JAGUAR FINANCIAL CORPORATION

First Quarter

MD&A

2010

Management's Discussion and Analysis – First Quarter 2010

Introduction

Jaguar Financial Corporation ("Jaguar" or the "Company") is a Canadian merchant bank that invests in undervalued small capitalization companies in a variety of industry sectors. The Company is governed by the *Business Corporations Act (Ontario)* (the "OBCA") and its common shares are listed on the Toronto Stock Exchange under the symbol "JFC". Jaguar's registered head office is Suite 2020, 145 King St. West, Toronto, Ontario.

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of the Company are the views of management and should be read in conjunction with the unaudited financial statements and related notes for the period ended March 31, 2010, compared to the three months ended March 31, 2009.

The unaudited financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars unless otherwise indicated. These interim financial statements for the period ending March 31, 2010, have not been reviewed by the Company's auditors.

This report is dated as at May 11, 2010, and the Company's public filings, including its most recent Annual Information Form, can be reviewed via the SEDAR website (www.sedar.com).

Forward-Looking Statements

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

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

Strategic Focus

The Company is a merchant bank, focused on creating value for Jaguar's shareholders by making investments in what management considers undervalued companies in various industry sectors. The Company believes that management has very good merchant banking experience, which assists the Company in making investments in undervalued companies and realizing on such investments, passively or proactively, depending on the circumstances. Proactive involvement by Jaguar could include working with management or the directors of the particular company to implement necessary changes to create shareholder value, by initiating change at the board level, or by implementing a change of control transaction.

In 2008 the Company expanded its investment strategy to include participation with investor groups or lender groups in which the Company directs the investment decisions and the investor or lender groups participate in any investment gains. Lender groups do not participate in any investment losses.

Investments

Since commencing operations as a merchant bank in Q1 of 2007, Jaguar has invested in publicly traded securities of fifty-nine companies, which the Company believed were undervalued. Fifty-one of those positions were sold – seven in fiscal 2007, twenty-six in 2008, seventeen in fiscal 2009 and one in Q1 of 2010, respectively. As at March 31, 2010, the Company owned shares in eight companies.

On March 31, 2010, the Company has a significant investment in Lakeside Steel Inc. ("Lakeside"). The investment in Lakeside represents approximately 25.3% (December 31, 2009 – 28.1%) of the total issued and outstanding Lakeside common shares. As at March 31, 2010, the fair value of the Company's investment in Lakeside was $5,230,827.

The Chairman and Chief Executive Officer of the Company is also the Chairman and Chief Executive Officer of Lakeside. These factors, along with common ownership, have led the Company to determine that it has significant influence on Lakeside and thus, the equity method of accounting has been used.

As at March 31, 2010, the Company also had significant investments in Royal Laser Corp. ("Royal") representing approximately 18.8% (December 31, 2009 – 18.8%) of the total issued and outstanding Royal shares and WGI Heavy Minerals, Incorporated ("WGI") representing approximately 16.0% (December 31, 2009 – 16.0%) of the total issued and outstanding WGI shares. The Chairman and Chief Executive Officer of the Company is a director of both Royal and WGI.

Subsequent to quarter-end, the Company entered into a lock-up agreement with Triple M Metal L.P. ("Triple M") to tender all of the Royal shares owned by Jaguar to Triple M's all cash take-over bid offer of $0.47 per Royal share. Triple M's offer was made on May 7, 2010, and Jaguar anticipates receiving approximately $8.5 million on June 15, 2010.

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

Results of Operations

The economy and capital markets environment, though challenging, continued to improve through the first quarter of 2010. Credit markets continue to show signs of easing, however, at a very slow pace and global stock markets were more stable than in the previous quarters and by the end of first quarter were trading at their highest levels, since the economic downturn. The economy remains fragile and unpredictable. While equity markets experienced less volatility, investors remained cautious.

The improvement in market conditions resulted in improved opportunities for Jaguar, including an increase in the value of the Company's investments, resulting in both realized and unrealized gains. The improved liquidity conditions make it less difficult to exit an investment within the planned time horizon.

These improved economic and capital markets conditions created a more favourable investment climate for the Company. Jaguar reported net income from operations of $2,139,551 for the quarter ending March 31, 2010, a significant improvement from the gain of $989,464 reported in Q1 of the prior year. The Company's share of losses in Lakeside was $702,155, resulting in net income of $1,437,396 for quarter ending March 31, 2010, compared to net income of $681,840 in Q1 of last year.

Financial Highlights for the three months ending March 31, 2010 with comparatives:

	Three months ended March 31	
Operating Results	**2010**	**2009**
Gain on investments, net	$ 2,328,141	$ 3,604,999
Revenue – fees	62,106	-
Net income from operations	**2,139,551**	**989,464**
Equity loss of Lakeside	(702,155)	(307,624)
Net income for the period	**1,437,396**	**681,840**
Net income (loss) per share – basic and diluted	0.01	0.01
Cash, cash equivalents and term deposits	26,272	334,348
Investments, at fair value	9,573,300	12,310,527
Investment in Lakeside, at equity	2,848,230	5,993,429
Total Assets	**$ 12,476,923**	**$ 18,716,213**
Investment in Lakeside, at fair value	$ 5,230,827	$ 2,185,139

During the quarter, the market value of the Company's investments increased resulting in an unrealized gain of $2,310,045. The Company sold securities for realized gains of $18,096. In the same period last year, the Company reported a net investment gain of $3,604,999.

For the three months ended March 31, 2010, the Company recorded an equity loss attributed to its investment in Lakeside in the amount of $702,155. The Company recorded an equity loss relating to Lakeside of $307,624 for the same period in 2009.

Fee revenue was $62,106 for the first quarter ended March 31, 2010, compared to nil in 2009.

Total expenses were $250,696 in Q1 of 2010, a decrease of $2,459,457 as compared to Q1 of 2009. This decrease in expenses was largely the result of less investment activity by the Company. The primary drivers were legal and audit fees – lower by $937,499; participation and financing fees – lower by $913,702; transaction costs – lower by $470,889.

Stock based compensation at nil was lower by $55,004 compared to the same period of the prior year, as all options granted were fully vested as at September 1, 2009.

Share Capital Information

As at March 31, 2010, the Company had 104,299,332 common shares together with 8,250,000 stock options outstanding, which, if exercised, would amount to a fully diluted position of 112,594,332 common shares. No stock options were granted and no common shares were issued during the quarter.

Normal course issuer bid

On June 2, 2009, the Company announced a normal course issuer bid. According to the terms of the bid, and in accordance with the rules of the TSX, during the period commencing June 5, 2009, and ending June 4, 2010, Jaguar may purchase a maximum of 7,918,184 of its common shares, which represents approximately 10% of the public float, as defined in the TSX Company Manual. Purchases of common shares will be effected through the facilities of the TSX in open market transactions at market prices prevailing at the time of acquisition. Daily purchases may not exceed 19,337 common shares, unless otherwise permitted by the TSX. All common shares purchased under the bid are cancelled.

As at March 31, 2010, Jaguar purchased, from the commencement date of the bid, 3,263,500 common shares of the Company and cancelled these shares.

Liquidity and Capital Resources

As at March 31, 2010, the Company had cash, cash equivalents and investments, at fair value of $14,830,399. The Company had net assets of $8,931,488 as at March 31, 2010, or approximately $0.09 per issued share.

The fair value of the Company's investment portfolio including the investment in associated company was $14,804,127 as at March 31, 2010, as compared to $14,495,666 for the same period in the prior year. The increase in the value of the investment portfolio is primarily due to increases in the fair value of all of the securities held by the Company, as a result of improvements in the economy and capital markets environment in Q1 of 2010. The Company currently has investments in the securities of eight companies, compared to ten at the end of Q1 of 2009.

Presently, the Company has sufficient funds on hand to fund its working capital requirements. At March 31, 2010, the Company had borrowed approximately $1,783,494 for specific investment opportunities (see Note 6). These loans are repaid once the related investments are sold, in accordance with each loan agreement. If the economic and capital markets environment continues to be challenging, there is the potential that the Company may be forced to sell its investments at a loss, to fund repayments. The loans mature at the earlier of (i) the date the related investment is sold, or (ii) 9 months following the date of the issuance of the loan. These loans consist of funds received from related and third parties. As at March 31, 2010, 19.6% of these loans were due to related parties and 80.4% to third parties.

The fair value used in valuing the Company's investment portfolio is based on the closing bid price of each security held in the Company's investment portfolio as at March 31, 2009.

Related Party Information

The Company had related party transactions with directors and/or officers of the Company, or companies with which they were associated, which were in the normal course of operations and were measured at the exchange amounts as follows:

	2010	**2009**
Transaction costs [1]	$ 5,733	$ 477,380
Consulting expenses [2]	-	-
Advisory fees [1]	9,121	-
Profit participation fees [3]	-	172,553
Interest expenses	6,958	14,276
Payables an accruals	12,658	174,591
Receivables	25,000	52,500

1. *Northern Securities Inc. ("NSI"), a Canadian investment dealer, is a wholly owned subsidiary of Northern Financial Corporation ("NFC"), the largest shareholder of Jaguar and acts as investment advisor and financial advisor to Jaguar in the course of its merchant banking activities. Jaguar has established a governance agreement between Jaguar, NFC and NSI to address any potential conflicts of interest. The Chairman and Chief Executive Officer of NFC is also the Chairman and Chief Executive Officer of Jaguar.*
2. *All remuneration of the Chief Executive Officer of Jaguar is paid to Stature Inc., a corporation wholly owned by the Chief Executive Officer of Jaguar. Effective January 1, 2009, the Chief Executive Officer of Jaguar has agreed to waive all salary and all bonuses to which he may be entitled until a total amount of $1,150,000 has been waived. To March 31, 2010, $300,000 in compensation has been waived.*
3. *Profit participation fees on loans provided by directors of the Company.*

As at March 31, 2010, the Company had interest payable of $12,658 to directors and corporations wholly owned by directors of the Company. As at March 31, 2010, the Company had short-term loans payable to those wholly owned corporations of $450,000 (December 31, 2009 – $500,000).

Contractual Obligations

The Company's annual payments for the retirement of its long-term debt obligations are as follows:

2010	$ 306,036
2011	217,126
2012	228,235
2013	239,912
2014	41,162
	$ 1,032,471

The Company has no other contractual commitments. Jaguar currently occupies space under a lease between NSI and its landlord. Jaguar reimburses NSI on a monthly basis for its portion of occupancy expenses, as governed by a management agreement between Jaguar and NSI.

Summary of Quarterly Results

The following table provides selected unaudited financial information for each of the last eight quarters:

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3 [1]	Q2
Revenue	2,390,247	(26,705)	2,216,678	2,269,345	3,699,617	(10,448,456)	(6,272,234)	(2,494,474)
Net (loss) income	1,437,396	(1,377,223)	791,802	(261,077)	681,840	(11,376,924)	(8,172,149)	(3,480,783)
(Loss) income per common share basic and diluted	0.01	(0.01)	0.01	0.00	0.01	(0.11)	(0.08)	(0.03)

1. The third quarter results have been revised by $375,120 for loss on derivatives.

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

Recent accounting pronouncements

In August 2009, the AcSB amended CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", to achieve consistency with international standards on impairment of debt securities. The amendments changed the definition of a loan such that debt securities not quoted in an active market could be classified as a loan and measured at amortized cost. Impairment for debt securities classified as loans will be assessed and recorded using the incurred credit loss model of CICA Handbook Section 3025, "Impaired Loans". Debt securities that are classified as available-for-sale securities continue to be written down to their fair value through earnings when the impairment is considered other-than-temporary. However, the impairment loss can be reversed if the fair value subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized. The Company adopted the amendments, effective January 1, 2010. The impact of the adoption of these amendments is not significant.

International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, the Company will adopt IFRS and intends to have financial statements that are IFRS – compliant for the first reporting quarter of 2011.

The Company is required to discuss the status of the key elements and timing of its changeover plan in its annual 2009 MD&A.

The Company is in the process of developing an IFRS transition plan. Key elements of the plan include the following:

- engage external auditors to consult on impact assessment and conversion methodology;
- identification of accounting policies under IFRS that are relevant to the Company;
- identification of situations where alternate IFRS accounting policies exist;
- identification of major differences between accounting policies under Canadian GAAP and accounting policy choices under IFRS;

- assessment/implementation of accounting and information systems changes required to accommodate the impact of major differences between Canadian GAAP and IFRS;
- assessment of changes to internal controls required to accommodate the impact of major differences between Canadian GAAP and IFRS; and
- assessment/identification of required financial reporting expertise and training required for financial reporting staff.

The Company has had initial discussions with its external auditors on IFRS disclosure requirements and timelines regarding milestones towards implementation. The Company has completed its assessment of the impact of the transition to IFRS including its effect on accounting policies, disclosures, financial systems, and internal controls, and has determined that the impact will be minimal.

In January 2009, the CICA issued CICA Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidations”, and Section 1602, “Non-controlling Interests”. These sections replace the former CICA Handbook Section 1581, “Business Combinations” and Section 1600, “Consolidated Financial Statements” and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting of a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations” (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements. CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard 27, “Consolidated and Separate Financial Statements” (January 2008). CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The impact of the adoption of these sections is not expected to be significant.

Management of Capital

The Company’s capital structure includes the following:

	March 31 2010	**December 31 2009**
Short-term loans payable	$ 1,783,494	$ 1,957,248
Loans payable	1,032,471	1,032,471
Shareholder’s equity comprised of		
Capital Stock	60,822,844	60,884,717
Contributed Surplus	5,393,683	5,331,830
Deficit	(57,285,039)	(58,722,436)
	$ 11,747,453	**$ 10,483,830**

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

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

The Company’s share capital is not subject to external restrictions/requirements imposed by a regulator. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company’s management is responsible for the management of capital and monitors the Company’s use of various forms of leverage on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at March 31, 2010.

Financial instruments

The Company's business primarily involves the purchase and sale of securities and, accordingly, the majority of its assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including price, liquidity and interest rate risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Price risk:

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

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

The Company manages this risk by having a diversified portfolio, which is not singularly exposed to any one or class of issuer. Jaguar's investment activities are currently diversified across five industries – industrial, technology, telecommunication and natural resources.

As at March 31, 2010, based on a 1% change in the fair value of the Company's investments, the estimated sensitivity of the Company's net income (loss) was ($96,000) (March 31, 2009 – ($123,000)), based on a decrease and $96,000 (March 31, 2009 – $123,000), based on an Increase.

Liquidity risk:

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

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

At March 31, 2010, the Company had borrowed approximately $1,783,494 for specific investment opportunities. These loans are repaid once the related investments are sold, in accordance with each loan agreement. If the economic and capital markets environment continues to be challenging, there is the potential that the Company may be forced to sell its investments at a loss, to fund repayments. The loans mature at the earlier of (i) the date the related investment is sold, or (ii) 9 months following the date of the issuance of the loan. These loans consist of funds received from related and third parties. As at March 31, 2010, 19.6% of these loans were due to related parties and 80.4% to third parties.

Interest Rate Risk:

Interest rate risk is the risk of loss due to the volatility of interest rates and the impact that changes in interest rates could have on the Company's earnings and liabilities. As at March 31, 2010, the Company had no short-term loans that were interest rate sensitive. Liabilities can be repaid by the Company at any time, without notice or penalty, which provides the Company with some ability to manage and mitigate its interest rate risk. The Company does not hedge against any interest rate risks.

For the three months ended March 31, 2010, a 1% change in interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 2010, the estimated sensitivity of the Company's net income (loss) was ($82) (March 31, 2009 – ($2,301)), based on an increase in rate and $82 (March 31, 2009 – $2,301), based on a decrease in rate.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the determination of fair value of the Company's investments. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company uses the closing bid price of the underlying securities on the last trading day of the period to fair value its investments. Management believes that the bid price is reflective of fair value. Certain factors may have an effect on the fair value such as general market conditions and the volume of shares traded.

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have established and maintained disclosure controls and procedures in order to provide reasonable assurance that material information related to the Company is made known in a timely manner. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at the Company's financial year-end and believe them to be adequate and effective in providing reasonable assurance that material information is reliable and timely.

Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for certifying that they have designed the Company's internal control over financial reporting ("ICFR") to a standard that provides reasonable assurance of the reliability and accuracy of financial reporting. The certifying officers have evaluated the design of the Company's ICFR as at the Company's financial year end and have concluded the design to be sufficient to provide such reasonable assurance. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and in accordance with the accounting policies set out in the notes to the financial statements for the quarter ended March 31, 2010.

Management must disclose in its MD&A any material weakness found to exist within its system of internal control over financial reporting. Management has identified a material weakness relating to the lack of segregation of duties. The management group of the Company is small and the ability to achieve an appropriate level of segregation of duties throughout the year is limited. This is a typical issue for smaller companies, and while the Company has added additional staff, which has strengthened the segregation of duties, there still exists limited segregation. Management believes, however, that the risks associated with the lack of segregation of duties have been mitigated by the implementation of other controls. The Audit Committee has direct oversight responsibilities for the review and approval of the quarterly and annual financial disclosures, the Company has a qualified senior accountant engaged on a full time basis to manage the Company's financial disclosures. The Company has no further mitigation plans.