

Interim Consolidated Financial Statements of

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

3 Month Period Ended February 28, 2019 and 2018

(Expressed in Canadian Dollars)

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Interim consolidated statements of financial position

(Expressed in Canadian dollars)

	As at period ended	Note	February 28, 2019	November 30, 2018
			\$ CDN	\$ CDN
Assets				
Current assets:				
	Cash and cash equivalents		16,579	228
	Receivable		6,679	4,431
	Prepaid expenses		-	1,500
Total current assets			23,258	6,159
Non-current assets				
	Exploration and evaluation assets	5	177,981	169,201
Total non-current assets			177,981	169,201
Total assets			201,239	175,360
Liabilities				
Current Liabilities				
	Payables	6	307,596	326,672
	Due to related parties	6	71,009	14,335
Total current liabilities			378,605	341,007
Shareholders' equity				
Capital stock			21,931,187	21,931,187
Contributed surplus			3,307,497	3,307,497
Deficit			(25,416,050)	(25,404,331)
Total shareholders' equity			(177,366)	(165,647)
Total liabilities and shareholders' equity			201,239	175,360

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2019:

/s/ "Bruce Downing"

Bruce Downing, Director

/s/ "Don Bossert"

Don Bossert, Director

(The accompanying notes are an integral part of these consolidated financial statements)

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Interim consolidated statements of operations and comprehensive loss

(Expressed in Canadian dollars)

For the 3 month period ended			
	Note	February 28, 2019	February 28, 2018
		\$ CDN	\$ CDN
Expenses			
Consulting Fees	5	2,000	-
Foreign exchange loss (gain)		-	9,175
Interest and bank charges		75	60
Insurance		2,224	5,733
Exploration & evaluation costs		-	8,141
Rent	5	2,364	2,364
Salaries, director's fees, and related benefits	5	4,000	4,000
Telephone and utilities		289	266
Transfer agent and regulatory fees		671	1,596
Total Operating Expenses		(11,623)	(31,335)
Loss before other expense		(11,623)	(31,335)
Other income (expense)			
Interest on related party loans		-	(35,665)
Total other income (expense)		-	(35,665)
Net loss and comprehensive loss for the year		(11,623)	(67,000)
Loss per share, basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average shares outstanding:			
Basic		46,484,187	14,746,734
Diluted		46,484,187	14,746,734

(The accompanying notes are an integral part of these consolidated financial statements)

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Interim consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Note	Issued Shares	Issued capital \$ CDN	Share subscriptions received \$ CDN	Contributed surplus \$ CDN	Retained earnings \$ CDN	Total equity \$ CDN
Balance, December 1, 2013		10,415,265	20,534,890	255,000	3,307,497	(15,231,339)	8,866,048
Issued pursuant to private placement		510,000	255,000	(255,000)			-
Issued pursuant to consulting agreements		300,000	60,000	-			60,000
Net loss for the year						(6,856,043)	(6,856,043)
Balance, November 30, 2014		11,225,265	20,849,890	-	3,307,497	(22,087,382)	2,070,005
Cancelled pursuant to Tiberius cancellation		(200,000)	(100,000)	-			\$ (100,000)
Net loss for the year						(498,383)	(498,383)
Balance, November 30, 2015		11,025,265	20,749,890	-	3,307,497	(22,585,765)	1,471,622
Net loss for the period						(4,974,736)	(4,974,736)
Balance, November 30, 2016		11,025,265	20,749,890	-	3,307,497	\$(27,560,501)	\$ (3,503,114)
Shares issued pursuant to debt settlements		897,633	53,858	-			53,858
Shares issued pursuant to property acquisition		1,000,000	80,000	-			80,000
Shares issued pursuant to private placement		1,780,000	89,000	-			89,000
Net loss for the period						167,004	167,004
Balance, November 30, 2017		14,702,898	20,972,748	-	3,307,497	\$(27,393,497)	\$ (3,113,252)
Shares issued pursuant to property acquisition		1,000,000	35,000	-			35,000
Shares issued pursuant to debt settlements		30,781,289	923,439	-			923,439
Net loss for the period						1,989,070	1,989,070
Balance, November 30, 2018		46,484,187	21,931,187	-	3,307,497	\$(25,404,427)	\$ (165,743)
Shares issued pursuant to property acquisition		-	-	-			-
Shares issued pursuant to debt settlements		-	-	-			-
Net loss for the period						(11,623)	(11,623)
Balance, February 28, 2019		46,484,187	21,931,187	-	3,307,497	\$(25,416,050)	\$ (177,366)

(The accompanying notes are an integral part of these consolidated financial statements)

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Interim consolidated statements of cash flows

(Expressed in Canadian dollars)

	For the period ended: February 28, 2019	February 28, 2018
	\$ CDN	\$ CDN
Cash provided by (used for):		
Operating activities:		
Net loss and comprehensive loss	(11,623)	(67,001)
Adjustments for:		
Interest on related party loans	-	35,665
Loss/(Gain) on foreign exchange	-	9,175
	(11,623)	(22,160)
Changes in non-cash working capital items		
Accounts receivable	(843)	11,043
Accounts payable and accrued liabilities	(19,076)	5,901
	(31,542)	(5,217)
Cash Flows Used in Investing Activities		
Mineral property expenditures	(8,780)	(35,000)
Loss/(Gain) on disposal of mineral property	-	-
	(8,780)	(35,000)
Cash Flows From (Used by) Financing Activities		
Advances from directors	56,674	-
Common shares and warrants issued	-	35,000
	56,673	35,000
Increase (Decrease) in Cash	16,351	(5,217)
Cash, Beginning of Period	228	9,474
Cash, End of Period	16,579	4,257

(The accompanying notes are an integral part of these consolidated financial statements)

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Jaeger Resources Corp. (formerly Bandera Gold Ltd.) (the "Company") was incorporated under the Business Corporations Act of Alberta on November 23, 1993. The Company is an exploration stage company currently focused on the exploration of mineral property interests. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licenses and permits from various governmental authorities which may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture. The Company's registered office is 9320 49th Street, Edmonton, Alberta, Canada, T6B 2L7.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2019, the Company has not generated any revenues from operations, has a working capital deficit of \$355,347, and has an accumulated deficit of \$25,416,050. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Nueva California S.A. located in Colombia (to May 17, 2018, date of disposal); Agave Resources S.A de C.V., and Agave Silver S.A. de C.V. located in Mexico. All significant inter-company balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used include, among others, impairment of exploration and evaluation assets, measurement of share-based compensation, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the consolidated statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the consolidated statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets, including mineral properties and property and equipment. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the consolidated statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the consolidated statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(f) Rehabilitation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located. When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

JAEGER RESOURCES CORP.

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Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statement of operations. The Company does not have any assets classified as available-for-sale.

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the consolidated statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. They are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the consolidated statement of operations are not reversed through the consolidated statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

JAEGER RESOURCES CORP.

(formerly Bandera Gold Ltd.)

Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) Foreign Currency Translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in the consolidated statement of operations.

Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

JAEGER RESOURCES CORP.

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Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at February 28, 2019, the Company has 890,000 (2018 – 890,000) potentially dilutive shares outstanding.

(l) Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders. As at February 28, 2019, the Company does not have any items impacting comprehensive income.

JAEGER RESOURCES CORP.

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Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2018, and have not been applied in preparing these consolidated financial statements.

- IFRS 9, *Financial Instruments* (New)
- IFRS 16, *Leases* (New)

The Company has not early adopted these revised standards and has determined that the implementation of these standards will not have a material impact on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Exploration and Evaluation Assets

Taylor Brook	
\$	
Acquisition costs:	
Balance, December 1, 2016	-
Additions	80,000
Balance, November 30, 2017	80,000
Additions	35,000
Balance, November 30, 2018	115,000
Balance, February 28, 2019	115,000
Mineral Property costs	
Balance, December 1, 2016	-
Geology	1,700
Drilling	34,954
Sub-total of costs for the period	36,654
Balance, November 30, 2017	\$ 36,654
Balance, December 1, 2017	36,654
Geology	17,547
Sub-total of costs for the period	17,547
Balance, November 30, 2018	\$ 54,201
Balance, December 1, 2018	54,201
Geology	8,780
Sub-total of costs for the period	8,780
Balance, February 28, 2019	\$ 62,981
Carrying Amounts	
Balance, November 30, 2017	\$ 116,654
Balance, November 30, 2018	\$ 169,201

JAEGER RESOURCES CORP.

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Notes to the interim consolidated financial statements

3 month period ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

Balance, February 28, 2019	\$	177,981
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Exploration and Evaluation Assets (continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Taylor Brook Property, New Brunswick, Canada

On February 22, 2017, the Company entered into an option agreement with Stratabound Minerals Corp. ("Stratabound") to acquire an 80% interest in the Taylor Brook Property located in the Bathurst Mining Camp in the province of New Brunswick. To earn this interest, the Company has to:

- (i) issue to Stratabound 1,000,000 of the Company's common shares (issued);
- (ii) incur not less than \$55,000 in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2017 and make the 2017 required renewal payment estimated at \$1,700 on or before February 22, 2018 (paid);
- (iii) issue to Stratabound 1,000,000 common shares of the Company on or before February 22, 2018 (refer to Note 8(f));
- (iv) incur \$85,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2018 and make the 2018 required renewal payment estimated at \$1,700 on or before February 22, 2019 (paid); and
- (v) incur \$500,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2019 and make the 2019 required renewal payments on or before February 22, 2020.

The agreement may be terminated by Stratabound by providing 30 days of written notice upon the Company failing to meet the obligations noted above. The Company may also terminate the agreement upon providing the optionor written notice.

5. Disposal of Subsidiary

On May 17, 2018, two directors of the Company gave notice as per the General Security Agreement dated November 23, 2011 that they were exercising their rights under the agreement to transfer control of the Nueva California subsidiary in Colombia that controls the Belmira Property concessions (all investments in the Belmira Property were impaired on November 30, 2013). The Company transferred all shares of Nueva California to the two directors, along with all assets, liabilities, rights and obligations, resulting in a gain of \$214,420.

6. Related Party Transactions

During the period ended February 28, 2019 and 2018, the Company was involved in the following related party transactions:

- (a) The amount of \$2,364 (2018 – \$2,364) was incurred to a company controlled by a director of the Company for rent.
- (b) The amount of \$4,000 (2018 – \$4,000) was incurred to directors of the Company for directors' fees.
- (c) Included in accounts payable and accrued liabilities is \$17,940 (2018 - \$261,535) owed to officers and directors of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (d) The amount of \$71,009 (2018 - \$2,179,091) is owed to directors of the Company for cash advanced to the Company. The current year amount is non-interest bearing, unsecured, and due on demand.

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7. Share Capital

Authorized: Unlimited number of common shares without par value
Unlimited number of preferred shares, issuable in series

Share transactions during the year ended November 30, 2018:

- (a) On February 12, 2018, the Company issued 1,000,000 common shares with a fair value of \$35,000 pursuant to a mineral property option agreement. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (b) On November 29, 2018, the Company issued 29,012,914 common shares with a fair value of \$870,387 to settle debt of \$1,450,646 pursuant to debt settlement agreements with various directors and officers of the Company, the spouse of the Chief Financial Officer of the Company and companies controlled by directors of the Company. This resulted in a gain on settlement of debt of \$2,012,256. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (c) On November 29, 2018, the Company issued 1,768,375 common shares with a fair value of \$53,052 to settle debt of \$88,419 pursuant to debt settlement agreements with non-related parties. This resulted in a gain on settlement of debt of \$35,367. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.

Share transactions during the year ended November 30, 2017:

- (d) On February 1, 2017, the Company consolidated its share capital on a 1-for-10 basis. All share amounts of the Company have been retroactively adjusted for all periods presented.
- (e) On March 30, 2017, the Company issued 1,000,000 common shares with a fair value of \$80,000 pursuant to a mineral property option agreement. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (f) On May 5, 2017, the Company issued 897,633 common shares with a fair value of \$53,858 for the settlement of accounts payable of \$89,763. This resulted in a gain on settlement of accounts payable of \$35,905. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (g) On August 31, 2017, the Company issued 1,600,000 units at a price of \$0.05 per share for proceeds of \$80,000 to two directors and the spouse of the Chief Financial Officer of the Company. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at \$0.08 per share expiring on August 31, 2019.
- (h) On November 30, 2017, the Company issued 180,000 units at a price of \$0.05 per share for proceeds of \$9,000 to the spouse of the Chief Officer of the Company. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at \$0.08 per share expiring on November 30, 2019.

8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2016	—	—
Issued	890,000	0.08
Balance, November 30, 2017 and 2018 and February 28, 2019	890,000	0.08

As at February 28, 2019, the following share purchase warrants were outstanding and exercisable:

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Number of warrants outstanding	Exercise price \$	Expiry date
800,000	0.08	August 31, 2019
90,000	0.08	November 30, 2019
890,000		

9. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts) on the TSX Venture Exchange. Options can have a maximum term of five years and typically terminate ninety days following the termination of the optionee's employment or engagement. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

10. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at February 28, 2019, as follows:

Fair Value Measurements Using				
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Balance February 28, 2019 \$
Cash	16,579	—	—	16,579
Restricted cash	0	—	—	0
	16,579	—	—	16,579

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in U.S dollars. As at February 28, 2019, total assets and liabilities include accounts payable of the Canadian equivalent of US\$201,394 (2018 – US\$201,394). The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the U.S dollar by 5% would increase or decrease net loss by approximately \$13,000. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

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(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this is dependent on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2018.

12. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2018 \$	2017 \$
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	537,075	45,091
Tax effect of:		
Permanent differences and other	(57,892)	(51)
Expiry of losses	35,245	—
Loss of foreign resource pools	3,684,125	—
Change in unrecognized deferred income tax assets	(4,198,553)	(45,040)
Income tax provision	—	—

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13. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2018 \$	2017 \$
Deferred income tax assets		
Capital losses carried forward	48,466	48,466
Non-capital losses carried forward	1,103,098	1,611,961
Property and equipment	—	5,565
Resource properties	101,636	3,785,761
Total gross deferred income tax assets	1,253,200	5,451,753
Unrecognized deferred income tax assets	(1,253,200)	(5,451,753)
Net deferred income tax asset	—	—

As at November 30, 2018, the Company has non-capital losses carried forward of \$4,085,548 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2023	28,474
2024	15,700
2026	76,852
2027	3,439
2028	38,861
2029	335,248
2030	470,703
2031	622,185
2032	473,017
2033	604,194
2034	450,449
2035	495,265
2036	285,390
2037	185,771
	4,085,548

The Company also has available mineral resource related expenditure pools totalling \$545,630, which may be deducted against future taxable income on a discretionary basis.