CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

			March 31, 2017		December 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**18,155**	$	26,304
Inventory	*Note 3*		**10,697**		12,615
Recoverable taxes	*Note 4*		**11,521**		9,509
Other accounts receivable			**565**		690
Prepaid expenses and advances			**1,420**		1,017
Total current assets			**42,358**		50,135
Non-current assets					
Property, plant and equipment	*Note 5*		**99,909**		99,702
Mineral exploration projects	*Note 6*		**26,385**		26,414
Recoverable taxes	*Note 4*		**8,317**		12,612
Other assets			**4,272**		3,925
Total assets		**$**	**181,242**	$	192,788
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	*Note 7*	**$**	**18,753**	$	19,879
Notes payable	*Note 8*		**14,650**		15,173
Current tax liability			**-**		51
Reclamation provision	*Note 9*		**1,209**		1,251
Other provisions and liabilities	*Note 10*		**4,694**		4,869
Total current liabilities			**39,307**		41,223
Non-current liabilities					
Notes payable	*Note 8*		**6,690**		7,417
Other taxes payable			**-**		1,893
Reclamation provision	*Note 9*		**19,703**		19,456
Other provisions and liabilities	*Note 10*		**8,631**		8,465
Total liabilities		**$**	**74,330**	$	78,454
SHAREHOLDERS' EQUITY					
Common shares	*Note 11*	**$**	**539,802**	$	539,802
Warrants	*Note 11*		**94**		94
Stock options	*Note 11*		**603**		464
Deferred share units	*Note 11*		**801**		485
Contributed surplus			**20,332**		20,332
Deficit			**(454,720)**		(446,843)
Total shareholders' equity		**$**	**106,912**	$	114,334
Financial liabilities and other commitments	*Note 21*				
Total liabilities and shareholders' equity		**$**	**181,242**	$	192,788

On behalf of the Board:

(signed) "Richard Falconer" *(signed) "Rodney Lamond"*

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three months ended March 31, 2017 and 2016

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

		Three Months Ended March 31,	
		2017	2016
Revenue		**$ 29,192**	$ 26,664
Operating costs	*Note 13*	**21,508**	17,579
Depreciation		**6,576**	7,702
Gross profit		**1,108**	1,383
Exploration and evaluation costs		**320**	2
Care and maintenance costs (Paciência mine)		**332**	207
Stock-based compensation	*Note 11 (c)(d)*	**456**	116
General and administrative expenses		**2,871**	2,686
Amortization		**85**	23
Change in legal and VAT provisions	*Note 14*	**2,148**	(10,228)
Other operating expenses		**353**	413
Operating (loss) income		**(5,457)**	8,164
Foreign exchange loss	*Note 15*	**460**	2,358
Financial instruments loss	*Note 16*	**28**	19,435
Finance costs	*Note 17*	**1,566**	1,223
Other non-operating recoveries	*Note 18*	**(27)**	(44)
Loss before income taxes		**(7,484)**	(14,808)
Current income tax expense		**393**	1,288
Deferred income tax recovery		**-**	(1,095)
Total income tax expense		**393**	193
Net loss		**$ (7,877)**	$ (15,001)
Other comprehensive loss			
Reclassification adjustment for realized gain included in net loss		**-**	(1,212)
Total comprehensive loss		**$ (7,877)**	$ (16,213)
Earnings per share			
Loss per share			
Basic and diluted	*Note 12*	**$ (0.03)**	$ (0.13)
Weighted average shares outstanding			
Basic and diluted		**307,115,675**	111,136,038

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2017 and 2016

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended March 31,	
		2017	2016
OPERATING ACTIVITIES			
Net loss for the period		**$ (7,877)**	$ (15,001)
Adjusted for non-cash items			
Depreciation and amortization		**6,661**	7,725
Write-down of inventory		**376**	605
Accretion of interest expense	Note 17	**371**	271
Interest expense	Note 17	**1,195**	952
Foreign exchange loss (gain)		**288**	(657)
Current income tax expense		**393**	-
Deferred income tax recovery		**-**	(1,095)
Loss on change in fair value of notes payable	Note 16	**-**	20,755
Change in legal provisions	Note 14	**110**	(9,409)
Other operating activities	Note 19	**2,645**	(707)
Changes in working capital	Note 20	**(2,307)**	6,087
Net cash provided by operation activities		**1,855**	9,526
INVESTING ACTIVITIES			
Mineral exploration projects		**29**	(158)
Purchase of property, plant and equipment		**(7,748)**	(5,237)
Proceeds from disposition of property, plant and equipment		**273**	-
Net cash used in investing activities		**(7,446)**	(5,395)
FINANCING ACTIVITIES			
Increase in debt		**3,521**	4,421
Repayment of debt		**(5,271)**	(5,037)
Interest paid		**(706)**	(907)
Deferred share units redeemed		**-**	(41)
Net cash used in financing activities		**(2,456)**	(1,564)
Effect of exchange rate changes on cash and cash equivalents		**(102)**	130
Net (decrease) increase in cash and cash equivalents		**(8,149)**	2,697
Cash and cash equivalents at the beginning of the period		**26,304**	15,319
Cash and cash equivalents at the end of the period		**$ 18,155**	$ 18,016

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2017 and 2016

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Hedging Reserve[1]	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount				
Balance as at January 1, 2016	111,136,038	$ 434,469	6,607,833	$ 202	9,279,735	$ 802	4,500,566	$ 1,380	$ 18,768	$ (364,048)	$ 1,212	$ 92,785
Stock options	-	-	-	-	-	42	-	-	-	-	-	42
Options cancelled	-	-	-	-	(1,600,000)	(536)	-	-	536	-	-	-
Deferred share units granted	-	-	-	-	-	-	909,090	74	-	-	-	74
Deferred share units cancelled	-	-	-	-	-	-	(1,250,000)	(919)	919	-	-	-
Deferred share units redeemed	-	-	-	-	-	-	(181,818)	(41)	-	-	-	(41)
Realized gain on statement of operations	-	-	-	-	-	-	-	-	-	-	(1,212)	(1,212)
Net loss	-	-	-	-	-	-	-	-	-	(15,001)	-	(15,001)
Balance as at March 31, 2016	111,136,038	$ 434,469	6,607,833	202	7,679,735	$ 308	3,977,838	$ 494	$ 20,223	$ (379,049)	$ -	$ 76,647
Balance as at January 1, 2017	307,115,675	$ 539,802	3,073,411	$ 94	8,311,841	$ 464	1,583,805	$ 485	$ 20,332	$ (446,843)	$ -	$ 114,334
Stock options granted	-	-	-	-	733,740	139	-	-	-	-	-	139
Deferred share units granted	-	-	-	-	-	-	1,177,160	316	-	-	-	316
Net loss	-	-	-	-	-	-	-	-	-	(7,877)	-	(7,877)
Balance as at March 31, 2017	**307,115,675**	**$ 539,802**	**3,073,411**	**$ 94**	**9,045,581**	**$ 603**	**2,760,965**	**$ 801**	**$ 20,332**	**$ (454,720)**	**$ -**	**$ 106,912**

[1] Hedging reserve Note 11(e)

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

1. Nature of business and basis of preparation

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.

In February 2017, the Company completed a merger between two of its subsidiaries, Mineração Serras do Oeste Ltda. ("MSOL") and Mineração Turmalina Ltda. ("MTL"), with MSOL being the surviving legal entity. These condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2017 include the accounts of the Company and its wholly-owned subsidiaries: MSOL and MCT Mineração Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards ("IFRS"), and should be read in connection with the Company's December 31, 2016 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2017.

2. Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2016, except for a change in the unit of production depreciation and the adoption of the following standard amended by the IASB that was effective and adopted as of January 1, 2017:

- Unit of production depreciation – As of January 1, 2017, the Company changed the accounting estimates used to depreciate the Turmalina's mining properties and mineral exploration projects on a unit-of-production basis from using the expected amount of recoverable reserves to the use of the expected amount of recoverable mineral resources. The change in accounting estimate was made to ensure depreciation reflects management's best estimate of the useful life of the Turmalina mine and has been accounted for on a prospective basis. Due to the annual updating of recoverable mineral resources, it is impracticable to estimate the impact of the change in estimate in future periods.

- IAS 12 Income Taxes ("IAS 12") – In January 2016, the IASB issued amendments to IAS 12. The amendments clarify that the existence of a deductible temporary difference is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset and also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

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:

- IFRS 2 Share-based Payment ("IFRS 2") – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of

these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of the amendments to IFRS 2 on the Company's consolidated financial statements has not yet been determined.

- IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of IFRS 9 on the Company's consolidated financial instruments has not yet been determined.

- IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The impact of IFRS 15 on the Company's consolidated financial statements has not yet been determined.

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22") – In December 2016, the IASB issued IFRIC 22. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The impact of IFRIC 22 on the Company's consolidated financial statements has not yet been determined.

3. Inventory

Inventory is comprised of the following:

	March 31, 2017	December 31, 2016
Raw material	**$ 2,346**	$ 2,304
Mine operating supplies	**5,221**	4,799
Ore in stockpiles	**28**	641
Gold in process	**2,464**	2,514
Unrefined gold doré	**638**	2,357
Total inventory	**$ 10,697**	$ 12,615

	Three Months Ended March 31,	
	2017	2016
Depreciation included in cost of sales	**6,576**	7,702

	Three Months Ended March 31,	
	2017	2016
Inventory write-down	**$ 376**	$ 605

4. Recoverable taxes

	December 31, 2016	Additions/ reversals	Applied to taxes payable	Foreign exchange	**March 31, 2017**
Value added taxes and other[1]	$ 12,616	$ 1,647	$ (3,624)	$ 581	**$ 11,220**
Provision for VAT and other[2]	(3,133)	113	-	(90)	**(3,110)**
Net VAT and other taxes	$ 9,483	$ 1,760	$ (3,624)	$ 491	**$ 8,110**
ICMS[3]	$ 14,709	$ 938	$ (10)	$ 353	**$ 15,990**
Reserve for ICMS[3]	(2,071)	$ (2,132)	$ -	$ (59)	**(4,262)**
Net ICMS	$ 12,638	$ (1,194)	$ (10)	$ 294	**$ 11,728**
Total recoverable taxes	**$ 22,121**	**$ 566**	**$ (3,634)**	**$ 785**	**$ 19,838**
Less: current portion	9,509				**11,521**
Non-current portion	$ 12,612				**$ 8,317**

1) The Company is required to pay certain 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 as a cash refund or as a credit against current taxes payable.

   The Company continues to pursue approval of Federal VAT input tax credits with respect to the years 2008 through 2011 for its MSOL operating subsidiary. MSOL is the operating subsidiary for the Caeté complex comprising the Pilar and Roça Grande mines. The Company received a cash refund in the amount of R$3.5 million (approximately $1.0 million) in March 2016, related to MSOL. In July 2016, the Company initiated a lawsuit to obtain a court order to force the tax authority to review the Company's remaining tax credits for MSOL with respect to the years 2008 to 2011, amounting to R$36.0 million (approximately $11.0 million). The court order determined that the tax authority will have to review the Company's claim. By the end of November 2016, the Tax Authority reviewed the Company's claim, partially recognizing its tax credits. Although the tax credits were partially recognized, the Company will continue to challenge the Tax Authority's review, by appealing of its results.

2) The Company recorded a provision against its recoverable taxes to reduce the net carrying amount of value added taxes and other taxes to their estimated recoverable value. As at December 31, 2016, the provision was recorded based on historical losses on tax credits and their estimated present value based on the timing of expected recovery, discounted at a rate of 9.38% (Brazilian Central Bank's estimated Selic rate). In February 2017, the Company completed a merger between two of its subsidiaries, Mineração Serras do Oeste Ltda. ("MSOL") and Mineração Turmalina Ltda. ("MTL"), to improve tax efficiencies. As a result, the provision was recorded only based on historical losses on tax credits due to the tax efficiencies from the merger.

3) 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 15-35%) 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.

   In April 2017, the Company received approval from the state to be able to sell R$14.6 million (approximately $4.6 million) of its gross ICMS deferred tax credits related to MTL to third parties.

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

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2017	$ 13,569	$ 10,839	$ 234,635	$ 2,380	$ 5,244	$ 391,450	$ 658,117
Additions	-	66	1,145	-	883	4,194	6,288
Disposals	-	(205)	(640)	-	-	-	(845)
Reclassify within PP&E	-	-	1,251	-	(1,251)	-	-
Balance as at March 31, 2017	**$ 13,569**	**$ 10,700**	**$ 236,391**	**$ 2,380**	**$ 4,876**	**$ 395,644**	**$ 663,561**
Balance as at January 1, 2016	$ 13,495	$ 11,562	$ 232,263	$ 2,380	$ 2,784	$ 368,713	$ 631,197
Additions	28	288	3,064	-	6,245	22,737	32,362
Disposals	-	(1,015)	(4,130)	-	(297)	-	(5,442)
Reclassify from MP	-	-	-	-	-	-	-
Reclassify within PP&E	46	4	3,438	-	(3,488)	-	-
Balance as at December 31, 2016	$ 13,569	$ 10,839	$ 234,635	$ 2,380	$ 5,244	$ 391,450	$ 658,117
Accumulated amortization and impairment							
Balance as at January 1, 2017	$ 11,573	$ 8,513	$ 199,416	$ 2,233	$ 800	$ 335,880	$ 558,415
Amortization for the period	173	63	1,878	21	-	3,381	5,516
Disposals	-	(99)	(181)	-	-	-	(280)
Balance as at March 31, 2017	**$ 11,746**	**$ 8,477**	**$ 201,113**	**$ 2,254**	**$ 800**	**$ 339,261**	**$ 563,651**
Balance as at January 1, 2016	$ 10,882	$ 9,031	$ 194,255	$ 1,833	$ 802	$ 306,577	$ 523,380
Amortization for the year	691	339	7,937	407	-	28,208	37,582
Impairment reversal	-	-	-	-	-	1,095	1,095
Disposals	-	(857)	(2,776)	(7)	(2)	-	(3,642)
Balance as at December 31, 2016	$ 11,573	$ 8,513	$ 199,416	$ 2,233	$ 800	$ 335,880	$ 558,415
Carrying amounts							
As at March 31, 2017	**$ 1,823**	**$ 2,223**	**$ 35,277**	**$ 126**	**$4,076**	**$ 56,383**	**$ 99,909**
As at December 31, 2016	$ 1,996	$ 2,326	$ 35,219	$ 147	$4,444	$ 55,570	$ 99,702

[1] As at March 31, 2017, the Company had equipment under capital leases at a cost and net book value of $3.0 million and $2.8 million, respectively (December 31, 2016 - $2.5 million and $2.5 million, respectively).

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

[3] Refers to construction in progress.

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

For the three months ended March 31, 2017, there were no indicators of impairment or reversal of past impairment charges.

6. Mineral exploration projects

	Gurupi	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2017	$21,213	$ 719	$ 4,077	$ 405	$26,414
Additions	71	-	-	-	71
Payments received from Avanco	(100)	-	-	-	(100)
Balance as at March 31, 2017	**$21,184**	**$ 719**	**$ 4,077**	**$ 405**	**$26,385**
Balance as at January 1, 2016	$20,310	$ -	$ 4,077	$ 405	$24,792
Additions	903	719	-	-	1,622
Balance as at December 31, 2016	$21,213	$ 719	$ 4,077	$ 405	$26,414

On October 4, 2016, the Company entered into an earn-in agreement (the "Agreement") with Avanco Resources Limited ("Avanco"), pursuant to which Avanco may earn up to a 100% interest in the Gurupi Project.

Upon the satisfactory completion of certain closing conditions, the Agreement provides Avanco with the right to earn 20% of Jaguar's interest in the Project by paying to Jaguar an aggregate cash fee of $1.7 million plus an additional fee of $500,000 in cash or shares of Avanco, and by expending a minimum of $300,000 on permitting and access in respect of the Project. Avanco will earn an additional 31% interest in Gurupi upon the publication of a JORC compliant reserve estimate in excess of 500,000 ounces, and will earn a further 29% interest in Gurupi upon demonstration of adequate funding coupled with the start of construction of a process plant with capacity in excess of 50,000 ounces per year. In the event that Avanco cannot demonstrate adequate funding for the Project, Jaguar will have a one-time right to buy-back a 31% interest in Gurupi and control of the Project by paying to Avanco the reasonable costs and expenses incurred in the preparation of the JORC compliant reserve estimate and technical studies. Avanco will have the option to acquire the remaining 20% interest in the Project at any time by paying a fee equal to the greater of $6.25 million or the sum of $12.50 per ounce of gold as per the JORC compliant reserve estimate.

Pursuant to the Agreement, Jaguar will retain a Net Smelter Return ("NSR") royalty ("Royalty") upon the commissioning of production at the Project. The Royalty will be 1% NSR on the first 500,000 ounces of gold or gold ounce equivalents produced; 2% NSR on production from 500,001 to 1,500,000 ounces of gold or gold ounce equivalents; and 1% NSR on production exceeding 1,500,000 ounces of gold or gold ounce equivalents.

As at March 31, 2017, the Company has received $100,000 from Avanco pursuant to the terms of the Agreement.

7. Accounts payable and accrued liabilities

	March 31, 2017	December 31, 2016
Accounts payable (suppliers)	**$ 11,831**	$ 13,314
Accrued payroll	**6,542**	6,211
Interest payable	**225**	154
Other	**155**	200
Total accounts payable and accrued liabilities	**$ 18,753**	$ 19,879

8. Notes payable

	March 31, 2017	December 31, 2016
Notes payable - current portion		
Bank indebtedness [a]	**$ 9,576**	$ 10,326
Capital leasing obligations [b]	**933**	734
Vale note [c]	**471**	458
Sprott Facility [d]	**3,670**	3,655
	14,650	15,173
Notes payable - non-current portion		
Capital leasing obligations [b]	**1,539**	1,314
Vale note [c]	**970**	943
Sprott Facility [d]	**4,181**	5,160
	6,690	7,417
Total notes payable	**$ 21,340**	$ 22,590

a) Bank indebtedness

As at March 31, 2017, bank indebtedness includes $9.6 million of unsecured promissory notes with maturities from April 2017 to September 2017. The notes bear interest at 4.5% to 9.1% (December 31, 2016 - $10.3 million, maturing from January 2017 to March 2017 at interest rates of 4.5% to 8.9%).

b) Capital leasing obligations

The Company has financed the acquisition of certain equipment through the assumption of capital lease obligations. These obligations are secured by promissory notes. The capital lease obligations bear interest at 6.0% and 22.9% per annum, with maturity dates between July 2019 and February 2020.

The following table outlines the total minimum loan payments due for capital leasing obligations over their remaining terms as at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
2017	**$ 865**	$ 848
2018	**1,060**	787
2019	**888**	630
2020	**30**	-
Total minimum loan payments	**2,843**	2,265
Less: Future finance charges	**(371)**	(217)
Present value of minimum loan payments	**$ 2,472**	$ 2,048
Less: current portion	**933**	734
Non-current portion	**$ 1,539**	$ 1,314

c) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for $13.3 million (“Vale Purchase Agreement”). Payment under the Vale Purchase Agreement was subject to satisfaction of

certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* ("DNPM"). During 2010, the Company paid $3.2 million. In November 2014, the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from $9.0 million to $3.0 million, payable in twelve installments of $250,000, maturing December and July of every year, until fully paid in 2020. The first installment was paid in December 2014. The balance outstanding as at March 31, 2017 was $1.8 million ($1.8 million as at December 31, 2016).

The note payable is recognized at its amortized cost of $1.4 million and the discount of $309,000, is being accreted using the effective interest method.

d) Sprott Facility

On November 7, 2016, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for a secured loan facility (the "Sprott Facility") totaling $10.0 million to fund accelerated growth exploration initiatives. The Sprott Facility is payable over a term of 30 months, in equal monthly repayments, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of the Sprott Facility, the Company has made a cash payment to Sprott Lending for structuring and legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 650,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company also incurred transaction costs, totaling $584,000, to obtain the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at $366,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

The Sprott Facility is a financial liability, under IAS 32, and was initially measured at fair value and subsequently measured at amortized cost using the effective interest method. During the three months ended March 31, 2017, $102,000 was recorded as finance costs in the condensed interim consolidated statements of operations and comprehensive loss related to the accretion of the transaction costs (three months ended March 31, 2016 - $nil). In accordance with the terms of the Sprott Facility, the Company made principal repayments and interest payments of $1.0 million and $185,000, respectively, during the three months ended March 31, 2017 ($nil and $nil, respectively, during the three months ended March 31, 2016).

The Sprott Facility is provided by security agreements comprising the Company's and MSOL's, present and future assets, the shares of MSOL, and a loan guarantee by MSOL. The Sprott Facility requires among other things that the Company adhere to specific financial covenants, such as maintaining a minimum of $5.0 million unrestricted cash and cash equivalents and positive working capital computed monthly. Sprott Lending has waived the Company's obligation to comply with the positive working capital covenant from the period of April 1, 2017 through June 29, 2017. To date, Jaguar has repaid $2 million of principal from the Sprott Facility and $8 million remains outstanding.

9. Reclamation provisions

	December 31, 2016	Additions (reversals)	Accretion	Payments	Foreign exchange	March 31, 2017
Reclamation provision	$ 20,707	$ (595)	$ 332	$ (120)	$ 588	**$ 20,912**
Less: current portion	1,251					**1,209**
Non-current portion	$ 19,456					**$ 19,703**

The reclamation provisions relate to the cost to reclaim land that has been disturbed as a result of mining activity. The estimated future cash flows have been discounted using a rate of 6.75% and the inflation rate used to determine future expected cost ranges from 3.5% to 4.1% per annum (December 31, 2016 – 7.25% discount rate and inflation rate ranging from 4.0% to 6.6% per annum).

The Company expects to spend approximately $24.2 million (amount not discounted or adjusted for inflation) which will be incurred between 2017 and 2028 to reclaim the areas explored (December 31, 2016 – $23.6 million).

10. Other provisions and liabilities

Various legal, environmental, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. 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 March 31, 2017, the Company has recognized a provision of $13.4 million (December 31, 2015 - $13.3 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, 2016	Additions (reversals)	Payments	Foreign exchange	March 31, 2017
Labour litigation	$ 11,181	$ 231	$ (494)	$ 320	**$ 11,238**
Civil litigation	1,652	(147)	-	47	**1,552**
Other provisions	501	26	(7)	14	**534**
	$ 13,334	$ 110	$ (501)	$ 381	**$ 13,324**
Less: current portion	4,869				**4,694**
Non-current portion	$ 8,465				**$ 8,630**

11. 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. During the three months ended March 31, 2017, the Company did not issue or grant any common shares (three months ended March 31, 2016 – nil).

b) Warrants

As part of the Senior Secured Convertible Debentures financing, the Company issued finder warrants ("Finder Warrants"). The Finder Warrants have an exercise price of $0.15 per common share and expire on October 27, 2018. An aggregate of 6,607,833 Finder Warrants were issued in connection with the Debentures Financing, valued at $202,000. As at March 31, 2017, 3,073,411 Finder Warrants remain outstanding (December 31, 2016 – 3,073,411).

c) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company or any of its subsidiaries or affiliates, consultants, and management employees, to attract and retain these qualified individuals and to provide additional incentives to promote the success of the Company.

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 three months ended March 31, 2017 and 2016:

	Number of options	Weighted average exercise price (C$)
Balance as at December 31, 2016	8,311,841	$ 0.33
Options granted[1]	733,740	0.70
Balance as at March 31, 2017	**9,045,581**	**$ 0.36**
Balance as at December 31, 2015	9,279,735	$ 0.50
Options forfeited[2]	(1,600,000)	1.35
Balance as at March 31, 2016	**7,679,735**	**$ 0.32**

1) On January 27, 2017, 733,740 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.70 and expire on January 27, 2025. The options vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017 and are exercisable upon vesting.

2) Relates to the forfeiture of the options of former executives and director following their resignation.

The table below shows the outstanding stock options as at March 31, 2017:

Weighted average exercise price (C$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US$ per option)	Expiry date
$ 0.22	December 16, 2015	7,000,000	2,916,667	$ 0.05	December 16, 2020
0.70	January 27, 2017	733,740	-	0.36	January 27, 2025
0.74	August 8, 2016	354,726	88,682	0.34	August 8, 2021
0.76	November 7, 2016	645,274	107,546	0.37	November 7, 2021
1.35	May 12, 2014	236,841	236,841	0.38	May 12, 2022
1.35	October 8, 2014	75,000	56,250	0.19	October 8, 2019
$ 0.35		**9,045,581**	**3,405,986**	**$ 0.12**	

The following table is a summary of stock options outstanding during the three-month period ended March 31, 2017 and 2016, 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 2017	**9,045,581**	**$ 0.36**	**-**	**1.00%**	**0%**	**3.71**	**74%**	**$ 0.12**
Stock options 2016	7,679,735	$ 0.32	-	1.00%	0%	3.99	61%	$ 0.07

For the three months ended March 31, 2017, the Company recognized $139,000 in stock based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive loss (three months ended March 31, 2016 – $42,000).

d) Deferred share units – "DSUs"

The deferred share unit plan ("DSU Plan") has the purpose to assist the Company in the recruitment and retention of qualified persons to serve as employees, directors, or officers of the Company and to align the interests of such persons with the long-term interests of the shareholders 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. 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 maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 11,111,111.

The following table shows the movement of DSUs for the three months ended March 31, 2017 and 2016:

	Number of units		Weighted average fair value
Balance as at December 31, 2016	1,583,805	$	0.37
Units granted[1]	1,177,160		0.48
Balance as at March 31, 2017	**2,760,965**	**$**	**0.42**
Balance as at December 31, 2015	4,500,566	$	0.31
Units granted[2]	909,090		0.17
Units redeemed[3]	(181,818)		0.22
Units forfeited[4]	(1,250,000)		0.82
Balance as at March 31, 2016	**3,977,838**	**$**	**0.12**

1) On January 27, 2017, the Company granted 103,400 DSUs to each of the non-executive directors, totalling a grant of 620,400 DSUs, 50% of which vested immediately, with the remaining 50% vesting July 27, 2017. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 278,380 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017, and 278,380 performance-vested DSUs, that shall vest if the Company's stock price reaches C$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting.

2) On March 22, 2016, the Company granted 181,818 deferred share units to each of the non-executive directors, totalling a grant of 909,090 DSUs. The DSUs vested immediately and are exercisable upon the retirement of such directors.

3) On March 31, 2016, a director redeemed 181,818 DSUs upon resignation. The DSUs were settled in cash, in the amount of $41,000. The cash settlement was an isolated occurrence and the remainder of the DSU's are expected to be settled by the issuance of shares.

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

For the three months ended March 31, 2017, the Company recognized $316,000 in stock based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive loss (three months ended March 31, 2016 – $74,000).

e) Hedging reserve

The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The effective portion of cumulative deferred gain or loss on the hedge is recognized in other comprehensive income until the transaction is settled at which time the gain or loss is recognized in the consolidated statements of operations.

The Company had no outstanding hedges as at March 31, 2017 or as at December 31, 2016.

An aggregate realized gain in the amount of $nil has been recorded in the condensed interim consolidated statements of operations and comprehensive loss for the three months ended March 31, 2017 (three months ended March 31, 2016 – $1.7 million).

12. Basic and diluted earnings per share

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

	Three Months Ended March 31,	
	2017	2016
Numerator		
Net loss - basic and diluted	**$ (7,877)**	$ (15,001)
Denominator		
Weighted average number of common shares outstanding - basic and diluted	**307,115,675**	111,136,038
Basic and diluted loss per share	**$ (0.03)**	$ (0.13)

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, deferred shares units, and warrants since they are anti-dilutive:

	Three Months Ended March 31,	
	2017	2016
Stock options	**8,825,459**	8,613,801
Deferred share units	**2,407,817**	4,079,487
Warrants	**3,073,411**	6,607,833
Convertible debentures	**-**	185,905,750
Anti-dilutive instruments	**14,306,687**	205,206,871

13. Operating costs

	Three Months Ended March 31,	
	2017	2016
Direct mining and processing costs	**$ 20,205**	$ 15,929
Royalty expense and CFEM taxes	**949**	1,030
Inventory write-down	**376**	605
Other	**(22)**	15
Operating costs	**$ 21,508**	$ 17,579

14. Change in other provisions and VAT taxes

		Three Months Ended March 31,	
		2017	2016
Change in legal provisions	Note 10	**$ 129**	$ (9,409)
Changes in provision against recoverability of VAT and other taxes	Note 4	**2,019**	(819)
Total change in other provisions and VAT taxes		**$ 2,148**	$ (10,228)

15. Foreign exchange loss

		Three Months Ended March 31,	
		2017	2016
Gain on recoverable taxes	Note 4	**$ (785)**	$ (3,056)
Loss on reclamation provision	Note 9	**588**	1,429
Loss on contingent liabilities and other provisions	Note 10	**381**	1,871
Other foreign exchange loss		**276**	2,114
Total foreign exchange loss		**$ 460**	$ 2,358

16. Financial instruments loss

	Three Months Ended March 31,	
	2017	2016
Loss (gain) on derivatives	**$ 28**	$ (1,320)
Change in the fair value of convertible debentures	**-**	20,755
Total financial instruments loss	**$ 28**	$ 19,435

On October 27, 2015, the Company completed the issue of Senior Secured Convertible Debentures (the "Debentures") at a price of $1,000 per Debenture, for aggregate proceeds of $21.5 million. The Debentures bore interest at a rate of 12% per annum and were convertible at the holder's option into common shares of the Company, at a ratio of approximately 8,781 common shares per $1,000 of the principal amount. During the three months ended March 31, 2016, the Company recorded an increase in the fair value of the financial liability in the amount of $20.8 million, as an expense through profit or loss.

On October 5, 2016, the Company issued a notice of redemption to holders of the outstanding Debentures. As set out in the notice of redemption, the outstanding Debentures would be redeemed as of November 8, 2016 (the "Redemption Date") upon payment of 120% of the principal amount and all accrued and unpaid interest to but excluding the Redemption Date. During the year ended December 31, 2016 and before the Redemption Date, the Debentures were converted. Upon conversion, 188,795,215 common shares were issued and $104.3 million, representing the fair value of the financial liability associated with the converted Debentures at the conversion dates, was transferred to common shares.

17. Finance costs

	Three Months Ended March 31,	
	2016	2015
Interest expense	**$ 1,195**	$ 952
Accretion expense	**371**	271
Total finance costs	**$ 1,566**	$ 1,223

18. Other non-operating recoveries

	Three Months Ended March 31,	
	2017	2016
Interest income	**$ (356)**	$ (44)
Loss on disposition of property	**291**	-
Other non-operating expenses	**38**	-
Total other non-operating recoveries	**$ (27)**	$ (44)

19. Cash flow – other operating activities

		Three Months Ended March 31,	
		2017	2016
Stock-based compensation	Note 13 (c)(d)	**$ 455**	$ 116
Loss (gain) on disposition of PP&E		**291**	1
Provision for other accounts receivable		**-**	257
(Recovery) provision for VAT and other taxes	Note 16	**2,019**	(819)
Reclamation expenditure	Note 11	**(120)**	(262)
Other operating activities		**$ 2,645**	$ (707)

20. Cash flow – changes in working capital

	Three Months Ended March 31,	
	2017	2016
Inventory	**$ 398**	$ 499
Recoverable taxes	**(2,585)**	3,088
Other accounts receivable	**125**	(27)
Prepaid expenses and other assets	**(751)**	1
Accounts payable and accrued liabilities	**1,007**	3,462
Other provisions	**(501)**	(936)
Changes in working capital	**$ (2,307)**	$ 6,087

21. 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 March 31, 2017	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities[2]	$ 18,753	$ -	$ -	$ -	**$ 18,753**
Notes payable					**-**
Principal					
Bank indebtedness[1]	9,576	-	-	-	**9,576**
Capital leasing obligations	933	1,910			**2,843**
Vale note	500	1,250		-	**1,750**
Sprott Facility	4,000	4,333	-	-	**8,333**
Interest	888	406	-	-	**1,295**
Total financial liabilities	$ 34,650	$ 7,899	$ -	$ -	**$ 42,549**
Other Commitments					
Operating lease agreements	$ 56	$ -	$ -	$ -	**$ 56**
Suppliers' agreements[3,4]	985	-	-	-	**985**
Other provisions and liabilities	4,694	8,631	-	-	**13,325**
Reclamation provisions[5]	1,175	7,089	5,865	10,055	**24,185**
Total other commitments	$ 6,910	$ 15,720	$ 5,865	$ 10,055	**$ 38,551**
Total	**$ 41,561**	**$ 23,619**	**$ 5,865**	**$ 10,055**	**$ 81,100**

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

[2] Amounts payable as at March 31, 2017.

[3] 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.

[4] Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares.

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

22. Financial risk management and financial instruments

The Company's activities expose it to a variety of financial risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk, and price risk. The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in connection with the Company's annual consolidated financial statements as at December 31, 2016.

a) Liquidity risk

As at March 31, 2017, the Company had working capital of $3.1 million and an accumulated deficit of $454.7 million. The Company's financial liabilities and other commitments are listed in Note 21.

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 factor is the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those

mines. Other key factors include the Company's ability to continue to renew its Brazilian facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 8).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy.

The Company entered into forward contracts to hedge against the risk of declining gold prices for a portion of its forecasted gold sales. The Company had no outstanding contracts as at December 31, 2016 or March 31, 2017.

c) Currency risk

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

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 0% to 22.9% per annum, with the exception of the facility with Sprott Lending, which bears interest at a rate of 6.5% plus the greater of US dollar LIBOR and 1.25% per annum.

23. 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 – being the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss – and amount to $44,000 for the three months ended March 31, 2017 (three months ended March 31, 2016 - $27,000).

On November 7, 2016, the Company entered into a secured loan facility (the "Sprott Facility") with Sprott Private Resource Lending (Collector) LP ("Sprott Lending"), that is an indirectly wholly-owned subsidiary of Sprott Inc., of which the Chairman is Mr. Eric Sprott. Mr. Sprott is a shareholder and held approximately 19% of the common shares of the Company as at March 31, 2017. Refer to Note 8(d) for further information regarding the Sprott Facility.

On May 8, 2017, the Company entered into a preliminary agreement with Sprott Lending for an additional tranche of $5.0 million on terms principally similar to those of the Sprott Facility that Jaguar entered into with Sprott Lending on November 7, 2016 (which was amended as of February 27, 2017). The preliminary agreement and the funding of the additional tranche is conditional upon various standard conditions and approvals, including the approval of the TSX, and is also conditional upon the completion and execution of a definitive agreement and related documents. This additional $5.0 million tranche is expected to close and be funded on or about June 9, 2017 and is for a term of 36 months with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR and 1.25% per annum. In consideration for providing the financing commitment, the Company expects that it will issue 375,000 common shares to Sprott Lending on the closing date. The additional tranche will constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Since the value of the entire credit facility is less than 25% of the

Company's market capitalization, the Company is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.