JAGUAR FINANCIAL CORPORATION
Third Quarter
MD&A

2008

Management's Discussion and Analysis – Third Quarter 2008

Introduction

Jaguar Financial Corporation ("Jaguar" or the "Company") is a Canadian merchant bank that invests in what management considers undervalued small capitalization companies in a variety of industry sectors. The Company is governed by the *Business Corporations Act (Ontario)* and its common shares are listed on the Toronto Stock Exchange.

After obtaining the requisite shareholder approval at the annual and special meeting held on June 30, 2008, Jaguar effected a three cornered amalgamation for the purpose of becoming organized under the *Business Corporations Act* (Ontario) (the "OBCA"). As more fully described in the information circular dated June 2, 2008, Jaguar, a new entity organized under the OBCA, acquired all of the assets and liabilities of Jaguar Financial Inc. and all of Jaguar Financial Inc.'s securities were exchanged for a like number of securities of Jaguar. Effective July 2, 2008, the business of Jaguar was carried on by Jaguar Financial Corporation.

The securities of Jaguar are listed and posted for trading on the TSX 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 three and nine months ended September 30, 2008, compared to the three and nine months ended September 30, 2007.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars unless otherwise indicated. These interim financial statements have not been reviewed by the Company's auditors.

This report is dated as at November 12, 2008 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 Initiatives

On February 23, 2007 Jaguar announced its intention to change the focus of the Company from a mineral exploration company to 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 will assist it in making investments in undervalued companies and realizing on such investments, passively or proactively, depending on the circumstances of the particular company. Proactive involvement by Jaguar could involve working with management or the directors of the particular company to implement necessary changes to create shareholder value, or by initiating change at the board level, or by implementing a change of control transaction.

Since commencing operations as a merchant bank in Q1 of 2007, Jaguar has invested in publicly traded securities of forty-four companies, which the Company believed were undervalued. Twenty-eight of those positions were liquidated – seven in fiscal 2007, and five, seven and nine in Q1, Q2 and Q3 of 2008, respectively. The Company currently holds the shares of sixteen companies from different industries.

The largest position currently held by the Company is Royal Laser Corporation ("Royal"). The investment in Royal represents approximately 18.02% (December 31 – 11.8%) of the total issued and outstanding Royal common shares ("Shares").

On September 2, 2008 the Company announced an offer (the "Offer") to acquire up to 31,620,495 of Royal Shares at a cash price of $0.80 per share. The consideration offered under the Offer represented a premium of (i) $0.13 or 19.4% to the closing price of the Shares on the TSX on August 18, 2008, the last trading day prior to the announcement of Jaguar's intention to make the Offer, and (ii) $0.16 or 25.0% to the volume weighted average trading price of the Royal Shares for the 30 trading days immediately preceding the date of announcement of Jaguar's intention to make the Offer.

On October 8, 2008 the Company announced it had extended the expiry date and time of its offer to acquire up to 31,620,495 of the issued common shares of Royal not already owned by Jaguar to 5:00 p.m. on Friday, November 7, 2008.

Jaguar also announced that, as a result of a major decline in markets generally and in the share price of Royal from a closing price of $0.72 on September 3, 2008, the date Jaguar commenced the Offer, to a closing price of $0.45 on October 7, 2008, Jaguar is varying the terms of the Offer by reducing the Offer price per common share from $0.80 to $0.63 per common share.

The Offer is conditional on, among other things, the deposit of that number of Royal shares which, when taken together with the shares of Royal owned by Jaguar, constitutes at least 50% of the Royal Shares plus one Share. The purpose of the Offer is to acquire control of Royal. Other conditions to which the Offer is subject are set out in detail in the Offer documents.

If the Jaguar acquires sufficient shares to elect a majority of the directors, Jaguar intends to appoint several nominees of Jaguar to the Royal Board of Directors such that the Jaguar nominees would represent a majority of the Board. The newly-constituted Board will examine alternatives for maximizing shareholder value, including a possible business combination with Added Capital Corp. ("Added"). The Company owns approximately 22.6% of Added, parent company to Lakeside Steel Corporation. The Company believes that significant opportunities to increase shareholder value exist between Royal and Added, which include additional leverage in purchasing steel and additional capacity throughput at Royal's facilities. In addition, upon completion of the Offer, the Jaguar intends to take steps to cause Royal to sell the non-core businesses of Royal, which consist of Royal Laser Manufacturing, WAM Industries Ltd., Smokey Manufacturing Inc., Thunder Tool and Manufacturing Ltd., and Envyrozone.

As at September 30, 2008, the Company also had a significant investment in Virtek Vision International Inc. ("Virtek"). The investment in Virtek represents approximately 5.9% (December 31 – nil) of the total issued and outstanding Virtek shares. As at September 30, 2008, the Company, together with an investor group, own or exercise control or direction over a total of approximately 19.9% (December 31 – nil) of the outstanding shares of Virtek. Subsequent to the end of the quarter, the Company tendered its shares of Virtek to a take-over bid by Gerber Scientific Canada Inc., a subsidiary of Gerber Scientific Inc. for $1.05 per share and total proceeds of $7,015,260.

Results of Operations

The economy and capital markets environment worsened and remained extremely challenging in the quarter. Credit markets continued to deteriorate, resulting in an extended disrupting of global stock markets. Continued fears of a recession and difficult liquidity conditions have resulted in considerable volatility in the equity market and lack of investor confidence.

These ongoing conditions have continued to produce difficult circumstances for specialized merchant banks, such as Jaguar. The factors noted above are significantly more intensified for the small and micro capitalization firms in which the Company invests.

Due to these difficult market conditions, the Company reported a net loss of $7,797,029 for the quarter ended September 30, 2008 compared to net income of $5,432,843 a year ago.

Financial Highlights for the period ending September 30, 2008 with comparatives:

Operating Results (Unaudited)	Three months ended September 30 2008	2007
Net investments gain/(loss)	$ (6,119,522)	$ 9,754,994
Revenue – Advisory fees	222,235	-
Revenue - Interest	173	31,819
Equity earnings of associated company	618,777	-
Net income/(loss) for the period	**(7,797,029)**	**5,432,843**
Net income/(loss) per share – basic and diluted	(0.07)	0.05
Cash and term deposits	1,642,326	2,519,869
Investments, at fair value	18,565,217	36,831,956
Investment in associated company, at equity	5,518,988	-
Total Assets	$ 25,607,633	$ 39,354,058

For the three months ended September 30, 2008 the Company generated a net loss on investments of $6,119,522 as compared to a net gain of $9,754,994 for the same period in 2007. During the quarter, the market value of the Company's investments declined resulting in an unrealized loss of $4,967,093. The Company sold securities for realized losses of $1,152,429. In the same period last year, the Company reported an unrealized gain of $9,730,994 as a result of an increase in the market value of its investments, largely related to its investment in the common shares of Century II Holdings Inc.

Advisory fees revenue was $222,235 for the third quarter ended September 30, 2008. There is no comparative result for 2007.

Interest revenue for the three months was $173, compared to interest income of $31,819 for the same period of the prior year. The decrease is due to Jaguar's shift in investment focus as a merchant bank, moving funds away from short-term deposits to equity investments.

The Company accounts for its investment in Lakeside Steel Inc. ("Lakeside"), formerly Added Capital Corporation, using the equity method, recording its share of earnings in income. Lakeside reported earnings for the three month period ending September 30, 2008, of $2,752,928 and the Company recorded an equity gain of $618,777. There is no comparative for the prior year.

Total expenses decreased from $4,353,970 in Q3 of 2007 to $2,518,692 in Q3 of 2008. The $1,835,278 decrease in expenses was due primarily to decreases in management salaries and consulting fees – down by $1,027,638; stock based compensation – down by $657,445; office and general – down by $139,154; legal and audit fees – down by $129,632; transaction costs – down by $52,608; and shareholder information and transfer agent cost – down by $45,422. A portion of the aggregate decrease in the above expenses was offset by increases in advisory fees – up by $145,233, interest expense – up by $46,473 and travel – up by $29,661 compared to Q2 of 2007, a result of the Company's involvement in more deals in Q3 of 2008.

Operating Results (Unaudited)	Nine months ended September 30 2008	2007
Net investments gain/(loss)	$ (8,625,691)	$ 10,332,223
Revenue – Advisory fees	222,235	
Revenue - Interest	64,665	274,450
Equity earnings of associated company	581,386	-
Net income/(loss) for the period	**(12,350,280)**	**5,495,743**
Net income/(loss) per share – basic and diluted	(0.11)	0.05
Cash and term deposits	1,642,326	2,519,869
Investments, at fair value	18,565,217	36,831,956
Investment in associated company, at equity	5,518,988	-
Total Assets	$ 25,607,633	$ 39,354,058

For the nine months ended September 30, 2008, the Company generated a net loss on investments of $8,625,691, compared to a net gain of $10,332,223 in the first nine months of 2007. Due to continued difficult market conditions, the market value of the Company's investments declined, resulting in an unrealized loss of $7,232,541 as at September 30, 2008. The Company also sold securities for a realized loss of $1,393,150 for the nine months ended September 30, 2008.

Advisory fees revenue was $222,235 for the nine months ended September 30, 2008. There is no comparative result for 2007.

Interest revenue for the nine month period was $64,665, a 76% decrease, compared to interest income of $274,450 for the same period of the prior year. The decrease is due to Jaguar's continued shift in investment focus as a merchant bank, moving funds away from short-term deposits to equity investments.

Equity earnings from Lakeside were $581,386 for the nine month period. There is no comparative for the prior year.

Total expenses for the nine months ended September 30, 2008 decreased from $5,110,939 to $4,592,875, compared to the same period in 2007. The $518,064 decrease in expenses was due primarily to decreases in management salaries and consulting fees lower by $831,506; stock based compensation lower by $566,237; office and general lower by $139,154; shareholder information and transfer agent fees lower by $20,056; and amortization lower by $16,746.

Share Capital Information

As at June 30, 2008 the Company had 107,585,432 common shares together with 8,550,000 stock options outstanding, which, if exercised, would amount to a fully diluted position of 116,135,432 common shares. Stock options of 8,550,000 with an exercise price of $0.215 were granted to employees and directors in Q3 of 2007 through the stock option plan. The Company announced a normal course issuer bid in Q1 of 2008 and has since purchased 511,000 of its common shares and cancelled 487,400 of the purchased common shares.

Normal Course Issuer Bid

On February 5, 2008, 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 February 7, 2008, and ending February 6, 2009, Jaguar may purchase a maximum of 8,429,621 of its common shares, which represents approximately 10% of the common shares outstanding as at January 31, 2008. 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 22,667 common shares, unless otherwise permitted by the TSX. All common shares purchased under the bid will be cancelled.

As at September 30, 2008, Jaguar purchased, from the commencement date of the bid, 533,600 common shares of the Company. During that period, the Company cancelled all of the 533,600 common shares purchased for cancellation.

Liquidity and Capital Resources

As at September 30, 2008, the Company had cash, cash equivalents and investments, at fair value of $20,207,543. The Company had net assets of $19,539,507 as at September 30, 2008, or approximately $0.18 per issued share.

The fair value of the Company's investment portfolio including the investment in associated company was $20,677,518 as at September 30, 2008, compared to $26,380,916 for the same period in the prior year. The decrease in the value of the investment portfolio is primarily due to decreases in the fair value of most of the securities held by the Company, as a result of the challenging economy and capital markets environment in Q3. The Company currently has investments in the securities of sixteen companies, compared to nine at the end of Q3 of 2007.

Presently, the Company has sufficient funds on hand to fund its working capital requirements. The short term loans used to fund a portion of the Company's investment in the shares of Virtek, in the amount of $2,048,530, were repaid subsequent to the end of the quarter.

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 September 30, 2008.

Related Party Information

For the six months ended September 30, 2008, 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:

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Transaction costs [1]	$ 227,039	$ 279,647	$ 662,543	$ 428,594
Consulting expenses [2]	50,000	50,000	150,000	150,000
Shareholder costs [3]	-	-	-	141,644
Advisory fees [1]	800,000	2,121,609	1,350,000	2,137,609

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 conflict of interest. The Chairman and Chief Executive Officer of NFC is also the Chairman and President of Jaguar.*
2. *All remuneration of the President of Jaguar is paid to Stature Inc., a corporation wholly owned by the Chairman and President of Jaguar.*
3. *Proxy solicitation expense paid to NFC for shareholder meeting services.*

As at September 30, 2008, the Company had accrued interest payable in the amount of $17,528 to a director of the Company. As at September 30, 2008, the Company had loans payable to that director of $615,000 (December 31, 2007 – nil).

As at September 30, 2008, the Company had interest and gains payable of $39,803 to a corporation wholly owned by a director of the Company. As at September 30, 2008, the Company had loans payable to that wholly owned corporation of $200,000 (December 31, 2007 – nil).

Contractual Obligations

The Company currently has no contractual commitments. Jaguar currently occupies space under a lease between Northern Securities Inc. ("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:

	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Income and equity earnings	(5,278,337)	(2,508,801)	29,733	(188,976)	9,786,813	1,271,027	(451,167)	3,450,395
Net income (loss)	(7,797,029)	(3,480,783)	(1,072,468)	(977,092)	5,432,843	779,803	(716,912)	(2,322,352)
Income (loss) per common share basic and diluted	(0.07)	(0.03)	(0.01)	(0.01)	0.05	0.01	(0.01)	(0.02)

Throughout 2006, the Company operated as a mining company. It sold its Guatemalan subsidiary for a gain in Q1 of 2006 and subsequently recorded a purchase price adjustment in Q4. The Company changed its business focus from mining to merchant banking in Q1 of 2007, investing in publicly traded securities of a number of companies in different industries. The fluctuation in income and total assets quarter over quarter in 2007 and 2008 is reflective of investment gains and losses, and the fluctuation in the prices of the securities held by the Company.

Change in Accounting Policy

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 Capital Disclosure, Section 3862, Financial Instruments – Disclosure and Section 3863 Financial Instruments – Presentation.

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed.

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance; and

(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

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 market, price and liquidity 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 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 – alternative energy, industrial, technology, telecommunication and natural resources.

Liquidity risk:

Liquidity risk is the risk that the Company will have sufficient cash resources 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 that can be readily converted into cash when required.

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 and the estimate of the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

As it relates to the valuation of its investments, 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.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of the Company's shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with Black-Scholes modelling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock-based compensation and hence results of operations, there is no impact on the Company's financial condition.

Disclosure Controls and Procedures

The President 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 of the date of this report 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 President 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 of the date of this report and have concluded the design to be sufficient to provide such reasonable assurance. The financial statements have been prepared by management in accordance with generally accepted accounting principles (GAAP) and in accordance with the accounting policies set out in the notes to the financial statements for the three months ended June 30, 2008.

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 management staff, which has strengthened the segregation of duties, there still existed 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 and the Company has a qualified senior accountant engaged on a full time basis to manage the Company's financial disclosures.