



**JAGUAR FINANCIAL CORPORATION**  
**ANNUAL MD&A**

**For the year ended December 31, 2015**

## Management's Discussion and Analysis – Year Ended December 31, 2015

The following Management Discussion and Analysis (“MD&A”) of the financial condition and results of operations of the Company are the views of management and should be read in conjunction with the financial statements and related notes for the years ended December 31, 2015 and 2014, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All figures are expressed in Canadian dollars unless otherwise indicated.

This report is dated as at April 7, 2016, and the Company's additional public filings can be reviewed via the SEDAR website ([www.sedar.com](http://www.sedar.com)).

The Company's Audit Committee and Board of Directors have reviewed and approved the MD&A.

### Forward-Looking Statements

This MD&A contains “forward-looking statements” that reflect Jaguar's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as “estimate”, “consider”, “expect”, “anticipate”, “objective” and similar expressions or variations of such words. Forward looking statements are, by their very nature, not guarantees of Jaguar's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Jaguar's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. No representation or warranty is intended, with respect to anticipated future results, that estimates and projections will be sustained or that any project will otherwise prove to be economic.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified elsewhere in this MD&A, actual events may differ materially from current expectations. Jaguar disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

### Business Focus

Jaguar Financial Corporation (“Jaguar” or the “Company”) is a Canadian merchant bank generally investing in undervalued, overlooked and underappreciated public companies where Jaguar determines that one or more changes could be made to create shareholder value. The changes could include, among many alternatives, a change in strategy, a financial restructuring involving changes to the capital structure such as the retirement of debt or an equity financing, the declaration of a dividend, an issuer bid by the company, a sale of non-core assets, a sale of the company, the addition of one or more directors on the Board, a change in management, or a merger or acquisition transaction (“Value Creative Changes”).

Jaguar has made friendly supportive investments in companies such as Lakeside Steel Inc., Royal Laser Corp., WGI Heavy Minerals Inc. and Thallion Pharmaceuticals Inc. where Jaguar was represented on the board of directors of each respective company, and participated in strategic changes that resulted in the creation of shareholder value.

If management or the directors of an investee company do not wish to work cooperatively with Jaguar, Jaguar may make its views known to certain shareholders or take other appropriate action to implement one or more Value Creative Changes for the benefit of all shareholders. There are several examples of this catalytic role.

If Jaguar is fully invested or substantially invested, the Company may seek the involvement of an investor group or a lender group to fund all, or substantially all, of an investment in an investee company. In these investments, Jaguar would typically receive a share of any realized gain. In the case of a lender group, Jaguar generally assumes the risk of loss of the lender group and in return receives a higher share of any realized gains. There are no lender groups in place as at December 31, 2015.

Century II Holdings (“Century”) had redundant cash resources of approximately \$21 million, was generating substantial cash flow and was undervalued. Jaguar acquired 19.9% of the issued shares of Century. Jaguar arranged a financing commitment of \$65 million and made a take-over bid for all of the remaining issued shares of Century. A competing bidder made a bid at a price that was 51% higher than the Jaguar bid price. Jaguar tendered its shares in the competing bid and realized a gain of \$10.2 million.

Jaguar had identified HudBay Minerals Inc. (“HudBay”) as a cash rich target where its market cap was less than the total cash resources, with no value being ascribed to HudBay's revenue of \$1.0 billion and \$250,000 million in EBITDA. When HudBay proposed a merger with Lundin Mining Corporation (“Lundin”) involving 100% dilution to the HudBay shareholders and without any required approval by the HudBay shareholders, Jaguar acquired 1.0% of the issued shares

of HudBay at a market price representing a 38% discount to the cash per share in HudBay. Jaguar appealed a decision of the Toronto Stock Exchange to the Ontario Securities Commission which resulted in the termination of the proposed merger with Lundin. The HudBay shares increased in value to a level that represented 3.2 times its cash resources.

In separate transactions, Jaguar acquired substantial ownership positions in Virtek Vision International Inc. and Kinbauri Gold Corp., two companies that were the subject of take-over bids. Jaguar was successful in improving the ultimate acquisition prices for both companies.

Jaguar acquired 14% of the issued shares of Thallion Pharmaceuticals Inc. ("Thallion"), a biotech company with substantial cash resources. As the largest shareholder Jaguar negotiated an improvement in the offer made by BELLUS Health Inc. ("BELLUS") to acquire Thallion. Jaguar entered into a voting support agreement with Thallion to support the improved BELLUS offer and concurrently Vic Alboini ("Alboini"), CEO of Jaguar, was appointed to the BELLUS Board. Jaguar realized a gain on its investment in Thallion and stands to realize a future gain from its ownership of Contingent Value Rights in BELLUS.

In 2011 Jaguar acquired shares of BlackBerry Limited ("BlackBerry") (formerly Research in Motion Limited,) with a view to implementing corporate governance changes at BlackBerry. Jaguar called for a replacement of the Co-Chief Executive Officers, a strengthening of the Board of Directors, and the need to carry out a strategic review of merger and acquisition options. While a new CEO was appointed in January 2012, the new CEO was an internal candidate and was not the transformational leader that BlackBerry required. Late in the day BlackBerry did add new high quality directors. Also after a substantial delay BlackBerry also engaged financial advisors to carry out a strategic review. This review process was unfortunately carried out when BlackBerry was in serious trouble. The delays in implementing management and Board changes and in carrying out a strategic review resulted in a sharply declining share price.

Blackberry finally appointed a transformational leader, John Chen who has made very positive strategic changes in developing a joint venture with Foxconn which assumes the inventory risk on the manufacture of smartphones, concentrating on the software and services business, focusing on mobile device management in the enterprise sector, taking steps to monetize value for BlackBerry Messenger, continuing its focus on the car infotainment business, and the pursuit of other opportunities in the machine to machine sector with its powerful QNX software. In the third quarter of 2015, the Company disposed of its remaining BlackBerry common shares. As at December 31, 2015 the Company had issued a number of options which are included in derivatives in the accompanying financial statements.

Through January, 2016 Jaguar and its joint actors acquired 19.9% of the shares of Alternative Earth Resources ("Alternative Earth"). Jaguar is interested in creating value for the shareholders of Alternative Earth. Jaguar has commenced civil proceedings against Alternative Earth and its directors, which resulted in the termination of the Black Sea transaction proposed by Alternative Earth. Jaguar will seek to elect its three nominee directors on the board of Alternative Earth at the next annual meeting of shareholders.

### **Investments**

As at December 31, 2015, one investment (Galway Metals Inc.) accounted for 62% (December 31, 2014 – BlackBerry, 66%) of the fair value of the portfolio.

The Company's strategy, as discussed above, will remain the same going forward. The current economic and capital market environment, though challenging, provides opportunities for the Company to enhance shareholder value.

### **Results of operations and selected annual information for the year ended December 31, 2015**

Jaguar reported a net loss of \$2,475,705 compared to net income of \$950,938 in 2014. As at December 31, 2015, the Company had cash of \$1,951,235 (December 31, 2014 - \$44,625) and investments of \$1,098,911 (December 31, 2014 - \$5,257,402).

*Financial Highlights for the year ended December 31, 2015 with comparables:*

<b>Operating Results</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Gain (loss) on investments and derivatives, net	\$ (1,135,160)	\$ 2,125,496	\$ (1,367,238)
Revenue – fees, dividend and interest	1,926	-	14,532
Total revenue	(1,133,235)	2,125,496	(1,352,706)
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>(2,475,705)</b>	<b>950,938</b>	<b>(1,771,457)</b>
Net income (loss) per share – basic and diluted	(0.02)	0.01	(0.02)
Cash	1,951,235	44,625	1,791
Investments, at fair value	1,098,911	5,257,402	4,896,672
Total assets	3,099,871	5,383,702	4,923,091
Total liabilities	516,609	300,342	790,669
Shareholders' equity	\$ 2,583,262	\$ 5,083,360	\$ 4,132,422

For the year ended December 31, 2015, the Company had an unrealized loss on investments of \$953,262 (2014 – gain of \$1,478,742), a realized loss on investments of \$544,816 (2014 – gain of \$709,732) and a gain on derivatives of \$362,918 (2014 – loss of \$62,478) resulting in a net loss on investments and derivatives of \$1,135,160 (2014 – gain of \$2,125,496). The unrealized loss on investments relates to the change in the closing market over cost of the investment portfolio during the period.

Total expenses for the year ended December 31, 2015 were \$1,339,800, as compared to \$1,177,229 in 2014. The Company reported stock based compensation of \$84,711 (2014 - \$Nil) in connection with options vested during the period. Management, director and consulting fees decreased to \$493,365 (2014 - \$587,068) mainly due to non-recurring payments in the comparable period. Office and general decreased to \$102,404 (2014 –\$144,367) primarily due to additional listing fees associated with the Company's move to the TSX Venture Exchange in 2014. Legal and audit fees increased to \$327,232 from \$120,296 in 2014, primarily due to legal fees associated with the Alternative Earth civil proceedings described above. Also included in expenses is \$202,715 in advisory fees paid to Added Capital ("Added") (2014 – \$221,798), including investment override and proxy solicitation fees, \$74,347 in transaction costs (2014 - \$48,200), \$32,404 in shareholder and transfer agent fees (2014 - \$19,057) and \$9,306 in interest (2014 - \$21,509). Transactions costs increase or decrease relative to the volume of transactions during the period. Effective the second quarter of 2015, the Company will no longer make investment override payments to Added. Management expects overall expenses to decrease in future periods.

Also included in net loss is a gain of \$10,896 (2014 –\$2,671) relating to the Company's share of the financial results of an associated company, Added for the period as well as a loss on disposition in the amount of \$13,567. On March 26, 2015 the Company sold all of the Units to Alboini for gross proceeds of \$50,000. As a result of the disposition the Company will no longer take into account the financial results of Added.

**Results of operations for the three months ended December 31, 2015**

*Financial Highlights for the three months ending December 31, 2015 and 2014:*

<b>Operating Results</b>	<b>Three months ended Dec 31</b>	
	<b>2015</b>	<b>2014</b>
Gain on investments and derivatives, net	\$ 1,115,696	\$ 637,550
<b>Net income and comprehensive income for the period</b>	<b>645,880</b>	<b>281,702</b>
Net income per share – basic and diluted	0.01	0.00

For the three months ended December 31, 2015, the Company generated net income of \$645,880, compared to net income of \$281,702 for the same period in 2014. For the three months ending December 31, 2015, the Company had an unrealized gain on investments of \$13,825 (2014 – \$251,850), a realized gain on investments of \$300 (2014 – \$220,253) and a gain on derivatives of \$1,101,571 (2014 – \$165,447) resulting in a net gain on investments and derivatives of \$1,115,696 (2014 –\$637,550). The unrealized gain on investments relates to the change in the closing market over cost of the investment portfolio during the period.

Total expenses were \$470,816 in the quarter, as compared to \$363,219 in 2014. Management, director and consulting fees decreased to \$96,687 (2014 - \$148,851). Office and general expenses totalled \$23,412 (2014 – \$41,939). Legal and audit fees increased to \$274,728 (2014 - \$61,875) due to costs associated with the Alternative Earth civil proceedings. Also included in expenses is \$56,500 in advisory fees paid to Added (2014 – \$83,478), \$3,542 in transaction costs (2014 - \$17,072), \$5,908 in shareholder and transfer agent fees (2014 - \$665), \$8,752 in travel (2014 - \$12,549) and \$32 in interest (2014 - \$5,068). Transactions costs increase or decrease relative to the volume of transactions during the period. Management expects the majority of expenses to decrease or remain constant in future periods.

## Share Capital Information

As at December 31, 2015, the Company had 109,103,832 issued common shares together with 7,200,000 stock options outstanding, which, if exercised, would amount to a fully diluted position of 116,303,832 common shares. As at April 7, 2016, the Company had 109,103,832 issued common shares together with 6,700,000 stock options outstanding, which, if exercised, would amount to a fully diluted position of 115,803,832 common shares.

## Dividend

On March 20, 2015, the Board approved a dividend of \$0.001 per share on its common shares, paid on April 17, 2015, to shareholders of record at the close of business on April 3, 2015. Jaguar's Board of Directors intends to review the prospect of declaring future dividends subject to the Company's performance and financial results. The Company has previously declared a dividend of \$0.00055 per share in 2012 and dividends totalling \$0.0093 per share in 2011.

## Liquidity and Capital Resources

As at December 31, 2015, the Company had cash and investments, at fair value of \$3,050,146 (December 31, 2014 - \$5,302,027). The Company had net assets of \$2,583,262 as at December 31, 2015 (December 31, 2014 - \$5,083,360), or approximately \$0.024 (December 31, 2014 - \$0.047) per issued common share.

The fair value of the Company's investment portfolio was \$1,098,911 as at December 31, 2015, as compared to \$5,257,402 as at December 31, 2014. As at December 31, 2015, the Company had investments in three companies (December 31, 2014 – seven).

The Company maintains a margin account with its broker that carries an interest rate that varies between 3% and 5.25% depending on the outstanding balance. Security on the loan was provided by a charge on all of the Company's investments.

Presently, the Company has sufficient funds on hand to fund its working capital requirements for the foreseeable future. Changes in equity prices will affect the value of the Company's financial instruments. However, management knows of no other expected fluctuations in its liquidity.

The fair value used in valuing the Company's investment portfolio is based on the closing market price of each security held in the Company's investment portfolio as at December 31, 2015.

## Related Party Information

The Company had related party transactions with directors and officers of the Company, or companies with which they were associated, which were in the normal course of operations and were measured at the exchange amounts as follows in the table below for the years ended December 31. Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

	For the years ended	
	December 31, 2015	December 31, 2014
Rent and other office expenses <sup>1</sup>	\$ -	\$ 12,409
Advisory fees <sup>2</sup>	196,215	221,798
Management and consulting fees <sup>3</sup>	200,000	318,150
Stock-based compensation <sup>6</sup>	76,240	-
	As at	
	December 31, 2015	December 31, 2014
Accounts payable and accrued liabilities <sup>4</sup>	\$ Nil	\$ 83,591
Prepaid expenses <sup>5</sup>	34,132	21,132

1. Effective March 19, 2013 Added acted as financial advisor to Jaguar. Jaguar established a governance agreement in 2007 between Jaguar and Added to address any potential conflicts of interest. The Chairman and Chief Executive Officer and Chief Financial Officer of Added are also the Chairman and Chief Executive Officer and Chief Financial Officer of Jaguar. Jaguar also shares office space with Added.

2. Includes proxy solicitation fees and override payments made under the governance agreement with Added Capital. The Company could previously make override payments of up to 25% of realized gains to Added. Effective April 1, 2015 override payments were discontinued. Advisory fees include \$50,000 in proxy solicitation services for the year ended December 31, 2015 (2014 - \$Nil).

3. Effective April, 2014, the Company entered into a management services agreement with Added which was further amended in June, 2014. Concurrently, the Chairman and Chief Executive Officer voluntarily reduced his salary to Nil.

4. Includes fees or expenses owed to Directors or Officers of the Company. This amount was unsecured, non-interest bearing with no fixed terms of repayment.

5. Advances to Added and prepaid travel expenses.
6. Vesting of options issued to directors and officers on June 1, 2015.
7. On March 26, 2015, the Company sold 1,000,000 Units of Added to Alboini for gross proceeds of \$50,000.

### Compensation to key management personnel

Compensation for the years ended December 31 due to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

	2015	2014
Salaries and fees	\$ 302,500	\$ 434,400
Stock-based compensation	76,240	-
Total	<u>\$ 378,740</u>	<u>\$ 434,400</u>

### Contractual Obligations

The Company has entered into an employment agreement with its Chief Executive Officer. In the event of a change in control of the Company or the employment of the Chief Executive Officers is terminated without cause, the Company is required to pay an amount equal to two times the average of the Chief Executive Officer's aggregate annual compensation in the past two years, subject to a minimum payment of \$400,000.

The Company has entered into a five-year lease agreement effective October, 2014. The future minimum annual base rent on office premises under the existing operating lease is:

2016	\$ 20,039
2017	20,792
2018	20,792
2019	17,327
Total	<u>\$ 78,950</u>

Additional rent covering operating costs, property taxes and premises utilities will be estimated separately on an annual basis.

### Summary of Quarterly Results

The following table provides selected unaudited financial information for each of the last eight quarters, presented in Canadian dollars:

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Revenue	1,116,697	(1,507,925)	(329,764)	(412,241)	637,550	49,638	957,335	480,975
Net income (loss) and comprehensive income (loss)	645,880	(1,679,271)	(667,220)	(775,094)	281,702	(223,893)	537,904	355,225
Income (loss) per common share basic and diluted	0.01	(0.02)	(0.01)	(0.01)	0.00	(0.00)	0.01	0.00
Total Assets	3,099,871	3,443,479	4,696,574	6,066,272	5,383,702	5,723,644	5,734,161	5,717,900
Total Liabilities	516,609	1,506,096	1,079,920	1,758,006	300,342	921,986	710,610	1,230,253

The fluctuation in income and total assets quarter over quarter, throughout the eight quarters, is reflective of investment gains and losses, and the fluctuation in the prices of the securities held by the Company.

### Future changes in accounting policies

- (i) IFRS 9 – Financial Instruments (“IFRS 9”) - IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgement to assess the effectiveness of a hedging relationship. Adoption of IFRS 9 is mandatory and will be effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of adopting this standard of the Company's financial statements and related note disclosures.
- (ii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial

information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

## Off Balance Sheet Arrangements and Proposed Transactions

The Company has not entered into any off-balance sheet arrangements. There are no proposed transactions as at December 31, 2015 and April 7, 2016.

## Management of Capital

The Company's capital structure includes the following:

	December 31, 2015	December 31, 2014
Loans payable	\$ -	\$ -
Shareholders' equity comprised of		
Capital stock	4,870,911	4,870,911
Contributed surplus	5,847,453	5,762,742
Deficit	(8,135,102)	(5,550,293)
Total shareholders' equity	2,583,262	5,083,360
<b>Total capital employed</b>	<b>\$ 2,583,262</b>	<b>\$ 5,083,360</b>

The Company's objectives when managing capital are to (i) provide financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern; (ii) maintain a capital structure which allows the Company to respond to changes in economic and/or marketplace conditions and affords the Company the ability to participate in new investments; (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders equal with the level of risk; and (iv) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: (i) realizing proceeds from the disposition of its investments; (ii) utilizing leverage in the form of margin loans on its investments; and (iii) raising capital through loans from third party investors/lenders who seek to participate in investment opportunities.

The Company's share capital is not subject to external restrictions or requirements imposed by a regulator. The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at December 31, 2015. There has been no change of the objectives, policies, processes and contents of capital management from previous periods.

## Financial instruments

The Company's business primarily involves the purchase and sale of securities and, accordingly, the majority of its assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including price, liquidity and interest rate risks. As at December 31, 2015 the Company's financial instruments included publicly traded equities, put and call options, warrants and contingent value rights. A discussion of the Company's use of financial instruments and their associated risks is provided below:

### Price risk:

Price risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in prices. The value of the financial instruments can be affected by changes in equity prices.

With respect to long positions, rising equity prices may increase the price of an investment while declining equity prices may have the opposite effect. The Company's short selling activities are also affected by equity prices. There is no assurance that securities will decrease in price during the period of a short sale enough to make a profit for the Company, and securities sold short may instead increase in price.

The Company invests in publicly traded securities. These investments are subject to market risk such that the fair value of these items may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments traded in the market.

As at December 31, 2015, one investment (Galway Metals Inc.) accounted for 62% (December 31, 2014 – Blackberry, 66%) of the fair value of the portfolio.

As at December 31, 2015, based on a 1% change in the fair value of the Company's investments, the estimated sensitivity of the Company's net income (loss) was \$11,000 (December 31, 2014 – \$52,600), based on an increase, and (\$11,000) (December 31, 2014 – (\$52,600)) based on a decrease.

#### **Liquidity risk:**

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The nature of investments exposes the Company to a liquidity risk whereby it may not be able to liquidate the investments quickly at close to fair value. The Company generates cash flow primarily from its investment activity and proceeds from the liquidation of its investments, in addition to interest income earned on its investments. The Company has sufficient cash and marketable securities, which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

The Company manages liquidity risk by reviewing the amount of cash available, on a daily basis, to ensure that it can meet its current obligations. The Company holds investments, which can be readily converted into cash when required.

#### **Interest rate risk:**

Interest rate risk is the risk of loss due to the volatility of interest rates and the impact that changes in interest rates could have on the Company's earnings and liabilities. Liabilities can be repaid by the Company at any time, without notice or penalty, which provides the Company with some ability to manage and mitigate its interest rate risk. The Company does not hedge against any interest rate risks. As at December 31, 2015 and December 31, 2014, there were no financial instruments subject to interest rate risk.

#### **Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses and other income during the year.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

##### *Fair value of investments and derivatives*

Investments and derivatives are valued using the closing market prices on the reporting date. The value eventually obtained when the investment is liquidated is subject to such things as movement of the stock market and the future performance of the investee. As these are based on future events, the eventual value obtained from the Company's investments is subject to uncertainty.

##### *Fair value of stock based compensation*

Stock based compensation is valued using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different than those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The areas which require management to make significant judgments include:

##### *Future benefits of unutilized tax losses and temporary differences*

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income. Factors considered in the assessment of the likelihood and value of the realizable deferred tax assets include the Company's forecast of the amount and timing of future income before taxes, and the remaining period of loss carry-forwards.

##### *Determination of significant influence related to investment in associated companies*

Significant judgment is required to determine if significant influence exists related to investments of the Company. See note 4 of the accompanying financial statements.

#### **Subsequent Events**

There were no subsequent events that would have a material impact on this report.