



MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2019**

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER ENDED JUNE 30, 2019

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, 2019, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2018 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, 2019.

The Company has included certain non-GAAP financial measures, which the Company believes, that together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is 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. The non-GAAP financial measures included in this MD&A include:

- Cash costs (per ounce sold);
- All-in sustaining costs (per ounce sold);
- Average realized price gold price (per ounce of gold sold);
- Adjusted operating cash flow;
- Adjusted EBITDA;
- Free cash flow (per ounce sold);
- Sustaining capital expenditures; and
- Non-sustaining capital expenditures.

Definitions and reconciliations associated with the above metrics can be found in Section Non-GAAP Performance Measures of this MD&A.

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 2019	January 1, 2019 – June 30, 2019	YTD 2018	January 1, 2018 – June 30, 2018
Q1 2019	January 1, 2019 – March 31, 2019	Q1 2018	January 1, 2018 – March 31, 2018
Q2 2019	April 1, 2019 – June 30, 2019	Q2 2018	April 1, 2018 – June 30, 2018

OUR BUSINESS

Jaguar Mining Inc (“Jaguar” or the “Company”) 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 (“Turmalina Gold mine and plant”) and Caeté Gold Mine Complex (“Pilar Gold mine”, “Roça Grande Gold mine” and “Caeté plant”). The Company also owns the Paciência Gold Mine Complex (“Paciência”), which has been on care and maintenance since 2012. Jaguar’s Brazilian assets and operations are held by Jaguar’s wholly-owned subsidiary Mineração Serras dos Oeste EIRELI. (“MSOL”).

Q2 2019 FINANCIAL & OPERATING SUMMARY

(\$ thousands, except where indicated)	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Financial Data				
Revenue	\$ 23,923	\$ 22,888	\$ 45,339	\$ 48,116
Operating costs	14,627	12,356	29,246	27,755
Depreciation	3,499	4,407	7,109	9,293
Gross profit	5,797	6,125	8,984	11,068
Net loss	(2,137)	(1,334)	(3,976)	(3,115)
Per share (“EPS”)	(0.01)	(0.00)	(0.01)	(0.01)
EBITDA ¹	2,581	4,262	5,234	8,417
Adjusted EBITDA ^{1,2}	6,003	5,303	9,906	10,876
Adjusted EBITDA per share ¹	0.02	0.02	0.03	0.03
Cash operating costs (per ounce sold) ¹	786	717	826	761
All-in sustaining costs (per ounce sold) ¹	1,366	1,277	1,395	1,283
Average realized gold price (per ounce) ¹	1,286	1,328	1,280	1,319
Cash generated from operating activities	7,505	4,460	10,028	9,438
Free cash flow ¹	(877)	(2,501)	(5,441)	(4,191)
Free cash flow (per ounce sold) ¹	(47)	(145)	(154)	(115)
Sustaining capital expenditures ¹	8,382	6,961	15,469	13,629
Non-sustaining capital expenditures ¹	245	592	433	1,600
Total capital expenditures	8,627	7,553	15,902	15,229

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,	
	2019	2018	2019	2018
Operating Data				
Gold produced (ounces)	18,366	18,819	34,731	37,684
Gold sold (ounces)	18,598	17,230	35,419	36,467
Primary development (metres)	1,310	1,277	2,471	2,347
Secondary development (metres)	699	578	1,331	1,025
Definition, infill, and exploration drilling (metres)	8,189	8,763	14,821	18,204

New Financing, Repayment of Bridge Facility

- Subsequent to the second quarter ended June 30, 2019, the Company completed a \$25 million private placement offering ("the Offering") on July 18, 2019 which included a strategic investment from two of the Company's significant shareholders, Mr. Eric Sprott and Tocqueville Gold Fund. In addition, the Company fully repaid its senior secured bridge facility (the "Facility") with Auramet International LLC for USD\$7.85 million from the proceeds of the private placement.
- Mr. Sprott, invested USD\$15 million in the private placement representing 60% of the entire Offering, resulting in 42.6% ownership of the Company's outstanding Common Shares on a non-diluted basis. Tocqueville Gold Fund, a long-term Jaguar Mining investor, represents 19.6% of the Company's outstanding Common Shares on a non-diluted basis.

Financial and Operational Summary

Revenue, Gross Profit, Gold Ounces Sold, Operating Costs and Adjusted EBITDA¹

- Revenue for Q2 2019 increased 5% to \$23.9 million, compared with \$22.9 million in Q2 2018, due to an 8% increase in gold sales, offset by a 3% decline in the average realized gold price of \$1,286/oz in Q2 2019 as compared to \$1,328/oz for Q2 2018.
- Gross profit for Q2 2019 was \$5.8 million, compared to \$6.1 million for Q2 2018. The decreased in profitability reflects the higher operating cash costs.
- Gold ounces sold in Q2 2019 were 18,598 ounces, compared with 17,230 ounces sold for the comparative periods.
- Operating costs increased 18% in Q2 2019, compared with \$12.4 million in Q2 2018, primarily due to the increase in ounces sold.
- Adjusted EBITDA for Q2 2019 was \$6 million compared to \$5.3 million for Q2 2018.

Cash Operating Costs, Capital Expenditures, All-In-Sustaining Costs ("AISC"), Operating Cash Flow¹

- Cash operating costs increased 9.6% to \$786 per ounce of gold sold for Q2 2019, compared to \$717 per ounce sold during Q2 2018.
- In Q2 2019, sustaining capital investment increased 20% to \$8.4 million, compared to \$7 million in Q2 2018, mainly due to the increase in mine-site sustaining expenditures.
- AISC were \$1,366 per ounce of gold sold in Q2 2019, compared to \$1,277 per ounce sold during Q2 2018, due primarily to the increase in sustaining capital investment.
- Operating cash flow was \$7.5 million for Q2 2019, compared to \$4.5 million in Q2 2018, mainly as a result of the increase in ounces sold.

Cash Position and Working Capital

- As at June 30, 2019, the Company had a cash position of \$5.2 million, compared to \$6.3 million as at December 31, 2018. The June 30, 2019, cash balance excludes a \$2 million restricted cash deposit held with Auramet.
- As at June 30, 2019, working capital was negative \$13.1 million, compared to negative \$2.4 million as at December 31, 2018, which includes \$5.1 million (December 31, 2018 - \$7.3 million) in loans from Brazilian banks, which mature every six months and are expected to be rolled forward.
- Subsequent to June 30, 2019, and the completed Offering, the pro-forma cash balance was \$20.3 million including the full repayment of the \$7.85 million Auramet bridge loan facility.

¹ This is a non-GAAP financial performance measures with no standard definition under IFRS.
MD&A – Quarter Ended June 30, 2019

Tonnes Processed and Average Grade, Gold Production

- Consolidated gold production decreased to 18,366 ounces in Q2 2019, compared to 18,819 ounces in Q2 2018, reflecting lower production from Turmalina year-over-year. Gold recovery was 88.6% in Q2 2019 compared to 90.4% in Q2 2018.
- Total processing was 184,000 tonnes in Q2 2019 (Q2 2018 – 171,000 tonnes) at an average head grade of 3.48 g/t (FY 2018 – 3.77 g/t).
 - In Q2 2019, Turmalina processed 75,000 tonnes (Q2 2018 – 77,000 tonnes) at an average head grade of 3.55 g/t (Q2 2018 – 3.46 g/t).
 - Pilar processed 109,000 tonnes in Q2 2019 (Q2 2018 – 94,000 tonnes) at an average head grade of 3.44 g/t (Q2 2018 – 4.03 g/t).
- Pilar production decreased 4% to 10,543 ounces in Q2 2019 compared to 10,995 ounces in Q2 2018. Turmalina produced 7,823 ounces in Q2 2019, compared to 7,824 ounces in Q2 2018.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

(\$ thousands, except where indicated)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Tonnes of ore processed ('000)	75,000	65,000	75,000	88,000	77,000	81,000	95,000	107,000
Average head grade (g/t) ¹	3.55	3.96	3.56	3.62	3.46	3.57	4.41	3.10
Average recovery rate (%)	91%	90%	90%	90%	91%	91%	91%	91%
Gold (oz.)								
Produced	7,823	7,525	7,743	9,252	7,824	8,442	12,245	9,616
Sold	7,999	8,006	8,206	8,609	7,610	8,414	12,142	9,082
Cash operating cost (per oz. sold) ²	\$ 766	\$ 868	\$ 787	\$ 722	\$ 761	\$ 749	\$ 646	\$ 749
All-in sustaining cost (per oz. sold) ²	\$ 1,465	\$ 1,347	\$ 1,298	\$ 1,181	\$ 1,316	\$ 1,238	\$ 784	\$ 993
Cash operating cost (R\$ per tonne) ²	\$ 320	\$ 264	\$ 328	\$ 279	\$ 271	\$ 252	\$ 268	\$ 201

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.

Turmalina production in Q2 2019 was in line compared with the same period of 2018. During the second quarter of 2019, were produced 7,823 ounces of gold compared to 7,824 ounces in the second quarter of 2018. The decrease in the tonnes processed from 77,000 in Q2 2018 to 75,000 in Q2 2019, was offset by a 3% increase in the average head grade (grams per ton) from 3.46 (g/t) in Q2 2018 to 3.55 (g/t) in Q2 2019. The cash operating cost per ounce sold for the second quarter of 2019 increased by 1%, or \$5 per ounce, as compared to the same period in 2018.

Turmalina Capital Expenditures

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Sustaining capital ¹				
Primary development	\$ 3,728	\$ 3,560	\$ 6,889	\$ 7,072
Brownfield exploration	147	126	337	258
Mine-site sustaining	1,713	539	2,194	1,013
Total sustaining capital¹	5,588	4,225	9,420	8,343
Total non-sustaining capital¹	34	512	175	904
Total capital expenditures	\$ 5,622	\$ 4,737	\$ 9,595	\$ 9,247

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,	
	2019	2018	2019	2018
Primary development	783	740	1,356	1,388
Secondary development	330	302	652	394
Total development	1,113	1,042	2,008	1,782
Definition drilling	1,287	330	1,746	665
Infill drilling	3,421	2,108	6,266	4,370
Exploration drilling	255	3,185	1,241	6,134
Total definition, infill, and exploration drilling	4,963	5,623	9,253	11,169

Mining

Turmalina is an underground mine utilizing the sub-level stoping mining method with a combination of rockfill and paste fill, with some areas of the mine previously using mechanized cut and fill mining. Production in Turmalina has recently been below historical averages. Lack of developed reserves has constrained mine flexibility. The development contractor Toniolo Busnello (“TBSA”) is developing the Orebody A ramp. Jaguar crews are developing the Orebody C ramp as well as ore development in both orebodies. The mine successfully converted the work schedule from 3 to 4 shifts/day in Q1 2019 to increase productive time/day. Tonnes ore processed increased by 15% and total development increased by 37% from Q1 2019 to Q2 2019 as Turmalina ramps up development to increase developed ore reserves.

New production levels in both A and C orebodies are planned to go into production in late 2019 and early 2020 to provide increased production rates and flexibility. The new production areas will use systematic stope sequencing, stope span designs based on geotechnical conditions, and pastefill where needed.

Recent exploration drilling in C Central has identified a third potential stoping area that could add production capability next year. Development accessed the C Central ore shoot on 3 level during Q2 2019. Delineation drilling and mining the first stope is planned in the second half of 2019. Turmalina Proven and Probable Mineral Reserve tonnes increased by 74% and grade increased by 12% to 1,408 tonnes at 5.05 g/t containing 228,000 ounces of gold as of year end 2018.

Processing

Ore produced at Turmalina is transported to the adjacent CIP processing plant. The Turmalina plant consists of three ball mills. Turmalina is able to achieve the entire throughput of the plant using only Mill #3 which has a capacity of 1600 tonnes

per day. This lowers operating costs through electricity consumption savings. Mills #1 and #2 have been taken off-line and can be used as needed to supplement the capacity of Mill #3.

Turmalina Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Turmalina Complex				
Revenue	\$ 10,293	\$ 10,113	\$ 20,488	\$ 21,143
Less cash operating costs	6,130	5,788	13,082	12,090
Less sustaining capital expenditures	5,588	4,225	9,420	8,343
Free Cash Flow	\$ (1,425)	\$ 100	\$ (2,014)	\$ 710

¹ This is a non-GAAP 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.

The free cash flow for the three and six months ended June 30, 2019, decreased compared to the same period in 2018, primarily as a result of the decrease in ounces sold and the increase in sustaining capital expenditures.

Caeté Gold Mine Complex

Caeté Complex Quarterly Production

The Caeté Mining Complex includes the Pilar Mine and the Caete Processing Plant. On March 22, 2018, the Roça Grande mine was placed on care and maintenance. Ore from Pilar is trucked a total distance of approximately 40 kilometres by road to the Caeté plant. The Caeté plant has a capacity of 2,200 tonnes per day and includes gravity, flotation and CIP processing.

(\$ thousands, except where indicated)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Tonnes of ore processed (t)	109,000	95,000	103,000	87,000	94,000	93,000	95,000	106,000
Average head grade (g/t) ¹	3.44	3.34	3.25	4.40	4.03	3.93	3.33	3.62
Average recovery rate (%)	87%	86%	87%	90%	90%	89%	89%	90%
Gold (oz.)								
Produced	10,543	8,840	9,301	11,068	10,995	10,423	9,067	11,164
Sold	10,599	8,815	9,416	11,832	9,620	10,823	8,699	11,339
Cash operating cost (per oz. sold) ²	\$ 802	\$ 871	\$ 803	\$ 557	\$ 683	\$ 841	\$ 883	\$ 856
All-in sustaining cost (per oz. sold) ²	\$ 1,065	\$ 1,240	\$ 1,050	\$ 888	\$ 967	\$ 1,076	\$ 1,252	\$ 1,068
Cash operating cost (R\$ per tonne) ²	\$ 306	\$ 200	\$ 280	\$ 299	\$ 252	\$ 317	\$ 256	\$ 290

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.

Caeté Complex Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Caeté Complex				
Revenue	\$ 13,630	\$ 12,775	\$ 24,851	\$ 26,973
Less cash operating costs	8,497	6,568	16,173	15,665
Less sustaining capital expenditures	2,794	2,736	6,049	5,286
Free Cash Flow	\$ 2,339	\$ 3,471	\$ 2,629	\$ 6,022

¹ This is a non-GAAP 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.

Pilar Quarterly Production

(\$ thousands, except where indicated)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Tonnes of ore processed (t)	109,000	95,000	103,000	87,000	94,000	81,000	81,000	88,000
Average head grade (g/t) ¹	3.44	3.34	3.25	4.40	4.03	4.13	3.53	3.77
Average recovery rate (%)	87%	86%	87%	90%	90%	89%	89%	90%
Gold (ozs)								
Produced	10,543	8,840	9,301	11,068	10,995	9,553	8,156	9,674
Sold	10,599	8,815	9,416	11,832	9,620	9,929	7,880	9,820
Cash operating cost (per oz sold) ²	\$ 802	\$ 871	\$ 803	\$ 557	\$ 683	\$ 805	\$ 835	\$ 804
All-in sustaining cost (per oz sold) ²	\$ 1,065	\$ 1,240	\$ 1,050	\$ 888	\$ 967	\$ 1,062	\$ 1,198	\$ 1,042
Cash operating cost (R\$ per tonne) ²	\$ 306	\$ 200	\$ 280	\$ 299	\$ 252	\$ 320	\$ 264	\$ 284

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 2019, Pilar produced 10,543 ounces of gold compared to 10,995 ounces in Q2 2018, a decrease of 4% due to the reduction in the average head grade from 4.03 (g/t) in Q2 2018 to 3.34 (g/t) in Q2 2019, which was offset by a 16% increase in the tonnes processed. The cash operating cost per ounce sold for Q2 2019 increased 17% as compared to Q2 2018.

Pilar Capital Expenditures

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Sustaining capital ¹				
Primary development	\$ 1,830	\$ 2,336	\$ 4,523	\$ 4,468
Brownfield exploration	56	131	107	307
Mine-site sustaining	908	269	1,419	511
Total sustaining capital¹	2,794	2,736	6,049	5,286
Total non-sustaining capital¹	154	67	155	165
Total capital expenditures	\$ 2,948	\$ 2,803	\$ 6,204	\$ 5,451

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,	
	2019	2018	2019	2018
Primary development	527	537	1,115	959
Secondary development	369	275	679	631
Total development	896	812	1,794	1,590
Definition drilling	2,133	1,218	3,754	2,000
Infill drilling	647	1,923	1,368	4,255
Exploration drilling	446	-	446	83
Total definition, infill, and exploration drilling	3,226	3,141	5,568	6,338

Mining

Pilar is an underground mine using sub-level open stoping with waste rock backfill. The development contractor Toniolo Busnello ("TBSA") is developing the main ramp. Jaguar crews are driving the secondary ore development. Mining production has been from the BF and BF2 orebodies. Pilar is drilling and developing the other mineralized structures in 2019. The Sao Jorge structure was accessed during Q2 2019 exposing mineralization. The mine successfully converted the work schedule from 3 to 4 shifts/day in Q2 2019 to increase productive time/day. Tonnes processed increased by 15% and gold ounces produced increased by 19% from Q1 to Q2 2019.

Processing

Pilar ore is trucked approximately 40 kilometers by road to the Caeté Plant. The Caeté plant has a capacity of 2,200 tonnes per day and includes gravity, flotation, and CIP processing. During Q2 2019 the Caeté plant processed 109,000 tonnes at a grade of 3.44 g/t.

Pilar Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Pilar				
Revenue	\$ 13,630	\$ 12,775	\$ 24,851	\$ 25,794
Less cash operating costs	8,497	6,568	16,173	14,565
Less sustaining capital expenditures	2,794	2,736	6,049	5,286
Free Cash Flow	\$ 2,339	\$ 3,471	\$ 2,629	\$ 5,943

¹ This is a non-GAAP 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".

The free cash flow for the three and six months ended June 30, 2019, decreased compared to the same period in 2018, primarily as a result of the decrease in the average realized gold price, from 1,280 per ounces sold YTD 2019 compared to 1,319 per ounces sold YTD 2018. The cash operating cost increased to \$833 per ounce of gold sold for YTD 2019, compared to \$745 per ounce sold during YTD 2018.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review¹

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Revenue	\$ 23,923	\$ 21,416	\$ 21,377	\$ 25,426	\$ 22,888	\$ 25,228	\$ 26,626	\$ 26,062
Cost of sales (excluding depreciation) ²	(14,627)	(14,630)	(14,014)	(12,809)	(12,356)	(15,399)	(15,526)	(16,116)
Gross profit (excluding depreciation) ²	9,296	6,786	7,363	12,617	10,532	9,829	11,100	9,946
Net income (loss)	(2,137)	(1,839)	(15,065)	2,208	(1,334)	(1,781)	16,034	(7,664)
Cash flows from operating activities	7,505	2,523	5,180	6,566	4,079	4,979	5,387	7,509
Total assets	184,111	183,352	178,667	178,560	177,262	178,779	183,679	177,806
Total liabilities	83,887	81,205	74,811	60,145	61,471	61,783	65,293	75,591
Working Capital	(13,091)	(8,328)	(2,411)	1,590	4,025	10,978	14,132	23,171
Total Debt	13,969	14,885	9,743	8,070	9,049	14,908	17,525	19,997
Average realized gold price (per oz.) ²	\$ 1,286	\$ 1,273	\$ 1,213	\$ 1,244	\$ 1,328	\$ 1,311	\$ 1,278	\$ 1,276
Cash operating cost (per oz. sold) ²	\$ 786	\$ 870	\$ 795	\$ 627	\$ 717	\$ 800	\$ 745	\$ 809

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 2019. Current assets decreased \$4.2 million as at June 30, 2019, compared to December 31, 2018, primarily as a result of the decrease in recoverable taxes. Current liabilities increased \$6.5 million as at June 30, 2019, compared to December 31, 2018, due to the senior secured loan facility ("Auramet loan facility") agreement with lender Auramet International LLC totaling \$7.9 million to fund working capital, executed on March 15, 2019. Non-current liabilities increased \$2.6 million as at June 30, 2019, compared to December 31, 2018, resulting from increases in Right-of-use lease liabilities and other liabilities.

Revenue

(\$ thousands, except where indicated)	Three months ended			Six months ended		
	2019	2018	Change	2019	2018	Change
Revenue	\$ 23,923	\$ 22,888	5%	\$ 45,339	\$ 48,116	(6%)
Ounces sold	18,598	17,230	8%	35,419	36,467	(3%)
Average realized gold price ¹	\$ 1,286	\$ 1,328	(3%)	\$ 1,280	\$ 1,319	(3%)

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 2019 increased 5%, compared to the same period in 2018, primarily as a result of an 8% increase in ounces sold. The market price of gold is a primary driver of our profitability and our ability to generate free cash flow. During the three months ended June 30, 2019, the market price of gold (London PM Fix) traded in a range of \$1,270–\$1,431, averaged \$1,309 per ounce, and closed at \$1,409 per ounce on June 30, 2019. The average market price during the second quarter of 2019 was higher compared to the average market price of \$1,306 per ounce for the second quarter of 2018.

Production

A total of 184,000 tonnes were processed in Q2 2019 (Q2 2018 – 171,000 tonnes) at an average head grade of 3.48 g/t (Q2 2018 – 3.77 g/t), an 8% decrease in average head grade compared to the same period in 2018.

Consolidated Production Costs

(\$ thousands, except where indicated)	Three months ended			Six months ended		
	2019	2018	Change	2019	2018	Change
Direct mining and processing cost	\$ 13,778	\$ 11,506	20%	\$ 27,452	\$ 25,965	6%
Mining	8,952	7,584	18%	17,816	16,808	6%
Processing	4,826	3,922	23%	9,636	9,157	5%
Royalties, production taxes and others	849	850	(0%)	1,794	1,790	0%
Royalty expense and CFEM taxes	753	712	6%	1,691	1,638	3%
NRV adjustment and others	96	138	(30%)	103	152	(32%)
Total operating expenses	\$ 14,627	\$ 12,356	18%	\$ 29,246	\$ 27,755	5%
Depreciation	3,499	4,407	(21%)	7,109	9,293	(24%)
Total cost of sales	\$ 18,126	\$ 16,763	8%	\$ 36,355	\$ 37,048	(2%)

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 increased 18% from \$12.4 million in the three months ended June 30, 2018, to \$14.6 million in 2019, primarily as a result of the increase in the ounces sold from 17,230 ounces in Q2 2018, compared to 18,598 ounces in the same period of 2019. The cash operating cost (per ounces sold) increased a 10% from \$717 in Q2 2018, compared to \$786 in the same period of 2019.

Operating Expenses

(\$ thousands)	Three months ended			Six months ended		
	2019	2018	Change	2019	2018	Change
Changes in other provisions and VAT taxes	\$ 774	\$ 847	(9%)	\$ 1,983	\$ 1,483	34%
General and administrative expenses	2,172	2,551	(15%)	4,340	4,847	(10%)
Exploration and evaluation costs	50	151	(67%)	92	484	(81%)
Care & maintenance costs (Paciência and Roça Grande mines)	224	479	(53%)	527	1,407	(63%)
Stock-based compensation	215	130	65%	344	521	(34%)
Amortization	34	42	(19%)	68	85	(20%)
Other operating expenses	761	1,957	(61%)	1,219	2,574	(53%)
Total operating expenses	\$ 4,230	\$ 6,157	(31%)	\$ 8,573	\$ 11,401	(25%)

Care and Maintenance Costs

Paciência Gold Mine Complex

The Paciência Gold Mine Complex remained on care and maintenance during the second quarter of 2019. No gold has been produced since the third quarter of 2012. No underground development or drilling work was carried out by the Company at Paciência during Q2 2019. The complex has been secured and the facilities are preserved and patrolled. A limited maintenance staff turns on 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

Due to high operating costs, the Roça Grande Mine was placed on care and maintenance on March 22, 2018. No underground development or drilling work was carried out by the Company at Roça Grande during Q2 2019. 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 that 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,		
	2019	2018	Change	2019	2018	Change
Directors' fees	\$ 63	\$ 100	(37%)	\$ 125	\$ 222	(44%)
Audit related and insurance	266	289	(8%)	558	471	18%
Corporate office (Toronto)	448	520	(14%)	910	1,140	(20%)
Belo Horizonte office	1,395	1,642	(15%)	2,747	3,014	(9%)
Total G&A expenses	\$ 2,172	\$ 2,551	(15%)	\$ 4,340	\$ 4,847	(10%)

For the three months ended June 30, 2019, the total G&A expenses decreased 15% compared to the same period in 2018. Costs associated with the Belo Horizonte office were 15% lower in the three months ended in June 30, 2019. Costs for the corporate office in Toronto were 14% lower for the three months of 2019 compared to the same period of 2018, due to cost cutting measures.

Changes in Other Provisions and VAT Taxes

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2019	2018	Change	2019	2018	Change
Changes to legal provisions	\$ 1,583	\$ 1,092	45%	\$ 2,909	\$ 1,605	81%
Changes to recoverable taxes provision	(809)	(245)	230%	(926)	(122)	659%
Changes to legal provisions and recoverable VAT	\$ 774	\$ 847	(9%)	\$ 1,983	\$ 1,483	34%

Legal Provisions

As at June 30, 2019, there were 350 employee-initiated active lawsuits (June 30, 2018 – 407) against the Company, largely related to disputed overtime, break/interval and time at disposal. Based on Management's assessment of the likelihood of loss related to 268 lawsuits (June 30, 2018 – 289), the Company has recorded approximately \$9.6 million as labour legal provisions, with \$4.2 million classified as a current liability as at June 30, 2019 (June 30, 2018 – \$7.9 million and \$3.9 million, respectively).

During Q2 2019, 15 new lawsuits were initiated. The Company paid approximately \$416,000 in appeal deposits and escrow payments, \$415,000 in settlement installments, and \$201,000 for other costs such as social security, income tax, legal fees and expert fees. The total amount spent in Q2 2019 was \$1,032,000 compared to \$1,182,000 in Q2 2018.

Recoverable Taxes Provision

As at June 30, 2019, gross recoverable taxes that are primarily denominated in Brazilian Reais amounted to \$20 million (December 31, 2018 – \$23.2 million). As at June 30, 2019, the provision for recoverable taxes was approximately \$3.2 million (December 31, 2018 – \$4.1 million). Consequently, the net book value of recoverable taxes as at June 30, 2019 was \$16.7 million (December 31, 2018 – \$19.1 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 Turmalina complex comprising the Turmalina mine and the Caeté complex comprising the Pilar and Roça Grande mines. The Company received a cash refund in the amount of R\$3.5 million (approximately \$1.0 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\$36.0 million (approximately \$11.0 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 the remainder of this claim. At June 30, 2019, the Company is awaiting the Tax Authority's review result of its appeal to receive the remainder

ICMS is a type of value added tax which can either be sold to other companies (usually at a discount rate of 15% – 30%) 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, 2019, the Company sold R\$9.5 million and R\$13.7 million (approximately \$2.5 million and \$3.6 million), respectively, in ICMS export tax credits, and the Company received approvals from the state tax authority for R\$1.3 million and R\$10.2 million, respectively (approximately \$0.3 million and \$2.6 million) in additional ICMS export tax credits authorized for sale. As at June 30, 2019, the Company held R\$1.3 million (approximately \$0.3 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2018 – R\$5 million, approximately \$1.3 million).

Impairment

The Turmalina, Caeté, and Paciência projects are each 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 months ended June 30, 2019, 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,		
	2019	2018	Change	2019	2018	Change
Foreign Exchange (Gain) Loss	\$ 436	\$ (1,575)	(128%)	\$ 303	\$ (1,286)	(124%)
Financial instruments loss	1,997	1,639	22%	2,042	1,741	17%
Finance costs	1,118	1,355	(17%)	1,966	2,131	(8%)
Other non-operating (recoveries) expenses	86	91	(5%)	9	173	(95%)
Non-operating expenses	\$ 3,637	\$ 1,510	141%	\$ 4,320	\$ 2,759	57%

During the three months ended June 30, 2019, finance costs mainly represent interest on debt and accretion expense.

Auramet Advance

On May 9, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advance (“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 Auramet advance 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 the margin deposit. The Auramet advance requires settlement in full at maturity on October 31, 2019.

On May 9, 2018, the Company also agreed to a European style gold call options agreement with Auramet whereby Auramet holds an option 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.

For the six months ended June 30, 2019, 2,000 ounces in call options expired and were not exercised by Auramet, the Company remained in compliance with the minimum net cash balance covenant requirement on the Auramet advance, and at June 30, 2019 3,000 call options remained outstanding with expiration dates maturing monthly between July 2019 and November 2019.

Auramet loan facility

On March 15, 2019, the Company entered into a senior secured loan facility (“Auramet loan facility”) agreement with lender Auramet International LLC totaling \$7.9 million to fund working capital. The Auramet loan facility was provided by security agreements comprising the Company’s and MSOL’s present and future assets, the shares of MSOL, and a loan guarantee by MSOL. As per the agreement, interest was prepaid and non-reimbursable in the amount of \$350,000, and principal is due at maturity on July 15, 2019. The Auramet loan facility includes a covenant which requires the Company to maintain a minimum net cash balance of \$3 million.

To obtain the Auramet loan facility, the Company incurred transaction costs, including \$79,000 in upfront fees due to Auramet and \$82,000 in legal and technical due diligence costs, and awarded Auramet a set of European style gold call options whereby Auramet holds an option to purchase up to 5,000 ounces of gold at a strike price of US\$1,350 per ounce, expiring January 2020.

As at and for the six months ended June 30, 2019, the Company was in compliance with its minimum net cash balance covenant requirement on the Auramet loan facility, the Auramet loan facility was a financial liability initially measured at fair value and subsequently measured at amortized cost using the effective interest method, and the associated call options remained outstanding.

Subsequent to June 30, 2019, more specifically on July 8, 2019, the Company closed a non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C\$0.085 per share in exchange for aggregate gross proceeds of \$25.0 million. On July 15, 2019, the Company fully repaid the Auramet loan facility’s \$7.9 million remaining balance due.

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 an historical debt (2008 – 2014) of R\$8.3 million (approximately \$2.2 million) in ICMS taxes. The agreement was ratified by the parties in July 2018. 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 assessed as 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.

In September 2018, the Company received a social security tax (INSS – Instituto Nacional do Seguro Social) assessment from Brazil’s Federal Tax Authority with respect to fiscal years 2014 and 2015, challenging the social security tax rate basis applied by the Company, which as per Brazilian tax legislation is variable based on the Company’s historical work accident rate. The tax assessment claimed entitlement to a total additional R\$1.9 million (approximately \$0.5 million) due from the Company. Upon review, the Company and its legal counsel assessed its probability of loss as more likely than not and entered a settlement agreement with the Federal Tax Authority to reduce its exposure to fines and interest and extend its cash flow impact, agreeing to pay a total of R\$1.5 million (approximately \$0.4 million), in cash, over 60 (sixty) equal monthly installments starting in October 2018.

Government Royalty

In July 2018, 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, 2018. 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.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

Total debt outstanding as at June 30, 2019, was \$21.1 million (of which \$7.0 million was the unsecured customer advance with Auramet International LLC - "Auramet advance"), compared to \$15.3 million as at December 31, 2018 (of which \$7.0 million was the unsecured customer advance with Auramet International LLC - "Auramet advance").

As at June 30, 2019, the Company had a negative working capital of \$13.1 million as at June 30, 2019 (\$2.4 million negative as at December 31, 2018). Working capital as at June 30, 2019, includes \$5.1 million in loans from Brazilian banks (\$7.3 million as at December 31, 2018), which mature every six months and are expected to continue to be rolled forward.

	June 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 5,197	\$ 6,275
Non-cash working capital		
Other current assets:		
Restricted cash	4,670	5,262
Inventory	11,409	12,136
Recoverable taxes	8,865	10,421
Other accounts receivable	596	566
Prepaid expenses and advances	1,934	1,920
Derivatives	30	331
Current liabilities:		
Accounts payable and accrued liabilities	(15,640)	(17,506)
Notes payable	(13,736)	(8,119)
Right-of-use lease liabilities	(1,550)	(1,381)
Customer advances	(7,000)	(7,000)
Current tax liability	(66)	-
Other taxes payable	(437)	(503)
Reclamation provisions	(311)	(335)
Contingent liabilities	(5,020)	(3,871)
Derivative liabilities	(2,032)	(607)
Working capital¹	\$ (13,091)	\$ (2,411)

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

The use of funds during the three months ended June 30, 2019, is outlined below:

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Cash generated from operating activities	\$ 7,505	\$ 4,460	\$ 10,028	\$ 9,438
Investing activities				
Capital expenditures on equipment and brownfield exploration				
Mineral exploration projects	\$ -	\$ (85)	\$ -	\$ (158)
Purchase of property, plant and equipment	(8,053)	(7,745)	(14,926)	(14,570)
Proceeds from disposition of property, plant and equipment	53	-	57	132
Cash used in investing activities	\$ (8,000)	\$ (7,830)	\$ (14,869)	\$ (14,596)
Financing activities				
Cash received upon issuance of debt	\$ -	\$ 2,475	\$ 7,340	\$ 2,475
Cash received upon issuance of customer advances	-	7,000	-	7,000
Repayment of debt	(2,134)	(9,160)	(3,391)	(11,904)
Restricted cash margin deposits paid	-	(2,000)	-	(2,000)
Interest paid	(368)	(219)	(588)	(475)
Cash provided by (used in) financing activities	\$ (2,502)	\$ (1,904)	\$ 3,361	\$ (4,904)
Effect of exchange rate changes on cash balances	327	175	402	678
Net increase (decrease) in cash and equivalents	\$ (2,670)	\$ (5,099)	\$ (1,078)	\$ (9,384)

The \$3 million increase in operating cash flows for Q2 2019 compared to Q2 2018 is primarily due to an 8% increase in ounces sold, from 17,230 ounces in Q2 2018 to 18,598 ounces in Q2 2019. For the six months ended on June 30, 2019, the cash received upon issuance of debt, refers to the senior secured loan facility ("Auramet loan facility") agreement with lender Auramet International LLC totaling \$7.9 million to fund working capital, executed on March 15, 2019.

Subsequent to June 30, 2019, more specifically on July 8, 2019, the Company closed a non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C\$0.085 per share in exchange for aggregate gross proceeds of \$25.0 million. On July 15, 2019, the Company fully repaid the Auramet loan facility's \$7.9 million remaining balance due.

Contractual Obligations and Commitments

The Company's contractual obligations as at June 30, 2019, are summarized as follows:

As at June 30, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities ¹	\$ 15,640	\$ -	\$ -	\$ -	\$ 15,640
Other Taxes Payable					
ICMS Settlement Due	427	898	412	-	1,737
INSS	88	176	110	-	374
Withholding taxes	-	8,170	-	-	8,170
Notes payable					
Principal					
Bank indebtedness ²	5,085	-	-	-	5,085
Vale note	875	250	-	-	1,125
Auramet loan facility	7,786	-	-	-	7,786
Interest	139	23	-	-	162
Right-of-use lease liabilities	1,672	713	191	-	2,576
Reclamation provisions ³	311	5,887	7,755	8,041	21,995
Derivative liabilities	2,032	-	-	-	2,032
Other liabilities	-	3,752	-	-	3,752
Total financial liabilities	\$ 34,055	\$ 19,869	\$ 8,468	\$ 8,041	\$ 70,434
Other Commitments					
Customer advances					
Principal					
Auramet advance	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Interest	311	-	-	-	311
Suppliers' agreements ⁴	223	-	-	-	223
Total other commitments	\$ 5,534	\$ -	\$ -	\$ -	\$ 5,534
Total	\$ 39,589	\$ 19,869	\$ 8,468	\$ 8,041	\$ 75,968

¹ Amounts payable as at June 30, 2019.

² Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

³ Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

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. 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.

CAPITAL STRUCTURE

The capital structure of the Company as at June 30, 2019, is outlined below:

All amounts in \$ thousands, except number of common shares		As at June 30, 2019
Bank indebtedness	\$	5,085
Leasing		2,374
Vale note		1,098
Auramet loan		7,786
Customer advances		7,000
Total debt	\$	23,343
Less: cash and cash equivalents		(5,197)
Total net debt¹	\$	18,146
Number of common shares outstanding		328.5 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 condensed interim consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three and six months ended June 30, 2019 were \$nil and \$19,000, respectively (\$nil and \$42,000, respectively, for the three and six months ended June 30, 2018).

During the six months ended June 30, 2019, the Company also engaged advisory services from John Ellis, a director of Jaguar. Fees paid to Mr. Ellis are recorded in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss and were \$20,000 and \$40,000 for the three and six months ended June 30, 2019 (\$nil and \$nil, respectively, during the three and six months ended June 30, 2018).

In July 2019, subsequent to June 30, 2019, the Company closed its non-brokered private placement offering and issued a combined total of 394,117,647 Common Shares in exchange for aggregate gross proceeds of \$25.0 million. Two related parties, Mr. Eric Sprott and Tocqueville Asset Management LP, participated in the offering. Mr. Sprott’s participation increased his position held directly and indirectly from 21.7% of the common shares outstanding on a non-diluted basis to 42.6%. Tocqueville Asset Management LP’s participation served to maintain its position held indirectly at 19.6% of the common shares outstanding on a non-diluted basis.

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, 2018, 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 2018. The Company expects to collect the additional \$5 million from Avanco in a series of 10 instalments of \$500,000 during fiscal year 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 nine 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 nine 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 prior exploration mapping, trench channel and surface outcrop rock-chip samples and some 8,000 meters of exploration drilling. No active exploration has been undertaken at Pedra Branca since 2015 but more recently, during late 2018 and early 2019 Jaguar reviewed the Pedra Branca Project with a view to either divesting the project or attracting a partner to re-start exploration.

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, 2019
Issued and outstanding common shares	722,769,500
Stock options	5,656,481
Deferred share units	7,783,685
Total	736,209,666

On July 8, 2019, the Company closed its non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C\$0.085 per share in exchange for aggregate gross proceeds of \$25.0 million.

NON-GAAP PERFORMANCE MEASURES

The Company has included the following non-GAAP 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”), Working Capital, and adjusted EBITDA. These non-GAAP 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-GAAP measures to reported IFRS measures are outlined below.

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

All-in sustaining cost includes both operating and capital costs required to sustain gold production on an ongoing basis. The value of gold sold is deducted from the total production cost of sales as it is considered residual production. Sustaining operating costs represent expenditures incurred at current operations that are considered necessary to maintain current production. Sustaining capital represents capital expenditures at existing operations comprising mine development costs and ongoing replacement of mine equipment and other capital facilities, and does not include capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

All-in cost is comprised of all-in sustaining cost as well as operating expenditures incurred at locations with no current operation, or costs related to other non-sustaining activities, and capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

Attributable all-in sustaining cost and all-in cost per ounce sold on a by-product basis are calculated by adjusting total production cost of sales, as reported on the interim condensed consolidated statement of operations, as follows:

(\$ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Operating costs (per note 14 of the consolidated FS)	\$ 14,627	\$ 12,356	\$ 29,246	\$ 27,755
General & administration expenses	2,172	2,551	4,340	4,847
Corporate stock-based compensation	215	130	344	521
Sustaining capital expenditures	8,382	6,961	15,469	13,629
All-in sustaining cash costs	25,396	21,998	49,399	46,752
Reclamation - accretion (operating sites)	4	5	8	44
All-in sustaining costs	\$ 25,400	\$ 22,003	\$ 49,407	\$ 46,796
Non-sustaining capital expenditures	245	592	433	1,600
Exploration and evaluation costs (greenfield)	50	151	92	484
Reclamation - accretion (non-operating sites)	1	25	20	51
Care and maintenance (non-operating sites)	224	479	527	1,407
All-in costs	\$ 25,920	\$ 23,250	\$ 50,479	\$ 50,338
Ounces of gold sold	18,598	17,230	35,419	36,467
Cash operating costs per ounce sold	\$ 786	\$ 717	\$ 826	\$ 761
All-in sustaining costs per ounce sold	\$ 1,366	\$ 1,277	\$ 1,395	\$ 1,283
All-in costs per ounce sold	\$ 1,394	\$ 1,349	\$ 1,425	\$ 1,380
Average realized gold price	\$ 1,286	\$ 1,328	\$ 1,280	\$ 1,319
Cash operating margin per ounce sold	\$ 500	\$ 611	\$ 454	\$ 558
All-in sustaining margin per ounce sold	\$ (80)	\$ 51	\$ (115)	\$ 36

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,	
	2019	2018	2019	2018
Turmalina Complex				
Operating costs	\$ 6,130	\$ 5,788	\$ 13,082	\$ 12,090
Sustaining capital expenditures	5,588	4,225	9,420	8,343
All-in sustaining costs¹	\$ 11,718	\$ 10,013	\$ 22,502	\$ 20,433
Ounces of gold sold	7,999	7,610	16,005	16,024
Cash operating costs per ounce sold¹	\$ 766	\$ 761	\$ 817	\$ 754
All-in sustaining cost per ounce sold^{1,2}	\$ 1,465	\$ 1,316	\$ 1,406	\$ 1,275
Caeté Complex				
Operating costs	\$ 8,497	\$ 6,568	\$ 16,173	\$ 15,665
Sustaining capital expenditures	2,794	2,736	6,049	5,286
All-in sustaining costs¹	\$ 11,291	\$ 9,304	\$ 22,222	\$ 20,951
Ounces of gold sold	10,599	9,620	19,414	20,443
Cash operating costs per ounce sold¹	\$ 802	\$ 683	\$ 833	\$ 766
All-in sustaining cost per ounce sold^{1,2}	\$ 1,065	\$ 967	\$ 1,145	\$ 1,025
Pilar Mine				
Operating costs	\$ 8,497	\$ 6,568	\$ 16,173	\$ 14,565
Sustaining capital expenditures	2,794	2,736	6,049	5,286
All-in sustaining costs¹	\$ 11,291	\$ 9,304	\$ 22,222	\$ 19,851
Ounces of gold sold	10,599	9,620	19,414	19,549
Cash operating costs per ounce sold¹	\$ 802	\$ 683	\$ 833	\$ 745
All-in sustaining cost per ounce sold^{1,2}	\$ 1,065	\$ 967	\$ 1,145	\$ 1,015

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

¹ Cash operating costs and all-in sustaining costs are all non-gaap financial performance measures with no standard definition under IFRS. 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,	
	2019	2018	2019	2018
Cash generated from operating activities	\$ 7,505	\$ 4,460	\$ 10,028	\$ 9,438
Sustaining capital expenditures	(8,382)	(6,961)	(15,469)	(13,629)
Free cash flow	\$ (877)	\$ (2,501)	\$ (5,441)	\$ (4,191)
Ounces of gold sold	18,598	17,230	35,419	36,467
Free cash flow per ounce sold	\$ (47)	\$ (145)	\$ (154)	\$ (115)

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net loss	\$ (2,137)	\$ (1,334)	\$ (3,976)	\$ (3,115)
Income tax expense	67	(208)	67	23
Finance costs	1,118	1,355	1,966	2,131
Depreciation and amortization	3,533	4,449	7,177	9,378
EBITDA	\$ 2,581	\$ 4,262	\$ 5,234	\$ 8,417
Changes in other provisions and VAT taxes	774	847	1,983	1,483
Foreign exchange loss (gain)	436	(1,575)	303	(1,286)
Stock-based compensation	215	130	344	521
Financial instruments loss (gain)	1,997	1,639	2,042	1,741
Adjusted EBITDA	\$ 6,003	\$ 5,303	\$ 9,906	\$ 10,876

¹ This is a non-gaap financial performance measure 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 more particularly described in the Company's Annual Information Form for the year ended December 31, 2018, 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 2018 and out of 180 countries in the World, Canada was ranked 9th with CPI score of 81, the United States was ranked 22nd with a CPI score of 71, and Brazil was ranked 105th with a CPI score of 35. In 2016, Brazil had a score of 40 and was ranked 79th. The average score on the 2018 Corruption Perceptions Index was 43 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 business's 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, theft, embezzlement 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. The Company utilizes an internal auditor, third-party security services and closed-circuit video surveillance at its operations in Brazil.

The Company has invested resources to document and assess its system of internal control over financial reporting and undertakes an evaluation process of such internal controls. Internal control over financial reporting are procedures designed

to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, safeguards with respect to the reliability of financial reporting and financial statement preparation.

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 months ended June 30, 2019, are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2018. 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, 2018, which are available on the Company's website and on SEDAR.

Going concern

The Company's financial statements were prepared on a going concern basis (see Note 1 on the unaudited consolidated financial statements for the three and six months ended June 30, 2019), assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

The Company incurred a net loss of \$2.1 million and \$4.0 million for the three and six months ended June 30, 2019 (\$1.3 million net loss and \$3.1 million net loss, respectively, for the three and six months ended June 30, 2018). As at June 30, 2019, the Company has a working capital deficiency of \$13.1 million (December 31, 2018 – \$2.4 million) and an accumulated deficit of \$469.6 million (December 31, 2018 – \$465.6 million).

Subsequent to quarter end, on July 8, 2019, the Company closed a non-brokered private placement equity offering for aggregate net proceeds of \$24.6 million. On July 15, 2019, \$7.9 million was used to repay the Auramet bridge facility loan and \$1.6 million was used to repay a short-term outstanding loan to a Brazilian Bank. The remaining \$15.1 million funds are planned for (i) capital improvements and infrastructure, (ii) advancing mineral exploration activities in order to increase reserves, (iii) general corporate and working capital improvement purposes and to meet the Company's commitments as disclosed in note 16 on the unaudited consolidated financial statements for the three and six months ended June 30, 2019.

Following the equity offering, the Company has a positive working capital and no senior secured debt. However, the management acknowledges that the Company is in early stages of implementing a turnaround plan at Turmalina mine, which will require investments in development and sustaining capital in the short term. Until such a turnaround plan is executed, the inconsistent mining results at Turmalina mine present challenges to maintaining optimum production levels. Whilst the Company has instituted measures to preserve cash, improve operations and is seeking to secure additional financing, these circumstances create uncertainties over future results and cash flows.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts significant doubt as to the Company's ability to continue

to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects.

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material.

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, 2018, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2019:

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. The Company adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach, as detailed in the Financial Statements for the quarter ended on June 30, 2019, Note 10. Under the modified retrospective approach, the Company recognizes transition adjustments, if any, in retained earnings on the date of initial application (January 1, 2019), without restating the financial statements on a retrospective basis. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases (IAS 17) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (IFRIC 4). In the Financial Statements for the quarter ended on June 30, 2019, Note 10, outlines the effect of adopting IFRS 16 requirements on January 1, 2019. The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of operations and comprehensive income (loss) on a straight-line basis over the lease term.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company then assesses (i) whether the contract involves the use of an identified asset, (ii) whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and (iii) if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component proportionally on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a right-of-use lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the right-of-use lease liability.

- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") – On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The adoption of IFRIC 23 did not affect the financial results or disclosures in the Company's consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), as appropriate to permit timely decisions regarding public disclosure.

The Company’s Management, including the CEO and CFO, has as at June 30, 2019, designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The Company’s Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by Management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in the Company’s internal control over financial reporting during the three months ended June 30, 2019, that have materially affected, or are reasonably likely to affect, the Company’s internal control over financial reporting.

Limitations of Controls and Procedures

The Company’s Management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

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, 2018 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.