

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Name and Address of Company

1. Tanager Energy Inc. (“**Tanager**” or the “**Corporation**”)
Sun Life Plaza West Tower
144-4 Avenue SW, Suite 1600
Calgary, AB T2P 3N4

Date of Material Change

2. December 14, 2016

News Release

3. A press release was disseminated on December 14, 2016 via Marketwired.

Summary of Material Change

4. Tanager has completed the closing of the first tranche of an equity financing and a debt financing with ACH Management, LLC (“**ACH**”), an arm’s length third party.

Full Description of Material Change

5. **5.1 Full Description of Material Change**

Tanager has completed the closing of the first tranche of an equity financing and a debt financing with ACH Management, LLC (“**ACH**”), an arm’s length third party, as further described below, subject to final approval of the TSX Venture Exchange. ACH Management, LLC is private investment company based in Dallas, Texas.

Tanager completed the closing of the first tranche of a non-brokered private placement of units (“**Units**”). Tanager issued 16,000,000 Units to ACH at a price of \$0.10 per Unit for gross proceeds of \$1,600,000 (the “**Equity Financing**”). Each Unit consists of one common share of Tanager (“**Common Share**”) and one Common Share purchase warrant (“**Warrant**”), with each Warrant entitling the holder thereof to purchase one additional Common Share at a price of \$0.10 per Common Share until the date that is twenty (20) months from the closing date and \$0.12 per Common Share for the period from twenty (20) months from the closing date until the date that is thirty-two (32) months from the closing date.

The Corporation intends to use the proceeds from the Equity Financing for expenditures in developing Tanager’s Polk County and Tyler County, Texas properties, for repayment of debt, to replenish working capital and for general corporate purposes.

All securities issued in connection with the Equity Financing are subject to a hold period that expires on April 15, 2017.

ACH acquired 16,000,000 Units pursuant to the Equity Financing at a price of \$0.10 per Unit, representing an aggregate purchase price of \$1,600,000. Prior to the Equity Financing, ACH did not own any Common Shares and upon completion of the Equity Financing, ACH will own or control 16,000,000 Common Shares, or approximately 15.85% of the total issued and outstanding Common Shares and Warrants to acquire 16,000,000 Common Shares. Assuming the exercise of such warrants, ACH would own or control 32,000,000 Common Shares, or approximately 27.37% of the total issued and outstanding Common Shares. The purchase of the Units by ACH was made for investment purposes. ACH may increase or decrease its investment in Tanager depending on market conditions or any other relevant factors. The head office address for Tanager is Sun Life Plaza West Tower, 144-4 Avenue SW, Suite 1600, Calgary, AB T2P 3N4 and for ACH is 8150 N. Central

Expressway, Suite 670, Dallas, Texas 75206 USA.

Tanager also announced that it has entered into a line of credit agreement (the “**Credit Facility**”) with ACH for US \$8,000,000 (the “**Debt Financing**”). The Credit Facility may be drawn at the option of Tanager during the period ended December 14, 2017. The Credit Facility matures on December 14, 2019. Funds advanced under the Credit Facility bear interest at a rate of 6% per annum, payable monthly. The Credit Facility is secured by a first lien on the Company’s Texas properties. The obligations of Tanager under the Credit Facility are also guaranteed by Tanager’s wholly owned US subsidiary pursuant to an unconditional secured guarantee. ACH and the holders of the outstanding debentures and notes of Tanager have entered into an intercreditor agreement that provides that such creditors will rank on a *pari passu* basis in the event of any enforcement on any assets of Tanager, provided that ACH will have a first priority claim on certain property of Tanager and its US subsidiary. Pursuant to the Credit Facility, a minimum of twelve (12) wells in Polk County, Texas must be drilled and completed in the Yegua formation during the period ending December 14, 2017.

In connection with the Equity Financing and the Debt Financing, ACH has been granted with the right, for so long as it holds at least 10% of the issued common shares of Tanager, to nominate one person for election as a director of Tanager at each annual shareholders meeting.

This material change report contains certain statements which constitute forward-looking statements or information (“forward-looking statements”), including statements regarding Tanager’s business, the Equity Financing and the Debt Financing. Such forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Tanager’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, operational risks in exploration and development, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal and external sources. Although Tanager believes that the expectations in its forward-looking statements are reasonable, they are based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward looking information. As such, readers are cautioned not to place undue reliance on the forward looking information, as no assurance can be provided as to future results, levels of activity or achievements. The forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Tanager does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

5.2 Disclosure for Restructuring Transactions

Not Applicable

6. Reliance on Section 7.1(2) of National Instrument 51-102

Not Applicable

7. Omitted Information

Not Applicable

8. Executive Officer

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Tom M. Crain, Jr., President and CEO

Phone: 713-922-1219

E-mail: tom@tanagerenergy.com

9. Date of Report

December 14, 2016