



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Jaguar Mining Inc.:

Opinion

We have audited the consolidated financial statements of Jaguar Mining Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of operations and comprehensive income for the years then ended December 31, 2021 and December 31, 2020
- the consolidated statements of changes in shareholders' equity for the years then ended December 31, 2021 and December 31, 2020
- the consolidated statements of cash flows for the years then ended December 31, 2021 and December 31, 2020
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Description of the matter

We draw attention to Notes 10 and 11 to the financial statements. Property, plant and equipment and mineral exploration projects are recorded at a carrying amount of \$172,498 thousand and \$23,817 thousand respectively. The Entity performed an impairment test at the Turmalina cash generating unit that resulted in no impairment being recorded as the recoverable amount approximated the carrying amount.

The Entity assesses the carrying value of all categories of property, plant and equipment and mineral exploration projects for impairment at each reporting date or whenever events or circumstances ("impairment indicators") indicate the recoverable amount may be less than the carrying amount.

The Entity's estimate of the recoverable amount was determined using the fair value less cost to sell approach which uses discounted cash flow models to determine the recoverable amount. The significant assumptions used in determining the recoverable amount were; future production profiles, future gold prices, mineral reserve and resource estimates, discount rates, income taxes, foreign exchange rates and future operating and capital expenditures.

Why the matter is a key audit matter

We identified the evaluation of the carrying value of property, plant and equipment and mineral exploration projects as a key audit matter. This matter represented an area of significant risk of material misstatement as minor changes to certain significant assumptions had a significant effect on the estimated recoverable amount of the cash generating units, impacting the impairment analysis and impairment charge calculation. As a result, significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were required to evaluate certain significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

To evaluate the appropriateness of the Entity's future production profiles we compared the Entity's historical production estimates to actual results incurred taking into account changes in conditions and events affecting the Entity.

To evaluate the appropriateness of future operating and capital expenditures we compared to actual historical costs and expenditures incurred and anticipated future costs and expenditures by assessing changes in conditions and events affecting the Entity.



We assessed the competence, capabilities and objectivity of the Entity's personnel who prepared the mineral reserve and resource estimates.

We involved income tax professionals to assess the Entity's modeling of the impact of income taxes on projected future profits.

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the Entity's:

- Gold prices and foreign exchange rate assumptions by comparing to estimates that were independently developed using publicly available third-party sources.
- Discount rate assumption by comparing to estimates that were independently developed using publicly available third-party sources and data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all



relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

The engagement partner on the audit resulting in this auditor's report is Daniel Gordon Ricica.

Chartered Professional Accountants, Licensed Public Accountants

March 21, 2022
Toronto, Canada

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2021 and 2020
(Expressed in thousands of US dollars)

		December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		\$ 40,373	\$ 38,908
Restricted cash	Note 5	501	1,091
Inventory	Note 6	14,546	12,529
Recoverable taxes	Note 7	5,143	4,944
Other accounts receivable	Note 8	92	61
Prepaid expenses and advances		2,176	2,912
Total current assets		62,831	60,445
Non-current assets			
Royalty interests	Note 9	-	8,476
Property, plant and equipment	Note 10	172,498	147,641
Mineral exploration projects	Note 11	23,817	22,837
Recoverable taxes	Note 7	5,278	4,718
Other accounts receivable	Note 8	5,000	5,000
Restricted cash	Note 5	586	649
Total assets		\$ 270,010	\$ 249,766
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Note 12	\$ 15,660	\$ 18,851
Notes payable	Note 13	3,027	3,058
Lease liabilities	Note 14	1,431	1,530
Current tax liability	Note 15	-	3,213
Other taxes payable		935	1,153
Reclamation provisions	Note 16	6,847	623
Legal and other provisions	Note 17	2,941	2,827
Total current liabilities		30,841	31,255
Non-current liabilities			
Lease liabilities	Note 14	2,434	1,193
Other taxes payable		9,890	10,922
Reclamation provision	Note 16	11,182	11,539
Legal and other provisions	Note 17	4,234	5,157
Total liabilities		\$ 58,581	\$ 60,066
SHAREHOLDERS' EQUITY			
Common shares	Note 18	\$ 566,860	\$ 565,734
Stock options	Note 18	1,268	1,374
Deferred share units	Note 18	1,887	1,453
Contributed surplus		23,528	23,528
Deficit		(382,114)	(402,389)
Total shareholders' equity		\$ 211,429	\$ 189,700
Total liabilities and shareholders' equity		\$ 270,010	\$ 249,766

Subsequent events

Note 10, 18, 28

On behalf of the Board:

(signed) "Jeffrey Kennedy"

(signed) "Vernon Baker"

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

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

	Year Ended December 31,	
	2021	2020
Revenue	\$ 151,467	\$ 160,247
Operating costs <i>Note 20</i>	70,337	59,448
Depreciation	21,092	15,055
Gross profit	60,038	85,744
Exploration and evaluation costs	5,129	1,839
Care and maintenance costs (Paciência and Roça Grande mines)	1,013	791
Stock-based compensation <i>Note 18(b)(c)</i>	1,044	1,227
General and administrative expenses	5,703	5,716
Amortization	67	101
Legal, recoverable tax and other provisions expenses	1,358	1,171
Impairment (reversals)	-	(14,022)
Other operating expenses	797	1,995
Operating income	44,927	86,926
Foreign exchange (gain)	(1,698)	(4,018)
Financial instruments loss	-	476
Finance costs	776	1,043
Other non-operating expenses <i>Note 21</i>	3,720	2,609
Income before income taxes	42,129	86,816
Income tax expense <i>Note 15</i>	7,939	14,536
Net income	\$ 34,190	\$ 72,280
Earnings per share <i>Note 19</i>		
Earnings per share		
Basic	\$ 0.47	\$ 1.00
Diluted	\$ 0.47	\$ 0.98
Weighted average shares outstanding		
Basic	72,396,926	72,311,315
Diluted	73,424,805	73,421,231

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in thousands of US dollars)

	Year Ended December 31,	
	2021	2020
OPERATING ACTIVITIES		
Net income for the period	\$ 34,190	\$ 72,280
Adjustments and non-cash items		
Depreciation and amortization	21,159	15,156
Accretion interest expense	419	667
Interest expense	249	376
Impairment (reversals)	-	(14,022)
Unrealized foreign exchange (gain)	(1,423)	(5,252)
Current income tax expense	7,939	14,536
Change in unrealized derivatives	-	(1,032)
Legal and other provisions expense	896	568
Other operating activities expense	4,882	2,451
Changes in operating assets and liabilities	(12,724)	2,092
Income taxes paid	(10,551)	(9,155)
Net cash provided by operating activities	45,036	78,665
INVESTING ACTIVITIES		
Investment in mineral exploration projects	(1,385)	-
Purchase of property, plant and equipment	(32,845)	(34,752)
Proceeds from disposition of royalty interests	6,950	-
Proceeds from disposition of property, plant and equipment	280	5
Net cash (used in) investing activities	(27,000)	(34,747)
FINANCING ACTIVITIES		
Cash received upon issuance of debt	7,336	6,461
Cash received upon issuance of shares via stock options exercised	410	87
Cash received upon redemption of restricted cash margin deposits	289	96
Repayment of debt	(10,217)	(11,082)
Cash paid for purchase and cancellation of shares	-	(3,479)
Interest paid	(199)	(371)
Cash dividends paid	(13,915)	(8,880)
Net cash (used in) financing activities	(16,296)	(17,168)
Effect of exchange rate changes on cash and cash equivalents	(275)	1,234
Net increase in cash and cash equivalents	1,465	27,984
Cash and cash equivalents at the beginning of the period	38,908	10,924
Cash and cash equivalents at the end of the period	\$ 40,373	\$ 38,908

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2021 and 2020

(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, 2020	72,393,355	\$ 570,911	1,183,148	\$ 961	667,347	\$ 1,542	\$ 20,955	\$ (465,789)	\$ 128,580
Shares purchased and cancelled in normal course issuer bid	(753,126)	(5,953)	-	-	-	-	2,474	-	(3,479)
Stock options granted	-	-	285,500	781	-	-	-	-	781
Stock options exercised	280,144	276	(360,878)	(303)	-	-	-	-	(27)
Stock options forfeited	-	-	(31,894)	(65)	-	-	65	-	-
Deferred share units granted	-	-	-	-	85,948	445	-	-	445
Deferred share units redeemed	198,247	500	-	-	(198,247)	(500)	-	-	-
Deferred share units forfeited	-	-	-	-	(21,000)	(34)	34	-	-
Dividends	-	-	-	-	-	-	-	(8,880)	(8,880)
Net income	-	-	-	-	-	-	-	72,280	72,280
Balance as at December 31, 2020	72,118,620	\$ 565,734	1,075,876	\$ 1,374	534,048	\$ 1,453	\$ 23,528	\$ (402,389)	\$ 189,700
Balance as at January 1, 2021	72,118,620	\$ 565,734	1,075,876	\$ 1,374	534,048	\$ 1,453	\$ 23,528	\$ (402,389)	\$ 189,700
Stock options granted	-	-	58,056	244	-	-	-	-	244
Stock options exercised	140,325	760	(158,098)	(350)	-	-	-	-	410
Stock options forfeited	-	-	(36)	-	-	-	-	-	-
Deferred share units granted	-	-	-	-	146,362	800	-	-	800
Deferred share units redeemed	185,925	366	-	-	(185,925)	(366)	-	-	-
Dividends	-	-	-	-	-	-	-	(13,915)	(13,915)
Net income	-	-	-	-	-	-	-	34,190	34,190
Balance as at December 31, 2021	72,444,870	\$ 566,860	975,798	\$ 1,268	494,485	\$ 1,887	\$ 23,528	\$ (382,114)	\$ 211,429

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

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 consolidated financial statements of the Company as at and for the years ended December 31, 2021 and December 31, 2020 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.

2. Basis of preparation

a) Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with IFRS, effective as at December 31, 2021. IFRS comprises of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Company’s significant accounting policies are described in Note 3 of these consolidated financial statements for the year ended December 31, 2021.

These consolidated financial statements were authorized for issuance by the Board of Directors on March 21, 2022.

3. Significant accounting policies

a) Basis of measurement

These consolidated financial statements have been prepared on a going concern and historical cost basis except for certain financial instruments and liabilities associated with long-term incentive plans, reclamation provisions, and derivative instruments, which are stated at fair value.

The consolidated financial statements include the accounts of Jaguar Mining Inc. and its subsidiary. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company consolidates its subsidiary where it has the ability to exercise control.

b) Functional and presentation currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which the entities operate, which the Company has determined is the U.S. dollar. Determination of functional currency requires certain judgements to determine the primary economic environment.

In line with the Company’s functional currency, these consolidated financial statements are presented in U.S. dollars.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

c) Existing accounting policies

(i) Basis of consolidation

Subsidiaries are entities controlled by the Company. The financial statements of the Company's sole subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Cash and cash equivalents

The Company considers deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at the time of acquisition to be cash and cash equivalents. Cash held on deposit as security is classified as restricted cash.

(iii) Inventory

Gold in process, gold doré and ore in stockpiles are stated at the lower of the weighted average total production cost or net realizable value. Production costs include direct labour, employee benefits, direct material and other direct product costs including depreciation and amortization. Net realizable value represents estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion.

Raw materials and mine operating supplies are stated at the lower of weighted average cost, and net realizable value.

(iv) Royalty interests and Exploration properties

Royalty interests consist of acquired royalty interests in exploration stage properties. Exploration assets represent interests on projects where technical feasibility and commercial viability of extracting a mineral resource are not demonstrable. Interests in exploration assets are recorded at cost and are capitalized as tangible assets with finite lives in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses.

The Company estimates the reserves and resources relating to each royalty agreement. Reserves are estimates of the amount of minerals that can be economically and legally extracted from the mining properties at which the Company has royalty agreements, adjusted where applicable to reflect the Company's percentage entitlement to minerals produced from such mines. The Company estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body and the period over which such will be depleted. Changes in the reserve or resource estimates may impact the carrying value of the Company's mineral, royalty and other interests and depletion charges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

(v) Property, plant and equipment (“PP&E”)

Plant, vehicles and equipment

At acquisition, the Company records plant, vehicles and equipment at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price, and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. The Company capitalizes costs that meet the asset recognition criteria. Costs incurred that do not extend the productive capacity or useful economic life of an asset are accounted for as a cost of the inventory produced in the period.

Plant, vehicles and equipment are depreciated over their expected useful life, which commences when the assets are considered available for use. Once plant, vehicles and equipment are considered available for use they are measured at cost less accumulated depreciation and applicable impairment losses. Depreciation on equipment utilized in the development of assets, including underground mine development, is recapitalized as development costs attributable to the related asset.

Leasing arrangements

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

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

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

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

Construction-in-progress

Assets under construction at operating mines are capitalized as construction-in-progress (“CIP”). The cost of CIP comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress amounts related to development projects are included in the carrying amount of the development project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

Construction-in-progress amounts incurred at operating mines are presented as a separate asset within PP&E. Construction-in-progress also includes deposits on long lead items. Construction-in-progress is not depreciated. Depreciation commences once the asset is complete and available for use.

Depreciation and amortization

Depreciation and amortization methods and rates for significant categories of non-current assets are as follows:

Processing plants	- over plant life, straight-line basis
Vehicles	- 5 years, straight-line basis
Equipment	- 5-10 years, straight-line basis
Leasehold improvements	- over term of lease, straight-line basis
Mining properties	- unit-of-production method ⁽¹⁾

⁽¹⁾ Amortization of mining properties, pre-production and development costs are calculated and recorded on the unit-of-production basis over the mine's estimated recoverable proven and probable mineral reserves and measured and indicated resources, as disclosed in Note 3(d).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Depreciation or amortization is adjusted prospectively if there is a change in useful lives, reserve base or residual values.

(vi) Underground mine development costs

At the Company's underground mines, development costs are incurred to build new drifts and ramps that enable the Company to physically access ore underground. The time over which the Company will continue to incur these costs depends on the mine life. These underground development costs are capitalized as incurred.

Capitalized underground development costs incurred to enable access to specific ore blocks or areas of the underground mine, and which only provide an economic benefit over the period of mining that ore block or area, are amortized on a units of production basis, whereby the denominator is measured, indicated and inferred mineral resource estimates and the portion of resources within that ore block or area that is considered probable for economic extraction.

(vii) Impairment and impairment reversals

The Company assesses the carrying value of all categories of property, plant and equipment, mineral exploration projects and royalty interests for impairment at each reporting date or whenever events or circumstances ("impairment indicators") indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the greater of its value-in-use and its fair value less cost of disposal.

The Company's estimate of the recoverable amounts is determined using the fair value less cost to sell approach which uses discounted cash flow models to determine the recoverable amount.

Fair value less cost of disposal is the amount obtainable from the sale of an asset or cash generating unit ("CGU") in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit on a pro-rata basis. Impairment losses are recognized in operating expenses. Impairment losses are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(viii) Income taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the consolidated statements of operations and comprehensive income except to the extent that it relates to items recognized directly in equity.

Current income taxes

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred income taxes

The Company accounts for deferred income taxes under the asset and liability method. Under this method of tax allocation, deferred income and mining tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

(ix) Reclamation provisions

Mining, extraction and processing activities normally give rise to obligations for environmental rehabilitation or reclamation. Reclamation work can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; security and other site-related costs required to perform the rehabilitation work; and operation of equipment designed to reduce or eliminate environmental effects. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and our environmental policies. The timing of work is dependent upon factors such as the life and nature of the asset, the operating license conditions, the environment in which the mine operates, among others.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, the Company's environmental policies which give rise to a constructive obligation. The principal factors that can cause expected cash flows to change are: the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

construction of new processing facilities; changes in the quantities of material in reserves and resources with a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; changes in discount rates; changes in foreign exchange rates and changes in laws and regulations governing the protection of the environment.

Reclamation provisions are normally recognized at the time that an environmental disturbance occurs or a constructive obligation is determined. When a reclamation provision is initially recognized, the corresponding cost is capitalized as an asset to PP&E and is depreciated over the expected economic life of the operation to which it relates.

Included in the provisions are cost estimates which (i) aim to encompass all closure and reclamation activity expected to occur progressively over the life of the operation at the time of closure and post-closure in connection with disturbances as at the reporting date, (ii) are made based on the cost of external contractors performing the work or the cost of performing the work internally depending on management's intention, and (iii) are measured at the expected value of future cash flows, which exclude the effect of inflation, discounted to their present value using a current US dollar real risk-free pre-tax discount rate, whereas the unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

Excluded from the reclamation provisions are routine operating costs that may impact the ultimate closure and reclamation activities, such as waste material handling conducted as an integral part of a mining or production process.

Reclamation provisions are adjusted each reporting period in consideration of the changes in the extent of disturbance made, estimates and assumptions. Such adjustments are accounted for as a change in the corresponding cost of the related assets, including the related mineral property, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognized in the consolidated statements of operations and comprehensive income.

In the case of closed sites, changes in estimates and assumptions are recognized immediately in the consolidated statements of operations and comprehensive income. For an operating mine, the adjusted carrying amount of the related asset is depreciated prospectively. Adjustments also result in changes to future finance costs.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event that gives rise to an obligation occurs and reliable estimates of the required reclamation costs can be made.

(x) Legal and other provisions

Provisions are recorded when a legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation and is measured using the present value of cash flows estimated to settle the present obligation.

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or un-asserted claims

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

that may result in such proceedings, the Company with assistance from its legal counsel evaluate the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, and then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the Company discloses the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred. Contingent gains are only recognized when the inflow of economic benefits is virtually certain.

(xi) Foreign currency translation

The U.S. dollar is considered to be the functional currency of the Company and of its subsidiary. Monetary assets and liabilities of the Company's operations are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date, and non-monetary assets and liabilities are translated at the historical rate of exchange. Transactions in foreign currencies are translated at the actual rates of exchange. Foreign currency gains and losses are recognized in the consolidated statements of operations and comprehensive income.

(xii) Normal course issuer bids

A normal course issuer bid is used by the Company to purchase common shares for cancellation as further described in Note 18(a). The total amount paid to purchase shares in accordance with the normal course issuer bid is allocated to Common shares and Contributed surplus in the consolidated statement of changes in shareholder's equity, whereas the amount allocated to Common shares is based on the average carrying amount per common share and amounts paid above or below the average carrying amount are allocated to Contributed surplus.

(xiii) Stock-based compensation

The Company has stock-based compensation plans, which are described in Note 18(b) and (c). The Company accounts for all equity-settled stock-based payments based on the fair value of the award on grant date.

Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be estimated reliably.

(xiv) Earnings per share

Basic earnings per share is computed by dividing the net income available to common shareholders by the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by the application of the treasury method. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

(xv) Financial instruments - recognition and measurement

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit and loss (“FVTPL”), directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or fair value through other comprehensive income (“FVTOCI”). Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

On initial recognition, financial assets are classified as: amortized cost, FVTPL, or FVTOCI. Such classification is determined according to the assets’ contractual cash flow characteristics and the business models under which they are held.

A financial asset is measured at amortized cost if meets the following criteria: (i) it is not designated as FVTPL, (ii) it is held with the objective of collecting contractual cash flows, and (iii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to earnings in the period in which they arise.

Loss allowances for ‘expected credit losses’ are recognized on financial assets measured at amortized cost, and on contract assets measured at FVOCI.

Financial liabilities are initially measured at cost or amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to earnings using the effective interest method.

The following is a summary of the financial instruments outstanding and classifications as at December 31, 2021:

Cash and cash equivalents	- Amortized cost
Restricted cash	- Amortized cost
Other accounts receivable	- Amortized cost
Derivative assets and liabilities	- FVTPL
Accounts payable and accrued liabilities	- Amortized cost
Notes payable	- Amortized cost
Other provisions	- Amortized cost

The Company periodically operates with derivative financial instruments, principally forward sales contracts and commodity option contracts to manage commodity price exposure on gold sales, and forward foreign exchange contracts to manage exposure to changes in foreign exchange rates. Derivative financial instruments are used for risk management purposes and not for generating trading profits. Derivative instruments are recorded at fair value. Changes in the fair values of derivative instruments are recognized in interest income/expense in the consolidated statements of operations and comprehensive income.

Unrealized gains and losses on forward sales contracts are a result of the difference between the forward spot price of the gold and the forward sales contract price. Unrealized gains and losses on forward foreign

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

exchange contracts are primarily a result of the difference between the forward currency contract price and the spot price of the Brazilian reais (R\$).

d) Use of estimates and judgments

The preparation of 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 these 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 valuation of mineral exploration projects and royalty assets, recoverability of property plant and equipment, reclamation provisions, derivatives, measurement of inventory and disclosure of contingent assets and liabilities depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these consolidated financial statements.

The judgments that management has applied in the application of accounting policies and related estimates that have the most significant effect on the amounts recognized in these consolidated financial statements are discussed below:

(i) Units of production depreciation

The Company's mining properties and mineral exploration projects are depreciated on a unit-of-production basis and calculates the depreciation rate for each project by dividing its volume extracted by the estimated amount of recoverable mineral resources. The estimated amount of recoverable mineral resources (a) includes proven and probable mineral reserves as well as measured and indicated resources, (b) reflects management's best estimate of the useful life of the projects, and (c) is updated periodically in consideration of the results of complementary technical work performed. Periodic updates are treated as changes in accounting estimates and are accounted for on a prospective basis. It is impracticable to assess the impact of the change in estimate in future periods.

(ii) Inventory

Gold in process and ore in stockpiles are stated at the lower of average production cost and net realizable value. Production costs charged to earnings include labour, benefits, material and other product costs. The assumptions used in the impairment assessment of gold in process inventory include estimates of gold contained in the ore stacked, assumptions of the amount of gold stacked that is expected to be recovered and an assumed gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventory, which could reduce the Company's earnings and working capital.

(iii) Mineral reserve and resource estimates

A mine reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the Company's mining properties. In order to calculate reserve estimates, assumptions are required about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transportation costs, commodity demand, commodity prices and exchange rates. The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

Estimates of mineral reserves and mineral resources may change as estimates and assumptions change and as additional geological data is generated during the course of operations. Changes in mineral reserve estimates or measured and indicated and inferred mineral resources estimates may affect carrying values of the Company's inventory, property, plant and equipment, mineral exploration projects, royalty interests, reclamation provisions and deferred income taxes.

(iv) Capitalization of mineral exploration projects

The Company's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to earnings.

The recoverability of the amounts shown for mineral exploration projects is dependent on the existence of economically recoverable reserves and resources, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and the success of future operations or dispositions. If a project does not prove viable, all unrecoverable costs associated with the project net of any related existing impairment provisions are written off.

(v) Reclamation provision

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and, over time, becoming more restrictive which impacts the cost of retiring assets at the end of their useful lives. The Company recognizes liabilities for reclamation provisions in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset, where one is identifiable, is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the period is expensed. Over time, the reclamation provision will be increased each period to reflect the interest element (accretion) reflected in its initial measurement at fair value, and will also be adjusted for changes in the estimate of the amount, timing and cost of the work to be carried out.

The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are future changes to environmental laws and regulations that could increase the extent of reclamation and remediation work required to be performed by the Company.

(vi) Stock-based compensation

The Company includes an estimate of forfeitures, share price volatility, expected life and risk-free interest rates in the calculation of the fair value for certain long-term incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of property, plant and equipment, mineral exploration projects, inventory equity and earnings.

(vii) Determination of functional currency

The functional currency of the Company and each of its operations have been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's gold sales, production and operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the determination of the functional currency.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

(viii) Identification of impairment charges and impairment reversals

The Company considers, at each reporting date or whenever events or circumstances indicate the recoverable amount may be less than the carrying amount, whether or not there has been an impairment of the capitalized royalty interests, mineral exploration projects, or property, plant and equipment.

For non-producing properties, the recoverable amount is based on fair value less cost to sell where fair value is determined based on market values, for companies with similar projects. For producing mining properties, the recoverable amount is determined based on the expected future cash flows to be generated from the asset.

Significant assumptions include life of mine future projection profiles, future gold prices, mineral reserves and resources estimates, discount rates, income taxes, foreign exchange rates and capital expenditures. Assumptions underlying the fair value estimates are subject to risks and uncertainties.

If the Company determines there has been an impairment because its prior estimates of discounted future cash flows have proven to be inaccurate, due to reductions in the price of gold, increases in the costs of production, reductions in the amount of reserves and resources expected to be recovered or otherwise, the Company would be required to write-down the recorded value of its mineral explorations projects, or property, plant and equipment, which would reduce the Company's earnings and net assets.

An impairment provision is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(ix) Other provisions and contingent liabilities

On an ongoing basis, the Company is subject to various claims and other legal disputes, mainly consisting of lawsuits filed by former employees, related to employment relationships mainly in Brazil, the outcomes of which cannot be assessed with a high degree of certainty. The most recurring claims are related to payment of overtime, hours in itinerary, and health and safety. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

By their nature, these provisions will only be resolved when one or more future events occur or fail to occur, which will bring resolution to their underlying cases. The assessment of such provisions inherently involves the exercise of significant judgment of the potential outcome of future events.

e) Accounting standards issued but not yet effective

The following are new pronouncements approved by the IASB. These new standards are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods:

- IAS 16 Property, Plant and Equipment – On May 14, 2020, IASB issued amendments to IAS 16 Property, Plant and Equipment requiring proceeds from selling items before the related item of property, plant and equipment is available for use to be recognized in profit or loss, together with the costs of producing those items. The amendment is effective for annual periods beginning on or after January 1, 2022.

The Company assessed the impacts of the amendments to the IAS 16 Property, Plant and Equipment standard and concluded such will not give rise to any material changes to the Company's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

- 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 impacts of the above amendments to IAS 12 on the Company's consolidated financial statements have not yet been evaluated.

4. Share Consolidation

On August 27, 2020, the Company completed a share consolidation (the "Share Consolidation") of its outstanding common shares (the "Shares") on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares. As a result of the Share Consolidation, the 723,502,108 common shares issued and outstanding as at that date were consolidated to 72,350,197 common shares on a non-diluted basis. The Share Consolidation was previously approved by shareholders at a meeting held on June 5, 2017. All information in these consolidated financial statements with respect to prior periods has been restated to be presented on a post-Share Consolidation basis.

5. Restricted cash

	December 31, 2021	December 31, 2020
Restricted cash - current portion		
Margin deposits ^(a)	\$ -	\$ 289
Escrow judicial deposits ^(b)	501	802
	501	1,091
Restricted cash - non-current portion		
Escrow judicial deposits ^(b)	586	649
	586	649
Total restricted cash	\$ 1,087	\$ 1,740

a) Margin deposits paid in accordance with the Company's notes payable (Note 13).

b) Escrow judicial deposits paid in relation to the Company's ongoing labour, civil and tax litigations (Note 17).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

6. Inventory

Inventory is comprised of the following:

	December 31, 2021	December 31, 2020
Raw material and mine operating supplies	\$ 10,244	\$ 8,763
Ore in stockpiles	741	426
Gold in process	1,623	1,103
Unrefined gold doré	1,938	2,237
Total inventory	\$ 14,546	\$ 12,529

The cost of inventories recognized in direct mining and processing costs for the year ended December 31, 2021 was \$66.0 million (\$54.3 million for the year ended December 31, 2020). During the year ended December 31, 2021, there were no inventory write downs to net realizable value (\$nil, during the year ended December 31, 2020).

7. Recoverable taxes

	December 31, 2020	Additions/ reversals	Write- offs	Sales of credits	Applied to taxes payable	Foreign exchange	December 31, 2021
Value added taxes and other ^(a)	\$ 6,237	\$ 6,699	\$ -	\$ -	\$ (6,309)	\$ (449)	\$ 6,178
Provision for VAT and other ^(b)	(847)	-	-	-	-	58	(789)
Net VAT and other taxes	\$ 5,390	\$ 6,699	\$ -	\$ -	\$ (6,309)	\$ (391)	\$ 5,389
ICMS ^(c)	\$ 6,057	\$ 2,643	\$ (632)	\$ (251)	\$ (100)	\$ (507)	\$ 7,210
Provision for ICMS	(1,785)	(503)	-	-	-	110	(2,178)
Net ICMS	\$ 4,272	\$ 2,140	\$ (632)	\$ (251)	\$ (100)	\$ (397)	\$ 5,032
Total recoverable taxes	\$ 9,662	\$ 8,839	\$ (632)	\$ (251)	\$ (6,409)	\$ (788)	\$ 10,421
Less: current portion	4,944						5,143
Non-current portion	\$ 4,718						\$ 5,278

- a) The Company is required to pay certain federal value added taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including via cash refund or as a credit against payroll, supplier withholding taxes, or other taxes payable.

The Company continues to litigate for approval of R\$36.0 million (approximately \$11.0 million) in Brazil Federal VAT input tax credit claims from past years, which hold a \$nil carrying amount in the balance sheet (December 31, 2020: \$nil). As at December 31, 2021, the Company is awaiting the conclusion of the Tax Authority's review.

In the year ended December 31, 2021, the Company applied (i) R\$22.7 million (\$4.2 million) in federal value added taxes and other tax credits to pay INSS tax obligations and (ii) R\$11.2 million (\$2.1 million) to pay goods and service withholding tax obligations.

- b) 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 the year ended December 31, 2021, the Company applied a provision valued at 20.5% of its non-current VAT assets (December 31, 2020 – 20.5%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

- c) *ICMS – Imposto sobre circulação de mercadorias e prestação de serviços* is a type of value added tax which 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; in the case of Jaguar, in the State of Minas Gerais, Brazil.

As at December 31, 2021, the Company applied a provision valued at 30.0% of its ICMS tax assets, which was based on the Company's historical discount rates required to sell ICMS tax credits to third party buyers (December 31, 2020 – 29.5%).

As at December 31, 2021, the Company held R\$6.3 million (approximately \$1.1 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2020 – R\$5.2 million, approximately \$1.0 million).

8. Other accounts receivable

	December 31, 2021	December 31, 2020
Due from Oz Minerals Ltd. - CentroGold Project sale	5,000	5,000
Other accounts receivable	92	61
Total other accounts receivable	\$ 5,092	\$ 5,061
Less: current portion	92	61
Non-current portion	\$ 5,000	\$ 5,000

On September 17, 2017, the Company entered into an accelerated earn-in agreement (“the Accelerated Earn-In Agreement”) to sell to Avanco Resources Limited (“Avanco”) its Gurupi mineral exploration properties and the Brazilian subsidiary in which they were held. In October 2017, the Company completed the sale of its Gurupi Project (“Gurupi”, also referred to herein as the “CentroGold Project”) to Avanco by transferring the quotas (i.e. equity shares) in MCT Mineração Ltda. that were held directly or indirectly by the Company, to Avanco, pursuant to the Accelerated Earn-In Agreement. In August 2018, Avanco was 100% acquired by Oz Minerals Limited (“Oz Minerals”), which made Oz Minerals the successor counterpart to the Accelerated Earn-In Agreement and its associated assets and liabilities for Gurupi.

Under the terms of the Accelerated Earn-In Agreement, Oz Minerals earned 100% of Jaguar's equity interest in the CentroGold Project by (i) completing an Australian Joint Ore Reserve Committee (JORC) code compliant prefeasibility study technical report for the project which was published in July 2019 and announced mineral reserves of 1,100,000 ounces of gold and (ii) committing to pay to Jaguar \$9 million in aggregate cash payments and a net smelter royalty valued at 1% on the first 0.5 million gold ounces sold, 2% on gold ounces sold in excess of 0.5 million oz and up to 1.5 million oz, and 1% NSR on gold ounces sold in excess of 1.5 million oz. Oz Minerals also holds a first right of refusal to acquire the Paciência Processing Plant should the Company seek to divest such an asset at a future time.

In connection with the sale of the CentroGold Project, Jaguar received an initial aggregate cash payment of \$4 million, in two installments of \$2 million each in September and October 2017. The Company will collect the additional \$5 million from Oz Minerals in a series of 10 instalments of \$500,000, in the month in which Oz Minerals receives “clear title and access” to the project, which continued to await government approval up through December 31, 2021. Due to uncertainty on timing for government approval granting “clear title and access,” the Company estimates collection on this balance receivable to start in to 2023, and continued to classify its underlying asset as non-current as at December 31, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

In March 2021, the Company sold its Net Smelter Return royalty on the CentroGold Project to Metalla Royalty & Streaming Ltd., as further detailed in Note 9.

9. Royalty interests

	December 31, 2021	December 31, 2020
Oz Minerals Ltd. - CentroGold Project royalty interest ^(a)	\$ -	\$ 8,476
Total royalty interests	\$ -	\$ 8,476

a) On March 15, 2021, 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 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 recognized \$7.0 million as consideration received from the sale of the NSR. The amounts noted above relating to Milestone 1 and Milestone 2 were not recognized, given that the completion of these milestones is dependent on the performance of an unrelated third party. Upon completion of the sale, the Company (i) transferred its NSR title to Metalla and derecognized the \$8.5 million CentroGold project royalty, (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 consolidated statement of operations and comprehensive income (Note 21).

As at and for the year ended December 31, 2021, Milestone 1 and Milestone 2 were not fulfilled and, therefore, the Company has not recognized any income for these milestones.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

10. Property, plant and equipment (“PP&E”)

	Plant	Vehicles	Equipment ¹	Leasehold ²	CIP ³	Mining properties	Total
Cost							
Balance as at January 1, 2021	\$ 13,587	\$ 4,989	\$ 200,087	\$ 4,418	\$ 9,223	\$ 479,976	\$ 712,280
Additions	118	661	2,161	1,183	8,044	35,560	47,727
Disposals	-	(21)	(2)	-	(1,306)	-	(1,329)
Reclassify within PP&E	3,820	37	3,350	-	(7,207)	-	-
Balance as at December 31, 2021	\$ 17,525	\$ 5,666	\$ 205,596	\$ 5,601	\$ 8,754	\$ 515,536	\$ 758,678
Accumulated depreciation and impairment							
Balance as at January 1, 2021	\$ 13,428	\$ 1,663	\$ 174,150	\$ 3,397	\$ 566	\$ 371,435	\$ 564,639
Depreciation for the period	1,873	177	6,385	1,235	-	11,894	21,564
Disposals	-	(21)	(2)	-	-	-	(23)
Balance as at December 31, 2021	\$ 15,301	\$ 1,819	\$ 180,533	\$ 4,632	\$ 566	\$ 383,329	\$ 586,180
Carrying amount							
As at December 31, 2021	\$ 2,224	\$ 3,847	\$ 25,063	\$ 969	\$ 8,188	\$ 132,207	\$ 172,498
Cost							
Balance as at January 1, 2020	\$ 13,578	\$ 6,197	\$ 199,121	\$ 3,412	\$ 3,415	\$ 454,786	\$ 680,509
Additions	9	-	1,880	1,006	7,439	25,570	35,904
Disposals	-	(1,370)	(2,383)	-	-	(380)	(4,133)
Reclassify within PP&E	-	162	1,469	-	(1,631)	-	-
Balance as at December 31, 2020	\$ 13,587	\$ 4,989	\$ 200,087	\$ 4,418	\$ 9,223	\$ 479,976	\$ 712,280
Accumulated depreciation and impairment							
Balance as at January 1, 2020	\$ 12,514	\$ 2,395	\$ 174,270	\$ 2,407	\$ 685	\$ 370,208	\$ 562,479
Depreciation for the period	940	205	6,046	996	-	7,020	15,207
Impairment (reversal)	(26)	(21)	(4,616)	(6)	(119)	(5,793)	(10,581)
Disposals	-	(916)	(1,550)	-	-	-	(2,466)
Balance as at December 31, 2020	\$ 13,428	\$ 1,663	\$ 174,150	\$ 3,397	\$ 566	\$ 371,435	\$ 564,639
Carrying amount							
As at December 31, 2020	\$ 159	\$ 3,326	\$ 25,937	\$ 1,021	\$ 8,657	\$ 108,541	\$ 147,641

¹ As at December 31, 2021, the Company had equipment under right-of-use leases at a cost and net book value of \$14.1 million and \$8.7 million, respectively (December 31, 2020 - \$10.1 million and \$6.7 million, respectively).

² Refers to leasehold improvements in corporate office in Brazil.

³ Refers to construction in progress.

As at December 31, 2021, mining properties include the following properties which are in production, under development, or in care and maintenance:

a) Turmalina Project

The Turmalina project terms include a royalty payable by the Company to an unrelated third party. The royalty due is calculated across two components each calendar year: (i) 5% of net revenue up to \$10.0 million and (ii) 3% of the net revenue amount which exceeds \$10.0 million. Pursuant to an agreement made in March 2020 and amended in February 2022 with the Turmalina mining right royalty beneficiaries, Turmalina’s royalty charge was temporarily reduced to 2.5% of net revenue for the period until May 31, 2022.

b) Paciência Project - Santa Isabel, Marzagão, Rio de Peixe Oxide, Chame, and Bahú mines

In November 2003, the Company acquired from AngloGold the following mineral rights pertaining to the Paciência Project: Santa Isabel, Morro do Adão, Bahu, and Marzagão, and the following properties pertaining to the Caeté Project: Catita and Camará. Pursuant to the terms of acquisition, the Company will pay AngloGold a sliding scale

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

net smelter royalty (“NSR”) on gold and other precious metals produced from the properties, from 1.5% to 4.5% of gross revenue, based on precious metal prices at the time of production.

If the Company discovers, on a concession basis, in excess of 750,000 ounces of gold over the measured and indicated resources used in the agreement, AngloGold has the right to buy-in up to 70% of that concession for a predetermined price. If this were to occur, the Company would retain a 30% interest and would receive the same sliding scale NSR payment from AngloGold as the one mentioned above.

As at December 31, 2021 the carrying amount for the Paciência project is \$nil, due to past impairment charges (December 31, 2020 - \$nil) as the project is currently in care and maintenance.

c) Caeté Project - Roça Grande and Pilar mines

The Company is required to pay royalties of 0.5% of revenue to the landowners of the Pilar mine site.

d) Impairment charges (reversal)

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

As at December 31, 2021 and December 31, 2020, the Company assessed each CGU for indicators of potential impairment or potential reversal to impairment. In the event such indicators were identified, the Company proceeded to compare the CGU’s carrying value to the recoverable amount determined. The recoverable amount was determined to be the fair value less costs to dispose (“FVLCD”) and the Company’s estimate of the FVLCD is classified as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique.

The significant assumptions used in determining the recoverable amount of the project were life of mine (LOM) future production profiles, future gold prices, proven and probable reserves and estimated amount of resources, discount rates, foreign exchange rates, and capital expenditures. LOM plans are typically developed annually and are based on management’s current best estimates of optimized mine and processing plans, future operating expenditures and capital costs, and income taxes. The Company bases its future gold price estimate with reference to forward prices and industry analyst consensus.

As at December 31, 2021 and December 31, 2020, the following were the indicators for potential impairment or potential reversal to impairment identified:

Turmalina

As at December 31, 2021, the Company identified operating results less favorable than those forecasted as an indicator for potential impairment at the Turmalina CGU.

The Company compared the Turmalina CGU’s carrying value to its recoverable amount determined and, using the following key assumptions in determining the recoverable amount: gold prices, quantities of recoverable reserves and resources and future mineral production, and discount rate.

The gold price estimates used to calculate recoverable amounts as at December 31, 2021 were \$1,740 for 2022, \$1,700 for 2023, and \$1,625 from 2024 to 2026, and \$1,600 for 2027 and beyond. Quantities of recoverable reserves and resources and future mineral production was included in projected cash flows based on mineral reserve and resources estimates, undertaken by qualified persons. A post-tax discount rate of 7.4% was used to calculate the present value of the estimated future cash flows from the operation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

Based on the results of its assessment as at December 31, 2021, the Company concluded no impairment charges were considered necessary.

As at December 31, 2020, based on its assessment made, the Company recorded an impairment reversal of \$10.9 million for Turmalina with \$8.1 million allocated to property, plant and equipment and \$2.8 million allocated to mineral exploration projects.

Pilar

As at December 31, 2021, no indicators of impairment for Pilar were identified. As at December 31, 2020, based on its assessment made, the Company recorded an impairment reversal of \$3.1 million for Pilar with \$2.5 million allocated to property, plant and equipment and \$0.6 million allocated to mineral exploration projects.

11. Mineral exploration projects

	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2021	\$ 3,395	\$ 19,037	\$ 405	\$ 22,837
Additions	943	442	-	1,385
Disposals	-	-	(405)	(405)
Balance as at December 31, 2021	\$ 4,338	\$ 19,479	\$ -	\$ 23,817
Balance as at January 1, 2020	\$ 547	\$ 18,398	\$ 405	\$ 19,350
Additions	46	-	-	46
Impairment reversal ¹	2,802	639	-	3,441
Balance as at December 31, 2020	\$ 3,395	\$ 19,037	\$ 405	\$ 22,837

¹ Impairment reversal recorded per the Company's impairment assessment as detailed in Note 10(d).

a) Turmalina

The costs relate to the Satinoco property (Ore Body D) and Faina and Pontal, adjacent to the Turmalina plant and mine, not currently in commercial production. The property is subject to a royalty payable to a third party (Note 10(a)).

b) Caeté

The Caeté mineral exploration project includes the following exploration properties: Pilar-sulphide, Catita-sulphide, Camará, Roça Grande, Serra Paraíso-sulphide, and Trindade.

12. Accounts payable and accrued liabilities

	December 31, 2021	December 31, 2020
Accounts payable	\$ 10,389	\$ 11,639
Accrued payroll	5,269	7,138
Other	2	74
Total accounts payable and accrued liabilities	\$ 15,660	\$ 18,851

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

13. Notes payable

	December 31, 2021	December 31, 2020
Notes payable - current portion		
Bank indebtedness ^(a)	\$ 3,027	\$ 3,058
	3,027	3,058
Total notes payable	\$ 3,027	\$ 3,058

a) Bank indebtedness

As at December 31, 2021, bank indebtedness included \$3.0 million in unsecured promissory notes, holding maturities through June 2022 and bearing interest rates at 3.9%. As at December 31, 2020, bank indebtedness included \$3.1 million in unsecured promissory notes, holding maturities through March 2021 and bearing interest rates ranging from 4.9% to 6.2%.

14. Right-of-use assets and lease liabilities

a) Right-of-use assets

The Company's significant lease arrangements include contracts for leasing mining equipment. As at December 31, 2021, \$8.7 million of right-of-use assets are recorded as property, plant and equipment (Note 10).

	2021	2020
Right-of-use assets, net book value at January 1	\$ 6,690	\$ 6,560
Additions	4,042	1,800
Amortization	(2,057)	(1,670)
Right-of-use assets, net book value at December 31	\$ 8,675	\$ 6,690

b) Lease liabilities

The Company has acquired certain equipment through the assumption of lease obligations. These obligations are secured by promissory notes. When measuring the value of the lease liabilities, the Company discounted lease payments using its 5.65% weighted average incremental borrowing rate at December 31, 2021 (December 31, 2020 – 8.75%). The following table outlines the total minimum loan payments due for lease obligations over their remaining terms as at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Less than 1 year	1,578	1,561
1 - 3 years	2,584	1,201
3 - 5 years	137	311
Total minimum loan payments	4,299	3,073
Less: Future finance charges	(434)	(350)
Present value of minimum loan payments	\$ 3,865	\$ 2,723
Less: current portion	1,431	1,530
Non-current portion	\$ 2,434	\$ 1,193

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

For the year ended December 31, 2021, the Company recognized \$131,000 in accretion expense and \$49,000 in foreign exchange gains in the consolidated statement of operations and other comprehensive income, and the Company presented \$2.9 million in lease liability debt repayments in its statement of cash flows, as further detailed in Note 26(f) (\$81,000 in accretion expense, \$456,000 in foreign exchange gains, and \$2.1 million in lease repayments for the year ended December 31, 2020).

15. Income taxes

a) Income tax expense

The following table shows the components of current and deferred tax expense:

	December 31, 2021	December 31, 2020
Current income tax expense	\$ 7,939	\$ 14,536
Deferred income tax expense	-	-
Total income tax expense	\$ 7,939	\$ 14,536

b) Tax rate reconciliation

The provision for income taxes differs from that which would be expected by applying the combined Canadian federal and provincial statutory income tax rate to income (loss) before income taxes. A reconciliation of the difference is as follows:

	December 31, 2021	December 31, 2020
Income before income taxes	\$ 42,129	\$ 86,816
Combined Canadian federal and provincial income tax rate	26.50%	26.50%
Expected income tax expense	\$ 11,164	\$ 23,006
Increase (decrease) in tax expense resulting from:		
Change of prior year tax loss carryover	\$ -	4,219
Foreign exchange on deferred taxes	5,747	22,783
Change in benefit of non-capital losses not recognized	(7,866)	(29,897)
Change in benefit of other temporary differences not recognized	(4,914)	(13,056)
Difference in foreign tax rate and Canadian tax rate	3,324	6,843
Non-deductible (taxable) expense	484	638
Income tax expense	\$ 7,939	\$ 14,536

c) Deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 37,528	\$ 51,997
Tax losses	155,016	177,291

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

In addition to the deductible temporary differences disclosed above, there is \$404.9 million (2020 - \$444.6 million) of deductible temporary differences associated with investment in subsidiaries for which deferred tax assets have not been recognized.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

d) Tax losses

As at December 31, 2021, the Company's Canadian non-capital losses, that can be applied against future taxable profit amount to \$49.6 million (December 31, 2020 - \$46.4 million), and will expire as follows:

Expiry year	December 31, 2021
2034	\$ 7,457
2035	6,902
2036	5,732
2037	7,262
2038	9,545
2039	6,151
2040	3,563
2041	2,963
Total	\$ 49,575

The Company has Canadian capital losses of \$18.7 million (December 31, 2020 - \$17.5 million) which can be carried forward indefinitely. These losses can only be applied against capital gains.

The Company has Brazilian non-capital losses of \$122.4 million (equivalent to R\$683.0 million) which can be carried forward indefinitely, however only 30% of the taxable income in one year can be applied against the loss carry-forward balance (December 31, 2020 - \$131.6 million (equivalent to R\$683.9 million)).

e) Recognized deferred tax assets and liabilities

The following table summarizes the types of recognized deferred tax assets and liabilities:

	December 31, 2021	December 31, 2020
Deferred tax assets		
Non-capital losses	\$ 11,771	\$ 5,892
Financing fees	96	140
Total deferred tax assets	\$ 11,867	\$ 6,032
Deferred tax liabilities		
Unrealized foreign exchange gain	\$ (1,288)	\$ (1,223)
Inventory	(1,212)	(1,009)
Mineral properties	(9,366)	(3,799)
Property, plant and equipment	(1)	(1)
Total deferred tax liabilities	\$ (11,867)	\$ (6,032)
Deferred tax liabilities - net	\$ -	\$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

16. Reclamation provisions

	December 31, 2020	Additions (reversals)	Accretion	Payments	Foreign exchange	December 31, 2021
Reclamation provision	\$ 12,162	\$ 11,140	\$ 288	\$ (4,714)	\$ (847)	\$ 18,029
Less: current portion	623					6,847
Non-current portion	\$ 11,539					\$ 11,182

	December 31, 2019	Additions (reversals)	Accretion	Payments	Foreign exchange	December 31, 2020
Reclamation provision	\$ 15,775	\$ (380)	\$ 526	\$ (219)	\$ (3,540)	\$ 12,162
Less: current portion	390					623
Non-current portion	\$ 15,385					\$ 11,539

The reclamation provisions relate to the cost to decommission the operating facilities and reclaim land that has been disturbed as a result of mining activity.

In the year ended December 31, 2021, as a result of legislative changes, the Company recorded a change in estimate to include \$11.7 million (equivalent to R\$66.5 million) in additional cost estimates in its reclamation provision, increasing its Property, plant and equipment mining properties asset by the same amount.

The Company expects to spend approximately \$22.6 million (amount not discounted or adjusted for inflation) on reclamation activities between 2022 and 2029 (December 31, 2020 – \$16.4 million).

17. Legal and other provisions

Various legal, environmental, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. For its matters outstanding, Management, in conjunction with its internal and external legal counsel, assesses the estimated value at risk and the Company's probability of loss. A provision is recorded for cases in which the Company has determined the probability of loss as more likely than not and the amount can be reasonably estimated. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

As at December 31, 2021, the Company has recognized a provision of \$7.2 million (December 31, 2020 - \$8.0 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 Company's estimates.

	December 31, 2020	Additions	Reversals/ Transfers	Payments	Foreign exchange	December 31, 2021
Labour litigation	\$ 6,652	\$ 1,745	\$ (1,164)	\$ (1,177)	\$ (441)	\$ 5,615
Civil litigation ^(a)	981	256	(13)	-	(51)	1,173
Tax litigation	51	50	-	-	(14)	87
Other provisions	300	22	-	-	(22)	300
Total legal and other provisions	\$ 7,984	\$ 2,073	\$ (1,177)	\$ (1,177)	\$ (528)	\$ 7,175
Less: current portion	2,827					2,941
Non-current portion	\$ 5,157					\$ 4,234

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

	December 31, 2019		Additions	Reversals/ Transfers	Payments	Foreign exchange	December 31, 2020
Labour litigation	\$	10,274	\$ 1,739	\$ (1,143)	\$ (1,914)	\$ (2,304)	\$ 6,652
Civil litigation ^(a)		1,587	88	(95)	(25)	(574)	981
Tax litigation		3,383	175	(3,379)	(8)	(120)	51
Other provisions		340	32	-	7	(79)	300
Total legal and other provisions	\$	15,584	\$ 2,034	\$ (4,617)	\$ (1,940)	\$ (3,077)	\$ 7,984
Less: current portion		4,041					2,827
Non-current portion	\$	11,543					\$ 5,157

a) In November 2020, the Company received two injunctions from the Minas Gerais State Institute of Forestry (Instituto Estadual de Floresta (IEF)) alleging that the Company did not fulfill certain terms of commitment agreed to with the IEF for the Pilar Mine environmental permits received, and, therefore, owes a fine for failing to fulfill its commitments. The terms of commitment in question required fulfillment up to February 2008 and June 2009. In reviewing the injunctions alongside its external legal counsel, the Company assessed the injunctions to collectively hold a possible likelihood of loss of \$1.3 million (equivalent to R\$ 7.0 million) and a probable likelihood of loss of \$0.2 million (equivalent to R\$ 0.9 million). In December 2020, the Company filed a defense to report the measures taken and evidence which demonstrates the Company's fulfillment of the terms of commitment in question. As at December 31, 2021, the Company is awaiting the IEF's response to its defense filed and the Company has recorded a legal expense provision for the portion deemed to have a probable likelihood of loss.

18. 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. The number of shares and per share amounts have been restated to reflect the Share Consolidation that occurred on August 24, 2020 (Note 4). Changes in common shares for the years ended December 31, 2021 and 2020 are as follows:

		Number of shares	Amount
Balance as at December 31, 2020		72,118,620	\$ 565,734
Shares issued upon exercise of stock options	Note 18(b)	140,325	760
Shares issued upon redemption of deferred share units	Note 18(c)	185,925	366
Balance as at December 31, 2021		72,444,870	\$ 566,860
Balance as at December 31, 2019		72,393,355	\$ 570,911
Shares purchased and cancelled in normal course issuer bid ¹		(753,126)	(5,953)
Shares issued upon exercise of stock options	Note 18(b)	280,144	276
Shares issued upon redemption of deferred share units	Note 18(c)	198,247	500
Balance as at December 31, 2020		72,118,620	\$ 565,734

1) On June 16, 2020, the Toronto Stock Exchange accepted the Company's notice to make a normal course issuer bid (the "Bid") to purchase for cancellation up to 3,623,269 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 the Company's notice to the TSX. According to the terms of the Bid, 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 Bid at any time. The Bid commenced on June 18, 2020 and terminated on June 17, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

During the year ended December 31, 2021, the Company did not purchase and cancel any shares (753,126 shares for \$3.5 million in cash payments, for the year ended December 31, 2020).

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company's 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.

The following table shows the movement of stock options for the years ended December 31, 2021 and 2020:

	Number of options	Weighted average exercise price (C\$)
Balance as at December 31, 2020	1,075,876	\$ 2.84
Options granted ¹	58,056	8.25
Options exercised ²	(158,098)	4.43
Options forfeited ⁵	(36)	7.40
Balance as at December 31, 2021	975,798	\$ 2.91
Balance as at December 31, 2019	1,183,148	\$ 2.54
Options granted ³	285,500	2.68
Options exercised ⁴	(360,878)	1.77
Options forfeited ⁵	(31,894)	2.24
Balance as at December 31, 2020	1,075,876	\$ 2.84

1) In the year ended December 31, 2021, the Company granted 58,056 stock options to executives of the Company at a weighted average exercise price of C\$8.25 and expiry occurring eight years from the grant date.

2) In the year ended December 31, 2021, officers and directors of the Company exercised a total 158,097 options with exercise prices ranging between C\$1.00 and C\$7.60. The exercises were paid for with \$410,000 in cash proceeds to the Company and \$85,000 via a cashless exercise using 17,773 fully vested stock options. As a result of the options exercised, the Company issued 140,325 common shares.

3) In the year ended December 31, 2020, the Company granted 285,500 stock options to executives of the Company at a weighted average exercise price of C\$2.68 and expiry occurring eight years from the grant date.

4) In the year ended December 31, 2020, officers and directors of the Company exercised a total 360,878 options with exercise prices ranging between C\$1.00 and C\$3.70. The exercises were paid for with \$87,000 in cash proceeds to the Company and \$229,000 in 80,734 stock option contributions-in-kind. As a result of the options exercised, the Company issued 280,144 common shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

5) Relates to the forfeiture of the options upon expiry or upon resignation of former executives and directors.

The following table sets out the details of the valuation of stock option grants for the years ended December 31, 2021 and 2020, measured using the Black-Scholes option pricing formula:

Grant date	Weighted average exercise price (C\$)	Number of options	Risk-free interest rate	Expected Life (number of years)	Volatility Factor	Weighted average grant date fair value per option (C\$)
January 19, 2021 ¹	8.25	58,056	0.14%	4.00	83%	4.93
August 19, 2020 ²	8.70	8,500	0.26%	8.00	91%	6.73
January 15, 2020 ³	2.50	277,000	1.69%	8.00	100%	1.77

¹ 54,770 options vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021 and are exercisable upon vesting. 3,285 options vest if and when the 20 day VWAP of the Company's shares is C\$10.00 per share and are also exercisable upon vesting.

² 8,500 options vested immediately upon grant and became exercisable upon vesting.

³ 175,000 options vest on a quarterly basis, in twelve equal instalments, starting on January 31, 2020 and are exercisable upon vesting. 102,000 options vested immediately upon grant and became exercisable upon vesting.

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.

The table below shows the outstanding stock options as at December 31, 2021 and 2020:

December 31,	Exercise price (C\$)	Outstanding		Vested	
		Number of options	Weighted average remaining contractual life	Number of options	Weighted average remaining contractual life
2021	\$13.50	23,290	0.36	23,290	0.36
2021	\$8.70	8,500	6.64	8,500	6.64
2021	\$8.25	58,056	7.06	13,693	7.06
2021	\$3.70	15,000	4.07	15,000	4.07
2021	\$3.30	20,000	0.72	20,000	0.72
2021	\$2.50	168,664	6.08	95,753	6.08
2021	\$2.20	600,000	5.60	525,000	5.60
2021	\$2.10	4,374	4.67	4,374	4.67
2021	\$1.90	22,500	5.76	22,500	5.76
2021	\$1.00	55,414	5.42	44,999	5.42
2020	\$13.50	23,290	1.36	23,290	1.36
2020	\$8.70	8,500	7.64	8,500	7.64
2020	\$7.60	32,264	0.85	32,264	0.85
2020	\$7.40	17,736	0.60	17,736	0.60
2020	\$7.00	20,964	4.08	20,964	4.08
2020	\$3.70	18,500	5.07	13,750	5.07
2020	\$3.30	20,000	1.72	20,000	1.72
2020	\$2.50	209,000	7.08	77,755	7.08
2020	\$2.20	600,000	6.60	425,000	6.60
2020	\$2.10	4,374	5.67	-	5.67
2020	\$1.90	45,000	6.76	45,000	6.76
2020	\$1.00	76,248	6.42	24,168	6.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

The following table is a summary of stock options outstanding during the years ended December 31, 2021 and 2020, the fair values and the weighted average assumptions used in the Black-Scholes option pricing formula:

	Number of options	Exercise Price (C\$)	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value (US\$)
Stock options 2021	975,798	\$ 2.91	-	1.00%	0%	7.19	83%	\$ 1.32
Stock options 2020	1,075,876	\$ 2.84	-	1.00%	0%	6.94	86%	\$ 1.32

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. For the year ended December 31, 2021, the Company recognized \$244,000 in stock based compensation expense for stock options in the consolidated statements of operations and comprehensive income (2020 – \$781,000).

Subsequent to December 31, 2021, the Company granted 71,656 stock options to executives of the Company. The options are exercisable at a price of C\$4.33 and expire on January 25, 2030. 67,562 options vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022 and are exercisable upon vesting. 4,094 options vest if and when the 20 day volume weighted average price (VWAP) of the Company's shares is C\$5.20 per share and are also exercisable upon vesting.

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, was amended from 1,111,111 to 3,623,269, as authorized by vote in the Company's annual general and special meeting of shareholders on July 30, 2020.

The following table shows the movement of DSUs for the years ended December 31, 2021 and 2020:

	Number of units	Weighted average grant date fair value (US\$)
Balance as at December 31, 2020	534,048	\$ 2.63
Units granted ¹	146,362	6.08
Units redeemed ²	(185,925)	1.97
Balance as at December 31, 2021	494,485	\$ 3.90
Balance as at December 31, 2019	667,347	\$ 2.16
Units granted ³	85,948	5.73
Units redeemed ⁴	(198,247)	2.50
Units forfeited ⁵	(21,000)	1.61
Balance as at December 31, 2020	534,048	\$ 2.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

1) On January 19, 2021 the Company granted a total of 124,650 DSUs to directors and executives of the Company, holding a total grant date fair value of \$794,000, measured at US\$6.37/share, as follows:

- i. 18,252 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021.
- ii. 18,252 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$10.00 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
- iii. 44,073 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iv. 44,073 time-vested DSUs to non-executive directors, vested on the earlier of the date of the 2021 Annual General Meeting or June 30, 2021.

As a result of dividends paid to shareholders during the year ended December 31, 2021, the Company granted a total of 21,712 DSUs to officers and directors of the Company, holding a total grant date fair value of \$96,000 measured at a weighted average US\$4.43/share.

2) In the year ended December 31, 2021, officers and directors redeemed a total of 185,925 DSUs. The DSU redemptions were settled via issuance of 185,925 common shares, and the corresponding grant date fair value of \$366,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

3) On August 19, 2020 the Company granted a total of 80,369 DSUs to directors and executives of the Company in two forms, holding a total grant date fair value of \$450,000 measured at US\$5.59/share, as follows:

- I. 55,000 immediately-vested DSUs were granted to the Company's directors, all of which vested immediately upon resolution approval.
- II. 19,750 time-vested DSUs were granted to officers and executives of the Company, vesting on a quarterly basis, in twelve equal instalments, starting on March 31, 2020.
- III. 5,619 immediately-vested DSUs were granted to officers and executives of the Company as a result of the dividend paid to shareholders on August 27, 2020.

As a result of dividends paid to shareholders during the year ended December 31, 2020, the Company granted a total of 5,579 DSUs to officers and directors of the Company, holding a total grant date fair value of \$34,000 measured at US\$6.05/share.

4) In the year ended December 31, 2020, officers and directors redeemed a total of 198,247 DSUs. The DSU redemptions were settled via issuance of 198,247 common shares and the corresponding grant date fair value of \$500,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

5) Relates to the forfeiture of the DSUs of former executives and director upon resignation.

For the year ended December 31, 2021, the Company recognized \$800,000 in stock-based compensation expense for DSUs in the consolidated statements of operations and comprehensive income (2020 – \$445,000, respectively).

Subsequent to December 31, 2021, the Company granted a total of 230,140 DSUs to directors and executives of the Company 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

- iii. 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.
- iv. 93,964 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately upon resolution approval on January 25, 2022.

19. Basic and diluted earnings per share

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

	Year Ended December 31,	
	2021	2020
Numerator		
Net income for the purpose of basic and diluted income per share	\$ 34,190	\$ 72,280
Denominator		
Weighted average number of common shares outstanding - basic	72,396,926	72,311,315
Stock Options	515,148	542,684
Deferred share units	512,731	567,232
Weighted average number of common shares outstanding - diluted	73,424,805	73,421,231
Basic income per share	\$ 0.47	\$ 1.00
Diluted income per share	\$ 0.47	\$ 0.98

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:

	Year Ended December 31,	
	2021	2020
Stock options	460,650	533,192
Anti-dilutive instruments	460,650	533,192

20. Operating costs

	Year Ended December 31,	
	2021	2020
Direct mining and processing costs	Note 6 \$ 66,034	\$ 54,295
Royalty expense and CFEM taxes ¹	4,565	5,049
Other (recoveries) costs	(262)	104
Operating costs	\$ 70,337	\$ 59,448

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

21. Other non-operating expenses

	Year Ended December 31,	
	2021	2020
Interest income	\$ (117)	\$ (111)
Loss on disposition of property	1,400	851
Write-offs on disposals of ICMS and other recoverable taxes	632	1,957
Loss on disposition of royalty interests ^(a)	1,686	-
Other non-operating expenses (recoveries)	119	(88)
Total other non-operating expenses	\$ 3,720	\$ 2,609

^(a) Refers to the loss on sale of the CentroGold Project royalty interest to Metalla as further described in Note 9.

22. Cash flow – other operating activities

	Year Ended December 31,	
	2021	2020
Stock-based compensation	\$ 1,044	\$ 997
Non-cash other operating expense	249	-
Loss on disposition of PP&E	1,400	851
Loss on disposition of royalty interests	Note 9 1,686	-
Additions to provision against recoverability of VAT and other taxes	Note 7 503	603
Other operating activities expense	\$ 4,882	\$ 2,451

23. Cash flow – changes in operating assets and liabilities

	Year Ended December 31,	
	2021	2020
Restricted cash	\$ 305	\$ (50)
Inventory	(1,800)	223
Recoverable taxes	(2,651)	1,224
Other accounts receivable	(31)	529
Prepaid expenses and other assets	736	(1,310)
Accounts payable and accrued liabilities	(2,191)	5,826
Other taxes payable	(1,201)	(1,224)
Reclamation provisions	Note 16 (4,714)	(219)
Legal and other provisions	Note 17 (1,177)	(1,940)
Other liabilities	-	(967)
Changes in operating working capital	\$ (12,724)	\$ 2,092

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

24. 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 December 31, 2021	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 15,660	\$ -	\$ -	\$ -	\$ 15,660
Other Taxes Payable					
ICMS Settlement Due	259	112	-	-	371
INSS	495	991	119	-	1,605
IRPJ & CSLL Settlement Due	181	359	139	-	679
Notes payable					
Principal					
Bank indebtedness ^(a)	3,027	-	-	-	3,027
Interest	102	82	-	-	184
Lease liabilities	1,578	2,584	137	-	4,299
Reclamation provisions ^(b)	6,847	5,278	7,424	3,033	22,582
Total financial liabilities	\$ 28,149	\$ 9,406	\$ 7,819	\$ 3,033	\$ 48,407
Other Commitments					
Suppliers' agreements ^(c)	251	-	-	-	251
Others	303	-	-	-	303
Total other commitments	\$ 554	\$ -	\$ -	\$ -	\$ 554
Total	\$ 28,703	\$ 9,406	\$ 7,819	\$ 3,033	\$ 48,961

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

^(b) Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

^(c) 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.

25. 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 December 31, 2021, the Company's capital structure is comprised of \$3.0 million in notes payable (Note 13) and \$211.4 million in shareholders' equity (December 31, 2020: \$3.1 million and \$189.7 million, respectively). As at December 31, 2021, the Company is not subject to externally imposed capital requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

26. 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

Credit risk associated with financial assets and royalty interests arises from cash held with banks, derivative financial instruments with positive fair values, recoverable taxes refundable from tax authorities, credit exposure to customers and counterparties to sales agreements. The credit risk is limited to the carrying amount on the statement of financial position.

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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing this risk is to ensure sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage.

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 24.

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. 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 derivative financial instruments to manage this risk and to economically hedge 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.

Included in the revenue line of the consolidated statement of statements of operations and comprehensive income for the year ended December 31, 2021 are realized losses of \$nil (\$1.9 million loss for the year ended December 31, 2020) related to the Company's gold price hedge contracts executed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

i. Gold call options

The Company periodically enters into gold call option contracts in connection with its terms of financing and gold sales agreements and recognized the income and losses of such in the consolidated statements of operations and comprehensive income.

During the year ended December 31, 2021, the Company did not enter into any gold call option contracts in the period. During the year ended December 31, 2020, the Company was counterparty to European style gold call options agreements outstanding issued to Auramet International LLC (“Auramet”), whereas 5,000 ounces in call options were exercised for purchase by Auramet at a weighted average strike price of US\$1,350 and nil ounces in call options were cancelled upon expiration.

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.

i. Assets and liabilities with foreign exchange exposure

The exposure of the Company’s financial assets and liabilities (and certain other assets and liabilities) to currency risk is as follows, as at December 31, 2021:

	Denominated in Brazilian reais	Denominated in Canadian dollars	Denominated in European euros
Financial assets			
Cash and cash equivalents	\$ 2,278	\$ 79	\$ -
Recoverable taxes	10,361	60	-
Other accounts receivable	92	-	-
Prepaid expenses and advances	1,890	-	-
Restricted cash	1,087	-	-
Total financial assets	\$ 15,708	\$ 139	\$ -
Financial liabilities			
Accounts payable and accrued liabilities	\$ 15,287	\$ 16	\$ -
Other taxes payable	3,027	-	-
Lease liabilities	2,915	-	950
Reclamation provision	18,162	-	-
Legal and other provisions	7,175	-	-
Total financial liabilities	46,566	16	950
Net financial assets/(liabilities)	\$ (30,858)	\$ 123	\$ (950)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments (and certain other assets and liabilities) as at December 31, 2021 and 2020 with all other variables held constant. It shows how income before taxes would have been affected by changes in the relevant risk variables that were reasonably possible at that date.

Exchange Rates	Change for Sensitivity Analysis	Gain/(loss) of change to 2021 Foreign Exchange	Gain/(loss) of change to 2020 Foreign Exchange
USD per Brazilian real	10% increase	\$ 2,805	\$ 2,980
USD per Brazilian real	10% decrease	(2,805)	(2,980)
USD per Canadian dollar	10% increase	(11)	(3)
USD per Canadian dollar	10% decrease	11	3
USD per European euro	10% increase	86	47
USD per European euro	10% decrease	(86)	(47)

ii. Foreign exchange call and put options

The Company periodically enters into European style foreign exchange call and put option contracts with third party exchange service providers, holding expiration periods between 30 days and 180 days, to economically hedge against the risk of the US dollar depreciating against the Brazilian real. The changes in the fair value of these contracts are recognized in the consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

During the year ended December 31, 2021, the Company did not enter into any foreign exchange call and put option contracts in the period. Included in the consolidated statements of operations and comprehensive income for the year ended December 31, 2020 are (i) a realized loss of \$1.5 million and (ii) a \$71,000 loss on changes in unrealized foreign exchange derivatives. As at December 31, 2020, the Company held no outstanding foreign exchange call and put option hedge contracts and no derivative asset/liability in its consolidated statement of financial position.

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 3.9% to 7.1% per annum.

e) Financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts its valuation models to incorporate a measure of credit risk. The fair value of the following financial assets and liabilities approximate their carrying amount due to the limited term of these instruments:

- Cash and cash equivalent
- Restricted cash
- Other accounts receivable
- Accounts payable and accrued liabilities
- Other provisions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

Fair value estimation:

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

- a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.
- b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- c. Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The fair value of the Company's financial assets and liabilities approximate their carrying values at December 31, 2021 and 2020.

f) Changes in liabilities arising from financing activities

	Changes from financing cash flows				Other changes				Balance as at December 31, 2021
	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	
Notes payable	\$ 3,058	\$ 7,336	\$ (7,312)	\$ (176)	\$ 135	\$ -	\$ (14)	\$ -	\$ 3,027
Lease liabilities	2,723	-	(2,905)	-	-	3,965	(49)	131	3,865
	\$ 5,781	\$ 7,336	\$ (10,217)	\$ (176)	\$ 135	\$ 3,965	\$ (63)	\$ 131	\$ 6,892

	Changes from financing cash flows				Other changes				Balance as at December 31, 2020
	Balance as at January 1, 2020	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non- cash changes	
Notes payable	\$ 5,592	\$ 6,461	\$ (9,030)	\$ (238)	\$ 263	\$ -	\$ -	\$ 10	\$ 3,058
Lease liabilities	2,989	-	(2,052)	-	-	2,161	(456)	81	2,723
	\$ 8,581	\$ 6,461	\$ (11,082)	\$ (238)	\$ 263	\$ 2,161	\$ (456)	\$ 91	\$ 5,781

27. Related party transactions

a) Transactions with directors and key management

The Company transacts with key individuals from management and with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these dealings were in the form of payments for services rendered in their capacity as director (director fees, including share-based payments) and as employees of the Company (salaries, benefits, and share-based payments).

Key management personnel are defined as the executive officers of the Company including the President and Chief Executive Officer, Chief Financial Officer and Vice President of Operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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

During the years ended December 31, 2021 and 2020, remuneration to directors and key management personnel were as follows:

	Year Ended December 31,	
	2021	2020
Fees earned and other compensation ¹	\$ 1,508	\$ 1,343
Share based compensation	1,044	805
Total compensation of directors and key management	\$ 2,552	\$ 2,148

(1) Fees earned and other compensation includes fees paid to the non-executive chairman and the non-executive directors during the financial year.

b) Other 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 \$34,000 for the year ended December 31, 2021 (\$63,000 for the year ended December 31, 2020).

28. Subsequent events

On March 21, 2022, the Board of Directors of Jaguar Mining approved a cash dividend of C\$0.04 per common share of the Company, to be paid on March 31, 2022 to shareholders of record as of the close of business on March 25, 2022. The dividend qualifies as an eligible dividend for Canadian income tax purposes.