JAGUAR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

		March 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		$ **7,867**	$ 6,275
Restricted cash	*Note 4*	**4,857**	5,262
Inventory	*Note 5*	**10,934**	12,136
Recoverable taxes	*Note 6*	**9,702**	10,421
Other accounts receivable	*Note 7*	**599**	566
Prepaid expenses and advances		**2,043**	1,920
Derivative assets	*Note 23*	**144**	331
Total current assets		**36,146**	36,911
Non-current assets			
Royalty interests	*Note 7*	**8,476**	8,476
Property, plant and equipment	*Note 8*	**114,785**	109,543
Mineral exploration projects		**6,687**	6,687
Recoverable taxes	*Note 6*	**8,336**	8,650
Other accounts receivable	*Note 7*	**5,000**	5,000
Restricted cash	*Note 4*	**3,922**	3,400
Total assets		$ **183,352**	$ 178,667
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ **15,313**	$ 17,506
Notes payable	*Note 9*	**14,656**	8,119
Right-of-use lease liabilities	*Note 10*	**1,500**	1,381
Customer advances	*Note 11*	**7,000**	7,000
Other taxes payable	*Note 12*	**499**	503
Reclamation provisions		**311**	335
Contingent liabilities	*Note 13*	**4,586**	3,871
Derivative liabilities	*Note 23*	**609**	607
Total current liabilities		**44,474**	39,322
Non-current liabilities			
Notes payable	*Note 9*	**229**	225
Right-of-use lease liabilities	*Note 10*	**967**	18
Other taxes payable	*Note 12*	**9,741**	9,749
Reclamation provision		**15,207**	14,977
Contingent liabilities	*Note 13*	**7,191**	7,610
Other liabilities		**3,396**	2,910
Total liabilities		$ **81,205**	$ 74,811
SHAREHOLDERS' EQUITY			
Common shares	*Note 14*	$ **546,254**	$ 546,254
Stock options	*Note 14*	**775**	726
Deferred share units	*Note 14*	**1,658**	1,577
Contributed surplus		**20,940**	20,940
Deficit		**(467,480)**	(465,641)
Total shareholders' equity		$ **102,147**	$ 103,856
Total liabilities and shareholders' equity		$ **183,352**	$ 178,667
Going Concern	*Note 2*		

On behalf of the Board:

(signed) "Thomas Weng" *(signed) "Benjamin Guenther"*

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

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

For the three months ended March 31, 2019 and 2018

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

		Three Months Ended March 31, 2019	2018
Revenue		**$ 21,416**	$ 25,228
Operating costs	*Note 16*	**14,630**	15,399
Depreciation		**3,610**	4,885
Gross profit		**3,176**	4,944
Exploration and evaluation costs		**41**	326
Care and maintenance costs (Paciência and Roça Grande mines)		**302**	928
Stock-based compensation	*Note 14(c)(d)*	**130**	391
General and administrative expenses		**2,168**	2,303
Amortization		**34**	43
Changes in other provisions and VAT taxes	*Note 17*	**882**	636
Other operating expenses		**786**	617
Operating (loss) income		**(1,167)**	(300)
Foreign exchange (gain) loss		**(133)**	290
Financial instruments loss		**45**	102
Finance costs	*Note 18*	**848**	776
Other non-operating (recoveries) expenses	*Note 19*	**(88)**	82
Income (loss) before income taxes		**(1,839)**	(1,550)
Current income tax expense		**-**	231
Net income (loss)		**$ (1,839)**	$ (1,781)
Total comprehensive income (loss)		**$ (1,839)**	$ (1,781)
Earnings per share	*Note 15*		
Loss per share			
Basic and diluted		**$ (0.01)**	$ (0.01)
Weighted average shares outstanding			
Basic and diluted		**328,505,674**	325,115,403

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, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended March 31, 2019	2018
OPERATING ACTIVITIES			
Net income (loss) for the period		**$ (1,839)**	$ (1,781)
Adjustments and non-cash items			
Depreciation and amortization		**3,644**	4,928
Accretion interest expense	*Note 18*	**327**	327
Interest expense	*Note 18*	**521**	449
Unrealized foreign exchange (gain) loss		**(208)**	(213)
Current income tax expense (recovery)		**-**	231
Other tax expense		**24**	-
Change in unrealized derivatives		**(35)**	153
Change in legal provisions	*Note 13*	**1,024**	513
Other operating activities (recovery) expense		**12**	707
Changes in working capital	*Note 20*	**(947)**	(335)
Net cash provided by operating activities		**2,523**	4,979
INVESTING ACTIVITIES			
Mineral exploration projects		**-**	(73)
Purchase of property, plant and equipment		**(6,873)**	(6,825)
Proceeds from disposition of property, plant and equipment		**4**	132
Net cash (used in) investing activities		**(6,869)**	(6,766)
FINANCING ACTIVITIES			
Cash received upon issuance of debt	*Note 9*	**7,340**	-
Repayment of debt		**(1,257)**	(2,744)
Interest paid		**(220)**	(256)
Net cash provided by (used in) financing activities		**5,863**	(3,000)
Effect of exchange rate changes on cash and cash equivalents		**75**	503
Net (decrease) in cash and cash equivalents		**1,592**	(4,284)
Cash and cash equivalents at the beginning of the period		**6,275**	18,628
Cash and cash equivalents at the end of the period		**$ 7,867**	$ 14,344

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, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2018	325,115,403	$ 545,693	3,073,411	$ 94	9,445,581	$ 922	2,793,964	$ 1,018	$ 20,332	$ (449,673)	$ 118,386
Stock options granted	-	-	-	-	1,574,000	59	-	-	-	-	59
Stock options forfeited	-	-	-	-	(333,333)	(17)	-	-	17	-	-
Deferred share units granted	-	-	-	-	-	-	2,463,000	332	-	-	332
Deferred share units forfeited	-	-	-	-	-	-	(108,000)	(1)	1	-	-
Net loss	-	-	-	-	-	-	-	-	-	(1,781)	(1,781)
Balance as at March 31, 2018	325,115,403	$ 545,693	3,073,411	$ 94	10,686,248	$ 964	5,148,964	$ 1,349	$ 20,350	$ (451,454)	$ 116,996
Balance as at January 1, 2019	328,505,675	$ 546,254	-	$ -	2,817,148	$ 726	5,670,768	$ 1,577	$ 20,940	$ (465,641)	$ 103,856
Stock options granted	-	-	-	-	-	49	-	-	-	-	49
Deferred share units granted	-	-	-	-	-	-	-	81	-	-	81
Net loss	-	-	-	-	-	-	-	-	-	(1,839)	(1,839)
Balance as at March 31, 2019	**328,505,675**	**$ 546,254**	**-**	**$ -**	**2,817,148**	**$ 775**	**5,670,768**	**$ 1,658**	**$ 20,940**	**$ (467,480)**	**$ 102,147**

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

1. Nature of business

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

The Company's condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2019 and 2018, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. ("MSOL"). 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, 2018 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 14, 2019.

2. Going concern

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

The Company has incurred a net loss of $1.8 million for the three months ended March 31, 2019 (three months ended March 31, 2018 – $1.8 million net loss), and, as at March 31, 2019, the Company has a working capital deficiency of $8.3 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $467.5 million (December 31, 2018 –$465.6 million). The Company will need to obtain additional financing in order to meet its near-term operating cash requirements, debt payments, development and sustaining capital expenditures. There is no assurance that the Company's financing initiatives will be successful or sufficient.

The Company considers that the near term economic outlook presents challenges in terms of sustained commodity prices as well as maintaining production levels and acknowledges the development and sustaining capital requirements and foreign exchange risks associated with its business operations. Whilst the Company has instituted measures to preserve cash, improve operations and is seeking to secure additional financing, these circumstances create uncertainties over future results and cash flows.

On March 15, 2019, the Company entered into a senior secured loan facility ("Auramet loan facility") agreement with Auramet International LLC totaling $7.9 million with a maturity date of July 15, 2019 to fund working capital requirements, under ground development at Turmalina and for general corporate purposes while it continues to explore its longer term financing options.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts significant doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects.

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material. These condensed interim consolidated financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, if the Company was unable to continue as a going concern.

3. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2019:

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. The Company adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach, as detailed in Note 10. Under the modified retrospective approach, the Company recognizes transition adjustments, if any, in retained earnings on the date of initial application (January 1, 2019), without restating the financial statements on a retrospective basis. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases (IAS 17) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (IFRIC 4). Note 10 outlines the effect of adopting IFRS 16 requirements on January 1, 2019. The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16.

  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 (loss) 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 sis 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 right-of-use 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 right-of-use lease liability.

- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") – On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The adoption of IFRIC 23 did not affect the financial results or disclosures in the Company's consolidated financial statements.

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

4. Restricted cash

Restricted cash consists of escrow judicial deposits related to the Company's labour and civil litigation (Note 13), a $2 million margin deposit with Auramet International LLC, pursuant to the customer advance agreement with Auramet (Note 11), and a $0.5 million margin deposit with Banco Votorantim S.A., pursuant to the loan agreement with Banco Votorantim and classified as bank indebtedness within notes payable (Note 9).

5. Inventory

Inventory is comprised of the following:

	March 31, 2019	December 31, 2018
Raw material	**$ 2,474**	$ 2,616
Mine operating supplies	**4,535**	4,636
Ore in stockpiles	**352**	169
Gold in process	**865**	1,522
Unrefined gold doré	**2,708**	3,193
Total inventory	**$ 10,934**	$ 12,136

	Three Months Ended March 31,	
	2019	2018
Depreciation included in cost of sales	**$ 3,610**	$ 4,885

The inventory amount recognized in direct mining and processing costs for the three months ended March 31, 2019 was $13.7 million (three months ended March 31, 2018 – $14.5 million). During the three months ended March 31, 2019, there were no inventory write downs to net realizable value ($nil during the three months ended March 31, 2018).

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

6. Recoverable taxes

	December 31, 2018	Additions/ reversals	Write-off & sales of credits	Applied to taxes payable	Foreign exchange	March 31, 2019
Value added taxes and other[(a)]	$ 11,697	$ 1,326	$ -	$ (2,025)	$ (35)	**$ 10,963**
Provision for VAT and other[(b)]	(1,152)	1	$ -	-	5	**(1,146)**
Net VAT and other taxes	$ 10,545	$ 1,327	$ -	$ (2,025)	$ (30)	**$ 9,817**
ICMS[(c)]	$ 11,477	$ 772	$ (1,141)	$ (20)	$ (43)	**$ 11,045**
Provision for ICMS[(c)]	(2,951)	116	-	-	11	**(2,824)**
Net ICMS	$ 8,526	$ 888	$ (1,141)	$ (20)	$ (32)	**$ 8,221**
Total recoverable taxes	**$ 19,071**	**$ 2,215**	**$ (1,141)**	**$ (2,045)**	**$ (62)**	**$ 18,038**
Less: current portion	10,421					**9,702**
Non-current portion	$ 8,650					**$ 8,336**

a) The Company is required to pay certain 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 as 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 Turmalina complex comprising the Turmalina mine and 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). A court order was granted and by November 2016, the Tax Authority reviewed the claim and granted a favourable decision to partially recognize the amount claimed, deeming R$1.5 million (approximately $0.5 million) due to the Company. The Company collected this amount and proceeded to appeal the Tax Authority´s review result in pursuit of further tax credit refund recognition on the remainder of this claim. At March 31, 2019, the Company is awaiting the Tax Authority´s review result of its appeal to receive the remainder.

In May 2018, the Brazilian federal government ratified a new tax law, Law 13,670/18, which prohibited legal entities from using federal tax credits (PIS and COFINS) to settle its federal income tax and social contribution tax obligations (IRPJ – Imposto de Renda Pessoa Jurídica and CSLL – Contribuição social sobre lucro líquido). The new law was made effective upon ratification and considered immediately applicable to a given company's portfolio of tax credits held. Following the new law's ratification, the Company filed a petition challenging the legality of applying the new law to tax credits accumulated prior to the new law's existence and was successfully awarded a Court order to continue to compensate its IRPJ & CSLL tax obligations with PIS & COFINS tax credits for the calendar year ended December 31, 2018. The impacts of this change are further detailed in Note 12(c).

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 amount.

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.

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

In the three months ended March 31, 2019, the Company sold R$4.3 million (approximately $1.1 million) in ICMS export tax credits. The Company received approval from the state tax authority to sell an additional R$8.9 million (approximately $2.3 million) in ICMS export tax credits. As at March 31, 2019, the Company held R$9.5 million (approximately $2.4 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2018 – R$5 million, approximately $1.3 million).

In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax authority in order to pay R$8.3 million (approximately $2.2 million) in historical ICMS taxes due, as further detailed in Note 12(a). In accordance with the agreement, the Company will pay its ICMS debt due in 60 (sixty) monthly installments using ICMS tax credits (non-cash).

7. Other accounts receivable and royalty interests

	March 31, 2019	December 31, 2018
Due from Avanco Resources Limited - Gurupi Sale	**5,000**	5,000
Other accounts receivable	**599**	566
Total other accounts receivable	**$ 5,599**	$ 5,566
Less: current portion	**599**	566
Non-current portion	**$ 5,000**	$ 5,000

In connection with the 2017 sale of the Gurupi 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 Avanco in a series of 10 instalments of $500,000, which the Company expects to occur starting in 2020, in the month in which Avanco receives "clear title and access" to the project. The net smelter royalties will be received throughout the life of mine of the Gurupi Project.

As at March 31, 2019, the Company held the following assets related to the Gurupi project sale: (i) a $5 million amount due from Avanco classified as Other accounts receivable (December 31, 2018 – $5 million) and (ii) a $8.5 million net smelter royalty receivable from Avanco classified as Royalty interests (December 31, 2018 – $8.5 million).

	March 31, 2019	December 31, 2018
Avanco - Gurupi	**$ 8,476**	$ 8,476
Total royalty interests	**$ 8,476**	$ 8,476

As at March 31, 2019, there were no indicators of impairment on Royalty interests (December 31, 2018 – $nil).

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

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

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2019	$ 13,578	$ 11,363	$ 241,662	$ 2,380	$ 2,678	$ 431,412	$ 703,073
Additions	-	-	985	-	379	6,223	7,587
Disposals	-	(166)	-	-	-	-	(166)
Reclassify within PP&E	-	-	-	-	-	-	-
Balance as at March 31, 2019	**$ 13,578**	**$ 11,197**	**$ 242,647**	**$ 2,380**	**$ 3,057**	**$ 437,635**	**$ 710,494**
Balance as at January 1, 2018	$ 13,578	$ 10,662	$ 238,782	$ 2,380	$ 3,532	$ 406,973	$ 675,907
Additions	-	250	1,781	-	1,436	24,439	27,906
Disposals	-	(487)	(1,044)	-	(122)	-	(1,653)
Reclassify within PP&E	-	938	1,230	-	(2,168)	-	-
Balance as at December 31, 2018	$ 13,578	$ 11,363	$ 240,749	$ 2,380	$ 2,678	$ 431,412	$ 702,160
Accumulated amortization and impairment							
Balance as at January 1, 2019	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Amortization for the period	51	36	1,972	1	-	1,193	3,253
Disposals	-	(161)	-	-	-	-	(161)
Balance as at March 31, 2019	**$ 12,247**	**$ 7,980**	**$ 216,885**	**$ 2,228**	**$ 685**	**$ 355,684**	**$ 595,709**
Balance as at January 1, 2018	$ 11,903	$ 8,238	$ 200,759	$ 2,230	$ 685	$ 341,915	$ 565,730
Amortization for the period	397	277	10,822	7	-	7,841	19,344
Impairment loss	(104)	(34)	4,161	(10)	-	4,735	8,748
Disposals	-	(376)	(829)	-	-	-	(1,205)
Balance as at December 31, 2018	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Carrying amounts							
As at March 31, 2019	**$ 1,331**	**$ 3,217**	**$ 25,762**	**$ 152**	**$2,372**	**$ 81,951**	**$ 114,785**
As at December 31, 2018	$ 1,382	$ 3,258	$ 25,836	$ 153	$1,993	$ 76,921	$ 109,543

[1] As at January 1, 2019 and following the Company's adoption of IFRS 16 Lease as detailed in Note 10, the Company had equipment under right-of-use leases at a cost and net book value of $5.4 million and $4.7 million, respectively. As at March 31, 2019, the Company had equipment under right-of-use leases at a cost and net book value of $6.3 million and $5.4 million, respectively (December 31, 2018 - $4.5 million and $3.8 million, respectively).

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

[3] Refers to construction in progress.

As at March 31, 2019, mining properties include the following properties which are in production, or are under development:

a) Turmalina Complex

In 2004, Jaguar acquired the Turmalina gold project located in Minas Gerais, Brazil. The terms of the acquisition by MSOL included a royalty payable by the Company to an unrelated third party. The royalty is a net revenue interest of 5% of annual net revenue up to $10.0 million and 3% thereafter.

b) Paciência Complex

As at March 31, 2019 the carrying amount for the Paciência project is $nil, due to past impairment charges (December 31, 2018 - $nil).

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

c) Caeté Complex

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

In Q1 2018, the Company made a strategic decision to temporarily suspend its Roça Grande mine operations. This temporary suspension will continue for an unspecified future period. In the three months ended March 31, 2019, the Company recognized $120,000 in care and maintenance costs associated with the Roça Grande mine (three months ended March 31, 2018 - $515,000).

d) Impairment and impairment reversal

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, 2019, there were no indicators of impairment or reversal of past impairment charges (three months ended March 31, 2018 - $nil).

9. Notes payable

	March 31, 2019	December 31, 2018
Notes payable - current portion		
Bank indebtedness[a]	**$ 6,627**	$ 7,270
Vale note[b]	**857**	849
Auramet loan facility[c]	**7,172**	-
	14,656	8,119
Notes payable - non-current portion		
Vale note[b]	**229**	225
	229	225
Total notes payable	**$ 14,885**	$ 8,344

a) Bank indebtedness

As at March 31, 2019, bank indebtedness included $6.6 million in unsecured promissory notes, holding maturities from April 2019 through June 2019 and bearing interest rates ranging from 6.5% to 8.4%. As at December 31, 2018, bank indebtedness included $7.2 million in unsecured promissory notes, holding maturities from April 2019 through June 2019 and bearing interest rates ranging from 6.5% to 8.4%.

b) 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, 2019 was $1.1 million ($1.1 million as at December 31, 2018).

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The note payable is recognized at its amortized cost of $1.1 million, and the discount of $37,000 is being accreted monthly using the effective interest method and applying Brazil's risk-free interest rate (SELIC), which was 6.50% at March 31, 2019 (December 31, 2018 – 6.50%).

c) Auramet loan facility

On March 15, 2019, the Company entered into a senior secured loan facility ("Auramet loan facility") agreement with lender Auramet International LLC totaling $7.9 million to fund working capital. The Auramet loan facility was 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. As per the agreement, interest was prepaid and non-reimbursable in the amount of $350,000, and principal is due at maturity on July 15, 2019. The Auramet loan facility includes a covenant which requires the Company to maintain a minimum net cash balance of $3 million.

To obtain the Auramet loan facility, the Company incurred transaction costs, including $79,000 in upfront fees due to Auramet and $82,000 in legal and technical due diligence costs, and awarded Auramet a set of European style gold call options whereby Auramet holds an option to purchase up to 5,000 ounces of gold at a strike price of US$1,350 per ounce, expiring January 2020.

As at and for the three months ended March 31, 2019, the Company was in compliance with its minimum net cash balance covenant requirement on the Auramet loan facility, and the associated call options remained outstanding, as further detailed in Note 23(b).

The Auramet loan facility is a financial liability initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

10. Right-of-use leases

a) Right-of-use assets

The Company's significant lease arrangements include contracts for leasing mining equipment. As at March 31, 2019, $5.4 million of right-of-use assets are recorded as property, plant and equipment (Note 8).

Capital lease equipment, net book value at December 31, 2018	**$**	**3,775**
IFRS 16 adoption - qualified right-of-use asset recognition		**913**
Right-of-use assets at January 1, 2019	**$**	**4,688**
Additions		**871**
Amortization		**(203)**
Right-of-use assets, net book value at March 31, 2019	**$**	**5,356**

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b) Right-of-use lease liabilities

The Company has acquired certain equipment through the assumption of right-of-use lease obligations. These obligations are secured by promissory notes. The following table outlines the total minimum loan payments due for right-of-use lease obligations over their remaining terms as at March 31, 2019 and December 31, 2018:

		March 31, 2019		December 31, 2018
2019		**1,591**		1,430
2020		**927**		33
2021		**219**		-
Total minimum loan payments		**2,737**		1,463
Less: Future finance charges		**(270)**		(64)
Present value of minimum loan payments	**$**	**2,467**	$	1,399
Less: current portion		**1,500**		1,381
Non-current portion	**$**	**967**	$	18

11. Customer advances

		March 31, 2019		December 31, 2018
Auramet International LLC	**$**	**7,000**	$	7,000
Total customer advances	**$**	**7,000**	$	7,000

a) Auramet advance

On May 9, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advance (“Auramet advance”) in the form of a gold purchase and sale agreement whereby Auramet extended up to $7 million in minimum prepayment amounts each of $1 million to Jaguar. As part of the agreement, the Company is required to maintain a $2 million margin deposit with Auramet. Funds advanced under the Auramet advance are subject to interest at 1-month LIBOR + 7.5%, and hold a covenant to maintain a minimum net cash balance of $5 million, including the margin deposit. The Auramet advance requires settlement in full at maturity on October 31, 2019.

On May 9, 2018, the Company also agreed to a European style gold call options agreement with Auramet whereby Auramet holds an option to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019, as further detailed in Note 23(b).

As at and for the three months ended March 31, 2019, the Company was in compliance with the minimum net cash balance covenant requirement on the Auramet advance, and the call options remained outstanding.

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12. Other taxes payable

	December 31, 2018	Additions (reversals)	Accretion	Payments	Foreign exchange	March 31, 2019
ICMS Settlement Due[(a)]	$ 1,680	16	-	-	(10)	**$ 1,686**
INSS[(b)]	402	6	-	(22)	(2)	**384**
Withholding tax provision[(c)]	8,170	-	-	-	-	**8,170**
Total Other taxes payable	$ 10,252	$ 22	$ -	$ (22)	$ (12)	**$ 10,240**
Less: current portion	503					**499**
Non-current portion	$ 9,749					**$ 9,741**

a) In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax Authority in order to pay an historical debt (2008 – 2014) of R$8.3 million (approximately $2.2 million) in ICMS taxes. The agreement was ratified by the parties in July 2018.

This debt has its origin in ICMS levied on electricity (“Demanda Contratada”) in which the Superior Courts have been ruled in the taxpayer’s favour. The Company had filed an appeal against the levy of the ICMS and the likelihood of the Company losing the appeal was assessed as remote. Although the Company would likely win the judicial lawsuit, the Company took the decision to pay the mentioned debt in instalments, using its tax credits (non-cash), in order to facilitate and accelerate its ICMS tax credits recovery as cash.

b) In September 2018, the Company received a social security tax (INSS – Instituto Nacional do Seguro Social) assessment from Brazil’s Federal Tax Authority with respect to fiscal years 2014 and 2015, challenging the social security tax rate basis applied by the Company, which as per Brazilian tax legislation is variable based on the Company’s historical work accident rate. The tax assessment claimed entitlement to a total additional R$1.9 million (approximately $0.5 million) due from the Company. Upon review, the Company and its legal counsel assessed its probability of loss as more likely than not and entered a settlement agreement with the Federal Tax Authority to reduce its exposure to fines and interest and extend its cash flow impact, agreeing to pay a total of R$1.5 million (approximately $0.4 million), in cash, over 60 (sixty) equal monthly installments starting in October 2018.

c) As at March 31, 2019, the Company held R$31.7 million ($8.2 million) in IRPJ and CSLL withholding taxes payable due (December 31, 2018 – R$31.7 million ($8.2 million)), as further described in Note 6(a).

13. Contingent liabilities

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 March 31, 2019, the Company has recognized a provision of $11.8 million (December 31, 2018 - $11.5 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.

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	December 31, 2018	Additions	Reversals	Payments	Foreign exchange	March 31, 2019
Labour litigation	$ 9,756	$ 1,232	$ (210)	$ (625)	$ (93)	**$ 10,060**
Civil litigation	1,432	20	(38)	-	(8)	**1,406**
Other provisions	293	20	-	-	(2)	**311**
Total contingent liabilities	$ 11,481	$ 1,272	$ (248)	$ (625)	$ (103)	**$ 11,777**
Less: current portion	3,871					**4,586**
Non-current portion	$ 7,610					**$ 7,191**

14. 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, 2019, the Company did not issue or grant any common shares (three months ended March 31, 2018 – nil).

b) Warrants

As part of the 2015 Senior Secured Convertible Debentures financing, the Company issued finder warrants ("Finder Warrants"). The Finder Warrants had an exercise price of C$0.15 per common share and expired on October 27, 2018. As at and for the three months ended March 31, 2019, no Finder Warrants were outstanding, exercised or granted (three months ended March 31, 2018 – 3,073,411 outstanding, nil exercised and nil granted).

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.

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, 2019 and 2018:

	Number of options	Weighted average exercise price (C$)
Balance as at December 31, 2018	2,817,148	$ 0.97
Options forfeited[2]	(10,667)	0.14
Balance as at March 31, 2019	**2,806,481**	**$ 0.97**
Balance as at December 31, 2017	9,445,581	$ 0.36
Options granted[1]	1,574,000	0.37
Options forfeited[2]	(333,333)	0.35
Balance as at March 31, 2018	**10,686,248**	**$ 0.36**

1) On January 23, 2018, 1,574,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.37 and expire on January 23, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018 and are exercisable upon vesting. These options had a grant date fair

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value of C$0.23 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.37, a risk free rate of 1.88%, a volatility factor of 110%, and an expected life of 3.0 years.

2) Relates to the forfeiture of the options of former executives upon contract termination.

The table below shows the outstanding stock options as at March 31, 2019:

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
$ 1.35	May 12, 2014	236,841	236,841	$ 0.38	May 12, 2022
1.35	October 8, 2014	75,000	75,000	0.19	October 8, 2019
0.22	December 16, 2015	-	-	0.05	December 16, 2020
0.74	August 8, 2016	177,363	162,583	0.34	August 8, 2021
0.76	November 7, 2016	322,637	268,864	0.37	November 7, 2021
0.70	January 27, 2017	209,640	139,760	0.36	January 27, 2025
0.33	September 21, 2017	200,000	100,000	0.22	September 21, 2022
0.37	January 23, 2018	570,000	190,000	0.20	January 23, 2026
0.21	August 31, 2018	1,015,000	387,917	0.11	August 23, 2026
$ 0.51		**2,806,481**	**1,560,965**	**$ 0.22**	

The following table is a summary of stock options outstanding during the three months ended March 31, 2019 and 2018, 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 2019	**2,806,481**	**$ 0.51**	**-**	**1.00%**	**0%**	**3.49**	**107%**	**$ 0.22**
Stock options 2018	10,686,248	$ 0.36	-	1.00%	0%	3.78	79%	$ 0.13

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 three months ended March 31, 2019, the Company recognized $49,000 in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income (loss) (three months ended March 31, 2018 - $59,000).

d) 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. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 11,111,111.

The following table shows the movement of DSUs for the three months ended March 31, 2019 and 2018:

	Number of units	Weighted average grant date fair value
Balance as at December 31, 2018	5,670,768	$ 0.28
Balance as at March 31, 2019	**5,670,768**	**$ 0.28**
Balance as at December 31, 2017	2,793,964	$ 0.42
Units granted[1]	2,463,000	0.29
Units forfeited[2]	(108,000)	0.29
Balance as at March 31, 2018	**5,148,964**	**$ 0.36**

For three months ended March 31, 2019, the Company recognized $81,000 in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (loss) (three months ended March 31, 2018 – $331,000).

15. Basic and diluted earnings per share

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Numerator		
Net income (loss) - basic and diluted	**$ (1,839)**	$ (1,781)
Net income (loss) for the purpose of diluted income (loss) per share	**$ (1,839)**	$ (1,781)
Denominator		
Weighted average number of common shares outstanding - basic and diluted	**328,505,674**	325,115,403
Basic and diluted income (loss) per share	**$ (0.01)**	$ (0.01)

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 since they are anti-dilutive to loss per share:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Stock options	**2,817,148**	10,521,492
Deferred share units	**5,670,768**	4,573,298
Warrants	**-**	3,073,411
Anti-dilutive instruments	**8,487,916**	18,168,201

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16. Operating costs

		Three Months Ended March 31, 2019	2018
Direct mining and processing costs	*Note 5*	**$ 13,685**	$ 14,459
Royalty expense and CFEM taxes		**938**	926
Other		**7**	14
Operating costs		**$ 14,630**	$ 15,399

17. Changes in other provisions and VAT taxes

		Three Months Ended March 31, 2019	2018
Change in legal provisions	*Note 13*	**$ 999**	$ 513
(Reversals)/Additions to provision against recoverability of VAT and other taxes	*Note 6*	**(117)**	123
Total changes in other provisions and VAT taxes		**$ 882**	$ 636

18. Finance costs

	Three Months Ended March 31, 2019	2018
Interest expense	**$ 521**	$ 449
Accretion expense[1]	**327**	327
Total finance costs	**$ 848**	$ 776

[1] Refers to accretion interest expense on reclamation provisions and bank indebtedness.

19. Other non-operating expenses (recoveries)

	Three Months Ended March 31, 2019	2018
Interest income	**$ (87)**	$ (177)
(Gain) loss on disposition of property	**(1)**	193
Other non-operating expenses (recoveries)	**-**	66
Total other non-operating (recoveries) expenses	**$ (88)**	$ 82

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20. Cash flow – changes in working capital

		Three Months Ended March 31,	
		2019	2018
Restricted cash		**$ (214)**	$ (793)
Inventory		**811**	1,059
Recoverable taxes		**1,088**	1,631
Other accounts receivable		**(33)**	7
Prepaid expenses and other assets		**(123)**	(239)
Accounts payable and accrued liabilities		**(2,291)**	(1,369)
Other taxes payable	*Note 12*	**(22)**	-
Reclamation provisions		**(23)**	(65)
Contingent liabilities	*Note 13*	**(625)**	(566)
Other liabilities		**485**	-
Changes in working capital		**$ (947)**	$ (335)

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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, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities[1]	$ 15,313	$ -	$ -	$ -	**$ 15,313**
Other Taxes Payable					
ICMS Settlement Due	441	882	294	-	**1,617**
INSS	86	173	130	-	**389**
Withholding taxes	-	8,170	-	-	**8,170**
Notes payable					
Principal					
Bank indebtedness[2]	6,627	-	-	-	**6,627**
Vale note	875	250	-	-	**1,125**
Auramet loan facility	7,172	-	-	-	**7,172**
Interest	245	31	-	-	**276**
Right-of-use lease liabilities	1,246	1,491	-	-	**2,737**
Reclamation provisions[3]	1,952	5,486	4,920	6,663	**19,021**
Contingent liabilities	4,586	7,191	-	-	**11,777**
Derivatives payable	609	-	-	-	**609**
Other liabilities	-	3,396	-	-	**3,396**
Total financial liabilities	$ 39,152	$ 27,070	$ 5,344	$ 6,663	**$ 78,229**
Other Commitments					
Customer advances					
Principal					
Auramet advance	$ 7,000	$ -	$ -	$ -	**$ 7,000**
Interest	483	-	-	-	**483**
Suppliers' agreements[4]	431	-	-	-	**431**
Total other commitments	$ 7,914	$ -	$ -	$ -	**$ 7,914**
Total	**$ 47,066**	**$ 27,070**	**$ 5,344**	**$ 6,663**	**$ 86,143**

[1] Amounts payable as at March 31, 2019.

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

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

[4] Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

22. 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 March 31, 2019, the Company's capital structure is comprised of $14.9 million in notes payable (Note 9), $7.0 million in customer advances (Note 11), and $102.1 million in shareholders' equity (December 31, 2018: $8.3 million, $7.0 million, and $103.9 million, respectively).

At March 31, 2019, the Company is not subject to externally imposed capital requirements other than those stipulated by Auramet (Note 9 and Note 11) and the Votorantim bank indebtedness (Note 4).

23. 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.

a) Liquidity risk

The Company has incurred a net loss of $1.8 million for the three months ended March 31, 2019 (three months ended March 31, 2018 – $1.8 million net loss), and, as at March 31, 2019, the Company has a working capital deficiency of $8.3 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $467.5 million (December 31, 2018 –$465.6 million). The Company's financial liabilities and other commitments are listed in Note 21.

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 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 13).

b) Derivative financial instruments

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

1) Gold forward contracts

The Company entered into gold forward contracts to economically hedge against the risk of declining gold prices for a portion of its forecasted gold sales and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss). The contracts have expiry dates ranging from 30 to 90 days and orders unfulfilled prior to expiry are renewed automatically for a period equal to that contracted. The changes in the fair value of these contracts are recognized in the condensed interim consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

As at March 31, 2019, the Company's outstanding gold forward contracts covered 10,603 ounces hedged at a weighted average price of US$1,299/oz (December 31, 2018 – 8,801 ounces hedged at a weighted average price of US$1,260/oz) and held a $43,000 derivative asset open gain position (December 31, 2018 – $186,000 open loss position). Included in the condensed interim consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2019 is a net unrealized gain of $41,000 and realized losses of $nil (three months ended March 31, 2018 – $153,000 in unrealized losses and $nil in realized gains).

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Subsequent to March 31, 2019, the Company engaged 4,000 ounces in gold forward contracts at a weighted average price of US$1,270/oz, whereas 400 ounces were already fulfilled prior to the date of issuance of these condensed interim consolidated financial statements.

2) Gold call options

The Company entered 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 condensed interim statements of operations and comprehensive income (loss).

As at March 31, 2019, the Company also was counterparty to European style gold call options agreements outstanding and held by Auramet as disclosed in Note 11 and Note 9(c), and summarized below:

Expiration Date[1]	Ounces for purchase		Strike Price US$ per ounce
May 31, 2019	1,000	$	1,450
June 30, 2019	1,000	$	1,450
July 31, 2019	1,000	$	1,450
August 31, 2019	1,000	$	1,450
September 30, 2019	1,000	$	1,450
October 31, 2019	1,000	$	1,450
November 30, 2019	1,000	$	1,450
January 31, 2020	5,000	$	1,350
Total	**12,000**	**$**	**1,408**

[1] The call options are exercisable on the applicable Expiration Date only by Auramet International LLC.

For the three months ended March 31, 2019, the above options remained outstanding and the Company recognized an unrealized gain of $125,000, and a realized gain of $nil (three months ended March 31, 2018 – $nil and $nil). As at March 31, 2019, the Company held a $101,000 derivative asset and a $200,000 derivative liability associated with the gold call options in its condensed interim consolidated statement of financial position (December 31, 2018 – $331,000 and $143,000).

3) Foreign exchange call and put options

The Company entered into European style foreign exchange call and put option contracts with Western Union, 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.

As at March 31, 2019, the Company´s outstanding foreign exchange call and put option hedge contracts were as follows:

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Type	Volume Outstanding	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$ 13,750,000	R$ 3.7425 / USD	R$ 4.0325 / USD	April 2019 to August 2019
Put options	13,750,000	R$ 3.6500 / USD	R$ 3.7500 / USD	April 2019 to August 2019
Total options	**$ 27,500,000**	-	-	-

Included in the consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2019 is a realized loss of $80,000, and a net unrealized loss of $131,000 (three months ended March 31, 2018 - $nil in realized loss and $nil in unrealized loss). As at March 31, 2019, the Company held a $409,000 derivative liability open loss position due to Western Union (December 31, 2018 – $278,000).

Subsequent to March 31, 2019, the Company engaged an additional set of call and put options as follows:

Type	Volume Engaged	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$ 9,500,000	R$ 4.0500 / USD	R$ 4.2675 / USD	June 2019 to October 2019
Put options	9,500,000	R$ 3.7000 / USD	R$ 3.7800 / USD	June 2019 to October 2019
Total options	**$ 19,000,000**	-	-	-

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, deferred compensation liabilities, Euro denominated capital lease obligations, and foreign exchange call and put option contracts. As at March 31, 2019, the Company held outstanding foreign exchange contracts as detailed in Note 23(b).

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 8.5% per annum, with the exceptions being (i) one equipment lease obligation bearing interest at a fixed rate of 22.85% per annum and (ii) the customer advance with Auramet at a rate of 7.5% plus the 12-month US dollar LIBOR rate.

e) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company periodically enters into hedge contracts to manage this risk and to secure future sales terms with customers. As at March 31, 2019, the Company held outstanding gold forward contracts as detailed in Note 23(b).

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

f) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2019	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at March 31, 2019**
Notes payable	$ 8,344	$ 7,340	$ (669)	$ -	$ -	$ -	$ 26	$ (156)	**$ 14,885**
Right-of-use lease liabilities[1]	2,312	-	(588)	-	-	737	6	-	**2,467**
Accrued interest payable[2]	230	-	-	(220)	357	-	-	-	**367**
Customer advances[3]	7,000	-	-	-	-	-	-	-	**7,000**
	$ 17,886	$ 7,340	$ (1,257)	$ (220)	$ 357	$ 737	$ 32	$ (156)	**$ 24,719**

1) Upon adoption of IFRS 16 Leases as at January 1, 2019, the Company recognized an additional $913,000 in net right-of-use lease liabilities as further detailed in Note 25(a).

2) Included in Accounts payable and accrued liabilities

3) Refers to the customer advance from Auramet as further described in Note 11.

24. Related party transactions

The Company incurred legal fees from Azevedo Sette Advogados (“ASA”), a law firm where Luis Miraglia, a director of Jaguar is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three months ended March 31, 2019 were $19,000 (three months ended March 31, 2018 – $42,000).

During the three months ended March 31, 2019, the Company also engaged advisory services from John Ellis, a director of Jaguar. Fees paid to Mr. Ellis are recorded in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss and were $30,000 for the three months ended March 31, 2019 (three months ended March 31, 2018 – $nil).

25. Adoption of New IFRS Pronouncements

a) IFRS 16 Leases (“IFRS 16”)

As part of the initial application of IFRS 16, the Company elected to apply the following practical expedients:

- leases with a term ending within 12 months of the date of initial application and leases of low value assets are not recognized;
- for existing contracts, the previous determination has been maintained as to whether a contract contains a lease pursuant to IAS 17 and IFRIC 4;
- leases are evaluated and determined as onerous contracts according to management’s assessment as an alternative to an impairment review; and
- initial direct costs from the right-of-use asset are excluded.

Below is a reconciliation of the lease commitments disclosed at December 31, 2018 in the Company’s consolidated financial statements and the lease liability recognized as a result of the adoption of IFRS 16 on January 1, 2019.

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

When measuring the value of the lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average discount rate applied is 10.41%.

Operating lease commitment at December 31, 2018	**$**	**46**
IFRS 16 adoption - qualified lease recognition		**1,043**
Operating leases at December 31, 2018 deemed to be leases at January 1, 2019	**$**	**1,089**
Discounted using the incremental borrowing rate at January 1, 2019		**(176)**
Finance lease liabilities previously recognized as at December 31, 2018		**1,399**
Right-of-use lease liabilities recognized at January 1, 2019	**$**	**2,312**

b) IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23")

The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments (IFRIC 23) on January 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 did not affect the Company's financial results or disclosures.