



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THIRD QUARTER ENDED  
SEPTEMBER 30, 2015**

## TABLE OF CONTENTS

CORE BUSINESS.....	2
Q3 2015 FINANCIAL & OPERATING HIGHLIGHTS.....	3
BACKGROUND.....	7
REVIEW OF OPERATING AND FINANCIAL RESULTS.....	12
TAXES.....	18
REVIEW OF FINANCIAL CONDITION.....	20
FINANCIAL RESTRUCTURING PLAN– CCAA PROCEEDINGS.....	23
LITIGATION AND CONTINGENCIES.....	25
RISKS AND UNCERTAINTIES.....	27
QUALIFIED PERSON.....	29
OUTSTANDING SHARE DATA.....	29
NON-IFRS PERFORMANCE MEASURES.....	30
CRITICAL ACCOUNTING ESTIMATES.....	33
CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION.....	33
GLOSSARY OF TERMS.....	34
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING.....	34
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	35
CAUTIONARY NOTE TO U.S. INVESTORS.....	35
CORPORATE DIRECTORY.....	37

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2015, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). For further information on Jaguar Mining Inc., reference should be made to its public filings (including its most recently filed annual information form ("AIF") which is available on SEDAR at [www.sedar.com](http://www.sedar.com)). Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material property, including information about mineral resources and reserves, are contained in the Company's most recently filed AIF and technical reports.*

*All amounts included in this MD&A are in United States dollars ("\$"), unless otherwise specified. References to Cdn\$ are to Canadian dollars and R\$ are to Brazilian Reals. This report is dated as at November 24, 2015.*

*Where we say "we", "us", "our", the "Company" or "Jaguar", we mean Jaguar Mining Inc. or Jaguar Mining Inc. and/or one or more or all of its subsidiaries, as it may apply.*

*The following abbreviations are used to describe the periods under review throughout this MD&A:*

Abbreviation	Period	Abbreviation	Period
<b>YTD 2015</b>	January 1, 2015 – September 30, 2015	<b>YTD 2014</b>	January 1, 2014 – September 30, 2014
<b>Q1 2015</b>	January 1, 2015 – March 31, 2015	<b>Q1 2014</b>	January 1, 2014 – March 31, 2014
<b>Q2 2015</b>	April 1, 2015 – June 30, 2015	<b>Q2 2014</b>	April 1, 2014 – June 30, 2014
<b>Q3 2015</b>	July 1, 2015 – September 30, 2015	<b>Q3 2014</b>	July 1, 2014 – September 30, 2014

### CORE BUSINESS

Jaguar Mining Inc. ("Jaguar" or the "Company") is engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The Company holds mineral concessions comprising 23,777 hectares in the Iron Quadrangle mining district of Brazil, a prolific greenstone belt located near the city of Belo Horizonte in the State of Minas Gerais, where the Company's current operating mines are located. In addition, Jaguar holds mineral concessions totaling 131,332 hectares in the State of Maranhão, where the Company's Gurupi Project is located and 34,223 hectares in the State of Ceará, where the Company's Pedra Branca Project is located. The Company may consider the acquisition, exploration, development and operation of other gold properties.

The Company currently produces gold at its Turmalina and Caeté operations in Minas Gerais, while the Company's Paciência operation, also located in Minas Gerais, has been on care and maintenance since 2012.

Potential for an increase in gold production exists through further exploration and development of the Company's existing brownfield land package around its existing mines and through the development of the Company's Gurupi Project, with potential for an open-pit gold mining operation.

The Company is led by a proven executive management team with extensive gold operations and development experience in South America.

## Trading of common shares

Jaguar is a public company with its common shares listed on the TSX Venture Exchange (the “TSX-V”). The common shares of the Company were delisted from the Toronto Stock Exchange (“TSX”) effective at the close of market on April 30, 2014. In connection with the implementation of its amended and restated plan of compromise and arrangement pursuant to the Companies’ Creditors Arrangement Act (Canada) (the “Plan”) on April 22, 2014, the common shares of Jaguar that existed immediately prior to the implementation of the Plan were consolidated at a ratio of one (1) post-consolidation common share for each 86.39636 pre-consolidation common shares. Effective May 1<sup>st</sup>, 2014, the common shares of Jaguar commenced trading on the TSX-V on a post-consolidated basis. There are currently 111,136,038 common shares of the Company issued and outstanding.

## Q3 2015 FINANCIAL & OPERATING HIGHLIGHTS

(\$ thousands, except where indicated)	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
<b>Financial Data</b>				
Revenue	\$ 28,126	\$ 29,015	\$ 79,692	\$ 90,596
Cost of sales	21,146	30,040	67,724	90,666
Depreciation (included in cost of sales)	3,254	7,728	12,891	23,743
Gross margin	6,980	(1,025)	11,968	(70)
Gross margin (excluding depreciation) <sup>1</sup>	10,234	6,703	24,859	23,673
Net (loss) income	4,445	(9,491)	(12,884)	221,393
Per share (“EPS”)	0.04	(0.09)	(0.12)	3.36
EBITDA <sup>1</sup>	12,020	2,304	10,374	257,705
Adjusted EBITDA <sup>2</sup>	6,415	1,326	13,757	(4,455)
Sustaining capital expenditures <sup>1</sup>	4,213	7,361	12,540	16,484
Non-sustaining capital expenditures <sup>1</sup>	139	120	389	556
Total Capital Expenditures <sup>3</sup>	4,352	7,481	12,929	17,040
<b>Operating Data</b>				
Average realized gold price (\$ per ounce) <sup>1</sup>	\$ 1,118	\$ 1,279	\$ 1,162	\$ 1,278
Gold sold (ounces)	25,160	22,681	68,572	70,864
Gold produced (ounces)	25,235	22,374	67,253	69,600
Definition drilling (meters)	9,094	10,238	29,485	27,772
Cash operating costs (per ounce produced) <sup>1</sup>	\$ 626	\$ 969	\$ 736	\$ 954
Cash operating costs (per ounce sold) <sup>1</sup>	\$ 711	\$ 984	\$ 800	\$ 944
All-in sustaining costs (per ounce sold) <sup>1</sup>	\$ 970	\$ 1,494	\$ 1,113	\$ 1,353

<sup>1</sup> Average realized gold price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, EBITDA and Adjusted EBITDA and gross margin (excluding depreciation) are non-gaap financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

<sup>2</sup> Adjusted EBITDA excludes non-cash items such as impairment and write downs. For more details refer to the Non-IFRS Performance Measures section of the MD&A.

<sup>3</sup> These amounts are presented on accrual basis. Capital expenditures are included in our calculation of all-in sustaining costs.

## Cash and Gold Bullion

(\$ thousands)	September 30, 2015	December 31, 2014
Cash and equivalents	\$ 2,889	\$ 7,161
Gold bullion	-	1,801
Total cash and gold bullion	\$ 2,889	\$ 8,962

### Financial Highlights

- The average realized gold price per ounce was 13% lower in the third quarter of 2015 compared to the corresponding 2014 period. (\$1,118 – Q3 2015 vs. , \$1,279 – Q3 2014) as a result of continued global gold price erosion.
  - Revenues during the three and nine months ended September 30, 2015 were \$28.1 million and \$79.7 million respectively, compared with revenues of \$29.0 million and \$90.6 for the corresponding 2014 periods;
- During the nine months ended September 30, 2015, the company repaid \$9.9 million or 32% of its total debt.
  - As at September 30, 2015 total debt was \$21.1 million, compared to \$31.0 million as at December 31, 2014.
- The results of the Company's operations are affected by the foreign currency movements of the Brazilian Reais and Canadian dollar, versus the US dollar. Since the Company reports its earnings in US dollars, any weakening of the Brazilian Reais and Canadian dollar results in a reduction in US dollar denominated costs, while revenues are unaffected given all revenue is earned in US dollars. The Brazilian Reais averaged at R\$3.54 per US\$ in the third quarter of 2015 compared to R\$2.27 per US\$ in the same period last year;
- In addition to the \$7.3 million tax refunds realized in H1-2015, the Company received another cash refund of \$0.3 million (approximately R\$1.1 million) during the third quarter
- As at September 30, 2015, the Company had cash and unsold gold bullion on hand of \$2.9 million (\$9.0 million as at December 31, 2014);
- On October 27, 2015, the Company closed an over-subscribed financing of convertible senior secured debentures. Aggregate gross proceeds of US\$21.5 million were raised, of which approximately US\$8.4 million were used to repay Renvest Global Resources Fund. in order to transfer its interest in its credit facility with the Corporation to the convertible debenture subscribers.
  - The Company plans to use the remainder of the proceeds for general corporate purposes and to advance asset optimization plans in conjunction with the Company's ongoing development and production activities.

### *Cash Operating Costs, Capital Expenditures and All-in-sustaining Costs*

- Cash operating costs decreased 35% or \$343 to \$626 per ounce of gold in the third quarter 2015, compared to \$969 per ounce during the third quarter 2014.
- Cash operating costs decreased 23% or \$218 to \$736 per ounce of gold for the nine months ended September 30, 2015, compared to \$954 per ounce during the same period in 2014.
- All-in sustaining costs ("AISC") decreased 35% or \$524 to \$970 per ounce of gold in the third quarter 2015, compared to \$1,494 per ounce during the third quarter 2014.
- AISC decreased 17% or \$235 to \$1,113 per ounce of gold for the nine months ended September 30, 2015, compared to \$1,348 per ounce during the same period in 2014.
- In the third quarter of 2015, sustaining capital expenditures decreased \$3.2 million or 43% to \$4.2 million compared to \$7.4 million during the corresponding 2014 period, primarily due to the suspension of primary development at the Caeté Complex and lower capital expenditures on machinery and equipment to preserve cash. Sustaining capital expenditures for the nine months ended September 30, 2015 were \$12.5 million.

## Operational Highlights

### *Production*

- Gold production during the three and nine months ended September 30,, 2015, was 25,235 and 67,253 ounces respectively, compared to 22,374 and 69,600 ounces in the corresponding 2014 periods:
  - Turmalina increased production by 23% in the third quarter and produced 13,994 ounces of gold compared to 11,336 ounces in the corresponding 2014 period,
  - Caeté produced 11,241 ounces of gold in the third quarter of 2015 compared to 11,038 in the 2014 corresponding period.
- A 25% increase in average head grade was realized in the third quarter 2015, compared to the same period in 2014.
  - Total processing was 223,000 tonnes in the third quarter of 2015 (third quarter of 2014: 249,000 tonnes) at an average head grade of 3.90 grams per tonne (third quarter of 2014 – 3.13 grams per tonne),:
  - Turmalina processed 101,000 tonnes (third quarter of 2014: 107,000 tonnes) at an average head grade of 4.77 grams per tonne (third quarter of 2014 - 3.69 grams per tonne)
  - Caeté processed 122,000 tonnes (third quarter of 2014: 142,000 tonnes) at an average head grade of 3.17 grams per tonne (third quarter of 2014: 2.71 grams per tonne)
- A 16% increase in average head grade was realized during the nine months ended September 30, 2015, compared to the same period in 2014.
  - A total of 659,000 tonnes was processed during the nine months of 2015 (YTD 2014: 780,000 tonnes) at an average head grade of 3.52 grams per tonne (YTD 2014 – 3.04 grams per tonne).
- Total tonnes mined decreased 10% in the third quarter of 2015, compared to the same period in 2014, primarily due to increased focus on mining higher grade.

### *Exploration Drilling and Turmalina Reserve Update*

- During the third quarter of 2015, 9,094 meters of exploration and definition drilling was conducted at both the Turmalina and Pilar mines, compared to 10,238 meters drilled in the corresponding 2014 period.
- On August 17, 2015, the Company announced the final set of exploration drill results from the 2015 exploration program at the Pilar Mine. These results include additional high-grade gold intercepts from the latest round of underground drilling. The most significant high-grade gold results from this drilling campaign include 13.74 grams per tonne Gold ("g/t Au") over 9.8 meters and 9.48 g/t Au over 11.15 meters.

### *Strategic review process*

During the first quarter of 2015, Jaguar announced that its board of directors (the "Board") formed a special committee ("Special Committee") to initiate a strategic review process to explore alternatives for the enhancement of shareholder value.

## 2015 Guidance compared to Actual Results

	2015 Guidance		Actual	
	Low	High	YTD 2015	Q3 2015
<b>Consolidated</b>				
Brazilian Reais vs US dollar foreign exchange rate	2.5	2.5	3.2	3.5
Gold production (ounces)	92,000	92,000	67,253	25,235
Average head grade (g/t)	3.30	3.75	3.52	3.90
Tonnes Processed	925,000	1,025,000	659,000	223,000
Recovery rate	89%	90%	90%	90%
Cash operating costs (per ounce produced) <sup>1</sup>	\$ 800	\$ 900	\$ 736	\$ 626
All-in sustaining costs (per ounce sold) <sup>1</sup>	\$ 1,100	\$ 1,200	\$ 1,113	\$ 970
Definition/delineation drilling	34,000	34,000	29,485	9,094
<b>Turmalina</b>				
Gold production (ounces)			36,210	13,994
Average head grade (g/t)	4.00	4.25	4.08	4.77
Tonnes Processed	475,000	525,000	306,000	101,000
Recovery rate	90%	91%	91%	91%
Cash operating costs (per ounce produced) <sup>1</sup>	\$ 640	\$ 700	\$ 592	\$ 497
All-in sustaining costs (per ounce sold) <sup>1</sup>	\$ 900	\$ 1,000	\$ 937	\$ 866
Definition/delineation drilling	25,000	25,000	18,843	8,374
<b>Caeté</b>				
Gold production (ounces)			31,043	11,241
Average head grade (g/t)	2.40	2.90	3.03	3.17
Tonnes Processed	450,000	500,000	353,000	122,000
Recovery rate	89%	90%	89%	89%
Cash operating costs (per ounce produced) <sup>1</sup>	\$ 1,075	\$ 1,175	\$ 903	\$ 785
All-in sustaining costs (per ounce sold) <sup>1</sup>	\$ 1,200	\$ 1,300	\$ 1,034	\$ 893
Definition/delineation drilling	9,000	9,000	10,642	720

<sup>1</sup> Cash operating costs and all-in sustaining costs are non-gaap financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the

## **BACKGROUND**

Jaguar is a gold producer focused on the operation and development of gold assets in Brazil. The Company has two operating units being Turmalina and Caeté. Jaguar also has one process facility and mine complex on care and maintenance (Paciência), along with the advanced Gurupi development project. The Company holds mineral rights over approximately 189,332 ha.

As a result of substantial capital investment, accumulated operating losses and accumulating unserviceable debt, in late 2013 the Company entered into a pre-negotiated plan of compromise with its bondholders, which included a \$50.0 million back-stopped financing and a Support Agreement. In conjunction with those agreements, the Company declared insolvency in December 2013 and on April 22, 2014, it emerged from insolvency with almost 83% of its debt eliminated, 9% restructured, a recapitalized balance sheet and a new executive team (refer to the section on Financial restructuring plan – CCAA proceedings).

The new executive team, appointed on April 22, 2014 being, Mr. George Bee, CEO and Mr. Derrick Weyrauch, CFO, joined Jaguar's board of directors in June 2013 to assist with the restructuring and turnaround of the Company. Mr. Weyrauch was the Chairman of the Company's Special Committees for Restructuring & Recapitalization and Legacy Issues. The executive team initially focused on gaining a deep understanding of the strengths, weaknesses and opportunities of the business, followed by defining measures that with proper execution could turn around and optimize the Company's operations.

Management believes there is excellent potential to decrease the operating cost profile of Jaguar in a reasonable timeframe; however, success is dependent on the prudent deployment of catch-up capital spending to advance drilling and development ahead of operations – a process that, is dependent on adequate financing. Management's belief is supported by confidence in the geological endowment of the Company's existing land positions surrounding its current mining operations.

The Company aims to leave behind a past where, by 2012 over \$672 million of funding was raised, approximately \$560 million was spent on property, plant and equipment and mineral rights, over 210,000 hectares of land was accumulated, while accumulated operating losses amounted to over \$150 million.

To change the fortunes of the Company, management's focus is on optimizing existing mining operations, by focusing on increasing the average ore grade mined and mining profitable ore rather than pushing the operations teams to fill underutilized processing capacity. Over time and through exploration of the under explored brownfield assets, management will focus on prudently increasing production, so that it can amortize fixed costs over a larger production base, and thereby reduce costs on a per ounce basis.

### **The Turmalina Complex**

Turmalina is the Company's flagship mining complex and produced approximately 48,000 ounces of gold in 2014 from an underground mine and process facility. Ideally, the mine would have extensive development and drilling ahead of current operations to give clear visibility for future mining. Historical financial constraints however, only allowed limited expenditures and thus limited visibility of ore zones ahead of mining and limited pre-developed resources. This has in the past led to difficulty in achieving forecasts as the lack of pre-developed resources meant absence of flexibility and delays in ore mining from one area could not be readily replaced from alternate areas. The overall focus in 2015 is to advance resource drilling well ahead of production and to get sufficient pre-developed resources ahead of mining to provide greater ore schedule flexibility.



### *Exploration and resource drilling*

A total of 6,855 meters of infill drilling was achieved at Turmalina during the third quarter of 2015. In addition to the above infill drilling, during the third quarter, a total of 4,292 meters of deep exploration drilling was carried out from the hanging wall situated on level eight to test the ore body A and B plunge continuities. Results of this drilling phase will be released once the analysis is complete, which is expected in the fourth quarter of 2015.

### *Mining*

Our current focus is to reduce costs in part by focusing on ore grade control, minimizing dilution and leaving behind non-profitable or marginal material. In previous years there has been an emphasis to maximize ore tonnage, at the detriment of grade. The focus on grade control, along with a number of mining and process initiatives is intended to lower cash operating costs per ounce and improve the overall operating performance. Some initiatives to reduce costs include decreasing the length of development needed from the primary ramp to access ore, postponing the mining of low grade narrow ore bodies that may require additional development, and extraction of high-grade ore by the selective removal of pillars.

A specialized development contractor arrived on site in August 2015 to accelerate the mining of both the C orebody ramp to surface and the lower A Orebody ramp to open up additional resources. This has allowed in-house development crews to advance the developed state of mining areas to improve flexibility in the mining program. The emphasis on advancing development will serve to give the mine greater certainty of meeting its goals.

In the third quarter of 2015, major rebuilds were executed for several pieces of the underground mining fleet. The jumbo drilling fleet needed particular attention due to low availability and high maintenance costs that lead to high unit costs per metre drilled. Two low availability jumbos that had high maintenance requirement were retired and replaced during Q3 2015 with a rented jumbo from Atlas Copco, which has already impacted positively on the jumbo availability and efficiency.

The Company has also rented two teletram 26 ton trucks from Atlas Copco starting August 2015, to replace 4 of the 5 Iveco surface trucks that are currently being used to haul development waste underground and deposit it near stopes for backfill. These teletram trucks are not only lower profile and designed for underground hauling, but also have a pusher plate that ejects the waste direct from the back, as compared to requiring more height to tip like the Ivecos trucks. This aspect is extremely important as the waste from the high speed development is increasing and the mine needs more areas to store this waste. The low height tipping capability allows the mine to use old drives that are of conventional height and use locations more convenient to the stopes that need filling.

The previous mining method of stopes separated by rib pillars meant that uncemented development waste was stowed in stopes as backfill, and that rib pillars tied up and sterilized reserves. A system for producing filter cake and then re-mixing to paste exists, but the distribution system is more suited for thickened tailings rather than paste.

With footwall drifts and primary and secondary stopes being opened below Level 8, there is now a need for cemented backfill in the primary stopes. Successful trials on surface indicate that we have the means for backfilling primary stopes with good quality cemented rockfill (CRF). Underground trials are planned for filling a primary stope in Q4 2015.

At the same time, surface trials have been carried out on using a low density paste that can be produced and distributed with only minor modifications to the existing system.

Because of the need to avoid hauling development waste to surface, then it is expected that CRF will be used to fill the bulk of the primary stopes with low density paste for stopes immediately below the sill pillar.

### *Processing*

Turmalina processing facility has three lines of grinding mills, only one of which (Mill #2) is operated for current production volumes of 1,140 tpd. A second mill is fully operational (Mill #1) and is able to process 570 tpd. The other mill is for backup when the mine has extra mill feed or when Mill #2 is shut down for maintenance.

### **The Caeté Complex**

The Caeté mining complex includes two underground mines, the Roça Grande mine ("RG") and the Pilar mine, in addition to the Caeté processing plant. The Pilar mine is located approximately 50 kilometers by road from the Caeté plant.

Ore from the Pilar mine is hauled to the Caeté plant. This is a significant cost and sustainable improvement in grades mined is required in order to make Pilar economically over the long-term viable at current gold prices. Pilar currently accounts for approximately 75% of the ore processed at the Caeté plant. The past financial position of the Company resulted in a lack of exploration ahead of operations. This situation will continue to result in lower than desired ore grade and higher production costs, until exploration reveals better grade areas ahead of mining and these areas are developed.

### *Exploration and resource drilling*

The geological setting at Pilar is believed to be excellent. The mine is hosted in the basal unit of the Nova Lima group and located only a few kilometers from Anglo Ashanti's São Bento and Córrego do Sítio mines that continue to be significant producing gold mines at depths significantly deeper than Pilar.

The focus at Pilar is to explore down dip beyond the current working levels and establish NI 43-101 compliant mineral resources and reserves, in part resulting from the 6,541 meters of drilling accomplished so far this year. The NI 43-101 Technical report is expected to be published during the first quarter of 2016. While exploration exploration and evaluation continue, developed ore is being mined and brownfield exploration conducted.

A summary of exploration results announced for Pilar during 2015 are as follows:

- On April 27, 2015, the Company announced multiple high-grade drill intercepts, including 18.22 grams per tonne Au ("g/t Gold") over 7.4 meters, 14.04 grams per tonne Au over 8.7 meters, 10.63 grams per tonne Au over 13.6 meters, 20.98 grams per tonne Au over 3.7 meters and 18.22 grams per tonne Au over 7.4 meters, including 27.19 grams per tonne Au over 4.3 meters.;
- On August 17, 2015, the Company announced the final set of exploration drill results from the 2015 exploration program at the Pilar Mine. These results include additional high-grade gold intercepts from the latest round of underground drilling. The most significant high-grade gold results from this drilling campaign include 13.74 grams per tonne Gold ("g/t Au") over 9.8 meters and 9.48 g/t Au over 11.15 meters.

Near mine exploration at Pilar is ongoing and is focused on one unexplored electromagnetic anomalies associated to expressive open pit old workings and a series of Induced Polarization anomalies located some 250 meters from existing workings. The anomaly appears to show a signature similar to that of São Bento and Pilar mines.

Mineral reserves and resources at the Roça Grande mine are currently under re-evaluation as part of the NI 43-101 Technical report that is planned for completion during the first quarter of 2016. Potential exists for continuity of gold deposition along both the hanging and footwall in the RG area additionally near-mine exploration is planned to focus on better grade areas observed through the newly interpreted geology maps. The lack of exploration undertaken to date creates opportunity to add resources and reserves through continued exploration

## *Mining*

Development at both Pilar and Roça Grande was suspended, towards the end of 2014, until a compelling reason can be found through exploration, to restart development. Capital expenditures during 2015 are minimal and mostly for capital repairs and rebuilds that are needed to sustain operations.

The Pilar mine provides 1,000 tonnes per day or two-thirds of the Caeté complex ore, while the RG mine provides 500 tonnes per day from the underground RG-1 deposit.

The average head grade processed at Caeté complex was 18% higher in the third quarter of 2015 (3.17 g/t) as compared to the same period of 2014 (2.68 g/t), as the result of discontinuing mining of ore below the marginal cut-off grade, that in the past had provided higher tonnage to the plant but had a diluting effect on the grade and profitability. There has been additional improvement in grade at Pilar by modifying the shape of the sub-level open stopes to minimize the inclusion of waste at the edge of the plunging ore-shoots. In previous months the initiatives to reduce dilution from overbreak have proven successful and there have been some gains from update of the geological model.

The RG mining activity has historically focused on surface exposures of gold deposits, mostly in the RG-2, RG-3, RG-6 and RG-7 outcrops. These outcrops, mined using open-pit mining techniques have had limited exploration, focusing solely on down-dip projection of gold mineralization. RG-2, RG-3 and RG-6 all sit in the hanging wall of the banded iron formation that runs through the area and is associated with gold mineral deposition. RG-1, however, sits on the footwall side of the iron formation and is the only deposit identified on this side of the iron formation and currently hosts all RG production.

At RG operations are evaluating more effective methods to mine the 1.0 to 2.0 meter wide veins without excessive dilution from what has been a frontal attack mechanised cut and fill mining method. A rescue mine method is currently under evaluation to improve head grades at the mill.

The Company is currently undertaking a study to assess the merits of continuing RG's mining operations beyond Q1 2016 and anticipates making a decision with regard to the future of RG prior to year end.

Indications from the exploration drilling, see results above, are that Pilar has good continuity and grade below present levels and has the potential to continue operations throughout and beyond 2016. Continuity of mining activities beyond 2016 will however will be predicated on additional exploration drilling and development being reinitiated in 2015. During the fourth quarter 2015, the Company is expected to make a decision with regard to the restart of development at Pilar.

## *Processing*

The Caeté plant gold recovery is approximately 89% utilizing gravity, flotation and Carbon-In-Leach (CIL) treatment of flotation concentrate. Optimization of the plant offers opportunities for both increased gold extraction and reduced unit processing costs. Avenues are being explored to better use the currently underutilized processing facility. The plant is in good operating condition and there is a plan in place to generate sufficient space for the storage of detoxified flotation concentrate tailings beyond mid-2016.

## **The Paciência Complex**

Paciência plant along with a workshop and office complex remain on care and maintenance. The well-built facilities with a plant capacity of 1,600 tonnes per day, remains functional. However, it is clear that, based on the defined resources, the underground mine cannot support a start-up of the facility at this time. To restart operations, exploration and development of the mines and mineral deposits that surround the facility, the Company would need to identify sufficient feed for a sustained operation.

Paciência has not been a focus of attention for management during 2015, nor is it anticipated to be a focus in 2016. Ultimately, the Company may startup, redeploy, sell, joint-venture or otherwise monetize the Paciência processing facility.

## **Gurupi - Development Project**

The Gurupi Project, wholly owned by the Company, is located in the State of Maranhão, Brazil, and comprises a total area of 131,332 hectares made of 32 mineral claims. During the third quarter of 2015 Jaguar continued desktop mine engineering and metallurgical studies to evaluate project implementation in progressive stages. These studies suggest that a small milling operation may be a more feasible development alternative, compared to the 15,000 tpd whole ore milling plan, as envisioned in the 2011 feasibility study by Technomine. Additional work is planned in order to finalize management's views.

Earlier in 2015 DNPM (National Department of Mineral Production) officially published information regarding 8 mineral rights belonging to Jaguar. The implication for the Company of the publication is that, Jaguar has three years to complete mineral exploration and to deliver a final exploration report to the DNPM. Failure to identify and report mineralization during this period would likely result in a loss of mineral rights. During the third quarter of 2015 Jaguar began the detailed planning for the resumption of limited mineral exploration in order help retain its mineral rights. The exploration program is planned to start in early 2016.

During the third quarter of 2015, Jaguar continued its interactions and engagement with stakeholders at Gurupi, including the Governor of Maranhão, senior national government officials and ministries. We believe discussions have been very positive and officials are supportive of advancing economic activity, including mining, in Maranhão. Meetings with INCRA (National Institute of Colonization and Agrarian Reform) in Maranhão are ongoing and are critical to resolve the land issues surrounding the project area.

## **Greenfield Exploration**

Jaguar acquired over 210,000 hectares of mineral rights in its history and currently holds approximately 185,712 hectares. New mining legislation in Brazil has been tabled and the outcome of any mining law reform is, as of yet, unknown. The Company intends to assess its holdings in due course, to establish the disposition plan of the assets in the context of any change to holding cost, which is currently minimal.

Apart from properties in relative close proximity to the existing mining operations, the only significant greenfield asset within the exploration portfolio is the Pedra Branca target where good grade surface expressions were identified by mapping and channel samples and have led to some 8,000 meters of exploration drilling to date. Again, due to prior financial constraints this prospect has remained dormant but offers opportunity for further exploration should funds be available.

## REVIEW OF OPERATING AND FINANCIAL RESULTS

### Selected Quarterly Financial Information<sup>1</sup>

(\$ thousands, except where indicated)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenues	\$ 28,126	\$ 22,820	\$ 28,747	\$ 25,766	\$ 29,015	\$ 30,481	\$ 31,100	\$ 28,461
Cost of sales (excluding depreciation) <sup>2</sup>	(17,892)	(16,808)	(20,133)	(23,508)	(22,312)	(23,274)	(21,337)	(22,073)
Gross margin (excluding depreciation) <sup>2</sup>	10,234	6,012	8,614	2,258	6,703	7,207	9,763	6,388
Net income (loss)	4,445	(4,383)	(12,946)	(90,530)	(9,491)	246,646	(15,755)	(166,472)
Cashflows from operating activities	3,670	1,638	12,177	(1,156)	(253)	(8,045)	2,609	(3,199)
Total assets	174,500	179,496	181,131	195,264	293,356	308,220	285,372	294,788
Total liabilities	83,949	94,077	91,648	93,676	101,325	107,522	394,954	388,347
Average realized gold price (per ounce) <sup>2</sup>	\$ 1,118	\$ 1,190	\$ 1,187	\$ 1,204	\$ 1,279	\$ 1,280	\$ 1,288	\$ 1,261
Cash operating cost per oz produced <sup>2</sup>	\$ 626	\$ 796	\$ 808	\$ 894	\$ 969	\$ 958	\$ 923	\$ 889

<sup>1</sup> Sum of all the quarters may not add up to the annual total due to rounding.

<sup>2</sup> Average realized gold price, gross margin (excluding depreciation) and cash operating costs are all non-gaap financial performance measures with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

### Revenue

(\$ thousands, except where indicated)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2015	2014	Change	2015	2014	Change
Revenue	\$ 28,126	\$ 29,015	(3%)	\$ 79,692	\$ 90,596	(12%)
Ounces sold	25,160	22,681	11%	68,572	70,864	(3%)
Average realized gold price <sup>1</sup>	\$ 1,118	\$ 1,279	(13%)	\$ 1,162	\$ 1,278	(9%)

<sup>1</sup> Average realized gold price is a non-gaap financial performance measure with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

The market price of gold is the primary driver of our profitability and our ability to generate free cash flow. During the three months ended September 30, 2015, the market price of gold (London PM Fix) traded in a range from \$1,081 to \$1,168 and averaged \$1,124 per ounce. The price of gold closed at \$1,114 per ounce on September 30, 2015, while the average price during the third quarter of 2015 reflected a \$158 per ounce or 12% reduction as compared to the average market price of \$1,282 per ounce for the third quarter of 2014.

Revenue for the third quarter and YTD 2015 was 3% and 12% lower, respectively, as compared to the same periods in 2014. The reduction in revenue was due to 13% reduction in gold price, which was partially offset by higher ounces produced and sold during the third quarter of 2015.

Average realized gold prices decreased by \$161 per ounce in the third quarter of 2015 compared to the same period of 2014, thereby reducing the revenue by approximately \$4.1 million for Q3 2015 compared to Q3 2014.

## Production

Jaguar Mining produces gold at its Turmalina and Caeté operations, while the Company's Paciência operation is on temporary care and maintenance. The Caeté plant processes ore from the two underground mines, Pilar and Roça Grande, while the Turmalina plant processes ore from the adjacent Turmalina mine.

A total of 223,000 tonnes was processed in the third quarter of 2015 (third quarter of 2014: 249,000 tonnes) at an average head grade of 3.90 grams per tonne (third quarter of 2014 – 3.13 grams per tonne), a 25% increase in average head grade compared to the same period in 2014. Total tonnes mined decreased in the third quarter of 2015 by 10%, compared to the same period in 2014, primarily due to increased focus on mining higher grade.

A total of 659,000 tonnes was processed during the nine months of 2015 (YTD 2014: 780,000 tonnes) at an average head grade of 3.52 grams per tonne (YTD 2014 – 3.04 grams per tonne), an increase of 16% compared to the same period of 2014.

### Consolidated Production

(\$ thousands, except where indicated)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2015	2014	Change	2015	2014	Change
Direct mining and processing cost	\$ 17,209	\$ 21,822	(21%)	\$ 52,584	\$ 66,657	(21%)
Mining	11,109	14,221	(22%)	33,170	42,603	(22%)
Processing	6,100	7,601	(20%)	19,414	24,054	(19%)
Royalties, production taxes and others	683	490	39%	2,249	266	745%
Royalty expense and CFEM taxes	747	773	(3%)	2,340	2,662	(12%)
NRV adjustment and others	(64)	(283)	(77%)	(91)	(2,396)	(96%)
<b>Total cash operating costs<sup>1</sup></b>	<b>\$ 17,892</b>	<b>\$ 22,312</b>	<b>(20%)</b>	<b>\$ 54,833</b>	<b>\$ 66,923</b>	<b>(18%)</b>
Depreciation	3,254	7,728	(58%)	12,891	23,743	(46%)
Total cost of sales	\$ 21,146	\$ 30,040	(30%)	\$ 67,724	\$ 90,666	(25%)
<b>Cash operating costs (per ounce produced)<sup>1</sup></b>	<b>\$ 626</b>	<b>\$ 969</b>	<b>(35%)</b>	<b>\$ 736</b>	<b>\$ 954</b>	<b>(23%)</b>

<sup>1</sup> Cash operating costs is a non-gaap financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

### Consolidated Quarterly Production

Cash-operating-costs per ounce of gold produced during the third quarter of 2015 were at \$626 compared to \$969 during the third quarter of 2014, a decrease of \$343 per ounce or 35%. The per ounce cash operating cost decrease was due to an improvement in the average head grade by 25% or \$152 per ounce, and favorable foreign exchange movements as a result of 56% devaluation of the Brazilian Reais (average exchange rate: Q3 2015: R\$3.54 per US\$ compared to Q3 2014: R\$2.27 per US\$) which had an impact of \$337 per ounce.

This decreases in cash operating costs per ounces above were partially offset by certain cost increases of \$146 per ounce, mainly due to higher corrective maintenance for mining equipment (\$55 per ounce), and all mine-site fixed overheads allocated to mining activity at Caeté due to suspension of primary development at Pilar and RG (\$91 per ounce).

## Turmalina Mine Complex

The primary mining method utilized at the Turmalina underground mine is sublevel open stoping with unconsolidated backfill. Ore produced at the Turmalina mine is transported to the adjacent 3,000 tonnes per day CIL processing plant. The Turmalina plant consists of three ball mills of which currently only one is operating at 1,200 tonnes per day.

## Turmalina Quarterly Production

(\$ thousands, except where indicated)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Tonnes of ore processed ('000)	101,000	94,000	111,000	117,000	107,000	107,000	111,000	114,000
Average head grade (g/t) <sup>1</sup>	4.77	3.91	3.59	3.60	3.69	4.14	3.24	3.13
Average recovery rate (%)	91%	90%	90%	90%	91%	91%	88%	89%
Gold (ozs)								
Produced	13,994	10,420	11,796	12,067	11,336	13,190	11,374	10,451
Sold	13,485	9,610	13,196	11,243	11,710	13,481	11,513	10,850
Cash operating cost (per oz produced) <sup>2</sup>	\$ 497	\$ 656	\$ 649	\$ 656	\$ 750	\$ 696	\$ 857	\$ 822
Cash operating cost (per ton) <sup>2</sup>	\$ 69	\$ 73	\$ 69	\$ 68	\$ 79	\$ 86	\$ 88	\$ 75

<sup>1</sup>The 'average head grade' represents the recalculated head-grade milled.

<sup>2</sup> Cash operating costs is a non-gaap financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

During the third quarter of 2015, Turmalina produced 13,994 ounces of gold compared to 11,336 ounces in the corresponding 2014 period, an increase of 23% or 2,658 ounces. Turmalina processed 101,000 tonnes (third quarter of 2014: 107,000 tonnes) at an average head grade of 4.77 grams per tonne (third quarter of 2014 - 3.69 grams per tonne), an increase of 1.08 grams per tonne or 29%.

The cash operating costs per ounce produced for the third quarter of 2015 decreased by 34% or \$253 per ounce as compared to the same period in prior year, primarily due to higher grade which had an impact of \$147 per ounce, and favorable foreign exchange movements as a result of 56% devaluation of the Brazilian Reals (average exchange rate: Q3 2015: R\$3.54 per US\$ compared to Q3 2014: R\$2.27 per US\$) which had an impact of \$226 per ounce. This decrease was offset by certain preventive maintenance cost increases of \$155 per ounce.

## Turmalina Sustaining Capital

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Sustaining Capital <sup>1</sup>				
Primary development	\$ 1,995	\$ 2,147	\$ 3,692	\$ 5,118
Exploration - Brownfield	131	71	422	185
Minesite sustaining	9	2,148	1,325	2,215
<b>Total sustaining capital<sup>1</sup></b>	<b>2,135</b>	<b>4,366</b>	<b>5,439</b>	<b>7,518</b>
<b>Total non-sustaining capital<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163</b>
<b>Total capital expenditures</b>	<b>\$ 2,135</b>	<b>\$ 4,366</b>	<b>\$ 5,439</b>	<b>\$ 7,681</b>

<sup>1</sup>Sustaining and non-sustaining capital are non-gaap financial measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A. Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

Primary development at the Turmalina mine totaled 1,061 meters for the third quarter of 2015, compared to 770 meters in the comparable 2014 period. On a per meter basis, this led to a 14% decrease in the unit cost to \$2,396 per meter from \$2,788 per meter in the comparable 2014 period.

## Caeté Mine Complex

The Caeté mining complex has two underground mines (Roça Grande and Pilar). Roça Grande exclusively uses the mechanized horizontal cut and fill mining method, while Pilar primarily uses sublevel open stoping with backfill. Ore produced from these mines is transported to the 2,200 tonnes per day gravity, flotation and CIL treatment of flotation concentrate processing plant adjacent to the Roça Grande mine, a total distance of approximately 50 kilometers by paved road from the Pilar mine.

### Caeté Quarterly Production

(\$ thousands, except where indicated)	Three months ended							
	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Caeté - Tonnes of ore processed (t)	<b>122,000</b>	116,000	115,000	141,000	<b>142,000</b>	156,000	157,000	144,000
Caeté - Average head grade (g/t) <sup>1</sup>	<b>3.17</b>	3.00	3.16	2.57	<b>2.71</b>	2.40	2.65	2.82
Average recovery rate (%)	<b>89%</b>	90%	89%	88%	<b>88%</b>	88%	88%	88%
Gold (ozs)								
Produced	<b>11,241</b>	10,262	9,540	10,389	<b>11,038</b>	10,677	11,985	11,505
Sold	<b>11,674</b>	9,574	11,032	10,157	<b>10,971</b>	10,521	12,668	11,653
Cash operating cost (per oz produced) <sup>2</sup>	<b>\$ 785</b>	\$ 937	\$ 1,005	\$ 1,170	<b>\$ 1,194</b>	\$ 1,281	\$ 986	\$ 950
Cash operating cost (per ton) <sup>2</sup>	<b>\$ 72</b>	\$ 83	\$ 83	\$ 86	<b>\$ 93</b>	\$ 88	\$ 75	\$ 76

<sup>1</sup>The 'average head grade' represents the recalculated head-grade milled.

<sup>2</sup> Cash operating costs is a non-gaap financial performance measure with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

During the third quarter of 2015, Caeté produced 11,241 ounces of gold compared to 11,038 in the corresponding 2014 period. Also during the quarter, Caeté processed 122,000 tonnes (third quarter of 2014: 142,000 tonnes) at an average head grade of 3.17 grams per tonne (third quarter of 2014: 2.71 grams per tonne), an increase of 17% in the average head grade.

Cash operating costs decreased \$409 per ounce or 34% in the third quarter of 2015 to \$785 per ounce as compared to \$1,194 per ounce for the same period in 2014, mainly due to higher average grades processed, which had an impact of \$134 per ounce, and favorable foreign exchange movements as a result of 56% devaluation of the Brazilian Reais (average exchange rate: Q3 2015: R\$3.54 per US\$ compared to Q3 2014: R\$2.27 per US\$) which had an impact of \$409 per ounce. This decrease was offset by certain preventive maintenance cost increases of \$138 per ounce.

### Caeté Sustaining Capital

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Sustaining Capital <sup>1</sup>				
Primary development	<b>\$ 187</b>	\$ 1,552	<b>\$ 577</b>	\$ 5,343
Exploration - Brownfield	<b>595</b>	449	<b>2,057</b>	1,049
Minesite sustaining	<b>135</b>	976	<b>254</b>	2,274
<b>Total sustaining capital<sup>1</sup></b>	<b>917</b>	2,977	<b>2,888</b>	8,666
<b>Total non-sustaining capital<sup>1</sup></b>	-	-	-	-
<b>Total capital expenditures</b>	<b>\$ 917</b>	\$ 2,977	<b>\$ 2,888</b>	\$ 8,666

<sup>1</sup>Sustaining and non-sustaining capital are non-gaap financial measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A. Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.



Primary development at Roça Grande and Pilar remained as substantially suspended during the first half of 2015. Minor development activity was carried out in the third quarter of 2015, primarily to support exploration drilling. During the third quarter of 2015, 720 meters of definition and brownfield drilling was conducted at the Pilar mine in the resource area.

## Operating expenses

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Exploration and evaluation costs	\$ 18	\$ 96	(81%)	\$ 96	\$ 217	(56%)
Care & maintenance costs (Paciência mine)	238	510	(53%)	813	1,636	(50%)
Stock-based compensation	84	479	(82%)	448	1,224	(63%)
General and administration expenses	3,120	3,488	(11%)	8,468	10,561	(20%)
Restructuring costs	-	340	(100%)	-	10,306	(100%)
Amortization	18	266	(93%)	499	804	(38%)
Changes to legal provisions and Recoverable VAT	965	(3,142)	(131%)	9,811	4,582	114%
Other expenses	418	927	(55%)	1,773	3,679	(52%)
<b>Total operating expenses</b>	<b>\$ 4,861</b>	<b>\$ 2,964</b>	<b>64%</b>	<b>\$ 21,908</b>	<b>\$ 33,009</b>	<b>(34%)</b>

## Care & maintenance Costs – Paciência mine

Paciência mining complex continued on care and maintenance during the third quarter of 2015. No gold has been produced since the third quarter of 2012 when the mine was put on care and maintenance. No underground development or drilling work was carried out by the Company at Paciência mine during the third quarter of 2015. The Complex has been secured and the facilities are preserved and patrolled. A limited maintenance staff periodically turns the mills and equipment to maintain the plant in working order.

## General and administrative expenses

The 'General and Administration' (G&A) expenses, exclude mine-site administrative costs which are charged directly to operations and include legal, accounting, costs to maintain offices and personnel in Belo Horizonte, Brazil and Toronto, Canada and other costs associated with being a publicly-traded company.

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Special committee fees and costs	\$ 458	\$ -	100%	\$ 833	\$ -	100%
Director's fees	62	87	(29%)	228	206	11%
Audit related and insurance	210	403	(48%)	769	1,342	(43%)
Corporate office (Toronto)	754	605	25%	2,231	2,447	(9%)
Belo Horizonte office	1,636	2,393	(32%)	4,407	6,566	(33%)
<b>Total G&amp;A expenses</b>	<b>\$ 3,120</b>	<b>\$ 3,488</b>	<b>(11%)</b>	<b>\$ 8,468</b>	<b>\$ 10,561</b>	<b>(20%)</b>

For the third quarter of 2015, the total G&A expenses (Toronto and Belo Horizonte offices) were 11% lower as compared to the same period in 2014. Head office costs in Belo Horizonte were 32% lower in the third quarter of 2015, as compared to the same period in 2014.

For the nine months ended September 30, 2015, the total costs incurred related to the special committee amounted to approximately \$833,000.

Total G&A expenses were 20% lower at \$8.5 million for the nine months ended September 30 2015, compared to \$10.6 million for the comparable 2014 period, which was due to headcount cost reductions as part of the ongoing organizational restructuring, lower spending in US dollars due to devaluation of Brazilian Reais and the general cost cutting measures adopted by management.

## Restructuring costs

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Restructuring costs	\$ -	\$ 340	(100%)	\$ -	\$ 10,306	(100%)

No restructuring costs were incurred during the third quarter of 2015. Restructuring costs in 2014 were primarily related to fees for the capitalization and financing under the CCAA Plan, mainly legal fees, financial consulting expenses and severance costs.

## Changes to legal and recoverable taxes provisions

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Changes to legal provisions	\$ 1,390	\$ 848	64%	\$ 9,590	\$ 3,808	152%
Changes to recoverable taxes provision	(425)	(3,990)	(89%)	221	774	(71%)
<b>Changes to legal and recoverable taxes provisions</b>	<b>\$ 965</b>	<b>\$ (3,142)</b>	<b>(131%)</b>	<b>\$ 9,811</b>	<b>\$ 4,582</b>	<b>114%</b>

### Legal Provisions

As at September 30, 2015, the Company is a defendant in approximately 472 outstanding legal labour claims. For the third quarter of 2015, the Company recorded a net incremental legal provision for \$1.4 million (third quarter of 2014: \$0.8 million) representing management's best estimate of expenditures required to settle existing claims. The ultimate outcome or actual cost of settlement may vary materially from management estimates.

### Recoverable Taxes Provision

Certain taxes paid in Brazil on consumables and property, plant and equipment generate tax credits through various mechanisms. The Company is currently working on several initiatives to ensure optimum utilization of those tax credits, which includes assessment of the tax credits for offset against taxes otherwise payable and restitution in cash.

A valuation provision for recoverable taxes is prepared on a quarterly basis. The calculation takes into account various factors including the limited methods to recover such taxes, the length of time it will take to recover such taxes and the estimated operating tenure of the Company. Any provision reduces the net carrying value of recoverable taxes to their estimated present value based on the manner and timing of expected recovery, discounted at Brazilian Selic rate as at the quarter end.

In 2014, the Company initiated procedures in respect of recovery of its Federal VAT ('Value Added Tax') input tax credits with respect to the years 2009 to 2011. As a result of these efforts, during the first quarter of 2015, the Company obtained a VAT cash refund of R\$16.7 million (approximately \$6.0 million). In the second quarter of 2015, the Company received an additional cash refund of R\$4.0 million (approximately US\$1.3 million). The movement in the provision for recoverable taxes during the third quarter and nine months of 2015 considers these refunds and possibility of additional refunds, offsets of certain income taxes payable and the impact of changes in the discount rate.

In 2014, the Company also filed an administrative application to certify tax credits in relation to ICMS (Imposto sobre circulação de mercadorias e prestação de serviços) in the amount of approximately R\$14 million (\$3.5 million) which, upon certification, may be freely used to offset future ICMS taxes owed for equipment and assets purchases, where those items are manufactured in the state of Minas Gerais.

As at September 30, 2015, gross recoverable taxes (which are primarily denominated in Brazilian Reais) and also include Canadian HST recoverable of \$1.2 million, amounted to \$22.2 million (September 30, 2014 - \$57.9 million). Also as at September 30, 2015, the provision for recoverable taxes was approximately \$6.0 million (September 30, 2014 - \$29.4 million). Consequently, the book value of recoverable taxes as at September 30, 2015 was \$16.2 million (September 30, 2014 - \$28.5 million).

## Non-operating expenses

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Foreign exchange loss (gain)	\$ (6,654)	\$ 2,186	(404%)	\$ (6,870)	\$ 86	(8088%)
Financial instruments loss (gain)	-	(287)	(100%)	(38)	(265,862)	100%
Finance costs	(492)	1,551	(132%)	1,691	8,755	(81%)
Other non-operating expenses (recoveries)	25	(198)	(113%)	(16)	(461)	(97%)
<b>Non Operating expenses (income)</b>	<b>\$ (7,121)</b>	<b>\$ 3,252</b>	<b>(319%)</b>	<b>\$ (5,233)</b>	<b>\$ (257,482)</b>	<b>(98%)</b>

During the third quarter of 2015, finance costs primarily represent interest on debt, amortization of discount and transaction costs on debt and accretion expense. The decrease in interest expense and amortization of borrowing costs for the third quarter and nine months ended September 30, 2015 compared to the same periods in 2014 is due to the implementation of the CCAA plan and the overall reduction of the debt, and the reversal of accretion due to change in the Brazilian discount rate as a result of devaluation of the Brazilian Reais.

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	Change	2015	2014	Change
Interest expense	\$ 606	\$ 1,119	(46%)	\$ 2,078	\$ 7,424	(72%)
Accretion	(1,098)	432	(354%)	(387)	1,331	(129%)
<b>Total finance cost</b>	<b>\$ (492)</b>	<b>\$ 1,551</b>	<b>(132%)</b>	<b>\$ 1,691</b>	<b>\$ 8,755</b>	<b>(81%)</b>

## TAXES

### Brazilian taxes

Brazilian tax regulation involves three jurisdictions and tax collection levels: the Federal, State and Municipal levels. The main taxes levied are: corporate income tax with companies generally subject to income tax at a rate of 25% and social contribution tax on the net profit at a current rate of 9%. There are several government incentives for start-up projects in Brazil, such as subsidized loan financing and tax exemptions or reductions, which vary according to the characteristics and location of each project. International investors have equal access to these incentives along with local investors.

## Government royalty

A federal 1% royalty, *Compensação Financeira pela Exploração de Recursos Minerais* (“CFEM”), is levied on gold production. The rate is calculated on the gross gold sale proceeds less refining charges and insurance, as well as any applicable sales taxes.

## Income and deferred taxes expenses

(\$ thousands)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2015	2014	Change	2015	2014	Change
Current income tax expense	\$ 252	\$ 321	(21%)	\$ 937	\$ 1,652	(43%)
Deferred income tax expense	4,543	1,929	136%	7,240	1,358	433%
<b>Income tax expense</b>	<b>\$ 4,795</b>	<b>\$ 2,250</b>	<b>113%</b>	<b>\$ 8,177</b>	<b>\$ 3,010</b>	<b>172%</b>

The income tax expense of \$4.8 million for the third quarter of 2015 primarily relates to the deferred tax impact of the strengthening of the US dollar and by a current income tax expense in MTL. The current tax liability of \$3.0 million and a non-current tax liability of \$7.7 million as at September 30, 2015 was net off against the recoverable tax balance. The balance sheet reflects a deferred income tax liability of \$12.8 million as at September 30, 2015 (December 31, 2014 - \$8.3 million).

The income tax provision is subject to a number of factors, including the allocation of income between different countries, different tax rates in various jurisdictions, the non-recognition of tax assets, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments. Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors as discussed above, it is expected that the Company’s effective tax rate will fluctuate in future periods.

## REVIEW OF FINANCIAL CONDITION

### Senior Secured Credit Agreement with Global Resource Fund

Total debt outstanding as at September 30, 2015 was \$21.1 million (of which \$8.4 million was the senior secured facility with Renvest “Global Resource Fund”), compared to \$31.0 million as at December 31, 2014. As per the terms of the senior secured credit agreement, the Company was obligated to make three monthly payments of \$1 million each, accumulating to \$3.0 million principal for the third quarter of 2015. The Company did not make the scheduled principal payments, but did pay all accrued interest on the respective due dates. Subsequent to September 30, 2015, the Company completed a financing whereby proceeds were in part used to fully repay the Renvest indebtedness – see Convertible Senior Secured Debentures.

### Convertible Senior Secured Debentures

On October 27, 2015, the Company closed an over-subscribed financing of convertible senior secured debentures. The Company raised aggregate gross proceeds of US\$21.5 million, of which approximately US\$8.4 million were paid to Renvest to transfer its interest in its credit facility and security interest with the Corporation to the investors in the financing, which facility was amended and restated under the indenture governing the debentures.

The Company plans to use the remainder of the net proceeds of the financing of approximately \$11.2 million, after paying the legal and closing costs, for general corporate purposes and to advance asset optimization plans in conjunction with the Company’s ongoing development and production activities.

### Liquidity and cash flow

The Company’s financial statements were prepared on a going concern basis (see Note 2 to the condensed interim consolidated financial statements), 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 considers that the near term economic outlook presents challenges in terms of commodity prices. Whilst the Company has instituted measures to preserve cash, improve operations and has obtained additional financing, the volatility in the commodity prices and the ensuing circumstances create uncertainties over future results and cash flows. The Company had a working capital deficiency of \$30.5 million as at September 30, 2015. As at September 30, 2015, the Company had cash and cash equivalents of \$2.9 million compared to cash and gold bullion of \$9.0 million as at December 31, 2014.

	September 30, 2015	December 31, 2014
Cash and cash equivalents	\$ 2,889	\$ 7,161
Gold bullion	-	1,801
Cash and gold bullion	\$ 2,889	\$ 8,962
Non-cash working capital		
Other current assets	23,722	31,263
Current liabilities	(57,082)	(63,466)
Working capital deficiency	\$ (30,471)	\$ (23,241)

The use of funds during the third quarter of 2015 is explained below.

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
<b>Operating inflows (outflows)</b>	\$ 3,670	\$ (253)	\$ 17,485	\$ (5,377)
<b>Financing activities</b>				
Share issuance	\$ -	\$ -	\$ -	\$ 50,000
Net change in debt	(1,051)	(3,527)	(7,451)	(14,127)
Interest paid	(432)	(1,083)	(1,705)	(3,921)
Other	(10)	(3)	(22)	122
Total financing inflows (outflows)	\$ (1,493)	\$ (4,613)	\$ (9,178)	\$ 32,074
<b>Investing activities</b>				
Capital expenditures on equipment and brownfield exploration	(4,352)	(7,481)	(12,929)	(17,040)
Mineral exploration projects	(130)	(118)	(367)	(526)
Purchase of property, plant and equipment	(4,222)	(7,363)	(12,562)	(16,514)
Net proceeds from asset sales	78	208	119	464
Total investing outflows	(4,274)	(7,273)	(12,810)	(16,576)
Effect of exchange rate	210	(71)	231	(32)
Increase/(decrease) in cash and equivalents	\$ (1,887)	\$ (12,210)	\$ (4,272)	\$ 10,089

The improvement of \$3.9 million in operating cash flow for the third quarter of 2015 compared to the same period in 2014 is mainly due to lower costs due to improved grade, lower tonnage and benefit of decline in the value of Brazilian Reais as compared to the US dollar.

The decrease in investing activities for the third quarter of 2015 compared to the same period in 2014 is primarily due to suspension of primary development at Pilar and Roça Grande and lower equipment capital spending to preserve cash.

A brief summary of capital spending is outlined below:

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
<b>Sustaining Capital<sup>1</sup></b>				
Primary development	\$ 2,182	\$ 3,718	\$ 4,269	\$ 10,761
Exploration - Brownfield	726	520	2,479	1,234
Minesite sustaining				
Engineering	19	310	24	622
Equipment	125	2,813	1,555	3,867
<b>Total sustaining capital</b>	<b>3,052</b>	<b>7,361</b>	<b>8,327</b>	<b>16,484</b>
<b>Non-sustaining Capital (including Capital Projects)<sup>1</sup></b>				
Gurupi	141	116	242	374
Others	3	4	8	182
<b>Total non-sustaining capital<sup>1</sup></b>	<b>144</b>	<b>120</b>	<b>250</b>	<b>556</b>
<b>Total capital expenditures</b>	<b>\$ 3,196</b>	<b>\$ 7,481</b>	<b>\$ 8,577</b>	<b>\$ 17,040</b>

<sup>1</sup>Sustaining and non-sustaining capital are non-gaap financial measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A. Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

## Contractual Obligations and Commitments

The Company's contractual obligations as at September 30, 2015 are summarized as follows:

As at September 30, 2015 (\$ thousands, except where indicated)	Less than 1 year <sup>1</sup>		1 - 3 years	3 - 5 years	More than 5 years	Total
<b>Financial Liabilities</b>						
Notes payable						
Principal	22,653	1,000	1,000	-	-	24,653
Bank indebtedness	13,753	-	-	-	-	13,753
Vale Note	500	1,000	1,000	-	-	2,500
Rinvest credit facility	8,400	-	-	-	-	8,400
Interest	578	-	-	-	-	578
Total financial liabilities	\$ 23,231	\$ 1,000	\$ 1,000	\$ -	-	\$ 25,231
<b>Other Commitments</b>						
Operating lease agreements	\$ 172	\$ 30	\$ -	\$ -	-	\$ 202
Suppliers' agreements <sup>2,3</sup>	627	-	-	-	-	627
Other provisions and liabilities	18,640	-	-	-	-	18,640
Reclamation provisions <sup>4</sup>	2,405	9,781	880	8,386	-	21,452
Total other commitments	\$ 21,844	\$ 9,811	\$ 880	\$ 8,386	-	\$ 40,921
<b>Total</b>	<b>\$ 45,075</b>	<b>\$ 10,811</b>	<b>\$ 1,880</b>	<b>\$ 8,386</b>	<b>\$ -</b>	<b>\$ 66,152</b>

<sup>1</sup> Represents the obligations and commitments for the remainder of the year.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

## Derivative financial instruments – Hedging

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.

As at September 30, 2015, the Company had the following outstanding gold forward contracts:

Settlement Date	Ounces Hedged	Average US\$ per ounce	Spot price on September 30, 2015	Unrealized gain
December 31, 2015	10,593	\$ 1,227	\$ 1,114	\$ 1,202

The Company enters into gold forward contracts to hedge against the risk of a declining US dollar denominated gold prices for a portion of its forecasted gold sales. The Company closely monitors the changes in gold price and, as deemed appropriate, may enter into gold forward contracts with the aim of minimizing the impact of adverse changes to the US dollar denominated price of gold.

Forward exchange contracts are derivative financial instruments and are used for risk management purposes and not for generating trading profits. The Company closely monitors exchange rates and, as deemed appropriate, may enter into

forward currency contracts (to the extent that credit facilities are available) with the aim of minimizing the impact of adverse changes of the R\$ and US\$ relationship. As at September 30, 2015, the Company did not have any outstanding forward foreign exchange contracts.

To the extent that derivative instruments are in assets or unrealized gain position, the Company is exposed to credit-related losses in the event of non-performance by its financial counterparties to the derivative financial instruments, but does not expect these counterparties to fail to meet their obligations.

Hedge accounting is applied to cash flow hedges that qualify under the hedging requirements of IAS 39 Financial Instruments: Recognition and Measurement (“IAS39”). Under hedge accounting, derivative instruments are recorded on the statement of financial position at fair value. The effective portion of any gain or loss on the hedging instrument, net of any tax effects, is recognized in other comprehensive income (“OCI”) and recycled into earnings when the hedge item affects earnings. The ineffective portion is reported as an unrealized gain (loss) on derivatives contracts in the statements of operations and comprehensive loss.

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

## **FINANCIAL RESTRUCTURING PLAN– CCAA PROCEEDINGS**

On November 13, 2013, the Company and its subsidiaries entered into a support agreement (as amended, the “Support Agreement”) with holders (the “Noteholders”) of approximately 81% of its \$165.0 million 4.5% Senior Unsecured Convertible Notes due November 1, 2014 (“4.5% Convertible Notes”) and 82% of its \$103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (together with the 4.5% Convertible Notes, the “Notes” – see Note 9) to effect a recapitalization and financing transaction that would eliminate approximately \$268.5 million of the Company’s outstanding indebtedness by exchanging the Notes for common shares of Jaguar and inject approximately \$50.0 million into the Company by way of a backstopped share offering (the “Share Offering”) by the Noteholders pursuant to a backstop agreement dated November 13, 2013 (as amended, the “Backstop Agreement”) between the Company, its subsidiaries and certain Noteholders. Additional Noteholders signed consent agreements to the Support Agreement such that as of November 26, 2013, holders of approximately 93% of the Notes had signed the Support Agreement or a consent agreement thereto.

On December 23, 2013, the Company filed for creditor protection (the “CCAA Proceedings”) under the Companies’ Creditors Arrangement Act (Canada) (the “CCAA”) in the Ontario Superior Court of Justice (Commercial List) (the “Court”). The CCAA Proceedings were commenced in order to implement a recapitalization transaction as contemplated in the Support Agreement through a plan of compromise and arrangement (as amended, supplemented or restated from time to time, the “CCAA Plan”). The Court granted an Initial Order, Claims Procedure Order and Meeting Order, each dated December 23, 2013.

The Claims Procedure Order provided for, among other things, the establishment of a claims procedure for the identification, quantification and determination of certain claims against the Company. Pursuant to the Meeting Order, Jaguar was authorized to call a meeting (the “Meeting”) of Affected Unsecured Creditors (as defined in the CCAA Plan) to consider and, if deemed advisable, to pass a resolution approving the CCAA Plan. The Meeting was held on January 31, 2014 and the CCAA Plan was approved by 100% of the Affected Unsecured Creditors that voted, in person or by proxy, at the Meeting. Following the Meeting, Jaguar obtained an order from the Court on February 6, 2014 sanctioning the CCAA Plan.

Thereafter, on April 22, 2014, the Company successfully implemented the CCAA Plan. Based on the CCAA Plan a series of steps leading to an overall capital reorganization of Jaguar were implemented. These steps included:

- The common shares of the Company issued and outstanding immediately prior to the implementation of the CCAA Plan were consolidated at a ratio of one (1) post-consolidation common share for each 86.39636 pre-consolidation common shares (the “Consolidation”);



- The Noteholders and certain other Affected Unsecured Creditors of the Company with proven claims received their pro-rata share of 14,000,000 common shares of the Company in exchange for their Notes and in satisfaction of their claims, respectively, and Noteholders who signed the Support Agreement, or a consent agreement thereto, as of November 26, 2013, received their pro rata share of an additional 5,000,000 common shares of the Company in exchange for their Notes. Pursuant to the CCAA Plan, the Notes (and the indentures under which such Notes were issued) have been irrevocably and finally cancelled and all unsecured claims of certain affected unsecured creditors of the Company are fully and finally released;
- Noteholders who participated in the Share Offering purchased up to their pro rata share of 70,955,797 common shares of the Company (collectively, the “Offering Shares”) and such Noteholders received their pro-rata share of 9,044,203 common shares of the Company (the “Accrued Interest Offering Shares”) in exchange for their Notes;
- Noteholders who backstopped the Share Offering pursuant to the Backstop Agreement purchased their pro-rata share (based on their backstop commitments) of the Offering Shares not subscribed for under the Share Offering and received their pro rata share of an additional 11,111,111 common shares of the Company (the “Backstopped Commitment Shares”) in exchange for their Notes.

The gain on debt extinguishment resulting from implementing the CCAA Plan is summarized as follows:

Extinguishment of principal portion of the Notes	\$	268,500
Extinguishment of interest accrued on the Notes		10,454
Fair value of 19,000,000 common shares issued in exchange for extinguishment of the Notes		(13,388)
<b>Gain on debt extinguishment</b>	<b>\$</b>	<b>265,566</b>

In connection with the CCAA Plan, the Company negotiated amendments to certain terms of the Renvest Credit Facility (as defined in Note 9(b) of the condensed interim consolidated financial statements for the period ended September 30, 2015). The Facility amendments provide among other things the following key changes:

- the maturity date of the Facility was extended to December 31, 2015 from July 25, 2014;
- mandatory repayments of \$1.0 million of principal amount plus accrued and unpaid interest shall be made each month from and including July 2014 to and including November 2015, with the balance of all outstanding obligations to be repaid on December 31, 2015;
- the Lender shall have a right to convert up to \$5.0 million of the outstanding obligations under the Facility into equity at a specified conversion price (subject to certain anti-dilution protections); and
- existing breaches, defaults and events of default under the Facility were waived by the Lender.

In connection with the above amendments, the Company agreed to repay immediately to the Lender \$10.0 million on account of the outstanding obligations under the Facility and the Lender waived its rights under the Facility to receive any portion of the net proceeds of the Share Offering, with the exception of the agreed upon \$10.0 million repayment described above. The capital structure of the Company as at September 30, 2015 is outlined below:

All amounts in US\$ millions, except number of common shares	<b>As at September 30, 2015</b>	
Bank Indebtedness	\$	13.8
Renvest Facility		8.4
Vale Note		1.9
<b>Total Debt</b>	<b>\$</b>	<b>24.1</b>
Less: Cash and Cash Equivalents		(2.9)
<b>Total Net Debt<sup>1</sup></b>	<b>\$</b>	<b>21.2</b>
Number of Common Shares Outstanding		111.1 million

<sup>1</sup> Net debt is a Non-IFRS Performance Measure and is defined as total indebtedness excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. Net debt provides a measure of indebtedness in excess of the current cash available. We reduce gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt.

## Health and Safety

During the third quarter of 2015, the Lost Time Incidents ('LTIs') decreased to zero as compared to three incidents during the same period in 2014. For each incident, management identifies the likely causes and develops remediation plans to prevent future recurrences. The overall LTI frequency rate is calculated as number of lost-time injuries per million hours worked. The number of injuries without lost time in the third quarter of 2015 has decreased to 9 compared to 13 in third quarter of 2014.

The main elements of Jaguar's Loss Control Management ('LCM') system already in place are based on checking of procedures, facilities and equipment, human behavior and response to accidental scenarios. Jaguar H&S team is assessing a consulting proposal for an update on the current Loss Prevention Program aimed at refreshing its workforce with regard safe behavior culture and at reinforcing the role and the importance of leadership responsibility within the program.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet investment or debt arrangements.

## Related-Party Transactions

The Company incurred legal fees from Azevedo Sette Advogados ("ASA"), a law firm whose partner is Luis Miraglia, a director of Jaguar. Fees paid to ASA are recorded at the exchange amount – being the amount agreed to by the parties and included in administration expenses in the statements of operations and comprehensive loss – and amount to \$10,000 and \$49,000 for the three and nine months ended September 30, 2015, respectively (\$16,000 and \$38,000 for the three and nine months ended September 30, 2014, respectively).

The Company also incurred legal fees from Goodmans LLP ("Goodmans"), a law firm where Robert Chadwick, a director of Jaguar is a partner. Fees paid to Goodmans are recorded at the exchange amount – being the amount agreed to by the parties and included in administration expenses in the statements of operations and comprehensive loss – and amount to \$9,000 and \$11,000 for the three and nine months ended September 30, 2015, respectively (\$92,000 for the three and nine months ended September 30, 2014).

## LITIGATION AND CONTINGENCIES

### Labour Practices

Brazilian labour law is a complex system of statutes and regulations, which in general has a favourable approach to employees of the company. As such, corporate labour compliance is a key success factor in Brazilian-based operations to minimize the impact of labour claims. The Company has historically not been in full compliance of labour regulations nor did it have the proper procedures in place to support labour claims defences, which led to the bulk of the litigation contingencies recorded.

In March 2013, Management retained external counsel to review the Company's labour practices in Brazil to determine areas of improvement. As a result, management received a report which identified 48 labour law violations in the Company's legacy human resource practices capable of generating financial liability. Management has been tracking these 48 violations and has since implemented changes in procedures to eliminate those issues going forward and made significant progress during 2014 and 2015, in addressing the deficiencies. The Company's human resource and legal departments continues to monitor the implementation of actions to remediate the legacy deficiencies.

## Labour Lawsuits

As at September 30, 2015, there were 472 employee-initiated lawsuits active against the Company, largely related to wages. Based on management's assessment of the likelihood of loss related to 378 lawsuits, the Company has recorded approximately \$17.3 million as legal contingencies as at September 30, 2015.

During Q3 2015, 25 lawsuits were initiated, while 17 were settled, the company paid approximately \$200,000 in appeal deposits, spent approximately \$150,000 paying settlements instalments and spent \$200,000 with respect to final decisions.

## Litigation with Former Directors and Officers

On July 30, 2013, Daniel R. Titcomb ("Titcomb"), the Company's former President and Chief Executive Officer, and a group of former officers, a former Director and a former related party (Brazilian Resources Inc. - "BZI", a company of which Titcomb is a Director) ("Plaintiffs"), filed a complaint (the "Complaint") in New Hampshire against the Company and selected current and former directors (the "Named Directors") of the Company. Among other items, the Complaint alleges wrongful termination of Titcomb on December 6, 2011 and mismanagement of the strategic review process regarding the possible change of control of Jaguar which ended May 8, 2012.

On November 21, 2013, the Company and the named directors filed motions to dismiss various aspects of the Complaint on a number of grounds (the "Motions to Dismiss").

On December 27, 2013, the Plaintiffs filed a motion to (i) stay the Complaint until the Ontario Superior Court of Justice (Commercial List) lifts the stay in the CCAA proceeding or the CCAA proceeding is concluded; and (ii) stay and suspend the deadline for the Plaintiffs to respond to the Motions to Dismiss. The Company and the Named Directors did not object to this motion. An order granting the requested stay was issued by the U.S. District Court for the District of New Hampshire on December 30, 2013.

On February 5, 2014, the Company entered into an agreement with the plaintiffs providing, among other things, that upon implementation of the CCAA Plan, the plaintiffs shall have no right to, and shall not, make any claim or seek any recoveries under the Complaint, other than enforcing such Plaintiffs' rights, if any, to be paid from the proceeds of an enumerated company or director and officer insurance policy by the applicable insurers. The Company agreed that, upon implementation of the CCAA Plan and if requested by the plaintiffs in the Complaint, it would withdraw its counterclaims against the plaintiffs in the Complaint.

On April 22, 2014, the CCAA Plan was implemented, thereby giving effect to the February 5, 2014 agreement between the Company and the Plaintiffs. The Plaintiffs have not at this time requested that the Company withdraw its counterclaims against them.

On August 15, 2014, Titcomb filed an amended complaint against the Company and the former directors named in the original suit in the federal court in New Hampshire. That claim was intended to be limited to Titcomb's employment claims, but Titcomb also included aspects of the claims relating to the strategic review process. The Company will move to dismiss those additional claims. On September 30, 2014, the Company filed an amended answer for the Company and the directors. This claim was intended to be dropped, which it was, as at the date of filing. No discovery has been taken in that action as of this date. Trial before the District Court was scheduled for July 2016 but has been stayed pending resolution of the issues of insurance coverage. The Company has been informed that the Plaintiffs filed a Notice of Action with the Ontario Superior Court of Justice (Commercial List) on May 7, 2014. The Notice of Action is subject to the terms of the February 5, 2014 agreement and the CCAA Plan. The Complaint in the Canadian action was served in late 2014. No accrual has been recorded with respect to the Complaint or the Notice of Action.

## **MSOL vs. Brazilian Resources, Inc.**

BZI failed to pay to the Company on December 31, 2012 and December 31, 2013, an amount of \$197,872 for each year, totaling the amount of \$395,744 by way of a note payable. The Company is pursuing redress through court action in Brazil and had a lien on real estate in Concord, New Hampshire to ensure the protection of its interests against BZI. Subsequent to the year end, after the sale of the above mentioned real estate, an amount was deposited in an escrow account with the Company's law firm for release upon definition of the outcome of the claim.

BZI also has yet to pay approximately \$198,000 in respect of a Brazilian labour court settlement. By way of background, in 2008, a Brazilian labour claim settlement for R\$378,108 was awarded against a BZI subsidiary in Brazil known as BW Mineração Ltda. ("BZI BW"). As BZI BW failed to pay the court ordered claim and the Brazilian labour court considered MSOL, MTL and BZI BW, to be an economic group, and MSOL and MTL had funds taken directly from their Brazilian bank accounts by the court to settle the R\$378,108 claim on BZI BW's behalf. BZI subsequently agreed to repay the amount awarded by the court to MSOL and MTL. The BZI liability is denominated in Brazilian Reais in the amount of 378,108, bears interest at U.S. LIBOR payable quarterly. No payment of interest, accrued interest or principal has been made to date, nor has BZI confirmed a date when it intends to pay its debt outstanding. The Company is pursuing court action in the Merrimack Superior Court of New Hampshire, USA, to obtain repayment in full.

Subsequent to September 30, 2015, the Company settled both law suits with BZI and received proceeds of \$200,000 plus accrued interest.

## **Environmental Issues**

Jaguar's operations are subject to environmental regulation in Brazil. The Company has not been in full compliance with all environmental laws and regulations or held, or been in full compliance with, all required environmental and health and safety permits at all times. The Company is currently subject to a number of reclamation and remediation liabilities and may have civil or criminal fines or penalties imposed for alleged violations of applicable laws or regulations in Brazil. The Company has implemented and prioritized control structures and monitoring programs to address environmental non-compliance, and a reclamation plan for its mining/project sites is being prepared.

The environmental team was restructured in the last quarter of 2014, including hiring experts in the areas of hydrogeology, environmental liabilities and environmental licensing. The new team has begun a process of identifying critical aspects of compliance and assessing costs to address unconformities. Management's plan is to resume reclamation activities and remediate violations in 2015.

## **RISKS AND UNCERTAINTIES**

The business of Jaguar involves significant risk due to the nature of mining, exploration, and development activities. Certain risk factors are related to the mining industry in general while others are specific to Jaguar. The Company's exposure to risks and other uncertainties are particularly described in the Company's Annual Information Form for the period ended December 31, 2014. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

## **DEVELOPMENT AND EXPLORATION**

### **Gurupi Project**

The Gurupi Development Project, is located in the State of Maranhão, Brazil, and comprises a total area of 131,332. Jaguar received the Preliminary License ("LP") in June 2011. After the LP was granted, Jaguar completed part of the detailed

engineering required to obtain the Installation License (“LI”). In January 2012, Jaguar received the LI, which authorizes the construction of Gurupi’s processing plant. On November 20, 2013, Jaguar became aware that the Public Prosecutor in Brazil filed a lawsuit against MCT aiming at suspending the environmental licenses based on a number of unsupported allegations. In the preliminary decision, the judge decided to: (i) suspend the environmental licenses granted to MCT, (ii) prohibit any construction at the gold beneficiation plant, and (iii) stop any kind of negotiation with settlers without the participation of INCRA. MCT has not been served yet with the formal notice relating to the judge’s decision. The Company has retained the services of a legal firm to vigorously defend the case.

The Company continues to perform low cost investigations and studies including metallurgical test work and mine planning work to evaluate all options focusing on development alternatives that might lower the projected capital expenditure and diminishing the time of development of the Gurupi Project.

## **Pedra Branca Project**

The Pedra Branca Project is located in the State of Ceará in northeastern Brazil and is currently comprised of 18 exploration licenses, totaling 30,976 hectares covering a 38-kilometer section of a regional shear zone. Final exploration reports and a PEA (Preliminary Economic Analysis) have been delivered to DNPM for three of these licenses. The concessions are located in and around municipal areas with good infrastructure. The mineralized structures are open along strike with potential for significant gold mineralization.

Further work on the Pedra Branca Project, has been delayed as the Company focuses its efforts on the operating projects, Turmalina and Caeté operations. Consequently, the Company made only those expenditures required to maintain the claims and land tenure in good standing.

The Pedra Branca Project is 100% owned by Jaguar. Based on the acquisition agreement of the project entered into with Glencore Xstrata plc. (“Glencore”), Glencore holds rights to a Net Smelter Royalty of one percent (1%) on future gold production and rights of first refusal on any Base Metal Dominant Deposit (as defined in the amendment) discovered, which if exercised, would allow Glencore to hold 70% of equity in a newly formed legal entity to hold such rights upon payment of three hundred percent (300%) of the Company’s exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

## **Turmalina - Zona Basal Project**

During 2013, the Company completed the final exploration report on the southeastern portion of the Zona Basal target, located 3 kilometers west of the Turmalina plant facility and filed it with the DNPM. The Company has subsequently applied for the mining permit.

## **Palmital and Bocaina**

The Company has applied for permits for iron minerals in its Palmital and Bocaina gold exploration permits, located 26 km from Itabirito, state of Minas Gerais, Brazil. Jaguar has filed a communication to DNPM declaring the existence of a mineral deposit containing iron, on its gold exploration permits in the Bocaina and Palmital areas, located at approximately 130 meters from the gate to the Corporation’s Palmital gold mine, now under care and maintenance. The access to the area is the same as to the Palmital gold mine.

Jaguar applied for a *Guia de Utilização* (a mining authorization) with DNPM in April 2014, and a LOP (*Licença de Operação para Pesquisa* or Exploration License) with SUPRAM (*Superintendência de Regularização Ambiental de Minas Gerais*), the state environmental agency in July 2014. Based on the initial exploration activities conducted to date, a talus type of iron minerals deposit, containing hematite, itabirite, and quartz fragments, cemented by limonite, goethite and other iron and clay minerals, has been mapped and surveyed by Jaguar.

## QUALIFIED PERSON

Scientific and technical information contained in this MD&A has been reviewed and approved by Marcos Dias Alvim, BSc Geo., MAusIMM (CP), Project Development Manager, who is an employee of Jaguar Mining Inc., and is a 'qualified person' as defined by National Instrument 43-101- Standards of Disclosure for Mineral Projects ("NI 43-101").

## OUTSTANDING SHARE DATA

	As at Nov 24, 2015
Issued and outstanding common shares	111,136,038
Stock options	2,279,735
Deferred Shares Units	1,500,566
Finder's warrants	6,607,833
Convertible debentures	188,795,223
<b>Total</b>	<b>310,319,395</b>

## NON-IFRS PERFORMANCE MEASURES

The Company has included the following non-IFRS performance measures: cash operating margin per ounce of gold produced, cash operating cost per tonne of ore processed, and cash operating cost per ounce of gold produced, all-in costs per ounce of gold sold and earnings before tax, depreciation and amortization (“EBITDA”) in this document. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. More specifically, management believes that these figures are a useful indicator to investors and management of a mine’s performance as they provide: (i) a measure of the mine’s cash margin per ounce, by comparison of the cash operating costs per ounce to the price of gold; (ii) the trend in costs as the mine matures; and (iii) an internal benchmark of performance to allow for comparison against other mines. The definitions of these performance measures and reconciliation of the non-IFRS measures to reported IFRS measures are as follows:

### Reconciliation of cash operating costs per ounce sold, all-in sustaining costs, all-in costs per ounce sold

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Cost of production (per statement of operations)	\$ 17,892	\$ 22,312	\$ 54,833	\$ 66,923
General & Administration Expenses	3,120	3,488	8,468	10,561
Corporate stock-based compensation	84	479	448	1,224
Sustaining capital expenditures <sup>1</sup>	4,213	7,361	12,540	16,484
All-in sustaining cash costs	25,309	33,640	76,289	95,192
Reclamation - accretion (operating sites)	(896)	257	53	663
<b>All-in sustaining costs<sup>1,2</sup></b>	<b>\$ 24,413</b>	<b>\$ 33,897</b>	<b>\$ 76,342</b>	<b>\$ 95,855</b>
Non-sustaining capital expenditures <sup>1</sup>	139	120	389	556
Exploration and evaluation costs (greenfield)	18	96	96	217
Reclamation - accretion (non-operating sites)	7	175	193	668
Care and maintenance (non-operating sites)	238	510	813	1,636
<b>All-in costs<sup>1,2</sup></b>	<b>\$ 24,815</b>	<b>\$ 34,798</b>	<b>\$ 77,833</b>	<b>\$ 98,932</b>
Ounces of gold sold	25,160	22,681	68,572	70,864
<b>Cash operating costs per ounce sold<sup>1</sup></b>	<b>\$ 711</b>	<b>\$ 984</b>	<b>\$ 800</b>	<b>\$ 944</b>
<b>All-in sustaining cost per ounce sold<sup>1</sup></b>	<b>\$ 970</b>	<b>\$ 1,494</b>	<b>\$ 1,113</b>	<b>\$ 1,353</b>
<b>All-in cost per ounce sold<sup>1</sup></b>	<b>\$ 986</b>	<b>\$ 1,534</b>	<b>\$ 1,135</b>	<b>\$ 1,396</b>

<sup>1</sup> Cash operating costs, all-in sustaining costs and all-in costs are all non-gaap financial performance measures with no standard definition under IFRS. Result may not calculate due to rounding.

<sup>2</sup>Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

## Cash operating costs per ounce sold, all-in sustaining costs (by mine)

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
<b>Turmalina</b>				
Cost of production	\$ 7,917	\$ 9,391	\$ 24,804	\$ 30,451
Sustaining capital expenditures	3,765	4,366	9,204	7,518
<b>All-in sustaining costs<sup>1</sup></b>	<b>\$ 11,682</b>	<b>\$ 13,757</b>	<b>\$ 34,008</b>	<b>\$ 37,969</b>
Ounces of gold sold	13,485	13,481	36,291	24,994
<b>Cash operating costs per ounce sold<sup>1</sup></b>	<b>\$ 587</b>	<b>\$ 697</b>	<b>\$ 683</b>	<b>\$ 1,218</b>
<b>All-in sustaining cost per ounce sold<sup>1</sup></b>	<b>\$ 866</b>	<b>\$ 1,020</b>	<b>\$ 937</b>	<b>\$ 1,519</b>
<b>Caeté Complex</b>				
Cost of production	\$ 9,975	\$ 12,921	\$ 30,030	\$ 36,472
Sustaining capital expenditures	448	2,977	3,336	8,666
<b>All-in sustaining costs<sup>1</sup></b>	<b>\$ 10,423</b>	<b>\$ 15,898</b>	<b>\$ 33,366</b>	<b>\$ 45,138</b>
Ounces of gold sold	11,674	10,521	32,280	23,189
<b>Cash operating costs per ounce sold<sup>1</sup></b>	<b>\$ 854</b>	<b>\$ 1,228</b>	<b>\$ 930</b>	<b>\$ 1,573</b>
<b>All-in sustaining cost per ounce sold<sup>1,2</sup></b>	<b>\$ 893</b>	<b>\$ 1,511</b>	<b>\$ 1,034</b>	<b>\$ 1,947</b>

<sup>1</sup> Cash operating costs and all-in sustaining costs are all non-gaap financial performance measures with no standard definition under IFRS. Results of individual mines may not add up to the consolidated numbers due to rounding.

<sup>2</sup> The AISC calculation by mine site does not include all allocation of Corporate (Toronto and Belo Office G&A).

## Reconciliation of Net Income (Loss) to EBITDA

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income (loss)	\$ 4,445	\$ (9,491)	\$ (12,884)	\$ 221,393
Income tax expense	4,795	2,250	8,177	3,010
Finance costs	(492)	1,551	1,691	8,755
Depreciation and Amortization	3,272	7,994	13,390	24,547
<b>EBITDA</b>	<b>\$ 12,020</b>	<b>\$ 2,304</b>	<b>\$ 10,374</b>	<b>\$ 257,705</b>
Changes to legal provisions and Recoverable VAT	965	(3,142)	9,811	4,582
Foreign exchanges losses (gains)	(6,654)	2,186	(6,870)	86
Stock based compensation	84	479	448	1,224
Net Realizable Value Adjustment	-	(214)	32	(2,190)
Financial instruments gain	-	(287)	(38)	(265,862)
<b>Adjusted EBITDA</b>	<b>\$ 6,415</b>	<b>\$ 1,326</b>	<b>\$ 13,757</b>	<b>\$ (4,455)</b>

<sup>1</sup> This is a non-gaap financial performance measures with no standard definition under IFRS.



## Calculation of cash operating cost per ounce produced

(\$ thousands, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<b>Consolidated</b>				
Production costs per income statement	\$ 17,892	\$ 22,312	\$ 54,833	\$ 66,923
Royalty and CFEM	(747)	(773)	(2,340)	(2,662)
Others Adjustments	64	283	91	2,396
Change in inventory	(1,423)	(142)	(3,117)	(257)
Operational cost of gold produced	\$ 15,786	\$ 21,680	\$ 49,467	\$ 66,400
Gold produced (ounces)	25,235	22,374	67,253	69,601
<b>Cash operating costs (per ounce produced)</b>	<b>\$ 626</b>	<b>\$ 969</b>	<b>\$ 736</b>	<b>\$ 954</b>
<b>Turmalina Plant</b>				
Production costs per income statement	\$ 7,917	\$ 9,391	\$ 24,804	\$ 30,451
Royalty and CFEM	(575)	(587)	(1,838)	(2,064)
Others Adjustments	9	-	52	(493)
Change in inventory	(389)	(308)	(1,582)	(466)
Operational cost of gold produced	\$ 6,962	\$ 8,496	\$ 21,436	\$ 27,428
Gold produced (ounces)	13,994	11,336	36,210	35,901
<b>Cash operating costs (per ounce produced)</b>	<b>\$ 497</b>	<b>\$ 749</b>	<b>\$ 592</b>	<b>\$ 764</b>
<b>Caeté Plant</b>				
Production costs per income statement	\$ 9,975	\$ 12,921	\$ 30,030	\$ 36,472
Royalty and CFEM	(172)	(186)	(502)	(598)
Others Adjustments	55	283	39	2,889
Change in inventory	(1,034)	166	(1,535)	209
Operational cost of gold produced	\$ 8,824	\$ 13,184	\$ 28,032	\$ 38,972
Gold produced (ounces)	11,241	11,038	31,043	33,700
<b>Cash operating costs (per ounce produced)</b>	<b>\$ 785</b>	<b>\$ 1,194</b>	<b>\$ 903</b>	<b>\$ 1,156</b>

<sup>1</sup> Cash operating costs, all-in sustaining costs and all-in costs are all non-gaap financial performance measures with no standard definition under IFRS.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as those related to the assessment of recoverability of the carrying amount of property, plant, and equipment and mineral exploration projects, valuation of recoverable taxes, deferred tax assets and liabilities, reclamation provisions, derivatives, liabilities associated with certain long-term incentive plans, measurement of inventory, provisions for legal actions and contingencies and disclosure of contingent assets and liabilities depend on subjective or complex judgments about matters that may be uncertain. Changes in these estimates could materially impact the Company's condensed interim consolidated financial statements.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The accounting policies applied in the interim consolidated financial statements as at September 30, 2015 are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2014. 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 9 Financial Instruments - 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 financial instruments has not yet been determined.
- IFRS 15 Revenue from Contracts with Customers was issued by IASB in May 2014. It specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. The impact of IFRS 15 on the Company's condensed interim consolidated financial statements has not yet been determined.

## GLOSSARY OF TERMS

**DEVELOPMENT:** Work carried out for the purposes of opening up a mineral deposit. In an underground mine this includes shaft sinking, crosscutting, drifting and raising.

**DILUTION:** The effect of waste or low-grade ore which is unavoidably included in the mined ore, lowering the recovered grade.

**DRILLING:**

**Core:** drilling with a hollow bit with a diamond cutting rim to produce a cylindrical core that is used for geological study and assays. This is used in mineral exploration.

**In-fill/definition:** method of drilling intervals between existing holes used to provide greater geological detail and to establish reserves estimates.

**EXPLORATION:** Prospecting, sampling, mapping, diamond-drilling and other work in search of a new ore body.

**GRADE:** The amount of metal in each tonne of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for most other metals.

*Cut-off grade:* the minimum metal grade at which an ore body can be economically mined (used in the calculation of ore reserves).

*Mill-head grade:* metal content of mined ore going into a mill for processing.

*Average head grade:* adjusted mill-head grade i.e. actual metal content of ore determined after final processing.

**MILL:** a processing facility where ore is finely ground and undergoes physical or chemical treatment to extract valuable metals.

**ORE:** Rock containing metallic or non-metallic minerals which can be processed for recovery.

**RECOVERY RATE:** A term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore. It is generally stated as a percentage of the material recovered compared to the total material originally present.

**TAILINGS:** The material that remains after all economic recoverable metals have been removed from the ore during processing.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting (as such term is defined under rules adopted by the U.S. Securities Exchange Commission and National Instrument 52-109 as issued by the Canadian Securities Administrator). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes during the quarter ended September 30, 2015 that, in management's view, would have materially affected, or that are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company's management has attested to its internal controls over financial reporting for the quarter ended September 30, 2015.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute “Forward-Looking Statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities legislation. These Forward-Looking Statements include, but are not limited to, statements concerning the Company’s future objectives, Measured and Indicated Mineral Resources, Proven and Probable Mineral reserves, their average grade, the commencement period of production, cash operating costs per ounce and completion dates of feasibility studies, gold production and sales targets, capital expenditure costs, future profitability and growth in mineral reserves. Forward-Looking Statements can be identified by the use of words such as, “are expected”, “is forecast”, “is targeted”, “approximately” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Forward-Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward-Looking Statements.

These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating gold prices and monetary exchange rates, the possibility of project delays and cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, uncertainties related to production rates, timing of production and the cash and total costs of production, changes in applicable laws including laws related to mining development, environmental protection, and the protection of the health and safety of mine workers, the availability of labour and equipment, the possibility of civil insurrection, labour strikes and work stoppages and changes in general economic conditions. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the Forward-Looking Statements, there may be other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

These Forward-Looking Statements represent the Company’s views as of the date of this MD&A. The Company anticipates that subsequent events and developments may cause the Company’s views to change. The Company does not undertake to update any Forward-Looking Statements, either written or oral, that may be made from time to time by, or on behalf of the Company, subsequent to the date of this discussion, other than as required by law. For a discussion of important factors affecting the Company, including fluctuations in the price of gold and exchange rates, uncertainty in the calculation of mineral resources, competition, uncertainty concerning geological conditions and governmental regulations and assumptions underlying the Company’s Forward-Looking Statements, see “CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS” and “RISK FACTORS” in the Company’s Annual Information Form for the year ended December 31, 2014, filed on SEDAR and available at [www.sedar.com](http://www.sedar.com). Further information about the Company is available on its corporate website at [www.jaguarmining.com](http://www.jaguarmining.com).

## CAUTIONARY NOTE TO U.S. INVESTORS

The disclosure in this MD&A and documents incorporated by reference has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws.

Unless otherwise indicated, all mineral reserves and mineral resources estimates included in this MD&A have been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”) and the CIM classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators (“CSA”) that establishes standards for all public disclosure a Canadian issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the Securities and Exchange Commission (the “SEC”), and mineral reserve and mineral resource information contained in this Annual Information Form may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, this Annual Information Form uses the terms “Measured Mineral Resources,” “Indicated Mineral Resources” and “Inferred Mineral Resources.” U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under U.S. standards, mineralization may not be classified as a “Mineral

Reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the mineral reserve determination is made. U.S. investors are cautioned not to assume that any part of the “Measured Mineral Resource” or “Indicated Mineral Resource” will ever be converted into a “Mineral Reserve.” U.S. investors should also understand that “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of “Inferred Mineral Resources” exist, are economically or legally mineable or will ever be upgraded to a higher category. Under Canadian securities laws, estimated “Inferred Mineral Resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Disclosure of “contained ounces” in a Mineral Resource is also permitted disclosure under Canadian securities laws. However, the SEC normally only permits issuers to report mineralization that does not constitute “Mineral Reserves” by SEC standards as in-place tonnage and grade, without reference to unit measures. The requirements of NI 43-101 for identification of “Mineral Reserves” are also not the same as those of the SEC, and Mineral Reserves reported in compliance with NI 43-101 may not qualify as “Mineral Reserves” under SEC standards. Accordingly, information concerning mineral deposits set forth may not be comparable with information made public by companies that report in accordance with U.S. standards.

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Richard D. Falconer<sup>(1)(3)</sup> *Chairman*  
George M. Bee  
Edward V. Reeser<sup>(1)(2)(3)(4)</sup>  
Luis R. Miraglia<sup>(2)(4)</sup>  
Stephen Hope<sup>(1)(2)(4)</sup>  
Jared Hardner<sup>(3)</sup>  
Rodney Lamond

- (1) *Audit & Risk Committee*
- (2) *Governance, Compensation and Nominating Committee*
- (3) *Safety, Environmental, Technical & Reserves Committee*
- (4) *Special Committee*

### OFFICERS AND SENIOR MANAGEMENT

George M. Bee  
Chief Executive Officer

Derrick H. Weyrauch  
Chief Financial Officer

Jim Healy  
Executive Vice President, Development

Ubiratã Oliveira  
Executive Vice President, Operations

Hashim Ahmed  
Vice President, Controller

Cintia Zanellato  
Corporate Secretary and General Counsel

### PRINCIPAL EXECUTIVE OFFICE

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Fax: (647) 494-8885  
Website: [www.jaguarmining.com](http://www.jaguarmining.com)

### ADMINISTRATIVE OFFICES

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CEP 30140-170 - Belo Horizonte  
Brazil

### REGISTERED OFFICE

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### AUDITORS

KPMG LLP  
Toronto, ON, Canada

### LEGAL COUNSEL

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Toronto, ON, Canada

Azevedo Sette Advogados  
Belo Horizonte, MG, Brazil

### BANKS

HSBC  
Toronto, ON, Canada

### STOCK TRANSFER AGENT

Computershare Investor Services Inc.  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, ON M5J 2Y1  
Canada  
Phone: 1 (800) 564-6253  
Fax: 1 (866) 249-7775  
Email: [service@computershare.com](mailto:service@computershare.com)

### EXCHANGE LISTING

TSX-V: "JAG"