CANAMAX ENERGY LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2015

The following management's discussion and analysis ("MD&A") of the financial and operating results of Canamax Energy Ltd. ("Canamax" or the "Company") is dated November 25, 2015 and should be read in conjunction with the Company's unaudited, condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2015 (and comparative three and nine-month periods ended August 31, 2014), as well as the audited consolidated financial statements and accompanying notes for the ten-month period ended December 31, 2014 (and comparative year ended February 28, 2014). During September 2014, the Company changed its year-end from February 28 to December 31, resulting in the ten-month December 31, 2014 stub period. These interim consolidated financial statements and financial data contained in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars unless otherwise indicated.

Description of Business

Canamax is a junior oil and natural gas company, actively engaged in the acquisition and development of oil and natural gas reserves in the Western Canadian Sedimentary Basin ("WCSB"). The Company's focus is on the acquisition of microcap oil and gas companies and properties at attractive financial metrics, with the mandate of exploiting low risk development potential on these acquisitions. The Company trades on the TSX Venture Exchange under the symbol "CAC".

Frequently Recurring Industry Terms

The Company uses the following industry terms in this MD&A: "NGL's" which refers to natural gas liquids; "bbls" which refers to barrels; "mcf" which refers to thousand cubic feet; and "boe" which refers to barrel of oil equivalent. Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used for the calculation of boe amounts in this MD&A. This conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-IFRS Measures

This MD&A refers to certain financial measures that are not determined in accordance with IFRS such as "funds from operations", "funds from operations per share", "operating netback", "operating netback per boe", "corporate netback" and "corporate netback per boe". These terms do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. The Company uses these measures to help evaluate its performance.

Management uses funds from operations to analyze performance and considers this a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments. Funds from operations has been defined by the Company as net income (loss) from operations plus/minus non-cash items (depletion and depreciation expense, impairment, accretion of decommissioning obligations, share-based compensation expense, gain on sale of properties, gain on bargain purchase, exploration and evaluation expenses, unrealized gain (loss) on commodity price contract, other income (expenses) and deferred income taxes) and excludes expenditures on decommissioning obligations, expensed transaction costs, cash portion of finance expenses related to establishment of standby bridge loan facility, and the change in non-cash working capital related to operating activities. The Company also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding, consistent with the calculation of earnings (loss) per share. Funds from operations is reconciled to cash flow from (used in) operating activities under the heading "Reconciliation of Funds from Operations".

Operating netbacks are determined by deducting royalties, operating expenses and transportation expenses from oil and gas revenue. Operating netbacks are typically on a per boe basis and are used in operational and capital allocation decisions. Corporate netbacks are used as an overall performance measure and are determined by deducting/adding the following from operating netbacks: general and administrative expenses, finance expenses (excluding cash paid fees related to the bridge loan facility) and realized gains (losses) on hedging.

Forward-Looking Statements

This MD&A, and in particular, the "Outlook" section, contains forward-looking information and statements including opinions, assumptions, estimates and expectations of capital expenditures, future production, operating costs, netbacks, funds from operations and earnings. Forward-looking statements include information that does not relate strictly to historical or current facts. When used in this document, the words "anticipate", "believe", "estimate", "expect", "forecast", "intent", "may", "project", "plan", "potential", "should" and similar expressions are intended to be among the statements that identify forward-looking statements.

Forward-looking statements are not guarantees of future performance and are subject to a wide range of known and unknown risks and uncertainties. Although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of factors or assumptions could cause actual results, future actions, conditions or events to differ materially from those in the forward-looking statements, including, but not limited to, the volatility of oil and natural gas prices, the risks and liabilities inherent in oil and natural gas operations, failure to realize benefits of acquisitions or dispositions, environmental risks, the ability to implement corporate strategies, the state of capital markets, the ability to obtain financing, changes in oil and gas acquisition and drilling programs, production rates and reserve estimates, changes in general economic conditions, and other factors. Undue reliance should not be placed on forward-looking statements and the Company can give no assurance that they will prove to be correct.

The forward-looking statements contained in this MD&A are made as at November 25, 2015. While the Company acknowledges that subsequent events and developments may cause the views expressed herein to change, the Company has no intention and undertakes no obligation to update, revise or correct such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

The Company believes that the expectations reflected in the forward-looking statements and information contained herein are reasonable, but no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct and such forward-looking statements and information included in this document should not be unduly relied upon. The forward-looking information included herein represents the Company's views as of the date of this document and such information should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, these factors are not intended to represent a complete list of the factors that could affect the Company and there may be other factors that cause results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Highlights – Three-month period ended September 30, 2015

During Q3 2015, Canamax completed two significant acquisitions and a financing which resulted in the Company materially increasing its production base and substantially eliminating its debt. Canamax's production averaged 1,244 boe/d during Q3 2015 (62% oil & NGL's) and the Company exited September 30, 2015 with net debt of only $1.3 million with an undrawn operating loan facility of $21 million. Due to the acquisitions and a successful fall drilling program, the Company is currently producing approximately 1,550 boe/d with a further 500 boe/d (primarily gas) of shut-in production.

As a result of its strong financial base, the Company is well positioned to take advantage of strategic acquisition opportunities that may arise given the number of companies in financial distress in western Canada. The significant transactions during Q3 2015 are summarized as follows:

- On July 9, 2015, Canamax closed a brokered private placement which resulted in the raising of $15.4 million in gross proceeds (approximately $14.2 million in net proceeds). The private placement included the issue of 21,724,268 subscription receipts at a price of $0.60 per subscription receipt and 3,618,893 flow-through (CDE) common shares at a price of $0.65 per share. The subscription receipts were subsequently converted to common shares on a 1 for 1 basis.
- On July 15, 2015, Canamax closed the acquisition of certain assets in Alberta consisting primarily of properties in Grande Prairie and Grimshaw (the "Greater Grimshaw Acquisition") for $24.2 million. The acquisition added approximately 750 boe/d (54% oil & NGL's) of low decline production. The production and facilities from the Grande Prairie and Grimshaw properties each have contiguous, substantially 100%-owned acreage and facilities with significant development potential for Montney oil. The Grimshaw property is located just south of Canamax's largest core area, Flood Lake, with both properties producing from the same Montney fairway.
- On July 30, 2015, Canamax completed a plan of arrangement with Powder Mountain Energy ("Powder"), whereby Canamax acquired all of the outstanding shares of Powder in exchange for 45.9 million shares of Canamax. The acquisition of Powder added approximately $21.7 million of working capital (substantially all cash) and 100 bbl/d of light oil production from properties located in southeast Saskatchewan.

Operational highlights during Q3 2015:

- The Q3 2015 average production of 1,244 boe/d (62% oil and NGL's) represented a 36% increase from Q2 2015 production of 914 boe/d (59% oil and NGL's).
- Funds flow from operations during Q3 2015 was $0.7 million ($0.01 per share) reflecting corporate netbacks of $5.89 per boe. The corporate netbacks resulted from field netbacks of $12.61 per boe less G&A ($5.66 per boe) and finance expenses ($1.07 per boe), net of a hedging gain ($0.01 per boe). Reductions in future G&A on a boe basis are expected to occur as a result of the increased production base and reductions in finance expenses are expected to occur given the significantly reduced debt position.
- Canamax drilled 7 wells during Q3 2015 (6 verticals, 1 horizontal) and re-entered a previously drilled, but unstimulated horizontal well. All 8 wells were drilled on the Company's Flood Lake property and were successfully completed as Montney oil wells, with 4 of the vertical wells and the new horizontal well placed on production just prior to the end of September. The remaining 2 vertical wells and the horizontal re-entry were placed on production during October.
- The newly drilled horizontal well was completed in the Montney B zone utilizing completion techniques used for the first time in this area, including an increased number of frac stages and reduced proppant volumes per stage. This horizontal well recorded an initial 30-day production rate ("IP30") of 247 bbl/d of Montney oil plus an additional 136 mcf/d of solution gas (total of 270 boe/d). These production results

exceeded the Company's expected IP30 type curve of 125 bbl/d of oil for horizontal wells targeting the Montney A and B zones in the Greater Grimshaw area.

- Also as previously announced, the six vertical wells were completed in the Worsley formation (just above the Montney A and B zones). The average IP30 rates of these wells was approximately 40 bbl/d of Montney oil, which was just below the area IP30 type curve for Worsley vertical wells of 50 bbl/d. However, the placement of these wells has provided further delineation and control points for the Worsley and Montney B reservoirs in the central and northeast portions of the Flood Lake property.
- As a result of the drilling of the six vertical wells, Canamax satisfied its capital commitment under a previously announced royalty agreement with a third party. As part of that agreement, the third party acquired an overriding royalty in these wells through aggregate payments of $2.55 million to Canamax. This arrangement enabled Canamax to significantly reduce its upfront capital investment in these wells.
- As a result of the drilling and completion of the vertical and horizontal wells at Flood Lake during Q3 2015, Canamax fulfilled its $2.3 million CDE flow-through share obligation during the quarter.
- As a result of the significant capacity constraints for natural gas on TransCanada pipelines, Canamax continued to shut-in approximately 100 boe/d (primarily natural gas) at Brazeau River through Q3 2015. These capacity constraints have also resulted in a weakening of spot prices for natural gas deliveries at certain Alliance pipeline receipt points in northern Alberta. As a result of the reduced Alliance pricing, Canamax shut-in a further 400 boe/d of production (substantially all gas) from the newly acquired Grande Prairie properties through the month of September.

Significant Events subsequent to Q3 2015:

- During late October, Canamax placed its horizontal re-entry well on production. This well, completed in the Montney A zone using the new horizontal completion techniques, has a high associated emulsion production rate which is encouraging. Canamax is currently working on sizing the production facilities to optimize emulsion production (including oil/water cuts) from this well and targeting to meet or exceed an IP30 production rate of 125 bbl/d of Montney oil. Since this well is not tied into the central gathering facilities at Flood Lake, the emulsion is currently being trucked to the Company's central battery at a high expense. Once representative production test data is achieved the well will be shut-in and re-activated when the pipeline tie-in to the central gathering facilities is constructed (targeted by February 2016).
- During November, Canamax drilled two horizontal wells at the Company's Grimshaw property adjacent to existing horizontal wells producing from the Montney B. Completion of these wells (which will utilize the new techniques used for the recently completed horizontals at Flood Lake) is scheduled to commence in early December.
- During mid-November, capacity constraints on the TransCanada pipeline receipt point near the Brazeau River property were partially alleviated. As a result, Canamax is in the process of re-activating a portion of its shut-in production on that property (with the definitive amount not known as at November 25, 2015). Pipeline capacity and plant constraints continue to impact the Grande Prairie area and the production in that area remains shut-in at the current time.

Financial and Operational Summary

($000 except share, per share and per boe amounts)	Three months ended [1]		Nine months ended [1]	
	Sept 30, 2015	Aug 31, 2014	**Sept 30, 2015**	Aug 31, 2014
Financial				
Revenue	4,023	4,646	9,929	9,860
Operating netback [2]	1,443	2,463	3,853	5,136
Funds from operations [2]	673	1,795	1,693	2,877
Per share - basic and diluted [2]	0.01	0.04	0.03	0.09
Net income (loss)	(4,810)	70	(8,137)	(212)
Per share - basic and diluted	(0.05)	-	(0.14)	(0.01)
Net capital expenditures [3]	7,718	7,006	9,708	16,230
Net proceeds from financings	14,233	(13)	14,233	15,394
(Net Debt) / working capital surplus - end of period [4]	(1,336)	1,788	(1,336)	1,788
Weighted average shares outstanding (in 000)	95,054	41,479	60,037	33,143
Common shares outstanding – end of period (in 000)	114,766	41,626	114,766	41,626
Operating				
Average Daily Production				
Oil and NGL's (bbls/d)	770	469	612	328
Natural gas (mcf/d)	2,844	2,587	2,497	2,235
Oil equivalent (boe/d)	1,244	900	1,028	700
Average Price				
Oil and NGL's ($/bbl)	**45.68**	84.27	**47.66**	77.67
Natural gas ($/mcf)	**3.01**	4.25	**2.90**	4.71
Oil equivalent ($/boe)	**35.16**	56.16	**35.39**	51.39
Royalties ($/boe)	**(2.73)**	(6.87)	**(1.31)**	(9.13)
Operating expenses ($/boe)	**(14.20)**	(16.62)	**(14.74)**	(12.09)
Transportation ($/boe)	**(5.62)**	(2.89)	**(5.60)**	(3.42)
Operating netback ($/boe) [2]	**12.61**	29.78	**13.74**	26.75
G&A expense ($/boe)	**(5.66)**	(8.16)	**(7.07)**	(11.79)
Finance expenses ($/boe)	**(1.07)**	0.10	**(1.56)**	0.02
Realized hedging gain ($/boe)	**0.01**	-	**0.09**	-
Corporate netback ($/boe) [2]	**5.89**	21.72	**5.20**	14.98

(1) During September 2014, Canamax changed its year-end from February 28 to December 31, which resulted in a 10-month stub year-end period of December 31, 2014. As a result of this year-end change, the comparative financial periods to the three and nine-months ended September 30, 2015 are the three and nine-month periods ended August 31, 2014.

(2) See "Non-IFRS Measures".

(3) Net capital expenditures reflect drilling, completion, facility and undeveloped land expenditures combined with property acquisitions net of property disposals.

(4) Net debt / working capital surplus at September 30, 2015 includes the Company's operating loan balance.

Outlook

The significant erosion in oil and gas prices have presented a challenging operating environment for all oil and gas companies, including Canamax. However, as a result of the transactions completed during Q3 2015, the Company has been re-capitalized and has substantially grown its production base. The acquired Greater Grimshaw assets add significant development inventory to the Company's existing development portfolio. As a result of having minimal net debt, Canamax is in a strong financial position with operating flexibility moving forward.

The Company's management is encouraged by the results of the new completion techniques utilized for the horizontal wells recently drilled and re-entered at Flood Lake and is hoping to achieve higher production rates and recoverable reserves for future horizontal wells drilled at Flood Lake and Grimshaw using this technology. As previously announced, Canamax's capital expenditure budget for Q4 2015 has been set at $3.3 million, with $2.8 million of this amount allocated to the drilling and completion of the two horizontal wells at Grimshaw. Going forward, the Company's capital expenditure budgets will be set on a quarter by quarter basis until more clarity is obtained on future commodity prices and the Province of Alberta royalty program. Canamax continues to evaluate strategic acquisition opportunities which become available as a result of the challenging environment with the primary objective of maintaining the Company's strong balance sheet.

Reconciliation of Funds from Operations

The reconciliation from cash flow from (used in) operating activities as reported in the condensed interim consolidated financial statements to funds from operations is as follows:

	Three months ended		**Nine months ended**	
(in $000's)	**Sept 30, 2015**	Aug 31, 2014	**Sept 30, 2015**	Aug 31, 2014
Cash flow from (used in) operating activities (per financial statements)	**$1,977**	$1,026	**$516**	($2,719)
Add (deduct):				
Change in non-cash working capital	**(1,895)**	724	**71**	5,035
Cash paid finance expenses associated with Bridge loan facility	**-**	-	**240**	-
Decommissioning expenditures	**1**	39	**10**	39
Transaction costs-acquisitions	**590**	6	**856**	522
Funds from operations	**$673**	$1,795	**$1,693**	$2,877

Results of Operations – Three and nine months ended September 30, 2015

Given the Company's recent change in year-end from February 28 to December 31, the most comparable prior fiscal periods for the three and nine-month periods ended September 30, 2015 are the three and nine-month periods ended August 31, 2014.

Production

	Three months ended			Nine months ended		
	Sept 30, 2015	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Oil and NGL's (bbls/d)	**770**	469	64%	**612**	328	87%
Natural gas (mcf/d)	**2,844**	2,587	10%	**2,497**	2,235	12%
Oil equivalent (boe/d)	**1,244**	900	38%	**1,028**	700	47%
% Oil and NGL's	**62%**	52%	19%	**60%**	47%	28%

Average production for the three-month period ended September 30, 2015 was 1,244 boe/d (62% oil and NGL's) compared to 900 boe/d (52% oil and NGL's) in the prior year three-month period, a net production increase of 38%. Production in the prior year quarter was derived from the Company's core areas of Brazeau River and Wapiti, plus production from properties owned by Ki Exploration, which was acquired on April 30, 2014. Subsequent to August 31, 2014, Canamax drilled and placed the following wells on production: 8 (net 8.0) vertical wells at Flood placed on production during the 4-month period September 1 – December 31, 2014; 1 (net 0.7) horizontal well at Wapiti placed on production during March 2015; 4 vertical wells and 1 horizontal well (all 100% Canamax) placed on production at the end of Q3 2015. Production from the remaining 2 vertical wells and horizontal re-entry drilled during Q3 2015 was placed on stream during October 2015.

In addition, the Greater Grimshaw properties acquired on July 15, 2015 added approximately 750 boe/d (54% oil and NGL's) and the Powder properties acquired on July 30, 2015 added approximately 100 bbl/d of oil production. However, approximately 400 boe/d (primarily natural gas) of the acquired Greater Grimshaw production was shut-in during the entire month of September due to low natural gas prices at Alliance pipeline receipt points. The production additions over the past year from the wells drilled and properties acquired was partially offset by:

a) production shut-in during all of Q3 2015 at Brazeau River of approximately 100 boe/d (primarily gas) due to TransCanada pipeline constraints;
b) Sale of 50 bbl/d of oil production during September 2014; and
c) Natural production declines.

Average production for the nine-month period ended September 30, 2015 was 1,028 boe/d (60% oil and NGL's) compared to 700 boe/d (47% oil and NGL's) in the prior year nine-month period, a 47% period over period increase. The additional production resulted primarily from:

- A full nine-month period in 2015 for the acquired Ki Exploration wells compared to only four months of production from these wells in the prior period;
- New production from the 13 Flood wells and 1 (net 0.7) Wapiti well drilled and brought on production subsequent to August 31, 2014; and
- New production from the acquired Greater Grimshaw and Powder properties.

Offset primarily by:

- Shut-in production of approximately 100 boe/d at Brazeau River (such production shut-in since March 2015);

- Shut-in production of approximately 400 boe/d at Grande Prairie (such production shut-in during September 2015);
- The sale of 50 bbl/d of oil production during September 2014; and
- Normal production declines over the past year.

Revenue

(in $000's)	Three months ended **Sept 30, 2015**	Three months ended Aug 31, 2014	% change	Nine months ended **Sept 30, 2015**	Nine months ended Aug 31, 2014	% change
Oil and NGL's	**$3,236**	$3,636	(11%)	**$7,954**	$6,974	14%
Natural gas	**$787**	$1,010	(22%)	**$1,975**	$2,886	(32%)
Total petroleum and natural gas sales	**$4,023**	$4,646	(13%)	**$9,929**	$9,860	1%

Realized commodity prices

	Three months ended **Sept 30, 2015**	Three months ended Aug 31, 2014	% change	Nine months ended **Sept 30, 2015**	Nine months ended Aug 31, 2014	% change
Oil and NGL's ($/bbl)	**$45.68**	$84.27	(46%)	**$47.66**	$77.67	(39%)
Natural gas ($/mcf)	**$3.01**	$4.25	(29%)	**$2.90**	$4.71	(38%)
Oil equivalent ($/boe)	**$35.16**	$56.16	(37%)	**$35.39**	$51.39	(31%)

Despite the increase in production during Q3 2015 compared to the three-month period ended August 31, 2014, the total oil and natural gas revenues realized decreased 13% period over period. This reflected a period over period reduction in realized prices of 37% on a per boe basis as both oil and NGL's and natural gas prices dropped. The West Texas Intermediate ("WTI") oil prices averaged USD $46.43 per bbl in the current three-month period compared to USD $101.20 per bbl in the prior year three-month period. The WTI pricing, adjusted for certain differentials and then converted to Canadian dollars, serves as a reference price for Canamax's crude oil sales. Alberta AECO natural gas spot prices averaged $2.62 per gigajoule ("GJ") in the current three-month period, which was significantly lower than the $4.04 per GJ average in the prior year three-month period. AECO pricing on a per GJ basis is based on heat content of the delivered gas, whereas the Company reports its gas sales on a volume basis in mcf.

For the nine-month period ended September 30, 2015, overall oil and gas revenue was 1% higher than the prior year nine-month period reflecting a 47% increase in production offset by a reduction of 31% in average commodity prices on a boe basis. Realized oil and NGL's prices for the nine months ended September 30, 2015 were $47.66/boe compared to $77.67/boe for August 31, 2014 (a decline of 39%). USD WTI pricing averaged $51.00 per bbl for the current nine-month period, a significant drop from the $100.44 average during the prior year nine-month period. Alberta AECO natural gas spot prices averaged $2.62 per GJ in the current nine-month period compared to $4.66 per GJ for the nine-month prior period.

Royalties

(in $000's)	Three months ended			Nine months ended		
	Sept 30, 2015	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Royalties	**$312**	$569	(45%)	**$367**	$1,751	(79%)
as % of revenues	8%	12%	(33%)	**4%**	18%	(78%)
per boe	$2.73	$6.87	(60%)	$1.31	$9.13	(86%)

Royalties as a percentage of oil and gas revenues during Q3 2015 were significantly lower than the prior year quarter. The reduced royalty rates for the current period partially reflect the "royalty holiday" rates for new production brought on stream over the past year from 13 vertical wells and 1 new horizontal well at Flood and 1 horizontal well at Wapiti. The vertical wells receive a reduced crown royalty rate of 5% for the initial 12 months of production, while the horizontal wells receive the reduced rate for the initial 18 months of production. The significantly lower commodity prices also contributed to the reduced rates. Offsetting these rate reduction items, was the acquisition of the Grimshaw properties, which have mature production profiles and royalty rates which averaged approximately 9% during Q3 2015.

The significant drop in percentage royalty rates for the current nine-month period compared to the prior year nine-month period reflects the new production brought on at Flood and Wapiti along with the lower overall commodity prices. In addition, Canamax received a refund of approximately $0.2 million of royalties paid in 2014 during the three-month period ended June 30, 2015 which also reduced the royalty rates.

Operating and Transportation Expenses

(in $000's)	Three months ended			Nine months ended		
	Sept 30, 2015	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Operating expenses	**$1,625**	$1,376	18%	**$4,136**	$2,319	78%
Transportation expenses	**$643**	$238	170%	**$1,573**	$654	141%
Total operating and transportation expenses	**$2,268**	$1,614	41%	**$5,709**	$2,973	92%
Operating costs per boe	**$14.20**	$16.62	(15%)	**$14.74**	$12.09	22%
Transportation costs per boe	**$5.62**	$2.89	94%	**$5.60**	$3.42	64%
Total operating and transportation expenses per boe	**$19.82**	$19.51	2%	**$20.34**	$15.51	31%

Operating expenses on a boe basis decreased during Q3 2015 as compared to the prior year quarter reflecting the following:

- Significant maintenance costs in the prior year quarter were incurred on the wells acquired as part of the Ki Exploration acquisition as Ki had deferred maintenance of these wells.
- The central gathering and treating facilities constructed at Flood during November and December of 2014 have reduced operating costs in that area. Prior to these facilities being in place, Canamax was trucking produced emulsion from the oil wells at Flood to a central battery at a high cost. These wells are now tied in to the central gathering facilities eliminating the emulsion trucking costs.

- The low cost, light oil production from the new horizontal well at Wapiti (which came on stream during March 2015) served to reduce overall field operating expenses on a boe basis.

Operating expenses on a boe basis for the current nine-month period were higher than the prior year nine-month period partially reflected the production mix. In the prior period, the low cost Brazeau River production (primarily gas) accounted for approximately 54% of total production volumes (on a boe basis) but accounted for only 12% of total volumes in the current nine-month period. The impact of the lower-cost production from Brazeau River in the prior period was offset by the high maintenance expenses incurred on the Ki properties and the higher operating expenses incurred at Flood as discussed above.

Transportation expenses on a per boe basis for the three and nine-month periods have increased in relation to the prior year periods reflecting a shift in production mix to a higher oil weighting (which has a higher associated transportation cost per boe). Canamax is currently trucking its produced crude oil volumes to sales receipt points at a significantly higher cost than natural gas (which is transported via pipeline to sales receipt points).

General and Administrative Expenses

	Three months ended			**Nine months ended**		
(in $000's)	**Sept 30, 2015**	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Gross G&A expenses	**$830**	$872	(5%)	**$2,295**	$2,459	(7%)
Recoveries and capitalized amounts	**($182)**	($196)	7%	**($310)**	($196)	58%
Net G&A	**$648**	$676	(4%)	**$1,985**	$2,263	(12%)
per boe	$5.66	$8.16	(31%)	$7.07	$11.79	(40%)

Gross G&A expenses for Q3 2015 were in line with the comparable quarter in the prior period as the increase in staff levels was offset by pay reductions taken by the Company's senior management. In comparing the nine-month periods, G&A costs in the prior year were negatively impacted by a one-time severance cost of $0.4 million recorded in the three-month period ended May 31, 2014 related to the restructuring of the senior management team. Adjusting for this one-time charge, gross G&A increased on a year over year basis for the nine-month periods reflecting an increased staff level and expanded operations resulting from the Company's significant growth.

Canamax capitalized certain G&A items (including salary and overhead costs) in the current and prior year three and nine-month periods for employees involved in drilling, completion and facilities construction activities.

Transaction costs

Transaction costs for the three and nine-month periods ended September 30, 2015 of $0.6 million and $0.9 million respectively, related to costs incurred on the acquisition of the Greater Grimshaw properties and the Powder acquisition, both of which closed in July 2015. Transaction costs for the nine-month period ended August 31, 2014 of $0.5 million related to the Ki Exploration acquisition which closed in May 2014.

Share-based compensation

Share-based compensation expenses are non-cash charges which reflect the estimated value of stock options issued to directors, employees and consultants of the Company. The value of the award is recognized as an expense over the period from the grant date to the date of vesting. Share-based compensation expense of $0.4 million and $0.8

million, respectively, for the current three and nine-month periods reflects the amortization of compensation expense from prior period option grants plus the expense associated with the grant of 7.3 million new stock options which occurred in Q3 2015. The options granted in Q3 2015 had an average fair value of $0.22 per option and vest as to 1/3 on April 1, 2016, 1/3 on April 1, 2017 and 1/3 on April 1, 2018.

The share-based compensation expense of $0.5 million and $1.2 million, respectively, recorded in the prior year three and nine-month periods partially reflected the issue of 1.6 million options during the nine-month period at a weighted average fair value of $1.05 per option. The prior period options contained a more aggressive vesting period (i.e. 1/3 vesting on grant date, 1/3 vesting on first year anniversary and 1/3 vesting on second year anniversary) which gave rise to a shorter period of expense recognition than for the options issued in the current nine-month period.

Depletion and Depreciation

	Three months ended			**Nine months ended**		
(in $000's)	**Sept 30, 2015**	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Depletion and depreciation expense	**$1,844**	$1,443	28%	**$4,222**	$2,618	61%
per boe	**$16.11**	$17.42	(8%)	**$15.04**	$13.64	10%

Depletion expense is computed on a unit of production basis and varies as a result of changes in the underlying proved and probable reserve base and the amount of costs subject to depletion. Such costs are segregated and depleted on an area by area basis relative to their respective underlying proved and probable reserve base.

The total depletion and depreciation expense for the three and nine-month periods ended September 30, 2015 was higher than the comparative three and nine-month periods due primarily to increased production levels and the higher capital base per boe to be depleted. The higher cost base to be depleted on a boe basis reflects an increased capital base and increased future development costs ("FDC's") (such FDC's are required to develop the Company's petroleum and natural gas reserves as evaluated by the Company's independent engineers at December 31, 2014).

Impairment of property, plant and equipment

At September 30, 2015, due to declines in forward commodity prices, it was determined that indicators of impairment existed and impairment tests were performed on the Company's CGUs. For purposes of impairment testing, the estimated recoverable amounts of the Company's CGUs were calculated based on the estimated net present value of the before tax cash flows from the Company's oil and gas proved reserves discounted at 10% and probable reserves discounted at 15%. To determine the estimated net present value of the before tax cash flows at September 30, 2015, the Company's independent reserve engineers applied their forward commodity pricing strip at September 30, 2015 to the Company's reserve volumes existing at December 31, 2014. Management adjusted the resulting reserve values to reflect oil and gas production and estimated reserve additions during the nine months ended September 30, 2015.

As a result of the impairment tests, the Company recognized a total impairment of $4.1 million, of which $1.6 million related to the Wapiti CGU and $2.5 million related to the Grande Prairie CGU.

Gain on sale of property

During the three months ended September 30, 2015, the Company recorded a gain on sale of property of $1.3 million related to the sale of an overriding royalty as part of a royalty arrangement with Maple Leaf 2013 Oil & Gas Income Limited Partnership ("Maple Leaf"). Under the terms of the arrangement, Maple Leaf advanced Canamax $2.6 million during the nine months ended September 30, 2015 to acquire a gross overriding royalty from six vertical wells (the "Royalty Wells") that Canamax was required to drill on the Company's Flood property by September 30, 2015. Canamax fulfilled its obligation by drilling the Royalty wells prior to the September 30, 2015 deadline.

The value of the property sold for accounting purposes was estimated at $1.3 million, resulting in the $1.3 million gain.

Finance expense

Finance expense of $0.1 million and $1.4 million, respectively, was recorded for the three and nine-month periods ended September 30, 2015. The nine-month period amount reflects a $1.2 million fee paid during Q2 2015 to establish a $20 million standby bridge loan facility as a backstop for the acquisition of the Greater Grimshaw properties. The fee was paid in shares valued at $1.0 million and cash of $0.2 million. The standby facility was not utilized and expired in August 2015. Canamax did not incur finance expenses in the prior year periods as no debt was utilized during that time.

Deferred tax recovery

On July 9, 2015, as part of a brokered private placement, the Company issued 3.6 million common shares on a "flow-through" basis pursuant to the Income Tax Act (Canada) at a price of $0.65 per flow-through share. These shares were issued in respect of Canadian development expenses ("CDE") for aggregate gross proceeds of $2.3 million. As at September 30, 2015, the Company had incurred the entire amount with respect to the qualifying CDE expenditures. As a result, a deferred tax recovery of $0.2 million was recognized in Q3 2015 related to the premium on the flow-through shares issued.

In the comparative nine-month period, a deferred tax recovery of $0.3 million was recognized which related to the issue of flow-through shares during the three-month period ended February 28, 2014.

Net income (loss)

Net loss for the three-month period ended September 30, 2015 was $4.8 million ($0.05 per share) compared to net income of $0.1 million ($0.00 per share) in the prior year three-month period.

Net loss for the nine-month period ended September 30, 2015 was $8.1 million ($0.14 per share) compared to a net loss of $0.2 million ($0.01 per share) in the nine-month period ended August 31, 2014. The net loss in the current three and nine-month periods reflects the impairment of property, plant and equipment of $4.1 million.

Capital Expenditures

Canamax incurred capital expenditures in the selected periods as outlined below:

(in $000's)	**Three months ended**			**Nine months ended**		
	Sept 30, 2015	Aug 31, 2014	% change	**Sept 30, 2015**	Aug 31, 2014	% change
Property, plant and equipment expenditures	**$7,457**	$5,860	27%	**$8,837**	$14,762	(40%)
Acquisitions (net of cash acquired)	**$2,803**	$1,032	172%	**$3,323**	$1,924	73%
Exploration and evaluation asset expenditures	**$8**	$114	(93%)	**$98**	$114	(14%)
Property, plant and equipment dispositions	**($2,550)**	-	100%	**($2,550)**	($570)	347%
Net PP&E and E&E expenditures	**$7,718**	$7,006	10%	**$9,708**	$16,230	(40%)

Property, Plant & Equipment
During Q3 2015, Canamax incurred $7.5 million on property, plant and equipment expenditures related primarily to:

- Drilling, completion and tie-in costs of 6 vertical wells, 1 horizontal well and 1 horizontal re-entry, all drilled at Flood during the quarter; and
- Infrastructure costs at Flood;

Acquisitions
During Q3 2015 Canamax closed the acquisition of the Greater Grimshaw properties for $24.2 million, and also closed the acquisition of Powder (which provided Canamax with $21.4 million in cash). The net cash outlay of these acquisitions was $2.8 million.

<u>Acquisition of Greater Grimshaw assets:</u>
On July 15, 2015, the Company completed the acquisition of certain high working interest properties, primarily in the Grimshaw and Grande Prairie areas of Alberta. The purchase price of $24.2 million was allocated as to: $26.5 million to PP&E, $0.9 million to E&E assets, net of $3.2 million allocated to decommissioning obligation.

<u>Acquisition of Powder:</u>
On July 30, 2015, Canamax completed the acquisition of all of the issued and outstanding common shares of Powder, a public oil and gas company with properties in southeast Saskatchewan. The net identifiable assets acquired were valued at $24.5 million, of which $21.7 million was working capital (substantially all cash).

Dispositions

During Q3 2015, Canamax disposed of a royalty interest in 6 vertical wells drilled at Flood Lake for aggregate proceeds of $2.6 million (see "Gain on Sale of Property" section)

Capital Resources and Liquidity

As at September 30, 2015, Canamax had net debt of $1.3 million compared to net debt of $6.8 million at December 31, 2014 (a decrease of $5.5 million). The net debt figure at the end of both periods was comprised solely of a working capital deficit, with no amounts drawn on the Company's operating loan. The decrease primarily reflected:

- The $21.7 million of cash and working capital acquired as part of the Powder acquisition that closed during Q3 2015;
- Net proceeds of $14.2 million from the private placement financing that closed during Q3 2015;
- Proceeds of $2.6 million from the sale of the royalty interest to Maple Leaf recognized during Q3 2015;
- Funds flow from operations for the nine-month period of $1.7 million; offset by:
- The cost of $24.2 million related to the acquisition of the Greater Grimshaw properties that closed in Q3 2015;
- The cost of $0.5 million related to other property acquisitions incurred during the nine-month period;
- Capital expenditures of $8.8 million for property, plant and equipment for the nine-month period;
- Transaction costs of $0.9 million related to the Greater Grimshaw and Powder acquisitions; and
- Cash paid finance expenses of $0.4 million for the nine-month period.

Financing

On July 9, 2015, the Company closed a brokered private placement of 21,724,268 subscription receipts at a price of $0.60 per subscription receipt and 3,618,893 flow-through common shares at a price of $0.65 per flow through share for aggregate gross proceeds of approximately $15.4 million (net proceeds of $14.2 million). In accordance with their terms, each subscription receipt was exchanged for one common share of Canamax on July 21, 2015, after Canamax had satisfied certain conditions including:

- Closing of the Greater Grimshaw acquisition on July 15, 2015; and
- Obtaining a final receipt on July 20, 2015 for a short-form prospectus filed in certain provinces of Canada.

The Company incurred share issuance costs related to the financings of $1.2 million for broker commissions, legal and other fees.

Operating loan:

On July 15, 2015, in conjunction with the completion of the brokered private placement that closed on July 9, 2015 and completion of the acquisition of the Greater Grimshaw assets, the operating loan limit was increased from $10.0 million to $21.0 million. As a result of a review of the credit facility by the lender on October 8, 2015, the operating loan limit available remained unchanged. The amount of the facility is subject to a borrowing base test performed on a periodic basis by the lender, based primarily on the Company's petroleum and natural gas reserves using commodity prices estimated by the lender as well as other factors. The next review of the facility is scheduled to be completed on or before January 1, 2016.

As at September 30, 2015, the Company had $nil drawn on the operating loan facility. The credit facility has financial covenants which require the Company to maintain an adjusted working capital ratio of not less than 1:1. The calculation allows for the undrawn portion of the facility to be added to current assets and deduction of the current portion of the facility from current liabilities. The Company was in compliance with this covenant as at September 30, 2015.

Canamax's Financial Position and the Current Industry Environment

As a result of the $14.2 million in net proceeds from the private placement financing, the Powder acquisition (which added $21.7 million of working capital to Canamax), and the acquisition of the Greater Grimshaw properties (all of which were completed in Q3 2015), the Company significantly increased its production base and was in a strong financial position at September 30, 2015 with only a small amount of net debt. Given the erosion of the current industry environment due to the significant reduction in commodity prices, this strong financial position will allow Canamax to not only be sustainable, but potentially opportunistic, as financially distressed assets become available.

During October 2015, the Company announced that it had expanded its 2015 capital program by $3.3 million, all of which would be incurred during Q4 2015. The majority of this capital will be allocated to the drilling and completion of two horizontal wells at Grimshaw. Given the Company's future cash flow from operations and the $21.0 million in available operating loan at September 30, 2015, the Company believes it has sufficient capital to finance its operations and capital expenditures over the next twelve months.

Selected Quarterly Data

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight fiscal quarters, commencing with the three months ended September 30, 2015.

Due to the change in year-end from February 28 to December 31 with the first new year-end occurring December 31, 2014, the December 31, 2014 fiscal "quarter" noted herein consists of a four month period.

(in $000's except volume and per boe amounts)	Three months Sept 30, 2015	Three months June 30, 2015	Three months Mar 31, 2015	Four months Dec 31, 2014
Revenue	$4,023	$3,334	$2,572	$5,210
Royalties	$312	($86)	$141	$467
Operating & transportation expenses	$2,268	$1,902	$1,539	$2,429
Operating netback	$1,443	$1,518	$892	$2,314
Production volumes				
Oil (bbls/d)	721	497	465	440
NGL's (bbls/d)	49	46	53	70
Gas (mcf/d)	2,844	2,224	2,420	2,523
Total boe/d	1,244	914	921	930
Revenue per boe	$35.16	$40.08	$31.02	$45.94
Royalties per boe	$2.73	($1.03)	$1.70	$4.26
Operating & transportation expenses per boe	$19.82	$22.87	$18.56	$21.29
Operating netback per boe (1)	$12.61	$18.24	$10.76	$20.39
Net income (loss)	($4,810)	($2,165)	($1,163)	($383)
Net income (loss) per share (basic and diluted) (2)	(0.05)	(0.05)	(0.03)	(0.01)

(in $000's except volume and per boe amounts)	Three months Aug 31, 2014	Three months May 31, 2014	Three months Feb 28, 2014	Three months Nov 30, 2013
Revenue	$4,646	$3,250	$1,964	$937
Royalties	$569	$619	$564	$164
Operating & transportation expenses	$1,614	$1,071	$289	$190
Operating netback	$2,463	$1,560	$1,111	$583
Production volumes				
Oil (bbls/d)	394	207	94	88
NGL's (bbls/d)	75	126	84	-
Gas (mcf/d)	2,587	2,574	1,530	1,000
Total boe/d	900	762	433	255
Revenue per boe	$56.16	$46.21	$50.48	$40.31
Royalties per boe	$6.87	$8.80	$14.47	$7.04
Operating & transportation expenses per boe	$19.51	$15.27	$7.41	$8.17
Operating netback per boe (1)	$29.78	$22.14	$28.60	$25.10
Net income (loss)	$70	($1,221)	$939	($1,077)
Net income (loss) per share:				
basic (2)	-	($0.04)	$0.04	($0.05)
diluted	-	($0.04)	$0.03	($0.05)

(1) See "Non-IFRS Measures".

(2) The Company received shareholder approval on December 17, 2013 and TSXV approval on February 19, 2014 for a share consolidation. The Company's issued and outstanding common shares were consolidated on the basis of one new common share of the Company for every six existing common shares. The net income (loss) per share amounts have been restated in the prior quarters to reflect this consolidation.

Factors that have caused Variations over the Quarters

The fluctuations in Canamax's revenue and net income (loss) from quarter to quarter are primarily caused by changes in production volumes, changes in realized commodity prices, changes in operating and transportation expenses and the related impact on royalties. The change in production from the quarter ended November 30, 2013 through to the current quarter are due to Canamax's successful drilling program, as well as corporate and asset acquisitions over that period. Please refer to the Financial and Operating Results section and other sections of this MD&A and previously issued interim and annual MD&A for detailed discussions on variations during the comparative quarters.

Financial Instruments

The Company may use commodity price contracts to manage market risks. The following fixed price natural gas commodity contract was in place as at September 30, 2015:

Type of Contract	Commodity	Quantity	Contract Price	Pricing Point	Term
Financial	Gas	1,000 GJ per day	CAD $2.77 per GJ	Alberta Daily Spot	Oct - Dec 2015

The fair value of this contract at September 30, 2015 of $0.02 million has been recorded as a current asset on the statement of financial position. For the three and nine months ended September 30, 2015, the Company recorded immaterial realized and unrealized gains and losses on this contract.

Outstanding Shares

As at November 25, 2015, Canamax had 114,766,055 common shares outstanding.

Changes in Accounting Policies

There were no changes in accounting policies during the nine months ended September 30, 2015.

Accounting Pronouncements not yet adopted

There were no new accounting pronouncements adopted during the nine-month period ended September 30, 2015. Additional information concerning accounting pronouncements not yet adopted is disclosed in the notes to the audited consolidated financial statements and MD&A for the period ended December 31, 2014.

Risk Factors

The exploration for, and development and production of, crude oil and natural gas involves a wide range of business and financial risks, some of which are beyond the control of the Company. Included in these risks are the uncertainty of finding economically recoverable reserves, fluctuations in commodity prices, interest rate and foreign exchange rate volatility, the possibility of changes to royalty, tax and environmental regulations, and access to financing in the capital markets when it is required, on acceptable terms. The oil and gas industry is also highly competitive and the Company competes with numerous other companies, many of which have greater financial and human resources.

The business risks facing the Company are mitigated in a number of ways. Geological, geophysical, engineering, environmental and financial analyses are performed on development projects and potential acquisitions to ensure an acceptable balance between risk and return on investment. The Company's ability to increase its production, revenues and cash flows depends on its success in developing its existing properties, and acquiring and developing new reserves and production and managing those assets in an efficient manner.

Despite best practice analysis being conducted on projects, there are numerous uncertainties inherent in estimating quantities of proved and probable oil and gas reserves, including future prices for crude oil and natural gas, engineering data, projected future rates of production and the timing of future expenditures. The process of estimating oil and gas reserves requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. An independent reserve engineering firm evaluates the Company's properties annually.

A complete discussion of risk factors is included in the Company's ten-month period ended December 31, 2014 AIF located at www.sedar.com.