Jaguar Resources Inc.

Consolidated Financial Statements
March 31, 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanied interim condensed 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

Jaguar Resources Inc.
Consolidated Statements of Financial Position
Unaudited
(Canadian dollars)

	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 15,174	$ -
Good and services tax recoverable	23,988	21,544
Prepaid expense and deposits	8,708	8,776
Financing costs	18,547	12,420
Due from shareholder (note 10)	150,000	150,000
Total current assets	216,417	192,740
Non-current assets		
Deposits	10,000	10,000
Property and equipment (note 6)	1,463,325	1,463,325
Exploration and evaluation assets (note 7)	-	-
Total assets	$ 1,689,742	$ 1,666,065
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 8,281,139	$ 7,825,687
Short-term loan (note 8)	5,267,899	5,318,601
Promissory notes (note 9)	237,156	247,153
Due to related parties (note 10)	367,485	369,405
Total current liabilities	14,153,679	13,760,846
Decommissioning obligation (note 11)	301,735	300,017
Total liabilities	14,455,414	14,060,863
Shareholders' Deficit		
Share capital (note 12)	7,294,368	7,053,888
Warrants (note 12)	94,764	94,764
Contributed surplus	701,797	701,797
Deficit	(20,856,601)	(20,245,247)
Total equity	(12,765,672)	(12,394,798)
Total liabilities and equity	$ 1,689,742	$ 1,666,065

Nature of Operations and Going Concern (note 2)
Commitments and Contingencies (note 17)

Approved by the Board of Directors:

(signed) "*Corbin Blume*", Director

(signed) *"Murray Swanson"*, Director

Jaguar Resources Inc.
Consolidated Statements of Net Loss and Comprehensive Loss
Unaudited
(Canadian dollars)

		Three months ended March 31, 2017		Three months ended March 31, 2016
Expenses				
Operating	**$**	**2,203**	$	2,898
Finance (note 14)		**530,556**		521,550
Administration (note 13)		**176,174**		173,171
Transaction costs		**-**		3,000
Loss before other items and taxes		**708,933**		700,619
Other items				
Unrealized foreign exchange gain on borrowing		**(97,579)**		(580,410)
Net loss and comprehensive loss	**$**	**(611,354)**	$	(120,209)
Weighted average number of shares outstanding (note 16)		**8,589,837**		7,321,445
Basic and diluted loss per share (note 16)	**$**	**(0.07)**	$	(0.02)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jaguar Resources Inc.
Consolidated Statement of Changes in Deficit
Unaudited
(Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, January 1, 2016	$ 6,822,778	$ 89,775	$ 701,797	$ (15,935,051)	$ (8,320,701)
Net loss and comprehensive loss	-	-	-	(120,209)	(120,209)
Balance, March 31, 2016	$ 6,822,778	$ 89,775	$ 701,797	$ (16,055,260)	$ (8,440,910)
Balance, January 1, 2017	**$ 7,053,888**	**$ 94,764**	**$ 701,797**	**$ (20,245,247)**	**$ (12,394,798)**
Net loss and comprehensive loss	-	-	-	(611,354)	(611,354)
Issued in private placement (note 12)	258,000	-	-	-	258,000
Share issuance costs (note 12)	(17,520)	-	-	-	(17,520)
Balance, March 31, 2017	**$ 7,294,368**	**$ 94,764**	**$ 701,797**	**$ (20,856,601)**	**$ (12,765,672)**

Jaguar Resources Inc.

Consolidated Statements of Cash Flows
Unaudited
(Canadian dollars)

		Three months ended March 31, 2017		Three months ended March 31, 2016
Cash provided by (used in):				
Operating activities				
Net loss and comprehensive loss	**$**	**(611,354)**	$	(120,209)
Unrealized foreign exchange gain		**(97,579)**		(580,410)
Finance (note 14)		**530,557**		521,550
Net change in non-cash working capital items:				
Goods and services tax recoverable		**(2,444)**		(3,344)
Prepaid expense and deposits		**68**		2,997
Accounts payable and accrued liabilities		**(69,450)**		133,634
Cash provided by (used) in operating activities		**(250,202)**		(45,782)
Investing activities				
Cash provided by (used) in investing activities		**-**		-
Financing activities				
Financing costs		**(6,127)**		-
Share issuance costs		**(17,520)**		-
Promissory note repaid (note 9)		**(9,997)**		-
Common shares issued in a private placement (note 12)		**258,000**		-
Net change in accounts payable and accrued liabilities		**41,020**		45,634
Cash provided by finance activities		**265,376**		45,634
Increase (decrease) in cash		**15,174**		(148)
Cash, beginning of period		**-**		296
Cash, end of period	**$**	**15,174**	$	148

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. General

Jaguar Resources Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on January 26, 2012. The Company is listed on the TSX Venture Exchange under the symbol "JRI.P". The registered address of the Company is Suite 730, 1015 4 Street SW, Calgary, Alberta T2R 1J4.

2. Nature of Operations and Going Concern

The Company is involved in the exploration and development of and production of petroleum and natural gas properties in southern Alberta.

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

As at March 31, 2017, the Company had cash of $15,174, a working capital deficit of $13,937,262, deficit of $20,856,601 and cash flow used in operating activities for the three months ended March 31, 2017 of $250,202. The short-term loan (note 8) and promissory notes (note 9) were in default at March 31, 2017.

As security for payment of the principal and interest on the short-term loan (note 8) and promissory notes (note 9), the Company has granted a first floating charge in favor of the lenders thereof as evidenced by a general security agreement. Unless the Company obtains additional financing, it will not be able to repay these amounts.

These events and conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon its ability to generate 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 become due, and to generate sufficient funds to continue its exploration and development activities. In the three months ended March 31, 2017, Jaguar issued 215,000 common shares for gross proceeds of $258,000 and raised an additional $27,000 from advances from parties that are both current lenders and shareholders. The Company must raise additional funds through the issuance of common shares or incur additional debt to continue day to day operations, meet its working capital commitments and to fund future development of its exploration and evaluation assets and property and equipment. There is no assurance that future equity financings or debt will be available under acceptable terms to meet the Company's ongoing obligations. Further, there is no assurance that the Exchange will approve any and all financings.

The Company continues to pursue financing opportunities to fund the proposed acquisitions of petroleum and natural gas assets that may include a private placement of common shares, preferred shares or debt instruments or the establishment of a debt facility.

These condensed consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, then necessary adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications would be required. Such adjustments could be material.

3. Basis of Presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the annual consolidated financial statements for the year ended December 31, 2016. Certain information and disclosures normally required to be included in the notes to the annual audited financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016.

The condensed consolidated financial statements were approved by the Board of Directors on May 29, 2017.

Basis of consolidation

These condensed consolidated financial statements include the accounts of Jaguar Resources Inc. and its wholly-owned U.S. subsidiary, Jaguar Energy LLC, a limited liability company organized and existing under the laws of Delaware. The subsidiary is fully consolidated from the date of acquisition, being the date of which the Company obtained control, and continues to be consolidated until such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent, using consistent accounting policies. Any balances, unrealized gains or losses, or income and expenses from Intra-Company transaction are fully eliminated upon consolidation.

Basis of measurement

These condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, warrants and share-based transactions which are measured at fair value. Refer to note 5 for details on the determination of fair value.

Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. Jaguar Energy LLC's functional currency is United States Dollars.

4. Significant Accounting Policies

Future accounting pronouncements issued but not yet applied

At the date of authorization of these condensed consolidated financial statements, certain new standards, amendments and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 "Financial Instruments: Classification and Measurement" is a new financial instruments standard effective for annual period beginning on or after January 1, 2018 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities. The Company is currently assessing the impact of this standard.

IFRS 15, "Revenue from Contracts with Customers" was issued in 2014 and replaces the two-main recognition standards IAS 18, "Revenue", and IAS 11, "Construction Contracts". The new standard provides a five-step model framework as a core principal upon which an entity recognizes revenue and becomes effective January 1, 2018. The Company is currently assessing the impact of this standard.

IFRS 16, "Leases" was issued and IAS 17 "Leases" was amended. IFRS 16 specifies how to recognize, measure, present and disclose leases effective for annual period beginning on or after January 1, 2019. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors. The Company is currently assessing the impact of this standard.

IAS 7 – "Statement of Cash Flows" was amended in April 2016. The IASB issued amendments for the annual period beginning on or after January 1, 2017, with earlier application permitted. The amendments require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company has evaluated the impact of the standard on its financial statements and determined the impact will not be significant.

IAS 12 – "Income Taxes" was amended for the annual period beginning on January 1, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of a reporting period, and is not affected by possible future changes in the carrying amount or expected recovery of the asset. The Company has evaluated the impact of the standard on its financial statements and determined the impact will not be significant.

5. Determination of Fair Values

The Company has adopted IFRS 13, Fair Value Measurement. This standard defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

A few the Company's accounting policies and disclosures require the determination of fair value of both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial instruments

Financial instruments are comprised of cash, short-term loan, due to related parties, due from shareholder, accounts payables and accrued liabilities and promissory notes. The fair value of cash, accounts receivables, due from shareholder, accounts payables and accrued liabilities, short-term loan, due to related parties and promissory notes are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2017, the fair value of these balances approximated their carrying value due to their short-term to maturity.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(ii) Options and warrants

The fair value of stock options and warrants are measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected forfeiture rate, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

(Canadian dollars)

6. Property and equipment

	Oil Properties $	Computer $	Furniture and Equipment $	Total $
Cost				
At December 31, 2014	1,880,642	4,000	18,100	1,902,742
Changes in decommissioning obligation (note 11)	(34,465)	-	-	(34,465)
At December 31, 2015	1,846,177	4,000	18,100	1,868,277
Changes in decommissioning obligation (note 11)	(20,695)	-	-	(20,695)
At December 31, 2016 and March 31, 2017	**1,825,482**	**4,000**	**18,100**	**1,847,582**
Depletion and depreciation				
At December 31, 2014	99,051	2,844	12,872	114,767
Depletion and depreciation	-	1,156	5,228	6,384
Impairment (1)	131,106	-	-	131,106
At December 31, 2015	230,157	4,000	18,100	252,257
Impairment (1)	132,000	-	-	132,000
At December 31, 2016 and March 31, 2017	**362,157**	**4,000**	**18,100**	**384,257**
Net book value				
At December 31, 2015	1,616,020	-	-	1,616,020
At December 31, 2016 and March 31, 2017	**1,463,325**	**-**	**-**	**1,463,325**

(1) Considering low commodity prices, the Company performed an asset impairment test on its property and equipment and determined an impairment of $132,000 for the year ended December 31, 2016 on its Medicine Hat CGU. An impairment review was conducted by comparing the carrying value of its petroleum and natural gas ("P&NG") properties to the recoverable amount. In determining the recoverable amount, the Company applied a pre-tax discount rate of 10% on cash flows from proved plus probable reserves as at December 31, 2016. The P&NG future prices are based on period end commodity price forecasts determined by the Company's independent reserves evaluator and are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations. The exchange rate is forecasted to range from 0.76 $US/$CAN to 0.85 $US/$CAN.

	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Western Canada Select (Cdn $/bbl)	56.80	61.67	64.13	68.58	69.29	71.47	73.64	75.82
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Western Canada Select (Cdn $/bbl)	78.00	80.17	82.35	83.87	85.43	87.01	88.63	90.27

(Canadian dollars)

Further declines to commodity prices for crude oil could result in additional impairment charges in the future. If the discount rates were increased to 15% for proved plus probable reserves, the impairment loss would increase by approximately $421,305 (2015 - $335,160).

7. Exploration and Evaluation Assets ("E&E")

Balance, December 31, 2014	$	2,860,753
Additions		676,529
Change in decommissioning obligation		(30,000)
Impairment		(1,189,784)
Balance, December 31, 2015	$	2,317,498
Additions		34,001
Impairment(1)		(2,351,499)
Balance, December 31, 2016 and March 31, 2017	**$**	**-**

(1) For the year ended December 31, 2016, the Company recognized impairment of $2,351,499 on E&E assets relating to the Bannock Creek project with carrying values estimated to exceed the recoverable amounts. The Company determined there to be indicators of impairment regarding these E&E assets based on the prolonged decline in commodity prices, upcoming land expiries and near-term reallocations of future capital spending. As a result, the Company impaired these E&E assets principally comprised of seismic and historic land acquisition costs

The E&E assets consists of the Company's exploration activities which are pending the determination of economic quantities of commercially producible proven reserves and undeveloped lands. Additions represent the Company's net share of costs incurred on E&E activities during the year. A review of each exploration project by area is carried out at each reporting date to ascertain whether economical quantities of proven reserves have been discovered and whether such costs should be transferred to depletable petroleum and natural gas components. There have not been any exploration costs reclassified from the E&E category to P&E. The Company has not capitalized any general and administrative or finance costs to the E&E.

8. Short-Term Loan

On June 5, 2014, the Company completed a first lien, senior secured 120-day term loan in the principal amount of US$3,533,000 ($3,858,389 Canadian) (the "Term Loan"). Proceeds from the Term Loan were used to complete the Vector acquisition, fund certain costs, fees and expenses related to the Term Loan and for working capital purposes. The Term Loan matured on October 3, 2014 (the "Maturity Date") and was repayable anytime on or before maturity. At March 31, 2017, US$3,533,000 ($4,743,859 Canadian) remains outstanding. As the Term Loan was not fully repaid 90 days after the date of issuance, September 3, 2014 (the "Repayment Date"), the Company was obligated to grant the lender a 1.0% gross overriding royalty ('GORR") interest in perpetuity on all the Company's current and future production from the Company's Medicine Hat assets and the Lands. Subsequently, the Term Loan was modified to extend the Repayment Date and GORR grant date to September 15, 2014 (the "Term Loan Extension"). As consideration for the Term Loan Extension, and subject to the review and approval of the Exchange, the lender will be granted US$100,000 in Jaguar common shares.

The principal amount of the Term Loan was reduced at closing by an issuance discount of $309,064 (US$283,000), a structuring fee equal to 2% of the Term Loan or $77,168 (US$70,660), a finder's fee of $173,628 (US$158,985) paid to an arm's-length party for services provided to Jaguar equal to 4.5% of the principal amount of the Term Loan and net professional fees paid to the lender's counsel of $138,125 resulting in net proceeds of $3,160,404. In addition, Jaguar incurred other professional fees of $151,190 related to structuring and closing the Term Loan. The total deductions from the principal amount were $849,176 resulting in net proceeds from the Term Loan of $3,009,214. The cash consideration of $750,000 for the Vector acquisition was paid out of the net proceeds resulting in $2,259,214 for working capital purposes.

As a condition of completing the Term Loan, a subordination and postponement agreement between the Company, the lender and the Promissory Notes (note 9) holders was executed. Under the terms of this agreement, these promissory note holders agreed to the subordination and postponement of any payments of principal, interest or any other amounts or exercise any right of offset which it has or may have until the Term Loan has been paid and satisfied in full. After the closing of the Term Loan, the Company made payments to certain holders of the Promissory Notes.

In addition, the Company did not meet the requirement to repay the Term Loan prior to the Maturity Date and has not met certain reporting requirements. During the existence of any event of default, interest is payable at a rate of 3% per month, subject to applicable law.

In May 2015, the Term Loan was amended to increase the principal amount by US$178,124 ($212,342 Canadian), (the "May 2015 Addition") to enable the Company to participate in an exploration and evaluation capital program. In June 2015, the Term Loan was further amended to increase the principal amount by an additional US$250,000 ($309,800 Canadian), (the "Four Wells Loan"). Under the revised terms, the proceeds are to be used exclusively to drill four proposed wells and was to be repaid the earlier of July 20, 2015 or the close of a flow through offering. As further consideration for this loan, the Company is to provide the lender an additional GORR of 1% (the "Four Wells GORR") and 3,000,000 common shares of the Company to be issued on or before July 30, 2015. These common shares were issued in 2016. As a result of the Company not repaying the Four Wells Loan by July 20, 2015, a further GORR of 0.75% (the "Default GORR") is to be paid. The Four Wells GORR and Default GORR are in addition to the GORR of 1% granted in the Term Loan and is payable in perpetuity on the Medicine Hat assets, the Lands and any other operation that the Company proposes prior to repayment of all principal and interest owing. As at March 31, 2017, there is no payable amount associated with the GORR, as the Company did not have any production.

The Term Loan is secured by: (i) a first priority secured lien on Jaguar's Medicine Hat assets; (ii) a first priority secured lien on the Lands; and (iii) a general security agreement granting a security interest over all present and after-acquired personal property of Jaguar.

9. Promissory Notes

On July 2, 2013, the Company issued two secured promissory notes in the principal amount of $25,000 each with a due date of October 2, 2013. On July 4, 2013, the Company issued two secured promissory notes in the principal amount of $20,000 each with a due date of October 4, 2013. These four notes each a "Third Tranche Note" and collectively, the "Third Tranche Notes". Each Third Tranche Note was amended and restated as of August 29, 2013 to amend the due date to December 31, 2013. In April 2014, June 2014 and October 2014, the Third Tranche Notes were again amended to change the due dates to May 30, 2014, October 15, 2014 and August 30, 2015, respectively. After June 30, 2015, new terms were negotiated and the due date was extended to September 30, 2015. At March 31, 2017, $40,000 of these notes remain outstanding.

On February 5, 2015, the Company issued a secured promissory note in the principal amount of $60,000 with a due date of September 30, 2015. On March 25, 2015, the Company issued two secured promissory notes in the principal amount of $10,000 each with a due date of September 30, 2015. These three notes each a "Fourth Tranche Note" and collectively, the "Fourth Tranche Notes". At March 31, 2017, $60,000 of these notes remain outstanding.

During the three months ended June 30, 2015, the Company issued five additional secured promissory notes in the total principal amount of $103,000 with a due date of September 30, 2015. These five notes each a "Fifth Tranche Note" and collectively, the "Fifth Tranche Notes". At March 31, 2017, $60,000 of these notes remain outstanding.

Interest is calculated at a rate of 12% per annum and payable to the holder thereof on the due date of the notes or such earlier date that the total indebtedness is repaid on all promissory notes. As security for payment of the principal and interest on these promissory notes, the Company has granted a first floating charge in favor of the holders, subordinated to the holder of the short-term loan (note 8), as evidenced by a general security agreement.

Subject to approval by the Exchange, the holders of the Fourth Tranche Notes and Fifth Tranche Notes are entitled to common shares of the Company in an amount equal to 20% of the value of the note divided by the market price of the Company's common shares on the Exchange.

On August 15, 2016, $50,000 of the Third Tranche Notes, the May 2014 Note, $20,000 of the Fourth Tranche Notes, $43,000 of the Fifth Tranche Notes and $25,000 in bonus shares were settled through the issuance of common shares of the Company (note 12).

In January 2015, the Company issued two secured promissory notes in the total principal amount of $70,000 with a due date of March 31, 2015. In addition, there is a deferred fee of $11,500 that is payable in common shares at $0.80 per share on a post consolidation basis or cash at the option of the note holders. The issuance of the common shares is subject to approval by the Exchange. On June 3, 2015, an additional total loan amount of $26,550 was made by these two note holders with a due date of June 17, 2015. An extension fee of $1,000 is payable to extend the due dates on the two promissory notes to June 17, 2015. Further extension fees of $2,000 and $2,000 are payable to extend the due dates of the two promissory notes and the additional total loan to August 14, 2015 and September 30, 2015, respectively. The two notes totaling $70,000 and the additional loan totaling $26,550 carry an interest of 2% per month and a structure fee of 12.5%. On August 15, 2016, $27,074 of these notes were settled through the issuance of common shares of the Company (note 12). During 2016, additional advances totaling $17,677 were advanced to the Company. No terms were negotiated on these advances. In February 2017, $9,997 of the advances was repaid.

As of March 31, 2017, there were no new terms negotiated to extend the terms of all outstanding promissory notes beyond September 30, 2015. Unless the Company completes the proposed financing, there is a significant risk that it may default on the notes.

(Canadian dollars)

10. Related Party

In late 2013 and early 2014, loans were granted to Vector by a company controlled by a former director of Jaguar (the "Director Company"). After the closing of the Term Loan, $680,000, $68,000 and $24,219 were paid to the Director Company as a repayment of the loans, loan fees and interest, respectively.

An additional loan of USD $150,000 ($201,405 CDN), (the "Related Party Note") bearing interest at 20% per annum remains outstanding as at March 31, 2017. In February 2015, an additional loan of $50,000 was made by the Director Company. This loan carries interest at the rate of 24% per annum and was subject to a loan fee of $10,000. In addition, a former Director of Jaguar made advances totalling $39,000 in 2016 and two loans totalling $50,000 in 2015. No terms were negotiated on the advances. The loans are subject to interest at a rate of 0% per annum and a total of $19,000 in loan fees.

The Company made loans in the amounts $150,000 in 2014 and $100,000 in September 2015 to an officer and shareholder of the Company. These loans are non-interest bearing and due on demand. At March 31, 2017, and 2015, $150,000 of these loans remained outstanding and included in due from shareholder in the consolidated statement of financial position.

11. Decommissioning Obligation

The key assumptions, on which the carrying amount of the decommissioning obligation is based, include a risk-free rate of 2.3 percent (2015 – 2.15 percent) and inflation rate of 2.0 percent (2015 – 2.0 percent). The total undiscounted amount of the estimated cash flows required to settle the obligations was $312,000 (2015 - $312,000). The expected timing of payment of the cash flows required for settling the obligations extends up to 15 years (2015 – 15 years).

Balance, December 31, 2015	$	310,042
Change in estimate		(20,695)
Accretion expense (note 14)		10,670
Balance, December 31, 2016	$	300,017
Accretion expense (note 14)		1,718
Balance, March 31, 2017	**$**	**301,735**

(Canadian dollars)

12. Share Capital

Authorized

Unlimited number of common shares
Unlimited number of preferred shares, issuable in series

Issued and outstanding common shares (3):

	Number		Amount
Balance, December 31, 2015	7,321,446	$	6,822,778
Issued in private placement(1)	30,000		20,206
Issued on settlement of debt(2)	1,097,447		210,904
Balance, December 31, 2016	8,448,893	$	7,053,888
Issued in private placement(4)	215,000		240,480
Balance, March 31, 2017	**8,663,893**	**$**	**7,294,368**

Issued and outstanding Warrants (3):

	Number		Amount
Balance, December 31, 2015	137,833	$	89,775
Issued in private placement(1)	30,000		4,989
Balance, December 31, 2016 and March 31, 2017	**167,833**	**$**	**94,764**

(1) In April 2016, the Company closed a non-brokered private placement unit offering. A total of 30,000 units were issued at $1.00 per unit for total gross proceeds of $30,000 (net proceeds of $25,195 after issuance costs of $4,805 - $3,854 and $951 were allocated as issuance costs to common shares and warrants, respectively.) Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share at a price of $0.50 and expires on April 20, 2021. These warrants have been ascribed a value of $5,940 ($0.20 per warrant). In determining this amount, the Company used the following weighted average assumptions in the Black-Scholes option pricing model:

Share price on issue date	$0.20
Exercise price	$0.50
Expected life	5 years
Interest rate	0.84%
Volatility	159%
Dividend yield	0%

(2) On August 15, 2016, the Company issued 1,097,447 common shares, at a deemed issue price of $1.20 per common share to settle $1,016,879 of corporate debt comprised of $836,805 in accounts payable and $180,074 in promissory notes. As the deemed issue price of $1.20 exceeded the August 15, 2016 closing price of $.20 per common share, a gain on settlement of debt of $797,390 was recorded. Share issuance costs of $8,585 were incurred to issue these shares.

(3) On December 23, 2016, the Company received approval to consolidate the common shares outstanding on a basis of one new share for ten old shares. All comparative references to the number of shares and price per share, as well as issued and outstanding warrants, have been restated for the consolidation.

(4) In January 2017, the Company pre-closed a private placement of 215,000 common shares at $1.20 per common share for gross proceeds of $258,000 (net proceeds of $240,480 after issuance costs of $17,520).

(Canadian dollars)

Share-based compensation:

The Company has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to ten years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

Pursuant to the stock option plan and concurrently with closing of the IPO, the Board of Directors granted 70,000 options to officers and directors. The options vested immediately, are exercisable at a price of $1.00 per common share and had an original expiry on May 3, 2017. Under Policy 2.4 of the Exchange, these options are to expire within twelve months of the close of the QT. As a result, 60,000 options expired on October 26, 2013. Concurrent with the closing of the QT, the Company granted 145,100 options to officers and directors. These options vested immediately, are exercisable at a price of $1.40 per common share and expire on October 26, 2017.

For stock options granted, the Company records compensation expense using the fair value method. Compensation costs are recognized over the vesting period on a graded basis from the date of grant as an increase to stock-based compensation expense and contributed surplus. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015(1) and December 31, 2016	66,021	$ 1.40
Balance, March 31, 2017	**66,021**	**$ 1.40**

(1) On December 23, 2016, the Company received approval to consolidate the common shares outstanding on a basis of one new share for ten old shares. All comparative references to the number of options, exercise price and weighted average exercise price have been restated for the consolidation.

Information about options outstanding and exercisable as at March 31, 2017 is summarized in the following table:

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
0.10 – 1.40	66,021	0.5	1.40	66,021	1.40

(Canadian dollars)

13. Administration Expenses

	Three months ended March 31, 2017	Three months ended March 31, 2016
Salaries and benefits	**$ 81,910**	$ 69,696
Professional fees	**78,086**	89,788
Public company filing fees	**3,272**	4,977
Travel	**9,697**	7,326
Other expenses	**3,209**	1,384
	$ 176,174	$ 173,171

14. Finance Expenses

	Three months ended March 31, 2017	Three months ended March 31, 2016
Interest expense(1) (notes 8, 9 and 10)	**$ 505,347**	$ 519,897
Financing costs(2) (notes 8, 9 and 10)	**25,209**	1,653
	$ 530,556	$ 521,550

(1) The three months ended March 31, 2017 amount includes interest on Term Loan (including the May 15 Addition and the Four Wells Loan), the Promissory Notes, related party loans, bank interest and vendor interest of $471,934, $12,346, $20,353, $275 and $439, respectively. 2016 amount includes interest on Term Loan of $490,821, the Promissory Notes of $15,141, Related Party Loans of $13,388 and bank interest of $547.

(2) The three months ended March 31, 2017 amount includes finance advisory fee of $23,491 ($17,888 of this amount is to be settled with the issuance of 17,200 common shares pending approval of the Exchange) and accretion of decommissioning obligation of $1,718. 2016 amount is for the accretion of decommissioning obligation of $1,653.

15. Financial Risk Management

The Company is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. Management has implemented and monitors compliance with risk management guidelines as outlined by the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a product sales contract or financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and due from shareholder. The Company manages this credit risk as follows:

- By entering into sales contracts with established, creditworthy counterparties as verified by a third-party rating agency, through internal evaluation or by requiring security such as letters of credit;
- By limiting exposure to any one counterparty; and,

(Canadian dollars)

- By restricting cash equivalent investments to counterparties that, at the time of transaction, are not less than investment grade.

The maximum exposure to credit risk is as follows:

	March 31, 2017	December 31, 2016
Cash	$ 15,174	$ -
Due from Shareholder	$ 150,000	$ 150,000
Total	**$ 165,174**	$ 150,000

The cash is held in accounts at a Canadian Chartered Bank.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due (note 2). As security for payment of the principal and interest on the Term Loan (note 8) and Promissory Notes (note 9), the Company has granted a first floating charge in favor of the lenders thereof as evidenced by a general security agreement. Unless the Company completes an additional financing, there is a significant risk that it may default on these loans.

The Company does not currently have any long term-debt or bank facilities. The Company is authorized to issue an unlimited number of Common Shares and Preferred Shares.

The Company will rely on operating cash flows, equity issuances and debt issuances to fund its capital requirements and provide liquidity. The Company may, from time to time, access the capital markets to meet additional financing needs and to maintain flexibility in funding its capital programs.

The following table details the Company's financial liabilities and commitments as at March 31, 2017 and December 31, 2016:

March 31, 2017	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	8,281,139	-	8,281,139
Short-term loan	5,267,899	-	5,267,899
Promissory notes	237,156	-	237,156
Due to related party	367,485	-	367,485
Total financial liabilities	**14,455,414**	**-**	**14,455,414**

December 31, 2016	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	7,825,687	-	7,825,687
Short-term loan	5,318,601	-	5,318,601
Promissory notes	247,153	-	247,153
Due to related party	369,405	-	369,405
Total financial liabilities	13,760,846	-	13,760,846

Future liquidity will depend primarily on funds from operations and the ability to access debt and equity markets. There can be no assurance that the Company will be able to obtain these funds or attain these funds at favourable terms to the Company. Should the Company not be able to obtain the necessary funding, it may not be able to meet its capital and operating commitments including the proposed acquisitions of additional oil and gas producing assets.

Market risk

Commodity price risk

The Company's operational results and financial condition are largely dependent on the commodity price received for its oil production. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, weather, economic and geopolitical factors. The Company is evaluating its risk management policy to manage commodity price changes. It does not currently have any risk management contracts in place.

Interest rate risk

The Company is not exposed to fluctuations in interest rates as all the Company's debt has fixed interest rates.

Foreign exchange risk

The Company is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate on debts denominated in U.S. dollars and may be exposed on sales of commodities that are denominated in U.S. dollars or directly influenced by U.S. dollar benchmark prices. At March 31, 2017, the Company has foreign exchange exposure on the U.S. denominated debts including the Term Loan of USD $3,961,124, Term Loan Extension of USD $100,000, Related Party Note of USD $150,000 and advances of USD $36,950. In addition, the Company has exposure to the interest payable on the Term Loan and Related Party Note. At March 31, 2017, a 25-basis point increase or decrease in foreign exchange rates would impact the Company's loss before taxes by approximately $21,000.

Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern (note 2);
- To maintain appropriate cash reserves on hand to meet ongoing operating costs; and,
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes shareholders' deficit, debt and cash in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

16. Loss per Common Share

Loss per common share is calculated using the weighted average number of common shares outstanding for the year. On December 23, 2016, the Company received approval to consolidate the common shares outstanding on a basis of 10:1. The loss per share for the three months ended March 31, 2016 reflect the share consolidation as if it occurred at January 1, 2016.

Diluted loss per share is not presented as the director and officer options and the agent options are all anti-dilutive.

17. Commitment and Contingencies

In March 2017, the Company entered into an agreement with a financial advisor (the "Financial Advisor") with respect to a proposed private placement in the United States and Canada. The Company agreed to pay a cash fee of four percent (4%) of any equity sold or arranged pursuant to such private placement as introduced by the Financial Advisor. On equity securities sold or arranged by any party not introduced by the Financial Advisor, a two percent (2%) advisory fee is payable to the Financial Advisor. In addition, the Company agreed to reimburse the Financial Advisor's expenses.

The Company has received claims from vendors related to the non-payment of amounts outstanding. These amounts outstanding have been included in the accounts payable as at March 31, 2017.