

**Jagercor Energy Corp.**  
**Condensed Interim Consolidated Financial Statements**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
**For the nine months ended 31 January 2017**

## **NOTICE OF NO AUDITOR REVIEW**

### **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of Jagercor Energy Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

30 March 2017

**Jagercor Energy Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	As at 31 January 2017	As at 30 April 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	615,856	321,493
Short-term investment	6	40,470	249,357
Prepaid expenses	7	4,737	17,271
Amounts receivable	8	983	70,406
<b>Total current assets</b>		<b>662,046</b>	<b>658,527</b>
<b>Non-Current assets</b>			
Investment	9	2,618,760	2,925,416
Prepaid taxes	8	179,824	173,890
<b>Total non-current assets</b>		<b>2,798,584</b>	<b>3,099,306</b>
<b>Total assets</b>		<b>3,460,630</b>	<b>3,757,833</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	4,304	94,700
<b>Total liabilities</b>		<b>4,304</b>	<b>94,700</b>
<b>Equity</b>			
Common shares	11	7,245,232	7,245,232
Shares to be issued	15	29,200	29,200
Reserves	11	5,518,150	5,518,150
Accumulated other comprehensive income		746,441	623,787
Deficit		(10,098,592)	(9,772,673)
Non-controlling interest		15,895	19,437
<b>Total equity</b>		<b>3,456,326</b>	<b>3,663,133</b>
<b>Total equity and liabilities</b>		<b>3,460,630</b>	<b>3,757,833</b>

Corporate Information and Going Concern (Note 1), Subsequent Events (Note 17)

**APPROVED BY THE BOARD:**

*Edgardo Russo*

Director



Director

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

# Jagercor Energy Corp.

## Condensed Interim Consolidated Statements of Net and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Three month ended 31 January		Nine months ended 31 January	
		2017	2016	2017	2016
				\$	\$
<b>Operating Expenses</b>					
General & administrative		(114,561)	(194,011)	(319,467)	(649,305)
Operating costs		-	(5,027)	-	(16,252)
Business development		(12,961)	(5,691)	(15,093)	(108,732)
<b>Total operating expenses</b>		<b>(127,522)</b>	<b>(204,729)</b>	<b>(334,560)</b>	<b>(774,289)</b>
Gain (loss) on foreign exchange		(25,546)	25,309	(42,577)	(66,744)
Interest income		7,789	5,106	43,556	6,159
Loss on settlement of debt		-	-	-	(4,000)
<b>Net loss for the period</b>		<b>(145,279)</b>	<b>(174,314)</b>	<b>(333,581)</b>	<b>(838,874)</b>
<b>Other comprehensive income (loss)</b>					
Cumulative translation adjustment		(100,405)	158,484	126,774	478,890
<b>Comprehensive income (loss) for the period</b>		<b>(245,684)</b>	<b>(15,830)</b>	<b>(206,807)</b>	<b>(359,984)</b>
<b>Net loss attributable to:</b>					
Shareholders of parent company		(141,837)	(169,646)	(325,919)	(815,924)
Non-controlling interest		(3,442)	(4,668)	(7,662)	(22,950)
<b>Other comprehensive income (loss) attributable to:</b>					
Shareholders of parent company		(97,261)	153,522	122,654	464,038
Non-controlling interest		(3,144)	4,962	4,120	14,852
<b>Loss per share – basic and diluted</b>	12	<b>(0.002)</b>	<b>(0.002)</b>	<b>(0.004)</b>	<b>(0.009)</b>

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

# Jagercor Energy Corp.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Nine months ended 31 January	
		2017	2016
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(333,581)	(838,874)
Adjustments to reconcile income (loss) to cash provided (used in) operating activities:			
Settlement of debt for shares		-	4,000
Changes in non-cash working capital:			
Due from related parties		-	-
Amounts receivable and prepaid taxes	8	73,152	(19,924)
Prepaid expenses	7	12,860	7,634
Trade and other payables	10	(93,597)	(50,832)
<b>Cash used in operating activities</b>		<b>(341,166)</b>	<b>(897,996)</b>
<b>INVESTING ACTIVITIES</b>			
Sale of short-term investment	6	-	427,315
Return from investment Catriel Oeste Project	9	415,127	916,058
<b>Cash provided by investing activities</b>		<b>415,127</b>	<b>1,343,373</b>
Effect of exchange rate on cash and cash equivalents		<b>220,402</b>	(114,297)
<b>Increase in cash and cash equivalents</b>		<b>294,363</b>	<b>331,080</b>
Cash and cash equivalents, beginning of period		<b>321,493</b>	241,180
<b>Cash and cash equivalents, end of period</b>		<b>615,856</b>	<b>572,260</b>

### Supplemental cash flow information (Note 16)

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

**Jagercor Energy Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)  
(Unaudited)

	Number of shares	Common shares	Shares to be issued	Share issuance cost	Reserves		Accumulated other comprehensive income attributable to parent	Deficit attributable to parent	Non- controlling interest	Total
					Option reserve	Warrant reserve				
Balances, 30 April 2015	94,348,491	7,594,883	37,200	(357,651)	3,743,323	1,774,827	306,036	(8,476,266)	43,926	4,666,278
Shares issued for debt	200,000	12,000	(8,000)	-	-	-	-	-	-	4,000
Translation adjustment	-	-	-	-	-	-	464,038	-	14,852	478,890
Net loss for the period	-	-	-	-	-	-	-	(815,924)	(22,950)	(838,874)
Balances, 31 January 2016	94,548,491	7,606,883	29,200	(357,651)	3,743,323	1,774,827	770,074	(9,292,190)	35,828	4,310,294
Balances, 30 April 2016	94,548,491	7,602,883	29,200	(357,651)	3,743,323	1,774,827	623,787	(9,772,673)	19,437	3,663,133
Translation adjustment	-	-	-	-	-	-	122,654	-	4,120	126,774
Net loss for the period	-	-	-	-	-	-	-	(325,919)	(7,662)	(333,581)
Balances, 31 January 2017	<b>94,548,491</b>	<b>7,602,883</b>	<b>29,200</b>	<b>(357,651)</b>	<b>3,743,323</b>	<b>1,774,827</b>	<b>746,441</b>	<b>(10,098,592)</b>	<b>15,895</b>	<b>3,456,326</b>

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

**Jagercor Energy Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
31 January 2017  
(Expressed in Canadian dollars)  
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**1. CORPORATE INFORMATION AND GOING CONCERN**

Jagercor Energy Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on 8 June 1987. On 20 January 2011, the Company’s name was changed from Anglo-Canadian Gas Corp. to Jager Metals Inc. Effective 24 January 2014, the Company’s name was changed from Jager Metals Inc. to Jagercor Energy Corp.

The Company is focused on joint commercial opportunities related to acquiring and developing oil and gas properties, with a particular focus on production management and field development in South America, mainly in Argentina.

On 2 August 2013, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol ‘JEM’.

The principal address and registered and records office is located at 400 - 725 Granville Street, Vancouver, BC, V7Y 1G5.

These financial statements present the consolidated operations of the Company and its Argentinean controlled subsidiary. The Company’s near term focus is to acquire, develop and produce oil and gas reservoirs suitable for production in Argentina. These condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s condensed interim consolidated financial statements for the nine months period ended 31 January 2017 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has a comprehensive loss of \$206,807 for the nine months period ended 31 January 2017, and has working capital of \$657,742 at 31 January 2017.

The Company had cash and cash equivalents of \$615,856 as at 31 January 2017. Management cannot provide assurance that the Company will recover its investment (Note 9), ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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**2. BASIS OF PREPARATION**

**2.1 Basis of consolidation**

The condensed interim consolidated financial statements include the financial statements of the Company and its 96.87% interest in Jager Energía Argentina S.A. On 9 April 2014, the Company purchased 96% interest in Jager Energía Argentina S.A and through subsequent transactions reached 96.87%.

**2.2 Basis of presentation**

The Company's condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 14, and are presented in Canadian dollars except where otherwise indicated.

**2.3 Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These condensed interim consolidated financial statements follow the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended 30 April 2016, using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

These condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and should be read in conjunction with the annual financial statements of the Company for the year ended 30 April 2016. The Board of Directors approved these condensed interim consolidated financial statements on March 30, 2017.

**2.4 New standards and interpretations**

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2017 and have not been applied in preparing these financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted. The new guidance is effective from January 1, 2017. The Company is currently evaluating the impact of the adopting this new standard and has not yet determined the effect on its financial statements.



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In July 2014, the IASB completed the final elements of IFRS 9 "Financial Instruments." The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9, as amended, includes a principle based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The Standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the adopting this new standard and has not yet determined the effect on its financial statements.

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, 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 income and expenses during the reporting period. Estimates and assumptions 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. However, actual outcomes can differ from these estimates.

The Company's critical judgments in applying accounting policies include judgments regarding the going concern of the Company, which have been discussed in Note 1.

Critical accounting estimates and assumptions developed and applied by management are as follows:

#### **Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires

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determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

**Recoverability of investment**

The recoverability of the amount shown for investment is dependent upon the existence of economically recoverable oil and gas reserves and the continued successful extraction of those reserves, or proceeds from a disposition of the asset itself.

The Catriel Oeste concession expired on October 25, 2016. In January 2017, Central advised Jagercor that Central continued to be involved in negotiations with the Rio Negro Province to extend the concession and had advised of a new offer to the Province related to an extension agreement. However, Central now has advised Jagercor that the Province of Rio Negro has rejected its offer, denying an extension of the actual concession agreement. As of January 31, 2017 Central was operating the Catriel Oeste oilfield until the Province initiates transfer of the asset (concession) to Provincial Hydrocarbons Company. As a result of Central's inability to obtain a concession extension, production rights over the 3 wells terminate. On February 28, 2017 Central was relieved as operator.

The Development Agreement has been impacted (and effectively terminated) by Central's inability to obtain a concession extension. Central has failed to make payments to Jagercor under the Agreement for the periods of December and January, which the Company estimates to be approximately \$90,000 which haven't been recorded yet, as Jagercor is considering the options available to recover them.

**3.2 Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

**3.3 Principles of consolidation**

Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interest consist of the non-controlling interest's portion of net assets and profit or loss.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

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**3.4 Exploration and evaluation properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related property and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the production of hydrocarbon resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to producing property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

**3.5 Foreign currencies**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that its functional currency is the Canadian dollar for its parent, and it is the US dollar for its Argentinean subsidiary commencing October 2014, prior to which it was the Canadian dollar. The functional currency of the Company's Argentinean subsidiary was changed to US dollars as a result the Company's investment made and returns received during the year being denominated in US dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the

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period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

The financial results and position of foreign operations whose functional currency is different from the reporting currency are translated as follows:

- i) assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- ii) income and expenses are translated at average exchange rates for the period.

Exchange gains and losses arising on translation are recognized in accumulated other comprehensive loss.

### **3.6 Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed or capitalized, as appropriate. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

### **3.7 Taxation**

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are measured, recognized and disclosed for the full financial year in the audited financial statements.

**3.8 Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at FVTPL*

Financial assets are classified as FVTPL and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as FVTPL. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents and short-term investments are included in this category of financial assets.

*Held-to-maturity and loans and receivables*

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable and investment are included in this category of financial assets.

*Available-for-sale*

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

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*Derivatives designated as hedging instruments in an effective hedge*

The Company does not hold or have any exposure to derivative instruments.

**3.9 Financial liabilities**

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

*Financial liabilities at FVTPL*

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

*Financial liabilities measured at amortized cost*

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

*Derivatives designated as hedging instruments in an effective hedge*

The Company does not hold or have any exposure to derivative instruments.

### **3.10 Impairment of financial assets**

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

#### *Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

#### *Available-for-sale*

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

### **3.11 Derecognition of financial assets and liabilities**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### **3.12 Impairment of non-financial assets**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is

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the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

### **3.13 Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

For the nine months period presented, the Company does not have any restoration or environmental obligations.



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**3.14 Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. See Note 15 for further disclosures.

**3.15 Earnings/Loss per share**

The Company computes the dilutive effect of options, warrants and similar instruments by recognizing the dilutive effect on loss per share on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the period presented, this calculation proved to be anti-dilutive.

Basic earnings (loss) per share are calculated using the weighted-average number of shares outstanding during the period.

**3.16 Comprehensive income (loss)**

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings. Gains and losses that would otherwise be recorded within profit or loss are presented in other comprehensive income (loss) until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary to Canadian dollars is the only item currently affecting other comprehensive income (loss) for the periods presented.

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### 4. SEGMENTED INFORMATION

The Company operates in one business segment, being the investment in oil and gas properties. Geographical information is as follows:

	Canada	Argentina	Total
	\$	\$	\$
<b>Current assets</b>			
As at 31 January 2017	205,134	456,912	662,046
As at 30 April 2016	318,797	339,730	658,527
<b>Long-term assets</b>			
As at 31 January 2017	-	2,798,584	2,798,584
As at 30 April 2016	-	3,099,306	3,099,306
<b>Net loss</b>			
For the nine months period ended 31 January 2017	(88,861)	(244,720)	(333,581)
For the nine months period ended 31 January 2016	(105,890)	(732,984)	(838,874)

### 5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies:

	As at 31 January 2017	As at 30 April 2016
	\$	\$
Denominated in Argentinean Pesos	21,692	5,715
Denominated in Canadian dollars	25,472	27,821
Denominated in US dollars	568,692	287,957
<b>Total cash and cash equivalents</b>	<b>615,856</b>	321,493

As at 31 January 2017, cash and cash equivalents include three redeemable guaranteed investment certificates ("GIC") for a total of \$23,096 (30 April 2016 - \$23,072) with annual rates between 2% and 2.10%. The remaining balance of \$592,760 (30 April 2016 - \$298,421) is held as cash on demand.

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### 6. SHORT-TERM INVESTMENT

As at 31 January 2017, the Company held various term deposits in an Argentinean financial institution with fluctuating fair values.

As at 30 April 2016, all 336,341 Argentine Sovereign Bonds, denominated in USD with a 7% coupon and expiration date on 3 October 2015, were transferred and sold for proceeds of \$427,325, and net funds were transferred to the Company.

### 7. PREPAID EXPENSES

The Company's prepaid expenses as at 31 January 2017 include from the Argentinean subsidiary rent deposit and insurance totaling \$3,014 and from Canada \$1,723 for prepaid insurance (30 April 2016 - \$17,271).

### 8. AMOUNTS RECEIVABLE AND PREPAID TAXES

The Company's amounts receivable arise from Goods and Services Tax ("GST") receivable due from the government taxation authorities in Canada; and from Argentina where there are current receivables which represents accrued proceeds receivable on the investment and non-current prepaid taxes to be applied to future Argentinean taxes payable. This is as follows:

	<b>As at 31 January 2017</b>	As at 30 April 2016
	\$	\$
GST receivable	983	758
Amounts receivable	-	69,648
<b>Total</b>	-	70,406

	<b>As at 31 January 2017</b>	As at 30 April 2016
	\$	\$
Prepaid Argentinean taxes	179,824	173,890
<b>Total</b>	179,824	173,890

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**9. INVESTMENT**

On 7 August 2014, the Company entered into a field development agreement (the “Agreement”) with Central International Corporation Sucursal Argentina (“Central”), an upstream oil and gas operator in Argentina, to fund the drilling of three wells at Catriel Oeste Oil Concession, located in Rio Negro Province, Argentina.

Under the terms of the Agreement, the Company paid \$4,644,326 (US\$4,153,138) to Central, which was used to drill, complete, and equip three development wells. In the initial phase of the project, 70% of gross proceeds flow to the Company in order to recover its investment. Once the investment is recovered, the Company will receive 40% of gross proceeds from production from the wells.

The recoverability of the amount shown for the investment was dependent upon the extension of the Catriel Oeste concession, which was confirmed terminated after the period end.

As at 31 January 2017, the Company has realized accumulated investment returns of \$2,717,566 (US\$2,139,390).

During the nine months period ended 31 January 2017, realized investment returns were \$415,127 (US\$317,632); during the nine months period ended 31 January 2016 the realized investment returns were \$916,058 (US\$699,671).

The Catriel Oeste concession expired on October 25, 2016. In January 2017, Central advised Jagercor that Central continued to be involved in negotiations with the Rio Negro Province to extend the concession and had advised of a new offer to the Province related to an extension agreement. However, Central now has advised Jagercor that the Province of Rio Negro has rejected its offer, denying an extension of the actual concession agreement. As of January 31, 2017 Central was operating the Catriel Oeste oilfield until the Province initiates transfer of the asset (concession) to Provincial Hydrocarbons Company, which happened on February 28, 2017. As a result of Central’s inability to obtain a concession extension, production rights over the 3 wells terminate.

The Development Agreement has been impacted and effectively terminated by Central’s inability to obtain a concession extension. Central has failed to make payments to Jagercor under the Agreement for the periods of December and January, which the Company estimates to be approximately \$90,000.-. which have not been recorded as Jagercor is considering the options available to recover those payments owed under the Agreement. There are no assurances that the Company will be successful in recovering all or any of this money.

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**10. TRADE AND OTHER PAYABLES**

The Company's trade and other payables are broken down as follows:

	<b>As at 31 January 2017</b>	As at 30 April 2016
	\$	\$
Trade and other payables	<b>4,304</b>	94,700
<b>Total trade and other payables</b>	<b>4,304</b>	94,700

As at 31 January 2017, trade and other payables include: \$4,304 (30 April 2016 - \$69,898) in the Argentinean subsidiary (insurance, Argentinean taxes, payroll taxes); and \$Nil (30 April 2016 - \$24,802) due by the parent company in Canada.

**11. SHARE CAPITAL**

**11.1 Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

At 31 January 2017, the Company had 94,548,491 common shares outstanding (30 April 2016– 94,548,491).

**11.2 Shares issuances**

During the year ended 30 April 2016 the Company issued common shares as follows:

On 2 April 2015, the Company announced it had made arrangements to settle \$12,000 in debt in outstanding fees owed to a Director of the Company. The shares were issued during the year ended April 30, 2016.

For the year ended 30 April 2015:

On 2 December 2014, 2,000,000 common shares valued at \$0.06 per share with 1,000,000 share purchase warrants were cancelled. All the warrants were cancelled unexercised.

On 24 November 2014, the Company issued 8,396,192 units valued at \$0.06 per unit for total proceeds of \$503,772. Each unit consists of one common share and one half of one common

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share purchase warrant. Each warrant is exercisable to acquire one additional common share at any time for a two year period following issuance, at an exercise price of \$0.12 per common share. These warrants have a fair value of \$164,264. \$25,664 of share issuance costs were incurred.

On 7 November 2014, the Company issued 8,192,500 units valued at \$0.06 per unit for total proceeds of \$491,550. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at any time for a two year period following issuance, at an exercise price of \$0.12 per common share. These warrants have a fair value of \$175,425. In addition, 655,400 agent warrants were issued valued at \$30,193. A total of \$39,324 was paid in finders' fees.

On 27 October 2014, the Company issued 12,734,751 units valued at \$0.06 per unit for total proceeds of \$764,085. Each unit consists of one common share and one half of one share purchase warrant. Each one whole share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months at an exercise price of \$0.12. Share purchase warrants and shares will be subject to a four month holding period. These warrants have a fair value of \$207,925. The Company paid finder's fees on a portion of the private placement by issuing 186,680 share purchase warrants with a value of \$6,938 and paying \$11,201 in cash. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months at an exercise price of \$0.12.

During the year ended 30 April 2015, the Company issued 105,000 common shares pursuant to the exercise of stock options for total proceeds of \$7,350. \$6,882 was re-allocated from option reserve to common share upon exercise.

During the year ended 30 April 2015, the Company issued 980,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$61,250. \$19,303 was re-allocated from option reserve to common share upon exercise.

### 11.3 Stock options

The Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of Directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

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The following is a summary of the changes in the Company's stock options for the nine months period ended 31 January 2017 and for the year ended 30 April 2016:

	31 January 2017		30 April 2016	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	14,060,428	0.24	14,260,428	0.24
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(200,000)	(0.33)
<b>Outstanding, end of period</b>	<b>14,060,428</b>	<b>0.24</b>	14,060,428	0.24

There were no options granted during the nine months period ended 31 January, 2017 and the year ended 30 April 2016. The Company uses the Black-Scholes Option Pricing Model to estimate the value of the options granted. The following table summarizes information regarding stock options outstanding and exercisable as at 31 January 2017:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price \$	Remaining contractual life (years)
21 August 2013	21 August 2018	770,000	770,000	0.07	1.55
27 February 2014	27 February 2019	12,890,428	12,890,428	0.25	2.07
11 March 2014	11 March 2019	200,000	200,000	0.33	2.11
23 June 2014	23 June 2019	200,000	200,000	0.16	2.39
<b>Total Options</b>		<b>14,060,428</b>	<b>14,060,428</b>		

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### 11.4 Warrants

The following is a summary of the changes in the Company's warrants for the nine months period ended 31 January 2017 and for the year ended 30 April 2016:

	31 January 2017		30 April 2016	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	13,661,720	0.12	15,583,800	0.12
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	(13,661,720)	(0.12)	(1,992,080)	(0.11)
Cancelled	-	-	-	-
<b>Outstanding, end of period</b>	<b>-</b>	<b>-</b>	<b>13,661,720</b>	<b>0.12</b>

There no warrants issued during the nine months period ended 31 January 2017 and year ended April 30, 2016.

As at 31 January 2017, there were no outstanding warrants.

### 12. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the following data:

	Three month ended 31 January		Nine months ended 31 January	
	2017	2016	2017	2016
Net loss for the period	<b>\$(145,279)</b>	\$(174,314)	<b>\$(333,581)</b>	\$(838,874)
Weighted average number of shares – basic and diluted	<b>94,548,491</b>	94,548,491	<b>94,548,491</b>	94,523,129
<b>Earnings (loss) per share, basic and diluted</b>	<b>\$(0.002)</b>	\$(0.002)	<b>\$(0.004)</b>	\$(0.009)



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### 13. CAPITAL RISK MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital and (ii) obtain the best available net return.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition. To maintain or adjust the capital structure, the Company may attempt to issue new shares or issue new debt.

During year ended 2015 and onwards, the Company began actively trading on the CSE. The Company relied till January 31, 2017 on returns from its oil and gas investment (Note 9) to meet obligations. As of this date, the Company is evaluating its options and alternatives because of the effective termination of its rights under the Development Agreement with Central.

### 14. FINANCIAL INSTRUMENTS

#### 14.1 Categories of financial instruments

	31 January 2017	30 April 2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash and cash equivalents	615,856	321,493
Short-term investment	40,470	249,357
<b>Loans and receivables</b>		
Investment	2,618,760	2,925,416
Amounts receivable	983	70,406
<b>Total financial assets</b>	<b>3,276,069</b>	<b>3,566,672</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	4,304	94,700
<b>Total financial liabilities</b>	<b>4,304</b>	<b>94,700</b>

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**14.2 Fair Value**

The fair value of the Company's accounts receivable, and trade and other payables, approximate carrying value, which is the amount recorded on the consolidated statement of financial position. The fair value of the Company's investment, carried at amortized cannot be determined as there is no fixed terms of repayment. The Company's other financial instruments, cash and cash equivalents, and short-term investment, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 31 January 2017, the Company does not have any Level 3 financial instruments.

<b>As at 31 January 2017</b>	<b>Level 1</b>	<b>Total</b>
	\$	\$
<b>Financial assets at fair value</b>		
Cash and cash equivalents	615,856	615,856
Short-term investments	40,470	40,470
<b>Total financial assets at fair value</b>	<b>656,326</b>	<b>656,326</b>

<b>As at 30 April 2016</b>	<b>Level 1</b>	<b>Total</b>
	\$	\$
<b>Financial assets at fair value</b>		
Cash and cash equivalents	321,493	321,493
Short-term investments	249,357	249,357
<b>Total financial assets at fair value</b>	<b>570,850</b>	<b>570,850</b>

There were no transfers between Level 1 and 2 during the nine months period ended 31 January 2017.

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**14.3 Management of financial risks**

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated financial institutions. As a result, credit risk is considered insignificant.

**Liquidity risk**

The Company is reliant primarily upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents and short-term investments to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash and cash equivalents and short-term investments to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 31 January 2017, the Company had a working capital of \$657,742.

**Other risks**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or price risk arising from these financial instruments.

The Company may have available funds in Argentina. Thus, the Company's ability to repatriate funds from Argentina is governed by the Argentine Republic Central Bank (BCRA), which imposes a number of monetary and currency exchange control measures that may include tight restrictions to access foreign currency to transferring funds abroad.

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, short-term investments, amounts receivable, and trade and other payables that are denominated in US dollars and Argentinean Pesos. 10% fluctuations in the US dollar and Argentinean Pesos against the Canadian dollar would give rise to a \$63,000 change in comprehensive income.

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### 15. RELATED PARTY TRANSACTIONS

#### 15.1 Shares to be issued

The liabilities of the Company include the following amounts due to related parties:

	31 January 2017	30 April 2016
	\$	\$
CEO (shares to be issued)	29,200	29,200
<b>Total amount (shares to be issued)</b>	<b>29,200</b>	29,200

As at 31 January 2017, related parties include an incentive bonus payable to compensate the Chief Executive Officer payable in 730,000 common shares at a price of \$0.04 per share.

The amounts due to related parties are non-interest bearing, unsecured and due on demand.

#### 15.2 Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

	Three month ended 31 January		Nine months ended 31 January	
	2017	2016	2017	2016
	\$	\$	\$	\$
Short-term benefits – Management fees	33,833	111,930	92,381	381,646
Short-term benefits – Director fees	3,000	3,000	6,000	6,000
<b>Total key management personnel compensation</b>	<b>36,833</b>	114,930	<b>98,381</b>	387,646

Management fees for the nine months period ended January 31, 2017 correspond mainly to salaries and wages paid in the Argentinean subsidiary to the CFO and the Corporate Secretary.

Director fees corresponded to the compensation, of Dennis Mee, who was a Director of the Company until December 2016, for his participation in board and audit committee meetings, and the review of director's consent resolutions and quarterly financial statements.

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### **16. SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine months period ended 31 January 2017 and 2016, the Company made \$Nil cash payments for interest.

### **17. SUBSEQUENT EVENTS**

On February 06, 2017 Alejandro Cheriñacov resigned as the Chief Financial Officer and Director of the Company.

On February 28, 2017 Central was no longer the operator of the Catriel Oeste Field.