ARROWSTAR RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

REPORT DATE
NOVEMBER 27, 2013

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Arrowstar Resources Ltd. (the "Company") for the period ended September 30, 2013.

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

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

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact of omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which is it was made, with respect to the period covered by these filings, and these consolidated financial statements together with other financial information included in these filings, The Board of Directors' approves the consolidated financial statements and MDA and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

The MDA should be read in conjunction with the Company's condensed consolidated interim financial statements and notes thereto for the period ended September 30, 2013 and for the year ended December 31, 2012, 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 PROJECTS

The Company is primarily exploring for iron ore on a property that could 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 prior to 2012 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 by Marcona Corporation in the late 1960's.
The Company has completed a program of measuring the magnetic field intensity (in nano teslas) of the tenement and conducted some geochemistry analysis on 107 rock chip float samples to correlate the Fe magnetic and total Fe values with the magnetic susceptibility values. Further beneficiation tests on grind size, Fe and other element liberation has also been conducted with pleasing results. Follow up petrographic analysis and thin section work is planned.

The Company now has sufficient data for a diamond drill program to determine an inferred or indicated NI 43-101 resource estimate.

This project is a magnetite deposit with samples analysed in the 1960's showing high grades of titanium and vanadium 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. The concentrate can then be smelted to produce pig iron. On average, the Snettisham deposit is believed to contain: 18% - 20% magnetite, 2% - 6% titanium, c. 0.05% vanadium and c. 0.01% platinum (Source: Scoping Study Proposal for the Metallurgical Development of Snettisham Titano-Magnetite Deposit. Tata Steel Consulting – Jan 2011). The analysis completed on rock chip samples show grades as high as 57% Fe with 35% of this being magnetite.

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 one billion metric tonnes.

Altitudes ranged from sea level to 1000 feet. The pyroxenite extends to the northwest 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 a current mineral resource.

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 analysis of samples and magnetic susceptibility meter. This will allow us to correlate Fe Total and Fe mag values with magnetic susceptibility.
- An outcrop 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 magnetic study to identify key changes in magnetic susceptibility, mineralogy and the extent of magnetite mineralization.

Spring/Summer, 2013

- In phase two, a diamond drilling program directed by the results of the above studies will allow suitable targets to be identified so that a Resource Estimate can be produced followed by a further drilling campaign in summer 2013 and 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 March through to November. 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, MAIMVA a Director, and Qualified Person under NI 43-101, has read and approved the technical information above on the Snettisham project.

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 consolidated 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.

Financial Year Ended	**December 31, 2012**	**December 31, 2011**	**December 31, 2010**
Net income (loss)	(2,128,790)	810,419	(4,829,989)
Earnings (loss) per share – basic and diluted	(0.03)	0.02	(0.12)
Exploration and evaluation assets	519,548	706,691	-
Total assets	900,536	2,417,065	142,425
Working capital (deficiency)	176,367	1,495,000	(217,024)

Overview

During fiscal 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 valued at $21,000 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.

The Company continued to work on its exploration and evaluation assets eventually deciding to focus exclusively on the Port Snettisham project in Alaska (see “Overall Performance, Exploration Projects”) which resulted in all other exploration and evaluation projects being written-off.

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.

Results of Operations for the quarter ended September 30, 2013 and the year ended December 31, 2012

Quarter Ended September 30, 2013

This review of the Results of Operations should be read in conjunction with the condensed consolidated interim financial statements of the Company for the quarter ended September 30, 2013.

For the quarter ended September 30, 2013, the Company recorded a loss of $100,863 compared to a loss of $138,545 for the prior quarter ended June 30, 2013. Loss from operations was $100,699 and there was a loss from other items of $164 which resulted from an unrealized loss on marketable securities ($200) and interest income ($36). The Company expects to continue incurring losses from operations during fiscal 2013 as it continues to work on the Port Snettisham project.

Expenses

As noted above, operating expenses totaled $100,699 for the period ended September 30, 2013 which is a decrease of $35,846 when compared to the expense total of $136,545 for the prior three month period ended June 30, 2013. Details of the most significant changes are as follows:

Consulting fees and investor relations decreased drastically by $12,000 and $18,535 respectively, as the Company reduced the amount paid to non-exploration staff. Share-based compensation increased by $6,188 for vesting during the quarter and legal fees increased by $12,012. Office expenses and travel costs also decreased by $2,528 and $15,273 as management strived to streamline operations in an effort to reduce costs. All other operating items were consistent with the prior period.

Year Ended December 31, 2012

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

For the year ended December 31, 2012, the Company recorded a loss of $2,128,790 compared to income of $810,419 for the year ended December 31, 2011. The Company's loss was driven by a write-off of exploration and evaluation assets totalling $899,589 which was the result of the Company choosing to focus exclusively on the Port Snettisham project instead of its other projects. Loss from operating items was $1,219,848 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 $1,219,848 for the year ended December 31, 2012 compared to $753,066 for the year ended December 31, 2011. Details of the most significant items are as follows:

Administration fees, consulting fees, share-based compensation, investor relations, and property investigation costs were increased to $172,000, $298,101, $249,838, $115,535 and $94,627 from $51,000, $190,854, $188,480, $45,436 and $9,738 in fiscal 2011. The increases resulted as the Company worked on its exploration and evaluation assets, searched for potential new projects, and pursued additional sources of capital during the year.

Professional fees consisted of accounting costs of $39,490 (2011 - $80,035) and legal of $64,803 (2011 - $54,836). Accounting costs decreased significantly as a result of the Company's improved efficiency and legal fees were increased as the Company's general activity level increased from the prior year.

Rent and office of $48,216 and $31,217 increased from $10,665 and $17,107 in fiscal 2011 as a result of the Company changing its premises as more office space was required to support increased activity in the Company.

Travel and regulatory costs of $76,635 and $26,293 remained relatively consistent from the prior years (2011 - $72,937 and $27,068).

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 consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended September 30, 2013.

Quarter Ended Amounts in 000's	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011
Net income (loss)	(101)	(139)	(178)	(1,209)	(381)	(211)	(328)	1,312
Earnings (loss) per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	0.02
Total assets	639	646	728	901	1,973	2,274	2,530	2,417
Working capital	(226)	(161)	2	177	517	1,140	1,641	1,495

During the quarter ended September 30, 2013, the Company continued to explore the Port Snettisham project in Alaska. There were no financings or property acquisition or disposals during the period.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2013, the Company has a working capital deficit of $226,876 (December 31, 2012 – surplus of $176,367).

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 2013 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 69,884,702 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 5,945,000 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 6,640,833 outstanding share purchase warrants.

RELATED PARTY TRANSACTIONS

Key management personnel compensation for the three and six month periods ended September 30 2013 and 2012 are as follows:

	Three Months Sep. 30, 2013	Three Months Sep. 30, 2012	Nine Months Sep. 30, 2013	Nine Months Sep. 30, 2012
Short-term benefits paid or accrued:				
Administration fees to a company controlled by Card	$ 18,000	$118,000	$54,000	$154,000
Consulting fees to a company controlled by Bailey	10,500	10,500	21,000	31,500
Consulting fees to Jarvis, Arendt, and Ashton	6,000	3,000	9,000	24,000
Deferred exploration costs to a company controlled by Thomas	-	-	20,000	-
	$ 31,500	$131,500	$101,000	$209,500
Share-based compensation	6,961	37,202	22,886	85,497
Total remuneration	$ 38,461	$168,702	$123,886	$294,997

Accounts payable and accrued liabilities as at September 30, 2013 included $106,804 (December 31, 2012 - $79,153) owed to a director and companies controlled by a director or officer.

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.

INVESTOR RELATIONS

The Company has engaged Lawrie Koyle to provide investor relations, corporate communications, and marketing services to the Company. The initial term of the engagement is twelve months beginning September 26, 2012 with a monthly fee of $4,500. The Company also issued Mr. Koyle 200,000 share purchase options exercisable at a price of $0.10 for five years. The options vest over a twelve month period. The Company elected not to continue the contract past its original term.

OFF BALANCE SHEET ARRANGEMENTS

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

UPCOMING ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2012 and have not been applied in preparing these consolidated financial statements.

Financial instruments

IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

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.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data
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The fair value of cash and marketable securities are measured at Level 1 of the fair value hierarchy. The carrying value of receivables, and accounts payable and accrued liabilities 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.

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 September 30, 2013 the Company had cash balance of $24,518 (December 31, 2012 - $297,332) to settle current liabilities of $269,649 (December 31, 2012 - $178,390). 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 $800 (December 31, 2012 - $5,000).

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 demand 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$1,021 as of (December 31, 2012 – US$561).

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 exploration and evaluation assets. 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 property in which the Company currently has an interest is 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 on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

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.