil proceedings and has received shares representing 5% of ECM, the Mongolian company which owns the exploration License to Erdenetsogt. The transfer has been by way of Court Order and an amendment to the Foreign Investment and Foreign Trade Agency ("FIFTA") Certificate. The Company has filed a writ, in Mongolia, seeking to rescind the transfer of ECM shares to Mangreat. The Company contends as the holder of a 5% interest in ECM it holds the right of first refusal on any offer of sale, and that the vendor breached this right. Under the writ, the Company is seeking to have 95% of ECM currently held by Mangreat returned to Mongolia and offered to the Company.

Results of Operations for the quarter ended March 31, 2012 and the year ended December 31, 2011

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the quarter ended March 31, 2012.

Quarter ended March 31, 2012

For the quarter ended March 31, 2012, the Company recorded a loss of $328,606 compared to a loss of $219,178 for the period ended March 31, 2011. The company expects to continue losses for Fiscal 2012 as it develops its properties.

Expenses

General and administrative expenses totaled $326,806 for the period ended March 31, 2012 compared to $219,178 for the period ended March 31, 2011. Details of the largest general and administrative expenses are as follows:

- Investor relations of $12,405 (2011 - $6,988) consisting of $5,250 (2010 - $nil) for the company's website, $nil (2010 - $5,500) for an investor relations agreement, and $7,155 (2010 - $1,488) for other. The increase was the result of the Company's rebranding from Gulfside Minerals Ltd. to Arrowstar Resources Ltd.
- Administration fees of $18,000 (2011 - $9,000) for administration of the affairs of the Company. The increase was the result of increased activities by the Company. The Company expects to spend similar amounts next quarter.
- Consulting fees of $113,932 (2011 - $13,500) consisted of $10,500 (2011 - $4,500) to an officer for accounting and administrative services; $9,000 (2011 - $4,500) for office administration; $19,000 (2010 - $4,500) for marketing and business development, and $75,432 (2011 - $Nil) for property research and other consulting.
- Professional fees of $26,900 ($11,778) were attributed to $18,900 (2012 -$3,788) for general operating legal fees and $8,000 ($8,000) for audit/accounting.
- Share-based compensation totaled $112,581 (2011 - $163,632) which was the result of the issuance of stock options.

2011 Financial Results

For the year ended December 31, 2011, the Company recorded net income of $810,419 compared to a loss of ($4,829,989) for the year ended December 31, 2010. The Company generated $1,563,485 of income as a result of the settlement of the ECM lawsuit. Loss from operating items was $753,066 and the Company expects to continue incurring losses from operations during fiscal 2012 as it explores its properties.

Expenses

As noted above, operating expenses totaled $753,066 for the year ended December 31, 2011 compared to $463,110 for the year ended December 31, 2010. Details of the most significant items are as follows:

Consulting fees, share-based compensation, and property investigation costs were increased to $190,854, $188,480, and $9,738 from $143,407, $nil, and $900 in fiscal 2010. The increases were the result of the Company pursuing new projects and additional sources of capital during the year.

Professional fees consisted of accounting costs of $80,035 (2010 - $37,687) and legal of $54,836 (2010 - $55,874). Accounting costs increased significantly as a result of the Company's adoption of IFRS and legal fees were increased as the Company's general activity level increased from the prior year.

Regulatory fees as well as travel also increased from $20,615 and $30,460 in 2010 to $27,068 and $72,937 during the year ended 2011 as a result of the increased activity.

Administration fees decreased from $86,000 to $51,000 making it more consistent with years prior to 2009.

Investor relations of $45,436 was decreased from $67,115 in fiscal 2010 as a result of the Company changing its approach to investor relations.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended March 31, 2011.

Quarter Ended Amounts in 000's	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011	Mar 31, 2011	Dec 31, 2010	Sept 30, 2010	June 30, 2010
Net income (loss)	(328)	1,312	(171)	(112)	(219)	(4,456)	(104)	(104)
Earnings (loss) per share – basic and diluted	(0.01)	0.02	(0.00)	(0.00)	(0.01)	(0.12)	(0.00)	(0.00)
Total assets	2,530	2,417	1,041	680	390	142	4,856	4,845
Working capital	1,641	1,495	569	300	(2)	(217)	(607)	(467)

In the quarter ended March 31, 2012, the Company entered into an option agreement to acquire 100% of the Harris Group of properties located in British Columbia. In order to acquire the interest the Company make cash payments totaling $100,000, incur $225,000 of work commitments, and issue 800,000 shares. The optionee retains a 2% NSR which can be reduced to 1% for $1,000,000 and to 0% for an additional $2,000,000. The Company also granted 3,670,000 stock options exercisable at a price of $0.10 for a period of five years.

In the quarter ended December 31, 2011, the Company recorded net income of $1,322,884 primarily as a result of $1,511,021 from recovery of property litigation, gain on farm-out arrangement of $41,402, recovery of exploration and evaluation costs of $25,000 and the Company lost $23,000 from unrealized losses on marketable securities. Operating expenses totaled $263,804 for the quarter.

In the quarter ended September 30, 2011, the Company completed a non-brokered private placement and issued 2,200,000 flow-through units and 9,800,000 non-flow-through units a price of $0.05 per unit, for gross proceeds of $600,000. Each flow-through unit consisted of one common share and one whole share purchase warrant exercisable at a price of $0.15 per share expiring on September 30, 2013. Each non-flow-through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on September 30, 2013. The Company paid $44,250 in finder's fees in connection with the private placement. The Company signed option agreements to acquire the Pacific Rim project in Alaska, the Rannie Lake project in Newfoundland and the Roberts Lake project in Quebec.

In the quarter ended June 30, 2011, the Company completed a non-brokered private placement and issued 3,100,000 flow-through units and 5,140,000 non-flow-through units a price of $0.10 per unit, for gross proceeds of $824,000. Each flow-through unit consisted of one common share and one half share purchase warrant exercisable at a price of $0.15 per share expiring on April 13, 2012. Each non-flow-through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on April 13, 2012. The Company paid $61,680 in finder's fees in connection with the private placement. The Company introduced a third party to the vendors of the Onjuul Coal Property. The Company relinquished all title to the property and released all previous project technical information to the third party in exchange for $325,000 of which $25,000 was paid upon execution of the agreement and $300,000 upon the third party acquiring 80% of the Onjuul and Black Hole Coal Properties.

In the quarter ended March 31, 2011, the Company completed a 100% acquisition of certain gold claims referred to as the Northern Treasure group, located in the Atlin Mining Division in British Columbia, Canada. In order to acquire the interest in the project, the Company must make cash payments totaling $30,000 ($10,000 paid upon signing the agreement), incur $225,000 in work over three years and issue 400,000 common shares (200,000 common shares issued and an additional 200,000 common shares to be issued after three years), and complete the work commitments. In addition, the Company has agreed to issue a further 400,000 common shares on the property going into commercial production. The vendor retains a 1% net smelter return royalty ("NSR") which the company may purchase for $1,000,000. The Company completed a 100% acquisition of certain claims referred to as the Bryer Group, located in the Atlin Mining Division in British Columbia, Canada. In order to acquire a 100% interest in the project, the Company must make cash payments totaling $15,000 ($5,000 paid upon signing the agreement), incur $225,000 in work over three years and issue 300,000 common shares of the Company, (100,000 common shares issued and an additional 200,000 common shares to be issued after three years and completion of the work commitments). In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The vendor retains a 1% NSR. Granted 2,200,000 incentive stock options at $0.10 per option for a period of five years to various directors, officers, employees and consultants.

In the quarter ended December 31, 2010, the Company's general and administration was consistent with prior periods. All related property and deferred exploration costs in the amount of $4,896,340 have been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties.

In the quarter ended September 30, 2010, the Company's general and administration was consistent with prior periods. The Company had exploration expenditures of $36,695 on the Black Hole and Onjuul property and acquisition expenditures of $21,921 on the Buleen Hundii and Brown Valley property.

In the quarter ended June 30, 2010, the Company's general and administration was consistent with prior periods. The Company had exploration expenditures of $nil on the Black Hole and Onjuul property.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2012 the Company has working capital of $1,640,507 (December 31, 2011 – $1,495,000).

Subsequent to March 31, 2012, the Company completed a non-brokered private placement for gross proceeds of $450,000 by issuing 6,000,000 units. A finder's fee of 280,000 units was issued as part of the private placement. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.15 for a period of two years.

As a result of economic conditions, globally, there is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector will have limited access to capital. Although the business and assets of the Company have not changed, investors have increased their risk premium and their overall equity investment has diminished. The Company continually monitors its financing alternatives and expects to finance its Fiscal 2012 operating overhead and acquisition and exploration expenditures through a private placement.

The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. There can be no assurance that such funds will be available on favorable terms, or at all.

The Company has no long-term debt obligations.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 66,901,369 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MDA the Company has 6,061,667 incentive stock options outstanding which if exercised, would provide additional capital of $1,245,950.

(c) As at the date of the MDA the Company has 18,280,000 outstanding share purchase warrants which if exercised, would provide additional capital of $2,742,000.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the quarter ended March 31, 2012:

Paid administration and consulting fees of $28,500 (2011 - $13,500) to companies controlled by an officer and a director. Robert Card, President, received $18,000 (2011 - $9,000) and Blaine Bailey, CFO, received $10,500(2011 - $4,500).

Key management personnel compensation (including senior officers and directors of the Company) for the quarter ended March 31, 2012:

		2012		2011
Short-term benefits	$	28,500	$	13,5000
Share-based compensation		48,295		81,816
Total remuneration	$	76,795	$	95,316

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

INVESTOR RELATIONS

The Company has entered into an Investor Relations agreement with Advanture Capital Partners Inc. ("Advanture") to provide investor relations services to the company. The term of the contract is for 12 months at a monthly fee of $5,500 which was amended to $2,500. The Company terminated the agreement with Advanture effective June 30, 2011.

RECOVERY FROM PROPERTY SETTLEMENT

During the year ended December 31, 2011, the Company recognized a recovery from property settlement of $1,515,750. Please see note 12 of the financial statements for details.

RISKS AND UNCERTAINTIES

The Company's principal activity is resource property exploration and development. Companies in this industry are subject to many and varied kinds of risks, but not limited to, environmental, mineral prices, political, and economical.

The Company will take steps to verify the title to any properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liabilities to the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash and marketable securities are measured at Level 1 of the fair value hierarchy. The carrying value of receivables, accounts payable and accrued liabilities and note payable approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions, as well as in a lawyers trust accounts in Mongolia.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of March 31, 2012 the Company had cash balance of $1,745,143 (December 31, 2011 - 1,654,511) to settle current liabilities of $153,155 (December 31, 2011 - $213,959). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Amounts exposed to market risk include marketable securities of $18,500 (December 31, 2011 - $22,000).

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars. Amounts exposed to foreign currency risk include cash of US$685 as of March 31, 2012 (December 31, 2011 - US$11,155).

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and belief, and are subject to risk, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA.

Additional information on the Company available through the following source: www.sedar.com.