Report Date: December 29, 2016

The following Managementôs Discussion and Analysis (ñMD&Aò) of the financial condition of Fort St James Nickel Corp (the ñCompanyò) and results of operations of the Company, should be read in conjunction with:

1. the audited financial statements for the year ended April 30, 2016 and related notes attached thereto which are prepared in accordance with International Financial Reporting Standards; and

2. the unaudited financial statements for the six month period ended October 31, 2016 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards.

The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company. All monetary amounts are in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

NATURE OF OPERATIONS AND OVERALL PERFORMANCE

Description of the Business and Summary of Activities

Fort St. James Nickel Corp. (the ñCompanyò) is incorporated under the Canada Business Corporations Act and its common shares are listed on the NEX Exchange under the symbol FTJ.H. The Company is a junior mineral exploration company engaged in the acquisition, evaluation and exploration, if warranted, of mineral properties in North America.

The Company has incurred recurring losses since its inception, and had an accumulated deficit of $13,721,948 as at October 31, 2016 which has been funded primarily by the issuance of shares. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

Shares Issued

During the period, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidated common share for every ten (10) pre-consolidated common shares.

On September 2016, the Company completed a non-brokered private placement, raising gross proceeds of $250,000 at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.05 for 1 year expiring September 8, 2017.

On November 17, 2016, the Company completed a non-brokered private placement, raising gross proceeds of $142,500 at a price of $0.15 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.20 for 1 year expiring November 17, 2017. The Company paid cash commissions totalling $5,250 and issued 32,000 brokersô warrants.

Resource Properties

Kilometre 26 – Central British Columbia

There has been no exploration activities on the Kilometre 26 Project during the period ended July 31, 2016 and up to the date of this report, September 22, 2016. Following is a description of the property and results of past exploration activities.

The Company owns a 100% interest in the Kilometre 26 Project, a group of mineral claims located approximately 50 kilometers northwest of Fort St. James in central British Columbia. On September 28, 2009 the Company entered into a three year Option Agreement with Eastfield Resources Ltd. (ñEastfieldò) to acquire a 60% interest in the claims. On September 9, 2011 the Company entered into an agreement with Eastfield to acquire a 100% interest in the Property and to terminate the Option Agreement in consideration for the issuance of 2,000,000 common shares. The fair value of the property was determined to be $775,000. On December 1, 2011 the Company issued the 2,000,000 common shares.

Since April 30, 2013 there has been no exploration activity on the Companyôs property. Management has assured the Companyôs rights to all mineral claims in the Kilometre 26 area are secure. Assessment work has been filed on all the claims in the Kilometer 26 property such that current expiry dates range to December 2017.

Approximately $1,000,000 has been spent on exploring the property to date. Eastfield completed an initial rock sampling program in 2009 while the Company completed more extensive programs consisting of grid establishment, rock and soil geochemical surveying and ground based induced polarization and magnetometer surveying in 2010 and 2011 and a six hole (813 metre) diamond drilling program in 2011.

The entire claim area occurs within a gentle to undulating landscape all of which occurs on government land. The predominant target of interest on the Kilometre 26 property is ophiolite hosted disseminated nickel. Motherlode style (ophiolite gold) mineralization constitutes a secondary objective.

As at October 31, 2016, the Company had $25,000 of cumulative acquisition and exploration costs related to the Kilometer 26 project.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Companyôs financial operations for each of the last three completed fiscal years prepared using International Financial Reporting Standards. For more detailed information refer to the Companyôs audited financial statements for the specific periods.

	Year ended April 30, 2016 $	Year ended April 30, 2015 $	Year ended April 30, 2014 $
Total revenue	NIL	NIL	NIL
Loss from operations	(82,134)	(210,711)	(390,536)
Income (Loss) for the year	(99,310)	319,259	(2,266,803)
Basic and diluted earnings (loss) per share	(0.00)	0.00	(0.12)
Total assets	7,350	14,763	56,644
Total long-term liabilities	NIL	NIL	NIL
Cash dividends declared	NIL	NIL	NIL

RESULTS OF OPERATIONS

During the period, and for the comparative period, the Company has continued to be in care and maintenance mode whereby its sole activity has been to maintain its ownership in its Kilometre 26 property at the least possible cost. Significant expenditures and variations of expenditures incurred during the six months ended October 31, 2016 include:

Expenses

Six Months Period	October 31, 2016 $	October 31, 2015 $
Consulting fees	15,000	-
General and administration	15,481	688
Management fees	-	15,000
Professional fees (recovery)	9,254	(1,000)
Rent	18,000	-
Share-Based Compensation	92,897	-
Shareholder communication	616	-
Transfer agent and filing fees	12,127	9,552
Travel and meeting	736	482
	(164,111)	(24,722)

- Consulting Fees ï 2016: $15,000 / 2015: $Nil; was paid was for strategic planning, as well as corporate and administrative services including project evaluation.

- Management fees ï 2016: $Nil / 2015: $15,000; charges by former by the former CEO for a period of three months for his service.

- General and administration ï 2016: $15,481 / 2015: $688; G&A costs in the current period are comprised of administration, telephone and office supplies.

- Professional Fees - 2016: $9,254 / 2015: recovery $1,000; comprise of legal and accounting and audit fees, including: $9,254,000 (2015 ï recovery $4,000) for bookkeeping and preparation of preliminary quarterly financial information.

- Regulatory and transfer agent fees - 2016: $12,127 / 2015: $9,552; consisted of fees paid to regulatory bodies in Canada in connection with routine filings and filing fees for private placement

- Share-Based Compensation - 2016: $92,897 / 2015: $Nil; a non-cash compensation cost due to the grant of $500,000 stock options.

Other items

Interest expenses of $4,534 for the period ended October 31, 2016 for payable.

Three Months Period	October 31, 2016 $	October 31, 2015 $
Consulting fees	12,500	-
General and administration	7,776	801
Management fees	-	7,500
Professional fees (recovery)	7,300	3,000
Rent	9,000	-
Share-Based Compensation	92,897	-
Shareholder communication	616	(230)
Transfer agent and filing fees	7,080	8,058
Travel and meeting	16	482
	(137,185)	(19,611)

- Consulting Fees ï 2016: $12,500 / 2015: $Nil; was paid was for strategic planning, as well as corporate and administrative services including project evaluation.
- Management fees ï 2016: $Nil / 2015: $7,500; charges by former by the former CEO for a period of three months for his service.
- General and administration ï 2016: $7,776 / 2015: $801; G&A costs in the current period are comprised of administration, telephone and office supplies.
- Professional Fees - 2016: $7,300 / 2015: $3,000; comprise of legal and accounting and audit fees.
- Regulatory and transfer agent fees - 2016: $7,080 / 2015: $8,058; consisted of fees paid to regulatory bodies in Canada in connection with routine filings and filing fees for private placement
- Share-Based Compensation - 2016: $92,897 / 2015: $Nil; a non-cash compensation cost due to the grant of $500,000 stock options.

SUMMARY OF QUARTERLY RESULTS

The following quarterly operating results have been prepared using IFRS:

	October 31, 2016 $	July 31, 2016 $	April 30, 2016 $	January 31, 2016 $
Total Revenue	-	-	-	-
Net Income (Loss)	(140,631)	(28,014)	(47,768)	(23,238)
Total comprehensive income (loss)	(140,631)	(28,014)	(47,768)	(23,238)
Basic and diluted loss per share	(0.02)	(0.00)	(0.02)	(0.01)

	October 31, 2015 $	July 31, 2015 $	April 30, 2015 $	January 31, 2015 $
Total Revenue	-	-	-	-
Net Income (Loss)	(21,012)	(7,292)	(31,526)	497,754
Total comprehensive income (loss)	(21,012)	(7,292)	(31,256)	497,754
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	0.20

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2016 the Company had cash of $2,030 and working capital deficiency of $169,994. All cash are deposited in interest accruing accounts.

	2016 $	2015 $
Current assets	3,104	10,322
Exploration and evaluation assets	25,001	1
Total Assets	28,105	10,323
Total Liabilities	173,098	258,562
Shareholdersô Equity	(144,993)	(248,239)
Working Deficiency	169,994	248,240

	2016 $	2015 $
Cash used in operating activities	(195,774)	(33,716)
Cash used in investing activities	(25,000)	-
Cash provided by financing activities	222,500	29,050
Change in cash	1,726	(4,666)

The Company proposes to meet any additional financing requirements through equity financing. Raising additional capital may be difficult or not possible. The Company is in the business of exploring its mineral property interests and does not generate any cash from operations. Without the ability to attract additional equity funding the Company:

- Does not have the working capital necessary to fund current operations for the 2017 fiscal year;
- Will not have sufficient funds to complete planned exploration activities;
- Has additional liquidity risks associated with financial instruments where trading volumes have declined; and

- Has a working capital deficiency, which may result in the Company's inability to meet obligations as they come due.

Future cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend, both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements. In order to meet its option payment costs and expenditure requirements on its current properties the Company will need to raise additional financing, loans or proceeds from sale or joint venture of properties.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its unproven mineral interests (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral interests and meet general and administrative expenses beyond one year in the future. There can be no assurance that the Company will be successful in raising their required financing.

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fully explore its existing properties. Failure to obtain financing could result in delays or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Private Placement

On August 22, 2016 the Company closed a non-brokered private placement whereby 5,000,000 units were issued at $0.05 per unit for total proceeds of $250,000. Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant entitling the holder to purchase one additional common share at a price of $0.05 until September 8, 2017.

Loan Payable

As at October 31, 2016 and as of the date of this report, the loan outstanding amounts to $19,500 and the Company is paying monthly interest at 10% per annum.

TRANSACTIONS WITH RELATED PARTIES

At the Report Date, key management consists of Barry Brown (CEO, President and a Director of the Company), Zeny Manalo (CFO and a Director of the Company) who replace Murrey L. Swales former CEO and CFO of the Company; Carlos Arias and Scott Kent (independent, Directors of the Company).

The following table summarizes the Companyǿs related party transactions for the period ended October 31, 2016 and 2015:

	2016 $	2015 $
Goods or services rendered:		
Management fees accrued to a company controlled by the family of the former CEO for his services	-	7,500
Accounting fees paid to the CFO for her services	6,000	

Transactions with related parties 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 parties.

	2016 $	2015 $
Amounts due to related parties recorded in accounts payable and accrued liabilities		
Due to directors	-	14,000
Due to a company which a former director is a shareholder	-	57,395
Due to company controlled by the family of an officer	-	10,000
Due to a company controlled by a former director and officer	-	20,000

OFF-BALANCE SHETT ARRANGEMENTS

The Company had no off-balance sheet arrangements.

PPROPOSED TRANSACTIONS

The Company has no specific proposed transactions. However, consistent with the nature of the Companyǿs operations, the Company is continuously reviewing potential mineral property acquisitions and may acquire additional mineral properties in the future.

CHANGE IN ACCOUNTING POLICIES

In preparing these interim financial statements as at October 31, 2016, the significant judgments made by management in applying the Corporationǿs accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended April 30, 2016.

RISKS AND UNCERTAINTIES

There are no significant changes relating to the risk factors since the filing of the annual MD&A of April 30, 2016.

FORWARD-LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered ñforward looking statementsò. These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Corporationôs objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding changes in demand for and commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Corporation operates, and other factors discussed herein. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from Corporationôs projections or expectations.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenues from operations. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. The underlying value of the Companyôs mineral properties is dependent upon the existence and economic recovery of such reserves in the future and the ability of the Company to raise financing to complete the future exploration.

While these interim financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast doubt on the validity of that assumption. As at October 31, 2016, the Company has net working capital deficit of $169,994, has an accumulated deficit of $13,721,948, incurred a loss of $168,645 and a net cash out-flows from operations of $195,774. The Companyôs ability to continue as a going concern is dependent on managementôs ability to raise required funding through future equity issuances, asset sales or a combination thereof. There is no assurance that such financing will be sufficient to sustain operations in the foreseeable future. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with National Instrument (ñNIò) 52-109 (Certification of Disclosure in Issuerøs 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 Managementøs 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.

OUTSTANDING SHARES

	Number	Exercise Price	Expiry Date
Common Shares	8,883,418	n/a	n/a
Stock Options	100,000	0.50	February 18, 2019
Stock Options	500,000	0.15	October 5, 2021
Warrants	162,582	1.00	June 27, 2018
Warrants	482,000	0.50	March 28, 2019
Warrants	216,970	0.50	May 20, 2019
Warrants	400,000	0.50	June 20, 2020
Warrants	5,000,000	0.05	September 8, 2017