JAGUAR MINING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED
MARCH 31, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED MARCH 31, 2021

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2020, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 Reais. This report is dated as at May 7, 2021.

The Company 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 in this MD&A include:

- *Cash operating costs (per ounce sold);*
- *Cash operating cost (per tonne of ore processed);*
- *All-in sustaining costs (per ounce sold);*
- *Average realized gold price (per ounce sold);*
- *Cash operating margin (per ounce sold);*
- *All-in sustaining margin (per ounce sold);*
- *Adjusted operating cash flow;*
- *Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted EBITDA;*
- *Free cash flow (per ounce sold);*
- *Working Capital;*
- *Sustaining capital expenditures; and*
- *Non-sustaining capital expenditures.*

Definitions and reconciliations associated with the above metrics can be found in the Non-GAAP Performance Measures section 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**
FY 2021	January 1, 2021 – March 31, 2021	**FY 2020**	January 1, 2020 – March 31, 2020
Q1 2021	January 1, 2021 – March 31, 2021	**Q1 2020**	January 1, 2020 – March 31, 2020

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”).

Q1 2021 FINANCIAL & OPERATING SUMMARY

($ thousands, except where indicated)	**Three months ended March 31,**	
	2021	2020
Financial Data		
Revenue	**$ 31,686**	30,801
Operating costs	**14,761**	14,297
Depreciation	**4,759**	3,625
Gross profit	**12,166**	12,879
Net income (loss)	**6,109**	12,275
Per share ("EPS")	**0.08**	0.02
EBITDA[1]	**13,073**	18,401
Adjusted EBITDA[1,2]	**11,948**	14,043
Adjusted EBITDA per share[1]	**0.16**	0.02
Cash operating costs (per ounce sold)[1]	**835**	693
All-in sustaining costs (per ounce sold)[1]	**1,296**	1,103
Average realized gold price (per ounce)[1]	**1,793**	1,492
Cash generated from operating activities	**6,466**	8,634
Free cash flow[1]	**197**	2,083
Free cash flow (per ounce sold)[1]	**11**	101
Sustaining capital expenditures[1]	**6,269**	6,551
Non-sustaining capital expenditures[1]	**2,808**	857
Total capital expenditures	**9,077**	7,408

[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, and adjusted EBITDA per share 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.

	Three months ended March 31,	
	2021	2020
Operating Data		
Gold produced (ounces)	**18,160**	21,008
Gold sold (ounces)	**17,677**	20,640
Primary development (metres)	**878**	1,439
Secondary development (metres)	**1,138**	602
Definition, infill, and exploration drilling (metres)	**19,090**	14,545

Financial and Operational Summary

COVID-19 production impact, Revenue, Gold Ounces Sold, Operating Costs, Net Income and Adjusted EBITDA[1]

- The company faced its greatest impact from Covid 19 in Q1 2021 as approximately 30% of our employees and contractors, the vast majority of which were in our operating division, spent some portion of time on leave as a result of either contracting the virus or in quarantine. This negatively impacted our overall financial and operating performance and metrics throughout the quarter.
- Revenue for Q1 2021 increased 3% to $31.7 million, compared with $30.8 million in Q1 2020, due to a 20% increase in the average realized gold price of $1,793/oz. in Q1 2021 as compared to $1,492/oz. for Q1 2020, partially offset by 14% decrease of gold ounces sold of 17,676 ounces in Q1 2021 as compared to 20,640 for Q1 2020. As of March 31, 2021, the Company has no outstanding gold or currency hedges.
- Gross profit for Q1 2021 was $12.2 million, compared to $12.9 million for Q1 2020. The decrease in profitability reflects higher depreciation as well as offsets in both directions by price, costs, and production levels.
- The decrease of gold sold in Q1 2021 as compared to Q1 2020, as noted above, was due to Covid-19 related absenteeism of skilled operators and mechanics which impacted productivity.
- Operating production costs of $14.8 million in Q1 2021 as compared to $14.3M in Q1 2020. The increase in operating production cost is due to adaptations to the operating structure of the mines. These adaptations were based on the CV19 protocols put in place for the pandemic, and in increasing capacity as the mines ramped up production last year.
- Net income for Q1 2021 decreased to $6.1 million, compared with $12.3 million in Q1 2020, mainly due to higher depreciation $1 million, increase in exploration expenditures $1 million, accounting write off on sale of CentroGold royalty $1.6 million and lower gain on foreign exchange $3.3 million.
- Adjusted EBITDA, which excludes from EBITDA results the impact of changes in other provision and VAT taxes, Foreigner exchange (gain), Stock-based compensation and financial instruments loss, for Q1 2021 was $11.9 million compared to $14 million for Q1 2020.

Cash Operating Costs[1], All-In-Sustaining Costs ("AISC")[1], Operating Cash Flow and Free Cash Flow[1]

- Cash operating costs and All-in sustaining costs increased 20% and 17% to $835 and $1,296, respectively, per ounce of gold sold for Q1 2021, compared to $693 and $1,103 per ounce of gold sold for the same period in 2020, primarily due to gold sales reduced by 14% in the comparison period
- Operating cash flow was $6.5 million for Q1 2021, compared to $8.6 million in Q1 2020, mainly due to a 25% decrease in average head grade, from 4.15 g/t in Q1 2020 to 3.10 g/t in Q1 2021, which has reduced the gold sales by 14% in the comparison period, which was partially offset by an increase of 20% in the average gold realized price per ounce sold of $1,793/oz. in Q1 2021 as compared to $1,492/oz. for Q1 2020.
- Free cash flow was $0.2 million for Q1 2021 based on operating cash flow less capital expenditures, compared to $2.1 million in Q1 2020. Free cash flow was $11 per ounce sold in Q1 2021 compared to $101 per ounce sold in Q1 2020.

Cash Position and Working Capital

- As at March 31, 2021, the Company had a cash position of $37.6 million, compared to $38.9 million as at December 31, 2020. The March 31, 2021, cash balance excludes $0.3 million (December 31, 2020 – $0.3 million) in a restricted-cash deposit associated with the Company's Brazilian bank indebtedness.
- As at March 31, 2021, working capital was $34 million, compared to $29.2 million as at December 31, 2020, which includes $3 million (December 31, 2020 – $3.1 million) in loans from Brazilian banks, which mature every six months and are expected to be rolled forward.

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[1] This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP Performance Measures section of the MD&A.

Tonnes Processed and Average Grade, Gold Production

- Total processing was 207,000 tonnes in Q1 2021 (Q1 2020 – 176,000 tonnes) at an average head grade of 3.10 g/t (Q1 2020 – 4.15 g/t). Operating teams challenged with COVID-19 related absences and constraints led to efforts being focused in lower grade areas closer to surface which mitigated tonnage loss but resulted in lower grades and gold production.
  - In Q1 2021, Turmalina Gold Mine ("Turmalina") processed 105,000 tonnes (Q1 2020 – 75,000 tonnes) at an average head grade of 2.84 g/t (Q1 2020 – 4.37 g/t). Operating teams challenged with COVID-19 related absences and constraints meant that efforts were focused in lower grade areas closer to surface which mitigated tonnage loss but resulted in lower grades and gold production.
  - Pilar Gold Mine ("Pilar") processed 102,000 tonnes in Q1 2021 (Q1 2020 – 101,000 tonnes) at an average head grade of 3.37 g/t (Q1 2020 – 3.98 g/t). Covid related absences deferred production from higher grade areas and production was redirected to lower grade areas with drilled inventories.
- Consolidated gold production decreased to 18,160 ounces in Q1 2021, compared to 21,008 ounces in Q1 2020, reflecting the reduction of 25% on the average head grade of 3.10 g/t in Q1 2021, compared to 4.15 g/t in Q1 2020.

Sale of the Company's Net Smelter Return ("NSR") Royalty from Gold Production at the CentroGold

On March 15, 2021, Jaguar Mining Inc. ("Jaguar" or the "Company") executed a Definitive Agreement with Metalla Royalty & Streaming Ltd. (MTA) ("Metalla") for the sale of the Company's Net Smelter Return ("NSR") royalty from gold production at the CentroGold Project (also referred to as the Gurupi Project) located in Maranhão State, Brazil and 100% owned by Oz Minerals Ltd. The NSR is comprised of a 1% net smelter return on the first 500,000 ounces of gold sold, a 2% net smelter return from 500,001 to 1,500,000 ounces of gold, and a 1% net smelter return on gold sales exceeding 1,500,000 ounces of gold.

The NSR was sold for an aggregate consideration valued at up to US$18,000,000 receivable as follows:

- Immediate: $7.0 million in cash upon executing the Definitive Agreement (received);
- Milestone 1: $7.0 million in Metalla common shares upon grant of all project licenses, the lifting or extinguishment of the injunction imposed on the CentoGold Project with no pending appeals and, if necessary, the completion of any and all community relocations; and
- Milestone 2: $4.0 million payment to Jaguar in cash upon the CentroGold Project achieving commercial production.

Remaining payments from Oz minerals related to CentroGold project

As part of the main terms of the Revised Accelerated Earn-in Agreement, signed on September 17, 2017, the Company expects to collect an additional $5 million from Oz Minerals in a series of 10 installments of $500,000, beginning in the month in which Oz Minerals receives "clear title and access" to the project.

Q1 2021 Quarterly Dividend

- The Company is also pleased to announce that its Board of Directors has declared a cash dividend of C$0.08 per common share of the Company, to be paid on May 31, 2021 to shareholders of record as of the close of business on May 24, 2021. This is the same amount as paid in the previous three quarters. The dividend qualifies as an eligible dividend for Canadian income tax purposes.
- The Board of Directors intends to review, among other things, the Company's budget, cash flow forecast and existing market conditions on a quarterly basis in order to determine whether any additional dividends will be declared on Shares for subsequent quarters.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

($ thousands, except where indicated)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Tonnes of ore processed	**105,000**	111,000	81,000	104,000	75,000	99,000	94,000	75,000
Average head grade (g/t)[1]	**2.84**	3.27	4.40	3.41	4.37	3.44	3.05	3.55
Average recovery rate (%)	**89%**	87%	90%	88%	90%	89%	90%	91%
Gold (oz.)								
Produced	**8,517**	10,180	10,370	10,031	9,487	9,773	8,280	7,823
Sold	**8,427**	10,060	10,462	10,836	8,853	10,063	7,399	7,999
Cash operating cost (per oz. sold)[2]	**$ 880**	$ 693	$ 617	$ 653	$ 684	$ 754	$ 826	$ 766
All-in sustaining cost (per oz. sold)[2]	**$ 1,167**	$ 1,277	$ 1,035	$ 956	$ 1,191	$ 1,282	$ 1,454	$ 1,465
Cash operating cost (R$ per tonne)[2]	**$ 387**	$ 338	$ 429	$ 366	$ 361	$ 316	$ 258	$ 320

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

[2] Cash operating costs, average realized cost and All-in sustaining costs 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.

During the first quarter of 2021, Turmalina produced 8,517 ounces of gold compared to 9,487 ounces in the corresponding 2020 period, a decrease of 10% or 970 ounces. The decrease in ounces produced was a result of a 35% decrease in the average head grade from 4.37 g/t in Q1 2020 to 2.84 g/t in Q1 2021, partially offset by a 40% increase in tonnes of ore processed from 75,000 in Q1 2020 to 105,000 in Q1 2021. The cash operating cost per ounce sold for the first quarter of 2021 increased by 29%, or $196 per ounce, as compared to the same period in 2020. All-in sustaining cost per ounce sold decreased 2% in Q1 2021, compared to the same period of 2020, as a result of reductions in sustaining capital cost more than offset decreases in production.

Turmalina Capital Expenditures

($ thousands)	Three months ended March 31, 2021	2020
Sustaining capital[1]		
Primary development	**$ 1,789**	$ 3,723
Brownfield exploration	**145**	59
Mine-site sustaining	**480**	700
Total sustaining capital[1]	**2,414**	4,482
Total non-sustaining capital[1]	**356**	343
Total capital expenditures	**$ 2,770**	$ 4,825

[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 March 31,	
	2021	2020
Primary development	**553**	1,073
Secondary development	**575**	279
Total development	**1,128**	1,352
Definition drilling	**933**	2,147
Infill drilling	**2,953**	1,350
Exploration drilling	**4,982**	4,579
Total definition, infill, and exploration drilling	**8,868**	8,076

Mining

Located 1.5 hours west of Belo Horizonte, Turmalina is an underground mine that predominantly utilizes sub-level stoping as a mining method. Backfilling is completed using loose rockfill or cemented paste depending upon the situation. Turmalina is adapting its production profile to utilize the C orebodies on a much large scale than in prior years. While the team is learning the needed practices to produce at significant rates from the C orebody, the mine is gaining flexibility and capacity as mining areas increase.

The first quarter of 2021 has been particularly challenging for both the people of Brazil and the employees of Jaguar and their respective families. In Brazil, COVID-19 cases increased to their highest levels by the end of March. Similarly, we faced our highest levels of impact from the pandemic in the first quarter as employees and contractors have either contracted the virus, been quarantined or have been sidelined for health risk factors for varying amounts of time. The loss of skilled drillers and mechanics heavily impacted productivity. The temporary reduction of expertise and manpower coupled with the continuous reconfiguration of our operating teams and the inability for movement of technical resources between mines have been the major contributing factors to the underperformance in the first quarter.

Currently, development is being completed by both Jaguar crews and the mining contractor Toniolo Busnello (“TBSA”). Due to the restrictions imposed by the government to reduce people circulating during the peak of the pandemic, the workforces of all contractors were reduced onsite. TBSA was the most impacted as it targeted deepening A-zone access. In Q1 2021, the pace of development of the ramp in the A-zone had reached the past the A14.2 sublevel. Jaguar development, focused on C-zone ore during the first quarter, was also impacted. Turmalina is adapting in Q2 and development rates are returning to levels that will allow the mine to bring on the mining areas that will provide adequate stoping options.

Mining challenges of the past several years were driven by a lack of access to an adequate mining sequence of stoping blocks. The mining sequence at Turmalina had improved into 2020, when A-zone Panel 14 and C-zone Panels 1 and 4 were added to continue with the systematic stope sequencing to provide for mine head grades closer to the historical realized grades. During Q1 2021, operating teams challenged with COVID-19 related absences and constraints meant that efforts were focused in lower grade areas closer to the surface which mitigated tonnage loss but resulted in lower grades and gold production. In Q1, the implementation of the mining method for the upper portions of C-zone was consolidated to increase mine recovery and reduce mining cost in that region, by reducing the waste/ore ratio, developing the mineralized structure and reducing footwall development. These changes will allow a quick return to the planned production level once limitations are removed from our operating teams.

Despite the pandemic, the teams continued investing in exploration and reserve definition throughout the quarter. In-mine diamond drilling continues to be stepped up to identify several potential opportunities to grow Turmalina’s resources, as well as ensuring sustainable resource addition and reserve conversion. Two sets of smart diamond drill rigs, acquired to improve drilling productivity underground, are currently being commissioned onsite.

Processing

The processing plant at Turmalina is onsite and the C-zone portal is within 200 metres of the crusher. The plant begins with primary and secondary crushing which feeds a crushed ore bin. The ore bin can feed any of three ball mill circuits. The total milling capacity exceeds 3,000 tonnes per day. The plant currently operates only Mill #3, supplemented by Mill #1 when needed, which can easily handle current and expected mined tonnage rates. The ball mills provide ground ore to the carbon-in-pulp ("CIP") circuit. Recoveries have historically been at 90% plus or minus. The plant is making ongoing improvements to ensure operational stabilization as well as minimizing costs at the optimal possible rate. Tails are sent to a filtration system from which they can be provided to the paste plant for backfill, or to a dry stack area. A comprehensive project is being conducted to close the current tailings dam in 2021.

Turmalina Surface Exploration

The company continues to invest in our exploration team and our well-situated properties. This investment has built up over the last year and we are beginning to see the true potential for organic growth. An ongoing surface diamond drilling campaign on the contiguous properties was temporarily impacted by the restrictions imposed during the pandemic, but not affecting the ability to proceed with the campaign. The first holes targeted at the Faina resource confirmed the existing estimates. Faina is a resource under an old open pit located 3 kilometres from Turmalina and represents an opportunity for growing production in the near future. Results of metallurgical testing from these drill holes became available during Q1 2021, confirming expected information. A pre-feasibility study will be implemented to define mining methods, treatment routes, and changes required on the plant circuit to receive Faina's ore.

Caeté Gold Mine Complex

Caeté Complex Quarterly Production

The Caeté Mining Complex ("Caeté") includes the Pilar Gold Mine, the Caeté Processing Plant and the Roça Grande Gold Mine ("Roça Grande"). On March 22, 2018, Roça Grande 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.

Pilar Quarterly Production

($ thousands, except where indicated)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Tonnes of ore processed (t)	**102,000**	117,000	111,000	104,000	101,000	115,000	114,000	109,000
Average head grade (g/t)[1]	**3.37**	3.73	4.39	4.59	3.98	3.21	3.50	3.44
Average recovery rate (%)	**87%**	88%	88%	87%	89%	87%	86%	87%
Gold (oz.)								
Produced	**9,643**	12,353	13,724	13,452	11,521	10,256	11,044	10,543
Sold	**9,250**	13,248	12,473	14,134	11,787	10,997	10,018	10,599
Cash operating cost (per oz. sold)[2]	**$ 790**	$ 714	$ 612	$ 535	$ 699	$ 804	$ 777	$ 802
All-in sustaining cost (per oz. sold)[2]	**$ 1,193**	$ 1,013	$ 822	$ 732	$ 875	$ 1,092	$ 1,099	$ 1,065
Cash operating cost (R$ per tonne)[2]	**$ 393**	$ 370	$ 370	$ 392	$ 364	$ 317	$ 271	$ 306

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

[2] Cash operating costs, average realized cost and All-in sustaining costs 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.

During the first quarter of 2021, Pilar produced 9,643 ounces of gold compared to 11,521 ounces in Q1 2020, a decrease of 16%, mainly due to the decrease of 15% in average head grade from 3.98 g/t in Q1 2020 to 3.37 g/t in Q1 2021, partially offset by a 1% increase in tonnes of ore processed from 101,000 in Q1 2020 to 102,000 in Q1 2021. The cash operating cost per ounce sold for Q1 2021 increased 13% as compared to Q1 2020.

Pilar Capital Expenditures

($ thousands, except where indicated)	Three months ended March 31, 2021	2020
Sustaining capital[1]		
Primary development	**$ 1,428**	$ 1,376
Brownfield exploration	**135**	7
Mine-site sustaining	**2,164**	686
Total sustaining capital[1]	**3,727**	2,069
Total non-sustaining capital[1]	**1,499**	438
Total capital expenditures	**$ 5,226**	$ 2,507

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

(metres)	Three months ended March 31, 2021	2020
Primary development	**325**	366
Secondary development	**563**	323
Total development	**888**	689
Definition drilling	**316**	1,040
Infill drilling	**1,648**	9
Exploration drilling	**4,766**	5,420
Total definition, infill, and exploration drilling	**6,730**	6,469

Mining

Located two hours east of Belo Horizonte, Pilar is an underground mine that predominantly utilizes sub-level stoping as a mining method. Backfilling is completed using loose rockfill, which is utilized exclusively at this mine. Pilar has increased ounce production for the last two years and despite the challenges of Q1 2021 is on track to again increase the ounces produced. The Pilar team has shown great initiative in working to continually improve the performance of the mine. The mine has positioned itself for sustainable performance at about 4,000 ounces per month. Strong ground conditions have allowed for fairly large stoping blocks to be removed, providing large productive mining cycles.

The development rate in Q1 2021 was down from plan, but adequate to maintain several sublevels of development in front of the planned mining sequence of 2021. This provides flexibility to adapt to mining issues, and the ability to continue meeting and exceeding ounce production targets in a sustainable manner. Pilar utilizes an external contractor in the lowest portion of the mine for development, extending the main ramp and developing new sub-levels. Jaguar crews develop metres in the areas of active mining. Development rates for 2021 are targeted to exceed 2020 rates as the mine has started developing new areas (SW orebody and Torre orebody) higher in the mine that will provide additional options to sustain current production rates. Q1 2021 saw production coming from Sublevel 9.1 SW.

As well as Turmalina, the pandemic also impacted Pilar mine. In this challenging scenario, Pilar ended up milling 102,000 tonnes (101,000 tonnes in Q1 2020). Due to the absenteeism of skilled employees, there was a need to proceed with changes in mine sequence, working on areas with a lower grade than previously planned. Other main underground activities, including development and diamond drilling, were impacted in the period. Prioritization of main development headings has been done to ensure fast recovery after the pandemic effects are mitigated. Diamond drilling capability was reduced since all drilling contractors were stopped because of the increase of restrictions imposed by the government.

Processing

Ore is processed at Jaguar's Caeté processing plant, which is located approximately 40 kilometres from Pilar. The plant utilizes gravity recovery which recovers about 50% of the gold, followed by a flotation circuit and leaching of the flotation concentrate in a CIP circuit. Historic recoveries have commonly ranged from 85 to 90%. The plant has capacity for approximately 2,200 tonnes per day, and a significant opportunity is available for additional feed. The non-sulphide tails (flotation tails) are dry-stacked, and leach tails are sent to the Moita Dam. At Caeté´s plant, the restrictions relating to the pandemic impacted the implementation of several projects, including the construction of the leach flotation filtration plant after which leach tailings will also be dry stacked. Its completion, previously scheduled to Q2 2021, is rescheduled to the end of Q3 2021, with no impact on the production capacity of the plant.

Pilar/Caeté Surface Exploration

The properties surrounding Pilar and the Caeté plant have significant exploration potential. Exploration is currently active on the Córrego Brandão target. Results of drill holes on the Corrego Brandão structure conducted in Q1 2021 confirmed the presence of oxide ore previously identified in an auger drilling campaign conducted on this site. Diamond drilling of the overall target continues to identify the potential for sulphide ore at depth. As well, Jaguar´s evaluation team is reviewing the Roça Grande properties to determine if they should be brought back into production and to look at several historic resources (non-compliant with NI43-101 conditions) which will be assessed for the potential of upgrading to reserve status to provide additional plant feed at Caeté.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review[1]

($ thousands except where indicated)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	**$ 31,686**	$ 43,417	$ 43,494	$ 42,536	$ 30,801	$ 28,895	$ 22,999	$ 23,923
Cost of sales (excluding depreciation)[2]	**(14,761)**	(16,424)	(14,089)	(14,638)	(14,297)	(16,433)	(13,906)	(14,627)
Gross profit (excluding depreciation)[2]	**16,925**	26,993	29,405	27,898	16,504	12,462	9,093	9,296
Net income (loss)	**6,109**	24,294	16,534	19,178	12,275	2,687	1,141	(2,137)
Cash flows from operating activities	**6,466**	20,606	21,919	27,505	8,634	9,664	4,676	7,505
Total assets	**246,875**	249,766	228,450	212,678	199,198	200,915	194,638	184,111
Total liabilities	**54,660**	60,066	58,331	53,088	58,120	72,335	68,613	83,887
Income Taxes	**1,894**	3,213	5,343	3,932	2,046	871	182	67
Working Capital	**34,121**	29,190	30,733	25,843	12,548	9,436	5,504	(13,091)
Total Debt	**3,017**	3,058	3,219	4,276	5,959	5,592	5,383	13,969
Average realized gold price (per oz.)[2]	**$ 1,793**	$ 1,863	$ 1,896	$ 1,703	$ 1,492	$ 1,372	$ 1,320	$ 1,286
Cash operating cost (per oz. sold)[2]	**$ 835**	$ 705	$ 614	$ 586	$ 693	$ 780	$ 798	$ 786

[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 increase of 3% in gold revenue in Q1 2021 and the relative strength in the global gold market positively impacted the Company's revenue, compared to the same period in 2020. Current assets as at March 31, 2021, was in line with December 31, 2020. Current liabilities decreased $4.4 million as at March 31, 2021, compared to December 31, 2020, mainly due to the decrease in accounts payables and current tax liability from $18.9 million and $3.2 million, respectively, as at December 31, 2020, to $16.5 million and $1.8 million, respectively, on March 31, 2021.

Non-current assets decreased $3.3 million as at March 31, 2021, compared to December 31, 2020, mainly due to the write-off of $8.5 million in royalty interest, due to the CentroGold royalty interest sales. The decrease on non-current assets was partial offset by the increase of $4.9 million in property, plant and equipment as at March 31, 2021, compared to December 31, 2020.

Revenue

($ thousands, except where indicated)	Three months ended March 31,		
	2021	2020	Change
Revenue	**$ 31,686**	$ 30,801	3%
Ounces sold	**17,676**	20,640	(14%)
Average realized gold price[1]	**$ 1,793**	$ 1,492	20%

[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 first quarter of 2021 increased 3% compared to the same period in 2020, primarily as a result of a 20% increase in average realized gold price from $1,492 in Q1 2020 to $1,793 in Q1 2021, and partially offset by a 14% decrease in ounces sold, from 20,640 ounces in Q1 2020 to 17,676 ounces in the same period of 2021. During the three months ended March 31, 2021, the market price of gold (London PM Fix) traded in a range of $1,684–$1,943, averaged $1,794 per ounce, and closed at $1,684 per ounce on March 31, 2021. The average realized price of $1,791 for the three months ended on March 31, 2021, is in line with the average market price.

Production

In Q1 2021, a total of 207,000 tonnes were processed (Q1 2020 – 176,000 tonnes) at an average head grade of 3.10 g/t (Q1 2020 – 4.15 g/t), with a 14% decrease in gold produced from 21,008 ounces in Q1 2020 to 18,160 in Q1 2021.

Consolidated Production Costs

($ thousands, except where indicated)	Three months ended March 31,		
	2021	2020	Change
Direct mining and processing cost	**$ 13,995**	$ 13,116	7%
Mining	**8,831**	8,401	5%
Processing	**5,164**	4,715	10%
Royalties, production taxes and others	**766**	1,181	(35%)
Royalty expense and CFEM taxes	**961**	1,217	(21%)
NRV adjustment and others	**(195)**	(36)	442%
Total operating expenses	**$ 14,761**	$ 14,297	3%
Depreciation	**4,759**	3,625	31%
Total cost of sales	**$ 19,520**	$ 17,922	9%

Total operating expenses increased 3% from $14.3 million in the three months ended March 31. 2020, compared to $14.8 million in 2020, primarily as a result of an 18% increase in the tonnes processed combined with a 25% decrease in the average head grade from 4.15 g/t in Q1 2020 to 3.10 g/t in Q1 2021. The cash operating cost (per ounce sold) increased 20% from $693 in Q1 2020 to $835 in the same period of 2021. The depreciation cost increased 31% as a reflection of a $14 million impairment reversal on December 31, 2020.

Care and Maintenance Costs

Paciência Gold Mine Complex

The Paciência Gold Mine Complex remains on care and maintenance. 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 Q1 2021. 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 in March 2018. No underground development or drilling work was carried out by the Company at Roça Grande during Q1 2021. Teams are being put together to evaluate the Roça Grande properties to determine if they should be brought back into production, and to look at several historic resources. 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 March 31,**		
	2021	2020	Change
Directors' fees	**$ 86**	$ 75	15%
Audit related and insurance	**355**	331	7%
Corporate office (Toronto)	**422**	455	(7%)
Belo Horizonte office	**541**	805	(33%)
Total G&A expenses	**$ 1,404**	$ 1,666	(16%)

For the first quarter of 2021, the total G&A expenses decreased 16% compared to the same period in 2020. Costs associated with the Belo Horizonte office were 33% lower due to the devaluation of Brazilian Real and general cost cutting measures adopted by management. Costs for the corporate office in Toronto for the same period declined 7% compared to the prior period, due to cost cutting measures.

Legal Provisions and Value-Added Tax ("VAT")

($ thousands)	**Three months ended March 31,**		
	2021	2020	Change
Legal and other provisions expense	**$ 382**	$ 320	19%
Provision (Reversals) against recoverability of VAT and other taxes	**318**	107	197%
Total legal, recoverable tax and other provisions expenses	**$ 700**	$ 427	64%

Legal Provisions

As at March 31, 2021, there were 292 employee-initiated active lawsuits (March 31, 2020 – 324) 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 215 lawsuits (March 31, 2020 – 255), the Company has recorded approximately $4.8 million as labour legal provisions, with $2.3 million classified as a current liability as at March 31, 2021 (March 31, 2020 – $7.4 million and $2.2 million, respectively).

During Q1 2021, 6 new lawsuits were initiated. The Company paid approximately $51,000 in appeal deposits and escrow payments, $142,600 in settlement installments, and $52,500 for other costs such as social security, income tax, legal fees and expert fees. The total amount spent in Q1 2021 was $246,100 compared to $442,000 in Q1 2020.

Recoverable Taxes Provision

As at March 31, 2021, gross recoverable taxes that are primarily denominated in Brazilian Reais when converted amounted to $11.7 million (December 31, 2020 – $12.3 million). As at March 31, 2021, the provision for recoverable taxes was approximately $2.7 million (December 31, 2020 – $2.6 million). Consequently, the net book value of recoverable taxes as at March 31, 2021, was $9 million (December 31, 2020 – $9.7 million).

In the three months ended March 31, 2021, the Company applied R$5.8 million ($1.1 million) in federal value added taxes and other tax credits to pay INSS tax obligations, R$3.7million ($0.6 million) to pay goods and service withholding tax obligations. In the three months ended March 31, 2020, the Company applied R$7.2 million ($1.6 million) in INSS tax obligations, R$5.8 million ($1.3 million) in goods and service withholding tax obligations, and R$2.3 million ($0.5 million) in other tax obligations.

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. In quarter ended March 31, 2021, the Company applied a 5% provision for VAT and other taxes (December 31, 2020 – 5%).

Imposto sobre circulação de mercadorias e prestação de serviços ("ICMS") is a type of value added tax that can either be sold to other companies, usually at a discount rate of 15–30%, be used to satisfy ICMS tax settlement installments due, 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 so, in the case of Jaguar, in the State of Minas Gerais, Brazil.

As at March 31, 2021, the Company held R$5.2 million (approximately $1 million) in ICMS export tax credits authorized and available for sale but not yet sold (December 31, 2020 – R$5.2 million, approximately $1 million).

Non-Operating Expenses (Recoveries)

($ thousands)	Three months ended March 31,		
	2021	2020	Change
Foreign Exchange (Gain) loss	**$ (2,292)**	$ (5,629)	(59%)
Financial instruments (Gain) loss	**-**	620	(100%)
Finance costs	**295**	426	(31%)
Other non-operating (recoveries) expenses	**1,735**	14	12293%
Non-operating expenses (recoveries)	**$ (262)**	$ (4,569)	(94%)

The balance of $1.7 million in other non-operating expenses in Q1 2021 it is mainly due to CentroGold royalty interest sales, where The Company computed a $7.0 million transaction price from the sale of the NSR, whereas certain uncertainties exist surrounding the probability of collection for Milestone 1 and Milestone 2, which are contingent on the completion of future milestones by an unrelated third party. As a result of the sale, the Company (i) derecognized the $8.5 million CentroGold project royalty interest asset, (ii) received and recorded $7.0 million in Cash, (iii) recorded $0.2 million in legal and consulting costs associated with the transaction.

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%, value-added taxes at a rate of 9.25% for PIS/COFINS 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 (PIS-Import and COFINS-Import).

In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax Authority in order to pay a historical debt dating back from 2008 to 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 ruled in the taxpayer's favour. The Company filed an appeal against the levy of the ICMS and the likelihood of the Company losing the appeal has been 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 credit recovery as cash.

In September 2018, the Company received a social security tax INSS 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 equal monthly installments starting in October 2018.

In April 2020, the Company received an INSS assessment from Brazil's Federal Tax Authority with respect to fiscal year 2019, challenging the basis of Federal value added tax credits used in payment of INSS obligations. The credits used in payment questioned were those recapitalized upon receiving the November 2019 tax injunction. Following discussions with the tax authority and with legal counsel, the tax authority agreed to cancel the R$14.6 million (approximately $3.3 million) IRPJ and CSLL tax installment settlement agreement made in March 2020, and the Company agreed to pay a total of R$12 million (approximately $2.2 million) in INSS taxes in 60 equal monthly cash installments starting in April 2020.

As at March 31, 2021, the Company's $8.2 million withholding tax provision remained outstanding (December 31, 2020 – $8.2 million).

Government and Beneficiaries 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 Tax Expenses

($ thousands)	Three months ended March 31,		
	2021	2020	Change
Current income tax expense	**$ 1,894**	$ 2,046	-0.01%
Income tax expense	**$ 1,894**	$ 2,046	-0.01%

The current income tax relates to taxable income in Brazil. At the beginning of the year, the Brazil entity had significant accumulated tax loss carryforwards; however, under Brazil tax rules, only 30% of taxable income can be applied against tax loss carry-forwards in a given year.

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, it is expected that the Company's effective tax rate will fluctuate in future periods.

For the three months ended March 31, 2021, the Company has paid in cash $3.3 million in income tax expenses, related to the previous quarter, and the outstanding amount as at March 31, 2021 if $1.9 million. ($nil paid for the three months ended March 31, 2020, and the outstanding amount as at March 31, 2020 of $2.0 million).

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

As at March 31, 2021, the Company had a working capital of $34.1 million ($29.2 million as at December 31, 2020). Working capital as at March 31, 2021, includes $3 million in loans from Brazilian banks ($3.1 million as at December 31, 2020), which mature every six months and are expected to continue to be rolled forward.

`	**March 31, 2021**	December 31, 2020
Cash and cash equivalents	**$ 37,602**	$ 38,908
Non-cash working capital		
Other current assets:		
Restricted cash	**936**	1,091
Inventory	**14,607**	12,529
Recoverable taxes	**4,333**	4,944
Other accounts receivable	**133**	61
Prepaid expenses and advances	**3,280**	2,912
Current liabilities:		
Accounts payable and accrued liabilities	**(16,417)**	(18,851)
Notes payable	**(3,017)**	(3,058)
Lease liabilities	**(1,378)**	(1,530)
Current tax liability	**(1,822)**	(3,213)
Other taxes payable	**(1,125)**	(1,153)
Reclamation provisions	**(545)**	(623)
Legal and other provisions	**(2,466)**	(2,827)
Working capital[1]	**$ 34,121**	**$ 29,190**

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

Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets. Working capital is reconciled to the amounts in the consolidated statement of financial position in the Liquidity and Capital Resources section of this MD&A.

The use of funds during the three months ended March 31, 2021, is outlined as follows:

($ thousands)	Three months ended March 31,	
	2021	2020
Cash generated from operating activities	**$ 6,466**	$ 8,634
Investing activities		
Capital expenditures on equipment and brownfield exploration		
Investment in mineral exploration projects	**(442)**	$ -
Purchase of property, plant and equipment	**(9,405)**	(7,589)
Proceeds from disposition of royalty interests	**6,950**	-
Cash used in investing activities	**$ (2,897)**	$ (7,589)
Financing activities		
Cash received upon issuance of debt	**2,975**	1,542
Cash received upon issuance of shares via stock options exercised	**555**	-
Cash received upon redemption of restricted cash margin deposits	**26**	-
Repayment of debt	**(3,702)**	(1,801)
Cash paid for purchase and cancellation of shares	**-**	-
Interest paid	**(83)**	(37)
Restricted cash margin deposits paid	**-**	(152)
Cash dividends paid	**(4,616)**	-
Cash (used in) provided by financing activities	**$ (4,845)**	$ (448)
Effect of exchange rate changes on cash balances	**$ (30)**	$ 604
Net (decrease) increase in cash and equivalents	**$ (1,306)**	$ 1,201

Cash generated by operations decreased in Q1 2021 to $6.5 million, compared to $8.6 million in Q1 2020, due to a 14% decrease in ounces sold in Q1 2021 to 17,676 ounces compared to 20,640 ounces in Q1 2020, partially offset by a 20% increase in average realized gold price to $1,793 per ounce in Q1 2021, compared to $1,492 per ounce in Q1 2020. The increase in cash operating costs from $693 per ounce in Q1 2020 to $835 in Q1 2021 contributed to a 25% decrease in cash generated by operating activities. The increase in cash operating occurred primarily due to a 25% decrease in average head grade, from 4.15 g/t in Q1 2020 to 3.10 g/t in Q1 2021, which was partially offset by the devaluation of the Brazilian Real versus the US dollar, with the average exchange rate during Q1 2021 being R$5.48 per US dollar compared to R$4.47 per US dollar in Q1 2020.

Net cash flows used in investing activities decreased to $2.9 million for the three months ended March 31, 2021, compared to $7.6 million in the same period of 2020. The decrease in cash used in investing activities occurred primarily due to the $7 million received in cash related to the sale of the Company's NSR royalty from gold production at the CentroGold Project.

Cash used in financing activities of $4.8 million for Q1 2021 correlates to the dividend payment of $4.6 million, and also the repayment of loans from Brazilian banks, which has decreased from $5.9 million in Q1 2020 to $3 million in Q1 2021. These loans renew every six months and are expected to be rolled forward.

Contractual Obligations and Commitments

The Company's contractual obligations as at March 31, 2021, 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]	$ 16,417	$ -	$ -	$ -	**$ 16,417**
Other Taxes Payable					
ICMS Settlement Due	467	306	3	-	**776**
INSS	468	937	465	-	**1,870**
IRPJ & CSLL Settlement Due	158	317	226	-	**701**
Notes payable					
Principal					
Bank indebtedness[2]	3,017	-	-	-	**3,017**
Interest	21	70	-	-	**91**
Lease liabilities	1,272	1,565	1,037	-	**3,874**
Reclamation provision[3]	545	2,070	6,560	6,676	**15,851**
Current tax liability	1,822	-	-	-	**1,822**
Total financial liabilities	$ 24,187	$ 5,265	$ 8,291	$ 6,676	**$ 44,419**
Other Commitments					
Suppliers' agreements[4]	152	-	-	-	**152**
Suppliers' agreements[4]	$ 152	$ -	$ -	$ -	**$ 152**
Total other commitments	**$ 24,339**	**$ 5,265**	**$ 8,291**	**$ 6,676**	**$ 44,571**

[1] Amounts payable as at March 31, 2021.

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

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

[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 March 31, 2021, is as follows:

All amounts in $ thousands, except number of common shares		As at March 31, 2021
Cash and cash equivalents	**$**	**37,602**
Less: Bank indebtedness	$	3,017
Less: Leasing Liabilities		3,379
Less: Total debt	**$**	**6,396**
Total net cash and cash equivalents balance[1]	**$**	**31,206**
Number of common shares outstanding		72 million

[1] Net cash and cash equivalents balance 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. The Company reduces cash and cash equivalents balance by gross indebtedness on the basis to identify the net cash and cash equivalents balance .

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 income (loss). Legal fees paid to ASA were $63,000 for the year ended March 31, 2021 ($19,000 for year ended December 31, 2020).

DEVELOPMENT AND EXPLORATION PROJECTS

Development Project – CentroGold Project (also referred to as the Gurupi Project)

Oz Minerals – CentroGold Project Earn-In Agreement

On October 4, 2016, the Company announced that it entered into an earn-in agreement with Oz Minerals (“Oz Minerals”), pursuant to which Oz Minerals may earn up to a 100% interest in the CentroGold Project (also referred to as the Gurupi Project). On September 17, 2017, Jaguar and Oz Minerals agreed to a revised, accelerated earn-in agreement, pursuant to which Oz Minerals will earn up to a 100% ownership interest in the CentroGold Project after meeting certain 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 Oz Minerals with the right to acquire 100% of Jaguar’s interest in the CentroGold 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 an NSR 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 Oz Minerals in a series of 10 instalments of $500,000 starting during fiscal year 2022, beginning in the month in which Oz Minerals receives “clear title and access” to the project.

In July 2019, Oz Minerals published an Australian Joint Ore Reserve Committee (JORC) code compliant pre-feasibility study technical report for the CentroGold Project, announcing mineral reserves of 1,100,000 ounces of gold, which fulfilled in a timely manner its contractual obligation to do so in under 24 months as from the acquisition date.

Definitive Agreement with Metalla for the sale of the Company's Net Smelter Return Royalty

On March 15, 2021, Jaguar Mining Inc. ("Jaguar" or the "Company") executed a Definitive Agreement with Metalla Royalty & Streaming Ltd. (MTA) ("Metalla") for the sale of the Company's Net Smelter Return ("NSR") royalty from gold production at the CentroGold Project (also referred to as the Gurupi Project) located in Maranhão State, Brazil and 100% owned by Oz Minerals Ltd. The NSR is comprised of a 1% net smelter return on the first 500,000 ounces of gold sold, a 2% net smelter return from 500,001 to 1,500,000 ounces of gold, and a 1% net smelter return on gold sales exceeding 1,500,000 ounces of gold.

The NSR was sold for an aggregate consideration valued at up to US$18,000,000 receivable as follows:

- Immediate: $7.0 million in cash upon executing the Definitive Agreement (received);
- Milestone 1: $7.0 million in Metalla common shares upon grant of all project licenses, the lifting or extinguishment of the injunction imposed on the CentoGold Project with no pending appeals and, if necessary, the completion of any and all community relocations; and
- Milestone 2: $4.0 million payment to Jaguar in cash upon the CentroGold Project achieving commercial production.

The Company computed a $7.0 million transaction price from the sale of the NSR, whereas a constraint on variable consideration for Milestone 1 and Milestone 2 was applied in light of the uncertainties surrounding their probability of occurrence, given that the completion of these milestones is dependent on the performance of an unrelated third party. As a result of the sale, the Company (i) transferred its NSR title to Metalla and derecognized the $8.5 million CentroGold project royalty interest asset, (ii) received and recorded $7.0 million in Cash, (iii) recorded $0.2 million in legal and consulting costs associated with the transaction, and (iv) recognized a $1.7 million loss on sale of the CentroGold royalty interest to Other non-operating expenses in its condensed interim consolidated statement of operations and comprehensive income.

Greenfield Exploration

Jaguar currently holds approximately 64,000 hectares of mineral rights in Brazil. In late 2020, the Company announced it was increasing its investment in growth exploration initiatives with in-mine exploration supplemented by renewed focus on its prospective property portfolio close to its active mining and plant facilities. Any discoveries derived from this exploration investment would immediately leverage the excess plant capacity currently available. In addition, the Company entered into a Joint Venture in late 2020 with IAMGOLD Corporation ("IAMGOLD") to explore a large package of tenements contiguous with Jaguar's permitted CPA plant and related mine infrastructure which has been under care and maintenance since 2012.

Pedra Branca Project

In early 2020, the Company commenced divestment of its non-core Pedra Branca asset in the state of Ceará to South Atlantic Gold (TSX-V SAO).

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 Mining National Agency ("ANM") 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 an NSR of 1% on future gold production, as well as 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.

On July 29, 2020, the Company entered into a definitive option agreement (the "Option Agreement") with Jiulian Resources Inc. ("Jiulian") to sell up to a 100% interest in the Pedra Branca project. According to the agreement:

- Jiulian can acquire a 75% interest by incurring $1 million in earn-in exploration expenditures and can increase its interest to 100% by (i) delivering a technical report compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and (ii) granting a 0.5% NSR royalty to Jaguar. Jiulian can purchase half of the NSR for $1 million.
- Jaguar shall retain a back-in-right to buy back a 24% interest in the project (the "Back-In-Right") wherein upon completion of the earn-in exploration expenditures by Jiulian (the "Earn-In Vesting Date") Jaguar shall have 45 days from the Earn-In Vesting Date to exercise its Back-In-Right by paying Jiulian 2.5 times the earn-in expenditures incurred by Jiulian. In the event Jaguar exercises its Back-in-Right, Jiulian foregoes its right to increase ownership to 100% upon delivery of a technical report compliant with NI 43-101 and the parties shall form a joint venture (the "JV") owned 49% by Jaguar and 51% by Jiulian. In the event any party dilutes their interest below 10%, such interest shall revert to a 0.5% NSR (the "JV NSR") of which 0.25% of the JV NSR may be purchased for $1 million by the non-diluting party.
- The Pedra Branca project remains subject to underlying royalties to the original vendors as follows:
    (i) Base Metal – 1% on gross revenues over any production.
    (ii) Gold Deposit – In the case of Measured and Indicated Resources of up to 200,000 gold ounces, the original vendors will be entitled to a 0.5% royalty on gross revenues and a $500,000 payment due within 3 months after commercial production. In the case of Measured and Indicated Resources in excess of 200,000 gold ounces, the original vendors will be entitled to a 1% royalty on gross revenues and in this scenario 0.5% of the royalty may be purchased for $750,000.

Up through March 31, 2021, Jiulian has not yet met the earn-in exploration expenditure requirements that will vest its ownership interest in the Pedra Branca Project and, therefore, as at March 31, 2021, the Company continues to hold a 100% ownership interest in the project.

Iron Quadrangle Option Agreement with IAMGOLD Corporation

On August 26, 2020, the Company entered into an earn-in option agreement (the "Iron Quadrangle Agreement") with IAMGOLD on a package of 28 exploration tenements (the "Package") covering an area of some 27,141.75 hectares in the prolific Iron Quadrangle, located in Minas Gerais, Brazil. Pursuant to the Iron Quadrangle Agreement, the Company has the option to earn an initial 60% interest in the Package by spending $6 million in exploration expenditures over four years commencing in the first quarter of 2021. Jaguar will be the project operator and will be subject to oversight by a technical committee with representatives from both companies. According to the Agreement:

- The earn-in period will require a minimum expenditure of $500,000 per annum, and the exploration program must include the completion of a minimum of 5,000 metres of diamond drilling over the option agreement time frame.
- Upon Jaguar vesting an initial 60% interest, IAMGOLD may elect to participate and fund its pro-rata share of ongoing expenditures under a conventional 60:40 JV that will be formed for this purpose and will be agreed-upon by both companies. Should such an election be made, both parties will be required to fund their pro-rata share for ongoing expenditures or be subject to dilution. Should either party dilute to <10% interest, their interest will revert to a 1.5% NSR.

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 May 7, 2021
Issued and outstanding common shares	72,414,866
Stock options	982,084
Deferred share units	501,952
Total	**73,898,902**

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 of gold sold, average realized gold price (per ounce of gold sold), sustaining capital expenditures, non-sustaining capital expenditures, adjusted operating cash flow, free cash flow, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA and working capital. 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

($ thousands, except where indicated)	Three months ended March 31,	
	2021	2020
Operating costs	**$ 14,761**	$ 14,297
General & administration expenses	**1,404**	1,666
Corporate stock-based compensation	**467**	224
Sustaining capital expenditures	**6,269**	6,551
All-in sustaining cash costs	**22,901**	22,738
Reclamation - accretion (operating sites)	**8**	21
All-in sustaining costs	**$ 22,909**	$ 22,759
Non-sustaining capital expenditures	**2,808**	857
Exploration and evaluation costs (greenfield)	**1,237**	223
Reclamation - accretion (non-operating sites)	**16**	25
Care and maintenance (non-operating sites)	**331**	174
All-in costs	**$ 27,301**	$ 24,038
Ounces of gold sold	**17,676**	20,640
Cash operating costs per ounce sold	**$ 835**	$ 693
All-in sustaining costs per ounce sold	**$ 1,296**	$ 1,103
All-in costs per ounce sold	**$ 1,545**	$ 1,165
Average realized gold price	**$ 1,793**	$ 1,492
Cash operating margin per ounce sold	**$ 958**	$ 799
All-in sustaining margin per ounce sold	**$ 497**	$ 389

Cash operating costs per ounce sold is calculated by dividing operating costs per the consolidated statement of comprehensive income (loss) by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, but excludes depreciation.

All-in sustaining cost performance reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs and sustaining exploration. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments and taxes.

In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

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

($ thousands, except where indicated)	Three months ended March 31,	
	2021	2020
Turmalina Complex		
Operating costs	**$ 7,419**	$ 6,058
Sustaining capital expenditures	**2,414**	4,482
All-in sustaining costs[1]	**$ 9,833**	$ 10,540
Ounces of gold sold	**8,427**	8,853
Cash operating costs per ounce sold[1]	**$ 880**	$ 684
All-in sustaining cost per ounce sold[1,2]	**$ 1,167**	$ 1,191
Pilar Mine		
Operating costs	**$ 7,308**	$ 8,240
Sustaining capital expenditures	**3,727**	2,069
All-in sustaining costs[1]	**$ 11,035**	$ 10,309
Ounces of gold sold	**9,250**	11,787
Cash operating costs per ounce sold[1]	**$ 790**	$ 699
All-in sustaining cost per ounce sold[1,2]	**$ 1,193**	$ 875

[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 calculation by mine site does not include allocation of the Corporate G&A - Toronto and Belo offices.

Reconciliation of Free Cash Flow[1]

($ thousands, except where indicated)	Three months ended March 31, 2021	2020
Cash generated from operating activities	**$ 6,466**	$ 8,634
Sustaining capital expenditures	**(6,269)**	(6,551)
Free cash flow	**$ 197**	$ 2,083
Ounces of gold sold	**17,676**	20,640
Free cash flow per ounce sold	**$ 11**	$ 101

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

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA[1]

($ thousands, except where indicated)	Three months ended March 31, 2021	2020
Net Income (loss)	**$ 6,109**	$ 12,275
Income tax expense	**1,894**	2,046
Finance costs	**295**	426
Depreciation and amortization	**4,775**	3,654
EBITDA	**$ 13,073**	$ 18,401
Changes in other provisions and VAT taxes	**700**	427
Foreign exchange loss (gain)	**(2,292)**	(5,629)
Stock-based compensation	**467**	224
Financial instruments (gain) loss	**-**	620
Adjusted EBITDA	**$ 11,948**	$ 14,043

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

EBITDA is earnings before finance expense, current and deferred income tax expense and depletion and depreciation. Adjusted EBITDA excludes from EBITDA results the impact of changes in other provision and VAT taxes, Foreigner exchange (gain), Stock-based compensation and financial instruments loss.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial instrument risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk and price risk.

a) Liquidity risk

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factors are the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. Other key factors include the Company's ability to continue to renew its Brazilian loan facilities and manage the payment process relating to its Brazilian labour provisions (refer to the March 31, 2021 interim Financial Statements).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. The Company engages in derivative financial instruments to manage its price risk and currency risk, including gold forward contracts, gold price collar contracts, gold call option contracts, and foreign exchange call and put option contracts.

1) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company periodically enters into hedge contracts to manage this risk and to secure future sales terms with customers. The Company does not use hedge accounting for these instruments and gains and losses are recorded in earnings as fair value changes occur as a component of revenue.

In the three months ended March 31, 2021, the Company did not engage in any price hedge derivative instruments ($1.9 million realized loss for the three months ended March 31, 2020) and held no open price hedge derivative positions outstanding at March 31, 2021 (March 31, 2020 – nil price hedge derivative positions outstanding).

2) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: Brazilian Reais and Canadian dollar denominated cash and cash equivalents, recoverable taxes, accounts payable and accrued liabilities, income taxes payable, reclamation and other provisions, deferred compensation liabilities, Euro denominated capital lease obligations, and foreign exchange call and put option contracts.

In the three months ended March 31, 2021, the Company did not engage in any foreign exchange derivative instruments (realized loss of $517,000 and a loss on changes in unrealized foreign exchange derivatives of $1.2 million, for the three months ended March 31, 2020) and held no open foreign exchange derivative position as at March 31, 2021 (March 31, 2020 – $1.1 million derivative liability).

c) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 4.9% per annum.

d) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at December 31, 2020	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at March 31, 2021**
Notes payable	$ 3,058	$ 2,975	$ (2,962)	$ (83)	$ 42	$ -	$ (13)	$ -	**$ 3,017**
Lease liabilities	2,723	-	(740)	-	-	1,407	(47)	36	**3,379**
	$ 5,781	$ 2,975	$ (3,702)	$ (83)	$ 42	$ 1,407	$ (60)	$ 36	**$ 6,396**

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks which could adversely affect the Company's future business, operations and financial condition, and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in the Cautionary Statement on Forward-Looking Information found in this document. The Company is subject to various risks, known and unknown, arising from factors within or outside of its control. This section describes certain risks and uncertainties that may have an adverse effect on the Company's business, operations and financial results.

The business of the Company involves significant risk due to the nature of mining, exploration and development activities. Certain risk factors, including but not limited to those listed below, are related to the mining industry in general while others are specific to Jaguar. For a comprehensive discussion of the risks and uncertainties that may have an adverse effect on the Company's business, operations and financial results, refer to the Company's latest AIF, filed with Canadian securities regulatory authorities at www.sedar.com.

I. Risks Relating to the Gold Industry

Gold prices are volatile and there can be no assurance that a profitable market for gold will exist.

Gold prices are volatile and subject to changes resulting from a variety of factors including international economic and political trends, expectations of inflation, global and regional supply and demand and consumption patterns, stock levels maintained by producers and others, currency exchange fluctuations, inflation rates, interest rates, hedging activities and increased production due to improved mining and production methods. While the price of gold has recently been strong, there can be no assurance that gold prices will remain at such levels or be such that Jaguar's properties can be mined at a profit. Some credible industry experts are predicting that gold will continue to increase in price during 2021 and the next several years. However, other credible industry experts expect that the price of gold has generally peaked during the recent pandemic and resulting economic crisis, and that as economies slowly recover over the next few years, the price of gold will decrease and be worth much less per ounce than it is today.

Mining is inherently risky and subject to conditions and events beyond Jaguar's control.

7Mining involves various types of risks and hazards, including:

- environmental hazards;
- unusual or unexpected geological operating conditions, such as rock bursts, structural cave-ins or slides;
- flooding, earthquakes and fires;
- labour disruptions;
- industrial accidents;
- metallurgical and other processing problems; and/or
- metal losses and periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Jaguar may not be able to obtain insurance to cover these risks at affordable premiums or at all. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to Jaguar or to other companies within the mining industry. Jaguar may suffer a materially adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

Calculation of Mineral Reserves and Mineral Resources and metal recovery is only an estimate, and there can be no assurance about the quantity and grade of minerals until mineral resources are actually mined.

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral reserves or mineral resources and grades must be considered as estimates only. Any material changes in mineral reserves, mineral resources, grade or stripping ratio at Jaguar's properties may affect the economic viability of Jaguar's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

II. Risks Relating to Jaguar's Business

Jaguar's operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits.

The proposed programs on the exploration properties in which Jaguar holds an interest are exploratory in nature and such properties do not host known bodies of commercial ore. Development of these mineral properties is contingent upon, among other things, obtaining satisfactory exploration results. Mineral exploration and development involve substantial expenses related to locating and establishing mineral reserves, developing metallurgical processes and constructing mining and processing facilities at a particular site. It also involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Few properties that are explored are ultimately developed into producing mines, and there is no assurance that commercial quantities of ore will be discovered on any of Jaguar's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production, or if brought into production, that it will be profitable. The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon, among a number of other factors, its size, grade, proximity to infrastructure, current metal prices, and government regulations, including regulations relating to required permits, royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one of these factors, or the combination of any of these factors, may prevent Jaguar from receiving an adequate return on invested capital. In addition, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Some ore reserves may become unprofitable to develop if there are unfavourable long-term market price fluctuations in gold, or if there are significant increases in operating or capital costs. Most of the above factors are beyond Jaguar's control, and it is difficult to ensure that the exploration or development programs proposed by Jaguar will result in a profitable commercial mining operation.

Jaguar may be negatively affected by an outbreak of infectious disease or pandemic.

An outbreak of infectious disease, pandemic or a similar public health threat, such as the COVID-19 outbreak, and the response thereto, could adversely impact the Company, both operationally and financially. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments around the world in jurisdictions where the Company operates. Labour shortages due to illness, Company or government-imposed isolation programs, restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or interruption of the Company's operations, including mine shutdowns or suspensions. The inability to transport and/or refine and process the Company's products could have a materially adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. As efforts are undertaken to slow the spread of the COVID-19 virus, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have increased, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the properties of Jaguar, or in which Jaguar holds a royalty, stream or other interest, is suspended or the development is delayed for precautionary purposes or as governments declare states of emergency or other actions are taken in an effort to combat the spread of COVID-19, it may have a materially adverse impact on Jaguar's profitability, results of operations, financial condition and the trading price of Jaguar's securities.

The adverse effects described above could be rapid and unexpected. These disruptions may severely impact the Company's ability to carry out its business plans for 2021 and beyond. The first quarter of 2021 has been particularly challenging for both the people of Brazil and for the Company. In Brazil, COVID-19 cases increased to their highest levels by the end of March 2021. As a result, the Company faced its highest levels of impact from the pandemic in the first quarter, with 447 of our approximately 1,570 employees and contractors having either contracted the coronavirus, been in quarantine or otherwise been sidelined for health-related risk factors relating to COVID-19 for varying amounts of time, since the onset of the pandemic. Our operating divisions have been the hardest hit where the loss of skilled drillers and mechanics materially impacted productivity. The temporary reduction of expertise and staff, combined with the continuous reconfiguration of our operating teams and inability for movement of technical resources between mines, have been the major contributing factors to our underperformance relative to the Company's initial expectations for the quarter. The actual and threatened spread of

COVID-19 globally could adversely affect global economies and financial markets, resulting in a prolonged economic downturn and a decline in the value of Jaguar's stock price.

Brazil has commenced a mass vaccination program to inoculate Brazilians against COVID-19. However, this program has encountered significant challenges amidst an ongoing shortage of vaccines and distribution problems. The country's vaccination program has repeatedly missed targets due to a shortage of doses resulting from delivery delays of active ingredients from China and India. Furthermore, the program has been put at risk by people failing to show up for their second vaccination shot, with the Brazilian Ministry of Health reporting in late April 2021 that 1.5 million people have missed appointments for the follow-up dose needed to maximize protection. Health experts have opined that this is especially concerning in light of a recent real-world study from Chile stating that the Sinovac Biotech (SVA.O) COVID-19 vaccine, which has accounted for some 80% of Brazil's vaccination program, is only 16% effective after one dose.

The first case of COVID-19 in Brazil was reported in February 2020. According to data from the Brazilian Ministry of Health, as of March 20, 2021, the country has confirmed 11,950,459 cases and 292,752 deaths as a result of COVID-19. Currently, Brazil has the world's second highest death toll relating to COVID-19 behind the United States. In recent weeks, it has accounted for around one in four of reported COVID-related deaths worldwide.

The growing emergence of COVID-19 variants of concern that are more transmissible and carry increased health risks are causing a surge in cases and an increase in hospitalizations, which has led to emergency measures. Disruptions caused by the imposition of these emergency measures may negatively impact the Company's operations. At the same time, the continued spread of COVID-19 may negatively impact, among other things: the health and well-being of our personnel, local communities, social unrest and the Company's ability to raise capital (which, in turn, could materially impact its business strategy) and to declare and pay dividends. Additionally, currency exchange rates have been volatile over the past year and the outlook for currencies remains difficult to anticipate given varying economic responses to the COVID-19 pandemic.

The uncertainty caused by the COVID-19 pandemic has tested many businesses' risk frameworks. In response to the pandemic, Jaguar has: increased communication internally and externally; closely monitored the actual and potential impacts of COVID-19 on the Company's operations; regularly engaged with the Board to monitor the ever-changing risk landscape in light of the pandemic; and implemented precautionary measures at its corporate offices, including limiting visits to essential personnel and ensuring proper protocols around sanitation and social distancing.

Jaguar's management will continue to monitor the situation regarding COVID-19 and may take actions that alter Jaguar's business operations as may be required by federal, provincial or local authorities, or that management determines are in the best interests of Jaguar's employees, customers, suppliers, shareholders and other stakeholders. Such alterations or modifications could cause substantial interruption to Jaguar's business, any of which could have a materially adverse effect on, among other things, Jaguar's operations or financial results. The extent to which COVID-19 and any other pandemic or public health crisis impacts Jaguar's business, affairs, operations, financial condition (including Jaguar's ability to raise funds), liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain the COVID-19 pandemic or remedy its impact, among others.

Fluctuations in currency exchange rates may adversely affect Jaguar's financial position and results of operations.

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than US dollars, may significantly impact Jaguar's financial position and results of operations. Jaguar generally sells its gold based on a US dollar price, but a major portion of Jaguar's operating expenses is incurred in non-US currencies. In addition, the appreciation of the Brazilian Real against the US dollar could further increase the dollar costs of gold production at Jaguar's mining operations in Brazil, which could materially and adversely affect Jaguar's earnings and financial condition.

Competition for new mining properties may prevent Jaguar from acquiring interests in additional properties or mining operations.

The gold mining industry is intensely competitive. Significant and increasing competition exists for gold and other mineral acquisition opportunities throughout the world. Some of the competitors are large, more established mining companies with substantial capabilities and greater financial resources, operational experience and technical capabilities than Jaguar. As a result of this competition, Jaguar may be unable to acquire rights to additional attractive mining properties on terms it considers acceptable. Increased competition could adversely affect Jaguar's ability to attract necessary capital funding or acquire an interest in additional operations that would yield mineral reserves or result in commercial mining operations.

Jaguar is exposed to risks of changing political stability and government regulation in the country in which it operates.

Jaguar holds mineral interests in Brazil that may be affected, in varying degrees, by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect to Brazil. Any changes in regulations or shifts in political conditions are beyond Jaguar's control and may adversely affect its business. Jaguar's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Jaguar's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Jaguar is subject to additional business and financial risks inherent in doing business in Brazil.

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"), which annually ranks 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 2020, out of 180 countries in the world, Canada was ranked 11th with a CPI score of 77, the United States was ranked 25th with a CPI score of 67, and Brazil was ranked 94th with a CPI score of 38. The average score on the 2020 Corruption Perceptions Index was 43 out of 100. Anything below a score of 50 indicates governments are failing to tackle corruption and 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 a 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 ability to pay dividends will be dependent on the financial condition of Jaguar.

Payment of dividends on Jaguar's common shares is within the discretion of Jaguar's Board of Directors and will depend upon Jaguar's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. Although Jaguar has paid a regular dividend for the two most recently completed quarters, there can be no assurance that it will be in a position to declare any future dividends due to the occurrence of one or more of the risks described herein.

Jaguar is subject to significant governmental regulations.

Jaguar's mining and exploration activities are subject to extensive local laws and regulations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, who may require operations to cease or be curtailed, or corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of such requirements, could have a materially adverse impact on Jaguar and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Jaguar is subject to substantial environmental laws and regulations that may increase its costs and restrict its operations.

All phases of Jaguar's operations are subject to environmental regulations in the jurisdictions in which it operates. These laws address emissions into the air, discharges into water, management of waste and hazardous substances, protection of natural resources and reclamation of lands disturbed by mining operations. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. This is especially true following the high-profile Brumadinho dam disaster that occurred on January 25, 2019, when Dam I—a tailings dam at Vale's Córrego do Feijão iron ore mine, 9 kilometres east of Brumadinho, Minas Gerais, Brazil—suffered a catastrophic failure. Compliance with environmental laws and regulations may require significant capital outlays and may cause material changes or delays in, or the cancellation of, Jaguar's intended activities. There can be no assurance that future changes in environmental regulation, if any, will not be materially averse to Jaguar's operations. Specifically, new laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a materially adverse impact on the Company, increase costs, cause a reduction in levels of production and/or delay or prevent the development of new mining properties.

The properties in which Jaguar holds interests may contain environmental hazards, which are presently unknown to it and which have been caused by previous or existing owners or operators of the properties. If Jaguar's properties do contain such hazards, this could lead to Jaguar being unable to use the properties or may cause Jaguar to incur costs to remediate such hazards. In addition, Jaguar could become subject to litigation should such hazards result in injury to any persons. Jaguar currently has four downstream dams, with one downstream dam having a section permitted to be used as upstream; however, that section of the upstream was never utilized by the Company. There is a risk that the regulatory authorities may impose either operating restrictions or additional expenditures to all of the Company's dams, particularly in relation to the upstream section of the downstream dam.

Internal controls provide no absolute assurances as to the reliability of financial reporting and financial statement preparation, and ongoing evaluation may identify areas in need of improvement.

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.

The Company currently believes that no material weakness exists in regard to its internal controls for financial reporting that result in a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis. However, if the Company fails to maintain the adequacy of its internal control over financial reporting, as either the Company's or the applicable regulatory standards are modified, supplemented, or amended from time to time, then the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting. If in the future the Company is required to disclose a material weakness in its internal controls over financial reporting, then this could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations.

Jaguar may need additional capital to accomplish its exploration and development plans or to cover its expenses and maintain adequate working capital, and there can be no assurance that financing will be available on terms acceptable to Jaguar, or at all.

Depending on gold prices and Jaguar's ability to achieve its plans and generate sufficient operating cash flow from its existing operations, the Company may require substantial additional financing to accomplish its exploration and development plans, maintain adequate working capital, or fund any non-operating expenses that may arise or become due such as interest, tax (in Canada or Brazil) or other expenses. Failure to obtain sufficient financing, or financing on terms acceptable to Jaguar, may result in a delay or indefinite postponement of exploration, development or production on any or all of Jaguar's properties or even a loss of an interest in a property, or an inability to pay any of Jaguar's non-operating expenses which could also lead to late fees or penalties, depending on the nature of the expense. The only source of funds now available to Jaguar is through production at Turmalina and Caeté, the sale of debt or equity capital, properties, royalty interests or the entering into of joint ventures or other strategic alliances in which the funding sources could become entitled to an interest in Jaguar's properties or projects. Additional financing may not be available when needed. If funding is available, the terms of such financing might not be favourable to Jaguar and might involve substantial dilution to existing shareholders. If financing involves the issuance of debt, the terms of the agreement governing such debt could impose restrictions on Jaguar's operation of its business. Failure to raise capital when needed could have a materially adverse effect on Jaguar's business, financial condition and results of operations.

Jaguar may be subject to litigation.

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a materially adverse effect on the Company's financial position or results of operations.

Generally, the labour claims are due to disputed overtime, danger pay, wage parity, etc. Brazilian labour law is a complex system of statutes and regulations, which in general, has a favourable approach to employees of the Company. As such, corporate labour compliance is a key success factor in Brazilian-based operations to minimize the impact of labour claims. The Company has historically not been in full compliance of labour regulations, nor did it have the proper procedures in place to support labour claims defenses, which led to the bulk of the litigation provisions recorded.

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 March 31, 2021, are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2020. 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, 2020, which are available on the Company's website and on SEDAR.

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 March 31, 2021, 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

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of consolidated financial statements in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS as issued by the IASB;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the consolidated financial statements.

There have been no changes in the Company's internal control over financial reporting during the three months ending March 31, 2021, 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. Furthermore, 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 is also 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," "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, changes in general economic conditions and the declaration, timing, amount and payment of potential future dividends. 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, 2020, 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.