Running Fox Resource Corp.

Management Discussion and Analysis

For the three months ended August 31, 2016

Running Fox Resource Corp. (the "Company" or "Running Fox") has adopted the format prescribed by the Canadian Securities Regulators for the Company's Management Discussion and Analysis ("MD&A"). The following MD&A has been prepared as of October 28, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended August 31, 2016 and the related notes, together with the audited consolidated financial statements for the year ended November 30, 2015 and the related notes.

Our fiscal year end is November 30. References to a fiscal year refer to the calendar year in which such fiscal year ends.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, which is the Company's functional currency, unless otherwise indicated.

FORWARD-LOOKING INFORMATION

By its nature, this MD&A may contain certain information of a forward looking nature. Such forward looking information involves substantial known and unknown risks and uncertainties. Most of these are beyond the control of the Company and may include: the impact of unpredictable swings in government policies and requirements, general economic conditions, industry conditions, currency fluctuations, environmental risks, volatility of commodity prices and imprecision of reserve data estimates.

Readers are cautioned that the assumptions used, while considered reasonable by the Company at the time, could subsequently prove to be incorrect to various degrees. As such, readers are cautioned not to place undue reliance on forward looking statements.

1.1 Description of Business

The Company was incorporated under the laws of Province of British Columbia on September 1, 1981. The Company is in the resource sector, being an explorer of resource properties and revenues from natural gas production.

1.2 Overall Performance

During fiscal year 2015, the well on the Company's oil and gas property was shut in and ceased production due to the continued decline in the prices of oil and gas and mechanical issues. During the three months ended August 31, 2016, the well has remained shut-in, and will remain shut-in until further decisions can be made.

For the three months ended August 31, 2016, the Company reported net and comprehensive income of $125 thousand, compared to net loss of $138 thousand for the three months ended August 31, 2015. Net and comprehensive income during the period ended August 31, 2016 mainly related to unrealized gains on marketable securities.

The Company's working capital at August 31, 2016 was $1.9 million, as compared to $1.2 million at November 30, 2015. The increase in working capital was due to an increase in cash as the Company received proceeds from the sale of the Brett Property. On December 3, 2013, the Company entered into a mineral property purchase agreement with Ximen Mining Corp. ("Ximen") whereby Ximen would receive 100% interest in the Brett Property. Under the agreement, the Company had received installments of cash consideration and common shares. On December 2, 2015, Ximen fulfilled the final cash payment and share issuance to the Company and earned its 100% interest in the property (see section 1.7).

No significant trends have caused large variations in the Company's business model of reviewing, optioning or acquiring mineral and suitable energy projects and developing those projects for eventual cash flow. The Company continues its reviews of further potential acquisitions.

1.3 Results of Operations

Three months ended August 31, 2016

For the three months ended August 31, 2016, the Company reported $nil in revenues from the sale of oil and natural gas, as compared to $38 thousand for the three months ended August 31, 2015. Production expense were $6 thousand of recoveries in the three months ended August 31, 2016, compared to expenses of $55 thousand in the three months ended August 31, 2015. The Company recorded no sales revenue and received minor production expense adjustments in the three months ended August 31, 2016, as the well has remained shut-in during the period.

Market prices for oil and gas have continued to remain at a low level during the three months ended August 31, 2016. The continuing decline in the market prices for oil and gas within the industry will continue to impact the future profitability of the Company's oil and gas property asset. Future profitability of the oil and gas property is dependent on improved natural gas and condensate prices.

The Company recorded operating expenses of $53 thousand during the three months ended August 31, 2016 and $52 thousand during the three months ended August 31, 2015. There were no significant variations in operating expenses between these two periods..

The Company recorded net and comprehensive income of $125 thousand for the three months ended August 31, 2016, as compared to net loss of $138 thousand for the three months ended August 31, 2015. Higher net and comprehensive income during the period ended August 31, 2016 was mainly due to unrealized gains on marketable securities.

Nine months ended August 31, 2016

For the nine months ended August 31, 2016, the Company reported revenues of $1 thousand from the sale of oil and natural gas, compared to $168 thousand for the nine months ended August 31, 2015. Production expenses and royalties were $7 thousand in the nine months ended August 31, 2016, compared to $181 thousand in the nine months ended August 31, 2015. The Company recorded very little sales revenue and incurred minor production expenses in the nine months ended August 31, 2016, as the well has remained shut-in during the period.

During the nine months ended August 31, 2016, the Company recorded operating expenses of $157 thousand, as compared to $1.2 million during the nine months ended August 31, 2015. For the nine months ended August 31, 2016, the Company reported net and comprehensive income of $54 thousand, as compared to loss of $1.4 million during the nine months ended August 31, 2015. Higher operating expenses and net loss during the nine months ended August 31, 2015 were mainly due to an impairment loss of $1.1 million relating to the Company's oil and gas property.

1.4 Summary of Quarterly Results

In thousands of dollars	31-Aug	31-May	29-Feb	30-Nov	31-Aug	31-May	28-Feb	30-Nov
Revenue	-	1	-	45	38	67	62	(166)
Net (loss) income	125	65	(135)	117	(138)	(1,202)	(94)	(635)
Net (loss) income per share	0.00	0.00	(0.00)	0.00	(0.00)	(0.02)	(0.00)	(0.01)
Total assets	1,976	1,859	1,796	1,913	1,961	2,078	3,290	3,381

All financial information is prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars, which is the Company's functional currency, unless otherwise indicated.

1.5 Liquidity

The following table contains selected financial information of the Company's liquidity from continuing operations:

In thousands of dollars	31-Aug	31-May	29-Feb	30-Nov	31-Aug	31-May	28-Feb	30-Nov
Cash and cash equivalents	1,435	1,538	1,531	1,050	1,103	1,116	1,496	1,195
Working capital	1,855	1,729	1,662	1,196	1,076	1,211	1,350	983

At August 31, 2016, the Company had cash and cash equivalents of $1.4 million as compared to $1.1 million at November 30, 2015. The balance of cash and cash equivalents has increased from the prior year as the Company received cash proceeds from the sale of the Brett Property (see section 1.7).

Cash inflow for the nine months ended August 31, 2016 was $385 thousand, compared to outflow of $92 thousand during the nine months ended August 31, 2015. The Company's operations consumed $159 thousand of cash for the nine months ended August 31, 2016, compared to $129 thousand for the nine months ended August 31, 2015.

Investing activities provided $544 thousand of cash in the nine months ended August 31, 2016, compared to $37 thousand in the nine months ended August 31, 2015. During the nine months ended August 31, 2016, the Company received $400 thousand in proceeds from the sale of its Brett Property and generate a net cash inflow of $147 thousand from the purchase and sale of marketable securities, which contributed significantly to the Company's cash inflow during that year.

The Company did not have any financing activities during nine months ended August 31, 2016 and 2015.

Total assets at August 31, 2016 amounted to $1,976 thousand, which had increased by $63 thousand from total assets of $1,913 thousand at November 30, 2015. The increase in total assets was mainly due to an increase in cash and cash equivalents and marketable securities.

At August 31, 2016, the Company had total liabilities of $98 thousand comprised of outstanding accounts payable and accrued liabilities, compared with total liabilities of $89 thousand at November 30, 2015. The increase in accounts payable and accrued liabilities is due to the timing difference between the payment of outstanding day-to-day obligations as they become due.

1.6 Segmented Information

The Company operates in the oil and gas exploration industry, with its assets and operations located in Canada.

1.7 Natural Resource Properties and Projects

Brett Gold Project

On December 3, 2013, the Company signed an agreement with Ximen Mining Corp. ("Ximen") whereby Ximen will acquire a 100-per-cent interest in the Brett Gold Project. Under the agreement, the Company has received the following consideration:

Cash consideration of $1 million to be paid as follows:

- $50 thousand on December 3, 2013 (received);
- $50 thousand on December 18, 2013 (received);
- $200 thousand on or before January 17, 2014 (received);
- $300 thousand on or before January 5, 2015 (received); and
- $400 thousand on or before December 3, 2015 (received).

Issuance of common shares as follows:

- 1,000,000 shares on or before December 23, 2013 (received);
- $150 thousand worth of common shares on or before January 5, 2015, with the number of shares to be based on a 60 day trading average ending January 4, 2015 but not be less than 300,000 common shares (received); and
- $200 thousand worth of common shares on or before December 3, 2015 with the number of shares to be based on a 60 day trading average ending December 2, 2015 but not be less than 400,000 common shares (received).

On December 2, 2015, Ximen fulfilled the final cash payment and share issuance to the Company and earned its 100% interest in the property.

Alberta Oil and Gas Investment

	Net book value	
In thousands of dollars	August 31, 2016 $	November 30, 2015 $
Acquisition and exploration costs	3,699	3,699
Depletion	(1,302)	(1,302)
Impairment	(2,397)	(2,397)
Total oil and gas properties	–	–

In December 2014, the operator of the property informed the Company of adjustments to net revenues and operating expenses dating back several years. Although the Company has recorded the impact of the operator's adjustments in its financial statements for the year ended November 30, 2014, the Company is continuing to dispute those adjustments.

During the year ended November 30, 2015, the Company was informed by the operator that a mechanical issue had taken place. Coupled with the fact that the low oil and gas prices would likely render continued production unprofitable, the well had been shut in until further decisions can be made by the operator. The well has remained shut-in during the nine months ended August 31, 2016. It is uncertain when the well will resume operations, given the current low commodity price environment and uncertainties in the future forecasted prices.

On September 2, 2016, the operator on the Company's oil and gas property announced that it had been granted an order by the court to be appointed a receiver to manage its assets and operations. It is unclear how this will impact the operations on the Company's oil and gas property.

The continued decline in the market prices for oil and gas within the industry will continue to impact the future profitability of the Company's oil and gas property asset. Future profitability of the oil and gas property is dependent on improved natural gas and condensate prices.

Other than the above, no significant trends, events or items affected the Company's financial condition, cash flows or results of operations for the nine months ended August 31, 2016.

1.8 Capital Resources

The Company's capital resources continue to be by potential financings (brokered and non-brokered private placements), by potential common share warrant certificate exercise, and potential debt financing if good fiscal terms are available.

Although it currently has sufficient capital to satisfy existing operating and administrative expenses in the short term, the Company will continue to depend primarily upon equity to finance its existing projects.

There were no financing activities in the nine months ended August 31, 2016.

The Company will continue to rely upon equity financing as its principal source of financing for its resource and exploration projects.

There can be no assurance that capital requirements will be met by this means of financing as inherent risks are attached therein, including commodity prices, financial market conditions, and general economic factors.

1.9 Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements for the three and nine months ended August 31, 2016.

1.10 Related Party Transactions

For the three and nine months ended August 31, 2016, the Company incurred $30 thousand and $90 thousand (2015 – $30 thousand and $90 thousand) of management fees to the Chief Executive Officer of the Company.

All of the above compensation paid was equal to fair value or market rates and approved by audit committee.

There were no payments to directors or officers by virtue of their holding directorship or officer positions.
No payments were made for serving on audit committee or for serving on special assignments.

1.11 Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) impairment of marketable securities;
(ii) the useful lives and recoverability of property and equipment;
(iii) rehabilitation provisions; and
(iv) unrecognized deferred income tax asset.

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its oil and gas property. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized costs are written off to the consolidated statement of operations.

1.12 Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three and nine months ended August 31, 2016, and have not been applied in preparing these consolidated financial statements.

(i) IFRS 9, *Financial Instruments* (New)
(ii) IFRS 10, *Consolidated Financial Statements* (Amended)
(iii) IAS 1, *Presentation of Financial Statements* (Amended)
(iv) IAS 16, *Property, Plant, and Equipment* (Amended)
(v) IAS 27, *Separate Financial Statements* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

1.13 Financial Instruments and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, marketable securities, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. See Note 11 of the Company's condensed interim consolidated financial statements for the three and nine months ended August 31, 2016 for further information.

1.14 Outstanding Share Data

Common Shares

Authorized: unlimited common shares without par value

As at August 31, 2016 and the date of this MD&A, the Company had 54,770,548 common shares outstanding, and had no share transactions during the three and nine months ended, and subsequent to, August 31, 2016.

Share Purchase Warrants

As at August 31, 2016 and the date of this MD&A, the Company had no outstanding share purchase warrants.

Stock Options

The Company's shareholders have approved a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. As the board of directors has not formally approved the plan, the Company has not enacted the stock option plan. As at August 31, 2016 and the date of this MD&A, the Company has not granted any stock options.

1.15 Disclosure Controls and Procedures and Internal Controls over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the three and nine months ended August 31, 2016 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate 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. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.

1.16 Termination of Employment, Change in Responsibilities and Employment or Management Contracts

The Company has no compensatory plans or arrangements in effect with its CEO, CFO, and each of the three most highly compensated executive officers other than the CEO and CFO with respect to the resignation, retirement or any other termination of their services, or with respect to a change in their responsibilities following a change in the control of the Company, other than a management agreement with its President including, but not limited to the following terms: a monthly fee of ten thousand dollars, exclusive of GST/HST/PST, expiring in May 2018, a payout provision in the event of termination without cause by the Company, and a provision for severance of three weeks per year for each year of service to the Company.

1.17 Additional Corporate Governance Information

Board of Directors

The Board of Directors currently consists of three directors, a majority of whom are considered independent. Steven Schurman, and Gord Zelko are considered independent. Michael Meyers, currently interim CEO and President, is considered not independent.

Board Constitution

The operations of the Company do not support a large board of directors and the Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Similarly, given the size of the Company, all the Company's operations are conducted by a small management team which is also represented on the Board. Individual directors are encouraged to engage an outside advisor at the expense of the Company in appropriate circumstances.

Compensation of Directors
The directors receive no cash compensation for acting in their capacity as directors of the Company. The compensation for senior management of the Company is determined by and at the discretion of the Board and the compensation of the Chief Executive Officer is determined by the Board as a whole.

Directorships
Gord Zelko, a director of the Company, is also a director of Sunvest Minerals Corporation, which is publicly listed on Canadian stock exchanges.

Orientation and Continuing Education
When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, and industry. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct
The Company has adopted a Code of Business Conduct and Ethics which applies to the directors, officers and employees of the Company. The Board expects that fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law, as well as provisions under corporate legislation for required disclosures by directors and senior officers to the Company of transactions with the Company in which they may have an interest and of any other conflicts of duties and interests, will also ensure that these persons conduct themselves in the best interests of the Company.

Nomination of Directors
Any director is free to nominate individuals for election or appointment to the Board; however, the Corporate Governance Committee has the principal responsibility with respect to selection and nomination of director nominees. The Committee is also responsible for developing qualification criteria for new Board members for recommendation to the Board in accordance with National Policy 58-201 – *Corporate Governance Guidelines*. The Committee also has the sole authority to retain and terminate any search firm to be used to identify director candidates and has the authority to approve the search firm’s fees and other retention terms.

In making its recommendations to the Board regarding director nominees, the Committee shall consider:

(a) the appropriate size of the Board;
(b) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
(c) the competencies and skills that the Board considers each existing director to possess;
(d) the competencies and skills each new nominee will bring to the Board, and
(e) whether or not each new nominee can devote sufficient time and resources to the nominee’s duties as a director of the Company.

Compensation
The Audit Committee reviews annually the adequacy and form of compensation of the directors and executive officers of the Company to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director or executive officer.

In evaluating (or making recommendations to the Board of Directors with respect to) the level of compensation for the executive officers, the Audit Committee reviews and considers the Company’s corporate goals and objectives relevant to compensation for its executive officers and evaluates the performance of each executive officer in light of those corporate goals and objectives. In considering the compensation for executive officers other than the President, the Committee takes into account the recommendation of the President.

All compensation arrangements between the Company and any director or executive officer of the Company or between any subsidiary of the Company and any director or executive officer of the Company must be approved by the Committee.

There are no standard or other arrangements under which Directors of the Company were compensated by the Company during the most recently completed financial year for acting in their capacity as Directors.

Other Board Committees
The Board of Directors of the Company has no standing committees other than the Audit Committee.

Assessments
The effectiveness of the Board of Directors as a whole, any committee of the Board and individual directors is assessed on an ongoing basis by the Board and senior management.

Policy on Purchase of Financial Interests
The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

Securities Authorized For Issuance Under Equity Compensation Plans
The Company's standard TSX-V "Rolling 10 %" Share Option Plan (the "Plan") is approved annually by shareholders at the annual general meetings of the Company. The Plan incorporates the TSXV policies that are effective and was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board.

The Plan provides that options will be issued to directors, officers, employees, or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than 10 years after the date of grant of such options. There are currently no options outstanding.

1.18 Additional Audit Committee Information

Pursuant to the *Business Corporations Act* (British Columbia) and National Instrument 52-110 – *Audit Committees* ("NI 52-110"), the Company is required to have an audit committee.

Audit Committee Charter
Pursuant to NI 52-110, the Company's audit committee is required to have a charter. A copy of the Company's Audit Committee Charter is set out in Schedule "B" to its 2012 Information Circular.

Composition of the Audit Committee
As at the date of this Information Circular, the following is information on the members of the Company's Audit Committee:

Names:
Steven Schurman, Chair of the Audit Committee;
Michael Meyers, Member of Audit Committee;

Gord Zelko, Member of Audit Committee.

Relevant Education and Experience: Yes as to al threel.

Independent and Financial Literacy: Yes as to all three.

The following describes the relevant education and experience of the members of the Audit Committee:

Steven Schurman, Audit Committee Chair, CPG
Mr. Schurman has over 40 years of experience in public markets, and is a licensed Professional Geologist. He also contracts to Envirocon Remediation Services, where he is an Area Manager with oversight of several employees. He is knowledgeable in financial matters pertaining to the junior resource industry and understands the principles of estimates, accruals and reserves, as well as internal controls and financial reporting pertinent to the Company.

Michael Meyers, Audit Committee Member, BA, JD, is a corporate and securities lawyer who has been involved with and counsel to private and public resource issuers in Canada. He has been actively involved with the resource markets for many years. Mr. Meyers owns and/or has dealt with resource properties, assets, claims and grants in British Columbia and in the Yukon Territories. He also holds two diplomas from the British Columbia Institute of Technology. He is knowledgeable in financial matters pertaining to the junior resource industry and understands the principles of estimates, accruals and reserves, as well as internal controls and financial reporting pertinent to the Company.

Gord Zelko, Audit Committee Member, BCom, has more than 30 years of experience in the resource markets and has assisted numerous companies in achieving their objectives. He is knowledgeable in financial matters pertaining to the junior resource industry and understands the principles of estimates, accruals and reserves, as well as internal controls and financial reporting pertinent to the Company.

Reliance on Certain Exemptions
At no time since January 1, 2011 has the Company relied on the exemption in section 2.4 of NI 52-110 *(De Minimis Non-audit Services)* or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 by a securities regulatory authority or regulator.

Audit Committee Oversight
At no time since January 1, 2011 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company's Board of Directors.

Pre-approval Policies and Procedures for Non-Audit Services
The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

1.19 Other MD&A Requirements
Additional information relating to the Company is available online on SEDAR at www.sedar.com including the annual audited financial statements.