



MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE SECOND QUARTER ENDED
JUNE 30, 2017**

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MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER ENDED JUNE 30, 2017

This Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the condensed interim consolidated financial statements for the three and six months ended June 30, 2017 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). 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). 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 properties, 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 C\$ are to Canadian dollars and R\$ are to Brazilian Reals. This report is dated as at August 9, 2017.

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
YTD 2017	January 1, 2017 – June 30, 2017	YTD 2016	January 1, 2016 – June 30, 2016
Q1 2017	January 1, 2017 – March 31, 2017	Q1 2016	January 1, 2016 – March 31, 2016
Q2 2017	April 1, 2017 – June 30, 2017	Q2 2016	April 1, 2016 – June 30, 2016

OUR BUSINESS

Jaguar Mining Inc. is a Canadian-listed junior gold mining, development, and exploration company operating in Brazil with three gold mining complexes, and a large land package with significant upside exploration potential. The Company’s principal operating assets are located in the state of Minas Gerais and include the Turmalina Gold Mine Complex (“MTL”) and Caeté Gold Mine Complex (“MSOL”) which combined produce more than 95,000 ounces of gold annually. The Company also owns the Paciência Gold Mine Complex, which has been on care and maintenance since 2012.

Led by a proven and experienced senior management team in Brazil, our operating philosophy focuses on creating excellent shareholder value through the execution of a safe and sustainable operating plan, prudent cost management practices, generating free cash flow, and increasing Mineral Reserves and Resources through exploration growth projects.

We benefit from the exploration and development of the Company’s existing brownfield land package and from mineral concessions comprising approximately 26,000 hectares, proximal to current operations, 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. In addition, more than 131,000 hectares of mineral concessions in the State of Maranhão, where the Company’s Gurupi Project is located, and approximately 35,000 hectares in the State of Ceará, where the Company’s Pedra Branca Project is located, provide significant future upside potential. On October 4, 2016, the Company announced that it has entered into an earn-in agreement with Avanco Resources Limited (“Avanco”), pursuant to which Avanco may earn up to a 100% interest in the Gurupi Project. The Company may consider the acquisition, exploration, development, and operation of other gold properties.

Q2 2017 FINANCIAL & OPERATING SUMMARY

(\$ thousands, except where indicated)	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Financial Data				
Revenue	\$ 23,352	\$ 29,996	\$ 52,544	\$ 56,660
Operating costs	15,990	17,887	37,498	35,466
Depreciation	4,796	8,389	11,372	16,091
Gross profit	2,566	3,720	3,674	5,103
Gross profit (excluding depreciation) ¹	7,362	12,109	15,046	21,194
Loss on change in fair value of notes payable	-	25,189	-	45,944
Net loss	(3,323)	(26,866)	(11,200)	(41,867)
Per share ("EPS")	(0.01)	(0.24)	(0.04)	(0.38)
EBITDA ¹	3,709	(18,044)	4,452	(23,904)
Adjusted EBITDA ^{1,2}	3,712	8,859	7,923	14,075
Adjusted EBITDA per share ¹	0.01	0.08	0.03	0.13
Cash operating costs (per ounce sold) ¹	857	758	895	750
All-in sustaining costs (per ounce sold) ¹	1,262	1,203	1,296	1,134
Average realized gold price (per ounce) ¹	1,266	1,251	1,237	1,209
Cash generated from operating activities	216	10,435	2,071	19,961
Adjusted operating cash flow ¹	4,391	8,575	8,553	12,014
Free cash flow ¹	(5,156)	2,570	(9,333)	6,130
Free cash flow (per ounce sold) ¹	(279)	107	(220)	131
Sustaining capital expenditures ¹	4,577	7,865	10,609	12,876
Non-sustaining capital expenditures ¹	1,390	1,245	2,263	1,629
Total capital expenditures	5,966	9,110	12,872	14,505

¹ Average realized gold price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, adjusted operating cash flow, free cash flow, EBITDA and adjusted EBITDA, adjusted EBITDA per share, and gross profit (excluding depreciation) are non-IFRS financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Operating Data				
Gold produced (ounces)	19,769	24,222	42,061	45,419
Gold sold (ounces)	18,453	23,970	42,487	46,851
Primary development (metres)	824	1,857	1,734	3,018
Secondary development (metres)	989	1,317	2,370	2,363
Definition, infill, and exploration drilling (metres)	11,069	9,486	22,933	21,377

Financial Summary

Revenue, Operating Costs, Gross Profit, Net Income (Loss), and Adjusted EBITDA

- Gold ounces sold for the three and six months ended June 30, 2017 was 18,453 ounces and 42,487 ounces, respectively, compared with 23,970 ounces and 46,851 ounces sold for the comparative 2016 periods.
- Revenue for Q2 2017 decreased 22% to \$23.4 million, compared with \$30.0 million in Q2 2016, due to 23% lower ounces sold.
- Operating costs for Q2 2017 decreased 11% to \$16.0 million, compared with \$17.9 million in Q2 2016.
- Gross profit for the three and six months ended June 30, 2017 was \$2.6 million and \$3.7 million, respectively, compared to \$3.7 million and \$5.1 million for Q2 2016 and YTD 2016, respectively.
- Net loss for the three and six months ended June 30, 2017 was \$3.3 million and \$11.2 million, respectively, compared to net losses of \$26.9 million and \$41.9 million for the comparative 2016 periods.
- Adjusted EBITDA for Q2 2017 was \$3.7 million compared to \$8.9 million for Q2 2016, while adjusted EBITDA for the first half of 2017 was \$7.9 million compared to \$14.1 million in the first half of 2016.

Cash Operating Costs, All-In-Sustaining Costs ("AISC"), Capital Expenditures, and Adjusted Operating Cash Flow

- Cash operating costs increased 13% to \$857 per ounce of gold sold for Q2 2017, compared to \$758 per ounce sold during Q2 2016, as 13% lower operating costs did not offset the 23% decrease in ounces sold and the 8% strengthening of the Brazilian Real. Cash operating costs have decreased 7% in Q2 2017 compared to \$924 per ounce sold in Q1 2017.
- AISC increased 5% to \$1,262 per ounce of gold sold in Q2 2017, compared to \$1,203 per ounce sold during Q2 2016, largely as a result of lower production and the strengthening of the Brazilian Real. AISC improved 5% in Q2 2017 compared to \$1,323 per ounces sold in Q1 2017.
- In Q2 2017, sustaining capital expenditures totaled \$4.6 million and focused on primary development and exploration drilling, compared to \$9.1 million in Q2 2016.
- Operating cash flow was \$0.2 million for Q2 2017, compared to \$10.4 million in Q2 2016. Adjusted operating cash flow was \$4.4 million in Q2 2017 and \$8.6 million for YTD 2017 based on operating cash flow adjusted for changes in working capital, compared to \$8.6 million and \$12.0 million for the comparative 2016 periods.
- Free cash flow was negative \$5.2 million for Q2 2017 based on operating cash flow less total capital expenditures, compared to \$2.6 million in Q2 2016. Free cash flow was negative \$279 per ounce sold in Q2 2017 compared to \$107 per ounce sold in Q2 2016.

Foreign Exchange

- The average exchange rate during Q2 2017 strengthened 8% to R\$3.22 Brazilian Reals per US dollar compared to R\$3.51 per US dollar in Q2 2016. The closing exchange rate as at June 30, 2017 was R\$3.31 per US dollar compared to R\$3.26 per US dollar as at December 31, 2016. For every R\$0.20 movement in the Brazilian Real against the US dollar, the impact on the US dollar cash operating costs is approximately \$50 per ounce.

Cash Position, Working Capital, Sprott Facility, and Private Placement

- As at June 30, 2017, the Company had a cash position of \$20.7 million, compared to \$26.3 million as at December 31, 2016, due to lower production in the first half of the year, with continued accelerated exploration expenditures, and approximately \$4.1 million in principal and interest repayments towards debt facilities.
- Working capital was \$9.6 million as at June 30, 2017 compared to \$11.3 million as at December 31, 2016. Working capital is net of \$8.8 million in loans from Brazilian banks which are renewed every six months, and are expected to continue to be rolled forward.
- On June 9, 2017, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for an additional tranche of the Sprott Facility totaling \$5.0 million ("Tranche 2"). Tranche 2 of the Sprott Facility is payable over a term of 36 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5%, plus the greater of US dollar LIBOR and 1.25% per annum. In consideration for providing the financing commitment, the Company has issued an aggregate of 375,000 common shares of Jaguar to Sprott Lending.
- On June 15, 2017, the Company closed a non-brokered private placement financing whereby it issued 17,624,728 common shares of the Company at a price of C\$0.44 per common share for gross proceeds of \$5.8 million, net of transaction costs of \$51,000.

Operational Summary

Tonnes Processed and Average Grade

- Total processing was 216,000 tonnes in Q2 2017 (Q2 2016 – 217,000 tonnes) at an average head grade of 3.09 g/t (Q2 2016 – 3.76 g/t).
 - In Q2 2017, Turmalina processed 112,000 tonnes (Q2 2016 – 124,000 tonnes) at an average head grade of 3.37 g/t (Q2 2016 – 4.10 g/t). Due to mining issues in Level 9 production has moved forward to Level 10 resulting in more ore from development supplementing production from the lower grade upper levels of Orebody C.
 - Caeté processed 104,000 tonnes in Q2 2017 (Q2 2016 – 93,000 tonnes) at an average head grade of 2.97 g/t (Q2 2016 – 3.30 g/t). Pilar mined approximately 45,000 tonnes of development ore out of a total of 85,000 tonnes mined in Q2 2017. By opening additional stopes and returning to a proportion of 70% ore from stopes and 30% ore from development, average head grade for Pilar and CCA is expected to increase.
- Total processing for YTD 2017 was 430,000 tonnes (average head grade of 3.34 g/t), a 4% increase from 413,000 tonnes processed in the first half of 2016 (average head grade of 3.77 g/t).

Gold Production, Recovery, and Primary and Secondary Development

- Consolidated gold production decreased 18% to 19,769 ounces in Q2 2017 compared to 24,222 ounces in Q2 2016. Consolidated gold production for YTD 2017 was 42,061 ounces compared to 45,419 ounces in the first half of 2016.
- Gold recovery of 90.7% in Q2 2017 compared to 91.4% in Q2 2016 and 90.8% in Q1 2017.
- Pilar production of 7,702 ounces in Q2 2017 declined slightly compared to 7,804 ounces produced in Q2 2016; however, production improvements in the later part of the quarter started to reflect the advancing ore development into the higher-grade Orebodies BF and BFII.
- Turmalina produced 10,870 ounces in Q2 2017 compared to 15,083 ounces in Q2 2016; however, with the recommissioning of Mill #3 (announced January 5, 2017), electricity costs per tonne were lower and plant capacity has increased.
- The Company completed 824 metres and 1,734 metres of primary development during the three and six months ended June 30, 2017, respectively, compared to 1,857 metres and 3,018 metres in the comparative 2016 periods.
- The Company also completed 989 metres and 2,370 metres of secondary development during Q2 2017 and YTD 2017, respectively, compared to 1,317 metres and 2,363 metres in Q2 2016 and YTD 2016.

Major Growth Exploration Initiative; Increase in Turmalina Mineral Resources

- The Company completed 11,069 metres and 22,933 metres of definition, infill, and exploration drilling during the three and six months ended June 30, 2017, respectively, (Q2 2016 and YTD 2016 – 9,486 metres and 21,377 metres, respectively) focused on key targets at Turmalina and Pilar.
- Growth exploration programs continued to advance during the second quarter with the development of exploration drives for deep drilling being completed at Pilar and Turmalina.
 - At Pilar, drilling is targeting Levels 11-16 up to 350 metres below current development and 250 vertical metres below the current Inferred Resources.
 - At Turmalina, drilling is targeting Levels 12-16 up to 420 metres below current development and 300 vertical metres below the current Inferred Resources.
- Turmalina increased Measured & Indicated Mineral Resources by 22% to 540,000 ounces of gold (grade of 4.93 g/t Au), and Proven & Probable Mineral Reserves for Orebody C by 167% to 80,000 ounces of gold (grade of 4.10 g/t Au) (announced March 30, 2017).

2017 KEY GROWTH DRIVERS

The Company continues to be focused on safely delivering positive and sustainable operational performance, profitability, and cost optimization. The Company has established the following as key growth drivers for 2017:

- Completing 2017 capital investment program to increase the number of available working areas through increased development and exploration to grow sustainable production across all operating mines.
- \$8.0 million to be spent on major growth exploration program including Turmalina and Pilar, as well as the high priority Pacheca and Cubas targets near Pilar and other advanced targets. Approximately \$6.0 million will be allocated towards Jaguar's core assets, Turmalina and Pilar, to drive increased mine life. The remaining \$2.0 million will be distributed towards other growth targets.
- This growth exploration program is primarily focused on increasing identified mineral resources at core assets and the discovery of new resources near existing infrastructure across operating mines. The growth exploration program is expected to complete approximately 31,000 metres of diamond drilling, including approximately 15,000 metres of drilling down-plunge continuities of Orebodies A and C at Turmalina and Orebodies BFII and BF at Pilar. Lastly, approximately 8,500 metres of surface diamond drilling will test the Pacheca and Cubas targets and other advanced targets.
- Growing mine production, increasing throughput, and reducing cash operating costs guidance.
- Commencing mine-wide Operational Excellence Program ("OEP") at Pilar to identify and eliminate waste, lower costs, and improve productivity to create and deliver results, which will drive future growth; while continuing the OEP at Turmalina.
- Implementation of formalized capital allocation and value driven decision making.

2017 Guidance

The following is the Company's production and cost guidance for 2017:

2017 Guidance	Turmalina Complex		Caeté Complex		Consolidated	
	Low	High	Low	High	Low	High
Gold production (ounces)	55,000	60,000	40,000	45,000	95,000	105,000
Cash operating costs (per ounce sold) ¹	\$650	\$700	\$1,000	\$1,100	\$750	\$850
All-in sustaining costs (per ounce sold) ¹	\$875	\$925	\$1,100	\$1,300	\$1,050	\$1,150
Development						
Primary (m)	2,500	2,900	2,200	2,600	4,700	5,500
Secondary (m)	2,200	2,700	3,400	3,850	5,600	6,550
Diamond drilling (m)	16,000	18,000	10,000	13,000	26,000	31,000
Growth exploration investment (core assets) (\$million)					\$7.5	\$8.0

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

On July 18, 2017, the Company revised its production guidance to 95,000 – 105,000 ounces compared to the previously announced range of 100,000 – 110,000 ounces reflecting the challenging first half of the year. In light of the lower production guidance and stronger Brazilian Real, the Company has increased its consolidated cash operating costs guidance from \$725 – \$755 per ounce sold to \$750 – \$850 per ounce sold and its consolidated all-in sustaining costs guidance from \$900 – \$1,000 per ounce sold to \$1,050 – \$1,150 per ounce sold. Improved operating performance across all sites is expected to increase production in the second half of 2017, resulting in continued improvement in cash costs. The completion and sustaining of the key milestones outlined in the Turmalina section of this MD&A is critical to ensuring the flexibility and consistency in the production plan at Turmalina and realizing the full potential of the higher grades in Orebody A. Subject to achieving and sustaining improved performance at Turmalina, the Company is targeting full year production of 95,000 ounces.

BACKGROUND

Jaguar is a junior gold producer focused on the operation and development of gold assets in Brazil. The Company has two operating units being the Turmalina and Caeté Gold Mine Complexes. The Paciência Gold Mine Complex, comprised of one processing facility and mine, is on care and maintenance. Additionally, on October 4, 2016, the Company entered into an earn-in agreement with Avanco Resources Limited (“Avanco”), pursuant to which Avanco may earn up to a 100% interest in the Gurupi development project. The Company holds mineral rights over approximately 192,000 hectares.

On December 16, 2015, Mr. Rodney Lamond was appointed as Chief Executive Officer. Prior to becoming the CEO of Jaguar, Mr. Lamond was a board director of Jaguar. Mr. Lamond is a Professional Mining Engineer who brings more than 27 years of mining experience and has held senior management positions overseeing or stationed at operations in Peru, Chile, Honduras, Mexico, USA, Canada, and Australia. From 2013 to 2015, Mr. Lamond was the President and Chief Executive Officer of Crocodile Gold Corp. before the July 2015 business combination of Crocodile Gold Corp. and Newmarket Gold Inc.

On June 24, 2016, Mr. Hashim Ahmed was appointed as Chief Financial Officer after serving as Interim Chief Financial Officer of Jaguar since February 2016. Mr. Ahmed joined the Company in August 2014 and has previously served as Jaguar’s Vice President of Finance.

On October 11, 2016, the Company announced the appointment of Mr. Bob Gill as Vice President, Operations. Mr. Gill has over 30 years of expertise in the design and operation of international and domestic, open pit and underground, base metal and gold mines. Prior to joining the Company, he held the position of Principal Engineer and Study Manager with AMEC Americas Limited Mining Division, where he managed prefeasibility studies and PEA’s, including being the project manager on the Galore Creek prefeasibility study.

In July 2017, Mr. Paul Whillans was appointed as Vice President, Technical Services. Mr. Whillans has over 35 years of experience with more than 50 international underground mining projects, including practical mining experience and exposure to a wide variety of mining methods. Prior to joining Jaguar, Mr. Whillans worked at 14 operating mines and was Principal of Whillans Mine Studies Ltd. which focused on improving underground mine operations and performing mining studies.

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 capital spending to advance drilling and development ahead of operations. 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 is focused on optimizing existing mining operations through increasing confidence in the geological models to deliver positive and sustainable operational and financial performance. Over time and through exploration, the Company will focus on prudently increasing production and taking advantage of the underutilized processing capacity currently installed.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

(\$ thousands, except where indicated)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Tonnes of ore processed ('000)	112,000	113,000	122,000	128,000	124,000	128,000	100,000	101,000
Average head grade (g/t) ¹	3.37	3.79	4.39	4.36	4.10	4.29	4.79	4.77
Average recovery rate (%)	91%	91%	93%	92%	91%	90%	91%	91%
Gold (ozs)								
Produced	10,870	12,736	16,101	16,304	15,083	15,772	14,449	13,994
Sold	10,815	13,536	16,024	15,945	15,035	16,635	15,527	13,485
Cash operating cost (per oz sold) ²	\$ 695	\$ 738	\$ 562	\$ 528	\$ 586	\$ 590	\$ 483	\$ 587
Cash operating cost (R\$ per tonne) ²	\$ 216	\$ 278	\$ 243	\$ 214	\$ 249	\$ 299	\$ 288	\$ 277

¹ The 'average head grade' represents the recalculated head-grade milled.

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

During the second quarter of 2017, Turmalina produced 10,870 ounces of gold compared to 15,083 ounces in the corresponding 2016 period, a decrease of 28% or 4,213 ounces. The decrease in ounces produced was a result of a 10% decrease in the tonnes processed from 124,000 in Q2 2016 to 112,000 in Q2 2017 and an 18% decrease in the average head grade from 4.10 g/t in Q2 2016 to 3.37 g/t in Q2 2017. Mining activities in one section of Orebody A were temporarily interrupted during the first half of 2017 to conduct ground control rehabilitation work. Previously scheduled high-grade mining blocks from this area were deferred later into mining schedule.

The cash operating costs per ounce sold for the second quarter of 2017 increased by 19%, or \$109 per ounce, as compared to the same period in 2016, due to the impact of the strengthening of the Brazilian Real by 8% and the 18% decrease in the average head grade, which were partially offset by certain cost control measures in operations that resulted in a decrease in the cash operating costs per tonne from R\$249 in Q2 2016 to R\$216 in Q2 2017. The cash operating costs per ounce sold for Q2 2017 decreased by 6%, or \$43 per ounce, as compared to Q1 2017, due to the ongoing cost control measures in operations.

Operational Excellence Program

In April 2016, Jaguar Mining and Instituto Aquila ("Aquila"), a Brazilian management consultancy group with a presence in 16 countries and previous experience in mining companies around the world, signed a two year partnership to initiate process improvement work at Turmalina. At the beginning of 2017, Jaguar extended the contract to cover all operations as part of the Company's Mining for Excellence Initiative.

Initially established only for Turmalina, and expanded to the Pilar mine and Caeté plant in Q1 2017, Aquila has been helping to develop and sustain a continuous improvement program focused on results through the Operational Excellence Program, by eliminating waste and rework, lowering cost and increasing productivity. The key to success is to build culture from mine to management where everyone can understand and seek excellence. The ultimate goal is aligning everyone to deliver results and growing in a sustainable and safe way to achieve long-term production.

By evaluating Turmalina's current processes and establishing its value chain, all processes and KPIs were mapped, bottlenecks were identified in order to implement the Excellence Teams (multifunctional teams with aligned goals and financial impact defined) guided by a systematic routine follow-up.

Turmalina's team have been training and applying the program through OJT (On the Job Training) and formal trainings that cover the PDCA (Plan, Do, Check, Act) approach, Microsoft Excel, and ICAM (Incident Cause Analysis Methodology) directly with more than 150 employees at all levels, and an additional 250 employees through indirect involvement in the program.

Jaguar Excellence Teams have been covering improvements on primary processes at mine development, such as scaling, blast efficiency, haulage process improvements on equipment efficiency, and better loading to maximize the capacity usage. Additionally, we are also reducing operational expenditures by managing electricity consumption and ventilation efficiency.

Analyzing with facts and supported with data to debottleneck processes and improve results, all Excellence Teams are adopting the culture of defining the problems, understanding underlying causes by brainstorming sessions and analyzing using fishbone diagrams to establish action plans followed by the implementation of visual management boards and weekly meetings. Once processes are debottlenecked, they are standardized and people involved are trained on the new procedures. Throughout 2016, Turmalina's Operational Excellence Program achieved savings and so far, the program's return on investment is estimated at 10 times the cost of investment in this program.

Jaguar has also implemented a program of cost reductions at the mines to improve overall costs. Projects include renegotiating and rationalizing contracts to provide the best life-cost for the products purchased. Jaguar has purchased new Volvo A-30 underground haul trucks, a Sandvik LHD, and Atlas Copco Fandril in order to retire older equipment with high operating costs and reduce the total number of trucks operating in the Pilar mine. These initiatives are aimed to lower the cost per tonne of ore hauled.

Turmalina Capital Expenditures

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Sustaining capital ¹				
Primary development	\$ 2,195	\$ 3,034	\$ 3,373	\$ 5,357
Brownfield exploration	185	360	443	392
Mine-site sustaining	451	729	1,242	1,539
Total sustaining capital¹	2,831	4,123	5,058	7,288
Total non-sustaining capital¹	445	977	1,047	1,023
Total capital expenditures	\$ 3,276	\$ 5,100	\$ 6,105	\$ 8,311

¹ Sustaining and non-sustaining capital are non-IFRS 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.

(metres)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Primary development	504	1,166	870	1,897
Secondary development	292	693	1,046	1,531
Total development	796	1,859	1,916	3,428
Definition drilling	546	1,277	998	2,100
Infill drilling	3,499	3,849	8,729	7,036
Exploration drilling	631	125	1,029	806
Total definition, infill, and exploration drilling	4,676	5,251	10,756	9,942

Primary development at the Turmalina mine totaled 504 metres and 870 metres for the three and six months ended June 30, 2017, respectively, compared to 1,166 metres and 1,897 metres in the comparative 2016 periods. In July 2016, the Company demobilized the development contractor at Turmalina, thereby bringing 100% of the development activities in-house. On a per metre basis, the cost of primary development for Q2 2017 increased compared to Q2 2016.

Mining

The mining method utilized at the Turmalina underground mine is sublevel open stoping with backfill. Our priority is to reduce costs by focusing on ore grade control, minimizing dilution and minimizing the extraction of non-profitable or marginal material. A focus on further improvements to monthly planning, as well as control of drilling and blasting, has been initiated along with a number of process initiatives, and are intended to lower cash operating costs per ounce and improve the overall operating performance. Cost reduction initiatives 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. There is also a push to improve stope blasting techniques to reduce dilution.

The previous mining design of stopes separated by rib pillars (developed prior to 2015) resulted in significant quantities of ore being left behind and not mined. With footwall drifts and primary and secondary stopes being installed in 2015 below Level 8, there is now a need for cemented backfill in the primary stopes. There were some concerns regarding fill rates with CRF underground, but a trial carried out in Level 9 of the mine showed that rapid fill rates could be achieved and the filling of other primary stopes and mining of secondary stopes with CRF on both sidewalls has confirmed that good quality CRF can be installed quickly and efficiently. During 2015 and 2016, primary and secondary stopes were not tight filled leaving some areas of large open voids in the stopes, which has resulted in some instability on the footwall drift of Level 9.

In February 2017, Turmalina started having stability issues on one of the sublevels of the Level 9 block in Orebody A. The Level 9 block and the top two sublevels of the Level 10 block were the planned stopes for much of 2017's mining. When the stability issues started, about 2/3rd of the top two sublevels of Level 9 were mined out (sublevels 4 and 3). Rock stability is normally very good at Turmalina and the problem was interpreted to be caused by developing along a brittle dyke. Mining plans were rearranged to mine from lower blocks in Level 9 and after an adjustment period in February, March mining tonnage started to return to normal.

Near the middle of March 2017, rock stability issues were still observed to be unstable on Level 9 at Turmalina and a more detailed investigation was undertaken. Dr. Dermot Ross-Brown from Tierra Group International Limited came to site to review the mine. Dr. Ross-Brown informed Jaguar that the rock mass in the mine was good to very good but that the failures were related to induced stresses in the rock. The mine plans were reviewed in detail in the three dimensional model and the problem was identified as relaxing ground and collapse adjacent to the Level 9 escapeways which were located between the footwall drifts and the main ramp.

In 2015, Orebody A mining was changed from retreat mining of the sublevels, to mining in a primary and secondary sequence via transverse access to the thick centre portion of Orebody A, requiring additional footwall accesses developed in waste. Each primary or secondary stope is 15 metres along strike, with no pillars. The primary stopes were planned to be filled with CRF or paste-fill prior to mining of the secondary stopes. The design change was planned to increase the number of available workplaces, and de-links the narrow, lower-productivity ends from the centre. Additionally, the ramp was moved closer to the orebody to shorten the lengths of the level access drifts.

The resulting design moved the ramp closer to the orebody and within 25 metres of the stopes on Level 9 sublevel 3, requiring the footwall drift and emergency escapeway to be installed in the 25 metre pillar between the ramp and the stope. The large number of open stopes, drifts, and the escapeway raise resulted in stability issues in the rock between the top of Level 9 sublevel 4 to sublevel 3 as well as between sublevel 2 to the top of Level 10, sublevel 4. During 2016, the design was reviewed and the ramp had been moved away from the orebody for development of Level 10, which allows more room for the infrastructure development.

A system for producing filter cake from detoxified tailings and then re-mixing to paste is in place, but to ensure consistent quality paste, a batching process with a controlled shear mixer is expected to be commissioned in Q4 2017. CRF will be used to fill the bulk of the primary stopes with paste only installed in the upper stoping sub-level to allow for the 100% extraction of stopes immediately below the sill pillars.

On February 8, 2017, the Company announced multiple high-grade drill intercepts generated from 36 infill drill holes (5,393 metres) designed to test the current indicated and inferred mineral resource envelope of Orebody A and Orebody C at Turmalina. The drill intercepts completed confirm the continuation of high-grade gold mineralization down-plunge of Orebody A, and confirm the widening of the mineralization below current workings. Drill intercepts at Orebody C confirm a number of high-grade gold mineralized intercepts which suggests higher mineralization at depth, and could potentially increase mining production at Turmalina. The Turmalina drill program continues to increase the confidence in the geological model of both orebodies through increased drill density. Significant drill intercepts for Orebody A include 11.33 g/t Au over 17.1 metres (estimated true width ("ETW") – 14.6 metres), 9.95 g/t Au over 14.2 metres (ETW – 10.8 metres), and 6.08 g/t Au over 20.3 metres (ETW – 10.4 metres). Significant drill intercepts for Orebody C include 6.39 g/t Au over 6.1 metres (ETW – 6.0 metres), 9.27 g/t Au over 3.8 metres (ETW – 3.6 metres), and 7.04 g/t Au over 2.8 metres (ETW – 2.7 metres).

Update on Progress at Turmalina to End of July 2017

Emerging from the second quarter, Turmalina has successfully transitioned mining activities to Level 10 in Orebody A. This transition follows management's decision to leave Level 9 as a result of challenging ground conditions previously disclosed. Management is focused on supporting current and future production targets at Turmalina by achieving certain key milestones including the following:

- Increasing the number of working areas in an effort to stabilize the mining cycles in order to have a consistent gold production.
- Increasing mine production from Orebody C while the mining cycle is normalized in Orebody A and until access to lower Orebody C containing higher grades can be established. Production from Orebody C is expected to impact consolidated grade in the short term.
- Completing the review of the upper levels of the mine in Orebody A to identify areas of high grade blocks that can be recovered. Several areas have already been identified and two mining blocks within these areas are expected to be recovered by year-end.
- Completion of the newly designed paste-fill plant, currently more than 90% complete. Commissioning is expected to begin in the fourth quarter.

The completion and sustaining of the key milestones outlined above is critical to ensuring the flexibility and consistency in the production plan at Turmalina and realizing the full potential of the higher grades in Orebody A.

Processing

Ore produced at the Turmalina mine is transported to the adjacent Carbon-In-Leach ("CIL") processing plant. The Turmalina plant consists of three ball mills, of which two were operating since January 2016 (Mills #1 and #2) at a capacity of 1,500 – 1,600 tonnes per day. During Q2 2017, the plant processed 112,000 tonnes at an average grade of 3.37 g/t compared to 124,000 tonnes at 4.10 g/t in Q2 2016. Overall, the processing plant maintained a recovery rate of 91.0% during Q2 2017, a slight decrease from the 91.4% recovery rate for Q2 2016. On January 5, 2017, the Company announced the successful recommissioning of Mill #3 with an estimated installed capacity of 1,600 tonnes per day. Using only Mill #3, Turmalina will be able to achieve the entire throughput of the plant with a lower operating cost, through electricity consumption savings, compared to using both Mills #1 and #2 in 2016. Mills #1 and #2 have been taken off-line for maintenance and will be kept on standby mode.

Caeté Gold Mine Complex

Caeté Quarterly Production

(\$ thousands, except where indicated)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Tonnes of ore processed (t)	104,000	101,000	115,000	103,000	93,000	68,000	116,000	122,000
Average head grade (g/t) ¹	2.97	3.17	2.79	3.17	3.30	2.83	2.59	3.17
Average recovery rate (%)	90%	91%	91%	91%	91%	90%	90%	89%
Gold (ozs)								
Produced	8,899	9,556	9,307	9,479	9,139	5,425	8,720	11,241
Sold	7,638	10,498	9,085	9,372	8,935	6,246	8,889	11,674
Cash operating cost (per oz sold) ²	\$ 1,087	\$ 1,165	\$ 1,041	\$ 842	\$ 1,049	\$ 1,146	\$ 888	\$ 854
Cash operating cost (R\$ per tonne) ²	\$ 257	\$ 381	\$ 267	\$ 249	\$ 354	\$ 411	\$ 262	\$ 304

¹ The 'average head grade' represents the recalculated head-grade milled.

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

The Caeté Gold Mining Complex has two underground mines (Pilar and Roça Grande). Pilar primarily uses sub-level open stoping with backfill, while Roça Grande ("RG") exclusively uses the mechanized horizontal cut and fill mining method. 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.

Ore produced from the Pilar mine 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 40 kilometres by road from the Pilar mine. This haulage expense is a significant cost and management continues to investigate and complete feasibility work for an XRF Ore Sorting system for waste removal to reduce haulage costs for the Pilar mine. During Q2 2017, the Caeté plant achieved gold recovery of 90.3% utilizing gravity, flotation, and CIL treatment of flotation concentrate. Optimization of the plant offers opportunities for both increased gold extraction and reduced unit processing costs. Various options are being explored and evaluated to better use the currently underutilized processing facility.

Pilar Quarterly Production

(\$ thousands, except where indicated)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Tonnes of ore processed (t)	85,000	84,000	84,000	78,000	72,000	56,000	77,000	78,000
Average head grade (g/t) ¹	3.16	3.39	3.11	3.51	3.62	2.89	2.83	3.70
Average recovery rate (%)	90%	91%	91%	91%	91%	90%	90%	89%
Gold (ozs)								
Produced	7,702	8,485	7,569	7,923	7,804	4,552	6,278	8,340
Sold	6,625	9,422	7,326	7,821	7,622	5,369	6,389	8,641
Cash operating cost (per oz sold) ²	\$ 1,033	\$ 1,092	\$ 942	\$ 762	\$ 958	\$ 1,096	\$ 822	\$ 735
Cash operating cost (R\$ per tonne) ²	\$ 259	\$ 437	\$ 271	\$ 248	\$ 356	\$ 410	\$ 262	\$ 303

¹ The 'average head grade' represents the recalculated head-grade milled.

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

During the second quarter of 2017, Pilar produced 7,702 ounces of gold compared to 7,804 ounces in Q2 2016, a decrease of 1% due to the net impact of a 19% decrease in average head grade, slight decrease in recovery, and a 21% increase in tonnes processed. Production decreased 9% from Q1 2017 to Q2 2017 mainly as a result of a 14% decrease in average head grade. During the three and six months ended June 30, 2017, 47% and 49% of mined ore came from secondary development, respectively, compared to 39% and 28% for the respective 2016 periods.

Pilar has been using a specialized development contractor to advance primary development. Due to congestion at the bottom of the ramp, the contractor also completes some secondary waste and ore development, which for 2017, is approximately equal to that done by Jaguar. Development ore that is produced by the contractor is more expensive per tonne than when produced by the Company. As the primary ramp advances ahead, the amount of secondary ore development completed by the contractor is reducing.

The cash operating costs per ounce sold for the second quarter of 2017 increased 8% as compared to Q2 2016 primarily as a result of the strengthening of the Brazilian Real by 8%. Due to the impact of certain cost control measures as well as a 2% weakening of the Brazilian Real on average from Q1 2017 to Q2 2017, cash operating costs decreased by 5% as compared to Q1 2017.

Pilar Capital Expenditures

(\$ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Sustaining capital ¹				
Primary development	\$ 830	\$ 2,103	\$ 3,088	\$ 3,158
Brownfield exploration	169	389	300	406
Mine-site sustaining	339	747	1,170	996
Total sustaining capital¹	1,338	3,239	4,558	4,560
Total non-sustaining capital¹	871	35	934	64
Total capital expenditures	\$ 2,209	\$ 3,274	\$ 5,492	\$ 4,624

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

(metres)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Primary development	218	600	688	912
Secondary development	577	267	1,191	291
Total development	795	867	1,879	1,203
Definition drilling	134	375	1,476	504
Infill drilling	2,042	1,311	3,461	2,960
Exploration drilling	4,030	1,545	6,487	2,274
Total definition, infill, and exploration drilling	6,206	3,231	11,424	5,738

Primary development totaled 218 metres and 688 metres in the three and six months ended June 30, 2017, respectively, compared to 600 metres and 912 metres in the comparative 2016 periods. Total definition, infill, and exploration drilling increased 92% in Q2 2017 compared to Q2 2016, and 99% in YTD 2017 compared to YTD 2016, as part of the Company's major growth exploration program as announced in Q4 2016.

Mining

Pilar continued to focus on improvements in minimizing dilution of the grade and profitability, continuing on the initiatives to reduce dilution from overbreak. Pilar is focused predominantly on infill and exploration drilling in 2017, trying to improve the percentage of ore mined from the measured category on a monthly basis. A new wireframe model is being completed to better reflect the geology and lithology at Pilar which will improve the estimation process.

Based on the strong exploration drilling results and increased reserves and resources, primary and secondary development that had been suspended during Q4 2014 was resumed at Pilar during Q1 2016. A specialized development contractor arrived

on site in March 2016 to accelerate the main ramp below Level 10 to open up additional resources. The contractor continued to assist with primary and secondary development at Pilar in the first half of 2017.

Surface drilling was completed at two brownfield geophysics anomalies, Pacheca and Cubas, near the Pilar mine. Deeper drilling of the main orebodies BA, BF, and BFII will continue through Q3 2017.

During the quarter, mine development advanced a total of 795 metres (averaging 265 metres per month) compared to a total of 867 metres in Q2 2016. Definition, infill, and exploration drilling totaled 6,206 metres and 11,424 metres in the three and six months ended June 30, 2017 compared to 3,231 metres and 5,738 metres in the comparative 2016 periods.

Ore Transport

In December 2016, the main public road from Pilar to the Roça Grande mill was shut down due to a safety concern where the road transits Vale's Gongo Soco Pit. From December 2016 through June 2017, the ore from Pilar has been transported through various routes in order to deliver the ore to the mill, including along the highway through the City of Caeté, a 93 kilometre one way trip, and then once some roadwork was completed through the town of Rancho Novo, a one-way trip of 42 kilometres, which used part of the old public road. During this period, negotiations were held with landowners and the City of Caeté to acquire a right of way that would bypass Rancho Novo and become the permanent road for ore transport. The new route would be a 40 kilometre one-way trip. During Q2, negotiations were completed for the right of way, and construction started on the new road. The road will be completed and put into permanent use in July 2017.

Processing

During Q2 2017, the Caeté plant processed 85,000 tonnes from Pilar at an average grade of 3.16 g/t compared to 72,000 tonnes at 3.62 g/t in Q2 2016. Recovery for the quarter was 90.3%, which was lower than the Q2 2016 recovery of 91.4%.

Roça Grande Quarterly Production

(\$ thousands, except where indicated)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Tonnes of ore processed (t)	19,000	17,000	31,000	25,000	21,000	12,000	39,000	44,000
Average head grade (g/t) ¹	2.15	2.12	1.93	2.12	2.18	2.53	2.11	2.26
Average recovery rate (%)	90%	91%	91%	91%	91%	90%	90%	89%
Gold (ozs)								
Produced	1,197	1,071	1,738	1,556	1,335	873	2,442	2,901
Sold	1,013	1,076	1,759	1,551	1,313	877	2,500	3,033
Cash operating cost (per oz sold) ²	\$ 1,439	\$ 1,787	\$ 1,454	\$ 1,249	\$ 1,578	\$ 1,454	\$ 1,058	\$ 1,195
Cash operating cost (R\$ per tonne) ²	\$ 247	\$ 224	\$ 272	\$ 252	\$ 346	\$ 415	\$ 261	\$ 306

¹ The 'average head grade' represents the recalculated head-grade milled.

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

During the second quarter of 2017, RG produced 1,197 ounces of gold compared to 1,335 ounces in the corresponding 2016 period, a decrease of 10% or 138 ounces. Operational delays have occurred due to the shortage of developed stopes as the primary focus has been on infill drilling and development in an effort to extend mine life.

The cash operating costs per ounce sold for the second quarter of 2017 decreased 9% compared to Q2 2016 due to the net impact of a decrease in secondary development, cost control measures, and the strengthening of the Brazilian Real by 8%.

Roça Grande Capital Expenditures

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Sustaining capital ¹				
Primary development	\$ 361	\$ 295	\$ 731	\$ 684
Brownfield exploration	47	142	143	240
Mine-site sustaining	-	66	118	104
Total sustaining capital¹	408	503	992	1,028
Total non-sustaining capital¹	27	-	164	30
Total capital expenditures	\$ 435	\$ 503	\$ 1,156	\$ 1,058

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

(metres)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Primary development	102	91	176	209
Secondary development	120	357	134	541
Total development	222	448	310	750
Definition drilling	-	-	-	-
Infill drilling	56	860	557	4,497
Exploration drilling	130	144	196	1,200
Total definition, infill, and exploration drilling	186	1,004	753	5,697

Primary development restarted in Q1 2016 in order to provide access to the orebody, with a focus on proving up the higher grade/thickness targets. Primary development for Q1 2017 and YTD 2017 was 102 metres and 176 metres compared to 91 metres and 209 metres in the comparative 2016 periods.

Mining

The Roça Grande mining activity has historically focused on surface exposures of gold deposits, where the orebody outcropped. The outcrops were mined using open-pit mining techniques, with exploration focused solely on the immediate down-dip projection of gold mineralization, and minimal exploration along strike between the outcrops.

Underground, the RG operations team continues to evaluate more effective methods to mine the 1.0 to 2.0 metre wide veins without excessive dilution, using a frontal-attack mechanized cut-and-fill mining method. A targeted exploration program has helped identify sufficient resources to continue mining to the end of 2017. Ore in Q1 2016 was generated primarily from ore development, but for the rest of 2016 and for the first half of 2017 stoping returns were the dominant ore source.

At the start of June 2017, underground staff was reduced from four crews working three shifts per day on seven days per week basis to two crews working two shifts Monday through Friday. The reduction in crews is expected to have a reduction in operating costs without an equivalent reduction in production.

The exceptional exploration potential along strike and in the down-dip extension of related multiple orebodies that have only been mined by open pits at present, justifies treating the Roça Grande operation as an “incremental ore” producer until the other orebodies can be brought into production.

In Q2 2017, mine production was 19,000 mined tonnes at an average grade of 2.39 g/t compared to 21,000 tonnes at 2.25 g/t in Q2 2016. Definition, infill, and exploration drilling totaled 186 and 753 metres for the three and six months ended June 30, 2017, respectively, compared to 1,004 metres and 5,697 metres in the comparative 2016 periods.

Processing

During Q2 2017, the Caeté plant processed 19,000 tonnes from Roça Grande at an average grade of 2.15 g/t compared to 21,000 tonnes at 2.18 g/t in Q2 2016. Recovery for the quarter was 90.3%, which was lower than the Q2 2016 recovery of 91.4%.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review¹

(\$ thousands, except where indicated)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenue	\$ 23,352	\$ 29,192	\$ 30,261	\$ 33,618	\$ 29,996	\$ 26,664	\$ 26,820	\$ 28,126
Cost of sales (excluding depreciation) ²	(15,990)	(21,508)	(19,355)	(16,191)	(17,887)	(17,579)	(15,397)	(17,892)
Gross profit (excluding depreciation) ²	7,362	7,684	10,906	17,427	12,109	9,085	11,423	10,234
Net (loss) income	(3,323)	(7,877)	(9,280)	(31,648)	(26,866)	(15,001)	1,670	4,445
Cash flows from operating activities	216	1,855	8,467	9,353	10,435	9,526	6,786	3,660
Total assets	182,399	181,242	192,788	189,779	189,554	184,996	183,409	174,500
Total liabilities	72,671	74,330	78,454	131,618	139,665	108,349	90,624	83,949
Average realized gold price (per ounce) ²	\$ 1,266	\$ 1,215	\$ 1,205	\$ 1,328	\$ 1,251	\$ 1,165	\$ 1,098	\$ 1,118
Cash operating cost (per oz sold) ²	\$ 857	\$ 924	\$ 735	\$ 645	\$ 758	\$ 742	\$ 631	\$ 731

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

² Average realized gold price, cost of sales (excluding depreciation), gross profit (excluding depreciation) and cash operating costs are all non-IFRS 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.

The relative strength in the global gold market positively impacted the Company's revenue in Q2 2017. However, the impact was offset by the strengthening of the Brazilian Real as compared to the US dollar, with the Real strengthening 8% in Q2 2017 compared to Q2 2016. The net loss throughout 2016 primarily reflects the impact of the revaluation of the convertible debentures at period-ends and at each conversion date, as well as an increase in the depreciation expense due to the impairment reversal recorded as at December 31, 2015.

Current assets decreased \$5.7 million as at June 30, 2017 compared to December 31, 2016, primarily as a result of the decrease in cash. The decrease in the current liabilities represents the impact of a decrease in accounts payable and accrued liabilities. The decrease in non-current liabilities represents the impact of decreases in the reclamation provision and other taxes payable.

Revenue

(\$ thousands, except where indicated)	Three months ended			Six months ended		
	2017	2016	Change	2017	2016	Change
Revenue	\$ 23,352	\$ 29,996	(22%)	\$ 52,544	\$ 56,660	(7%)
Ounces sold	18,453	23,970	(23%)	42,487	46,851	(9%)
Average realized gold price ¹	\$ 1,266	\$ 1,251	1%	\$ 1,237	\$ 1,209	2%

¹ Average realized gold price is a non-IFRS 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.

Revenue for the second quarter of 2017 decreased 22%, compared to the same period in 2016, primarily as a result of a 23% decrease in ounces sold. The market price of gold is a primary driver of our profitability and our ability to generate free cash flow. During the three months ended June 30, 2017, the market price of gold (London PM Fix) traded in a range of \$1,220 to \$1,294, averaged \$1,257 per ounce, and closed at \$1,242 per ounce on June 30, 2017. The average market price during the second quarter of 2017 was relatively consistent compared to the average market price of \$1,251 per ounce for the second quarter of 2016.

Production

A total of 216,000 tonnes were processed in Q2 2017 (Q2 2016 – 217,000 tonnes) at an average head grade of 3.18 g/t (Q2 2016 – 3.76 g/t), a 15% decrease in average head grade compared to the same period in 2016.

Consolidated Production Costs

(\$ thousands, except where indicated)	Three months ended			Six months ended		
	2017	2016	Change	2017	2016	Change
Direct mining and processing cost	\$ 14,795	\$ 16,650	(11%)	\$ 35,000	\$ 32,579	7%
Mining	9,151	10,217	(10%)	22,260	20,014	11%
Processing	5,644	6,433	(12%)	12,740	12,565	1%
Royalties, production taxes and others	1,195	1,237	(3%)	2,498	2,887	(13%)
Royalty expense and CFEM taxes	638	969	(34%)	1,587	1,999	(21%)
NRV adjustment and others	557	268	108%	911	888	3%
Total operating expenses	\$ 15,990	\$ 17,887	(11%)	\$ 37,498	\$ 35,466	6%
Depreciation	4,796	8,389	(43%)	11,372	16,091	(29%)
Total cost of sales	\$ 20,786	\$ 26,276	(21%)	\$ 48,870	\$ 51,557	(5%)

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

Total operating expenses decreased 11% from \$17.9 million in the three months ended June 30, 2016 to \$16.0 million in 2017, primarily as a result of cost cutting measures and the decrease in ounces produced. The decrease in the depreciation expense is a result of a change in the basis for the calculation of depreciation for the Turmalina mine by utilizing Measured and Indicated Mineral Resources compared to the prior period for which the basis was Proven and Probable Mineral Reserves. This change in accounting estimate was made in Q1 2017 to ensure depreciation reflects management's best estimate of the useful life of the Turmalina mine.

Operating Expenses

(\$ thousands)	Three months ended			Six months ended		
	2017	2016	Change	2017	2016	Change
Changes to legal and recoverable tax provisions	\$ 48	\$ 1,686	(97%)	\$ 2,196	\$ (8,542)	(126%)
General and administration expenses	2,344	2,306	2%	5,215	4,425	18%
Exploration and evaluation costs	258	15	1620%	578	17	3300%
Care & maintenance costs (Paciência mine)	353	256	38%	685	463	48%
Stock-based compensation	247	108	129%	703	224	214%
Amortization	61	19	221%	146	42	248%
Other operating expenses	894	103	768%	1,247	1,083	15%
Total operating expenses	\$ 4,205	\$ 4,493	(6%)	\$ 10,770	\$ (2,288)	(571%)

Care & Maintenance Costs – Paciência Gold Complex

The Paciência mining complex remained on care and maintenance during the second quarter of 2017. 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 the Paciência mine during the first half of 2017. The complex has been secured and the facilities are preserved and patrolled. A limited maintenance staff turns the mills and equipment on a monthly basis to maintain the plant in working order.

General and Administration 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 corporate costs associated with being a publicly-traded company.

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2017	2016	Change	2017	2016	Change
Director's fees	\$ 75	\$ 158	(53%)	\$ 171	\$ 248	(31%)
Audit related and insurance	354	245	45%	461	324	42%
Corporate office (Toronto)	394	619	(36%)	1,340	1,386	(3%)
Belo Horizonte office	1,521	1,284	18%	3,243	2,467	31%
Total G&A expenses	\$ 2,344	\$ 2,306	2%	\$ 5,215	\$ 4,425	18%

For the three months ended June 30, 2017, the total G&A expenses were 2% higher as compared to the same period in 2016. Costs associated with the Belo Horizonte office were 18% higher in Q2 2017, due to the 8% strengthening of the Brazilian Reais and the reallocation of G&A costs at sites to the Belo Horizonte office. Costs for the corporate office in Toronto were lower in Q2 2017 compared to Q2 2016 due to cost cutting measures. Management will continue its cost reduction focus for both Toronto and Belo Horizonte corporate office expenses.

Changes to Legal and Recoverable Taxes Provisions

(\$ thousands)	Three months ended			Six months ended		
	June 30,			June 30,		
	2017	2016	Change	2017	2016	Change
Changes to legal provisions	\$ 932	\$ 1,532	(39%)	\$ 1,061	\$ (7,877)	(113%)
Changes to recoverable taxes provision	(884)	154	(674%)	1,135	(665)	(271%)
Changes to legal and recoverable taxes provisions	\$ 48	\$ 1,686	(97%)	\$ 2,196	\$ (8,542)	(126%)

Legal Provisions

As at June 30, 2017, there were 454 employee-initiated active lawsuits (December 31, 2016 – 472) against the Company, largely related to disputed wages. Based on management's assessment of the likelihood of loss related to 343 lawsuits (December 31, 2016 – 385), the Company has recorded approximately \$10.2 million as labour legal provisions, with \$4.4 million classified as a current liability, as at June 30, 2017 (December 31, 2016 – \$11.2 million and \$4.9 million, respectively).

During Q1 2016, management in conjunction with external counsel revised its estimate in regards to the labour litigation provisions in order for the provision to be more representative of the likelihood of loss. The change in estimates was derived from applying certain probability factors to the potential loss claim amounts based on the stage of each lawsuit.

During Q2 2017, 11 new lawsuits were initiated. The Company paid approximately \$513,000 in appeal deposits and escrow payments, \$216,000 in settlements instalments, and \$46,000 for other costs such as social security, income tax, legal fees, and expert fees. The total amount spent in Q2 2017 was \$775,000 in comparison to \$927,000 in Q2 2016.

Recoverable Taxes Provision

As at June 30, 2017, gross recoverable taxes (which are primarily denominated in Brazilian Reais) and also include Canadian HST recoverable of \$1.6 million, amounted to \$23.9 million (December 31, 2016 – \$27.3 million). Also as at June 30, 2017, the provision for recoverable taxes was approximately \$6.2 million (December 31, 2016 – \$5.2 million). Consequently, the net book value of recoverable taxes as at June 30, 2017 was \$17.8 million (December 31, 2016 – \$22.1 million).

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.

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

The Company continues to pursue approval of Federal Value Added Tax ("VAT") input tax credits with respect to the years 2008 to 2011. As a result of these ongoing efforts, during Q1 2016, the Company obtained a VAT cash refund of approximately \$1.0 million (R\$3.5 million) relating to the MSOL legal entity. In July 2016, the Company initiated a lawsuit to obtain a court order to force the tax authority to review the Company's remaining tax credits for MSOL with respect to the years 2008 to 2011. By the end of November 2016, the tax authority reviewed the Company's claim, partially recognizing its tax credits. Although the tax credits were partially recognized, the Company will continue to challenge the tax authority's review by appealing its results.

ICMS is a type of value added tax which can either be sold to other companies (usually at a discount rate of 15-35%) or be used to purchase specified machinery and equipment, as subject to approval by government authority. The ICMS credits can only be realized in the state where they were generated; in the case of Jaguar, in the state of Minas Gerais, Brazil. In April 2017, the Company received approval from the state to be able to sell R\$14.6 million (approximately \$4.6 million) of its gross ICMS deferred tax credits related to MTL to third parties, of which the Company sold a total of R\$3.6 million gross ICMS deferred tax credits in May 2017.

Impairment

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

For the three and six months ended June 30, 2017, there were no indicators of impairment or reversal of past impairment charges.

Non-Operating Expenses

(\$ thousands)	Three months ended			Six months ended		
		June 30,			June 30,	
	2017	2016	Change	2017	2016	Change
Foreign exchange (gain) loss	\$ (470)	\$ 234	(301%)	\$ (10)	\$ 2,592	(100%)
Financial instruments (gain) loss	(375)	25,189	(101%)	(347)	44,624	(101%)
Finance costs	1,453	1,109	31%	3,019	2,332	29%
Other non-operating expenses	354	256	38%	327	212	54%
Non-operating expenses	\$ 962	\$ 26,788	(96%)	\$ 2,989	\$ 49,760	(94%)

During the three and six months ended June 30, 2017, finance costs represent interest on debt and accretion expense.

Convertible Senior Secured Debentures

On October 27, 2015, the Company closed financing of the Convertible Senior Secured Debentures (the "Debentures") at a price of \$1,000 per Debenture, for aggregate proceeds of \$21.5 million. The Debentures bore interest at a rate of 12% per annum and were convertible at the holder's option into common shares of the Company, at a ratio of approximately 8,781 common shares per \$1,000 of the principal amount. During the three and six months ended June 30, 2016, the Company recorded an increase in the fair value of the financial liability, in the amount of \$25.2 million and \$45.9 million, respectively, as an expense through profit or loss.

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

Sprott Facility

On November 7, 2016, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for a secured loan facility (the "Sprott Facility") totaling \$10.0 million ("Tranche 1") to fund accelerated growth exploration initiatives. Tranche 1 of the Sprott Facility is payable over a term of 30 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 1, the Company has made a cash payment to Sprott Lending for structuring and legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 650,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

On June 9, 2017, the Company entered into an agreement with Sprott Lending for an additional tranche of the Sprott Facility totaling \$5.0 million ("Tranche 2"). Tranche 2 of the Sprott Facility is payable over a term of 36 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 2, the Company has made a cash payment to Sprott Lending for legal fees. In consideration for providing the financing commitment, the Company has issued an aggregate of 375,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company incurred transaction costs, totaling \$246,000, to obtain Tranche 2 of the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at \$116,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

The Sprott Facility is a financial liability, under IAS 32, and was initially measured at fair value and subsequently measured at amortized cost using the effective interest method. During the three and six months ended June 30, 2017, \$101,000 and \$203,000, respectively, was recorded as finance costs in the condensed interim consolidated statements of operations and comprehensive loss related to the accretion of the transaction costs (three and six months ended June 30, 2016 - \$nil). During the three and six months ended June 30, 2017 and in accordance with the terms of the Sprott Facility, the Company made principal repayments of \$1.1 million and \$2.1 million, respectively (\$nil and \$nil, respectively, during the three and six months ended June 30, 2016), and interest payments of \$191,000 and \$376,000, respectively (\$nil and \$nil, respectively, during the three and six months ended June 30, 2016).

The Sprott Facility is provided by security agreements comprising the Company's and MSOL's, present and future assets, the shares of MSOL, and a loan guarantee by MSOL. The Sprott Facility requires among other things that the Company adhere to specific financial covenants, such as maintaining a minimum of \$5.0 million unrestricted cash and cash equivalents and positive working capital computed monthly. Sprott Lending waived the Company's obligation to comply with the positive working capital covenant from the period of April 1, 2017 through June 29, 2017, and the Company was in compliance with the Sprott Facility covenants as at period end. To the date of this MD&A, Jaguar has repaid \$3.3 million of principal from the Sprott Facility and \$11.7 million remains outstanding.

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%, social contribution tax on the net profit at a current rate of 9%, and VAT taxes at a rate of 9.25% for PIS/CONFINS and 12-18% for ICMS.

Government Royalty

In July 2017, an executive decree was published increasing the Brazilian royalty that is levied on gold sales, *Compensação Financeira pela Exploração de Recursos Minerais* ("CFEM"), from 1% to 2% effective November 1st, 2017. The decree also outlines a change in the methodology for calculating the royalty from being calculated on gross revenue less refining charges and insurance, as well as any applicable sales taxes, to being calculated on gross revenue only.

Income and Deferred Taxes Expenses

(\$ thousands)	Three months ended			Six months ended		
	2017	2016	Change	2017	2016	Change
Current income tax expense	\$ 722	\$ 784	(8%)	\$ 1,115	\$ 2,072	(46%)
Deferred income tax recovery	-	(1,479)	(100%)	-	(2,574)	(100%)
Income tax expense	\$ 722	\$ (695)	(204%)	\$ 1,115	\$ (502)	(322%)

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. In Q2 2017, the current income tax expense primarily consisted of CSLL tax expense.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt

Total debt outstanding as at June 30, 2017 was \$24.3 million (of which \$11.6 million was the amortized cost of the Spratt Facility), compared to \$22.6 million as at December 31, 2016 (of which \$8.8 million was the amortized cost of the Spratt Facility). All of the Debentures were converted into common shares of the Company during the second half of 2016.

Liquidity and Cash Flow

The Company had working capital of \$9.6 million as at June 30, 2017 (\$11.3 million as at December 31, 2016). Working capital as at June 30, 2017 is net of \$8.8 million in loans from Brazilian banks (\$10.3 million as at December 31, 2016) which are renewed every six months, and are expected to continue to be rolled forward. Working capital excluding the Brazilian bank loans was \$18.4 million as at June 30, 2017 (\$21.7 million as at December 31, 2016). As at June 30, 2017, the Company had cash and cash equivalents of \$20.7 million compared to \$26.3 million as at December 31, 2016. The financial covenants related to the Spratt Facility require the Company to maintain a minimum of \$5.0 million unrestricted cash and cash equivalents and positive working capital computed monthly. Spratt Lending waived the Company's obligation to comply with the positive working capital covenant from the period of April 1, 2017 through June 29, 2017.

	June 30, 2017	December 31, 2016
Cash and cash equivalents	\$ 20,706	\$ 26,304
Non-cash working capital		
Other current assets:		
Inventory	11,949	12,615
Recoverable taxes	10,492	9,509
Others	3,719	4,127
Current liabilities:		
Accounts payable and accrued liabilities	(16,168)	(19,879)
Notes payable	(15,611)	(15,173)
Other provisions and liabilities	(4,413)	(4,869)
Other current liabilities	(1,113)	(1,302)
Working capital	\$ 9,561	\$ 11,332

The Company will continue to review and implement cost control measures across the operations and corporate offices to improve operating cash flow and enhance the Company's working capital position.

The use of funds during the three and six months ended June 30, 2017 is outlined below:

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Cash generated from operating activities	\$ 216	\$ 10,435	\$ 2,071	\$ 19,961
Investing activities				
Capital expenditures on equipment and brownfield exploration				
Mineral exploration projects	\$ (47)	\$ (444)	\$ (18)	\$ (602)
Purchase of property, plant and equipment	(5,748)	(8,666)	(13,496)	(13,903)
Proceeds from disposition of property, plant and equipment	233	21	506	21
Cash used in investing activities	\$ (5,562)	\$ (9,089)	\$ (13,008)	\$ (14,484)
Financing activities				
Net change in debt	\$ 2,666	\$ (734)	\$ 916	\$ (1,350)
Shares issued upon private placement, net of transaction costs	5,775	-	5,775	-
Interest paid	(397)	(885)	(1,103)	(1,792)
Deferred share units redeemed	-	-	-	(41)
Cash provided by (used in) financing activities	\$ 8,044	\$ (1,619)	\$ 5,588	\$ (3,183)
Effect of exchange rate	(147)	(208)	(249)	(78)
Net increase (decrease) in cash and equivalents	\$ 2,551	\$ (481)	\$ (5,598)	\$ 2,216

The \$10.2 million decrease in operating cash flows for Q2 2017 compared to Q2 2016 is primarily due to the increase in cash operating costs from \$758 per ounce sold in Q2 2016 to \$857 in Q2 2017 and the 23% decrease in the ounces sold. The \$8.0 million in cash provided by financing activities in Q2 2017 relates to the net impact of the closing of the \$5.0 million second tranche of the Sprott Facility, \$5.8 million in net proceeds from the June 2017 non-brokered private placement, and repayments for the Company's bank indebtedness. Capital expenditures decreased from \$9.1 million in the three months ended June 30, 2016 to \$5.7 million in 2017, and from \$14.5 million in the first half of 2016 to \$13.4 million in the first half of 2017. In YTD 2017, the Company completed 4,104 metres of total development compared to 5,381 metres in YTD 2016.

A summary of capital spending is outlined below:

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Sustaining capital¹				
Primary development	\$ 3,388	\$ 5,432	\$ 7,193	\$ 9,199
Brownfield exploration	401	891	886	1,038
Mine-site sustaining				
Engineering	-	1,011	1	1,134
Equipment	788	531	2,529	1,505
Total sustaining capital¹	4,577	7,865	10,609	12,876
Non-sustaining capital (including capital projects)¹				
Gurupi	47	211	118	369
Turmalina	445	977	1,047	1,023
Caete	898	35	1,098	94
Others	-	22	-	143
Total non-sustaining capital¹	1,390	1,245	2,263	1,629
Total capital expenditures	\$ 5,966	\$ 9,110	\$ 12,872	\$ 14,505

¹ Sustaining and non-sustaining capital are non-IFRS 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 June 30, 2017 are summarized as follows:

(\$ thousands, except where indicated)	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities ¹	\$ 16,168	\$ -	\$ -	\$ -	\$ 16,168
Notes payable					
Principal					
Bank indebtedness ²	8,826	-	-	-	8,826
Capital leasing obligations	1,021	1,664	-	-	2,685
Vale note	500	1,250	-	-	1,750
Sprott Facility	5,667	6,527	-	-	12,194
Interest	1,086	545	-	-	1,631
Total financial liabilities	\$ 33,268	\$ 9,986	\$ -	\$ -	\$ 43,254
Other Commitments					
Operating lease agreements	\$ 54	\$ -	\$ -	\$ -	\$ 54
Suppliers' agreements ^{3,4}	827	-	-	-	827
Other provisions and liabilities	4,413	7,449	-	-	11,862
Reclamation provisions ⁵	951	6,790	5,618	9,630	22,989
Total other commitments	\$ 6,245	\$ 14,239	\$ 5,618	\$ 9,630	\$ 35,732
Total	\$ 39,513	\$ 24,225	\$ 5,618	\$ 9,630	\$ 78,986

¹ Amounts payable as at June 30, 2017.

² Bank indebtedness represents the principal on Brazilian bank loans that are renewed every six months.

³ Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

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

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

CAPITAL STRUCTURE

The capital structure of the Company as at June 30, 2017 is outlined below:

All amounts in \$ thousands, except number of common shares	As at June 30, 2017
Bank indebtedness	\$ 8,826
Capital leasing obligations	2,357
Vale note	1,483
Sprott Facility	11,633
Total debt	\$ 24,299
Less: cash and cash equivalents	(20,706)
Total net debt¹	\$ 3,593
Number of common shares outstanding	325.1 million

¹ 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. The Company reduces gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt.

OFF-BALANCE SHEET ITEMS

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 where Luis Miraglia, a director of Jaguar, is a partner. Fees paid to ASA are recorded at the exchange amount – being the amount agreed to by the parties and included in general and administration expenses in the statements of operations and comprehensive loss – and amount to \$13,000 and \$44,000, respectively, for the three and six months ended June 30, 2017 (three and six months ended June 30, 2016 – \$52,000 and \$79,000, respectively).

On November 7, 2016, the Company entered into the first tranche of \$10.0 million of a secured loan facility (the “Sprott Facility”) with Sprott Private Resource Lending (Collector) LP (“Sprott Lending”), that is an indirectly wholly-owned subsidiary of Sprott Inc., of which the Chairman is Mr. Eric Sprott. On June 9, 2017, the Company entered into an additional tranche of the Sprott Facility for \$5.0 million (“Tranche 2”). Refer to Note 8(d) of the condensed interim consolidated financial statements for further information regarding the Sprott Facility.

On June 15, 2017, the Company closed a non-brokered private placement financing whereby it issued 17,624,728 common shares of the Company at a price of C\$0.44 per common share for gross proceeds of \$5.8 million. Tocqueville Asset Management LP (“Tocqueville”) acquired 3,770,909 common shares through the private placement for total consideration of C\$1.7 million, Mr. Sprott acquired 4,545,455 common shares for total consideration of C\$2.0 million, and Resolute Funds Ltd (“Resolute”) acquired 4,637,000 common shares for total consideration of C\$2.0 million. As at June 30, 2017, Tocqueville, Mr. Sprott, and Resolute held approximately 21.4%, 19.8%, and 11.4% of the common shares of the Company, respectively.

HEALTH, SAFETY, AND ENVIRONMENT

Health and Safety

Jaguar places high priority on the safety and welfare of its employees. We recognize that our employees are our most valuable asset. We have a code of conduct that is strictly enforced. While our accidents rate has reduced over the past few years, we strive for improving it further in future. We have an integrated management system in place that promotes open communication at all levels. Over the past few years, the health and safety team has expanded in order to meet compliance and regulatory requirements, and also to improve our operating standards. Our training program for new employees is extensive and includes the participation of experienced professionals that act as mentors, providing hands-on guidance and conducting periodical reviews.

During the second quarter of 2017, the Lost Time Incidents (“LTIs”) decreased to zero as compared to one incident during Q1 2017 and one incident in Q2 2016. The LTI frequency rate of Q2 2017 decreased to 0.00 LTIs per million hours compared to 1.16 LTIs per million hours for Q1 2017 and 1.04 LTIs per million hours for Q2 2016. For each incident, management identifies the likely causes and develops remediation plans to prevent future recurrences. The overall LTI frequency rate is calculated as the number of lost-time injuries per million hours worked, including third party contractors. All accidents are analyzed and the underlying causes are identified to implement corrective actions. Proposed actions include the reinforcement of safe behavior with the Loss Prevention Program, thus aiming to strengthen the safety culture at Jaguar. In June 2017, an Internal Safety Audit was performed involving all of Jaguar’s units to check with the implementation of the Company’s Safety Audit Tools.

Environment

Jaguar is environmentally focused and continuously strives to improve our practices. In our commitment to the resources, land, and stakeholders, we work closely with surrounding communities, governments, and other partners to continuously improve the Company's sustainable development programs. Jaguar's programs ensure its operations and development efforts protect the environment and surrounding natural resources.

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 full reclamation plan for its mining/project sites is being prepared and specific actions are being developed.

During the fourth quarter of 2015, Jaguar updated the reclamation plans for all of the Company's assets in the Iron Quadrangle that were on care and maintenance. The reclamation plans were developed by Jaguar's environmental team along with Agroflor Engenharia e Meio Ambiente ("Agroflor"), a Brazilian company with expertise in environmental studies and identification of liabilities. In Q1 2016, Agroflor completed reclamation plan reports on the Caeté Complex that include Camará, Catita, Serra Paraiso, Rio de Peixe, Ouro Fino, and Sabará. In Q4 2016, Agroflor also completed reclamation plan reports for CPA (Santa Isabel and Palmital) and MTL (Faina). The reports indicate the need for further study of additional geotechnical and topographical information, which will be carried out by Jaguar. Topographical surveys started in Q4 2016 and were concluded in Q1 2017. Based on topography results, Jaguar is working on rain water drainage system maintenance, focused on the annual rainy season.

In December 2015, the State Regional Environmental Regulation Agency ("SUPRAM") started the evaluation of the renewal request for the operating licence for MTL, that was filed in 2012. The operating licence for MTL continues to be valid even after the initial expiration date (June 19, 2012), as the Company has applied for renewal within the legal time frame. Jaguar's other operating licences are also under analysis by SUPRAM. In accordance to a National Department for Mineral Production ("DNPM") request, Jaguar submitted an official letter issued by SUPRAM to the DNPM, attesting to Jaguar's compliance with the renewal process for the operating licence of RG in May 2017.

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 provisions 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 the last four years in addressing the deficiencies. The Company's human resource and legal departments have been continually reviewing the Company's practices and establishing action plans to improve labour practices and both departments continue to monitor the implementation of actions to remediate the legacy deficiencies.

DEVELOPMENT AND EXPLORATION PROJECTS

Gurupi - Development Project

Avanco – Gurupi Earn-In Agreement

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

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

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

The Gurupi Project, wholly owned by the Company, is located in the State of Maranhão, Brazil, and comprises a total area of 140,332 hectares made of 33 mineral claims. Jaguar received its the Preliminary License ("LP") for the Gurupi Project 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 the National Institute for Colonization and Agrarian Reform ("INCRA").

During the fourth quarter of 2015, Jaguar was formally notified about this injunction. The appeal of the injunction was filed in Q1 2016 as required by the law. The main point of the injunction is that MCT wants to develop a mine on land that was designated as an agricultural settlement project by INCRA. However, the mineral rights for the region are from the 1980's and 1990's, while INCRA established an "Agricultural Settlement" in 2005. Mineral production under the National Department for Mineral Production ("DNPM") has the same level of importance as agricultural development under Brazilian law.

The main part of Jaguar's defense against the injunction is that there is very little to no agricultural work occurring in the areas of Chega Tudo and Cipoeiro and only large scale "garimpeiro" (illegal artisanal miners) mining is being carried out. In FY 2015, DNPM officially published information regarding eight mineral rights belonging to Jaguar. This publication will require Jaguar to complete mineral exploration and deliver a final exploration report to the DNPM within three years. Failure to identify and report mineralization during this period may likely result in a loss of these mineral rights.

During 2016, Jaguar continued the detailed planning for the resumption of limited mineral exploration in order to retain its mineral rights and also continued its interactions and engagement with stakeholders at Gurupi, including senior national government officials and ministries. Discussions have been positive and officials appear supportive of advancing economic

activity, including mining, in Maranhão. Meetings with INCRA in Maranhão are ongoing and are critical to resolve the land issues surrounding the project area.

In accordance to the earn-in agreement with Avanco Resources Limited (“Avanco”), Avanco is now conducting the conversations with INCRA and the environmental licensing process. The exploration program is also under Avanco’s management. In Q2 2017, INCRA sent a technical team to Cipoeiro to assess the local settlement and presence of “garimpeiros”. A specialized Brazilian company has started to develop the research of a socioeconomic study and prepare a final report to be delivered for INCRA.

On April 26, 2017, Avanco announced upgraded mineral resource estimates from the inferred to indicated category, with 765,000 ounces of gold (grade of 2.0 g/t Au) categorized as Indicated Resources and total Mineral Resources (Indicated and Inferred) of 1,286,000 ounces of gold (grade of 2.0 g/t Au) for the Cipoeiro Deposit.

Greenfield Exploration

Jaguar currently holds approximately 192,000 hectares of mineral rights. 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 a disposition plan of certain assets in the context of any change to holding cost, which are currently minimal.

Apart from properties in relatively 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 metres of exploration drilling to date. Due to prior financial constraints, this prospect has remained dormant but offers opportunity for further exploration should funds be available.

Pedra Branca Project

The Pedra Branca Project is located in the State of Ceará in northeastern Brazil and is currently comprised of 18 exploration licences, totaling 34,855 hectares covering a 38 kilometre section of a regional shear zone. Final exploration reports and a Preliminary Economic Analysis (“PEA”) have been delivered to DNPM for three of these licences. 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 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 kilometres west of the Turmalina plant facility and filed it with the DNPM. The Company has subsequently applied for the mining permit.

QUALIFIED PERSON

The technical contents of this MD&A have been reviewed and verified by Geraldo Santos, BSc Geo., MAIG (CP), Geology Manager, who is an employee of Jaguar Mining Inc., and is a “qualified person” as such term is defined in National Instrument 43-101 (“NI 43-101”).

OUTSTANDING SHARE DATA

The following are the issued and outstanding common shares and numbers of shares issuable under share-based compensation, warrants, and convertible debentures:

	As at August 9, 2017
Issued and outstanding common shares	325,115,403
Stock options	9,045,581
Deferred share units	2,760,965
Finder's warrants	3,073,411
Total	339,995,360

On June 9, 2017, the Company issued an aggregate of 375,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership in consideration for providing the financing commitment of Tranche 2 of the Sprott Facility.

On June 15, 2017, the Company closed a non-brokered private placement whereby it issued 17,624,728 common share sof the Company at a price of C\$0.44 per common share for gross proceeds of \$5.8 million, net of transaction costs of \$51,000.

On January 27, 2017, the Company granted 733,740 stock options to executives of the Company. The options are exercisable at a price of C\$0.70 and expire on January 27, 2025. The options vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017 and are exercisable upon vesting. The Company also granted 103,400 DSUs to each of the non-executive directors, totalling a grant of 620,400 DSUs, 50% of which vested immediately, with the remaining 50% vesting July 27, 2017. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 278,380 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017, and 278,380 performance-vested DSUs, that shall vest if the Company’s stock price reaches C\$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting.

NON-IFRS PERFORMANCE MEASURES

The Company has included the following non-IFRS performance measures: cash operating costs per tonne of ore processed, cash operating costs per ounce of gold sold, all-in sustaining costs per ounce of gold sold, cash operating margin per ounce of gold sold, all-in sustaining margin per ounce sold, adjusted operating cash flow, free cash flow, earnings before tax, depreciation and amortization (“EBITDA”), and adjusted 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, All-In Sustaining Costs, All-In Costs per Ounce Sold

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Operating expenses (per note 13 of the consolidated FS)	\$ 15,990	\$ 17,887	\$ 37,498	\$ 35,466
Cost adjustment ¹	(177)	290	528	(314)
Adjusted operating expenses	15,813	18,177	38,026	35,152
General & administration expenses	2,344	2,306	5,215	4,425
Corporate stock-based compensation	247	108	703	224
Sustaining capital expenditures	4,577	7,865	10,609	12,876
All-in sustaining cash costs	22,981	28,456	54,553	52,677
Reclamation - accretion (operating sites)	305	377	531	429
All-in sustaining costs	\$ 23,286	\$ 28,833	\$ 55,084	\$ 53,106
Non-sustaining capital expenditures	1,390	1,245	2,263	1,629
Exploration and evaluation costs (greenfield)	258	15	578	17
Reclamation - accretion (non-operating sites)	(72)	271	34	461
Care and maintenance (non-operating sites)	353	256	685	463
All-in costs	\$ 25,215	\$ 30,620	\$ 58,644	\$ 55,676
Ounces of gold sold	18,453	23,970	42,487	46,851
Cash operating costs per ounce sold	\$ 857	\$ 758	\$ 895	\$ 750
All-in sustaining costs per ounce sold	\$ 1,262	\$ 1,203	\$ 1,296	\$ 1,134
All-in costs per ounce sold	\$ 1,366	\$ 1,277	\$ 1,380	\$ 1,188
Average realized gold price	\$ 1,266	\$ 1,251	\$ 1,237	\$ 1,209
Cash operating margin per ounce sold	\$ 409	\$ 493	\$ 342	\$ 459
All-in sustaining margin per ounce sold	\$ 4	\$ 48	\$ (59)	\$ 75

¹ Cost adjustment includes any unusual items recorded during the quarter that do not relate to the current quarter’s cost of sales or are non-cash items.

Reconciliation of Cash Operating Costs, All-In Sustaining Costs per Ounce Sold by Mine Complex/Site

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Turmalina Complex				
Operating costs	\$ 7,512	\$ 8,806	\$ 17,508	\$ 18,622
Sustaining capital expenditures	2,831	4,123	5,058	7,288
All-in sustaining costs¹	\$ 10,343	\$ 12,929	\$ 22,566	\$ 25,910
Ounces of gold sold	10,815	15,035	24,351	31,670
Cash operating costs per ounce sold¹	\$ 695	\$ 586	\$ 719	\$ 588
All-in sustaining cost per ounce sold^{1,2}	\$ 956	\$ 860	\$ 927	\$ 818
Caeté Complex				
Operating costs	\$ 8,301	\$ 9,372	\$ 20,518	\$ 16,530
Sustaining capital expenditures	1,746	3,742	5,550	5,588
All-in sustaining costs¹	\$ 10,047	\$ 13,114	\$ 26,068	\$ 22,118
Ounces of gold sold	7,638	8,935	18,136	15,181
Cash operating costs per ounce sold¹	\$ 1,087	\$ 1,049	\$ 1,131	\$ 1,089
All-in sustaining cost per ounce sold^{1,2}	\$ 1,315	\$ 1,468	\$ 1,437	\$ 1,457
Pilar Mine				
Operating costs	\$ 6,843	\$ 7,300	\$ 17,137	\$ 13,573
Sustaining capital expenditures	1,338	3,239	4,558	4,560
All-in sustaining costs¹	\$ 8,181	\$ 10,539	\$ 21,695	\$ 18,133
Ounces of gold sold	6,625	7,622	16,047	12,991
Cash operating costs per ounce sold¹	\$ 1,033	\$ 958	\$ 1,068	\$ 1,045
All-in sustaining cost per ounce sold^{1,2}	\$ 1,235	\$ 1,383	\$ 1,352	\$ 1,396
RG Mine				
Operating costs	\$ 1,458	\$ 2,072	\$ 3,381	\$ 2,957
Sustaining capital expenditures	408	503	992	1,028
All-in sustaining costs¹	\$ 1,866	\$ 2,575	\$ 4,373	\$ 3,985
Ounces of gold sold	1,013	1,313	2,089	2,190
Cash operating costs per ounce sold¹	\$ 1,439	\$ 1,578	\$ 1,619	\$ 1,350
All-in sustaining cost per ounce sold^{1,2}	\$ 1,842	\$ 1,961	\$ 2,093	\$ 1,819

¹ Results of individual mines may not add up to the consolidated numbers due to rounding.

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

Reconciliation of Adjusted Operating Cash Flow

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Cash generated from operating activities	\$ 216	\$ 10,435	\$ 2,071	\$ 19,961
Changes in working capital:				
Inventory	1,313	818	915	319
Recoverable taxes and other assets	(2,597)	504	614	(2,558)
Accounts payable and accrued liabilities	3,966	(4,277)	2,959	(7,739)
Other provisions and liabilities	1,493	1,095	1,994	2,031
Adjusted operating cash flow	\$ 4,391	\$ 8,575	\$ 8,553	\$ 12,014

Reconciliation of Free Cash Flow

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Cash generated from operating activities	\$ 216	\$ 10,435	\$ 2,071	\$ 19,961
Sustaining capital expenditures	(4,577)	(7,865)	(10,609)	(12,876)
Cash tax refunds	(795)	-	(795)	(955)
Free cash flow	\$ (5,156)	\$ 2,570	\$ (9,333)	\$ 6,130
Ounces of gold sold	18,453	23,970	42,487	46,851
Free cash flow per ounce sold	\$ (279)	\$ 107	\$ (220)	\$ 131

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

(\$ thousands, except where indicated)	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net loss	\$ (3,323)	\$ (26,866)	\$ (11,200)	\$ (41,867)
Income tax expense (recovery)	722	(695)	1,115	(502)
Finance costs	1,453	1,109	3,019	2,332
Depreciation and amortization	4,857	8,408	11,518	16,133
EBITDA	\$ 3,709	\$ (18,044)	\$ 4,452	\$ (23,904)
Changes to legal provisions and recoverable VAT	48	1,686	2,196	(8,542)
Foreign exchange (gain) loss	(470)	234	(10)	2,592
Stock-based compensation	247	108	703	224
Inventory write-down	553	314	929	919
Financial instruments (gain) loss	(375)	25,189	(347)	44,624
Adjusted EBITDA	\$ 3,712	\$ 9,487	\$ 7,923	\$ 15,913

RISKS AND UNCERTAINTIES

The business of the Company 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 year ended December 31, 2016 filed on SEDAR under the profile of Jaguar Mining Inc. 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.

Further exploration on, and development of, the Company's properties, will require additional capital. In addition, a positive production decision on any of the Company's development projects would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to either generate sufficient funds internally or to obtain financing through the joint venturing of projects, debt financing, equity financing or other means.

The financial covenants related to the Sprott Facility require the Company to maintain a minimum of \$5.0 million unrestricted cash and cash equivalents and positive working capital computed monthly. Sprott Lending waived the Company's obligation to comply with the positive working capital covenant from the period of April 1, 2017 through June 29, 2017.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the 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.

The critical accounting estimates, judgments, and assumptions applied in the preparation of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2017 are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2016, except for a change in the unit of production depreciation:

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

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

- IAS 12 Income Taxes ("IAS 12") – In January 2016, the IASB issued amendments to IAS 12. The amendments clarify that the existence of a deductible temporary difference is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset and also clarify the methodology to determine the future taxable profits used

for assessing the utilization of deductible temporary differences. There was no impact on the Company's consolidated financial statements upon adoption of this standard.

The following are recent pronouncements approved by the IASB that are pending adoption. These new standards have not been applied in preparing the consolidated financial statements, however, they may impact future periods:

- IFRS 2 Share-based Payment ("IFRS 2") – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of the amendments to IFRS 2 on the Company's consolidated financial statements has not yet been determined.
- IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.
- IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The impact of IFRS 15 on the Company's consolidated financial statements has not yet been determined.
- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22") – In December 2016, the IASB issued IFRIC 22. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The impact of IFRIC 22 on the Company's consolidated financial statements has not yet been determined.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to permit timely decisions regarding public disclosure.

The Company's management, including the CEO and CFO, have as at June 30, 2017 designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The Company's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel 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 in the Company's internal control over financial reporting during the three and six months ended June 30, 2017 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. This forward-looking information includes, but is 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 information can be identified by the use of words such as, "are expected", "is forecast", "is targeted", "approximately", "plans", "anticipates", "projects", "anticipates", "continue", "estimate", "believe" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking information involves 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 information. 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 contained in forward-looking information, there may be other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

This forward-looking information represents 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 information, 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 information, see "CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS" and "RISK FACTORS" in the Company's Annual Information Form for the year ended December 31, 2016 that can be accessed under the profile of Jaguar Mining Inc. on SEDAR at www.sedar.com. Further information about the Company is available on its corporate website at www.jaguarmining.com.