Q3

TSX Venture – MAH **Report for the 3 and 9 months ended**

New York OTCQB Venture Marketplace – MKSEF **September 30, 2016**

MANAGEMENT'S DISCUSSION AND ANALYSIS
Interim Quarterly Highlights

This Management's Discussion and Analysis ("MD&A") – Interim Quarter Highlights, of the financial position and results of operation for Marksmen Energy Inc. and its wholly owned subsidiary Marksmen Energy USA, Inc. ("Marksmen" or the "Company") is for the three and nine months ended September 30, 2016 and was prepared with information available up to November 23, 2016 and should be read in conjunction with Marksmen Energy Inc.'s consolidated audited financial statements for the year ended, December 31, 2015 and the interim consolidated financial statements for the three and nine months ended September 30, 2016. Except as otherwise disclosed, all dollar figures included in the following MD&A are quoted in Canadian dollars ("CDN") unless specifically notated as USA dollars ("USD"). Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain information regarding Marksmen contained herein may constitute forward-looking statements. Such forward-looking statements may include but are not limited to the Company's expected future financial position, financial and operational results, the execution of the Company's business strategy, access to capital, and the outcomes of uncertain events and may differ materially from those anticipated or implied in the forward-looking statements. 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 are intended to identify these forward-looking statements.

Forward-looking information contained herein reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. 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 the Company to be materially different from those expressed or implied by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Analysis of the Company's Financial Performance and Condition

Introduction

The primary business of Marksmen is the acquisition, development and production of crude oil from its properties in Ohio, USA. The Company completed two seismic acquisition projects totaling approximately seven square miles. The latest well drilled at Davis-Holbrook #1 has shown the quality of the latest seismic and indicates several additional drill locations.

Production

In June of 2016 the Company drilled a well, Davis-Holbrook #1, in Pickaway County, Ohio. Marksmen is the operator and has a 75% working interest in this well. The well was put on production on July 16, 2016 and produced for 75 days with an average pumping cycle of 9 hours per day. In that period a total of 6,020 gross barrels (4,515 net) of light, sweet oil, with no water, was produced and equates to 80 gross barrels (60 net) per day. As of mid-October, the pumping cycle was increased by an additional hour per day and there has been a corresponding proportional increase of production of approximately 6 to 8 barrels per day net. Production in the third quarter ending September 30, 2016 is 2.2 times that of the same period in 2015 and 1.7 times greater comparing the first nine months of 2016 to the same period in 2015.

	Q3	**Q2**	**Q1**	**9 Months**		**Q3**	**9 Months**
Production	**2016**	**2016**	**2016**	**2016**		**2015**	**2015**
Oil - bbls (Gross)	**6,432**	695	989	**8,116**		2,958	4,901
Gross bbls/day	**70**	8	11	**30**		33	18
Oil - bbls (Net to Marksmen	**4,925**	626	1,021	**6,572**		2,958	4,901
Net bbls / day	**54**	7	11	**24**		33	18
Avg. Price / bbl ($USD)	**$ 43.85**	$ 46.70	$ 32.01	**$ 42.27**		$ 42.78	$ 47.38

Note: the oil per day calculation in each quarter is equal to the total barrels divided by actual days in the quarter and is not based on days the well was on production. If the actual days the well was on production were used it would result in a higher per day production in the third quarter of 2016.

Net Oil Production Results from Operations

The Davis Holbrook #1 well has contributed significantly to the revenue of the Company in the third quarter ending September 30, 2016. Revenue has increased approximately 3.5 times the combined total of the first two quarters of the year. Production expenses have increased by less than 1.4 times the combined total of the first two quarters of the year. Royalties are approximately 12.5 % of revenue. The resulting net revenue after royalties and production costs for the third quarter ending September 30, 2016 was approximately 1.9 times that of the same period in 2015.

	Q3	Q2	Q1	9 Months		Q3	9 Months
	2016	2016	2016	2016		2015	2015
Net Productions Results	**$ CDN**	**$ CDN**	**$ CDN**	**$ CDN**		**$ CDN**	**$ CDN**
Oil revenue	**284,497**	37,473	45,209	**367,179**		162,014	292,510
Royalties	**(37,001)**	(4,888)	(5,920)	**(47,809)**		(21,033)	(37,835)
	247,496	32,585	39,289	**319,370**		140,981	254,675
Production expenses	**(40,513)**	(25,126)	(30,975)	**(96,614)**		(34,753)	(97,757)
	206,983	7,459	8,314	**222,756**		106,228	156,918

Net-back from Operations per Barrel of Oil

The Company's higher production volumes of oil and constant royalties at 12.5% coupled with lower production expenses resulted in a net-back per barrel from production of $42.03 CDN per barrel in the third quarter ending September 30,2016. This is approximately 3.5 times greater than the net-back of the second quarter of 2016.

	Q3	Q2	Q1	9 Months		Q3	9 Months
Net-back from Operations	**2016**	**2016**	**2016**	**2016**		**2015**	**2015**
Per barrel of Oil	**$ CDN**	**$ CDN**	**$ CDN**	**$ CDN**		**$ CDN**	**$ CDN**
Oil revenue	**57.77**	59.86	43.93	**55.80**		54.77	59.68
Royalties	**(7.51)**	(7.81)	(5.75)	**(7.27)**		(7.11)	(7.72)
	50.25	52.05	38.18	**48.54**		47.66	51.96
Production expenses	**(8.23)**	(40.14)	(30.10)	**(14.68)**		(11.75)	(19.95)
Net-back	**42.03**	11.92	8.08	**33.85**		35.91	32.02

Selected Other Financial Information

Net Income (Loss) - the Company's net loss, after production expenses, administrative expenses, depletion and finance Income/expenses for the quarter ending September 30, 2016 was ($16,458) compared to a net income of $27,992 in the third quarter of 2015. In the nine months ended September 30, 2016 the loss was ($820,262) compared to a loss of ($364,913) for the same period in 2015.

Depletion and Depreciation – was $72,941 in the quarter ended September 30, 2016 compared to $133,470 in the same period of 2015 and is attributable to increased engineering estimates of additional oil in place related to the Davis-Holbrook #1 well.

General and Administrative expenses – were $147,348 in the quarter ended September 30,2016, compared to $285,737 in the same period of 2015 or a reduction of $138,389 or 48%. In the nine months ended September 30, 2016 the total G&A was $443,227 or a reduction of 21% from the total of $560,528 in the same period of 2015. The positive change is attributable to reduced management fees, consulting fees, accounting charges and investor relation costs.

Foreign Exchange - foreign exchange income or loss fluctuates based on foreign exchange rates of the $USD vs the $CND. Income was $65,369 in the quarter ended September 30, 2016 compared to $251,531 in the same period of 2015 while for the nine months ended September 30,2016 the loss was ($234,300) compared to an income of $466,853 of the same period of 2015.

Secured Debenture Interest Expense – in June 2015 the Company closed an additional secured debenture which resulted in an increase in interest expense of $29,473 in the nine months ended September 30, 2016 to $112,603 from $82,130 in the same period of 2015. There are no other loans or financial obligations with any banks or financial institutions.

Current assets – have reduced from $301,939 at year ended of December 31, 2015 to $228,273 at September 30, 2016. In this time period deposits in place with the Alberta Energy Regulator decreased by $68,407.

Accounts Payable and Accrued liabilities - have been reduced from $420,369 at year end December 31, 2015 to $258,408 as of September 30, 2016, a reduction of $161,961 or 43%.

Commitments – the required deposit by the Company, on hand with the Alberta Energy Regulator (AER) related to its ratio of deemed assets vs deemed liabilities (LLR ratio) has been reduced to $ $39,358 as of September 30, 2016, compared to $106,681 as of the year ended December 31, 2015. The Company continues to work with the AER regarding its LLR ratio and commitments.

Share Capital

	Q3	Q2	Q1		Q3
Share Capital	**2016**	**2016**	**2016**		2015
Common shares	**77,740,432**	77,740,432	63,593,152		62,023,152
Stock Options	**7,421,667**	7,421,667	6,201,667		5,161,667
Warrants	**11,269,100**	11,269,100	11,709,100		11,709,100
Broker warrants	**-**	-	16,080		58,080

There were no share capital transactions in the quarter ended September 30, 2016. In the second quarter ended June 30, 2016 the Company issued 14,147,280 shares through a private placement and raised $669,729, net of share issuance costs. Proceeds were used to drill the Davis-Holbrook #1 well and for general working capital purposes. Additionally, 440,000 warrants were exercised for proceeds of $74,800 and the funds were used to pay semi-annual debenture interest. Also, in the second quarter there were 1,735,000 stock options granted and 515,000 stock options that expired for a net increase of 1,220,000 stock options.

Capital Expenditures

	Q3	Q2	Q1	9 Months		Q3	9 Months
	2016	2016	2016	2016		2015	Q3 2015
Capital Expenditures	$CDN	$CDN	$CDN	$CDN		$CDN	$CDN
Exploration and Evaluation (E&E)	**35,058**	52,005	14,330	**101,393**		248,146	611,925
Property Plant and Equipment (PP&E)							
Drilling and Completions	**71,618**	162,459	6,456	**240,533**		239,799	586,495
Change in Decommissioning Liability	**-**	23,821	-	**23,821**		10,845	18,731
	71,618	186,280	6,456	**264,354**		250,644	605,226
Combined E&E and PP&E	**106,676**	238,285	20,786	**365,747**		498,790	1,217,151

Engineering and geological services provided in Ohio in the quarter and nine months ended September 30,2016 were capitalized as E&E expenditures as they directly relate to the exploration activities of the Company. The corresponding periods in 2015 also include land and seismic related costs.

Drilling and completion for the first three quarters of 2016 are related to the drilling of the Davis-Holbrook #1 well and have been charged to PP&E. In the same periods of 2015 the costs are also associated with drilling activities.

Related Parties – Quarter ended September 30, 2016

Marksmen paid $26,500, net of office, storage and administrative charges to a professional corporation owned by a director and officer of the Company for compensation as CEO of the Company.

Marksmen paid $22,931 USD to a director and officer of the Company's wholly owned subsidiary, Marksmen Energy, USA. These costs were capitalized.

Marksmen paid legal fees of $9,796 to a law firm in which a director of the Company is a partner.

As of September 30, 2016, the Company has accounts payable and accrued liabilities totaling $58,133 owing to related parties.

Outlook

The success of the Davis Holbrook #1 well is significant and Marksmen along with its partners are in the process of determining the best strategic options going forward. It is anticipated that strategic plans for drilling additional wells, reviewing joint venture opportunities, additional seismic, and other opportunities will be concluded by the end of 2016 or early in the new year. Marksmen looks forward to growing the Company based on the opportunities that are available.

Further Information

Additional information on Marksmen Energy Inc., including the unaudited interim Consolidated Financial Statements for the three and nine months ended September 30, 2016 can be found on Sedar at WWW.Sedar.com.