JAGUAR MINING INC.

NEWS RELEASE

May 11, 2017 **2017 – 07**
FOR IMMEDIATE RELEASE **TSX:JAG**

Jaguar Mining Reports Q1 2017 Results, 86% Higher Production at Pilar, Exploration Success, Maintains Production Guidance for 2017

Toronto, Canada, May 11, 2017 - Jaguar Mining Inc. ("Jaguar" or the "Company") (TSX:JAG) today announced details of the Company's financial and operating results for the first quarter ended March 31, 2017 ("Q1 2017"). Complete Financial Statements and Management Discussion and Analysis are available on SEDAR and on the Company's website at www.jaguarmining.com. All figures are in US dollars, unless otherwise expressed.

Q1 2017 Financial Highlights

- Gold production increased 5% to 22,292 ounces and gold ounces sold increased to 24,035 ounces compared with 21,197 ounces produced and 22,881 ounces sold in Q1 2016, respectively.
- A temporary interruption of mining activities in one section of Orebody A at Turmalina was partially offset by an 86% increase in gold production at Pilar.
- Revenue was up 9% to $29.2 million, compared with $26.7 million in Q1 2016, and the average realized gold price of $1,215 was 4% higher compared with $1,165 in Q1 2016.
- The strengthening Brazilian Real over the US dollar had the effect of increasing unitary costs in the reporting currency. During Q1 2017, the Brazilian Real strengthened 19% against the US dollar, compared with Q1 2016. In addition to the currency impact, the following items impacted the costs in Q1 2017:
    - Cash operating costs ("COC") increased 25% to $924 per ounce of gold sold, compared to $742 per ounce sold during Q1 2016, due to lower production at Turmalina and the increased cost for secondary development at Pilar.
    - All in sustaining costs ("AISC") increased 22% to $1,323 per ounce of gold sold, compared to $1,086 per ounce sold during Q1 2016, mainly due to a 20% increase in sustaining mine development and purchases of new equipment for Pilar.
- Operating cash flow was $1.9 million, compared to $9.5 million in Q1 2016. Lower operating cash flow with continued investments in capital programs resulted in a cash balance of $18.2 million as of March 31, 2017, compared to a cash balance of $26.3 million at December 31, 2016.
- During Q1 2017, the Company also continued to invest in its Growth Exploration Program, initiated in November 2016, with approximately 25% of the drilling and development milestones achieved to date.
- The Company is maintaining 2017 production guidance of 100,000 – 110,000 ounces, which will be reviewed at the end of Q2 2017.
- In view of the volatility in the gold price and continued strengthening of the Brazilian Real since September 2015, the Company has initiated a cost reduction program to offset these external factors. This includes reducing the Roça Grande operations by approximately 40% in overall headcount at that site. Company-wide general and administrative costs have also been reviewed with the aim of reducing headcount in support functions. The Company will also continue its assessment of the maintenance departments to further incorporate preventive procedures, improve equipment availability, and reduce costs.
- Subsequent to the quarter end, Jaguar entered into a preliminary agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for an additional tranche of $5 million on terms similar to those of the secured loan facility that Jaguar entered into with Sprott Lending on November 7, 2016.

Rodney Lamond, President and Chief Executive Officer of Jaguar commented, *"A significant highlight of the first quarter of 2017 was the strong performance at Pilar which increased its gold production 86% to 8,485 ounces and its grade by 17% to 3.39 g/t, reflecting the advancement of ore development into the high-grade Orebodies BF and BFII. However, consolidated production of 22,292 ounces was much lower than targeted, mainly due to a change in mining sequence at Turmalina caused by temporary ground control conditions on Level 9. As a result, development activities were refocused onto Level 10. Earlier than planned advancement at Orebody C resulted in a decline in an overall average head grade to 3.79 g/t. The change in mine sequence to Level 10 is expected to positively impact operations in the near term, allowing for an increase in mine feed grades and will enable the recovery of Q1 gold production shortfall. The rehabilitation efforts to recover the remaining ounces on Level 9 of Orebody A will resume in the second half of 2017."*

"During the first quarter, we made investments of $6.9 million in capital expenditures towards primary development, exploration drilling, and new mining equipment. The recommissioning of Mill #3 at Turmalina provides operations with an increased milling capacity that is capable of processing 2,000 tonnes per day which will support higher production and lower unit operating costs in the future. Operating costs during the first quarter were higher than anticipated due to lower than expected production from Turmalina and the continued appreciation of the local Brazilian currency which has increased 19% over the US dollar since the first quarter of 2016. The AISC reflects the continued investments in sustaining capital expenditures and will be reviewed in light of Q1 results. At Pilar, AISC included approximately $350 per ounce of sustaining capital investment. This was largely related to the ongoing investment in primary development with additional new mining equipment arriving during the quarter. Higher COC at Pilar was derived by a significant 614 metres of secondary ore development."

Mr. Lamond concluded: *"Looking ahead, we are maintaining our 2017 production guidance of 100,000 – 110,000 ounces, but we will conduct a review of guidance at the end of the second quarter. The Company is taking the necessary steps to manage costs during this time of lower gold prices and continued strengthening of the Brazilian currency. As we continue to experience cost pressures, we will be offsetting the impact with cost savings in other areas through operational productivity and efficiency improvements, reductions in capital, and slowing all non-core spending."*

Q1 2017 Operating Highlights

- Consolidated gold production of 22,292 ounces, up 5% year-over-year, with 214,000 tonnes of ore processed.
- Gold recovery of 90.8% in Q1 2017 compared to 90.2% in Q1 2016 due to continuous improvement projects initiated at both plants.
- Strong operating performance at Pilar resulted in an 86% increase in gold production to 8,485 ounces, a 17% improvement in average grade to 3.39 g/t, and higher recovery of 90.8%. Strong gold production reflects the advancing ore development into the higher-grade Orebodies BF and BFII.
- Turmalina produced 12,736 ounces of gold, lower than the Q1 2016 and Q4 2016 production levels, due to lower throughput and grade as a result of a temporary interruption of mining activities in one section of Orebody A to conduct ground control rehabilitation work. Previously scheduled high-grade mining blocks from this area were deferred later into the mining schedule.
- Turmalina increased Measured & Indicated Mineral Resources by 22% to 540,000 ounces of gold (grade of 4.93 g/t Au), and Proven & Probable Mineral Reserves for Orebody C by 167% to 80,000 ounces of gold (grade of 4.10 g/t Au).
- Milling capacity at Turmalina increased with the recommissioning of Mill #3, announced January 5, 2017.

Operating Summary	Q1 2017				Q1 2016			
	Turmalina	Pilar	Roça Grande	Total	Turmalina	Pilar	Roça Grande	Total
Tonnes milled (t)	113,000	74,000	27,000	**214,000**	128,000	56,000	12,000	**196,000**
Average head grade (g/t)	3.79	3.39	2.12	**3.50**	4.29	2.89	2.53	**3.78**
Recovery %	91%	91%	91%	**91%**	90%	90%	90%	**90%**
Gold ounces								
Produced (oz)	12,736	8,485	1,071	**22,292**	15,772	4,552	873	**21,197**
Sold (oz)	13,536	9,422	1,076	**24,035**	16,635	5,369	877	**22,881**
Development								
Primary (m)	366	470	74	**910**	731	312	118	**1,161**
Exploration (m)	104	13	34	**151**	-	-	-	**-**
Secondary (m)	754	614	14	**1,382**	838	24	184	**1,046**
Diamond drilling (m)	6,080	5,218	567	**11,864**	4,691	2,508	4,693	**11,892**
Costs per ounce sold								
Cash operating costs ($/oz)	738	1,092	1,787	**924**	590	1,096	1,454	**742**
All-in sustaining costs ($/oz)	903	1,434	2,330	**1,323**	780	1,414	1,609	**1,086**

JAGUAR MINING INC.
First Canadian Place, 100 King Street West, 56th Floor, Toronto, Ontario, Canada M5X 1C9 T- 416 847 1854

Cash Balance
As at March 31, 2017, the Company had a cash position of $18.2 million, compared to $26.3 million as at December 31, 2016, primarily due to lower gold production.

- Subsequent to the quarter end, Jaguar entered into a preliminary agreement with Sprott Lending for an additional tranche of $5 million on terms principally similar to those of the secured loan facility that Jaguar entered into with Sprott Lending on November 7, 2016 (the "Facility"). The preliminary agreement and the funding of the additional tranche is conditional upon various standard conditions and approvals, including the approval of the TSX. This additional $5 million tranche is expected to close and be funded in June 2017 and is for a term of 36 months with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR and 1.25% per annum. In consideration for providing the financing commitment, Jaguar expects to issue 375,000 common shares to Sprott Lending on the closing date. The proceeds from this tranche from the Facility will be used for capital equipment.
- Following Sprott Lending's February, 2017 site visit to Jaguar's mineral properties and operating facilities in Brazil, current due diligence, and in light of the preliminary agreement to fund an additional $5 million tranche from the Facility, Sprott Lending waived the Company's obligation regarding a positive working capital covenant from the period of April 1, 2017 through June 29, 2017.

Foreign Currency
Jaguar has been impacted by the strengthening in the Brazilian Real exchange rate relative to the US dollar, which has had the effect of increasing cash costs in US dollar terms. The average exchange rate during Q1 2017 was R$3.15 Brazilian Reais per US dollar compared to R$3.90 per US dollar in Q1 2016. The closing exchange rate as at March 31, 2017 was R$3.17 per US dollar compared to R$3.26 per US dollar as at December 31, 2016.

2017 Outlook
The company has made excellent progress since Q1 2016, and expects to achieve the following for 2017:

- Turmalina will focus on accelerating Orebody C development to focus on increasing grade and tonnes. Additionally, growth exploration at Turmalina will continue the deep drilling down-dip of the extension of Orebody C.
- Pilar will focus on opportunities to adjust timing or reducing development and contractor costs, reviewing current and longer-term needs for development, while looking at lower cost mining methods.
- Streamlining cash operating costs at Pilar and Roça Grande, and further reduction of G&A costs.
- Commissioning of the paste-fill plant in June to improve back-fill at Turmalina, and thus improve ground control conditions at deeper levels of the mine.
- Roça Grande to reduce from four mining shifts to two shifts per day, while maintaining the current production levels.
- Review and potentially pause all non-core expenditures and growth exploration to carefully manage our cash position and working capital needs.

The Company maintains the 2017 consolidated guidance in the table below. A review of the guidance will be completed at the end of the second quarter.

2017 Guidance	Turmalina Complex		Caeté Complex		Consolidated	
	Low	High	Low	High	Low	High
Gold production (ounces)	60,000	65,000	40,000	45,000	100,000	110,000
Cash operating costs (per ounce sold)[1]	$600	$650	$ 900	$1,000	$720	$755
All-in sustaining costs (per ounce sold)[1]	$800	$850	$1,020	$1,180	$900	$1,000
Development						
Primary (m)	2,500	2,900	2,200	2,600	4,700	5,500
Secondary (m)	2,200	2,700	3,400	3,850	5,600	6,550
Diamond drilling (m)	16,000	18,000	10,000	13,000	26,000	31,000
Growth exploration investment ($ million)					$7.5	$8.0

[1] Cash operating costs and all-in sustaining costs are non-gaap financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Measures section below. 2017 cost guidance has been prepared based on a foreign exchange rate of 3.5 Brazilian Reais vs. the US dollar.

Financial and Operating Highlights

($ thousands, except where indicated)	For the three months ended March 31,	
	2017	2016
Financial Data		
Revenue	**$ 29,192**	$ 26,664
Operating costs	**21,508**	17,579
Depreciation	**6,576**	7,702
Gross profit	**1,108**	1,383
Gross profit (excluding depreciation)[1]	**7,684**	9,085
Loss on change in fair value of notes payable	**-**	17,579
Net loss	**(7,877)**	(15,001)
Per share ("EPS")	**(0.03)**	(0.13)
EBITDA[1]	**743**	(5,860)
Adjusted EBITDA[1,2]	**4,211**	6,426
Adjusted EBITDA per share[1]	**0.01**	0.06
Cash operating costs (per ounce sold)[1]	**924**	742
All-in sustaining costs (per ounce sold)[1]	**1,323**	1,086
Average realized gold price (per ounce)[1]	**1,215**	1,165
Cash generated from operating activities	**1,855**	9,526
Free cash flow[1]	**(4,177)**	3,558
Free cash flow (per ounce sold)[1]	**(174)**	156
Sustaining capital expenditures[1]	**6,032**	5,013
Non-sustaining capital expenditures[1]	**873**	382
Total capital expenditures	**6,906**	5,395

[1] Average realized gold price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, free cash flow, EBITDA and Adjusted EBITDA, Adjusted EBITDA per share, and gross profit (excluding depreciation) are non-IFRS financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.
[2] Adjusted EBITDA excludes non-cash items such as impairment and write downs. For more details refer to the Non-IFRS Performance Measures section of the MD&A.

	For the three months ended March 31,	
	2017	2016
Operating Data		
Gold produced (ounces)	**22,292**	21,197
Gold sold (ounces)	**24,035**	22,881
Primary development (metres)	**910**	1,161
Secondary development (metres)	**1,382**	1,046
Definition, infill, and exploration drilling (metres)	**11,864**	11,892

Qualified Person
Scientific and technical information contained in this press release has been reviewed and approved by Geraldo Guimarães Vieira dos Santos, BSc Geo., MAIG-3946 (CP), Geology Manager, who is 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").

The Iron Quadrangle
The Iron Quadrangle has been an area of mineral exploration dating back to the 16th century. The discovery in 1699-1701 of black gold contaminated with iron and platinum-group metals in the southeastern corner of the Iron Quadrangle gave rise to the name of the town Ouro Preto (Black Gold). The Iron Quadrangle contains world-class multi-million-ounce gold deposits such as Morro Velho, Cuiabá, and São Bento. Jaguar holds the second largest gold land position in the Iron Quadrangle with just over 25,000 hectares.

About Jaguar Mining Inc.
Jaguar Mining Inc. is a Canadian-listed junior gold mining, development, and exploration company operating in Brazil with three gold mining complexes, and a large land package with significant upside exploration potential from mineral claims covering an area of approximately 191,000 hectares. The Company's principal operating assets are in the Iron Quadrangle, a prolific greenstone belt in the state of Minas Gerais and include the Turmalina Gold Mine Complex and Caeté Gold Mine Complex (Pilar and Roça Grande mines, and Caeté Plant) which combined, produce more than 95,000 ounces of gold annually. The Company also owns the Paciência Gold Mine Complex, which has been on care and maintenance since 2012. Additional information is available on the Company's website at www.jaguarmining.com.

For further information please contact:

Rodney Lamond
President & Chief Executive Officer
rodney.lamond@jaguarmining.com
416-847-1854

Joanne Jobin
Vice President, Investor Relations
joanne.jobin@jaguarmining.com
416-847-1854

FORWARD-LOOKING STATEMENTS
Certain statements in this news release constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements and information are provided for providing information about management's expectations and plans relating to the future. All of the forward-looking information made in this news release are qualified by the cautionary statements below and those made in our other filings with the securities regulators in Canada. Forward-looking information contained in forward-looking statements can be identified using words such as "are expected", "is forecast", "is targeted", "approximately", "plans", "anticipates" "projects", "anticipates", "continue", "estimate", "believe" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. All statements, other than statements of historical fact, may be considered to be, or include forward looking information. This news release contains forward-looking information regarding, among other things, expected sales, production statistics, ore grades, tonnes milled, recovery rates, cash operating costs, definition/delineation drilling, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, currency fluctuations, capital requirements, project studies, mine life extensions, restarting suspended or disrupted operations, continuous improvement initiatives, and resolution of pending litigation. The Company has made numerous assumptions with respect to forward-looking information contained herein, including, among other things, assumptions about the estimated timeline for the development of its mineral properties; the supply and demand for, and the level and volatility of the price of, gold; the accuracy of reserve and resource estimates and the assumptions on which the reserve and resource estimates are based; the receipt of necessary permits; market competition; ongoing relations with employees and impacted communities; political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any potential power rationing, tailings facility regulation, exploration and mine operating licenses and permits being obtained an renewed and/or there being adverse amendments to mining or other laws in Brazil and any changes to general business and economic conditions. Forward-looking information involve a number of known and unknown risks and uncertainties, including among others: the risk of Jaguar not meeting the forecast plans regarding its operations and financial performance; uncertainties with respect to the price of gold, labor disruptions, mechanical failures, increase in costs, environmental compliance and change in environmental legislation and regulation, weather delays and increased costs or production delays due to natural disasters, power disruptions, procurement and delivery of parts and supplies to the operations; uncertainties inherent to capital markets in general (including the sometimes volatile valuation of securities and an uncertain ability to raise new capital) and other risks inherent to the gold exploration, development and production industry, which, if incorrect, may cause actual results to differ materially from those anticipated by the Company and described herein. In addition, there are risks and hazards associated with the business of gold exploration, development, mining and production, including environmental hazards, tailings dam failures, industrial accidents and workplace safety problems, unusual or unexpected geological formations, pressures, cave-ins, flooding, chemical spills, and gold bullion thefts and losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Accordingly, readers should not place undue reliance on forward-looking information.

For additional information with respect to these and other factors and assumptions underlying the forward-looking information made in this news release, see the Company's most recent Annual Information Form and Management's Discussion and Analysis, as well as other public disclosure documents that can be accessed under the issuer profile of "Jaguar Mining Inc." on SEDAR at www.sedar.com. The forward-looking information set forth herein reflects the Company's reasonable expectations as at the date of this news release and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Non-IFRS Measures
This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. Readers are cautioned to review the above stated footnotes where the Company expanded on its use of non-IFRS measures.

1. *Cash operating costs and cash operating cost per ounce are non-IFRS measures. In the gold mining industry, cash operating costs and cash operating costs per ounce are common performance measures but do not have any standardized meaning. Cash operating costs are derived from amounts included in the consolidated statements of comprehensive income (loss) and include mine-site operating costs such as mining, processing and administration as well as royalty expenses, but exclude depreciation, depletion, share-based payment expenses, and reclamation costs. Cash operating costs per ounce are based on ounces sold and are calculated by dividing cash operating costs by commercial gold ounces sold. The Company discloses cash operating costs and cash operating costs per ounce as it believes those measures provide valuable assistance to investors and analysts in evaluating the Company's operational performance and ability to generate cash flow. The most directly comparable measure prepared in accordance with IFRS is total production costs. A reconciliation of cash operating costs per ounce to*

total production costs for the most recent reporting period, the quarter ended March 31, 2017 is set out in the Company's first quarter 2017 MD&A filed on SEDAR at www.sedar.com.

2. *All-in sustaining cost is a non-IFRS measure. This measure is intended to assist readers in evaluating the total costs of producing gold from current operations. While there is no standardized meaning across the industry for this measure, except for non-cash items the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance note dated June 27, 2013. The Company defines all-in sustaining cost as the sum of production costs, sustaining capital (capital required to maintain current operations at existing levels), corporate general and administrative expenses, and in-mine exploration expenses. All-in sustaining cost excludes growth capital, reclamation cost accretion related to current operations, interest and other financing costs, and taxes. A reconciliation of all-in sustaining cost to total production costs for the most recent reporting period, the quarter ended March 31, 2017 is set out in the Company's first quarter 2017 MD&A filed on SEDAR at www.sedar.com.*

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First Canadian Place, 100 King Street West, 56th Floor, Toronto, Ontario, Canada M5X 1C9 T- 416 847 1854