TANAGER ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2017

This Management Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of Tanager Energy Inc. ("Tanager" or the "Company") for the unaudited interim three and nine months ended September 30, 2017. The MD&A was prepared as of November 27, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017, including the notes thereto, and the audited annual financial statements for the year ended December 31, 2016, including the notes thereto, and the related MD&A.

The Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. All amounts in the financial statements are denominated in Canadian dollars. Tanager's financial statements are filed on the SEDAR website at www.sedar.com.

Overview

Tanager is an oil and gas and mineral exploration company, the common shares of which are listed on the TSX Venture Exchange under the stock symbol "TAN" and on the OTCQB under the symbol "TANEF". The Company's principal business is the acquisition, exploration and development of conventional and non-conventional oil and gas assets under a joint operating agreement with Paleo Oil Company LLC ("Paleo") in Polk County and Tyler County, Texas, USA. Tanager is also evaluating the purchase of producing oil and gas properties with development potential and nonconventional shale plays in the Austin Chalk, Buda and Eagle Ford formations.

The Joffre D-3 B Oil Pool

In Alberta, Canada, Tanager holds a 50% interest in the former Joffre D-3 Oil Unit No 1, and has plans to re-complete or re-drill up to 4 wells for oil production. In July of 2016, the Company installed a pumpjack on the first well, and production has increased significantly and remained steady through February of 2017. In February 2017, the well was shut-in pending a workover that was completed and brought the well back online in May 2017. The well continues to produce at an average daily production rate of 25 bbls/day.

Tanager / Paleo Working Interests in Texas Oil and Gas Properties

On June 27, 2016, the Company completed the acquisition, through its US subsidiary, of an undivided 50% interest in a non-producing well and in certain lease holdings, including well lease holdings, and a 50% joint venture participation right in the drilling of prospects underlying 223 square miles of 3D seismic data within an area of mutual interests ("AMI") of approximately 200,000 acres (312.5 square miles) geographical area, in Polk County and Tyler County Texas, to formations which include the Woodbine, Eagle Ford, and Yegua sandstones (the "Texas Assets"). In connection with the acquisition, Tanager entered into a joint operating agreement with Paleo.

Pursuant to the terms of the amended Exploration Agreement with Paleo (the "Paleo Agreement"), commencing with the drilling of the 2nd Yegua well and each Yegua well thereafter, Tanager shall be responsible for paying 100% of all costs associated with the wells until it has in the aggregate spent the sum of US$3.5 million dollars (the "Carry Funding Amount"). Such associated well costs include, but are not limited to, lease acquisition costs, lease bonuses, title examination, curative, drilling, testing, completing, plugging prior to completion and equipping the well, and any facilities necessary to connect the well to a sales line or to bring the well on production. Tanager will then receive 75% of the net revenue (less royalties and ORRI) from each of the Yegua wells that the Carry Funding Amount is applied toward. Once the Carry Funding Amount has been recouped out of this net revenue, the working interest will be reduced to 50% for each Yegua well. In addition, once the Carry Funding Amount has been spent, all additional Yegua wells will be drilled based on 50% Tanager and 50% Paleo.

Commencing in the first quarter of 2017, the Company drilled its first 2 new Yegua sandstone wells in Polk County, Texas – the Raptor A #1 and Raptor B #1 wells. Tanager owns a fifty percent (50%) working interest in the Raptor A #1 well and a seventy five percent (75%) working interest in the Raptor B #1 well. The Raptor A #1 and Raptor B #1 wells were brought onto production on September 13, 2017 and September 12, 2017, respectively, upon completion of the gas sales lines. The Company completed the installation of gas compression facilities for its Raptor A #1 and Raptor B #1 wells on November 5, 2017.

During the second quarter of 2017, the Company drilled its Ranger A#1 well in Polk County, Texas. The Company owns a seventy five percent (75%) working interest in the Ranger A#1 well until payout (50% after payout). The well was completed at a measured depth of 3,066-3,072 feet and flow tested over a four-day period. The Ranger A #1 tested 2,106 mcf gas per day on a 18/64 choke with stabilized flowing pressure of 1,165 psi and a calculated Absolute Open Flow Rate (AOF) of 22,102 mcf gas per day. The Ranger A #1 well produced no formation water. Data from electronic logs, sidewall cores and formation tests confirm that the well has over 40 feet of net pay in a single Yegua sandstone. Tanager will provide an update as to the timing of construction of the gas line for the Ranger A #1 well when further material information becomes available.

Technical information obtained from the Raptor discovery wells has now been fully integrated into our exploration program and seismic models. This information has greatly assisted in confirming additional Yegua prospects within the AMI. As a result, Tanager has acquired a significant leasehold position covering additional Yegua prospects, which are separate and distinct from the previous Raptor discoveries. Operations on the next three Yegua prospect areas have continued in the third quarter of 2017.

In August 2017, the Company drilled its Stampede A #1 well in Polk County, Texas. The Company owns a seventy five percent (75%) working interest in the Stampede A#1 well until payout (50% after payout). Tanager confirms that its Stampede A #1 well has been drilled to a total measured depth of 3,610 feet. The well was completed at a measured depth of 3,031-3,033 feet and flow tested over a 43-hour period. Testing was truncated due to the approach of inclement weather. The Stampede A #1 tested 771 mcf gas per day on an 14/64 choke with stabilized flowing pressure of 815 psi. The well produced no water. Paleo, the twenty five percent (25%) working interest partner and the operator of the Stampede A #1, is currently assessing two alternative gas pipeline connection sales points within 2 miles of the Stampede A lease. Tanager will provide an update as to timing of construction of the gas sales when further material information becomes available.

Additionally, in August 2017, Tanager commenced drilling its Sidekick A #1 well in Polk County, Texas. The Sidekick A #1 well was drilled to a total measured depth of 3,900 feet. Completion and testing operations were completed by October 2017. The Sidekick A #1 well produced non-commercial quantities of gas and water from two separate prospective sandstone sections, and Tanager has decided to plug and abandon the well. The Company is responsible for 100% of the costs of this well pursuant to the Paleo agreement as discussed earlier.

In late September 2017, the Company commenced drilling its Jones #1 well in Polk County, Texas. The Company owns a seventy five percent (75%) working interest in the Jones #1 well until payout (50% after payout). The Jones #1 well was drilled to a total measured depth of 3,367 feet. The completion and testing activities were completed in October 2017. The well was completed at a measured depth of 2,512 feet and flow tested over a 72 hour period. The Jones #1 tested 1,229 mcf gas per day on a 16/64 choke with stabilized flowing pressure of 915 psi, and a calculated absolute open flow rate of 8,925 mcf gas per day. The well produced no water during its test. The Jones #1 well is likely to be tied into the same gathering system as Tanager's Stampede A #1 discovery well, and will therefore now await a gas pipeline tap and permitting and construction of the necessary gas gathering infrastructure for both wells. Tanager will provide an update as to timing of construction of the gas sales line when further material information becomes available.

During the quarter, the Company settled a title dispute with Vision Resources, LLC ("Vision") and Pantheon Resources PLC ("Pantheon") resulting in Tanager acquiring an undivided fifty percent (50%) working interest in over 18,000 gross acres of undeveloped mineral leases in Polk County, Texas covering shallow rights including the Yegua formation. Additionally, Tanager's one percent (1%) working interest in the Vision/Pantheon Woodbine prospect acreage was confirmed and acknowledged. Lastly, Tanager will own a one percent (1%) back-in-after-payout working interest in the Vision Operating Blackstone Minerals Unit #1 (API #42-373-31295) and Vision Operating Blackstone Minerals Unit 2H (API #242-373-31305) wells that have already been drilled in the I. Pate Survey (A-467) Polk County, Texas.

The Burchell Lake Property

Tanager holds a 100% interest in 5900 hectares at Burchell Lake in the Shebandowan gold camp in Ontario. About 300m east of Hermia Lake, an area has been identified that carries significant mineralization and yielded good gold and copper grades in six drill holes and one which returned low-grade copper and molybdenum over significant widths. The results of the geochemical pattern in this area suggest the zone is open to the east and west. The second area at the Burchell Lake Property, located about 1 km east of Fountain Lake and in the southwest part of the grid, is represented by six drill holes, all carrying substantial sulphide mineralization. The area's geochemical anomalies appear to continue to the south indicating the zone may be bigger than currently outlined. Tanager has conducted a comprehensive review and compilation of the work done on the property to date. The Company will continue to evaluate options for further development work on the property, the possibility of a joint venture, or a sale of the asset.

Financial Review

The financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2017. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and the financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company may have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Third Quarter 2017 Highlights

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Selected Financial Results (Unaudited) *(CDN$ except share and per share amounts)*				
Revenue	92,431	115,113	173,401	156,718
Royalties	25,276	25,310	39,751	27,866
Operating expenses	92,689	132,717	166,920	170,199
General and administrative expenses	363,835	408,573	1,052,875	558,051
Finance expenses	357,355	355,935	1,126,937	452,295
Net loss	(365,423)	(649,861)	(1,396,752)	(926,015)
Per share – basic and fully diluted	$(0.01)	$(0.00)	$(0.01)	$(0.01)
Comprehensive loss	(773,349)	(592,227)	(2,178,014)	(868,381)
Cash flow from operating activities	(369,896)	273,545	(1,679,708)	(381,688)
Per share – basic and fully diluted	$(0.00)	$0.00	$(0.02)	$(0.01)
Total capital expenditures (excluding acquisitions)	2,667,848	743,508	5,400,889	805,008
Total assets	18,346,200	13,084,874	18,346,200	13,084,874
Total liabilities	17,135,846	11,421,876	17,135,846	11,421,876
Shareholders' equity (deficiency)	1,210,354	1,662,998	1,210,354	1,662,998
Common shares				
Common shares outstanding	107,716,388	84,966,388	107,716,388	84,966,388
Weighted average number of common shares outstanding	107,716,388	84,855,409	107,716,388	65,647,323
TSX Venture Share Trading Statistics *(CDN$/share except volumes based on intra-day trading)*				
High	0.170	0.115	0.200	0.115
Low	0.125	0.050	0.085	0.030
Close	0.155	0.090	0.155	0.090
Average daily volume	37,154	39,269	86,395	40,008

Selected Quarterly Information

Following is a summary of selected unaudited financial information of the Company for the quarterly periods indicated:

	1st Quarter	2nd Quarter	3rd Quarter
2017	**($)**	**($)**	**($)**
Revenue, net of royalties	33,227	33,268	67,155
Net loss	(549,462)	(481,867)	(365,423)
Per share – basic and fully diluted	(0.01)	(0.01)	(0.01)
Comprehensive loss	(643,288)	(761,377)	(773,349)
Cash flow from operating activities	(906,145)	(403,667)	(369,896)
Per share – basic and fully diluted	(0.01)	(0.00)	(0.00)
Total assets	15,749,628	16,363,940	18,346,200
Total liabilities	13,099,029	14,393,314	17,135,846
Shareholders' equity	2,650,599	1,970,626	1,210,354
Weighted average number of common shares outstanding	107,716,388	107,716,388	107,716,388

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2016	**($)**	**($)**	**($)**	**($)**
Revenue, net of royalties	31,891	7,158	89,803	62,601
Net loss	(49,977)	(226,177)	(649,861)	(714,352)
Per share – basic and fully diluted	(0.00)	(0.00)	(0.01)	(0.01)
Comprehensive loss	(49,977)	(226,177)	(592,227)	(462,063)
Cash flow from operating activities	9,674	(664,907)	273,545	(550,204)
Per share – basic and fully diluted	(0.00)	(0.00)	0.00	(0.01)
Total assets	1,487,277	12,656,221	13,084,874	14,068,605
Total liabilities	2,050,754	10,426,496	11,421,876	10,774,718
Shareholders' equity (deficiency)	(563,477)	2,229,725	1,662,998	(24,293,214)
Weighted average number of common shares outstanding	55,410,968	57,606,770	84,855,409	90,143,018

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2015	**($)**	**($)**	**($)**	**($)**
Revenue, net of royalties	6,591	27,590	41,391	28,541
Net income (loss)	(576,803)	(83,036)	(229,027)	544,372
Per share – basic and fully diluted	(0.01)	(0.01)	(0.01)	0.01
Comprehensive loss	(576,803)	(83,036)	(229,027)	543,024
Cash flow from operating activities	(460,874)	(83,036)	46,189	392,218
Per share – basic and fully diluted	(0.01)	(0.00)	0.00	0.01
Total assets	778,756	1,320,540	1,211,439	1,460,209
Total liabilities	1,547,825	2,097,635	2,217,561	1,941,423
Shareholders' equity (deficiency)	(769,059)	(777,095)	(1,006,122)	(481,214)
Weighted average number of common shares outstanding	53,910,968	50,398,024	50,387,024	53,910,968

Significant events during the nine months ended September 30, 2017

During the first quarter of 2017, the Company drilled its first 2 new Yegua sandstone wells in Polk County, Texas – the Raptor A #1 and Raptor B #1 wells.

During the second quarter of 2017, the Company drilled an additional 1 Yegua sandstone well in Polk County, Texas – the Ranger A#1 well.

During the third quarter of 2017, the Company drilled an additional 3 Yegua sandstone well in Polk County, Texas – the Stampede A #1, Sidekick A #1, and Jones #1 wells.

Financial highlights

All revenues recognized were earned in Canada for 2017 and 2016. For the three and nine month periods ended September 30, 2017, the Company had oil and gas revenues of $92,431 and $173,401, compared to $115,113 and $156,718 in the same periods in 2016, respectively. Revenue for the third quarter of 2017 of $92,431 was up from revenue of $44,089 in the second quarter of 2017 due to bringing the Joffre well back on production during the second quarter of 2017. In July of 2016, the Company installed a pumpjack on the first Joffre well, and production has increased significantly and remained steady through February of 2017. In February 2017, the well was shut-in pending a workover that was completed and brought the well back online in May 2017. For the three and nine months ended September 30, 2017, the Company's sales volumes in Canada were a total of 2,089 and 3,692 boe, respectively.

Operating expenses for the three and nine month periods ended September 30, 2017 were $92,689 and $166,920, as compared to $132,717 and $170,199 in the same periods in 2016, respectively. Operating expenses for third quarter of 2017 of $92,431 was up from operating of $33,268 in the second quarter of 2017 partly due to bringing the Joffre well back on production during the second quarter. As well, there was additional operating expenses in Q3 as a result of changes in estimates due to additional billed contract operator charges primarily for gas processing and gathering fees, emulsion treating and salt water disposal relating to prior periods.

Under International Financial Reporting Standards ("IFRS"), the Company's net operating loss of $47,219 on its US properties in Polk County, Texas for the nine month period ended September 30, 2017 have been capitalized to exploration and evaluation assets. The properties are in the exploration phase under IFRS pending review of further results and an updated year end reserve evaluation. The year to date net operating losses of $47,219 in the US related primarily to maintenance and testing efforts on the Cain Carter #1 well and land administration costs on undeveloped leases, net of $32,823 of the revenue net of expenses earned from the Raptor A #1 and B #1 wells in the third quarter of 2017. These wells were brought on production in mid-September 2017. Tanager's working interest share of natural gas sales volumes from these two wells in the month of September 2017 was 14,291 mcf.

General and administrative expenses for the three and nine month periods ended September 30, 2017 were $363,835 and $1,052,875, as compared to $408,573 and $1,052,875 in the same periods in 2016, respectively. The increase in G&A expenses for the year to date is attributable to increased compensation, reporting issuer costs and other administrative and general costs.

Finance expenses for the three and nine month periods ended September 30, 2017 were $363,835 and $1,052,875, respectively, compared to $355,905 and $452,295, respectively, in the 2016 periods. Finance expenses for the nine month period ended September 30, 2017 were comprised of $443,516 in interest charges and $683,421 of accretion on decommissioning liabilities and convertible debentures, as compared to $215,389 in interest charges and $236,906 of accretion on convertible debentures for the same period in 2016. The increase in interest expense and accretion on convertible debentures from 2016 to 2017 is due to the timing of the closing of the May 3, 2016 and June 27, 2016 convertible debenture offerings. Interest expense for the nine months ended September 30, 2017 includes $441,048 (2016 – 69,030) of interest on convertible debentures and loans payable and $2,468 (2016 - $nil) of interest accrued on the Credit Facility. All interest accrued and payable under the Credit Facility from inception until September 27, 2017 has been waived by the Lender pursuant to a September 27, 2017 amending agreement.

The net loss for the three and nine month periods ended September 30, 2017 was $365,423 and $1,396,752, as compared to $649,861 and $926,015 in the same periods of 2016. The increase in the loss between for the nine month period ended September 30, 2017 as compared to 2016 is primarily attributable to increased G&A, interest, accretion, share-based payments, and mining royalty and staking expenses, offset somewhat by an increase to net sales revenue, slightly lower operating expenses, an increased gain on the unrealized embedded derivative and foreign exchange. The net cash flow used in (from) operating activities for the three and nine month periods ended September 30, 2017 was $369,896 and $1,679,708, as compared to $(273,545) and $381,688 in the same periods of 2016.

Capital Expenditures

The Company incurred additions to exploration and evaluation ("E&E") expenditures (excluding acquisitions) of $5,400,889 (2016 - $671,130) and property, plant & equipment ("PP&E") expenditures of $nil (2016 - $133,878) for the nine months ended September 30, 2017. The capital expenditure activities in Canada and the US for the nine months ended September 30, 2017 were as follows:

(a) Canada
There were no capital expenditures in Canada during the nine month period ended September 30, 2017.

(b) US
The Company incurred E&E expenditures of $5,400,889 primarily related to $4.8 million of drilling and completion and equipping costs on the Company's first six Yegua wells and pipeline installation costs related to the Raptor A #1 and B #1 wells which were brought onto production in September 2017. The remainder of costs were primarily related to lease bonus payments and lease rentals on undeveloped leases, and related capitalized net operating costs in Polk County, Texas.

Liquidity and Capital Resources

Tanager had a cash position of $226,320 at September 30, 2017, compared with a cash position of $693,852 at December 31, 2016.

Additional financing will be required to develop and operate the Company's properties, additional projects and to replenish working capital. Equity financing activities, private offerings, advances under the Company's Credit Facility and negotiation of further credit facilities will likely be the major source of cash inflow for Tanager, as the Company is still in the development stage of its oil and gas exploration and production, and its currently-producing properties do not generate sufficient revenue for the Company's ongoing operations at this time. The success obtained from the Company's 2017/2018 US drilling program, the associated cash flows from bringing those wells onto production, and the sale or joint venture of the Burchell Lake mining property will dictate the requirement for further financing activities.

The Company's ability to raise additional funds and its future performance is subject to the financial markets related to exploration companies. Although economic conditions in Canada, the US and elsewhere have improved since the beginning of the year, the Company remains cautious about economic factors that impact the petroleum and mining industries. These factors include uncertainty and volatility of commodity prices and the availability of equity financing or private funding for exploration and development of the Company's assets. The Company's future performance is largely tied to the successful development of its current and future oil and gas properties and future acquisitions in Canada and the United States.

The Company addressed these challenges during 2016 and 2017 by:

(a) completing a private placement offering of 10% convertible debentures in the principal amount of $1,198,330 in May 2016;

(b) completing a private placement of subscription receipts for gross proceeds of $2,854,542 in June 2016 that was used partly to fund the property acquisition in the US and for general working capital purposes;

(c) completing private placement of common shares and warrants for gross proceeds of $2.1 million in December 2016 that was partly used to fund expenditures in developing the Company's Texas Assets, for repayment of debt and for general working capital purposes;

(d) entering into a line of credit for US$8,000,000 with a third party lender in December 2016 for the purposes of funding the Company's 2017 drilling program in Polk County Texas for which US$3,775,000 was drawn as at September 30, 2017. Subsequent to September 30, 2017 and in November 2017, the lender has funded an additional US$200,000 facility advance. The Company is pursuing ongoing remedies available under amending agreements as a result of lender default due to the lender's failure to timely fund loan draw advances under the credit facility;

(e) retaining $352,266 of cash for ongoing operations as of June 30, 2017; and

(f) the conversion of the $1,198,330 principal amount of Canadian denominated debentures into common shares of the Company effective November 3, 2017 as described below, which has reduced debt of the Company.

Conversion of convertible debentures into common shares

The outstanding convertible debentures in the aggregate principal amount of $1,198,330 due on November 3, 2017, were converted by the holders at a conversion price of $0.07 per share, into an aggregate of 17,119,000 common shares of Tanager.

Credit facility

On December 14, 2016 and in connection with an equity offering, the Company entered into a line of credit agreement (the "Credit Facility") with an arm's length third party private corporation (the "Lender") for U.S. $8,000,000. The Credit Facility may be drawn at the option of the Company 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 the Company under the Credit Facility are also guaranteed by the Company's wholly owned US subsidiary pursuant to an unconditional secured guarantee. The Lender 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 (only with respect to those specific creditors) in the event of any enforcement on any assets of the Company, provided that the Lender will have a first priority claim on certain property of Tanager and its US subsidiary.

Since June 30, 2017 and in August 2017, the Lender has funded an additional US$1,000,000 loan advance pursuant to the Agreement. As of September 30, 2017, the Company has drawn an aggregate of US$3,775,000 (or an equivalent of CDN $4,711,200) on the Credit Facility.

Following the failure of the Lender to timely fund loan draw advances, the Company and Lender agreed to amendments of the Credit facility on July 27, 2017 and September 27, 2017 (the "Amendments"). Pursuant to the terms of the Amendments:

1) The Credit Facility availability end date was extended from December 14, 2017 to June 17, 2018 and the remaining US$4,225,000 available under the line of credit was agreed to be advanced by the Lender in varying scheduled amounts from October 3, 2017 through to December 5, 2017. The extension of the Credit Facility availability end date, in conjunction with the receipt of timely funding of the remaining US$4,225,000 from the Lender, also extends the date that a minimum of twelve (12) wells in Polk County, Texas must be drilled and completed in the Yegua formation from December 31, 2017 to June 17, 2018. Monthly principal payments shall commence on the Credit Facility starting on the month after the Credit Facility availability date or July 2018.
2) The Lender has granted the Company options to purchase certain interests in oil and gas properties, subject to entering into formal documentation.
3) The Lender entered into a subordination agreement pursuant to which it has agreed to subordinate all of its rights in all collateral securing the loan under the Credit Facility and its right to repayment, to a future senior lender of the Company to be determined by the Company in its sole discretion.
4) All interest accrued and payable under the Credit facility from inception until September 27, 2017 has been waived. Interest shall commence on the Credit facility from September 28, 2017 forward.

Up to the end of September 30, 2017, the Lender did not provide any further loan advances pursuant to the Amendments. In November 2017, the Lender funded an additional US$200,000 loan advance pursuant to the Agreement.

The Amendments also include further remedies available to the Company due to the default of the Lender, which the Company is actively pursuing. Pursuant to the July 27, 2017 amendment, the Lender was restricted from exercising, selling, transferring or assigning all common share purchase warrants held by the Lender. Pursuant to the September 27, 2017 amendment, the Lender agreed that up to 12,337,500 common shares of the Company held by the Lender would be available for repurchase or sale to a third party (with the proceeds being paid to the Company), and in that regard are currently held in escrow until completion of such repurchase or sale. In the event of a repurchase and cancellation of such shares by the Company, the purchase price of $0.10 per share would be deemed to be a further loan advance under the Credit Facility. In addition, as of September 27, 2017, all common share purchase warrants held by the Lender are available to be cancelled or transferred to third parties at the discretion of the Company.

The scheduled repayments of principal are as follows:

	$
Due within 12 months	**588,900**
Due in the remainder of 2018	**588,900**
2019	**3,533,400**
Total	**4,711,200**

Share Capitalization

The Company is authorized to issue an unlimited number of common shares. As of September 30, 2017, 107,716,388 common shares, 2,000,000 stock options, and 21,000,000 common share purchase warrants were outstanding for a total of 130,716,388 common shares on a fully diluted basis. As of September 30, 2017, a further 124,090,429 common shares would be issuable on conversion of convertible debentures based on a conversion price of CDN$0.07/share and an CDN/US exchange rate of 1.2480 for the US dollar denominated debentures.

On April 6, 2017, the Company granted 2,000,000 stock options to directors and officers of the Company with an exercise price of $0.15 and an expiry date of April 6, 2022. These stock options vest, as to 50%, on the grant date, as to 25%, on each of the first and second anniversaries of the grant date.

Effective November 3, 2017, 17,119,000 common shares of the Company were issued upon the conversion of the principal amount of certain convertible debentures as discussed above.

Transactions with Related Parties

In addition to officer and director compensation, the following transactions were entered into with related parties during the nine months ended September 30, 2017:

a) A director of the Company provided $946,050 of the total $1,198,330 principal of the Canadian dollar convertible debentures financing raised in May 2016 and US$3,000,000 of the total US$6,000,000 principal of the US dollar convertible debentures financing raised in June 2016. The Company incurred 10% coupon interest expense on the Canadian dollar debentures and 6% coupon interest expense on the US dollar denominated debentures. A total of $246,780 coupon interest was incurred on the portion of these convertible debentures held by the director, of which $38,121 was included in accounts payable and other liabilities. The Canadian dollar convertible debenture was converted by the director effective November 3, 2017 into 13,515,000 common shares of the Company.

b) Further to the acquisition of the Texas assets, the Company now conducts all of U.S. operations with one joint venture partner (the "US JV Partner"). The US JV Partner is owned by a director of the Company and another party. This director was appointed to the Board in November 2016. The US JV Partner is considered a related party for accounting purposes by virtue of a common director and that the ownership group of the US JV Partner also holds convertible debentures of the Company which could be convertible into 120,486,429 common shares of the Company as at September 30, 2017 based upon a conversion price of $0.07/share and a CDN/US exchange rate of 1.2480 for the US dollar denominated debentures. The Canadian dollar convertible debentures were converted by the Director effective November 3, 2017 into 13,515,000 common shares of the Company. The results of the Company's US operations conducted with the US JV Partner are shown in the segmented financial information in Note 17 of the financial statements. Included in accounts receivable at September 30, 2017 is $144,200 of unapplied cash call advances paid to the US JV Partner. Included in accounts payable at September 30, 2017 is $1,356,724 owing to the US JV Partner.

Future Accounting Changes

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB on December 16, 2011 and will replace the IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having two categories: amortized cost and fair value.

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. IFRS 9 also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. This standard is mandatorily effective from January 1, 2018, with earlier application permitted.

IFRS 15 – Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18 – Revenue, IAS 11 – Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard, and it is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases - On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

IFRS 2 – Share-based payment – In June 2016 the IASB issued amendments to IFRS 2 to be applied for annual periods beginning on or after January 1, 2018 with early adoption permitted. The amendments clarify how to account for certain types of share-based payment transactions.

The Company is currently assessing the impact of the new standards on these consolidated financial statements.

Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are regularly evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Refer to the discussion of significant accounting judgments and estimates as found in the Company’s annual audited financial statements for the year ended December 31, 2016.

Capital Risk Management

Tanager manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, reserves and deficit which at September 30, 2017 totaled $1,210,354 (December 31, 2016 - $3,293,887).

Tanager manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral and oil and gas properties. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2017. The Company is not subject to any capital requirements imposed by a lending institution.

Property, Financial, Instruments, Risk Management and Sensitivity

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk.)

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with select major Canadian chartered banks and major US banks, from which management believes the risk of loss to be minimal.

Accounts receivable include accrued and joint venture receivables from joint venture partners and a contract operator, as well as an unexpended cash call advance to a joint venture partner and sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of September 30, 2017. Management believes that the credit risk with respect to accounts receivable is minimal.

The Company's approach to managing liquidity risk is to endeavor to have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had a cash and cash equivalents balance of $226,320 (December 31, 2016 - $693,852) to settle current liabilities of $4,636,115 (December 31, 2016 - $2,136,965). Most of the Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms, other than amounts due to related parties which may have no fixed terms of repayment. Included in the $2,661,280 balance of accounts payable and other liabilities as of September 30, 2017 is $1,356,724 due to the Company's US JV Partner. The US JV Partner is considered a related party for financial statement purposes as is discussed above.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and prices of commodities and equities.

In regard to interest rate risk, the Company has cash and cash equivalents balances and fixed interest rate debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The Company regularly monitors its cash management policy.

In regard to currency risk, the Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in both Canadian and US dollars. The Company operates its Texas Assets through a US subsidiary. As a result, the Company is subject to gains and losses from fluctuations in the US Dollar.

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices of securities held by the Company or general movements in the level of the stock market. The Company's investment in marketable security is subject to fair value fluctuations arising from price changes in the resource sector and equity markets. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold and oil and gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's future profitability and viability from mineral and oil and gas exploration depends upon the world market price of valuable minerals and oil and gas pricing. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of valuable minerals and oil and gas may be produced in the future, a profitable market will exist for them. As of September 30, 2017, the Company was not a producer of valuable minerals, but is a producer of quantities of oil and gas. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations. The Company's available-for-sale securities are denominated in Canadian dollars and are subject to fair value fluctuations.

Risks and Uncertainties

Mineral and oil and gas drilling and exploration are speculative ventures. There is no certainty that expenditure on exploration and development will result in the discovery of an economic ore body or economic oil and gas reserves. At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to develop, permit, exploit and generate revenue out of mineral deposits and oil and gas reservoirs. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

During 2016, the Company was successful in raising over $6.1 million in convertible debenture and equity financings, as well as arranged a US$8,000,000 line of credit for the ongoing US drilling program.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to exploration companies. Although economic conditions in Canada and the US have improved in 2017, the Company remains cautious in case the economic factors that impact the oil and gas and mining industry deteriorate. These factors include uncertainty regarding the price of petroleum and natural gas, gold, and base metals and the availability of equity financing for the purposes of mineral exploration and development. The price of crude oil and natural gas, gold and base metals have been volatile in recent periods and financial markets have become unpredictable to the point where it could become difficult for companies, particularly junior exploration companies, to raise new capital. The Company's future performance is largely tied to the development of its current mineral property and oil and gas interests and the overall financial markets. Financial markets could be volatile, reflecting ongoing concerns about the global economy. Some companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to spend its funds in a prudent manner, continue drilling its Polk County Yegua wells, review multiple low cost oil and gas ventures, and look into the acquisition of non-conventional oil and gas plays. The Company believes that this focused strategy will enable it to meet the near- term challenges presented by the capital markets. These trends may limit the Company's ability to develop and/or further explore its mining properties, its oil and gas assets, and/or other property interests that could be acquired in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions.

Disclosure and Internal Financial Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this MD&A contains forward-looking information regarding: the business of Tanager; future opportunities; business strategies, goals and plans of Tanager. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Tanager's current beliefs and is based on information currently available to Tanager and on assumptions Tanager believes are reasonable. These assumptions include, but are not limited to: market acceptance and approvals, and future costs and expenses being based on historical costs and expenses.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Tanager to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; geological, technical, drilling and processing problems; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation, including environmental legislation, affecting Tanager; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Tanager's disclosure documents on the SEDAR website at www.sedar.com. Although Tanager has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information contained in this MD&A represents the expectations of Tanager as of the date of this MD&A and, accordingly, is subject to change after such date. However, Tanager expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

On behalf of the board of directors, **[*signed*] Tom M. Crain, Jr.**

Tom M. Crain, Jr.
Chairman and Chief Executive Officer
Tanager Energy Inc.

November 27, 2017