



JAGUAR FINANCIAL CORPORATION

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020 and 2019 (Unaudited)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

Signed: **"Michael Lerner"**
Chief Executive Officer

Signed: **"Perry Rapagna"**
Chief Financial Officer

Toronto, Ontario, November 26, 2020

Jaguar Financial Corporation

Consolidated Interim Statements of Financial Position as at September 30, 2020 and December 31, 2019
(Unaudited)
(Expressed in Canadian dollars)

	September 30 2020 \$	December 31 2019 \$
Assets		
<i>Current assets</i>		
Cash and cash equivalents	47,066	773
Accounts receivable	13,142	-
Investments (Note 3)	-	244,000
Prepaid expenses (Note 10)	-	6,914
Total current assets	<u>60,208</u>	<u>251,687</u>
Total assets	<u>60,208</u>	<u>251,687</u>
Liabilities		
<i>Current liabilities</i>		
Accounts payables and accrued liabilities (Note 10)	40,581	86,413
Derivatives (Note 4)	-	20,000
Total liabilities	<u>40,581</u>	<u>106,413</u>
Shareholders' Equity		
Capital stock (Note 6(b))	4,875,340	4,870,911
Contributed surplus (Notes 6(c) and (d))	5,857,340	5,859,026
Deficit	(10,713,310)	(10,584,663)
Total shareholders' equity	<u>19,627</u>	<u>145,274</u>
Total liabilities and shareholders' equity	<u>60,208</u>	<u>251,687</u>

Going Concern (Note 1) Subsequent Events (Note 14)

Approved on behalf of the Board:

"Michael Lerner"
Director

"Harvey MacKenzie"
Director

See accompanying notes to the consolidated financial statements.

Jaguar Financial Corporation
Consolidated Interim Statements of Operations and Comprehensive Loss
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
Revenue				
Realized (loss) on investments (Note 3)	(12,328)	(22,244)	(100,241)	(107,186)
Unrealized (loss) on investments (Note 3)	-	(11,466)	120,733	33,053
Loss on derivatives, net (Note 4)	-	904	-	(320)
Total revenue (loss)	(12,328)	(32,806)	20,492	(74,453)
Expenses				
Management salaries, directors' and consulting fees (Note 10)	30,250	11,643	60,550	51,485
Transaction costs	-	450	1,070	1,500
Stock based compensation	-	11,573	-	11,573
Office and general	10,187	17,638	14,120	64,973
Shareholder information and transfer agent	-	1,126	2,403	18,780
Travel	-	-	3,000	-
Legal and audit fees	30,562	13,698	67,996	28,499
Total expenses	70,999	56,128	149,139	176,810
Net (loss) and comprehensive (loss)	(83,327)	(88,934)	(128,647)	(251,263)
Basic and diluted (loss) per common share (Note 8)	(0.01)	(0.01)	(0.01)	(0.02)
Average basic and diluted shares outstanding	10,929,504	10,910,383	10,924,009	10,910,383

See accompanying notes to the consolidated financial statements.

Jaguar Financial Corporation
Consolidated Interim Statements of Changes in Equity Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

	Common Shares #	Common Shares \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
Balance, January 1, 2019	10,910,383	4,870,911	5,847,453	(10,341,648)	376,716
Share based compensation	-	-	11,573	-	11,573
Net (loss)	-	-	-	(251,263)	(251,263)
Balance, September 30, 2019	10,910,383	4,870,911	5,859,026	(10,592,911)	137,026
Net (loss)	-	-	-	8,248	8,248
Balance, December 31, 2019	10,910,383	4,870,911	5,859,026	(10,584,663)	145,274
Stock option exercise	60,000	4,429	(1,429)	-	3,000
Net (loss)	-	-	-	(128,647)	(128,647)
Balance, September 30, 2020	10,970,383	4,875,340	5,857,597	(10,713,310)	19,627

See accompanying notes to the consolidated financial statements.

Jaguar Financial Corporation
Consolidated Interim Statements of Cash Flows
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

	Nine Months Ended	
	Sept. 30, 2020	Sept. 30, 2019
Operating activities		
Net (loss)	(128,647)	(251,263)
Items not affecting cash		
Unrealized loss on investments (Note 3)	(120,733)	(107,186)
Unrealized loss on investments (Note 3)	100,241	33,053
Stock based compensation	-	11,573
Gain on derivatives, net (Note 4)	-	320
	<u>(149,139)</u>	<u>(313,503)</u>
Changes in non-cash working capital balances		
Proceeds from sale of investments	264,492	292,231
(Repayment of) derivatives	(20,000)	(5,000)
Increase in amounts receivable	(13,142)	-
Decrease (increase) in prepaid expenses	6,914	-
(Decrease) in accounts payable and accrued expenses	<u>(45,832)</u>	<u>(4,079)</u>
Cash flow from (used in) operating activities	<u>43,293</u>	<u>283,152</u>
Cash flow from financing activities	<u>3,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	46,293	(30,351)
Cash and cash equivalents at beginning of year	773	37,615
Cash and cash equivalents at end of period	<u>47,066</u>	<u>7,264</u>

See accompanying notes to the consolidated financial statements.

1. Nature of operations

Jaguar Financial Corporation ("Jaguar" or the "Company") is a Canadian merchant bank generally investing in companies Jaguar determines to be undervalued, overlooked and underappreciated. The investments made are usually event-driven, for example, where an investment is made in a company that is the subject of a takeover bid or where some other change is initiated by a third party or a shareholder of the subject company. Jaguar's objective is to assist management of the undervalued company to create value that the market is missing.

The Company is governed by the Business Corporations Act (Ontario) (the "OBCA") and its common shares are listed on the NEX board of the TSX Venture Exchange (the "TSXV") under the symbol "JFC.H". Jaguar's registered head office is 1 Adelaide Street East, Suite 801, Toronto, Ontario M4C 2V9.

These consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on November 26, 2020.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Certain matters existing as at September 30, 2020, including limited working capital and accumulated losses represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern. As at September 30, 2020, the Company has working capital of \$19,627 and an accumulated deficit of \$10,713,310.

Further, in March 2020, the World Health Organization declared the novel coronavirus COVID-19 ("COVID-19") a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The Company continues to have a need for restructuring, profit from operations or additional financing. There is no assurance that these items will take place or be available to the Company. Management has considered expectations for future profitability and believes that the Company will continue in operation for the foreseeable future and will be able to restructure or satisfy its liabilities and commitments in the normal course of business, and accordingly, it is appropriate to prepare these financial statements on a going concern basis. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net loss and the statement of financial position classifications used. Such adjustments could be material.

2. Summary of significant accounting policies

These interim financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

These interim financial statements have been prepared on a historical cost basis, except for those financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated upon consolidation.

Critical accounting judgments and 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 period.

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 derivative liabilities

Investments and derivative liabilities 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 company. 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.

Derivatives

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related

accruals and deferred income tax provisions in the period in which such determination is made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investment dealers, and short-term deposits with original maturities of less than three months at the date of acquisition and are recorded at fair value. As at September 30, 2020, the Company had cash equivalents in the form of short-term deposits totaling \$Nil (December 31, 2019 - \$Nil).

Derivatives

The investment in contingent value rights and the investment and issuance of call and put options have been accounted for as derivatives as the Company has determined the future revenue stream qualifies as a non-financial variable specific to a party of the contract.

Embedded derivative liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss. Changes in the fair value of separable embedded derivatives are recognized immediately in the consolidated statements of operations. The Company's sharing of profits based on financial instrument price (Note 4) is considered an embedded derivative.

Derivatives are categorized as fair value through profit or loss.

Financial assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of operations.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company's investments are classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, and loans payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of operations.

Subsequent measurement – Financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statements of operations. The Company's derivatives are classified as financial liabilities at FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Impairment of non-financial assets

The carrying values of non-financial assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company evaluates impairment losses for potential reversals when events or changes in circumstances warrant such consideration.

Merchant banking and advisory fees

Merchant banking and advisory fees revenue is recorded at the time the transaction or service is completed and the related income is reasonably determined.

Interest income

Interest income primarily includes interest earned on the Company's own cash and cash equivalents. Interest revenue is recognized on an effective interest rate basis.

Dividend income

Dividend income primarily includes dividends earned on the Company's investments in securities. Dividend revenue is recorded on the ex-dividend date and when the right to receive the dividend has been established.

Share-based compensation

The fair value of stock options granted to employees is measured at the grant date and is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when it is probable that the differences are expected to reverse or losses are expected to be utilized.

Loss per common share

Basic loss per common share is computed by dividing the total net loss attributable to common shareholders for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares, which are included when the conditions necessary for issuance have been met, and excluding shares of the Company, which were acquired and not yet cancelled. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method. Diluted loss per share for the periods presented did not include the effect of stock options as they are anti-dilutive.

Equipment

Equipment is recorded at cost less accumulated depreciation and any impairment losses recorded. Depreciation is recorded using the straight-line method based on a useful life of three years.

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Comprehensive income (loss)

The Company discloses comprehensive income (loss), which consists of net income (loss) and other comprehensive income (loss). Since the Company has no other comprehensive income (loss), net income (loss) and comprehensive income (loss) are the same.

Changes in accounting policies

Effective January 1, 2020, the Company has adopted the following standard:

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting,

misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of this new standard did not have an impact on the financial statements.

Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after July 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Investments

a) Investments consist of the following as at September 30, 2020:

Issuer	Security Description	Cost	Fair Value
Public companies	common shares	\$ -	\$ -

The remainder of the investment portfolio was liquidated in the September 2020 period. During the nine months ended September 30, 2020, the Company disposed of its investment portfolio, recognizing an unrealized gain on investments of \$120,733 (2019 –\$33,053) and a realized loss on investments of \$100,241 (2019 – \$107,186) resulting in a net gain on investments of \$32,820 (2019 – loss of \$74,133).

In August 2013, the Company received 2,569,000 contingent value rights (“CVR’s”) in Bellus Health Inc. (“Bellus”) in connection with its investment in Thallion Pharmaceuticals (“Thallion”), which was acquired by Bellus on August 15, 2013. For each Thallion common share held, the Company received cash consideration of \$0.1889 as well as 1 CVR entitling the holder to: (A) its pro rata share of 100% of any additional purchase price consideration to be received from Premium Brands Holding Corp. in 2016, (B) its pro rata share of 5% of the Shigamabs® revenue generated or received by Bellus, capped at \$6.5 million (or \$0.1812 per CVR), and (C) its pro rata share of 100% of any net proceeds generated from the licensing, selling or otherwise commercializing of (i) diagnostic products or services using certain Caprion Proteomics Inc. products, and (ii) all issued patents or pending patents pertaining to such Caprion Proteomics Inc. products, in respect of which Thallion has an ownership interest or monetary entitlement. During the nine months ended September 30, 2020, the Company received \$Nil (2019 - \$9,607) in connection with the CVR’s. No further payments are expected.

b) Investments consist of the following as at December 31, 2019:

Issuer	Security Description	Cost	Fair Value
Public companies	common shares	\$370,840	\$244,000

The investment portfolio as at December 31, 2019 consisted of 1,952,000 shares of Moneta Porcupine Mines Inc. (fair value of \$244,000).

4. Derivatives

The Company had entered into agreements in 2018 with individual lenders or investors (the “Investors”) to invest in shares of a listed security, whereby on the sale of shares any profit would be shared between the Investors and the Company based on an agreed percentage and in relation to the Investors’ pro-rata investment. The fair value of the liability at September 30, 2020 was \$Nil (December 31, 2019 - \$20,000). In 2019, the Investor agreed to terminate the agreement with a \$20,000 repayment which was made in March, 2020.

5. Loans payable

As at September 30, 2020 and December 31, 2019, the Company had an on demand margin loan outstanding in the amount of \$Nil. 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. The maximum available under the margin facility is dependent upon the value of the securities held.

6. Capital stock

Jaguar Financial Corporation
Notes to the Consolidated Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

a) Authorized

The authorized capital of the Company consists of an unlimited number of no par value common shares.

b) Issued

Issued and outstanding, December 31, 2019 and 2018

	Number	\$
Opening	10,910,383	\$4,870,911
Issued	60,000	4,429
Issued and outstanding, September 30, 2020	<u>10,970,383</u>	<u>\$4,870,911</u>

During the nine months ended September 30, 2020 the Company issued 60,000 common shares on the exercise of stock options, realizing \$3,000 cash and allocating \$1,429 from contributed surplus.

c) Stock option plan

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company can grant options to acquire up to a maximum of 1,097,038 (December 31, 2019 – 1,091,038) common shares of the Company to qualified directors, officers, employees and persons providing ongoing services to the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant or the five day weighted trading average of the Company's shares preceding the date of grant, and the maximum term of any option cannot exceed ten years. Under the Plan, cancelled or expired options increase the number of options available to be granted.

On August 22, 2019, an aggregate of 486,000 incentive stock options to purchase common shares of the Company were granted to the directors, officers and certain employees of the Company. Each option is exercisable at \$0.05 per share for ten years and vested on the grant date. Options were valued at \$11,573 using the Black-Scholes pricing model with an expected volatility of 133.6% (based on the Company's historical volatility rate), an expected dividend yield of 0%, an expected life of 10 years and a risk-free rate of 1.3%.

As at September 30, 2020, there were 87,000 (December 31, 2019 – 1,091,000) options outstanding and 1,010,039 (December 31, 2019 – 38) options available to be granted.

The following tables reflect the continuity of options for the periods indicated:

For the nine-month period ended September 30, 2020:

Jaguar Financial Corporation
Notes to the Consolidated Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

Expiry Date	Exercise Price	Number of Common Shares				Closing Balance
		Opening Balance	Options Granted	Options Exercised	Options Cancelled/ Expired	
September 2021	\$0.55	120,000	-	-	(120,000)	-
May 2025	\$0.50	485,000	-	-	(430,000)	55,000
August 2029	\$0.05	486,000	-	(30,000)	(394,000)	32,000
		1,091,000	-	(30,000)	(944,000)	87,000

For the nine-month period ended September 30, 2019:

Expiry Date	Exercise Price	Number of Common Shares				Closing Balance
		Opening Balance	Options Granted	Options Exercised	Options Expired	
September 2021	\$0.55	120,000	-	-	-	120,000
May 2025	\$0.50	515,000	-	-	(30,000)	485,000
May 2025	\$0.05	-	486,000	-	-	486,000
		635,000	486,000	-	(30,000)	1,091,000

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2020 are as follows:

Options Outstanding				Options Exercisable	
Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.50	55,000	\$0.50	0.27	55,000	\$0.50
\$0.05	32,000	\$0.05	0.27	32,000	\$0.05
Total	87,000	\$0.33	0.27	87,000	\$0.33

d) Contributed surplus

Issued and outstanding

Balance December 31, 2019 and 2018

\$5,859,026

Transferred to common shares on exercise of options

(1,429)

Balance September 30, 2020

\$5,857,597

7. Income taxes

No income taxes have been recorded in the interim period for 2020 and 2019 because there are adequate tax losses available to offset taxable income.

The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the December 31, 2019 audited financial statements.

8. Per share amounts

Loss per share amounts are calculated by using the net loss attributable to common shareholders divided by the weighted average number of shares outstanding. Diluted loss per share is calculated only on shares

Jaguar Financial Corporation
Notes to the Consolidated Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

outstanding and does not assume conversion of outstanding stock options. The effect of options outstanding is not dilutive.

The weighted average number of common shares outstanding, used in computing basic and diluted loss per common share for the respective periods, were as follows:

September 30, 2019	10,910,383
September 30, 2020	10,924,009

9. Financial instruments

Additional disclosures regarding fair value measurement of financial instruments as required by IFRS 13 are presented below. The fair value hierarchy presented distinguishes between the inputs used in determining the fair value measurement of the Company's various financial instruments. The hierarchy levels are defined as:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

	Carrying Value September 30, 2020	Level 1	Estimated Fair Value Level 2	Level 3
	\$	\$	\$	\$
Investments	-	-	-	-
Derivatives	-	-	-	-

	Carrying Value Dec. 31, 2019	Level 1	Estimated Fair Value Level 2	Level 3
	\$	\$	\$	\$
Investments	101,220	101,220	-	-
Derivatives	(20,000)	-	(20,000)	-

Level 1 financial instruments include publicly traded equities. Fair values for publicly traded equities are based on the closing market price on the stock exchange where the investment is listed as at the reporting date. The fair value of the call and put options is based on the closing price on the exchange where the options are listed.

Level 2 financial instruments include warrants and derivatives. Fair values for warrants are based on the Black-Scholes Option Pricing Model using the quoted closing market price of the underlying security as at the reporting date, a 52-week volatility, and the Government of Canada treasury bill rate for equivalent maturity dates. Fair value of the derivative liability is based on the underlying value of the investment based on quoted prices. See Note 4.

Level 3 financial instruments are unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

There was no Level 3 financial instruments activity for the nine months ended September 30, 2020 and 2019.

10. Related party information

The Company had related party transactions with directors and officers of the Company, or companies with which they were associated as follows in the table below for the nine months ended September 30, 2020 and 2019. 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. Amounts are unsecured, non-interest bearing and due on demand.

As at As at

Jaguar Financial Corporation
Notes to the Consolidated Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
Prepaid expenses ¹	\$ -	\$ 3,000
Accounts payable and accrued liabilities ²	-	29,219

1. Prepaid travel advances to Vic Alboini.

2. Accrued director fees.

Compensation to key management personnel

Compensation for the nine months ended September 30, 2020 and 2019 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:

	2020	2019
Salaries, fees and benefits	\$ 43,757	\$ 28,499
Share-based compensation	-	9,832
Total	\$ 43,757	\$ 38,331

During the three months ended September 30, 2020, a company owned by the CEO received a management fee of \$25,000. A director received a fee of \$1,500. A relative of the previous CEO received a payment of \$3,000 for consulting work.

11. Management of capital

The Company's capital structure includes the following:

	September 30, 2020	December 31, 2019
Shareholders' equity comprised of		
Capital stock	\$ 4,875,340	\$ 4,870,911
Contributed surplus	5,857,597	5,847,453
Deficit	(10,713,310)	(10,584,663)
Total shareholders' equity	19,627	145,274
Total capital employed	\$ 19,627	\$ 145,274

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 September 30, 2020. There has been no significant change of the

objectives, policies, processes and contents of capital management during the nine months ended September 30, 2020 and 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the NEX Board of the TSXV.

12. Financial instrument risks

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. 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 September 30, 2020, the Company held no investment assets. At December 31, 2019, one investment (Moneta Porcupine Mines Inc.) accounted for 100% of the estimated fair value of the investment portfolio.

As at September 30, 2020, 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 \$Nil (December 31, 2019 – approximately \$2,500).

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. The Company may be exposed to interest rate risk from borrowings that are interest bearing. As at September 30, 2020, a 1% change in interest rates would have no effect on the Company's net income.

13. Operating segment information

Management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. Management's investment decisions are based on a single, integrated investment strategy, and the performance is evaluated on an overall basis.

14. Reclassification of balances in prior periods

Certain balances in prior periods have been reclassified to align with the presentation in the current period.

15. Subsequent events

On October 8, 2020, the Company granted 1,010,039 stock options to directors and officers. The options have a three-year term, vest immediately, and have a strike price of \$0.46.