MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") of Jaguar Resources Inc. ("Jaguar" or the "Corporation") (also referred to in this MD&A as "our", "we", or similar expressions) was prepared as of August 28, 2018 for the three months ended June 30, 2018. This MD&A should be read together with the June 30, 2018 unaudited condensed consolidated financial statements and the December 31, 2017 audited financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRS") and which may be found on SEDAR at www.sedar.com.

Forward-Looking Information and Statements

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: Management's intentions and plans concerning future financing and investing activities and the sufficiency of working capital to continue operations; the future costs to be incurred related to the Corporation's proposed equity financing and the amount of future decommissioning obligations.

The forward-looking information and statements contained in this MD&A reflect several material factors and expectations and assumptions of the Corporation including, without limitation: the receipt of sufficient proceeds and satisfaction of all conditions to closing of Corporation's proposed equity financing and proposed acquisitions; the Corporation's ability to obtain and retain qualified staff in a timely and cost-efficient manner; the Corporation's ability to obtain and retain necessary equipment in a timely and cost-efficient manner; future crude oil and natural gas prices; the application to the Corporation of the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which it operates; the Corporation's ability to successfully drill and complete new wells; the Corporation's ability to market, sell and receive payment for its production and the prices to be received for such production sales; the Corporation's future production levels; the recoverability of the Corporation's reserves; future capital expenditures to be made by the Corporation; future cash flows from production; future sources of funding for the Corporation's capital program and future capital expenditures; the Corporation's future debt levels; geological and engineering estimates in respect of the Corporation's reserves; the impact of competition on the Corporation; and the Corporation's ability to obtain required financing on acceptable terms. The Corporation believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: failure to complete the Corporation's proposed equity financing; the Corporation's ability to continue as a going concern; the Corporation's operating and capital costs escalating to levels beyond those contemplated in the Corporation's plans; competition for, among other things, capital, the acquisition of reserves, skilled personnel and equipment; failure to engage or retain key personnel on acceptable terms or at all; the potential for the Corporation's estimates and assumptions to be inaccurate; uncertainties inherent in estimating quantities of oil and natural gas reserves; potential losses which may stem from any disruptions in production, including work stoppages or other labour difficulties; failure by counterparties of the Corporation to make payments (including but not limited to payments for the purchase of the Corporation's production) or perform their operational or other obligations to the Corporation in compliance with the terms of contractual arrangements between the Corporation and such counterparties in a timely manner or at all; failure by the Corporation or its public or private industry partners to comply with applicable policies or laws; actions by government, including changes in laws and regulations relating to royalties, the environment and taxation; failure to successfully tie-in, upgrade, transport and/or market and sell the Corporation's production on a timely basis and on commercial terms or at all; the Corporation's status and stage of development; volatility in market prices for crude oil and natural gas; risks inherent in the exploitation, development and production of oil and natural gas which may create liabilities to the Corporation in excess of the Corporation's insurance coverage; operational hazards; environmental risks and hazards; failure to accurately estimate abandonment and reclamation costs; failure of third parties' reviews, reports and projections to be accurate; the availability of capital on acceptable terms or at all; unforeseen title defects; potential conflicts of interest; establishing and maintaining systems of internal controls; indebtedness that may be incurred by the Corporation from time to time; volatility in the market price of the Common Shares (as defined herein); the effect that the issuance of additional securities by the Corporation could have on the market price of the Common Shares; failure to acquire or develop replacement reserves; geological, technical, drilling and processing problems, including the availability of equipment and personnel and access to properties; the Corporation's ability to identify and complete additional suitable acquisitions to further the Corporation's growth; current global financial conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; future acquisition activities; hedging strategies; and certain other risks detailed from time to time in the Corporation's public disclosure documents (including, without limitation, those risks identified in this MD&A) available through SEDAR. The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A. The Corporation does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Our Corporation

Jaguar was incorporated under the Alberta Business Corporations Act (the "ABCA") on January 26, 2012 and was classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV" or "Exchange"). On April 11, 2012, the Corporation received final receipts for a prospectus and became a reporting issuer in the provinces of Alberta, British Columbia and Saskatchewan.

On December 23, 2016, the Corporation received approval to consolidate the common shares outstanding on a basis of one new share for ten old shares. All share capital numbers presented are post-consolidated.

On May 3, 2012, the Corporation completed its initial public offering ("IPO") and issued 500,000 common shares in the capital of the Corporation (the "Common Shares") at a price of $1.00 per share for gross proceeds of $500,000. In addition, the Corporation issued 21,000 Common Shares at a deemed issue price of $1.00 per Common Share to the agent (the "IPO Agent") as partial consideration for the agent's commission and corporate finance fees. The Corporation also granted the IPO Agent the option to acquire 50,000 Common Shares at a price of $1.00 per share for a period of 24 months following the IPO (the "IPO Agent's Options"). Upon the closing of the IPO, there were 721,000 Common Shares outstanding. The Corporation's Common Shares were listed for trading on the TSXV on May 3, 2012 under the trading symbol LCP.P.

The purpose of the IPO was to provide the Corporation with a minimum amount of funds with which to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition subject to receipt of regulatory and, if required, shareholder approval.

On November 7, 2012, the TSXV accepted the Corporation's qualifying transaction (the "Qualifying Transaction") and as a result the Corporation was no longer considered a CPC. The Corporation commenced trading on the TSXV on November 7, 2012 as a Tier 2 Oil and Gas issuer under the trading symbol "LCP".

The Qualifying Transaction involved the completion of an arm's length acquisition on October 26, 2012 of a 100% working interest in 1,423 gross (640 net undeveloped) acres of oil and gas mineral rights and related tangible equipment in the Medicine Hat area of Southeast Alberta (the "Medicine Hat Assets") for $1,527,986 consisting of $1,497,186 cash and the issuance of 22,000 Common Shares at a deemed price of $1.40 per share.

In connection with its Qualifying Transaction, the former directors and officers of the Corporation resigned and were replaced by some of the existing management team and board of directors of Steel Petroleum Inc., a privately held oil and gas exploitation and development Corporation based out of Calgary, Alberta.

Concurrent with the Qualifying Transaction, the Corporation completed a private placement for gross proceeds of $3,006,503 through the issuance of 2,147,502 subscription receipts at a price of $1.40 per subscription receipt. Each subscription receipt was automatically converted for no additional consideration into one Common Share of the Corporation. This private placement was subject to an agent's commission of $252,140 and 180,100 broker warrants. These broker warrants were exercisable into Common Shares at a price of $1.40 per share and expired on October 26, 2014. The Corporation also issued 51,429 Common Shares to the agents as partial compensation for advisory and financial services fees at a deemed price of $1.40 per Common Share.

On November 22, 2012, the Corporation closed a private placement of a total of 2,191,727 Common Shares at a price of $1.40 per share for gross proceeds of $3,068,418. The net proceeds from this private placement were used for general working capital purposes. This private placement was subject to agents' commission of $306,842 and 2,191,727 broker warrants. These broker warrants were exercisable into Common Shares at a price of $1.40 per share and expired on November 22, 2014.

In late 2012, the Corporation entered into a purchase and sale agreement to acquire producing oil and gas assets in Saskatchewan for consideration of $28,000,000 (the "Proposed First Purchase"). The Corporation entered into an agreement with the Proposed First Purchase vendor and a private Corporation controlled by two senior executives of the Corporation to assign the rights and obligations of the purchase and sale agreement in connection with the Proposed First Purchase. Under the terms of the original purchase and sale agreement, the Corporation made a non-refundable deposit of $1,000,000 which was to be applied to the payment of the purchase price at closing of the acquisition. On February 8, 2013, the Corporation and the vendor executed an agreement amending the total consideration to $28,100,000, changing the proposed closing date to March 25, 2013 and amending the adjustment date to January 1, 2013. Further, an additional non-refundable deposit of $200,000 was required and was paid on February 11, 2013. In April 2013, the proposed closing date was changed to May 9, 2013 and the effective date was changed to February 1, 2013. The Proposed First Purchase agreement was further amended to change the proposed closing date to September 30, 2013 and be effective as of February 1, 2013. As the Corporation was unable to negotiate a further extension beyond September 2013, the Corporation recorded an impairment on the full $1,200,000 deposit provided on the Proposed First Purchase. The Corporation is no longer in discussions with this vendor concerning the Proposed First Purchase.

Also, late in 2012, the Corporation entered into a purchase and sale agreement to acquire producing oil and gas assets in Saskatchewan (the "Proposed Second Purchase") for consideration of $69,000,000. Under the terms of the purchase and sale agreement, the Corporation made a non-refundable deposit of $2,000,000. On January 31, 2013, the Corporation and the vendor executed an agreement amending the proposed closing date to March 25, 2013 and adjusting the effective date to December 1, 2012. In April 2013, this agreement was further amended to change the proposed closing date to May 9, 2013 and change the effective date to February 1, 2013. As certain conditions in this purchase and sale agreement were not satisfied, the Proposed Second Purchase vendor elected to terminate the agreement. As a result, the Corporation provided an allowance for impairment on the full $2,000,000 deposit provided on the Proposed Second Purchase.

On February 11, 2013, the Corporation issued a secured promissory note in the principal amount of $200,000 and on February 12, 2013 the Corporation issued an unsecured promissory note in the principal amount of $200,000 (such notes, each a "First Tranche Note" and collectively, the "First Tranche Notes"). The First Tranche Notes were repaid in June 2014.

On May 23, 2013, the Corporation issued three secured promissory notes in the principal amount of $20,000 each with a due date of July 23, 2013 (each a "Second Tranche Note" and collectively, the "Second Tranche Notes"). The Second Tranche Notes were repaid in June 2014.

During 2013, the Corporation issued a promissory note in the amount of $118,641 to a vendor. Under the terms of this promissory note, the Corporation was to make six equal installments of $19,774 commencing April 1, 2013. The Corporation did not complete the April 1, 2013 payment nor had it made any subsequent payments through to

September 30, 2013. The vendor applied for and received a default judgment against the Corporation for the promissory note amount, interest and costs. In October 2013, a garnishee summons was issued against the Corporation's bank account in the amount of $12,984. The remaining amount outstanding of $105,657 was repaid in June 2014.

On July 2, 2013, the Corporation 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 Corporation issued two secured promissory notes in the principal amount of $20,000 each with a due date of October 4, 2013 (each a "Third Tranche Note" and collectively, the "Third Tranche Notes"). The promissory notes issued on July 2, 2013 were repaid in August 2016.

The First Tranche Note, Second Tranche Note and Third Tranche Note (collectively, the "Promissory Notes") holders are entitled to common shares of the Corporation in an amount equal to 20% of the value of the note and divided by the market price of the Corporation's common shares on the Exchange. On October 9, 2014, the Corporation received approval from the Exchange and issued 62,778 common shares. 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. As security for payment of the principal and interest on the secured promissory notes, the Corporation has granted a first floating charge in favour of the holders thereof as evidenced by a general security agreement. The security on these notes was subsequently subordinated in favour of a short-term lender.

Effective February 4, 2013 the Corporation entered into a letter agreement with an exclusive advisor and placement agent for the provision of advisory and placement agent services on a "best efforts" basis in connection with the proposed placement of debt instruments of the Corporation (the "Debt Placement Agreement"), excluding any debt placed with any Canadian chartered bank ("Canadian Bank Debt"), in exchange for a fee of 6 percent of the aggregate principal amount of any placement of debt instruments (or such fee if the Corporation completes a placement of instruments similar to those contemplated by the Debt Placement Agreement within six months following expiration or termination of such agreement) or US$300,000 if the Corporation closes a Canadian Bank Debt financing and elects not to close a placement of debt instruments. The Debt Placement Agreement terminated in 2013.

Effective April 10, 2013, the Corporation entered into a letter agreement with another financial advisor for investment banking services about a proposed private placement in the United States of up to $125 million of debt or equity securities of the Corporation on a "best efforts" basis (the "Private Placement Agreement"). The Corporation has agreed to pay a cash fee of four percent of any principal amount of debt or equity sold or arranged pursuant to such private placement and reimburse the financial advisor's expenses. The Private Placement Agreement may be terminated by either party upon 30 days prior written notice. If, within eighteen months following any such termination, a financing similar to the transaction contemplated by the Private Placement Agreement is completed by the Corporation with a purchaser introduced to the Corporation by the financial advisor, the financial advisor is entitled to payment of the cash fee and expense reimbursement.

In connection with the Corporation's preliminary prospectus, which was withdrawn on August 12, 2013, the Corporation entered into an agreement with agents to raise a minimum of $50,000,000 and a maximum of $115,000,000 on a best efforts basis in exchange for a commission of 6%. The Corporation had spent $1,470,175 in third party costs in preparing a preliminary prospectus.

In January 2014, the Corporation entered into an agreement with respect to a proposed private placement in the United States and Canada of up to $60 million of certain of our debt or equity securities and up to $25 million of common shares to be issued on a flow-through basis on a "commercially reasonable efforts" basis. The Corporation agreed to pay a cash fee of six percent (6%) of any principal amount of debt or equity sold or arranged pursuant to such private placement and reimburse the financial advisor's expenses, including an initial legal retainer of $50,000. This agreement may be terminated by either party upon 30 days prior written notice. If, within 3 months following any such termination, a financing similar to the transaction contemplated by this agreement is completed by the Corporation, the financial advisor is entitled to payment of the cash fee and expense reimbursement.

On March 14, 2014, the Corporation issued a secured promissory note in the principal amount of US$15,000 with a due date of April 15, 2014 (the "US Note"). This note carried an annual interest rate of 15% with a minimum of four months interest. Subject to approval by the Exchange, this note holder is entitled to common shares of the Corporation in an amount equal to 20% of the value of the note and divided by the market price of the Corporation's common shares on the Exchange. On February 24, 2015, this note was settled through the issuance of common shares of the Corporation.

On May 23, 2014, the Corporation issued a secured promissory note in the principal amount of $40,000 with a due date of September 30, 2014 (the "May 2014 Note"). This note was repaid in August 2016.

As security for payment of the principal and interest on the May 2014 and the US Note, the Corporation has granted a first floating charge in favour of the holders thereof as evidenced by a general security agreement. The security on these notes was subsequently subordinated in favour of a short-term lender.

In April 2014, the Corporation closed two tranches of non-brokered private placement unit offerings. A total of 137,833 units were issued at $1.80 per unit for total gross proceeds of $248,100 (net proceeds of $201,995 after issuance costs of $46,105). Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share at a price of $1.80 with a total of 130,833 warrants expiring on April 16, 2019 and 7,000 warrants expiring on April 30, 2019.

On June 5, 2014, Jaguar acquired all the issued and outstanding common shares of Vector Exploration Corp. ("Vector"), a private oil and gas Corporation with a 50% earned interest in certain exploration permits for two land blocks consisting of 376,000 acres in the east Saskatchewan portion of the Williston Sedimentary Basin (the "Lands"), for an aggregate purchase price of $1,983,117, comprised of net cash in the amount of $749,784 and an issuance of 1,541,667 common shares with an ascribed value of $1,233,333 ($0.80 per common share) of the Corporation. Immediately subsequent to this acquisition, Vector was vertically amalgamated with Jaguar.

Concurrent with the closing of the Vector acquisition, the Corporation 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. If the Term Loan was not fully repaid 90 days after the date of issuance, September 3, 2014 (the "Repayment Date"), the Corporation was obligated to grant the lender a 1.0% gross overriding royalty interest in perpetuity on all of the Corporation's current and future production from the Corporation'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 was 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.

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.

As a condition of completing the Term Loan, a subordination and postponement agreement between the Corporation, the lender and the Promissory Notes 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. Subsequent to the closing of the Term Loan, the Corporation made payments to certain holders of the Promissory Notes.

In addition, the Corporation 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.

On October 9, 2014, the Corporation received approval from the Exchange to issue 62,778 common shares, at a deemed issue price of $1.80 per common share, as bonus shares in connection with the Bonus Share Notes. The Corporation has recorded a gain on the settlement of the debt related to these bonus shares of $69,354. Share issuance costs of $757 were incurred to issue these shares.

In January 2015, the Corporation issued two secured promissory notes in the total principle 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 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 Corporation.

On February 5, 2015, the Corporation 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 Corporation issued two secured promissory notes in the principal amount of $10,000 each with a due date of September 30, 2015 (each a "Fourth Tranche Note" and collectively, the "Fourth Tranche Notes"). At June 30, 2018, $60,000 of these notes remain outstanding.

In February 2015, an additional loan of $50,000 was made by the Director Corporation. This loan carries an interest of 24% per annum and was subject to a loan fee of $10,000.

On February 24, 2015, the Corporation issued 435,510 common shares, at a deemed issue price of $1.00 per common shares to settle $443,385 of corporate debt owed to various arm's length parties of the Corporation. Share issuance costs of $2,906 were incurred to issue these shares.

A former director of Jaguar made two loans in the amounts of $40,000 and $10,000 in April 2015 and June 2015, respectively. These loans are subject to an interest of 0% per annum and a total of $19,000 in loan fees.

In May 2015, both the Alberta Securities Commission and the British Columbia Securities Commission issued cease trade orders for not meeting the continuous disclosure reporting requirements.

In March 2016, the Corporation was successful in its applications to both the Alberta Securities Commission and the British Columbia Securities Commission to revoke the cease trade ordered issued on May 6, 2015 and May 8, 2015, respectively.

In May 2015, the Term Loan was amended to increase the principle amount by US$178,124 ($212,342 Canadian) to enable the Corporation to participate in an exploration and evaluation capital program. In June 2015, the Term Loan was further amended to increase the principle amount by an additional US$250,000 ($309,800 Canadian), (the "Four Wells Loan"). Under the revised terms, the proceeds were 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 Corporation is to provide the lender an additional GORR of 1% (the “Four Wells GORR”) and 300,000 common shares of the Corporation to be issued on or before July 30, 2015. As a result of the Corporation 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 Corporation proposes prior to repayment of all principle and interest owing.

During the six months ended June 30, 2015, the Corporation issued five additional secured promissory notes in the total principal amount of $103,000 with a due date of September 30, 2015 (each a "Fifth Tranche Note" and collectively, the "Fifth Tranche Notes"). At June 30, 2018, $60,000 of these notes remain outstanding.

Interest is calculated at a rate of 12% per annum and payable to the holders of the Fourth Tranche Notes and Fifth Tranche Notes thereof on the due date of the notes or such earlier date that the total indebtedness is repaid. As security for payment of the principal and interest on these promissory notes, the Corporation has granted a first floating charge in favour of the holders, subordinated to the holder of the short-term loan, 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 Corporation in an amount equal to 20% of the value of the note divided by the market price of the Corporation’s common shares on the Exchange.

On August 15, 2016, the Corporation issued 1,097,446 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.

During the year ended December 31, 2016, a former director’s Corporation made advances of $39,000. There are no terms on these advances.

In January 2017, the Corporation 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).

On August 29, 2017, the Corporation received net proceeds of $85,000 USD ($106,633 Canadian) from the issuance of one secured promissory note in the principal amount of $100,000 USD ($125,915 Canadian) (including a finance fee of $15,000 USD ($19,282 Canadian)) with a due date of September 29, 2017 (the “August 2017 Note”). In addition to the finance fee of $15,000 USD, 250,000 options are to be issued.

The Corporation received net proceeds of $50,000 from the issuance of two secured promissory notes each in a principal amount of $25,000 with a due dates of October 31, 2017 (the “October 2017 Note”) and January 14, 2018 (the “December 2017 Note”). 20,833 and 20,833 common shares and 25,000 and 40,000 stock options are to be issued on the October 2017 Note and December 2017 Note, respectively.

In January 2018, the Corporation received net proceeds of $17,000 USD ($21,275 Canadian) from the issuance of one secured promissory note with a due date of February 1, 2018 (the “January 2018 Note”). In addition to a finance fee of $8,500 USD, 50,000 options are to be issued.

In February 2018, the Corporation received net proceeds of $45,000 from the issuance of three secured promissory notes in the amounts of $10,000, $25,000 and $10,000 with a due dates of February 28, 2018, February 28, 2018 and May 1, 2018, respectively (collectively, the “February 2018 Notes”). In addition to finance fees totaling $16,000, a total of 5,000 options are to be issued.

In the period from April 19, 2018 to May 1, 2018, the Corporation received net proceeds of $216,600 from the issuance of seven secured promissory notes with $30,000 and $186,600 due on April 30, 2018 and June 30, 2018, respectively (collectively, the “April 2018 Notes”). In addition to finance fees totaling $24,040, a total of 35,000 options are to be issued. Further, for the promissory notes due on June 30, 2018, interest will accrue at an annual rate of 10.5% if these are not repaid by this date.

In June 2018, the Corporation received net proceeds of $95,000 from the issuance of three secured promissory notes with $10,000, $50,000 and $35,000 due on June 30, 2018, July 30, 2018 and August 31, 2018, respectively (collectively, the "June 2018 Notes"). In addition to finance fees totaling $21,000, a total of 10,000 options and 3,000 common shares are to be issued. Further, for the promissory note due on August 31, 2018, interest will accrue at an annual rate of 10.5% if this note is not repaid by this date.

For the August 2017 Note, October 2017 Note, December 2017 Note, January 2018 Note, February 2018 Notes, April 2018 Notes and June 2018 Notes, bonus shares of the Corporation in an amount equal to 20% of the value of the notes divided by the market price of the Corporation's common shares on the Exchange are to be issued pending the approval of the Exchange. At June 30, 2018, all promissory notes issued in 2017 and 2018 remain outstanding.

As security for payment of the principal and interest on all the above promissory notes, the Corporation has granted a first floating charge in favor of the holders, subordinated to the holder of the short-term loan, as evidenced by a general security agreement.

Correction of Accounting Error

Effective August 1, 2015, the Alberta Energy Regulator (the "AER") provided industry with Directive 011. This directive was related to the Licensee Liability Rating ("LLR") Program with updated industry parameters and liability costs. The intent of this directive was for industry operators to maintain a 1.0 LLR status. An operator in Alberta could achieve this by either providing the AER with a monetary security deposit to cover future abandonment liabilities or have sufficient offsetting cash flow generating production to cover these future abandonment liabilities. The Corporation had no offsetting cash flow producing properties.

As a result of this directive and the Corporation having only suspended wells at Murray Lake, the AER requested a security deposit of $409,728. This security deposit was not paid due to oversight by the Corporation. As a result, on September 30, 2015, the AER transferred the designated properties at Murray Lake into the Orphan Well Fund (OWF) Association for future abandonment and reclamation. The associated mineral rights for the Lower Mannville then expired for both the crown and freehold lands associated with the previous suspended oil production.

The outstanding LLR deposit of $409,728 has been transferred into the Debt registry of the OWF. This amount is only a security deposit to reflect the abandonment liabilities and the costs are equated by the AER using Directive 011. The intent is that the Corporation can erode this deposit as they abandon the wells or by offsetting future production with cash flow. If the Corporation chooses to become reinstated as an operator in Alberta they will have to pay off the debt first together with a $10,000 fee. If the Corporation completes a financing that would result in it no longer being considered defunct or insolvent as defined by the AER and OWF, the balance owing on the OWF debt registry would have to be paid. This debt can be reduced when other operators acquire these wells from the OWF well inventory (which immediately eliminates JRI liability) or the actual capital costs of abandonment and reclamation by the OWF Association is completed at lower costs than provided in the Directive 011.

In light of the AER transfer of the Murray Lake wells (6) and pipeline (1) to the OWF, the Corporation should have provided an impairment provision for these properties in the year ended December 31, 2015. In addition the Corporation has adjusted its estimate to $319,790 for abandonment and reclamation costs based on Directive 11. As these wells are estimated to be abandoned and reclaimed in the near future, the Corporation has not discounted these costs. In April 2018, the AER approved the removal of two of these wells from the orphan well fund and as a result these wells are no longer the responsibility of the Company with respect to future abandonment and reclamation liabilities.

As a result, the financial statements for the comparative years have been retroactively restated to correct these errors. The impact on the consolidated statement of financial position as at December 31, 2016 is shown below:

	As previously reported, December 31, 2016 $	Adjustment $	Restated December 31, 2016 $
Property and equipment	1,463,325	(1,463,325)	-
Decommissioning obligation	(300,017)	(19,773)	(319,790)
Deficit	20,245,247	1,483,098	21,728,345

The impact on the consolidated statement of comprehensive loss for the three and six months ended June 30, 2017 is shown below:

	As previously reported, three months ended June 30, 2017 $	Adjustment $	Restated, three months ended June 30, 2017 $
Finance expense	515,155	(1,495)	513,660
Loss on the sale of oil assets	277,582	(277,582)	-
Basic and diluted total comprehensive loss per share	(0.10)	-	(0.07)

	As previously reported, six months ended June 30, 2017 $	Adjustment $	Restated, six months ended June 30, 2017 $
Finance expense	1,045,712	(3,213)	1,042,499
Loss on the sale of oil assets	277,582	(277,582)	-
Basic and diluted total comprehensive loss per share	(0.17)	-	(0.14)

The following tables provide summaries of the financial results of the Corporation:

	Six months ended June 30, 2018	Six months ended June 30, 2017 (Restated)	Six months ended June 30, 2016 (Restated)
Revenues			
Petroleum sales	-	-	-
Royalties	-	-	-
Expenses			
Operating	$ 396	$ 6,022	$ 8,300
Administration	1,046,217	401,492	416,965
Transaction costs	-	126,547	82,885
Finance	1,196,013	1,042,499	1,048,107
Loss before other items and taxes	$ 2,242,626	$ 1,576,560	$ 1,556,257
Reduction in decommissioning obligation	(124,986)	-	-
Unrealized foreign exchange (gain) loss	616,239	(379,061)	(626,102)
Net loss and comprehensive Loss	$ 2,733,879	$ 1,197,499	$ 930,155
Weighted average number of shares outstanding	8,663,893	8,627,070	7,333,313
Basic Loss per Share	$(0.32)	$(0.14)	$(0.13)

	As at June 30, 2018	As at December 31, 2017	As at December 31, 2016 (Restated)
Assets			
Cash and cash equivalents	$ 17,179	$ 2,792	$ -
Other current assets	167,842	164,487	192,740
Deposits	10,000	10,000	10,000
Property, plant and equipment	-	-	-
Exploration and evaluation assets	-	-	-
Total	$ 195,021	$ 177,279	$ 202,740
Liabilities			
Accounts payable and accrued liabilities	$ 12,219,655	$ 10,004,580	$ 7,825,687
Short-term loan	5,216,009	4,969,230	5,318,601
Due to related party	365,520	412,606	369,405
Promissory notes	818,014	356,175	247,153
Decommissioning obligation	194,804	319,790	319,790
Total	$ 18,814,002	$ 16,062,381	$ 14,080,636
Shareholders' Equity (Deficit)			
Share capital	$ 7,294,368	$ 7,294,368	$ 7,053,888
Warrants	94,764	94,764	94,764
Contributed surplus	701,797	701,797	701,797
Deficit	(26,709,910)	(23,976,031)	(21,728,345)
Total	(18,618,981)	(15,885,102)	(13,877,896)
Total Liabilities and Shareholders' Deficit	$ 195,021	$ 177,279	$ 202,740

Summary By Quarter [1]					
Quarter ended		**June 30, 2018**	**Mar 31, 2018**	**Dec 31, 2017**	**Sept 30, 2017**
Revenues	$	-	-	-	-
Comprehensive (loss)	$	(1,712,821)	(1,021,058)	(640,125)	(410,563)
Earnings (loss) per share – basic	$	(0.20)	(0.07)	(0.07)	(0.05)
Quarter ended		**June 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sept 30, 2016**
Revenues	$	-	-	-	-
Comprehensive loss	$	(587,362)	(609,636)	(3,182,158)	(55,213)
Loss per share – basic	$	(0.07)	(0.07)	(0.41)	(0.00)

(1) All earnings (loss) per share numbers reflect a consolidation of share capital on December 23, 2016 on a basis of one new share for ten old shares. Comprehensive loss and loss per share restated for accounting error.

Results of Operations

Operating expenses consists of property taxes and lease rentals for the Medicine Hat asset. For the six months ended June 30, 2018 and 2017 these costs were $396 and $6,022, respectively.

Finance expenses were $1,196,013 and $1,042,499 for the six months ended June 30, 2018 and 2017, respectively and are largely comprised of the interest on the Term Loan, interest and fees on the promissory notes and loans from a Corporation controlled by a former director and costs related to potential future financings.

Administration expenses were $1,046,217 and $401,492 for the six months ended June 30, 2018 and 2017, respectively and consisted primarily of accounting, legal and other professional fees of $140,017 and $148,788, compensation expenses to management, consultants and directors of $764,206 and $193,786, public corporation filing expenses of $17,557 and $8,765, travel costs of $110,278 and $44,436 and other of $14,159 and $5,717. The professional fees incurred in the six months ended June 30, 2018 and 2017 are for services related to general legal matters, audit of the year-end financial statements and the preparation of the annual and interim continuous disclosure documents, preparation of income tax returns and investor relations activities. The management, consultant and director compensation are higher in 2018 versus 2017 due to higher amounts accrued for the Chief Executive Officer, Chief Financial Officer, directors and additional consultants. The corporation filing expenses consists of SEDAR, regulatory filings and news release fees and annual shareholder meeting costs in 2018. The travel costs relate to the attendance of meetings in Canada and USA to raise funds pursuant to the Corporation's fund raising activities.

Foreign exchange (gains) losses on United States Dollar (“US$”) denominated debt of $616,239 and $(379,061) were incurred for the six months ended June 30, 2018 and 2017, respectively. During the first six months in 2018, the US$ appreciated against the Canadian dollar resulting in an unrealized foreign exchange loss. The opposite occurred in the the six months ended March 31, 2017 - the US$ depreciated versus the Canadian Dollar resulting in unrealized foreign exchange gain on all US$ denominated debt and the related accrued interest amounts.

Anticipated Timing and Costs of Projects

As part of the acquisition of Vector, Jaguar had a 50% interest in the largest oil and gas lease permit position in Saskatchewan: 376,800 acres over 587 sections of Crown land located in the northern portion of the Williston Basin. The permitted property consists of 2 significant land blocks, Exploration Permit 71 consisting of 253,920 acres (the “Little Swan Property”) and Petroleum Exploration Permit 72 consisting of 122,800 acres (the “Bannock Creek Property”). Both permits grant Saturn Minerals Inc. (“Saturn”) and the Corporation exclusive right to any oil and gas discovered in any formation from surface to basement.

In October 2014, the Corporation and Saturn commenced a 2D seismic program over the Bannock Creek Property and the Little Swan Property. Harbinger Exploration Inc. was retained to complete approvals and mapping and GeoStrata Resources Inc. was retained for the acquisition of up to 52 km of 2D proprietary seismic data on the Bannock Creek and Little Swan Properties. The purpose of this work phase was to finalize drilling locations for the completion of up to four exploration wells. Acquisition of data using dynamite consisted of two lines on Bannock Creek each measuring 10km long, and two lines on Little Swan measuring 32km total. Significantly, this final work phase prior to drilling will determine the structural high of a large closed structure at the Red River interval on the Bannock Creek property interpreted on seismic. This structure compares directly to the analogous fault bounded "Tyvan" Oil pools, which produce, from the Red River (Yeoman) and Winnipeg Sands to the south in the same stratigraphic basin. The normal faulting orientation visible on the seismic line will likely result in closures at these intervals based upon geological basement structural patterns in the region and as a result the companies have identified a drill target.

The proposed vertical drilling had an estimated total depth of approximately 1000 Meters (3280 feet) or to the Precambrian with no horizontal drilling or multi stage fracking. The two zones of interest were the oil bearing Yeoman Formation (Red River) and the Black Island Formation in the Winnipeg Group. The drilling time was estimated to take ten days plus coring and testing. Conventional completions will be used to complete the wells.

On April 15, 2015, Saturn issued an Independent operations notice to Jaguar for the drilling of 9-5-44-8W2M. On April 24, 2015, Saturn was granted a Permit & License under the Oil and Gas Conservation Act, Province of Saskatchewan, to drill a well at our Bannock Creek Property. This well location was identified in the recently completed 2D seismic program which was designed to identify and confirm closure for potential light oil traps in the stacked Red River, Winnipeg and Deadwood Formations of the Northeastern Williston Basin. The data confirmed the anticlinal four-way closure of the drillable prospect at Bannock Creek. The closure of this structure, which compares very favorably with existing producing light oil pools to the south of Bannock Creek and the validation of our exploration model. This exploration well was drilled vertically and completed conventionally to a depth 800 meters. As a result of technical problems encountered, Saturn Minerals, as operator, decided to abandon the current well.

The technical difficulties in the initial 9-5 borehole encountered formations lead to successive circulation losses. The hole was recovered repeatedly with the addition of loss circulation material as well as a considerable amount of cement patching. Faulting near the drill target, although important for structural closure, may have also contributed to the lost circulation zones. The hole was lost at a final loss of circulation and collapse of the borehole onto the drill pipe approximately 70 meters from the targeted Red River Formation. Jaguar received a proposal from its drilling consultants for the next borehole to run deeper surface casing and subsequent intermediate casing down most of the length of the hole to avoid any collapse issues while drilling. Packers and cement back filling will also be utilized to stabilize the hole at depth.

In July 2015, Jaguar proposed to Saturn for the Bannock Creek Property a 5 well drilling program. The exploration wells were to be drilled and completed conventionally to a depth of less than 800 meters. The first proposed well was a re-drilling of the 9-5 Bannock Creek Exploration Well location, with additional wells to follow. The proposed wells were estimated to cost approximately $830,000 per well to drill, tie in and complete. Based on a 50% interest the costs for Jaguar would be approximately $415,000 per well. Jaguar did not participate in this program.

In December 31, 2015, Saturn reported that they had been granted approval to drill the (102) 9-5 location and that Jaguar drilling order and approval to drill, which had been initially granted by the Saskatchewan Government, had been revoked.

For the year ended December 31, 2015, the Corporation recognized an impairment of $1,189,784 on exploration and evaluation ("E&E") assets relating to the Little Swan project with carrying values estimated to exceed the recoverable amounts. The Corporation 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 Corporation impaired these E&E assets principally comprised of historic land acquisition costs.

Bannock Creek Update

On May 19, 2015, Saturn press released that the original 9-5 well at Bannock Creek was junked and abandoned at a depth of 560 meters some 70 meters from potential pay in the Yeoman Formation. Four periods of lost circulation were experienced from May 12, 2015 to May 15, 2015 when the drilling bit became planted in the well bore and un-planting was not successful resulting in operations being discontinued due to excessive cost overruns. The cost overruns nearly doubled the original Approval For Expenditure ("AFE") in which the Corporation only paid its original 50% costs. The Corporation does not believe these cost overruns incurred by Saturn without consultation were warranted and our responsibility.

On September 30, 2015, Saturn reported that they had been granted approval to drill (102) 9-5 location and that the Corporation drilling order and approval to drill which had been initially granted by the Saskatchewan Government had been revoked. This decision will be investigated by the Corporation in due course. To clarify, the Corporation had proposed to drill at a different location to avoid the same negative outcome experienced in the original 9-5 well as Saturn was not prepared to alter the proposed drilling program to address the Corporations technical concerns

On December 8, 2015, Saturn reported that they were pleased that the Corporation had chosen to not participate (going non-consent) in the 102-9-5 proposed location and would be increasing their working interest to 100% of all of the drilling costs in the chosen location. By doing so, Jaguar would convert to a 1% GORR in the drilling spacing. The Corporation chose not to participate at this location as it was concerned that Saturn was incapable of drilling this location as planned and would result in the same negative outcome as the original location.

On December 11, 2015, Saturn reported it had replaced its previous geological well site and drilling teams which had originated from Calgary. Changes were also made to its technical advisory board.

On January 7, 2016, Saturn reported that it had spudded the 102-9-5 location and was drilling ahead to a planned total depth of 725 meters. The drilling program presented to the Corporation, prior to our decision not to participate, was for 5 days which would have resulted in completion on January 12, 2016. On January 27, 2016, Saturn reported that after 21 days of drilling they reached a depth of 583 meters. This depth was equivalent to the depth achieved in the original 9-5 location in only 3 days. Such an outcome validates the concerns shared by the Corporation and its technical team with Saturn operating the same planned program as the original well and our decision not to participate with Saturn and to conserve our capital in the re drill of 9-5.

Jaguar's concerns were extensive but the principal concerns included the proximity to the original 9-5 well only being a few meters away. The risk of encountering lost circulation material, cement and drill pipe from the first well was very high and dangerous. The up-hole carbonate caverns which contained significant water volumes would result in the same negative costly outcome with lost circulation. The Corporation wanted to set surface casing much deeper to a depth of 400 meters to contain the shallow lost circulation formations and a 600-meter intermediate pipe to contain the deeper lost circulation formations. This is considered very normal drilling practice where lost circulation is prevalent.

Saturn made another attempt to drill (103) 9-5 applying the drilling technique originally proposed by Jaguar resulting in successfully reaching total depth.

On February 9, 2016, Saturn announced that they had discovered light oil at Bannock Creek. On March 29, 2016, Saturn announced that it successfully completed the Bannock Creek well as an oil discovery and planned to drill additional wells in the vicinity of the discovery well before the end of 2016. As a result of the New Pool Wildcat status on the well the completion/production information will be kept confidential for one year from rig release. However as per the Joint Operating Agreement between Jaguar and Saturn we will be provided information from this well prior to making a decision to participate in drilling any further wells regardless of the confidential status of 103-9-5 oil well.

During the third quarter of 2016, Saturn Minerals completed two financings to allow them to continue forward with drilling plans at Bannock Creek. Along with this capital raise they also changed their corporate name to Saturn Oil and

Gas Inc. and named several new oil and gas executives to its Corporation. All of this in preparation for continuing plans at Bannock Creek.

For the year ended December 31, 2016, the Corporation recognized an impairment of $2,351,499 on exploration and evaluation ("E&E") assets relating to the Bannock Creek project with carrying values estimated to exceed the recoverable amounts. The Corporation 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 Corporation impaired these E&E assets principally comprised of historic land acquisition costs.

Medicine Hat

On December 1, 2017 the AER approved the transfer of MSL 063203 and MSL 081150 (mineral surface leases) which include the wells located at 2-25-8-8W4M and 10-24-8-8W4M from Murray Lake to Tayson Resources. In April 2018, the AER approved the removal of these two wells from the orphan well fund and as a result these wells are no longer the responsibility of the Corporation with respect to future abandonment and reclamation liabilities.

Short-term Loan

On June 5, 2014, the Corporation completed a first lien, senior secured 120-day term loan in the principal amount of US$3,533,000 (Cdn$3,858,389) (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 December 31, 2017, US$3,533,000 (Cdn$4,743,859) remains outstanding. As the Term Loan was not fully repaid 90 days after the date of issuance, September 3, 2014 (the "Repayment Date"), the Corporation was obligated to grant the lender a 1.0% gross overriding royalty ("GORR") interest in perpetuity on all of the Corporation's current and future production from the Corporation'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.

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.

As a condition of completing the Term Loan, a subordination and postponement agreement between the Corporation, the lender and the Promissory Notes 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. Subsequent to the closing of the Term Loan, the Corporation made payments to certain holders of the Promissory Notes.

In addition, the Corporation 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 principle amount by US$178,124 (Cdn$212,342) to enable the Corporation to participate in an exploration and evaluation capital program. In June 2015, the Term Loan was further amended to increase the principle amount by an additional US$250,000 (Cdn$309,800), (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 Corporation is to provide the lender an additional GORR of 1% (the "Four Wells GORR") and 3,000,000 common shares of the Corporation to be issued on or before July 30, 2015. These common shares were issued in 2016. As a result of the Corporation 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 Corporation proposes prior to repayment of all principle and interest owing.

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.

Promissory Notes

On August 29, 2017, the Corporation received net proceeds of $85,000 USD ($106,633 Canadian) from the issuance of one secured promissory note in the principal amount of $100,000 USD ($125,915 Canadian) (including a finance fee of $15,000 USD or $19,282 Canadian) with a due date of September 29, 2017 (the "August 2017 Note"). In addition to the finance fee of $15,000 USD, 250,000 options are to be issued.

The Corporation received net proceeds of $50,000 from the issuance of two secured promissory notes each in a principal amount of $25,000 with a due dates of October 31, 2017 (the "October 2017 Note") and January 14, 2018 (the "December 2017 Note"). 20,833 and 20,833 common shares and 25,000 and 40,000 stock options are to be issued on the October 2017 Note and December 2017 Note, respectively.

In January 2018, the Corporation received net proceeds of $17,000 USD ($21,275 Canadian) from the issuance of one secured promissory note with a due date of February 1, 2018 (the "January 2018 Note"). In addition to a finance fee of $8,500 USD, 50,000 options are to be issued.

In February 2018, the Corporation received net proceeds of $45,000 from the issuance of three secured promissory notes in the amounts of $10,000, $25,000 and $10,000 with a due dates of February 28, 2018, February 28, 2018 and May 1, 2018, respectively (collectively, the "February 2018 Notes"). In addition to finance fees totaling $16,000, a total of 5,000 options are to be issued.

In the period from April 19, 2018 to May 1, 2018, the Corporation received net proceeds of $216,600 from the issuance of seven secured promissory notes with $30,000 and $186,600 due on April 30, 2018 and June 30, 2018, respectively (collectively, the "April 2018 Notes"). In addition to finance fees totaling $24,040, a total of 35,000 options are to be issued. Further, for the promissory notes due on June 30, 2018, interest will accrue at an annual rate of 10.5% if these are not repaid by this date.

In June 2018, the Corporation received net proceeds of $95,000 from the issuance of three secured promissory notes with $10,000, $50,000 and $35,000 due on June 30, 2018, July 30, 2018 and August 31, 2018, respectively (collectively, the "June 2018 Notes"). In addition to finance fees totaling $21,000, a total of 10,000 options and 3,000 common shares are to be issued. Further, for the promissory note due on August 31, 2018, interest will accrue at an annual rate of 10.5% if this note is not repaid by this date.

For the August 2017 Note, October 2017 Note, December 2017 Note, January 2018 Note, February 2018 Notes, April 2018 Notes and June 2018 Notes, bonus shares of the Corporation in an amount equal to 20% of the value of the notes divided by the market price of the Corporation's common shares on the Exchange are to be issued pending the approval of the Exchange. At June 30, 2018, all promissory notes issued in 2017 and 2018 remain outstanding.

As security for payment of the principal and interest on all the above promissory notes, the Corporation has granted a first floating charge in favor of the holders, subordinated to the holder of the short-term loan, as evidenced by a general security agreement.

Financial Condition, Liquidity and Going Concern

As at June 30, 2018, the Corporation had a cash balance of $17,179, a working capital deficit of $18,628,981, deficit of $26,709,910 and cash flow used in operating activities for the six months ended June 30, 2018 of $617,235. In addition, the short-term loan and some promissory notes were in default at June 30, 2018.

As security for payment of the principal and interest on the Term Loan and promissory notes, the Corporation has granted a first floating charge in favour of the lenders thereof as evidenced by a general security agreement. Unless the Corporation 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 Corporation's ability to continue as a going concern.

The ability of the Corporation 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. The Corporation must raise additional funds through the issuance of common shares or incur additional debt in order 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 Corporation's ongoing obligations. Further, there is no assurance that the Exchange will approve any and all financings.

The 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 the 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.

Cash generated by operating activities

The net cash used in operating activities for the six months ended June 30, 2018 was $617,235. During the six months ended June 30, 2018, the Corporation incurred a comprehensive loss of $2,733,879. Included in this amount were non-cash expenses relating to unrealized foreign exchange loss of $616,239, financing costs of $1,196,013 and a reduction on the decommissioning obligation of $124,986. Decreasing the cash used in operating activities were non-cash working capital changes of $429,378 related to an increase in GST recoverable of $5,064, a decrease in prepaids and deposits of $1,709 and an increase in accounts payable and accrued liabilities of $432,733.

Decommissioning Obligation

At June 30, 2018, the Corporation had recorded decommissioning obligations of $194,804 for future abandonment and reclamation of the Medicine Hat properties. Estimates are based on operational knowledge of the properties as well as knowledge from reserve engineers and the AER. In April 2018, the AER approved the removal of these two wells from the orphan well fund and as a result these wells are no longer the responsibility of the Corporation with respect to future abandonment and reclamation liabilities.

Commitments, Contingency and Subsequent Events

The Corporation enters into contractual obligations in the normal course of business which may include the purchase of assets and services, operating agreements, transportation commitments, sales commitments, royalty obligations, lease rental obligations and employee and contractor agreements. These obligations are of a recurring, consistent nature and will impact the Corporation's cash flows in an ongoing manner.

The Corporation has received claims from vendors related to the non-payment of amounts outstanding. With the exception of one claim, these amounts have been included in the accounts payable as at June 30, 2018.

One vendor has filed a claim and was awarded a default judgement for an amount greater than the amount the Corporation has recorded. The Corporation disputes this claim on the basis that it did not consent to further participation in the well program with the vendor which resulted in the costs comprising the difference between the current liability recorded and the amount of vendor’s claim. Additionally, the Corporation disputes the judgment on the grounds that it was improperly served to a wrong address and has filed an Affidavit with the Court of Queen’s Bench of Alberta to have the Judgment set aside. The Corporation has engaged legal counsel to act on its behalf in this matter and in addition to its application to have the judgment set aside, has instructed counsel to file a counter claim against the vendor.

The AER released a new edition of Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licenses and Approvals on December 6, 2017. Under these requirements, companies were required to provide an updated schedule to the AER by January 31, 2018. The Corporation did not complete the updated schedule and as a result the license eligibility was revoked. A return to general eligibility status after restriction or revocation will require re-application and the payment of a $10,000 fee.

Subsequent to June 30, 2018 the Corporation received net proceeds of $168,400 from the issuance of three secured promissory notes (collectively, the “Three Promissory Notes”). Promissory notes totaling $50,000 and $118,400 are due on August 30, 2018 and August 31, 2018, respectively. In addition to flat interest totaling $7,500, a total of 50,000 stock options are to be issued. Further, for the promissory notes due on August 31, 2018, interest will accrue at an annual rate of 10.5% if these are not repaid by this date. In addition, bonus shares of the Corporation in an amount equal to 20% of the value of the notes divided by the market price of the Corporation’s common shares on the Exchange are to be issued pending the approval of the Exchange.

As security for payment of the principal and interest on the Three Promissory Notes, the Corporation has granted a first floating charge in favor of the holders, subordinated to the holder of the short-term loan, as evidenced by a general security agreement. At August 28, 2018, these notes remain outstanding.

In May 2018, the Alberta Securities Commission (the “ASC”) issued a cease trade order for not meeting the continuous disclosure reporting requirements. The Company subsequently met its filing obligation and on June 1, 2018, the ASC revoked the cease trade order.

In August 2018, the Corporation received approval to issue 7,184,670 common shares at a deemed price of $1.20 per common share to settle approximately $8,621,604 of corporate debt owed to various arm’s and non-arm’s length parties of the Corporation.

Off Balance Sheet Arrangements

The Corporation has not entered into any off balance sheet arrangements.

Stock Option Plan

The Corporation adopted its option plan in accordance with the policies of the TSXV for the benefit of directors, officers, employees and other key personnel of the Corporation. A maximum of 10% of the issued and outstanding Common Shares of the Corporation are reserved for issuance pursuant to the exercise of options. The option plan provides that the terms of the options and the exercise price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the TSXV. Options issued to current directors and officers expired on October 26, 2017.

Related Party Transactions

A loan from a Corporation controlled by a director of the Corporation (the "Director Corporation") of USD $150,000 ($201,405 Canadian), (the "Related Party Note") bearing interest at 20% per annum remains outstanding as at June 30, 2018. In February 2015, an additional loan of $50,000 was made by the Director Corporation. This loan carries an interest of 24% per annum and was subject to a loan fee of $10,000. In addition, the Director Corporation made advances totalling $39,000 in 2016 and two loans totalling $50,000 in 2015. No terms were negotiated on the advances. These loans are subject to an interest of 0% per annum and a total of $19,000 in loan fees. All these loans remain outstanding as at August 28, 2018.

The Corporation made loans in the amounts of $150,000 in 2014 and $100,000 in September 2015 to an officer of the Corporation. These loans are non-interest bearing and due on demand. At August 28, 2018, $150,000 of these loans remain outstanding.

Business Risks

The Corporation faces a number of risks that could cause our actual results to differ materially from those disclosed in this MD&A. Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward-looking statements when making investment decisions with respect to the Corporation. If any of the business risks were to occur, the trading price of the Common Shares could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business and operations.

The Corporation continues to pursue additional financing(s) from the issuance of additional debt or equity. The ability of the Corporation to raise funds will depend upon the prevailing capital market conditions as well as a prospective investor's assessment of the Corporation's anticipated business performance. The completion of any financing will be subject to the approval of the Exchange. There can be no assurance that the Corporation will be able to obtain these funds or attain these funds at favorable terms to the Corporation.

Future liquidity will depend primarily on funds from operations and the ability to access credit, and equity and debt markets. The Corporation currently does not have the necessary financing in place to support continuing losses and to meet all of its commitments and these matters raise significant doubt about its ability to continue as a going concern.

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

The Corporation's activities are concentrated in the Western Canadian Sedimentary Basin, where activity is highly competitive and includes a variety of different-sized companies. The Corporation is subject to a number of risks that are also common to other organizations involved in the oil and gas industry. Such risks include finding and developing oil and gas reserves at economic costs, estimating amounts of recoverable reserves, production of oil and gas in commercial quantities, marketability of oil and gas produced, fluctuations in commodity prices, financial and liquidity risks and environmental and safety risks.

The Corporation has retained an independent engineering consulting firm that assists the Corporation in evaluating recoverable amounts of oil reserves. Values of recoverable reserves are based on a number of variable factors and assumptions such as commodity prices, projected production, future production costs and government regulations. Such estimates may vary from actual results.

The Corporation mitigates its risk related to producing hydrocarbons through the utilization of current technology and information systems. In addition, the Corporation prefers to operate its prospects, circumstances permitting, thereby maintaining operational control.

The Corporation is exposed to market risk to the extent that the demand for oil produced by the Corporation exists within Canada. External factors beyond the Corporation's control may affect the marketability of oil produced. These factors include commodity prices and variations in the Canada–United States currency exchange rate, which in turn responds to economic and political circumstances throughout the world. Oil prices are affected by worldwide supply and demand fundamentals. The Corporation has not entered in futures and options contracts to hedge its exposure to the potential adverse impact of commodity price volatility.

Exploration and production for oil and gas is capital intensive. In addition to funds from operations, the Corporation seeks to access the equity markets as a source of new capital. In addition, the Corporation may utilize bank financing (if available) to support ongoing capital investments, which exposes the Corporation to fluctuations in interest rates. Funds from operations may also provide the Corporation with the capital required to grow in its business. Funds from operations also fluctuate with changing commodity prices. Equity and debt capital are subject to market conditions and availability may increase or decrease from time to time.

Oil and gas exploration and production can involve environmental risks as well as related litigation, physical and regulatory risks. Physical risks include the pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. The Corporation works hard to understand the sensitivities of the environments in which it operates and its responsibilities derived therefrom. It also strives to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Corporation conducts its operations with a view to protecting the environment, its employees and consultants, and the general public. The Corporation maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Corporation becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Corporation has available and result in financial distress.

Fair value of Financial Instruments

At June 30, 2018, the Corporation's financial instruments consist of cash, due to related party, accounts payable and accrued liabilities, short-term loan, due from shareholder and promissory notes. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as financial assets at fair value through profit and loss, accounts receivable as loans and receivables and its account payable and accrued liabilities and promissory notes as other financial liabilities. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Financial Instruments and Risk Management

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The fair values of financial assets and financial liabilities approximate carrying value due to the short-term nature of these instruments.

The Corporation does not believe that it is exposed to significant interest or credit risks from these financial instruments. The Corporation mitigates credit risk on cash and cash equivalents by only holding cash in securities guaranteed by a provincial government or the Federal government of Canada or in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The Corporation 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 June 30, 2018, the Corporation has foreign exchange exposure on the U.S. denominated debts including the Term Loan of US$3,961,124, Term Loan Extension of US$100,000, Related Party Note of US$150,000 and advances of US$165,000. In addition, the Corporation has exposure to the interest payable on the Term Loan and Related Party Note. At June 30, 2018, a 25-basis point increase or decrease in foreign exchange rates would impact the Corporation's loss before taxes by approximately $25,000.

The Corporation's cash flow is exposed to changes in interest rates applicable to cash and cash equivalents. The interest income generated from the Corporation's cash will fluctuate as a result of changes in market interest rates. Based on the cash at June 30, 2018, a 25-basis point increase or decrease in market interest rates would be insignificant to the Corporation's financial statements.

Critical Judgments and Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The Corporation's financial and operating results may incorporate certain estimates including:

- Estimated revenues, royalties and operating expenses on production as of a specific reporting date for which actual revenues and expenses have not yet been received;

- Estimated depletion, depreciation, amortization and accretion that are based on estimates of oil and gas reserves that the Corporation expects to recover in the future, commodity prices, estimated future salvage values and estimated future capital costs;

- Estimated cost of decommissioning obligations that are dependent upon estimates of future costs, timing of expenditures and determination of inflation and risk-free interest rates;

- Estimated income and other tax liabilities requiring interpretation of complex laws and regulations;

- Estimated fair value of business combinations and goodwill requires management to make assumptions and estimates of future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require the most judgement and includes estimates of reserves acquired, forecast benchmark commodity prices and discount rates; and

- Estimated fair value of stock-based compensation expense using the Black-Scholes option pricing model requires estimates in the volatility rate, risk-free interest rate, dividend yield, forfeiture rate and estimated life.

Significant Accounting Policies

The Corporation's significant accounting policies are summarized in Note 4 to the audited financial statements for the year ended December 31, 2017.

Outstanding Share Data

As at August 28, 2018, the Corporation had 15,848,563 Common Shares issued and outstanding. In addition, there were 137,833 warrants with an exercise price of $1.80 per Common Share and 30,000 Warrants outstanding with an exercise price of $0.50 per Common Share.