ARROWSTAR RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

REPORT DATE
April 27, 2016

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Arrowstar Resources Ltd. (the "Company") for the year ended December 31, 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 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 consolidated financial statements and notes thereto for the year ended December 31, 2015 which can be found on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

Nature of Business

Arrowstar is a publicly traded mineral exploration company, whose common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AWS". The Company's principal business activity is the exploration and evaluation of mineral properties located in USA.

The head office and principal address of the Company is Suite 2300 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3, Canada. The registered and records offices of the Company are located at Suite 2300 – 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada.

Business Highlights

The Company has entered into a Part and Parcel Private Placement, Debt Settlement and Assignment Agreement to acquire the Tin Cup and FM ("Secret Pass") concessions (the "Project") which are located 26 miles northwest of Kingman via Hwy 68 in Mohave County, Arizona. The properties consist of State Prospecting Permits and Bureau of Land Management lode mining claims of approximately 2,204 acres. The claim area has numerous historical gold workings along with several untested drill targets from past exploration.

Assignment Agreement

The Company entered into an Assignment Agreement with Performance Acquisitions LLC ("Performance") who had entered into an option agreement, the "Tin Cup Option Agreement", with NJB Mining Inc. ("NJB") pursuant to which Performance has the option (the "Option") to acquire a one hundred percent (100%) right, title and interest in and to the Secret Pass Concessions situated in the State of Arizona, USA. Performance has assigned all of its rights and obligations (the "Assignment") in the Tin Cup Option Agreement to a wholly-owned USA subsidiary of the Company which is currently in the process of being incorporated. The Company will pay consideration of five million common shares to Performance as detailed below. The Assignment Agreement remains subject to regulatory approval. In order to maintain the Tin Cup Option Agreement, the following payment and work commitments will be due to NJB.

- Issue to NJB 5% of any shares issued to Performance as a result of optioning the property to a third party.
- Payment of US$150,000 on commencement of commercial production.
- Annual payment of all tenement and BLM filing fees.
- Phase 1 exploration expenditure of US$200,000. The Company will vest a 25% interest in the property at the completion of Phase 1.
- Phase 2 exploration expenditure of US$400,000, whereupon the Company will vest an additional 15% interest in the property for an aggregate interest of 40%. The Company has eighteen months from the date of this agreement, March 21, 2016, to complete Phase 1 and 2. The Company will forfeit its aggregate interest if the Company decides not to go into commercial production.
- If the Company intends to go into commercial production it will be responsible for all costs including drilling, resource estimation, preliminary economic assessment, prefeasibility study, bankable feasibility study and mine permitting. The Company will retain its 40% interest once commercial production commences.
- A royalty of 15% will be paid in favour of NJB on net profits until US$6,000,000 has been paid. Once US$6,000,000 has been paid, the Company will have earned a 100% interest in the property subject to a reduced royalty of 5% for the balance of the mine life.
- The Company has the option to acquire the remaining 5% royalty, but the terms under which it can be purchased have not yet been agreed.

As consideration for the Assignment of the Option, the Company will issue an aggregate of 5,000,000 common shares of the Company to Performance as follows:

- 1,500,000 common shares upon receipt by the Company of TSX-V approval on the Transaction.
- 1,000,000 common shares upon completion of Phase 1 exploration requirements.
- 1,000,000 common shares upon completion of Phase 2 exploration requirements.
- 1,500,000 within 14 days of the earlier of the 18-month anniversary of this agreement, March 29, 2016 or the approval from the Arizona Bureau of Land Management of the production plan to commence mining and production.

Concurrent Financing

On April 18, 2016 the Company announced it would undertake a private placement of up to 6,900,000 Units (the "Units") at a price of $0.05 per Unit for gross proceeds of up to $345,000. Each Unit will consist of one common share and one transferrable share purchase warrant with each Warrant entitling the holder to purchase an additional common share for a period of two (2) years at a price of $0.085 per share in the first year of exercise and $0.12 per share in the second year of exercise. The private placement has not closed and is subject to the approval of the TSX-V.

Debt Settlement Agreements

On April 18, 2016 the Company announced a proposal to settle $750,390 due to creditors by the way of the issuance of an aggregate of 4,060,000 shares at a deemed price of $0.05 per share and, paying $4,500 in cash and recording a gain on settlement of accounts payable of $542,890. The debt settlement has not closed and is subject to the approval of the TSX-V.

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, 2015	December 31, 2014	December 31, 2013
Net loss	(285,895)	(949,371)	(640,556)
Loss per share – basic and diluted	(0.03)	(0.14)	(0.09)
Exploration and evaluation assets	-	-	637,719
Total assets	29,656	160,545	658,486
Working capital (deficiency)	(888,395)	(612,744)	(436,892)

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 December 31, 2015.

Quarter Ended Amounts in 000's	Dec. 31, 2015	Sep. 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar 31, 2014
Net loss	(55)	(83)	(89)	(59)	(31)	(802)	(57)	(59)
Loss per share – basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.11)	(0.01)	(0.01)
Total assets	30	37	84	122	161	25	774	657
Working capital	(888)	(832)	(750)	(661)	(613)	(714)	(660)	(492)

Financial Results of Operations

During the year ended December 31, 2015, the Company incurred a net loss of $285,895 (2014 – $949,371).

The following discussion explains the variations in key components of these numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

Year ended December 31, 2015 compared to Year ended December 31, 2014

The Company's general and administrative costs were $373,042 (2014 - $202,105), and reviews of the major items are as follows:

- Consulting fees of $207,664 (2014 - $94,000), primarily due to the CEO fees in 2014 were charged to deferred exploration;
- Property investigation of $19,011 (2014 - $Nil), increased primarily as a result of costs associated with property's the Company reviewed during the year;
- Professional fees of $68,329 (2014 - $59,668), remained relatively the same due to Company's overall activities; and
- Regulatory fees of $21,823 (2014 - $7,693), increased due to closing of private placement and an accounting adjustment $13,465 made in 2014.

Other items showed a gain/ (loss) of $87,147 (2014 – ($747,966)). Due to their nature, these transactions relate to events that do not necessarily generate comparable effects on the Company's operating results. Significant areas of change include:

- Write-off on exploration and evaluation assets of $Nil (2014 - $747,966). During the year ended December 31, 2014 the Company wrote-off the carry value of the Port Snettisham Property in Alaska. The Company determined that no further exploration work would be done on the property resulting in the Company write-off; and
- Gain on settlement of accounts payable of $87,697 (2014 - $Nil). During the year ended December 31, 2015 the Company paid $5,000 for settlement of $92,697 in accounts payable.

Three Months ended December 31, 2015 compared to three months ended December 31, 2014

The Company's general and administrative costs were $92,937 (2014 - $30,953), and reviews of the major items are as follows:

- Consulting fees of $44,498 (2014 - $25,500), primarily due to increased activity of property investigation;
- Property investigation of $19,011 (2014 - $Nil), increased primarily as a result of costs associated with property's the Company reviewed during the year ; and
- Professional fees of $9,727 (2014 - $6,165), which remained relatively consistent.

Year ended December 31, 2014 compared to Year ended December 31, 2013

The Company's general and administrative costs were $202,105 (2013 - $588,635), and reviews of the major items are as follows:

- Administration fees of $9,400 (2013 - $72,000), was reduced due to resignation of former CEO of the Company;

- Consulting fees of $94,000 (2013 - $175,500), was reduced due to less activity of the Company;

- Investor relations of $1,399 (2013 - $113,479), was reduced significantly due to less activity of the Company and implementation of cost controls;

- Rent of $Nil (2013 - $58,258), was reduced significantly due to office lease terminating and office operated with no rent required; and

- Share based payments of $Nil (2013 - $30,937), decreased due to no options vesting in 2014.

Other items showed a loss of $747,966 (2013 – ($51,921)). Due to their nature, these transactions relate to events that do not necessarily generate comparable effects on the Company's operating results. Significant areas of change include:

- Write-off on exploration and evaluation assets of $747,966 (2013 - $35,000). During the year ended December 31, 2014 the Company wrote-off the carry value of the Port Snettisham Property in Alaska. During the year ended December 31, 201 the Company wrote-off the carry value of the Roberts Lake property in Quebec. The Company determined that no further exploration work would be done on the properties resulting in the Company write-off.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, the Company has a working capital deficit of $888,395 (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 fiscal 2016 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 fiscal 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.

On April 18, 2016 the Company announced it would undertake a private placement of up to 6,900,000 Units (the "Units") at a price of $0.05 per Unit for gross proceeds of up to $345,000. Each Unit will consist of one common share and one transferrable share purchase warrant with each Warrant entitling the holder to purchase an additional common share for a period of two (2) years at a price of $0.085 per share in the first year of exercise and $0.12 per share in the second year of exercise. The private placement has not closed and is subject to the approval of the TSX-V.

On April 18, 2016 the Company announced a proposal to settle $750,390 due to creditors by the way of the issuance of an aggregate of 4,060,000 shares at a deemed price of $0.05 per share, paying $4,500 in cash and recording a gain on settlement of accounts payable of $542,890. The debt settlement has not closed and is subject to the approval of the TSX-V.

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.

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 year ended December 31 was:

	2015	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, Brian Ashton and Phil Thomas	207,664	58,000
Deferred exploration costs to a company controlled by Phillip Thomas	-	110,247
	$ 207,664	$ 174,247
Share-based payments	$ 1,965	$ -
Total remuneration	$ 209,629	$ 174,247

Accounts payable and accrued liabilities as at December 31, 2015 included $612,104 (2014 - $364,729) 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.

OFF BALANCE SHEET ARRANGEMENTS

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

INVESTOR RELATIONS

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

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

UPCOMING ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards are not yet effective as of December 31, 2015, see note 2 of the December 31, 2015 consolidated 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.

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

As of December 31, 2015, the Company had cash balance of $17,491 (2014 - $136,845) to settle current liabilities of $914,051 (2014 - $769,289). 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 $550 (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$127 as of December 31, 2015 (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.

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.