JAGUAR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of US dollars)

		June 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 23,865	$ 25,208
Restricted cash		917	618
Inventory	*Note 3*	14,717	16,239
Recoverable taxes	*Note 4*	7,645	8,545
Other accounts receivable		430	343
Prepaid expenses and advances		3,313	3,615
Total current assets		50,887	54,568
Non-current assets			
Property, plant and equipment	*Note 5*	202,993	197,302
Mineral exploration projects	*Note 6*	30,240	28,501
Recoverable taxes	*Note 4*	1,688	2,245
Other accounts receivable		5,000	5,000
Restricted cash		621	517
Total assets		$ 291,429	$ 288,133
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 17,937	$ 19,782
Notes payable		3,067	3,040
Lease liabilities		2,506	2,414
Current tax liability		1,521	1,881
Other taxes payable		975	1,056
Reclamation provisions	*Note 7*	2,949	3,156
Legal and other provisions	*Note 8*	4,385	3,751
Total current liabilities		33,340	35,080
Non-current liabilities			
Lease liabilities		1,017	1,550
Other taxes payable		9,142	9,293
Reclamation provision	*Note 7*	24,917	21,148
Legal and other provisions	*Note 8*	3,693	4,041
Total liabilities		$ 72,109	$ 71,112
SHAREHOLDERS' EQUITY			
Common shares	*Note 9*	$ 567,619	$ 566,716
Stock options	*Note 9*	1,452	1,460
Deferred share units	*Note 9*	2,748	2,715
Contributed surplus		23,760	23,760
Deficit		(376,259)	(377,630)
Total shareholders' equity		$ 219,320	$ 217,021
Total liabilities and shareholders' equity		$ 291,429	$ 288,133
Subsequent events	*Note 19*		

On behalf of the Board:

(signed) "Jeffrey Kennedy" *(signed) "Vernon Baker"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30, 2023 and 2022

(Expressed in thousands of US dollars, except per share amounts and number of shares)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	**2023**	2022
Revenue		**$ 33,192**	$ 37,927	**$ 69,036**	$ 68,546
Operating costs	*Note 11*	**19,462**	21,075	**40,074**	40,692
Depreciation		**6,220**	4,866	**11,986**	9,561
Gross profit		**7,510**	11,986	**16,976**	18,293
Exploration and evaluation costs		**944**	1,599	**1,931**	3,120
Care and maintenance costs (Paciência and Roça Grande mines)		**174**	132	**343**	311
Stock-based compensation	*Note 9(b)(c)*	**377**	447	**795**	970
General and administrative expenses		**1,988**	1,850	**3,689**	3,627
Amortization		**18**	19	**37**	38
Legal, recoverable tax and other provisions expenses		**359**	90	**428**	23
Other operating (recoveries) expenses		**(69)**	718	**283**	759
Operating income		**3,719**	7,131	**9,470**	9,445
Foreign exchange loss (gain)		**2,403**	(3,179)	**3,354**	1,417
Finance costs		**757**	668	**1,651**	1,326
Other non-operating (income) expenses	*Note 12*	**139**	18	**(323)**	716
Income (loss) before income taxes		**420**	9,624	**4,788**	5,986
Income tax expense		**1,521**	146	**3,417**	2,542
Net income (loss)		**$ (1,101)**	$ 9,478	**$ 1,371**	$ 3,444
Total comprehensive income (loss)		**$ (1,101)**	$ 9,478	**$ 1,371**	$ 3,444
Earnings per share	*Note 10*				
Earnings per share					
Basic		**$ (0.02)**	$ 0.13	**$ 0.02**	$ 0.05
Diluted		**$ (0.02)**	$ 0.13	**$ 0.02**	$ 0.05
Weighted average shares outstanding					
Basic		**72,715,206**	72,465,756	**72,640,143**	72,463,674
Diluted		**72,715,206**	73,478,840	**73,593,621**	73,546,464

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2023 and 2022

(Expressed in thousands of US dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	**2023**	2022
OPERATING ACTIVITIES					
Net income (loss) for the period		**$ (1,101)**	$ 9,478	**$ 1,371**	$ 3,444
Adjustments and non-cash items					
Depreciation and amortization		**6,238**	4,885	**12,023**	9,599
Accretion interest expense		**627**	529	**1,399**	1,060
Interest expense		**130**	129	**252**	256
Unrealized foreign exchange loss (gain)		**2,775**	(2,691)	**3,974**	2,905
Current income tax expense		**1,521**	146	**3,417**	2,542
Legal and other provisions expense		**63**	564	**144**	322
Other operating activities expenses	*Note 13*	**686**	(171)	**1,017**	1,193
Changes in operating assets and liabilities	*Note 14*	**938**	(1,033)	**574**	(1,778)
Cash provided by operating activities before income taxes		**11,877**	11,836	**24,171**	19,543
Income taxes paid		**(1,904)**	(2,396)	**(3,833)**	(2,396)
Net cash provided by operating activities		**9,973**	9,440	**20,338**	17,147
INVESTING ACTIVITIES					
Investment in mineral exploration projects	*Note 6*	**(942)**	(1,665)	**(1,739)**	(2,834)
Purchase of property, plant and equipment		**(9,932)**	(8,612)	**(18,004)**	(16,872)
Proceeds from dispositions of property, plant and equipment	*Note 5*	**47**	27	**256**	144
Net cash (used in) investing activities		**(10,827)**	(10,250)	**(19,487)**	(19,562)
FINANCING ACTIVITIES					
Cash received upon issuance of debt	*Note 17(e)*	**1,350**	1,350	**3,000**	3,000
Cash received upon issuance of shares via stock options exercised	*Note 9(b)*	**95**	-	**133**	2
Repayment of debt	*Note 17(e)*	**(2,047)**	(1,932)	**(4,486)**	(4,322)
Interest paid		**(115)**	(32)	**(221)**	(77)
Cash dividends paid		**-**	(2,260)	**-**	(4,579)
Net cash (used in) financing activities		**(717)**	(2,874)	**(1,574)**	(5,976)
Effect of exchange rate changes on cash and cash equivalents		**(373)**	(584)	**(620)**	(1,487)
Net increase in cash and cash equivalents		**(1,944)**	(4,268)	**(1,343)**	(9,878)
Cash and cash equivalents at the beginning of the period		**25,809**	34,763	**25,208**	40,373
Cash and cash equivalents at the end of the period		**$ 23,865**	$ 30,495	**$ 23,865**	$ 30,495

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2023 and 2022

(Expressed in thousands of US dollars)

	Common Shares		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2022	$ 72,444,870	$ 566,860	975,798	$ 1,268	494,485	$ 1,887	$ 23,528	$ (382,114)	$ 211,429
Stock options granted	-	-	71,656	150	-	-	-	-	150
Stock options exercised	2,083	2	(2,083)	(2)	-	-	-	-	-
Stock options forfeited	-	-	(15,789)	(45)	-	-	45	-	-
Deferred share units granted	-	-	-	-	254,603	820	-	-	820
Deferred share units redeemed	25,856	68	-	-	(25,856)	(68)	-	-	-
Dividends	-	-	-	-	-	-	-	(4,579)	(4,579)
Net loss	-	-	-	-	-	-	-	3,444	3,444
Balance as at June 30, 2022	72,472,809	$ 566,930	1,029,582	$ 1,371	723,232	$ 2,639	$ 23,573	$ (383,249)	$ 211,264
Balance as at January 1, 2023	72,452,927	$ 566,716	1,012,082	$ 1,460	731,338	$ 2,715	$ 23,760	$ (377,630)	$ 217,021
Stock options granted and outstanding	-	-	28,329	71	-	-	-	-	71
Stock options exercised	84,370	212	(84,370)	(79)	-	-	-	-	133
Deferred share units granted and outstanding	-	-	-	-	309,772	724	-	-	724
Deferred share units redeemed	197,655	691	-	-	(197,655)	(691)	-	-	-
Net income	-	-	-	-	-	-	-	1,371	1,371
Balance as at June 30, 2023	**72,734,952**	**$ 567,619**	**956,041**	**$ 1,452**	**843,455**	**$ 2,748**	**$ 23,760**	**$ (376,259)**	**$ 219,320**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of business

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development, and operation of gold producing properties in Brazil. The address of the Company's registered and principal executive office is 100 King Street West, Suite 5600, Toronto, Ontario, Canada, M5X 1C9.

These condensed interim consolidated financial statements of the Company as at and for the three and six months ended June 30, 2023 and 2022, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. ("MSOL"). MSOL is the operating subsidiary for the Turmalina complex comprising the Turmalina mine and the Caeté complex comprising the Pilar mine. All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards ("IFRS"), and should be read in connection with the Company's December 31, 2022 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 9, 2023.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2023:

- **IAS 12 'Income Taxes'** – On May 7, 2021, IASB issued amendments to IAS 12 which require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 12 did not affect the financial results or disclosures in the Company's condensed interim consolidated financial statements.

- **IAS 1 'Presentation of Financial Statements'** – On February 12, 2021, IASB issued amendments to IAS 1 which include (i) requiring companies to disclose their material accounting policies rather than their significant accounting policies, (ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and (iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 1 did not affect the financial results or disclosures in the Company's condensed interim consolidated financial statements.

- **IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** – On February 12, 2021, IASB issued amendments to IAS 8 which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 8 did not affect the financial results or disclosures in the Company's condensed interim consolidated financial statements.

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The following are recent pronouncements approved by the IASB that are pending adoption:

- IAS 1 'Presentation of Financial Statements' – On November 19, 2021, IASB issued amendments to IAS 1 which require companies to reassess the current or non-current classification of certain liabilities based on updated guidance promulgated and provide new disclosures for liabilities subject to covenants. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024.

  The impacts of the above amendments to IAS 1 on the Company's consolidated financial statements have not yet been evaluated, but an assessment will be performed prior to the effective date of January 1, 2024.

3. Inventory

Inventory is comprised of the following:

	June 30, 2023	December 31, 2022
Raw material and mine operating supplies	**$ 10,118**	$ 10,207
Ore in stockpiles	**644**	1,179
Gold in process	**1,304**	1,455
Unrefined gold doré	**2,651**	3,398
Total inventory	**$ 14,717**	$ 16,239

The inventory amount recognized in direct mining and processing costs for the three and six months ended June 30, 2023 was $18.5 million and $38.1 million, respectively ($19.9 million and $38.7 million, respectively, during the three and six months ended June 30, 2022).

4. Recoverable taxes

	December 31, 2022	**Additions/ reversals**	**Write-offs**	**Sales of credits**	**Applied to taxes payable**	**Foreign exchange**	**June 30, 2023**
Value added taxes and other[(a)]	$ 6,714	$ 999	$ -	$ -	$ (3,535)	$ 358	**$ 4,536**
Provision for VAT and other	(750)	-	-	-	-	(62)	**(812)**
Net VAT and other taxes	$ 5,964	$ 999	$ -	$ -	$ (3,535)	$ 296	**$ 3,724**
ICMS[(b)]	$ 7,105	$ 1,814	$ (225)	$ (989)	$ (7)	$ 601	**$ 8,299**
Provision for ICMS	(2,279)	(330)	-	-	112	(193)	**(2,690)**
Net ICMS	$ 4,826	$ 1,484	$ (225)	$ (989)	$ 105	$ 408	**$ 5,609**
Total recoverable taxes	**$ 10,790**	**$ 2,483**	**$ (225)**	**$ (989)**	**$ (3,430)**	**$ 704**	**$ 9,333**
Less: current portion	8,545						**7,645**
Non-current portion	$ 2,245						**$ 1,688**

a) In the six months ended June 30, 2023, the Company applied R$13.3 million ($2.6 million) in federal value added taxes and other tax credits to pay INSS tax obligations and R$4.1 million ($0.9 million) to pay goods and service withholding tax obligations. In the six months ended June 30, 2022, the Company applied R$13.6 million ($2.6million) in federal value added taxes and other tax credits to pay INSS tax obligations and R$6.0 million ($1.2 million) to pay goods and service withholding tax obligations.

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As at December 31, 2022, the Company had a tax refund receivable outstanding in the amount of R$19.5 million ($3.7 million) in its statement of financial position from a court judgment received with respect to its litigation over Brazil Federal VAT input tax credit claims from past years. During the six months ended June 30, 2023, the Company (i) recognized R$0.8 million ($0.2 million) interest income to Other non-operating expenses and (ii) collected R$12.2 million ($2.3 million) in tax refunds. As at June 30, 2023, the Company had a receivable outstanding in the amount of R$8.1 million ($1.6 million) in its statement of financial position.

b) In the six months ended June 30, 2023, the Company started the period with R$5.2 million (approximately $1.0 million) in ICMS export and deferred tax credits authorized and available for sale. The Company received approval from the state tax authority to sell an additional R$5.1 million ($1.0 million), and the Company sold R$5.1 million (approximately $1.0 million) in credits. As at June 30, 2023, the Company held R$5.2 million (approximately $1.0 million) in ICMS deferred and export tax credits authorized for sale but not yet sold (December 31, 2022 – R$5.2 million, approximately $1.0 million).

5. Property, plant and equipment ("PP&E")

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2023	$ 19,114	$ 5,685	$ 205,197	$ 8,161	$ 11,088	$ 550,213	$ 799,458
Additions	53	33	1,038	-	1,853	15,040	18,017
Disposals	-	-	(369)	-	(46)	(7)	(422)
Transfers within PP&E	557	1,283	290	-	(2,130)	-	-
Balance as at June 30, 2023	**$ 19,724**	**$ 7,001**	**$ 206,156**	**$ 8,161**	**$ 10,765**	**$ 565,246**	**$ 817,053**
Accumulated depreciation and impairment							
Balance as at January 1, 2023	$ 16,826	$ 2,094	$ 180,931	$ 6,298	$ -	$ 396,007	$ 602,156
Depreciation for the period	616	202	2,272	816	-	8,271	12,177
Disposals	-	-	(273)	-	-	-	(273)
Balance as at June 30, 2023	**$ 17,442**	**$ 2,296**	**$ 182,930**	**$ 7,114**	**$ -**	**$ 404,278**	**$ 614,060**
Carrying amount							
As at June 30, 2023	**$ 2,282**	**$ 4,705**	**$ 23,226**	**$ 1,047**	**$ 10,765**	**$ 160,968**	**$ 202,993**
Cost							
Balance as at January 1, 2022	$ 17,525	$ 5,666	$ 205,596	$ 5,601	$ 8,754	$ 515,536	$ 758,678
Additions	66	-	3,243	2,619	5,412	34,688	46,028
Disposals	-	-	(5,007)	(59)	(171)	(11)	(5,248)
Transfers within PP&E	1,523	19	1,365	-	(2,907)	-	-
Balance as at December 31, 2022	$ 19,114	$ 5,685	$ 205,197	$ 8,161	$ 11,088	$ 550,213	$ 799,458
Accumulated depreciation and impairment							
Balance as at January 1, 2022	$ 15,735	$ 1,884	$ 181,941	$ 4,692	$ -	$ 391,632	$ 595,884
Depreciation for the period	1,547	278	4,635	1,669	-	12,526	20,655
Impairment charges (reversals)	(456)	(68)	(1,481)	(63)	-	(8,140)	(10,208)
Disposals	-	-	(4,164)	-	-	(11)	(4,175)
Balance as at December 31, 2022	$ 16,826	$ 2,094	$ 180,931	$ 6,298	$ -	$ 396,007	$ 602,156
Carrying amount							
As at December 31, 2022	$ 2,288	$ 3,591	$ 24,266	$ 1,863	$ 11,088	$ 154,206	$ 197,302

[1] As at June 30, 2023, the Company had equipment under right-of-use leases at a cost and net book value of $16.7 million and $7.3 million, respectively (December 31, 2022 - $16.7 million and $8.7 million, respectively).

[2] Refers to corporate office leasehold improvements and leased vehicles in Brazil.

[3] Refers to construction in progress.

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

6. Mineral exploration projects

	Turmalina	Caeté	Total
Balance as at January 1, 2023	$ 9,022	$ 19,479	$ 28,501
Additions	1,739	-	1,739
Balance as at June 30, 2023	**$ 10,761**	**$ 19,479**	**$ 30,240**
Balance as at January 1, 2022	$ 3,907	$ 19,479	$ 23,386
Additions	4,662	-	4,662
Impairment reversals (charges)	453	-	453
Balance as at December 31, 2022	$ 9,022	$ 19,479	$ 28,501

7. Reclamation provisions

	December 31, 2022	Additions (reversals)	Accretion	Payments	Foreign exchange	June 30, 2023
Reclamation provision	$ 24,304	$ 1,005	$ 1,336	$ (906)	$ 2,127	**$ 27,866**
Less: current portion	3,156					**2,949**
Non-current portion	$ 21,148					**$ 24,917**

8. Legal and other provisions

As at June 30, 2023, the Company has recognized a provision of $8.1 million (December 31, 2022 - $7.8 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the outcome of the resolution of these matters.

	December 31, 2022	Additions	Reversals/ Transfers	Payments	Foreign exchange	June 30, 2023
Labour litigation	$ 5,866	$ 1,038	$ (741)	$ (485)	$ 495	**$ 6,173**
Civil litigation	1,793	9	(221)	-	38	**1,619**
Tax litigation	48	50	-	(14)	79	**163**
Other provisions	85	9	-	-	29	**123**
Total legal and other provisions	$ 7,792	$ 1,106	$ (962)	$ (499)	$ 641	**$ 8,078**
Less: current portion	3,751					**4,385**
Non-current portion	$ 4,041					**$ 3,693**

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

9. Capital stock

a) Common shares

The Company is authorized to issue an unlimited number of common shares. All issued shares are fully paid and have no par value. Changes in common shares for the six months ended June 30, 2023 and 2022 are as follows:

		Number of shares		Amount
Balance as at December 31, 2022		72,452,927	$	566,716
Shares issued upon exercise of stock options	Note 9(b)	84,370		212
Shares issued upon redemption of deferred share units	Note 9(c)	197,655		691
Balance as at June 30, 2023		**72,734,952**	**$**	**567,619**
Balance as at December 31, 2021		72,444,870	$	566,860
Shares issued upon exercise of stock options	Note 9(b)	2,083		2
Shares issued upon redemption of deferred share units	Note 9(c)	25,856		68
Balance as at June 30, 2022		**72,472,809**	**$**	**566,930**

1) On June 10, 2022, the Toronto Stock Exchange (”TSX”) accepted Jaguar’s notice to make a normal course issuer bid (the “NCIB”) to purchase for cancellation up to 3,623,640 common shares in the capital of the Company (“Common Shares”) in total, being 5% of the issued and outstanding Common Shares as at the date of Jaguar’s notice to the TSX. According to the terms of the NCIB, the Company’s daily purchases are subject to a daily limit, the Company reserves the right to not purchase shares and may elect to suspend or discontinue the NCIB at any time. The NCIB commenced on June 15, 2022 and will terminate on June 14, 2023, or such earlier time as the NCIB is completed or terminated at the option of Jaguar.

During the six months ended June 30, 2023, the Company did not purchase or cancel any shares under the NCIB (nil shares for the six months ended June 30, 2022), and the NCIB was terminated on June 14, 2023.

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company’s condensed interim consolidated financial statements. The amount allocated to Common shares is based on the average cost carrying amount per common share and amounts paid above or below the average cost carrying amount are allocated to Contributed surplus.

b) Stock options

The Stock Option Plan (“SOP”) provides for the issuance of options to employees, directors, or officers of the Company, its subsidiary, or any of its affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company’s incentive plans, including setting exercise prices, vesting terms and expiry dates.

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The following table shows the movement of stock options for the six months ended June 30, 2023 and 2022:

	Number of options	Weighted average exercise price (C$)
Balance as at December 31, 2022	1,012,082	$ 2.77
Options granted[1]	28,329	2.85
Options exercised[2]	(84,370)	1.89
Balance as at June 30, 2023	**956,041**	**$ 2.85**
Balance as at December 31, 2021	975,798	$ 2.91
Options granted[3]	71,656	4.33
Options exercised[4]	(2,083)	1.00
Options forfeited	(15,789)	13.50
Balance as at June 30, 2022	**1,029,582**	**$ 2.85**

1) In the six months ended June 30, 2023, the Company granted 28,329 stock options to executives of the Company at a weighted average exercise price of C$2.85 and expiry occurring eight years from the grant date.

2) In the six months ended June 30, 2023, officers and directors of the Company exercised a total 84,370 options with a weighted average exercise price of C$1.00. The exercises were paid for with $133,000 in cash proceeds to the Company, and as a result of the options exercised, the Company issued 84,370 common shares. The weighted average share price at the date of exercise of stock options during the six months ended June 30, 2023 was C$2.67.

3) In the six months ended June 30, 2022, the Company granted 71,656 stock options to executives of the Company at a weighted average exercise price of C$4.33 and expiry occurring eight years from the grant date.

4) In the six months ended June 30, 2022, officers and directors of the Company exercised a total 2,083 options with an exercise price of C$1.00. The exercises were paid for with $2,000 in cash proceeds to the Company, and as a result of the options exercised, the Company issued 2,083 common shares. The weighted average share price at the date of exercise of stock options during the six months ended June 30, 2022 was C$4.47.

The following table sets out the details of the valuation of stock option grants for the six months ended June 30, 2023 and 2022, measured using the Black-Scholes option pricing formula:

Grant date	Weighted average exercise price (C$)	Number of options	Risk-fee interest rate	Expected Life (number of years)	Volatility Factor	Weighted average grant date fair value per option (C$)
January 27 ,2023[1]	2.85	28,329	3.74%	4.00	64%	1.47
January 25 ,2022[2]	4.33	71,656	1.20%	4.00	79%	2.51

[1] 28,329 options are exercisable upon vesting and vest if and when the 15 day VWAP of the Company’s shares reaches C$4.28 per share.

[2] 67,562 options are exercisable upon vesting and vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022.
4,094 options are also exercisable upon vesting and vest if and when the 20 day VWAP of the Company’s shares reaches C$5.20 per share.

The expected volatility was estimated using the Company’s historical data from the date of grant and for a period corresponding to the expected life of the options.

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The table below shows the outstanding stock options as at June 30, 2023:

Weighted average exercise price (C$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US$ per option)	Expiry date
3.30	September 21, 2017	20,000	20,000	2.20	September 21, 2025
3.70	January 23, 2018	15,000	15,000	1.99	January 23, 2026
2.10	August 31, 2018	-	-	1.10	August 31, 2026
1.00	May 31, 2019	20,000	20,000	0.33	May 31, 2027
2.20	August 5, 2019	600,000	600,000	0.99	August 5, 2027
1.90	October 4, 2019	22,500	22,500	1.13	October 4, 2027
2.50	January 15 ,2020	112,000	112,000	1.36	January 15, 2028
8.70	August 19, 2020	8,500	8,500	5.11	August 19, 2028
8.25	January 19, 2021	58,056	45,309	3.87	January 19, 2029
4.33	January 25, 2022	71,656	44,651	1.99	January 25, 2030
2.85	January 27, 2023	28,329	14,058	1.10	January 27, 2031
$ 2.85		**956,041**	**902,018**	**$ 1.35**	

For the three and six months ended June 30, 2023, the Company recognized $27,000 and $71,000, respectively, in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income ($73,000 and $150,000, respectively, for the three and six months ended June 30, 2022).

c) Deferred share units – "DSUs"

The deferred share unit plan ("DSU Plan") provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. DSUs granted to officers, executives, and employees are redeemable upon vesting. DSUs granted to directors are redeemable upon retirement and up to three to twelve months following retirement. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 3,623,269.

The following table shows the movement of DSUs for the six months ended June 30, 2023 and 2022:

	Number of units	Weighted average grant date fair value (US$)
Balance as at December 31, 2022	731,338	$ 3.74
Units granted[1]	309,772	2.25
Units redeemed[2]	(197,655)	3.49
Balance as at June 30, 2023	**843,455**	**$ 3.25**
Balance as at December 31, 2021	494,485	$ 3.90
Units granted[3]	254,603	3.35
Units redeemed[4]	(25,856)	2.57
Balance as at June 30, 2022	**723,232**	**$ 3.76**

1) On January 27, 2023, the Company granted a total 309,772 DSUs to directors and executives of the Company holding a total grant date fair value of $698,000, measured at US$2.25/share, as follows:

i. 12,195 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C$4.28 measured on a 15-day VWAP basis.
ii. 148,789 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
iii. 148,788 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2023 Annual General Meeting or June 30, 2023.

2) In the six months ended June 30, 2023, officers and directors redeemed a total of 197,655 DSUs. The DSU redemptions were settled via issuance of 197,655 common shares, and the corresponding grant date fair value of $691,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

3) On January 25, 2022, the Company granted a total of 230,141 DSUs to directors and executives of the Company, holding a total grant date fair value of $780,000, measured at US$3.39/share, as follows:

i. 21,106 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022.
ii. 21,106 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C$5.20 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
iii. 93,965 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
iv. 93,964 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2022 Annual General Meeting or June 30, 2022.

As a result of dividends paid to shareholders during the six months ended June 30, 2022, the Company granted a total of 24,462 DSUs to officers and directors of the Company, holding a total grant date fair value of $74,000 measured at a weighted average US$3.02/share.

4) In the six months ended June 30, 2022, officers and directors redeemed a total of 25,856 DSUs. The DSU redemptions were settled via issuance of 25,856 common shares, and the corresponding grant date fair value of $68,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

For the three and six months ended June 30, 2023, the Company recognized $350,000 and $724,000, respectively, in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income ($374,000 and $820,000, respectively, for the three and six months ended June 30, 2022).

10. Basic and diluted earnings per share

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Numerator				
Net income (loss) for the purpose of basic and diluted income per share	**$ (1,101)**	$ 9,478	**$ 1,371**	$ 3,444
Denominator				
Weighted average number of common shares outstanding - basic	**72,715,206**	72,465,756	**72,640,143**	72,463,674
Stock Options	**-**	289,852	**110,023**	359,558
Deferred share units	**-**	723,232	**843,455**	723,232
Weighted average number of common shares outstanding - diluted	**72,715,206**	73,478,840	**73,593,621**	73,546,464
Basic income (loss) per share	**$ (0.02)**	$ 0.13	**$ 0.02**	$ 0.05
Diluted income (loss) per share	**$ (0.02)**	$ 0.13	**$ 0.02**	$ 0.05

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options and deferred shares units which were anti-dilutive to earnings per share in the period:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Stock options	**956,041**	739,730	**846,018**	670,024
Deferred share units	**843,455**	-	**-**	-
Anti-dilutive instruments	**1,799,496**	739,730	**846,018**	670,024

11. Operating costs

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Direct mining and processing costs	*Note 3*	**$ 18,512**	$ 19,946	**$ 38,062**	$ 38,711
Royalty expense and CFEM taxes[1]		**949**	1,128	**2,011**	1,980
Other costs		**1**	1	**1**	1
Operating costs		**$ 19,462**	$ 21,075	**$ 40,074**	$ 40,692

[1] CFEM - Compensação Financeira pela Exploração Mineral taxes are Brazil mining royalty fees levied by the Federal government as financial compensation for mineral exploitation.

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

12. Other non-operating (income) expenses

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Interest income	**$ (258)**	$ (49)	**$ (597)**	$ (84)
(Gain) loss on disposition of property, plant and equipment	**86**	(24)	**(108)**	711
Write-offs on disposals of ICMS and other recoverable taxes	**225**	-	**225**	-
Other non-operating expenses	**86**	91	**157**	89
Total other non-operating (income) expenses	**$ 139**	$ 18	**$ (323)**	$ 716

13. Cash flow – other operating activities

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Stock-based compensation		**$ 377**	$ 447	**$ 795**	$ 970
(Gain) loss on disposition of property, plant and equipment		**86**	(24)	**(108)**	711
Additions (recoveries) to provision against recoverability of VAT and other taxes	*Note 4*	**223**	(594)	**330**	(488)
Other operating activities expense		**$ 686**	$ (171)	**$ 1,017**	$ 1,193

14. Cash flow – changes in operating assets and liabilities

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Restricted cash		**$ (329)**	$ 123	**$ (403)**	$ (12)
Inventory		**(278)**	(1,116)	**1,676**	(2,095)
Recoverable taxes		**(707)**	2,567	**1,831**	2,417
Other accounts receivable		**666**	(2,782)	**(87)**	(2,821)
Prepaid expenses and other assets		**1,374**	189	**303**	(293)
Accounts payable and accrued liabilities		**1,506**	1,242	**(915)**	3,425
Other taxes payable		**(215)**	(255)	**(426)**	(459)
Reclamation provisions	*Note 7*	**(712)**	(709)	**(906)**	(1,464)
Legal and other provisions	*Note 8*	**(367)**	(292)	**(499)**	(476)
Changes in operating assets and liabilties		**$ 938**	$ (1,033)	**$ 574**	$ (1,778)

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

15. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at June 30, 2023	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	$ 17,937	$ -	$ -	$ -	**$ 17,937**
Other Taxes Payable[a]					
ICMS Settlement Due	38	-	-	-	**38**
INSS	668	487	-	-	**1,155**
IRPJ & CSLL Settlement Due	243	301	4	-	**548**
Notes payable					
Principal					
Bank indebtedness[b]	3,067	-	-	-	**3,067**
Interest	75	33	-	-	**108**
Lease liabilities	2,167	1,591	92	-	**3,850**
Reclamation provisions[c]	3,333	10,675	6,097	21,767	**41,872**
Current tax liability	1,521	-	-	-	**1,521**
Total financial liabilities	$ 29,049	$ 13,087	$ 6,193	$ 21,767	**$ 70,096**
Other Commitments					
Suppliers' agreements[d]	664	-	-	-	**664**
Insurance agreements[e]	154	-	-	-	**154**
Total other commitments	$ 818	$ -	$ -	$ -	**$ 818**
Total	**$ 29,867**	**$ 13,087**	**$ 6,193**	**$ 21,767**	**$ 70,914**

[a] Financial liabilities within Other taxes payable include state value-add taxes payable (*ICMS – Imposto sobre circulação de mercadorias e prestação de serviços*), payroll taxes payable (*INSS - Instituto Nacional do Seguro Social*), and federal income taxes payable (*iRPJ - Imposto de renda pessoa jurídica and CSLL - Contribuição social*).

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

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

[d] 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.

[e] Insurance premium commitments in accordance with the Company's liability and property insurance policies.

16. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities, issue new equity, or enter into new customer advance arrangements.

As at June 30, 2023, the Company's capital structure is comprised of $3.1 million in notes payable and $219.3 million in shareholders' equity (December 31, 2022: $3.0 million in notes payable and $217.0 million in shareholders' equity). As at June 30, 2023, the Company is not subject to externally imposed capital requirements.

17. 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) Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, recoverable tax claims, and sales agreements, but does not expect any counterparties to fail to meet their obligations. The Company's cash and cash equivalents are held through large financial institutions in Brazil, Canada, and the United States of America. The Company manages its credit risk by entering into transactions with high-credit quality counterparties, limiting the amount of exposure to each counterparty where possible, and monitoring the financial condition of the counterparties.

b) 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. The Company's financial liabilities and other commitments are listed in Note 15.

c) 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. On an ongoing basis, the Company evaluates its price risk and currency risk and, when envisioned to be beneficial, engages in derivative financial instruments to manage these risks, including gold forward contracts, gold price collar contracts, gold call option contracts, and foreign exchange call and put option contracts. As at June 30, 2023, the Company did not have any derivative positions outstanding (December 31, 2022 – nil positions outstanding).

1) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company evaluates price risk and, when envisioned to be beneficial, may enter 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 gain and losses are recorded in earnings as fair value changes occur as a component of revenue. In the six months ended June 30, 2023, the Company did not enter into any price hedge contracts (nil price derivative contracts in the six months ended June 30, 2022).

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 and Euro denominated capital lease obligations. The Company may, at its discretion, use forward or derivative contracts to manage its exposure to foreign currencies. In the six months ended June 30, 2023, the Company did not enter into any foreign exchange forward or derivative contracts (nil foreign exchange derivative contracts in the six months ended June 30, 2022).

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

d) 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 5.0% to 6.8% per annum.

e) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2023	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Lease liability additions	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at June 30, 2023**
Notes payable	$ 3,040	$ 3,000	$ (3,000)	$ (87)	$ 114	$ -	$ -	$ -	**$ 3,067**
Lease liabilities	3,964	-	(1,486)	(52)	-	796	211	90	**3,523**
	$ 7,004	$ 3,000	$ (4,486)	$ (139)	$ 114	$ 796	$ 211	$ 90	**$ 6,590**

18. 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 consolidated statements of operations and comprehensive income. Legal fees paid to ASA were $1,000 and $5,000 for the three and six months ended June 30, 2023 ($nil and $2,000, for the three and six months ended June 30, 2022).

19. Subsequent events

On August 1, 2023, the Company entered into a share purchase agreement (the “Agreement”) to purchase and assume from a subsidiary (the “Vendor”) of IAMGOLD Corporation, the Pitangui Project and the remaining interest in the Acurui Project, two gold mineral exploration projects located in Brazil which are close in proximity to the Company’s Turmalina Complex and Paciência Complex. Following completion of the transaction, the Company will hold a 100% ownership in the Pitangui Project and the Acurui Project. As consideration for acquiring a 100% interest in the Pitangui Project and the remaining interest in the Acurui Project, the Company will:

a) issue the Vendor 6,331,713 common shares in the capital of the Company, which held an aggregate value of $9 million as computed based on the CAD$1.873 volume weighted average closing price per share for the thirty (30) calendar days preceding the date of the Agreement;
b) grant the Vendor a net smelter returns royalty on gold sales from the Pitangui Project, as follows: (i) $80 per gold ounce sold for the initial 250,000 ounces of gold sold and (ii) 1.5% multiplied by the net smelter returns realized, for gold sales in excess of 250,000 ounces; and
c) grant the Vendor a net smelter returns royalty on all gold sales from the Acurui Project, equivalent to 1.5% multiplied by the net smelter returns realized.