

CONSOLIDATED Tanager Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year ended June 30, 2017

The following Management Discussion and Analysis (MD&A) of the financial condition and results of operations of Consolidated Tanager Limited (the “Company” or “Tanager”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the year ended June 30, 2017. The MD&A was prepared as at September 26, 2017. It should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2017. Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars.

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. As at the financial reporting date the management of the Company comprised the following individuals:

<u>Name</u>	<u>Position(s)</u>
C.A. (Pat) Burns	Director and Chief Executive Officer
C.F. Watson	Director and Chief Financial Officer
W.S. (Steve) Vaughan	Director
Frank van de Water	Director
Eric Clifton	Director

Forward-looking Statements

Certain statements in this MD&A may constitute “forward-looking” statements. When used in this report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, “will”, the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or the industry in which it operates, to be materially different from any future results, performance or achievements, expressed or implied, by such forward-looking statements. Given these risks and uncertainties, readers should not place undue reliance on forward-looking statements as a prediction of actual results. Forward-looking statements reflect the current expectations of the management of the Company, only as of the date hereof, with respect to future events based on currently available information. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Description of Business

The Company holds resource properties, some of which have had exploration carried out on them. The Company may seek partners to carry out further exploration or to sell or farm them out.

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Risks and Uncertainties

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

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 coal and gold will determine whether exploration will be carried out on the Company's coal property in Alberta and gold properties in Ontario.

Prices

The price of 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 price of gold and other metals has been highly volatile over short periods of time.

Cash Flows and Additional Funding Requirements

The Company received a property rights payment of \$6,000,000 for its coal property in Alberta during the 2011 and 2012 fiscal years, and the agreement with CIP Coal Pty Ltd ("CIP") called for an additional final property rights payment of \$10,000,000 in February, 2016 or on placing of the property into commercial production at a rate of at least 90,000 tonnes per month. The Company was also to receive a 1% royalty payment should the Hinton, Alberta coal property be put into commercial production by that date. The contract terms were such that if this final payment was 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 KC Euroholdings S. a.r.l ("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.

On May 6, 2015, the Company (the "Grantor") entered into an option to purchase agreement with Recurrent Energy Site Co. LLC (the "Grantee") to purchase properties that the Company owns in Timmins, Ontario for \$1,500,000. In consideration for this option, the Company received \$5,000 on August 5, 2015. Further option payments of \$5,000 were to be received by each of May, 2016, May, 2017, and May 2018. The second option payment was received in May, 2017 and at that time the Grantee notified the Company that they terminated the option.

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 Timmins. If the company does exploration and 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 have the necessary capital or would be able to obtain adequate financing in the future.

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Environment

Although the Company presently is not exploring, a Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection. If and 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 in Canada are subject to local laws and regulations governing consultations with First Nations regarding rights, prospecting, development, production, exports, taxes, labour standards, occupation 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 more costly. 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 of 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 similar to 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.

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Selected Quarterly Information

	June 30 2017 \$	Mar 31 2017 \$	Dec 30 2016 \$	Sept 30 2016 \$	June 30 2016 \$	Mar 31 2016 \$	Dec 31 2015 \$	Sept 30 2015 \$
Net Income								
(Loss)	625,503	(52,087)	(57,353)	(57,291)	(21,827)	(37,162)	(80,413)	(29,305)
Earnings (loss) per Share Basic and Diluted	0.116	(0.010)	(0.011)	(0.011)	(0.004)	(0.007)	(0.015)	(0.005)
Total assets	4,944,240	4,173,532	4,225,129	4,305,332	4,589,199	4,493,600	4,528,294	4,612,446

Liquidity and Capital Resources

At June 30, 2017 the Company had cash and cash equivalents of \$4,689,354 and working capital of \$4,774,590. On June 30, 2016 the cash and cash equivalents were \$3,312,890 and working capital was \$4,462,436. As at September 26, 2017, the Company had cash and cash equivalents of \$4,585,789, and working capital of \$4,562,471.

Financial Information

The following financial information is for the years ended June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Current assets	\$ 4,944,238	\$ 4,589,197
Current liabilities	<u>(169,648)</u>	<u>(26,761)</u>
Working Capital	<u>\$ 4,774,590</u>	<u>\$ 4,562,436</u>
Total revenues	\$ 845,582	\$ 67,171
Total expenses	<u>(272,693)</u>	<u>(233,063)</u>
Recovery (expense) of current income taxes	<u>(114,117)</u>	<u>(2,815)</u>
Net loss before other comprehensive loss	458,772	(168,707)
Unrealized gain on available-for-sale marketable securities	<u>22,000</u>	<u>121,000</u>
Net loss and comprehensive loss for year	<u>\$ 480,772</u>	<u>\$ (47,707)</u>

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. The number outstanding as at June 30, 2017 was 5,372,350 (2016 – 5,372,350).

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

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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 15, 2016.

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, 2017.

Related Party Transactions

The Company incurred management fees of \$40,000 for the year ended June 30, 2017 (2016 - \$40,000 in management fees) to the President for services provided to the Company. These expenses are included in general corporate expenses.

The Company incurred legal fees of \$72,250 for the year ended June 30, 2017 to a legal firm owned by a Director of the Company. In the year ended June 30, 2016, the Company incurred legal fees of \$41,100 to a legal firm in which a current Director of the Company was formerly a partner. These expenses are included in general corporate expenses.

The Company incurred expenses of \$15,000 for the year ended June 30, 2017 (2016 - \$12,000) to the Chief Financial Officer for accounting, administrative and secretarial services rendered. These expenses are included in general corporate expenses.

The Company incurred Directors' fees of \$20,000 for the year ended June 30, 2017 (2016 - \$17,000). These expenses are included in general corporate expenses.

Included in accounts payable and accrued liabilities is \$13,717 (2016-\$7,931) payable to related parties of the Company.

All revenues, expenses and year end balances with the related parties are at exchange amounts established and agreed to by the related parties. All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties.

Outlook

The Company intends to carry out a review of available information on its properties in the area of Timmins, Ontario. Work has been done on some of the claims and historical drilling results may well be found in public records. The Company has adequate capital on hand to not have to rely on raising any financing in order to complete the study.