CONSOLIDATED TANAGER LIMITED

Form 51-102F1 – Quarterly Report

MANAGEMENT DISCUSSION AND ANALYSIS
For the Nine Months ended March 31, 2021

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Consolidated Tanager Limited (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended March 31, 2021. The MD&A was prepared, without review or comment from the Company's auditors, as at May 14, 2021. It should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three and nine months ended March 31, 2021 and the audited financial statements for the year ended June 30, 2020 including the notes thereto. Unless otherwise indicated, all amounts described herein are denominated in Canadian dollars. The financial statements of the Company as at March 31, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 & 3 to those financial statements.

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

The Company

The Company operates in a single reportable operating segment in exploration and development of coal and non-ferrous mining properties. During the quarter under report, the management of the Company comprised the following individuals:

Name	Postion(s)
E. Clifton	Director and Chief Executive Officer
C.F. Watson	Director and Chief Financial Officer
F. van de Water	Director

Description of Business

The Company holds resource properties, some of which have had exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out. The most important property is the Hinton Alberta low Sulphur coal leases currently being mined by KCE Euroholdings S.a.r.l ("KCE) as further set out in this report.

Forward-looking statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied.

Risks and uncertainties

The Company is subject to several risk factors due to the nature of the mining business in which it is engaged, not the least being adverse movements in commodity prices, which are difficult to forecast.

An investment in the Company's securities should only be undertaken by investors whose financial resources are sufficient to enable them to assume these risks, and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position. Please refer to the "Financial Risk Factors" Note 10 of the Company's Financial Statements for the fiscal year ended June 30, 2020, available on SEDAR, www.sedar.com

Industry

The Company is engaged in the exploration, sale or farm-out of mineral properties. Exploration is an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits on its mineral properties. The price of gold and copper will influence whether exploration will be carried out on the Company's properties in Ontario.

Prices

The price of coal and gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions, and production levels. The prices of coal, gold and metals have been volatile over short periods of time.

Cash flows and additional funding requirements

The Company has not had regularly occurring sources of revenues other than dividends and interest income. The Company also has received property right payments for its coal property in Alberta, stemming from an agreement with KCEuroholdings S.a.r.l. ("KCE"). An initial cash payment of $2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement, and upon completion of a favourable feasibility study during 2012, the Company received a second cash payment of $6,000,000. The Company was entitled to receive a further payment of $10,000,000 on or before the earlier of February 19, 2016 or on the placing of the property into commercial production at a rate of at least 90,000 tonnes per month. The contract terms were such that if this final payment were not made, ownership of the property would continue to be retained by the Company. The agreement technically expired as of March 31, 2016, however, the Company entered into a further agreement with KCE, the successor company to Coalspur and in consideration for $400,000 per annum payable by KCE to the Company, the agreement extends KCE's option to acquire 100% working interest in Tanager's five coal leases until March 31, 2023. In accordance with this agreement, Tanager received $800,000 to maintain the option for 2016 and 2017, $400,000 on March 31, 2018 and $400,000 on February 19, 2019 (previous fiscal year) to maintain the option for 2019.

Coalspur commenced mining and shipping coal in June 2019. The Company was informed on October 31, 2019 that KCE had produced, sold, and delivered to rail its 500,000th clean tonne and this milestone event lead to triggering the payment of $10,000,000 due to the Company.

An Amended and Restated Transfer of Leases Agreement was signed between Coalspur Mines (Operations) Ltd. and the Company which agreed to the quarterly payment ($2,500,000) of the $10,000,000 commencing March 31, 2020 and finishing no later than December 31, 2020. In addition, interest accruing on the unpaid balance was to be paid no later than December 31, 2020. (The first, second and third quarterly payments of $2,500,000 each were received prior to September 30, 2020).

A Second Amended and Restated Transfer of Leases Agreement was signed which agreed to the payment of the fourth quarterly payment to be partially deferred and to be paid $625,000 per quarter commencing December 31, 2020 (which in fact was received and is reflected in the accompanying balance sheet) and ending no later than September 30, 2021. Interest accruing on this final balance, and previous accrued interest is to be paid no later than September 30, 2021.

Coalspur's production on the properties was temporarily shut down because the Alberta Energy Regulator (AER) was not issuing a permit to Coalspur for tailings disposal, and as a result their cash position did not achieve what was projected. As a result, they requested and the Company agreed to a Third Amended and Restated Transfer of Leases Agreement which was signed and which agreed to the payment of the remaining $1,875,000 to be paid $625,000 commencing June 30, 2021 and ending December 31, 2021. Interest accruing on this final balance, and previous accrued interest is to accrue and be paid on March 31, 2022. Recently the permit was issued by AAER and Coalspur is working on a plan to be back in full production in the coming weeks.

The Company is currently not doing exploration, but it is considering doing so and has the financial capability to review its existing land holdings in the Timmins area. If the company does exploration and if any of the Company's exploration programs are successful, substantial additional capital would be required to put any properties into commercial production. There is no assurance that the Company would be able to obtain adequate financing in the future or that such financing would be on terms advantageous to the Company.

Environmental

Although the Company presently is not exploring, the Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection. When the Company does explore there can be no assurance that all future requirements will be achievable on reasonable terms.

Laws and regulations

Exploration activities are subject to local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become costlier. The Company applies the expertise of its management and advisors to ensure compliance with current laws.

Title to mineral properties

The Company has held all its mineral properties for many years. Most are held as patented mining claims and the coal property is held by renewable leases from the government of Alberta. The Company is unaware of any defects in title.

Competition

There is competition from other mining exploration companies with operations like those of the Company. Many of the mining companies with which the Company competes have operations and financial resources greater than those of the Company.

Dependence on management

The Company strongly depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Exploration projects

The Company is not, and for some time, has done no exploration on any of its properties although in the past exploration was done on some of them. The main expenses related directly to the properties are taxes and lease rentals payable to the government. The Hinton coal property continues to be subject to an agreement with Coalspur Mines Limited which has been acquired by K.C. Euroholdings, a member of the Cline Group.

Liquidity and capital resources

At March 31, 2021 the Company had cash and cash equivalents of $5,017,846 and working capital of $11,072,637 and on 30 June 2020 cash and cash equivalents of $6,474,025 and working capital of $11,146,218. At May 14, 2021 the Company has cash and cash equivalents of $6,206018 and working capital of $11,070,663.

Interim Financial Information:

The following financial information is for the nine months ended March 31, 2021 and 2020:

	Nine Months Ended 31-Mar-21	Nine Months Ended 31-Mar-20
Current assets	11,120,453	4,612,444
Current liabilities	(47,816)	(31,606)
	11,072,637	4,580,838
Investment Income	114,817	65,330
Royalties earned	364,358	823,441
Interest on Property Rights Proceeds	104,297	233,517
Property Rights Proceeds	-	10,000,000
Expenses	(148,504)	(218,151)
Income before income taxes	434,968	10,904,137
Income taxes	(104,529)	(2,881,000)
Net income before other comprehensive income	330,439	8,023,137
Unrealized gain (loss) on marketable securities	401,833	(157,351)
Net comprehensive income for the period	732,272	7,865,786

Selected Quarterly Information

	31-Mar 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019
Net Income (Loss)	331,200	246,242	154,831	373,074	114,085	7,604,473	147,228	(59,716)
Earnings (loss) per share - basic & diluted	0.062	0.046	0.029	0.069	0.021	1.415	0.027	(0.01)
Total assets	11,120,455	10,785,818	11,482,973	14,009,131	14,443,829	14,248,537	4,295,551	4,074,492

Outstanding share data

The Company is authorized to issue an unlimited number of common shares without par value. The number outstanding at March 31, 2021 and June 30, 2020 was 5,372,350 shares.

Pursuant to the Company's stock option plan ("the plan") the company has reserved and set aside up to 500,000 common shares for the granting of options to directors and officers. The terms of the awards under the plan are determined by the Board of Directors. No options are currently outstanding.

Investor relations

An Annual and General Meeting of Shareholders was held on December 17, 2020.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Accounting policies and estimates

A description of the Company's significant accounting policies is included in Note 2 to the annual financial statements as at June 30, 2020.

Related party transactions

(a) The Company recorded that for administrative services, an Officer and Director of the Company was paid $0 for the nine months ending March 31, 2021 and $20,000 during the same nine months of March 31, 2020.
(b) The Company recorded that for professional and administrative services, another Officer and Director was paid $12,000 during the nine months ending March 31, 2021 and $12,250 during the same six months of March 31, 2020.
(c) The Company recorded that for professional legal services a legal firm, of which a Director is a partner was paid $0 during the nine months ending March 31, 2021 and $59,425 during the same six months of March 31, 2020.
(d) The Company incurred expenses of $3,263 for professional consulting services in the nine months to March 31, 2021 and $7,862 during the nine months to March 31, 2020 to a director of the Company. These expenses are included in professional services.
(e) Directors were paid a total of $25,000 for directors' fees in the nine months ended March 31, 2021 (March 31, 2020 - $26,000)

Outlook

Alberta property
The Cline Group/Coalspur, who have optioned the property in Alberta, have obtained all regulatory permits from Alberta Energy Regulator, have acquired equipment, and have built the infrastructure and put the Alberta property into production, in June 2019. The Company has been advised that mining of its five coal leases is contingent on the mining sequence planned by the operator, and the receipt of royalties will be contingent on the plan, which could be subject to change.

On February 5, 2021, the Company was advised by the Cline Group/Coalspur that since the Alberta Energy Regulator (AER) is not issuing a permit to Coalspur for tailings disposal, they are forced to idle the operation until a permit can be obtained from AER. On April 16, 2021, the Company was advised by the Cline Group/Coalspur that the AER had issued the permit and, as a result, Coalspur has a plan to be back in full production in the coming weeks.

On May 13, 2021 Coalspur paid the royalty of 1% of the total sales generated from the sale of coal for the quarter ended March 31, 2021 in the amount of $159,811 (year ended June 30, 2020 - $289,751)

Pandemic COVID-19 risk
On March 11, 2020, the World Health Organization declared the COVID-19 infectious virus a global pandemic, with resulting travel bans, physical distancing, closing of social, cultural, and educational facilities and non-essential businesses, in the jurisdictions in which the Company operates. Global financial equity markets have declined considerably and remain volatile. The full impact of the Pandemic is unknown and rapidly evolving. A prolonged pandemic adversely affecting the global economy could impact demand for the Company's coal.

Exploration and mining operations in Canada have been affected including access to properties and an inability to create physical distancing. However, the future impact of the outbreak is highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain the coronavirus.

Future Growth
The Company is continuing to look for investor Companies to explore and hopefully develop the non-ferrous mineral properties in Ontario, and the Company may do exploration on its own behalf.