

MANAGEMENT DISCUSSION AND ANALYSIS FOR FORTIFY RESOURCES INC. FOR THE QUARTER ENDED NOVEMBER 30, 2016

BACKGROUND

This discussion and analysis of financial position and results of operations is prepared as at January 25, 2017, and should be read in conjunction with the interim financial statements for the quarter ended November 30, 2016 of Fortify Resources Inc. (the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the inherent uncertainties and speculative nature associated with mineral exploration and production, (3) a decreased demand for minerals, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, and (7) other factors beyond the Company's control.

Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

OVERALL PERFORMANCE

The Company was incorporated on May 31, 2011, under the British Columbia Business Corporations Act. The Company is engaged in the acquisition and exploration of mineral natural resource properties in Canada.

During the year ended February 29, 2012, the Company acquired a 100% ownership in the Property being two (2) adjoining mineral tenures comprising 436.80 has located in the Iskut River District, northwestern British Columbia approximately 90 kilometers north of the community of Stewart. The claims which comprise the Property were staked pursuant to the B.C. Ministry of Energy and Mines MTO system (Mineral Titles Online System). The earliest expiry date of the claim package is January 30, 2017. The Company completed an NI 43-101 report on the Property and plans to pursue the exploration program outlined in the report.

The breakdown of the material components of exploration assets are as follows:

| Type of Costs | Sericite East Property \$ |
|--|------------------------------|
| Acquisition costs | 7,322 |
| Site visits, staking, sampling and technical reports | 29,664 |
| Total | 36,986 |

As at November 30, 2016, the Company held assets totaling \$45,513 consisting of \$4,695 in cash and cash equivalents, \$3,832 in GST recoverable, and \$36,986 in exploration and evaluation assets. During the quarter ended November 30, 2016, the Company incurred a net loss of \$4,369.

For The Nine Months Ended November 30, 2016

During the nine months ended November 30, 2016, the Company did not earn any revenues, and incurred operating expenses of \$17,687, comprised mainly of \$1,646 of professional fees and \$12,492 of filing fees incurred in connection with filing the Company's annual financial statements and management discussion and analysis.

For the nine months ended November 30, 2016, the Company incurred a net loss of \$17,687 and a loss per share of \$0.00.

For The Three Months Ended November 30, 2016

During the three months ended November 30, 2016, the Company did not earn any revenues, and incurred operating expenses of \$4,369, comprised mainly of \$146 of professional fees and \$3,190 of filing fees incurred in connection with filing the Company's annual financial statements and management discussion and analysis.

For the three months ended November 30, 2016, the Company incurred a net loss of \$4,369 and a loss per share of \$0.00.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's most recently completed fiscal quarters:

| | Revenue \$ | Net Loss for the Period \$ | Basic and Diluted Loss Per Share \$ |
|-------------------|---------------|----------------------------------|---|
| November 30, 2014 | — | (8,349) | (0.00) |
| February 28, 2015 | — | (5,934) | (0.00) |
| May 31, 2015 | — | (10,732) | (0.01) |
| August 31, 2015 | — | (5,663) | (0.00) |
| November 30, 2015 | — | (5,314) | (0.00) |
| February 29, 2016 | — | (856) | (0.00) |
| May 31, 2016 | — | (5,144) | (0.00) |
| August 31, 2016 | — | (8,173) | (0.00) |
| November 30, 2016 | — | (4,369) | (0.00) |

LIQUIDITY

The Company is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow. The acquisition and development of future mineral property interests that the Company acquires will depend on the Company's ability to obtain additional financing through the sale of its securities or from third party loans. There is no assurance that such financing will be available when required by or under terms favorable to the Company.

As at November 30, 2016, the Company had total assets of \$45,513, comprised of cash and cash equivalents of \$4,695, amounts receivable of \$3,832 relating to GST refunds, and exploration and evaluation assets of \$36,986 relating to acquisition and exploration costs of the Company's interest in the Sericite East Property. Conversely, the Company had total liabilities of \$51,478, comprised of accounts payable and accrued liabilities for unpaid general expenditures, of which \$40,500 is owed to a company controlled by a former director of the Company.

As at November 30, 2016, the Company had a working capital deficit of \$42,951 compared to a working capital deficit of \$20,264 at February 29, 2016. The increase in working capital deficit is due to the fact that the Company incurred operating expenses during the quarter but did not receive any funds from operating, investing, or financing activities.

Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

CAPITAL RESOURCES

The Company remains dependent upon equity markets for financing.

The Company has no cash flow from operations and is dependent upon raising equity financing to sustain its operations.

The Company has not issued dividends to date and has no plans to pay dividends in the foreseeable future.

TRANSACTIONS WITH RELATED PARTIES

As at November 30, 2016, the Company is indebted to a company controlled by a former director of the Company for \$40,500. The amount is included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and due on demand.

During the quarter ended November 30, 2016, the Company incurred rent of \$943 to a company controlled by a director of the Company.

SHARE DATA

Capitalization as of November 30, 2016:

The Company is authorized to issue an unlimited number of common shares

As at November 30, 2016, there are 4,525,319 common shares issued and outstanding.

As at November 30, 2016, the Company has nil shares held in escrow.

Stock Option Plan

On March 22, 2012, the Company approved a Stock Option Plan (the “Plan”) authorizing the issuance of a maximum of 10% of the Company’s outstanding common shares on each grant date, inclusive of all shares reserved for issuance pursuant to previously granted stock options. Stock options to purchase common shares of the Company under the Plan may be granted by the Board of Directors to a director, officer, employee or consultant of the Company. The stock options are subject to vesting limitations, exercise price, and exercise periods, to a maximum term of 5 years, as determined by the Board of Directors.

As at November 30, 2016, there are no stock options outstanding.

As at November 30, 2016, there were nil share purchase warrants issued and outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would require disclosure.

CRITICAL ACCOUNTING ESTIMATES

The Company’s critical accounting estimates include the valuation of exploration and evaluation assets, and valuation of deferred income tax assets and valuation allowances. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

The Company has not made any changes to its accounting policies since its incorporation date.

FINANCIAL AND OTHER INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee nor written risk management policies. The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management’s approach to mitigating those risks are as follows:

(a) Fair Values

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

| | Fair Value Measurements Using | | | Balance, November 30, 2016 \$ |
|---------------------------|--|---|--|--|
| | Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | \$ | \$ | \$ | |
| | | | | |
| Cash and cash equivalents | 4,695 | — | — | 4,695 |

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and cash equivalents and amounts receivables. Cash and cash equivalents are held either within a legal trust or with a major financial institution in Canada that has a high credit quality as determined by ratings agencies. The Company's receivables comprise of GST amounts due from the Government of Canada, and the carrying amount of the financial assets represents the maximum credit exposure.

(c) Currency Risk

The Company's functional currency is the Canadian dollar. There is low foreign exchange risk to the Company as the Company primarily operates within Canada.

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash and cash equivalents is not significantly affected by changes in short-term interest rates. The income earned from the bank account is subject to movements in interest rates.

(e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS OR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has had no significant revenue from operations. During the quarter ended November 30, 2016, the Company incurred filing fees of \$3,190, professional fees of \$146, rent expense of \$943, and office and general expenses of \$90.

DISCLOSURE OF INTERNAL CONTROLS

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) 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 the 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 Issuer 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 NI 52-109.