CONSOLIDATED TANAGER LIMITED

Form 51-102F1 – Quarterly Report

MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months ended September 30, 2018

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 months ended September 30, 2018. The MD&A was prepared, without review or comment from the Company's auditors, as at November 28, 2018. It should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended September 30, 2018 and the audited financial statements for the year ended June 30, 2018 including the notes thereto. Unless otherwise indicated, all amounts described herein are denominated in Canadian dollars. The financial statements of the Company as at September 30, 2018 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. As at the financial reporting date the management of the Company comprised the following individuals:

Name	**Postion(s)**
C.A. (Pat Burns)	Director and Chief Executive Officer
Carolyn Watson	Director and Chief Financial Officer
W.S. (Steve) Vaughan	Director
Frank van de Water	Director
Eric Clifton	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 under option to 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 a number of 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.

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 will determine whether exploration will be carried out on the Company's gold 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 currently has no regularly occurring sources of revenues other than dividends and interest income. The Company received property rights payments totaling $8,000,000 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. The Company is entitled to receive a 1% royalty payment should the Hinton, Alberta coal property be put into commercial production. 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 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 and $400,000 on March 31, 2018 (previous fiscal year) to maintain the option for 2018.

KCE has made significant progress on the property in preparation for mining coal. Once KCE commences production and they have produced, sold and delivered to rail its 500,000th clean tonne, the payment of $10,000,000 will be due to Consolidated Tanager. In addition, KCE has agreed to pay a royalty of 1% of the total sales generated from the sale of the coal.

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. 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 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 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, a member of the Cline Group.

Liquidity and capital resources

At September 30, 2018 the Company had cash and cash equivalents of $2,075,583 and working capital of $4,059,197 and on 30 June 2018 cash and cash equivalents of $2,439,839 and working capital of $4,774,590. At November 28, 2018 the Company has cash and cash equivalents of $2,045,573 and working capital of $4,052,737

Year information

The following financial information is for the three months ended September 30, 2018 and 2017:

	Three Months Ended Sept 30, 2018	Three Months Ended Sept 30, 2017
Current assets	4,115,604	4,604,507
Current liabilities	(56,407)	(149,141)
	4,059,197	4,455,366
Revenues	11,860	4,812

Expenses	67,134	55,418
Net income before other comprehensive income	(55,274)	(50,606)
Unrealized (loss) on marketable securities	(52,377)	-
Net comprehensive income (loss) for the period	(107,651)	(50,606)

Selected Quarterly Information

	Sept 30 2018	June 30 2018	March 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	March 31 2017	Dec 31 2016
Net Income (Loss)	(107,651)	(31,979)	306,841	(52,861)	(50,606)	625,556	(52,087)	(57,353)
Earnings (loss) per share – basic & diluted	(0.020)	(0.006)	0.051	(0.004)	(0.009)	0.116	(0.010)	(0.011)
Total assets	4,115,606	4,521,435	4,548,447	4,467,270	4,604,509	4,944,240	4,173,532	4,225,129

Outstanding share data

The Company is authorized to issue an unlimited number of common shares without par value. The number outstanding at September 30, 2018 and June 30, 2018 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 12, 2017.

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, 2018.

Related party transactions

(a) The Company recorded that for administrative services, an Officer and Director of the Company was paid $10,000 for the three months ending September 30, 2018 and $nil during the same three months of September 30, 2017
(b) The Company recorded that for professional and administrative services, another Officer and Director was paid $3,750 during the three months ending September 30, 2018 and $3,750 during the same three months of September 30, 2017.
(c) The Company recorded that for professional legal services a legal firm, of which a Director is a partner was paid $2,000 during the three months ending September 30, 2018 and $nil during the same three months of September 30, 2017.
(d) The Company incurred expenses of $863 for professional consulting services in the three months to September 30, 2018 and $750 during the same three month of September 30,

2017 to a director of the Company. These expenses are included in professional services

(e) Directors were paid a total of $19,000 for directors fees in the three months ended September 30, 2018 (September 30, 2017 - $14,000)

Outlook

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.

KCE made significant progress in preparing the coal property and have acquired equipment and built the infrastructure, in anticipation of putting the Alberta property into commercial production.