ARROWSTAR RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

REPORT DATE
November 30, 2015

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, 2015.

During fiscal 2014, all of the issued common shares and equity instruments of the Company were consolidated on the 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 in the financial statements has been restated to reflect the consolidation.

The Company’s activities are primarily directed towards acquisition and evaluation 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 or 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, 2015 and for the year ended December 31, 2014, 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 Suite 2300 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3.

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 exploration and mine execution 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 combined with the consistent production from Rio Tinto and BHP in Australia of pre-price decline volumes of iron ore.

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. Due diligence has been completed on one project in Mexico but the Board of Directors declined to proceed on the basis of political and other risks.

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, 2015.

Quarter Ended Amounts in 000's	Sep. 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar 31, 2014	Dec. 31, 2013
Net income/(loss)	(83)	(89)	(59)	(31)	(802)	(57)	(59)	(223)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.11)	(0.01)	(0.01)	(0.03)
Total assets	37	84	122	161	25	774	657	658
Working capital	(832)	(750)	(661)	(613)	(714)	(660)	(492)	(437)

Comparing the quarter ended September 30, 2015 to the prior quarter: consulting fees decreased significantly by $73,998, as a result of the Company's ongoing effort to decrease costs. This was countered by foreign exchange loss, professional fees, and regulatory fees which increased by $22,217, $40,514, and 4,155 respectively.

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, 2014	December 31, 2013	December 31, 2012
Net loss	(949,371)	(640,556)	(2,128,790)
Loss per share – basic and diluted	(0.14)	(0.09)	(0.30)
Exploration and evaluation assets	-	637,719	519,548
Total assets	160,545	658,486	900,536
Working capital (deficiency)	(612,744)	(436,892)	176,367

Overview

Fiscal 2014

During fiscal 2014, the Company declined its option on the Port Snettisham iron ore project in Alaska, USA, writing-off the asset. The Company continued to manage its overhead diligently while reviewing other projects to determine which to pursue. It still holds 21 claims in Port Snettisham.

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.

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.

Results of Operations for the years ended December 31, 2014 and 2013

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, 2014.

2014 Financial Results

For the year ended December 31, 2014, the Company recorded a loss of $949,371 compared to a loss of $640,556 for the year ended December 31, 2013. Included in the loss for fiscal 2014 was a write-off of exploration and evaluation assets of $747,966 (2013 - $35,000).

General expenses significantly decreased during fiscal 2014 to $202,105 from $588,635 in fiscal 2013, a decrease of $386,530. Contributing to this decrease were administration expenses, consulting fees, investor relations, office expenses, professional fees, rent, regulatory fees, share-based compensation, and travel which decreased by $62,600; $81,500; $112,080; $10,850; $13,267; $58,258; $11,303; $30,937; and $9,953 respectively. This was countered only by foreign exchange loss which increased by $8,370 due to price variance between the USD and CAD. Overall, general expenses have been managed and reduced significantly.

The Company expects to continue incurring losses from operations during fiscal 2015 as it pursues new opportunities.

2013 Financial Results

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.

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, 2015, the Company has a working capital deficit of $832,316 (December 31, 2014 – $612,744).

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 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.

During the period ended September 30, 2015, the Company issued 2,480,500 units at a price of $0.06 per unit for gross proceeds of $148,830 of which $139,800 was received and recorded as subscriptions received in advance as of December 31, 2014. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.15 for a period of five years.

The Company has no long-term debt obligations.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 9,464,921 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 no incentive stock options outstanding.

(c) As at the date of the MDA the Company has 2,480,500 outstanding share purchase warrants.

INVESTOR RELATIONS

The Company currently does not currently engage any party for investor relation services.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the periods ended September 30 were:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Short-term benefits, paid or accrued:				
Administration fees to a company controlled by Card	$ -	$ -	$ -	$ 6,000
Consulting fees to Stephen Brohman, Andrew Jarvis, and companies controlled by Blaine Bailey, Phillip Thomas, and Brian Ashton	(5,166)	14,500	136,166	41,500
Deferred exploration costs to a company controlled by Phillip Thomas	-	-	-	110,641
	$ (5,166)	$ 14,500	$ 136,166	$ 158,641
Share-based payments	-	-	1,964	3,804
Total remuneration	$ 59,832	$ 14,500	$ 138,130	$ 161,945

Accounts payable and accrued liabilities as at September 30, 2015 included $552,987 (December 31, 2014 - $364,729) owed to a director and companies controlled by directors.

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.

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.

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

The fair value of cash and marketable securities are measured at Level 1 of the fair value hierarchy. The carrying value of receivables, exploration and evaluation advances, 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, 2015 the Company had cash balance of $21,221 (December 31, 2014 - $136,845) to settle current liabilities of $865,790 (December 31, 2014 - $769,289). Some 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 $700 (December 31, 2014 - $1,100).

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$195 as of September 30, 2015 (December 31, 2014 – US$870).

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. There were no changes to the Company's approach to capital management during the year.

UPCOMING ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards are not yet effective as of September 30, 2015, see note 2 of the September 30, 2015 condensed consolidated interim financial statements for details.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

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.