ARROWSTAR RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

REPORT DATE
November 26, 2014

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, 2014.

On July 28, 2014, all of the issued common shares and equity instruments of the Company were consolidated basis of 10 pre-consolidation common shares/equity instruments for 1 post-consolidation common share/equity instrument. As a result of the consolidation, all share and per-share information has been retrospectively restated to reflect the consolidation.

The Company's activities are primarily directed towards acquisition, exploration and development of mineral 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, 2014 and for the year ended December 31, 2013, 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 880 – 800 West Pender Street Vancouver, British Columbia, V6C 2V6.

OVERALL PERFORMANCE

EXPLORATION PROJECTS

The Company is diversifying its approach to investing in minerals by targeting the acquisition of projects or alternatively the development of projects in a shorter time frame to diversify investment risk and produce cash flows that are more certain. A sustained decline in the iron ore price signals the new pricing regime we are facing.

To this end the Company has investigated gold, copper, antimony and tin projects in the Americas and Latin America and also upstream processing plants for copper concentration.

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, 2014.

Quarter Ended Amounts in 000's	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012
Net income (loss)	(802)	(57)	(59)	(223)	(101)	(139)	(178)	(1,209)
Earnings (loss) per share – basic and diluted	(0.11)	(0.01)	(0.01)	(0.03)	(0.02)	(0.01)	(0.01)	(0.18)
Total assets	25	774	657	658	639	646	728	901
Working capital	(714)	(660)	(492)	(437)	(226)	(161)	2	177

During the quarter ended September 30, 2014, the Company focused on conserving cash while working towards finding a project to focus on.

Results of Operations Quarter Ended September 30, 2014

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, 2014.

For the quarter ended September 30, 2014, the Company recorded a loss of $801,744 compared to a loss of $100,863 for the same quarter ended 2013. Loss from operations was $54,278. The Company expects to continue incurring losses from operations during fiscal 2014 as it works on the Port Snettisham project.

Expenses

As noted above, operating expenses totaled $54,278 for the period ended September 30, 2014 which is a significant decreased compared to $100,663 for the same period in the prior year. Details of the most significant items are as follows:

Administration fees decreased by $16,000, consulting fees decreased by $43,000, investor relations decreased by $4,203, rent decreased by $14,440, and share-based compensation decreased by 7,526 as the Company successfully streamlined operations. This was off-set by foreign exchange loss which increased by $10,956, professional fees which increased by $4,571, and regulatory fees which increased by $3,649. The increase in foreign exchange loss was completely market based while the increase in professional fees and regulatory fees are related to the Company recovering from being cease traded and completing a share consolidation.

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, 2013	December 31, 2012	December 31, 2011
Net loss	(640,556)	(2,128,790)	810,419
Loss per share – basic and diluted	(0.01)	(0.03)	0.02
Exploration and evaluation assets	637,719	519,548	706,691
Total assets	658,486	900,536	2,417,065
Working capital (deficiency)	(436,892)	176,367	1,495,000

Overview

Fiscal 2013

During fiscal 2013, the Company raised $43,300 by issuing 1,443,333 units. Each unit consisted of one common share and 1/4 share purchase warrant. Each whole warrant is exercisable at a price of $0.05 for a period of one year.

The Company continued to work on the Port Snettisham project in Alaska, USA (see "Overall Performance, Exploration Projects").

Fiscal 2012

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 which resulted in all other exploration and evaluation projects being written-off.

Fiscal 2011

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.

Results of Operations – Year Ended December 31, 2013

For the year ended December 31, 2013, the Company recorded a loss of $640,556 compared to a loss of $2,128,790 for the year ended December 31, 2012. The most significant reasons for the large difference was 1) Management's efforts to reduce overhead, with general expenses decreasing to $588,635 from

$1,219,848 and 2) Write-off of exploration and evaluation assets being significantly reduced to $35,000 from $899,589 in the prior year. The Company expects to continue incurring losses from operations during fiscal 2014 as it explores its properties.

Expenses

As noted above, operating expenses totaled $588,635 for the year ended December 31, 2013 compared to $1,219,848 for the year ended December 31, 2012. Details of the most significant items are as follows:

Administration fees, consulting fees, investor relations, office, professional fees, property investigation, share-based payments, and travel were all significantly reduced by $100,000; $122,601; $20,056; $15,941; $31,358; $94,627; $218,901; and $65,221 respectively. This reduced expenses by $659,625. The significant savings was a result of management's ongoing efforts to improve efficiency and reduce overhead.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014 the Company has a working capital deficit of $713,687 (December 31, 2013 – $436,892).

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 2014 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.

RELATED PARTY TRANSACTIONS

Key management personnel compensation for the period ended September 30 was as follows:

	3 Months Ended Sept. 30, 2014	3 Months Ended Sept. 30, 2013	9 Months Ended Sept. 30, 2014	9 Months Ended Sept. 30, 2013
Short-term benefits paid or accrued:				
Administration fees paid to Card	$ -	$ 18,000	$ 6,000	$ 54,000
Consulting fees paid to Jarvis, Brohman, and a company controlled by Bailey,	14,500	16,500	41,500	30,000
Exploration and evaluation asset costs to a company controlled by Thomas	-	-	110,641	20,000
	$ 14,500	$ 31,500	$ 158,141	$ 101,000
Share-based compensation	-	6,961	3,804	22,886
Total remuneration	**$ 14,500**	**$ 38,461**	**$ 161,945**	**$ 123,886**

Accounts payable and accrued liabilities as at September 30, 2014 included $334,581 (December 31, 2013 - $183,754) owed to a director and companies controlled by a director or officer.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 6,984,421 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 507,000 incentive stock options outstanding.

(c) As at the date of the MDA the Company has no outstanding share purchase warrants.

OFF BALANCE SHEET ARRANGEMENTS

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

INVESTOR RELATIONS

The Company had engaged Lawrence Koyle to provide investor relations, corporate communications, and marketing services to the Company. The initial term of the engagement was 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 vested over a twelve month period. The Company elected to not continue its contract with Mr. Koyle in November, 2013 and all options issued have expired.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

UPCOMING ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards are not yet effective for the Company's September 30, 2014 quarterly, see note 2 of the September 30, 2014 condensed consolidated interim 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

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

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, 2014 the Company had cash balance of $2,852 (December 31, 2013 - $3,988) to settle current liabilities of $738,672 (December 31, 2013 - $457,659). 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 $1,200 (December 31, 2013 - $400).

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$888 as of (December 31, 2013 – US$954).

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 ongoing 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.

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.