



MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE QUARTER ENDED
JUNE 30, 2018**

TABLE OF CONTENTS

OUR BUSINESS	2
Q2 2018 FINANCIAL & OPERATING SUMMARY	3
REVIEW OF OPERATING AND FINANCIAL RESULTS	6
CONSOLIDATED FINANCIAL RESULTS	11
REVIEW OF FINANCIAL CONDITION	17
CAPITAL STRUCTURE	19
OFF-BALANCE SHEET ITEMS.....	20
RELATED PARTY TRANSACTIONS.....	20
DEVELOPMENT AND EXPLORATION PROJECTS	20
QUALIFIED PERSON.....	21
OUTSTANDING SHARE DATA.....	21
NON-IFRS PERFORMANCE MEASURES	22
RISKS AND UNCERTAINTIES	24
CRITICAL ACCOUNTING ESTIMATES.....	25
CHANGES IN ACCOUNTING POLICIES.....	25
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	25

MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER ENDED JUNE 30, 2018

This Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the condensed interim consolidated financial statements for the three and six months ended June 30, 2018, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2017 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). For further information on Jaguar Mining Inc., reference should be made to its public filings (including its most recently filed annual information form (“AIF”) which is available on SEDAR at www.sedar.com). Information on risks associated with investing in the Company’s securities and technical and scientific information under National Instrument 43-101 concerning the Company’s material properties, including information about mineral resources and reserves, are contained in the Company’s most recently filed AIF and technical reports.

All amounts included in this MD&A are in United States dollars (“\$”), unless otherwise specified. References to C\$ are to Canadian dollars and R\$ are to Brazilian Reals. This report is dated as at August 14, 2018.

Where we say “we,” “us,” “our,” the “Company” or “Jaguar,” we mean Jaguar Mining Inc. or Jaguar Mining Inc. and/or one or more or all of its subsidiaries, as it may apply. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period	Abbreviation	Period
YTD 2018	January 1, 2018 – June 30, 2018	YTD 2017	January 1, 2017 – June 30, 2017
Q1 2018	January 1, 2018 – March 31, 2018	Q1 2017	January 1, 2017 – March 31, 2017
Q2 2018	April 1, 2018 – June 30, 2018	Q2 2017	April 1, 2017 – June 30, 2017

OUR BUSINESS

Jaguar Mining Inc. is a Canadian-listed junior gold mining, development, and exploration company operating in Brazil with three gold mining complexes, and a large land package with significant upside exploration potential. The Company’s principal operating assets are located in the state of Minas Gerais and include the Turmalina Gold Mine Complex (“MTL” and “Turmalina Gold mine and plant”) and Caeté Gold Mine Complex (“MSOL”, “Pilar Gold mine” and “Caeté plant”). The Company also owns the Paciência Gold Mine Complex (“Paciência”), which has been on care and maintenance since 2012.

Led by a proven and experienced senior management team in Brazil, our operating philosophy focuses on creating excellent shareholder value through the execution of a safe and sustainable operating plan, prudent cost management practices, generating free cash flow, and increasing Mineral Reserves and Resources through exploration growth projects.

We benefit from the exploration and development of the Company’s existing brownfield land package and from mineral concessions comprising approximately 26,000 hectares, with close proximity to current operations, in the Iron Quadrangle mining district of Brazil, a prolific greenstone belt located near the city of Belo Horizonte in the State of Minas Gerais. In addition, approximately 35,000 hectares in the State of Ceará, where the Company’s Pedra Branca Project is located, provide future upside potential.

Q2 2018 FINANCIAL & OPERATING SUMMARY

(\$ thousands, except where indicated)	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Financial Data				
Revenue	\$ 22,888	\$ 23,352	\$ 48,116	\$ 52,544
Operating costs	12,356	15,990	27,755	37,498
Depreciation	4,407	4,796	9,293	11,372
Gross profit	6,125	2,566	11,068	3,674
Net (loss)	(1,334)	(3,323)	(3,115)	(11,200)
Per share ("EPS")	(0.00)	(0.01)	(0.01)	(0.04)
EBITDA ¹	4,262	3,709	8,417	4,452
Adjusted EBITDA ^{1,2}	5,303	3,712	10,876	7,923
Adjusted EBITDA per share ¹	0.02	0.01	0.03	0.03
Cash operating costs (per ounce sold) ¹	717	857	761	895
All-in sustaining costs (per ounce sold) ¹	1,277	1,262	1,283	1,296
Average realized gold price (per ounce) ¹	1,328	1,266	1,319	1,237
Cash generated from operating activities	4,460	216	9,438	2,071
Adjusted operating cash flow ¹	6,910	4,391	12,223	8,553
Free cash flow ¹	(2,501)	(4,361)	(4,191)	(8,538)
Free cash flow (per ounce sold) ¹	(145)	(236)	(115)	(201)
Sustaining capital expenditures ¹	6,961	4,577	13,629	10,609
Non-sustaining capital expenditures ¹	592	1,390	1,600	2,263
Total capital expenditures	7,553	5,967	15,229	12,872

¹ Average realized gold price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, adjusted operating cash flow, free cash flow, EBITDA and adjusted EBITDA, adjusted EBITDA per share, and gross profit (excluding depreciation) are non-IFRS financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

² Adjusted EBITDA excludes non-cash items such as impairment and write downs. For more details refer to the Non-IFRS Performance Measures section of the MD&A.

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating Data				
Gold produced (ounces)	18,819	19,769	37,684	42,061
Gold sold (ounces)	17,230	18,453	36,467	42,487
Primary development (metres)	1,277	824	2,347	1,734
Secondary development (metres)	578	989	1,025	2,370
Definition, infill, and exploration drilling (metres)	8,763	11,069	18,204	22,933

Financial and Operational Summary

Revenue, Net Income (Loss) and Adjusted EBITDA

- Revenue for Q2 2018 decreased 2% to \$22.9 million (17,230 ounces), compared with \$23.4 million (18,453 ounces) in Q2 2017, due to a 7% decrease in ounces sold, offset by 5% higher average gold realized price of \$1,328 in Q2 2018 compared with \$1,266 in Q2 2017.
- Gross profit for the three and six months ended June 30, 2018 was \$6.1 million and \$11.1 million, respectively, compared to \$2.6 million and \$3.7 million for Q2 2017 and YTD 2017. Higher profitability can be attributed mainly due to reduction in cash operating costs.
- Adjusted EBITDA for Q2 2018 was \$5.3 million compared to \$3.7 million for Q2 2017, while adjusted EBITDA for the first half of 2018 was \$10.9 million compared to \$7.9 million in the first half of 2017.

Cash Operating Costs, Capital Expenditures and All-In-Sustaining Costs ("AISC")

- Cash operating costs decreased 16% to \$717 per ounce of gold sold for Q2 2018, compared to \$857 per ounce sold during Q2 2017, primarily due to operational excellence measures at Pilar and the 12% weakening of the Brazilian Real. AISC increased 1% to \$1,277 per ounce of gold sold in Q2 2018, compared to \$1,262 per ounce sold during Q2 2017.
- In Q2 2018, sustaining capital increased 52% to \$7.0 million focused on primary development and exploration drilling, compared to \$4.6 million in Q2 2017.
- Operating cash flow was \$4.5 million for Q2 2018, compared to \$0.2 million in Q2 2017, mainly due to the decrease in cash costs of 16%, or \$ 140 dollars per ounce. Adjusted operating cash flow was \$6.9 million in Q2 2018 and \$12.2 million for YTD 2018 based on operating cash flow adjusted for changes in working capital, compared to \$4.4 million and \$8.6 million for the comparative 2017 periods.
- Free cash flow was negative \$2.5 million for Q2 2018 based on operating cash flow less total capital expenditures, compared to \$4.3 million in Q2 2017. Free cash flow was negative \$145 per ounce sold in Q2 2018 compared to \$236 per ounce sold in Q2 2017.

Agreement to Replace Sprott Resource Lending Auramet Advance

- The Company entered into an agreement for a new \$7 million lower cost unsecured customer advances ("Auramet Advance") with Auramet to replace the Company's "secured" loan facility with Sprott Resource Lending effective June 30, 2018.
- The customer advances is in the form of a gold purchase and sale agreement whereby Auramet has extended up to \$7 million to Jaguar. As part of the agreement, the Company is required to maintain a \$2 million deposit with Auramet. Funds advanced under the Customer Advances are subject to interest at 1-month LIBOR + 7.5%, as well a covenant to maintain a minimum net cash balance of \$5 million, including the deposit. On June 22, 2018, Jaguar collected \$7 million in proceeds pursuant to the Auramet Advance, and in July 2018, the Company made the \$2 million margin deposit.

Cash Position and Working Capital

- As at June 30, 2018, the Company had a cash position of \$9.2 million, compared to \$18.6 million as at December 31, 2017. The June 30, cash balance does not include the \$2 million of cash deposit with Auramet. The lower cash balance compared to the end of 2017 reflects \$15.22 million in total Capital Expenditures and lower gold sales that declined 14% in the first six months ended June 30, 2018
- Working capital was \$4 million as at June 30, 2018, compared to \$14.1 million as at December 31, 2017, which includes a short term receivable of \$5 million from the Accelerated Earn-in Agreement signed for the Gurupi Project on September 17, 2017. Working capital also includes \$5.9 million in loans from Brazilian banks, which mature every six months and are expected to be rolled forward. Working capital reduction is mainly due to the replacement of the Sprott Resource Lending facility with Auramet Advance, as the latter is classified as short term.

Tonnes Processed and Average Grade, Gold Production

- Total processing was 171,000 tonnes in Q2 2018 (Q2 2017 – 216,000 tonnes) at an average head grade of 3.77 g/t (Q2 2017 – 3.18 g/t).
 - In Q2 2018, Turmalina Gold Mine (“Turmalina”) processed 77,000 tonnes (Q2 2017 – 112,000 tonnes) at an average head grade of 3.46 g/t (Q2 2017 – 3.37 g/t).
 - Pilar Gold Mine (“Pilar”) processed 94,000 tonnes in Q2 2018 (Q2 2017 – 85,000 tonnes) at an average head grade of 4.03 g/t (Q2 2017 – 3.16 g/t).
- Consolidated gold production decreased to 18,819 ounces in Q2 2018 compared to 19,769 ounces in Q2 2017, mainly due to primarily operational and some geotechnical issues at Turmalina. Gold recovery of 90.4% in Q2 2018 compared to 90.5% in Q2 2017.
- Pilar production increased 43% to 10,995 ounces in Q2 2018 compared to 7,702 ounces in Q2 2017. Turmalina produced 7,824 ounces in Q2 2018 compared to 10,870 ounces in Q2 2017.

Major Growth Exploration Initiative;

- Turmalina reported results from 13 growth exploration drill holes targeting down dip extensions to Orebody C below Level 3, which confirmed continuity of gold mineralization beyond Level 8, 300 m below current operations (see press release June 18, 2018).
- These drill results included several very high-grade, wide drill intercepts with Grade x Thickness values > 30 including 7.77 g/t Au over 4.5 m (ETW 4.25 m), 9.22 g/t Au over 5.85 m (ETW 5.11 m) and 4.91 g/t Au over 15.1 m (ETW (14.65 m). These intercepts reflect the down plunge extensions of the central high-grade payshoot currently being-accessed for mining on Levels 3 and 4. Four drill intercepts with Grade x Thickness values > 10 GM were also reported.
- Soil sampling grids in conjunction with detailed surface geological mapping and outcrop sampling were completed over the Zona Basal Target at Turmalina and the Pacheca North and Pilarzinho targets close to Pilar during the quarter. Results received to date have been encouraging from all three targets with several strong, strike consistent gold and pathfinder element in soil anomalies being defined worthy of follow-up infill sampling and trenching.
- At Pedra Branca in Ceará, surface geological mapping over selected historic and newly defined targets has aided the compilation of new data and revision of historical geological data into an updated geological-structural map for the core area of the extensive tenement package held by Jaguar. Re-opening and re-sampling of trenches over several priority targets was completed during the quarter and this data, along with new mapping.

2018 Revised Guidance

- Company revises 2018 production guidance to 80,000 – 85,000 ounces. Pilar continues to perform well and is on track to meet its production guidance.
- Turmalina production is expected to be below guidance, as management continues to address the operational issues through the remainder of 2018.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

(\$ thousands, except where indicated)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Tonnes of ore processed ('000)	77,000	81,000	95,000	107,000	112,000	113,000	122,000	128,000
Average head grade (g/t) ¹	3.46	3.57	4.41	3.10	3.37	3.79	4.39	4.36
Average recovery rate (%)	91.1%	91%	91%	91%	91.0%	91%	93%	92%
Gold (oz.)								
Produced	7,824	8,442	12,245	9,616	10,870	12,736	16,101	16,304
Sold	7,610	8,414	12,142	9,082	10,815	13,536	16,024	15,945
Cash operating cost (per oz. sold) ²	\$ 761	\$ 749	\$ 646	\$ 749	\$ 695	\$ 738	\$ 562	\$ 528
All-in sustaining cost (per oz. sold) ²	\$ 1,316	\$ 1,238	\$ 784	\$ 993	\$ 956	\$ 903	\$ 784	\$ 730
Cash operating cost (R\$ per tonne) ²	\$ 271	\$ 252	\$ 268	\$ 201	\$ 216	\$ 278	\$ 243	\$ 214

¹ The 'average head grade' represents the recalculated head-grade milled.

² Cash operating costs, average realized cost and All-in sustaining costs are a non-IFRS financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

During the second quarter of 2018, Turmalina produced 7,824 ounces of gold compared to 10,870 ounces in the corresponding 2017 period, a decrease of 28% or 3,046 ounces. The decrease in ounces produced was a result of a 31% decrease in the tonnes processed from 112,000 in Q2 2017 to 77,000 in Q2 2018. The cash operating cost per ounce sold for the second quarter of 2018 increased by 9.5%, or \$66 per ounce, as compared to the same period in 2017. During the second quarter of 2018, approximately 21,000 tonnes were mined from Orebody A at an average grade of 6.02 g/t, and 56,000 tonnes from Orebody C at an average grade of 3.68 g/t.

Turmalina Capital Expenditures

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Sustaining capital ¹				
Primary development	\$ 3,560	\$ 2,195	\$ 7,072	\$ 3,373
Brownfield exploration	126	185	258	443
Mine-site sustaining	539	451	1,013	1,242
Total sustaining capital¹	4,225	2,831	8,343	5,058
Total non-sustaining capital¹	512	445	904	1,047
Total capital expenditures	\$ 4,737	\$ 3,276	\$ 9,247	\$ 6,105

¹ Sustaining and non-sustaining capital are non-IFRS financial measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A. Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

(metres)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Primary development	740	504	1,388	870
Secondary development	302	292	394	1,046
Total development	1,042	796	1,782	1,916
Definition drilling	330	546	665	998
Infill drilling	2,108	3,499	4,370	8,729
Exploration drilling	3,185	631	6,134	1,029
Total definition, infill, and exploration drilling	5,623	4,676	11,169	10,756

Mining

Turmalina is an underground mine utilizing the sub-level stoping mining method with rockfill and historically paste fill, with some areas of the mine previously using mechanized cut and fill mining methods. Ore produced at Turmalina is transported to the adjacent Carbon-In-Leach (“CIL”) processing plant. In December 2017, Jaguar remobilized the development contractor Toniolo Busnello (“TBSA”) to site to start high-speed development in the mine to advance development one full level ahead of the active mining areas in Orebody A. Jaguar continues to develop and produce on Levels 4 and 5 of Orebody C, which have shown grades equivalent to Orebody A. During the second quarter of 2018, the company developed 740 metres, as primary development of which 320 metres were achieved by Jaguar’s own crews and 420 metres by contractor.

During Q2 2018, Turmalina continued to manage overall cash operating costs even though the mine continues to have production challenges following the stability issues that previously incurred on Level 9. Plans to manage cash operating costs have resulted in similar cash costs to those prior to the reduction in production experienced during 2017. The management of cash operating costs will continue through 2018. The second quarter results consisted of 76,538 tonnes mined yielding 7,824 ounces produced. During the second quarter, the Company continued using an external contractor and Jaguar development crews to accelerate development at Turmalina achieving 1,040 metres of development compared with 800 metres the previous quarter.

Processing

Ore produced at Turmalina is transported to the adjacent CIL processing plant. The Turmalina plant consists of three ball mills, with primary grinding done at Mill #3, which was rebuilt and commissioned at the end of 2016, with an estimated installed capacity of 1,600 tonnes per day. Using Mill #3, Turmalina is able to achieve the entire throughput of the plant and lower operating costs through electricity consumption savings, compared to using Mills #1 and #2 in 2016. Mills #1 and #2 have been taken off-line for maintenance and are kept on standby mode with Mill #1 occasionally supplementing the capacity of Mill #3. During Q2 2018, the plant processed 77,000 tonnes at an average head grade of 3.46 g/t compared to 112,000 tonnes at 3.37 g/t in Q2 2017. Overall, the processing plant achieved a recovery rate of 91.1% during Q2 2018, compared with 91% recovery achieved in Q2 2017.

During Q1 2018, the two issues were identified during the commissioning of the Paste Fill Plant, which were both addressed in Q2 2018. The larger of the two issues required sending the feed mixing bin back to the manufacturer for redesign and reconstruction due to the sticking of filtered tailings in the feed bin. The reconstructed feed bin was reinstalled into the system on April 10, 2018, and the system has completed wet commissioning. Turmalina tested backfill mixes using paste fill as a backfill in Q2 2018. Greater emphasis will be put into the use of paste fill at Turmalina in the second half of 2018. Dedicated Resources have been assigned to the development of the paste backfill system in Zone A. Paste backfill is being introduced to the upper levels of the mine as the backfill plant is ramping up. Following completion of the underground infrastructure, backfill will be placed in the lower levels of the mine.

Turmalina Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Turmalina Complex				
Revenue	\$ 10,113	\$ 13,682	\$ 21,143	\$ 30,110
Less cash operating costs	5,788	7,512	12,090	17,508
Less sustaining capital expenditures	4,225	2,831	8,343	5,059
Free Cash Flow	\$ 100	\$ 3,339	\$ 710	\$ 7,543

¹ This is a non-GAAP financial performance measures with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

Caeté Gold Mine Complex

Caeté Complex Quarterly Production

(\$ thousands, except where indicated)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Tonnes of ore processed (t)	94,000	93,000	95,000	106,000	104,000	101,000	115,000	103,000
Average head grade (g/t) ¹	4.03	3.93	3.33	3.62	2.97	3.17	2.79	3.17
Average recovery rate (%)	89.8%	89%	89%	90%	90.0%	91%	91%	91%
Gold (oz.)								
Produced	10,995	10,423	9,067	11,164	8,899	9,556	9,307	9,479
Sold	9,620	10,823	8,699	11,339	7,638	10,498	9,085	9,372
Cash operating cost (per oz. sold) ²	\$ 683	\$ 841	\$ 883	\$ 856	\$ 1,087	\$ 1,165	\$ 1,041	\$ 842
All-in sustaining cost (per oz. sold) ²	967	\$ 1,076	\$ 1,252	\$ 1,068	\$ 1,315	\$ 1,526	\$ 1,329	\$ 1,180
Cash operating cost (R\$ per tonne) ²	252	\$ 317	\$ 256	\$ 290	\$ 257	\$ 381	\$ 267	\$ 249

¹ The 'average head grade' represents the recalculated head-grade milled.

² Cash operating costs, average realized cost and All-in sustaining costs are a non-IFRS financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

The Caeté Mining Complex is composed of two underground mines (Pilar Mine and Roça Grande Mine). Ore produced from these mines is transported to the 2,200 tonnes per day gravity, flotation and CIL processing plant adjacent to Roça Grande. Ore from Pilar is trucked a total distance of approximately 40 kilometres by road to the Caeté plant. On March 22, 2018, the Roça Grande mine was placed on care and maintenance. The mine plan during the first quarter was to continue to mine areas of known resources while a drilling program commenced in the RG1 deposit to identify new reserves. Due to high operating costs, the mine was placed on care and maintenance while exploration will continue to try to identify economic reserves.

Caeté Complex Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Caeté Complex				
Revenue	\$ 12,775	\$ 9,670	\$ 26,973	\$ 22,434
Less cash operating costs	6,568	8,301	15,665	20,518
Less sustaining capital expenditures	2,736	1,746	5,286	5,550
Free Cash Flow	\$ 3,471	\$ (377)	\$ 6,022	\$ (3,634)

¹ This is a non-GAAP financial performance measures with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

Pilar Quarterly Production

(\$ thousands, except where indicated)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Tonnes of ore processed (t)	94,000	81,000	81,000	88,000	85,000	84,000	84,000	78,000
Average head grade (g/t) ¹	4.03	4.13	3.53	3.77	3.16	3.39	3.11	3.51
Average recovery rate (%)	89.8%	89.2%	89.4%	90.4%	90.0%	90.8%	90.8%	90.6%
Gold (ozs)								
Produced	10,995	9,553	8,156	9,674	7,702	8,485	7,569	7,923
Sold	9,620	9,929	7,880	9,820	6,625	9,422	7,326	7,821
Cash operating cost (per oz sold) ²	\$ 683	\$ 805	\$ 835	\$ 804	\$ 1,033	\$ 1,092	\$ 942	\$ 762
All-in sustaining cost (per oz sold) ²	\$ 967	\$ 1,062	\$ 1,198	\$ 1,042	\$ 1,235	\$ 1,434	\$ 1,287	\$ 1,235
Cash operating cost (R\$ per tonne) ²	\$ 252	\$ 320	\$ 264	\$ 284	\$ 259	\$ 437	\$ 271	\$ 248

¹ The 'average head grade' represents the recalculated head-grade milled.

² Cash operating costs, average realized cost and All-in sustaining costs are a non-IFRS financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

During the second quarter of 2018, Pilar produced 10,995 ounces of gold compared to 7,702 ounces in Q2 2017, an increase of 43% due to the net impact of a 28% increase in average head grade, slight decrease in recovery, and an 11% increase in tonnes processed. Pilar has been using a specialized development contractor since 2016 to advance primary development. As the primary ramp advances ahead, the amount of secondary ore development completed by the contractor is reducing. The cash operating cost per ounce sold for Q2 2018 decreased 34% as compared to Q2 2017, primarily as a result of an increase in average head grade and the tonnes processed.

Pilar Capital Expenditures

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Sustaining capital ¹				
Primary development	\$ 2,336	\$ 830	\$ 4,468	\$ 3,088
Brownfield exploration	131	169	307	300
Mine-site sustaining	269	339	511	1,170
Total sustaining capital¹	2,736	1,338	5,286	4,558
Total non-sustaining capital¹	67	871	165	934
Total capital expenditures	\$ 2,803	\$ 2,209	\$ 5,451	\$ 5,492

¹ Sustaining and non-sustaining capital are non-IFRS financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A. Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

(metres)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Primary development	537	218	959	688
Secondary development	275	577	631	1,191
Total development	812	795	1,590	1,879
Definition drilling	1,218	134	2,000	1,476
Infill drilling	1,923	2,042	4,255	3,461
Exploration drilling	-	4,030	83	6,487
Total definition, infill, and exploration drilling	3,141	6,206	6,338	11,424

Mining

Based on the strong exploration drilling results and increased reserves and resources, primary and secondary development that had been suspended since 2014 was resumed at Pilar during 2016. A development contractor arrived on site in 2016 to accelerate the main ramp below Level 10 to open up additional resources. The contractor continued to assist with primary and secondary development at Pilar during 2017.

Mining and Milling operations continued to perform well at Pilar during Q2 2018, producing 10,995 ounces at an average feed grade of 4.03 g/t Au. In June, the operation set a record with 4,639 ounces produced from a head grade of 4.65 g/t. In March, Jaguar mining announced plans to increase production at the Pilar mine over the next 36 months to an expected 55,000-60,000 ounces annually compared to the 2017 production of 34,017 ounces. The guidance for 2018 has been increased to 39,000-47,000 ounces. These increases are based on deeper drilling at Pilar showing improved grade and ounce-per-vertical-metre profile as the mine deepens allowing increased gold production.

Processing

During Q2 2018, the Caeté plant processed 94,000 tonnes from Pilar at an average grade of 4.03 g/t compared to 85,000 tonnes at 3.16 g/t in Q2 2017. Recovery for the second quarter of 2018 was 89.8%, which was lower than the Q2 2017 recovery of 90%.

Pilar Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Pilar				
Revenue	\$ 12,775	\$ 8,387	\$ 25,794	\$ 19,850
Less cash operating costs	6,568	6,843	14,565	17,137
Less sustaining capital expenditures	2,736	1,338	5,286	4,558
Free Cash Flow	\$ 3,471	\$ 206	\$ 5,943	\$ (1,845)

¹ This is a non-GAAP financial performance measures with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review¹

(\$ thousands, except where indicated)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	\$ 22,888	\$ 25,228	\$ 26,626	\$ 26,062	\$ 23,352	\$ 29,192	\$ 30,261	\$ 33,618	\$ 29,996
Cost of sales (excluding depreciation) ²	(12,356)	(15,399)	(15,526)	(16,116)	(15,990)	(21,508)	(19,355)	(16,191)	(17,887)
Gross profit (excluding depreciation) ²	10,532	9,829	11,100	9,946	7,362	7,684	10,906	17,427	12,109
Net income (loss)	(1,334)	(1,781)	16,034	(7,664)	(3,323)	(7,877)	(9,280)	(31,648)	(26,866)
Cash flows from operating activities	4,460	4,979	5,387	7,509	216	1,855	8,467	9,353	10,435
Total assets	177,262	178,779	183,679	177,806	182,399	181,242	192,788	189,779	189,554
Total liabilities	61,471	61,783	65,293	75,591	72,671	74,330	78,454	131,618	139,665
Working Capital	4,025	10,978	14,132	23,171	9,561	3,052	11,332	2,650	892
Total Debt	9,049	14,908	17,525	19,997	24,299	21,340	22,590	77,786	85,849
Average realized gold price (per oz.) ²	\$ 1,328	\$ 1,311	\$ 1,278	\$ 1,276	\$ 1,266	\$ 1,215	\$ 1,205	\$ 1,328	\$ 1,251
Cash operating cost (per oz. sold) ²	\$ 717	\$ 800	\$ 745	\$ 809	\$ 857	\$ 924	\$ 735	\$ 645	\$ 758

¹ Sum of all the quarters may not add up to the annual total due to rounding.

² Average realized gold price, cost of sales (excluding depreciation), gross profit (excluding depreciation) and cash operating costs are all non-IFRS financial performance measures with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

The relative strength in the global gold market positively impacted the Company's revenue in Q2 2018. In addition to the sharp devaluation of the Brazilian Real as compared to the US dollar, result in gross profit and positive operating cash flows.

Current assets decreased \$8.5 million as at June 30, 2018, compared to December 31, 2017, primarily as a result of the decrease in cash. Current liabilities increased \$1.6 million as at June 30, 2018, compared to December 31, 2017, due to the unsecured customer advances with Auramet of \$7 million, to replace the Company's higher cost "secured" loan facility with Sprott Resource Lending effective June 30, 2018. The impact in current liabilities, due to the customer advances, was mainly offset by a decrease in notes payable and accounts payable. Non-current liabilities decreased \$5.5 million as at June 30, 2018, compared to December 31, 2017, primarily result from decreases in notes payable, due to the repayment of the Sprott Resource effective June 30, 2018.

Revenue

(\$ thousands, except where indicated)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue	\$ 22,888	\$ 23,352	(2%)	\$ 48,116	\$ 52,544	(8%)
Ounces sold	17,230	18,453	(7%)	36,467	42,487	(14%)
Average realized gold price ¹	\$ 1,328	\$ 1,266	5%	\$ 1,319	\$ 1,237	7%

¹ Average realized gold price is a non-IFRS financial performance measure with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

Revenue for the second quarter of 2018 decreased 2% compared to the same period in 2017, primarily as a result of a 7% decrease in ounces sold. The market price of gold is a primary driver of the Company's profitability and its ability to generate free cash flow. During the three months ended June 30, 2018, the market price of gold (London PM Fix) traded in a range of \$1,250–\$1,351, averaging at \$1,306 per ounce, and closed at \$1,250 per ounce on June 30, 2018. The average market price during the second quarter of 2018 was higher compared to the average market price of \$1,257 per ounce for the second quarter of 2017.

Production

A total of 171,000 tonnes were processed in Q2 2018 (Q2 2017 – 216,000 tonnes) at an average head grade of 3.77 g/t (Q2 2017 – 3.18 g/t), a 19% increase in average head grade compared to the same period in 2017.

Consolidated Production Costs

(\$ thousands, except where indicated)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Direct mining and processing cost	\$ 11,506	\$ 14,795	(22%)	\$ 25,965	\$ 35,000	(26%)
Mining	7,584	9,151	(17%)	16,808	22,260	(24%)
Processing	3,922	5,644	(31%)	9,157	12,740	(28%)
Royalties, production taxes and others	850	1,195	(29%)	1,790	2,498	(28%)
Royalty expense and CFEM taxes	712	638	12%	1,638	1,587	3%
NRV adjustment and others	138	557	(75%)	152	911	(83%)
Total operating expenses	\$ 12,356	\$ 15,990	(23%)	\$ 27,755	\$ 37,498	(26%)
Depreciation	4,407	4,796	(8%)	9,293	11,372	(18%)
Total cost of sales	\$ 16,763	\$ 20,786	(19%)	\$ 37,048	\$ 48,870	(24%)

¹ Cash operating costs is a non-IFRS financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

Total operating expenses decreased 23% from \$15.9 million in the three months ended June 30, 2017 to \$12.4 million in 2018, primarily as a result of cost cutting measures and the decrease in ounces produced. The decrease in the depreciation expense is a result of a change in the basis for the calculation of depreciation for the Pilar mine by utilizing Measured and Indicated Mineral Resources compared to the prior period for which the basis was Proven and Probable Mineral Reserves. This change in accounting estimate was made in Q1 2018 to ensure depreciation reflects Management's best estimate of the useful life of the Pilar mine and is being accounted for prospectively.

Operating Expenses

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2018	2017	Change	2018	2017	Change
Changes to legal and recoverable tax provisions	\$ 847	\$ 48	1665%	\$ 1,483	\$ 2,196	(32%)
General and administration expenses	2,551	2,344	9%	4,847	5,215	(7%)
Exploration and evaluation costs	151	258	(41%)	484	578	(16%)
Care & maintenance costs (Paciência and Roça Grande mines)	479	353	36%	1,407	685	105%
Stock-based compensation	130	247	(47%)	521	703	(26%)
Amortization	42	61	(31%)	85	146	(42%)
Other operating expenses	1,957	894	119%	2,574	1,247	106%
Total operating expenses	\$ 6,157	\$ 4,205	46%	\$ 11,401	\$ 10,770	6%

Care and Maintenance Costs

Paciência Gold Mine

The Paciência Gold Complex remained on care and maintenance during the second quarter of 2018. No gold has been produced since the second quarter of 2012. No underground development or drilling work was carried out by the Company at Paciência during Q2 2018. The complex has been secured and the facilities are preserved and patrolled. A limited maintenance staff turns the mills and equipment on a monthly basis to maintain the plant in working order. Paciência's carrying amount was written down to nil.

Roça Grande Gold Mine

On March 22, 2018 the Roça Grande Mine was placed on care and maintenance. Due to high operating costs, the mine was placed on care and maintenance while exploration continues to identify economic reserves. No underground development or drilling work was carried out by the Company at Roça Grande during Q2 2018. Roça Grande's carrying amount was written down to nil.

General and Administration Expenses

The general and administration ("G&A") expenses exclude mine-site administrative costs which are charged directly to operations and include legal, accounting, costs to maintain offices and personnel in Belo Horizonte, Brazil and Toronto, Canada, and other corporate costs associated with being a publicly-traded company.

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2018	2017	Change	2018	2017	Change
Directors' fees	\$ 100	\$ 75	33%	\$ 222	\$ 171	30%
Audit related and insurance	289	354	(18%)	471	461	2%
Corporate office (Toronto)	520	394	32%	1,140	1,340	(15%)
Belo Horizonte office	1,642	1,521	8%	3,014	3,243	(7%)
Total G&A expenses	\$ 2,551	\$ 2,344	9%	\$ 4,847	\$ 5,215	(7%)

For the six months ended June 30, 2018, the total G&A expenses decreased 7% compared to the same period in 2017. Costs associated with the Belo Horizonte office were 7% lower in the six months ended in June 30, 2018. Costs for the corporate office in Toronto were 15% lower for the first half of 2018 compared to the same period of 2017, due to cost cutting measures. Management will continue its cost reduction focus for both Toronto and Belo Horizonte corporate office expenses.

Changes to Legal and Recoverable Taxes Provisions

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2018	2017	Change	2018	2017	Change
Changes to legal provisions	\$ 1,092	\$ 932	17%	\$ 1,605	\$ 1,061	51%
Changes to recoverable taxes provision	(245)	(884)	(72%)	(122)	1,135	(111%)
Changes to legal and recoverable taxes provisions	\$ 847	\$ 48	1665%	\$ 1,483	\$ 2,196	(32%)

Legal Provisions

As at June 30, 2018, there were 407 employee-initiated active lawsuits (June 30, 2017 – 456) against the Company, largely related to disputed wages and overtime. Based on Management's assessment of the likelihood of loss related to 289 lawsuits (June 30, 2017 – 343), the Company has recorded approximately \$7.9 million as labour legal provisions, with \$3.9 million classified as a current liability as at June 30, 2018 (June 30, 2017 – \$10.2 million and \$4.4 million, respectively).

During Q2 2018, nine new lawsuits were initiated. The Company paid approximately \$491,000 in appeal deposits and escrow payments, \$630,000 in settlement installments, and \$61,000 for other costs such as social security, income tax, legal fees and expert fees. The total amount spent in Q2 2018 was \$1,182,000 compared to \$755,000 in Q2 2017.

Recoverable Taxes Provision

As at June 30, 2018, gross recoverable taxes that are primarily denominated in Brazilian Reais amounted to \$17.3 million (December 31, 2017 – \$22.5 million). As at June 30, 2018, the provision for recoverable taxes was approximately \$6.3 million (December 31, 2017 – \$7.3 million). Consequently, the net book value of recoverable taxes as at June 30, 2018 was \$11.1 million (December 31, 2017 – \$15.2 million).

Certain taxes paid in Brazil on consumables and property, plant and equipment generate tax credits through various mechanisms. The Company is currently working on several initiatives to ensure optimum utilization of those tax credits, which include assessment of the tax credits for offset against taxes otherwise payable and restitution in cash.

The Company has recorded a provision against its recoverable taxes in Brazil given the limited methods available to recover such taxes and the length of time it will take to recover such taxes. The provision reduces the net carrying amount of value added taxes and other taxes to their estimated recoverable value.

The Company continues to pursue approval of Federal VAT input tax credits with respect to the years 2008 through 2011 for its MSOL operating subsidiary. MSOL is the operating subsidiary for the Caeté Complex comprising the Pilar, Roça Grande and Turmalina Mines. The Company received a cash refund in the amount of R\$3.5 million (approximately \$1 million) in March 2016, related to MSOL. In July 2016, the Company initiated a lawsuit to obtain a court order to force the tax authority to review the Company's remaining tax credits for MSOL with respect to the years 2008 to 2011, amounting to R\$36 million (approximately \$11 million). A court order was granted and, by November 2016, the Tax Authority reviewed the claim and granted a favourable decision to partially recognize the amount claimed, deeming R\$1.5 million (approximately \$0.5 million) due to the Company. The Company collected this amount and proceeded to appeal the Tax Authority's review result in pursuit of further tax credit refund recognition on this claim.

ICMS is a type of value added tax which can either be sold to other companies (usually at a discount rate of 15%–41%) or be used to purchase specified machinery and equipment, as subject to approval by government authority. The ICMS credits can only be realized in the state where they were generated; in the case of Jaguar, this is in the state of Minas Gerais, Brazil. In the three and six months ended June 30, 2018, the Company sold R\$2.8 million (approximately \$0.7 million) in ICMS export tax credits and received approval from the state tax authority to sell an additional R\$4.5 million (approximately \$1.4 million) in ICMS export tax credits. As at June 30, 2018, the Company held R\$7.4 million (approximately \$1.9 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2017 – R\$5 million, approximately \$1.5 million)

Impairment

The Turmalina, Caeté, and Paciência projects are cash generating units (“CGUs”), which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties, not in production such as mineral rights and deferred exploration costs. A CGU is generally an individual operating mine or development project.

For the three and six months ended June 30, 2018, there were no indicators of impairment or reversal of past impairment charges.

Non-Operating Expenses (Recoveries)

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2018	2017	Change	2018	2017	Change
Foreign exchange gain	\$ (1,575)	\$ (470)	235%	\$ (1,286)	\$ (10)	12760%
Financial instruments loss (gain)	1,639	(375)	(537%)	1,741	(347)	(602%)
Finance costs	1,355	1,453	(7%)	2,131	3,019	(29%)
Other non-operating expenses	91	354	(74%)	173	327	(47%)
Non-operating expenses	\$ 1,510	\$ 962	57%	\$ 2,759	\$ 2,989	(8%)

During the three and six months ended June 30, 2018, finance costs mainly represent interest on debt and accretion expense.

Sprott Resource Lending Facility

On November 7, 2016, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for a secured loan facility (the "Sprott Facility") totaling \$10.0 million (“Tranche 1”) to fund accelerated growth exploration initiatives. Tranche 1 of the Sprott Facility is payable over a term of 30 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. On June 9, 2017, the Company entered into an agreement with Sprott Lending for an additional tranche of the Sprott Facility totaling \$5.0 million (“Tranche 2”). Tranche 2 of the Sprott Facility is payable over a term of 36 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum.

In May 2018, the Company reached an agreement for a new \$7 million, unsecured customer advances (the “Auramet Advance”) with Auramet which was used in conjunction with a new Brazil debt facility of \$2.4 million to fully repay the Company’s Secured Loan facility with Sprott Resource Lending, effective June 30, 2018. During the three and six months ended June 30, 2018, the Company made principal repayments of \$7.9 million and \$9.4 million, respectively, (\$1.1 million and \$2.1 million, respectively, during the three and six months ended June 30, 2017), and interest payments of \$143,000 and \$324,000, respectively (\$191,000 and \$376,000, respectively, during the three and six months ended June 30, 2017).

The Sprott Facility was a financial liability and was initially measured at fair value and subsequently measured at amortized cost using the effective interest method. During the three and six months ended June 30, 2018, \$248,000 and \$336,000, respectively, was recorded as finance costs in the interim condensed consolidated statements of operations and comprehensive loss related to the remaining accretion of the transaction costs (\$101,000 and \$203,000, respectively, for the three and six months ended June 30, 2017). The Sprott Facility was fully repaid, effective June 30, 2018.

Auramet Advance

On May 9, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advances (“Auramet Advance”) in the form of a gold purchase and sale agreement whereby Auramet extended up to \$7 million in minimum prepayment amounts each of \$1 million to Jaguar. As part of the agreement, the Company is required to maintain a \$2 million margin deposit with Auramet. Funds advanced under the Custome Advances are subject to interest at

1-month LIBOR + 7.5%, and hold a covenant to maintain a minimum net cash balance of \$5 million, including a margin deposit. The Auramet advance matures, requiring settlement in full, by May 31, 2019.

On May 9th, 2018, the Company also agreed to a European style gold call options agreement with Auramet whereby Auramet holds the right to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US\$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019. As at and for the three and six months ended June 30, 2018, the call options remained outstanding, spot gold prices remained below the call option's strike price, and the Company recorded no gain or loss to the condensed interim statements of operations and comprehensive loss (\$nil and \$nil, respectively, for the three and six months ended June 30, 2017).

Prior to June 30, 2018, Jaguar collected \$7 million in proceeds pursuant to the Auramet Advance, and in July 2018, the Company made the \$2 million margin deposit.

Taxes

Brazilian Taxes

Brazilian tax regulation involves three jurisdictions and tax collection levels: Federal, State and Municipal. The main taxes levied are: corporate income tax with companies generally subject to income tax at a rate of 25%, social contribution tax on the net profit at a current rate of 9%, and VAT taxes at a rate of 9.25% for PIS/CONFINS and 12–18% for ICMS.

PIS and COFINS are federal taxes imposed monthly on gross revenue earned by legal entities. The calculation method is, in the Company's case, non-cumulative, under which PIS and COFINS are levied on gross revenue at 1.65% and 7.6%, respectively, with deductions of input tax credits for expenses strictly connected to the company's business and prescribed by the regulating laws. The export of goods and services are exempt provided funds effectively enter the country. PIS and COFINS are due on importations of goods and services from abroad (i.e. PIS-Import and CO-FINS-Import).

In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax authority in order to pay R\$8.3 million (approximately \$2.2 million) in historical ICMS taxes due. In accordance with the agreement, the Company will pay its ICMS debt due in 60 (sixty) monthly installments using ICMS tax credits (non-cash).

This debt has its origin in ICMS levied on electricity ("Demanda Contratada") in which the Superior Courts have been ruled in the taxpayer's favour. The Company had filed an appeal against the levy of the ICMS and the likelihood of the Company losing the appeal was remote. Although the Company would likely win the judicial lawsuit, the Company took the decision to pay the mentioned debt in instalments, using its tax credits (non-cash), in order to facilitate and accelerate its ICMS tax credits recovery as cash.

Government Royalty

In July 2017, an executive decree was published increasing the Brazilian royalty that is levied on gold sales, *Compensação Financeira pela Exploração de Recursos Minerais* ("CFEM"), from 1% to 1.5% effective November 1, 2017. The legislation also outlines a change in the methodology for calculating the royalty from being calculated on gross revenue less refining charges and insurance, as well as any applicable sales taxes, to being calculated on gross revenue only.

Income and Deferred Taxes Expenses

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2018	2017	Change	2018	2017	Change
Current income tax expense	\$ (208)	\$ 722	(129%)	\$ 23	\$ 1,115	(98%)
Income tax expense	\$ (208)	\$ 722	(129%)	\$ 23	\$ 1,115	(98%)

The income tax provision is subject to a number of factors, including the allocation of income between different countries, different tax rates in various jurisdictions, the non-recognition of tax assets, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments. Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors as discussed above, it is expected that the Company's effective tax rate will fluctuate in future periods.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt

Total debt outstanding as at June 30, 2018, was \$9 million, compared to \$17.5 million as at December 31, 2017 (of which \$9.4 million was the amortized cost of the Sprott Facility).

Liquidity and Cash Flow

The Company had working capital of \$4 million as at June 30, 2018 (\$14.1 million as at December 31, 2017). Working capital as at June 30, 2018, includes \$5.9 million in loans from Brazilian banks (\$5.2 million as at December 31, 2017), which mature every six months and are expected to continue to be rolled forward.

	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 9,244	\$ 18,628
Non-cash working capital		
Other current assets:		
Restricted cash	5,462	2,926
Inventory	11,986	12,257
Recoverable taxes	7,629	10,848
Other accounts receivable	5,051	3,576
Prepaid expenses and advances	1,023	1,241
Derivatives	611	-
Current liabilities:		
Accounts payable and accrued liabilities	(15,806)	(17,896)
Notes payable	(7,983)	(12,385)
Customer advances	(7,000)	-
Current tax liability	-	(466)
Other taxes payable	(525)	-
Reclamation provisions	(383)	(528)
Other provisions and liabilities	(3,916)	(4,069)
Derivatives payable	(1,368)	-
Working capital¹	\$ 4,025	\$ 14,132

¹ This is a non-GAAP financial performance measures with no standard definition under IFRS.

The use of funds during the three and six months ended June 30, 2018, is outlined below:

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Cash generated from operating activities	\$ 4,460	\$ 216	\$ 9,438	\$ 2,071
Investing activities				
Capital expenditures on equipment and brownfield exploration				
Mineral exploration projects	\$ (85)	\$ (47)	\$ (158)	\$ (18)
Purchase of property, plant and equipment	\$ (7,745)	(5,748)	\$ (14,570)	\$ (13,496)
Proceeds from disposition of property, plant and equipment	\$ -	233	\$ 132	\$ 506
Cash used in investing activities	\$ (7,830)	\$ (5,562)	\$ (14,596)	\$ (13,008)
Financing activities				
Cash received upon issuance of shares via private placement	\$ -	\$ 5,775	\$ -	\$ 5,775
Cash received upon issuance of debt	2,475	4,870	2,475	8,391
Cash received upon issuance of customer advances	7,000	-	7,000	-
Repayment of debt	(9,160)	(2,204)	(11,904)	(7,475)
Restricted cash margin deposits paid	(2,000)	-	(2,000)	-
Interest paid	(219)	(397)	(475)	(1,103)
Cash provided by (used in) financing activities	\$ (1,904)	\$ 8,044	\$ (4,904)	\$ 5,588
Effect of exchange rate changes on cash balances	175	(147)	678	(249)
Net increase (decrease) in cash and equivalents	\$ (5,099)	\$ 2,551	\$ (9,384)	\$ (5,598)

The \$4.3 million increase in operating cash flows for Q2 2018 compared to Q2 2017 is primarily due to the decrease in cash operating costs, which is a result of the cost-cutting measures and the sharp devaluation of the Brazilian Real, which the average exchange rate during Q2 2018 was R\$3.61 per US dollar compared to R\$3.22 per US dollar in Q2 2017.

Contractual Obligations and Commitments

The Company's contractual obligations as at June 30, 2018, are summarized as follows:

(\$ thousands, except where indicated)	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities ¹	\$ 15,806	\$ -	\$ -	\$ -	\$ 15,806
Notes payable					
Principal					
Bank indebtedness ²	5,950	-	-	-	5,950
Capital leasing obligations	1,667	389	-	-	2,056
Vale note	500	750	-	-	1,250
Sprott Facility	-	-	-	-	-
Interest	279	10	-	-	289
Principal					
Customer advances	7,000	-	-	-	7,000
Interest	582	-	-	-	582
Total financial liabilities	\$ 31,784	\$ 1,149	\$ -	\$ -	\$ 32,933
Other Commitments					
Operating lease agreements	\$ 44	\$ -	\$ -	\$ -	\$ 44
Suppliers' agreements ^{3,4}	\$ 491	-	-	-	491
Other provisions and liabilities	3,916	6,032	-	-	9,948
Reclamation provisions ⁵	370	4,386	5,466	8,727	18,949
Total other commitments	\$ 4,821	\$ 10,418	\$ 5,466	\$ 8,727	\$ 29,432
Total	\$ 36,605	\$ 11,567	\$ 5,466	\$ 8,727	\$ 62,365

¹ Amounts payable as at March 31, 2018.

² Bank indebtedness represents the principal on Brazilian bank loans that are renewed every nine months.

³ Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

⁴ Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares.

⁵ Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

CAPITAL STRUCTURE

The capital structure of the Company as at June 30, 2018, is outlined below:

All amounts in \$ thousands, except number of common shares	As at June 30, 2018
Bank indebtedness	\$ 5,950
Capital leasing obligations	1,933
Vale note	1,166
Customer advances	7,000
Total debt	\$ 16,049
Less: cash and cash equivalents	(9,244)
Total net debt¹	\$ 6,805
Number of common shares outstanding	325.1 million

¹ Net debt is a Non-IFRS Performance Measure and is defined as total indebtedness excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. Net debt provides a measure of indebtedness in excess of the current cash available. The Company reduces gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt.

OFF-BALANCE SHEET ITEMS

The Company does not have any off-balance sheet investment or debt arrangements.

RELATED PARTY TRANSACTIONS

The Company incurred legal fees from Azevedo Sette Advogados (“ASA”), a law firm where Luis Miraglia, a director of Jaguar, is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the interim condensed consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three and six months ended June 30, 2018, were \$nil and \$42,000, respectively (\$13,000 and \$57,000, respectively, for the three and six months ended June 30, 2017).

On November 7, 2016 and on June 9, 2017, the Company entered into two secured loan facilities with Sprott Private Resource Lending (Collector) LP, which is an indirectly wholly-owned subsidiary of Sprott Inc., of which the Chairman is Mr. Eric Sprott. Mr. Sprott was a shareholder, holding approximately 21.9% of the common shares as at June 30, 2018. On June 28, 2018, the Company fully repaid both secured loan facilities. Refer to Note 10(d) for further information regarding the facilities.

DEVELOPMENT AND EXPLORATION PROJECTS

Development Project – Gurupi

Avanco – Gurupi Project Earn-In Agreement

On October 4, 2016, the Company announced that it entered into an earn-in agreement with Avanco Resources Limited (“Avanco”), pursuant to which Avanco may earn up to a 100% interest in the Gurupi Project. On September 17, 2017, Jaguar and Avanco agreed to a revised, accelerated earn-in agreement with Avanco, pursuant to which Avanco will earn up to a 100% ownership interest in the Gurupi Project after meeting some short-term milestones and making a series of payments to Jaguar.

Main Terms of the Revised Accelerated Earn-in Agreement

Upon the satisfactory completion of certain closing conditions, the agreement provides Avanco with the right to acquire 100% of Jaguar’s interest in the Gurupi Project by paying to Jaguar an aggregate cash payment of \$4 million in two installments of \$2 million each (\$2 million, due immediately upon signature and \$2 million due immediately upon transfer of ownership) and committing to a net smelter royalty due to Jaguar. Jaguar received an initial aggregate cash payment of \$4 million, in two installments of \$2 million each in September and October 2017. The Company expects to collect the additional \$5 million from Avanco in a series of 10 instalments of \$500,000 during fiscal years 2018 and 2019, starting in the month in which Avanco receives “clear title and access” to the project.

Within 24 months of the initial \$4 million payment, Avanco will arrange to have published an Australian Joint Ore Reserve Committee (JORC) code compliant technical report regarding the Project with mineral reserves in excess of 500,000 ounces of gold. Any delay in this milestone will result in a project delay fee payable to Jaguar of \$250,000 per six months of delayed period. Within 60 months of the initial \$4 million payment, Avanco will aim to commission the Gurupi mine and plant. Any delay in this commissioning milestone will result in a separate project delay fee payable to Jaguar of \$250,000 per six months of delayed period.

Consistent with the original earn-in agreement, Jaguar will retain a life of mine Net Smelter Return (“NSR”) royalty (“Royalty”) from production at Gurupi. The royalty will be 1% NSR on the first 500,000 ounces of gold or gold ounce equivalents sold; 2% NSR on sales from 500,001 to 1,500,000 ounces of gold or gold ounce equivalents; and 1% NSR on gold sales exceeding 1,500,000 ounces of gold or gold ounce equivalents.

Greenfield Exploration

Jaguar currently holds approximately 64,000 hectares of mineral rights in Brazil. New mining legislation in Brazil has been tabled and the outcome of any mining law reform is, as of yet, unknown. The Company is currently reviewing its greater tenement portfolio with the aim of highlighting opportunities to unlock and leverage unrealized value that can be attributed to a strategic portfolio of advanced, partially tested or untested exploration targets in these areas. This review will inform discussions on future exploration or divestment decisions for these areas. Holding costs of the assets which are considered strategic remain minimal.

Apart from properties in relatively close proximity to the existing mining operations, the only significant greenfield asset within the exploration portfolio is the Pedra Branca target where good grade surface expressions were identified by mapping and channel samples and have led to some 8,000 metres of exploration drilling to date. Due to prior financial constraints, this prospect has remained dormant but offers opportunity for further exploration should funds be available.

Pedra Branca Project

The Pedra Branca Project is located in the State of Ceará in northeastern Brazil and is currently comprised of 24 exploration licences, totalling 38,926 hectares covering a 38-kilometre section of a regional shear zone. Final exploration reports and a Preliminary Economic Analysis (“PEA”) have been delivered to the National Department of Mineral Production (DNPM) for three of these licences. The concessions are located in and around municipal areas with good infrastructure. The mineralized structures are open along strike with potential for significant gold mineralization.

The Pedra Branca Project is 100% owned by Jaguar. Based on the acquisition agreement of the project entered into with Glencore Xstrata plc. (“Glencore”), Glencore holds rights to a NSR of 1% on future gold production and rights of first refusal on any Base Metal Dominant Deposit (as defined in the amendment) discovered which, if exercised, would allow Glencore to hold 70% of equity in a newly formed legal entity to hold such rights upon payment of 300% of the Company’s exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

QUALIFIED PERSON

Scientific and technical information contained in this MD&A have been reviewed and approved by Jonathan Victor Hill, BSc (Hons) (Economic Geology - UCT), Senior Expert Advisor Geology and Exploration to the Jaguar Mining Management Committee, who is also an employee of Jaguar Mining Inc., and is a “qualified person” as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“NI 43-101”).

OUTSTANDING SHARE DATA

The following are the issued and outstanding common shares and numbers of shares issuable under share-based compensation and warrants:

	As at August 14, 2018
Issued and outstanding common shares	325,115,403
Stock options	10,535,977
Deferred share units	5,114,728
Warrants	3,073,411
Total	343,839,519

NON-IFRS PERFORMANCE MEASURES

The Company has included the following non-IFRS performance measures in this document: cash operating costs per tonne of ore processed, cash operating costs per ounce of gold sold, all-in sustaining costs per ounce of gold sold, cash operating margin per ounce of gold sold, all-in sustaining margin per ounce sold, adjusted operating cash flow, free cash flow, earnings before tax, depreciation and amortization (“EBITDA”), adjusted Working Capital, and adjusted EBITDA. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. More specifically, Management believes that these figures are a useful indicator to investors and management of a mine’s performance as they provide: (i) a measure of the mine’s cash margin per ounce, by comparison of the cash operating costs per ounce to the price of gold; (ii) the trend in costs as the mine matures; and (iii) an internal benchmark of performance to allow for comparison against other mines. The definitions of these performance measures and reconciliation of the non-IFRS measures to reported IFRS measures are outlined below.

Reconciliation of Cash Operating Costs, All-In Sustaining Costs and All-In Costs per Ounce Sold

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating costs (per note 17 of the consolidated FS)	\$ 12,356	\$ 15,990	\$ 27,755	\$ 37,498
Cost adjustment ¹	-	(177)	-	528
Adjusted operating expenses	12,356	15,813	27,755	38,026
General & administration expenses	2,551	2,344	4,847	5,215
Corporate stock-based compensation	130	247	521	703
Sustaining capital expenditures	6,961	4,577	13,629	10,609
All-in sustaining cash costs	21,998	22,981	46,752	54,553
Reclamation - accretion (operating sites)	5	305	44	531
All-in sustaining costs	\$ 22,003	\$ 23,286	\$ 46,796	\$ 55,084
Non-sustaining capital expenditures	592	1,390	1,600	2,263
Exploration and evaluation costs (greenfield)	151	258	484	578
Reclamation - accretion (non-operating sites)	25	72	51	34
Care and maintenance (non-operating sites)	479	353	1,407	685
All-in costs	\$ 23,250	\$ 25,215	\$ 50,338	\$ 58,644
Ounces of gold sold	17,230	18,453	36,467	42,487
Cash operating costs per ounce sold	\$ 717	\$ 857	\$ 761	\$ 895
All-in sustaining costs per ounce sold	\$ 1,277	\$ 1,262	\$ 1,283	\$ 1,296
All-in costs per ounce sold	\$ 1,349	\$ 1,366	\$ 1,380	\$ 1,380
Average realized gold price	\$ 1,328	\$ 1,266	\$ 1,319	\$ 1,237
Cash operating margin per ounce sold	\$ 611	\$ 409	\$ 558	\$ 342
All-in sustaining margin per ounce sold	\$ 51	\$ 4	\$ 36	\$ (59)

¹ Cost adjustment includes any unusual items recorded during the quarter that do not relate to the current quarter's cost of sales or are non-cash items.

Reconciliation of Cash Operating Costs, All-In Sustaining Costs per Ounce Sold by Mine Complex/Site

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Turmalina Complex				
Operating costs	\$ 5,788	\$ 7,512	\$ 12,090	\$ 17,508
Sustaining capital expenditures	4,225	2,831	8,343	5,058
All-in sustaining costs¹	\$ 10,013	\$ 10,343	\$ 20,433	\$ 22,566
Ounces of gold sold	7,610	10,815	16,024	24,351
Cash operating costs per ounce sold¹	\$ 761	\$ 695	\$ 754	\$ 719
All-in sustaining cost per ounce sold^{1,2}	\$ 1,316	\$ 956	\$ 1,275	\$ 927
Caeté Complex				
Operating costs	\$ 6,568	\$ 8,301	\$ 15,665	\$ 20,518
Sustaining capital expenditures	2,736	1,746	5,286	5,550
All-in sustaining costs¹	\$ 9,304	\$ 10,047	\$ 20,951	\$ 26,068
Ounces of gold sold	9,620	7,638	20,443	18,136
Cash operating costs per ounce sold¹	\$ 683	\$ 1,087	\$ 766	\$ 1,131
All-in sustaining cost per ounce sold^{1,2}	\$ 967	\$ 1,315	\$ 1,025	\$ 1,437
Pilar Mine				
Operating costs	\$ 6,568	\$ 6,843	\$ 14,565	\$ 17,137
Sustaining capital expenditures	2,736	1,338	5,286	4,558
All-in sustaining costs¹	\$ 9,304	\$ 8,181	\$ 19,851	\$ 21,695
Ounces of gold sold	9,620	6,625	19,549	16,047
Cash operating costs per ounce sold¹	\$ 683	\$ 1,033	\$ 745	\$ 1,068
All-in sustaining cost per ounce sold^{1,2}	\$ 967	\$ 1,235	\$ 1,015	\$ 1,352

¹ Results of individual mines may not add up to the consolidated numbers due to rounding.

² The AISC calculation by mine site does not include allocation of Corporate (Toronto and Belo Office G&A).

Reconciliation of Free Cash Flow

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Cash generated from operating activities	\$ 4,460	\$ 216	\$ 9,438	\$ 2,071
Sustaining capital expenditures	(6,961)	(4,577)	(13,629)	(10,609)
Free cash flow	\$ (2,501)	\$ (4,361)	\$ (4,191)	\$ (8,538)
Ounces of gold sold	17,230	18,453	36,467	42,487
Free cash flow per ounce sold	\$ (145)	\$ (236)	\$ (115)	\$ (201)

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net loss	\$ (1,334)	\$ (3,323)	\$ (3,115)	\$ (11,200)
Income tax expense	(208)	722	23	1,115
Finance costs	1,355	1,453	2,131	3,019
Depreciation and amortization	4,449	4,857	9,378	11,518
EBITDA	\$ 4,262	\$ 3,709	\$ 8,417	\$ 4,452
Changes to legal provisions and recoverable VAT	847	48	1,483	2,196
Foreign exchange (gain)	(1,575)	(470)	(1,286)	(10)
Stock-based compensation	130	247	521	703
Inventory write-down	-	553	-	929
Financial instruments loss (gain)	1,639	(375)	1,741	(347)
Adjusted EBITDA	\$ 5,303	\$ 3,712	\$ 10,876	\$ 7,923

¹ This is a non-gaap financial performance measures with no standard definition under IFRS.

RISKS AND UNCERTAINTIES

The business of the Company involves significant risk due to the nature of mining, exploration and development activities. Certain risk factors are related to the mining industry in general while others are specific to Jaguar. The Company's exposure to risks and other uncertainties are particularly described in the Company's Annual Information Form for the year ended December 31, 2017, filed on SEDAR under the profile of Jaguar Mining Inc. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Further exploration on, and development of, the Company's properties will require additional capital. In addition, a positive production decision on any of the Company's development projects would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to either generate sufficient funds internally or to obtain financing through the joint venturing of projects, debt financing, equity financing or other means.

The Company's principal operations and mineral properties are located in Brazil. There are additional business and financial risks inherent in doing business in Brazil as compared to the United States or Canada. Since 1996, Transparency International has published the Corruption Perceptions Index ("CPI") annually ranking countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt). In 2016 and out of 176 countries in the World, Canada ranked 9th with a CPI score of 82, the United States ranked 18th with a CPI score of 74, and Brazil ranked 79th with a CPI score of 40. For North and South America, the average score on the 2016 Corruption Perceptions Index was 44 out of 100. Anything below 50 indicates governments are failing to tackle corruption and it represents a challenge in those countries requiring extra attention by those who conduct business there.

Corruption does not only occur with the misuse of public, government or regulatory powers; it also can occur in businesses' supplies, inputs and procurement functions (such as illicit rebates, kickbacks and dubious vendor relationships), as well as the inventory and product sales functions (such as inventory shrinkage or skimming). Employees as well as external parties (such as suppliers, distributors and contractors) have opportunities to commit procurement fraud and other wrongs against the Company. While corruption, bribery and fraud risks can never be fully eliminated, the Company reviews and implements controls to reduce the likelihood of these irregularities occurring.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires Management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Certain estimates, such as those related to the assessment of recoverability of the carrying amount of property, plant, equipment and mineral exploration projects, royalty receivable, valuation of recoverable taxes, deferred tax assets and liabilities, reclamation provisions, derivatives, liabilities associated with certain long-term incentive plans, measurement of inventory, provisions for legal actions and contingencies, and disclosure of contingent assets and liabilities depend on subjective or complex judgments about matters that may be uncertain. Changes in these estimates could materially impact the Company's condensed interim consolidated financial statements.

The critical accounting estimates, judgments, and assumptions applied in the preparation of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2018, are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2017. For details of these estimates, judgments, and assumptions, please refer to the Company's audited annual consolidated financial statements for the year ended December 31, 2017, which are available on the Company's website and on SEDAR.

CHANGES IN ACCOUNTING POLICIES

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2017, except for a change in the units of production depreciation, a definition of the accounting treatment for customer advances, that were effective and adopted as of January 1, 2018:

- Customer advances – Significant judgment was required in determining the appropriate accounting treatment for interest-bearing customer advances. The upfront cash deposit received from the customer is accounted for as deferred revenue, as the Company has determined that such will be recognized through the delivery of non-financial products (gold concentrate) rather than cash or financial assets. It is the Company's intentions to settle the advance obligations through its own production and if this is not possible, this would lead to the advance arrangement becoming a derivative since a cash settlement payment may be required. This would cause a change to the accounting treatment, resulting in the revaluation of the fair value of the agreement through the income statement on a recurring basis.
- Units of production depreciation –As of January 1, 2018, the Company changed the accounting estimates used to depreciate the Caete's mining properties and mineral exploration projects on a unit-of-production basis from using the expected amount of recoverable reserves to the use of the expected amount of recoverable mineral resources. The change in accounting estimate was made to ensure depreciation reflects management's best estimate of the useful life of the Caeté project and has been accounted for on a prospective basis. Due to the annual updating of recoverable mineral resources, it is impracticable to estimate the impact of the change in estimate in future periods.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. This forward-looking information includes, but is not limited to, statements concerning the Company's future objectives, Measured and Indicated Mineral Resources, Proven and Probable Mineral Reserves, their average grade, the commencement period of production, cash operating costs per ounce and completion dates of feasibility studies, gold production and sales targets, capital expenditure costs, future profitability and growth in mineral reserves. Forward-looking information can be identified by the use of words such as "are expected," "is forecast," "is targeted," "approximately," "plans," "anticipates," "projects," "anticipates," "continue," "estimate," "believe" or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating gold prices and monetary exchange rates, the possibility of project delays and cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, uncertainties related to production rates, timing of production and the cash and total costs of production, changes in applicable laws including laws related to mining development, environmental protection, and the protection of the health and safety of mine workers, the availability of labour and equipment, the possibility of civil insurrection, labour strikes and work stoppages and changes in general economic conditions. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

This forward-looking information represents the Company's views as of the date of this MD&A. The Company anticipates that subsequent events and developments may cause the Company's views to change. The Company does not undertake to update any forward-looking information, either written or oral, that may be made from time to time by, or on behalf of the Company, subsequent to the date of this discussion, other than as required by law. For a discussion of important factors affecting the Company, including fluctuations in the price of gold and exchange rates, uncertainty in the calculation of mineral resources, competition, uncertainty concerning geological conditions and governmental regulations and assumptions underlying the Company's forward-looking information, see "CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS" and "RISK FACTORS" in the Company's Annual Information Form for the year ended December 31, 2017 that can be accessed under the profile of Jaguar Mining Inc. on SEDAR at www.sedar.com. Further information about the Company is available on its corporate website at www.jaguarmining.com.