



MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2020**

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2019, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). For further information on Jaguar Mining Inc., reference should be made to its public filings (including its most recently filed annual information form ("AIF") which is available on SEDAR at www.sedar.com). 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 November 5, 2020.

The Company included certain Non-GAAP financial measures, which the Company believes that, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is 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. The non-GAAP financial measures in this MD&A include:

- *Cash operating costs (per ounce sold);*
- *Cash operating cost (per tonne of ore processed);*
- *All-in sustaining costs (per ounce sold);*
- *Average realized gold price (per ounce sold);*
- *Cash operating margin (per ounce sold);*
- *All-in sustaining margin (per ounce sold);*
- *Adjusted operating cash flow;*
- *Adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA");*
- *Free cash flow (per ounce sold);*
- *Working Capital;*
- *Sustaining capital expenditures; and*
- *Non-sustaining capital expenditures.*

Definitions and reconciliations associated with the above metrics can be found in the Non-GAAP Performance Measures section of this MD&A.

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 2020	January 1, 2020 – September 30, 2020	YTD 2019	January 1, 2019 – September 30, 2019
Q1 2020	January 1, 2020 – March 31, 2020	Q1 2019	January 1, 2019 – March 31, 2019
Q2 2020	April 1, 2020 – June 30, 2020	Q2 2019	April 1, 2019 – June 30, 2019
Q3 2020	July 1, 2020 – September 30, 2020	Q3 2019	July 1, 2019 – September 30, 2019

OUR BUSINESS

Jaguar Mining Inc. (“Jaguar” or the “Company”) 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 (Turmalina Gold Mine and plant) and Caeté Gold Mine Complex (Pilar Gold Mine, Roça Grande Gold Mine and Caeté plant). The Company also owns the Paciência Gold Mine Complex (“Paciência”), which has been on care and maintenance since 2012. Jaguar’s Brazilian assets and operations are held by Jaguar’s wholly-owned subsidiary Mineração Serras dos Oeste EIRELI. (“MSOL”).

Q3 2020 FINANCIAL & OPERATING SUMMARY

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Financial Data				
Revenue	\$ 43,494	\$ 22,999	\$ 116,831	\$ 68,338
Operating costs	14,089	13,906	43,025	43,152
Depreciation	3,640	3,425	11,288	10,533
Gross profit	25,765	5,668	62,518	14,653
Net income (loss)	16,534	1,141	47,985	(2,835)
Per share (“EPS”)	0.23	0.00	0.66	(0.01)
EBITDA ¹	25,820	5,528	71,394	10,761
Adjusted EBITDA ^{1,2}	26,107	5,646	67,371	15,551
Adjusted EBITDA per share ¹	0.36	0.01	0.93	0.02
Cash operating costs (per ounce sold) ¹	614	798	628	817
All-in sustaining costs (per ounce sold) ¹	1,011	1,389	991	1,393
Average realized gold price (per ounce) ¹	1,896	1,320	1,704	1,293
Cash generated from operating activities	21,919	4,676	58,058	14,704
Free cash flow ¹	14,927	(3,189)	38,445	(8,630)
Free cash flow (per ounce sold) ¹	651	(183)	561	(163)
Sustaining capital expenditures ¹	6,992	7,865	19,613	23,334
Non-sustaining capital expenditures ¹	1,916	772	3,485	1,205
Total capital expenditures	8,908	8,637	23,098	24,539

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, and adjusted EBITDA per share 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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Operating Data				
Gold produced (ounces)	24,094	19,324	68,585	54,055
Gold sold (ounces)	22,935	17,417	68,545	52,836
Primary development (metres)	2,068	1,516	5,214	3,987
Secondary development (metres)	633	1,011	1,974	2,341
Definition, infill, and exploration drilling (metres)	18,055	7,842	46,876	22,705

Financial and Operational Summary

Revenue, Gross Profit, Gold Ounces Sold, Operating Costs, Net Income and Adjusted EBITDA¹

- Revenue for Q3 2020 increased 89% to \$43.5 million, compared with \$23 million in Q3 2019, due to 32% higher gold ounces sold and a 44% increase in the average realized gold price of \$1,896/oz. in Q3 2020 as compared to \$1,320/oz. for Q3 2019. As of September 30, 2020, the Company has no outstanding gold or currency hedges.
- Gross profit for the three months ended September 30, 2020, was \$25.8 million compared to \$5.7 million for Q3 2019. Increased profitability in Q3 2020 reflects higher operating production quarter-over-quarter, the increase in the average realized gold price in Q3 2020, and also the devaluation of the Brazilian Real versus the US dollar.
- Gold ounces sold for Q3 2020 increased 32% to 22,935 ounces, compared with 17,417 ounces in Q3 2019. The increase of gold sold in Q3 2020 is reflective of higher production at the Pilar Gold Mine (“Pilar”) and Turmalina Gold Mine (“Turmalina”), which have increased production by 24% and 25%, respectively, compared to the same period in 2019.
- Operating production costs of \$14.1 million in Q3 2020 was in line compared with the same period of 2019, even though the combined production increased 25% from 19,324 ounces in Q3 2019 to 24,094 ounces in Q3 2020. This was due to improvement in operational performance combined with the devaluation of the Brazilian Real versus the US dollar, with the average exchange rate during Q3 2020 being R\$5.38 per US dollar compared to R\$3.97 per US dollar in Q3 2019.
- Net income for Q3 2020 increased 1,349% to \$16.5 million, compared with \$1.1 million in Q3 2019, due to 89% increase in revenue, as a result of 32% higher gold ounces sold and a 44% increase in the average realized gold price. Combined with the devaluation of the Brazilian Real versus the US dollar, which has reduced the operational and other corporate expenses.
- Adjusted EBITDA for Q3 2020 was \$26.1 million compared to \$5.6 million for Q3 2019, as a result of the operational improvement year-over-year.

Cash Operating Costs¹, All-In-Sustaining Costs (“AISC”)¹, Operating Cash Flow and Free Cash Flow¹

- Cash operating costs and All-in sustaining costs decreased 23% and 27% to \$614 and \$1,011, respectively, per ounce of gold sold for Q3 2020, compared to \$798 and \$1,389 per ounce of gold sold for the same period in 2019, primarily due to a 32% increase in gold ounces sold, and also the devaluation of the Brazilian Real versus the US dollar.
- Operating cash flow was \$21.9 million for Q3 2020, compared to \$4.7 million in Q3 2019, mainly due to the 89% increase in revenue, driven by 32% higher gold ounces sold, and also an increase of 44% in the average gold realized price of \$1,896/oz. in Q3 2020 as compared to \$1,320/oz. for Q3 2019.
- Free cash flow was \$14.9 million for Q3 2020 based on operating cash flow less capital expenditures, compared to negative \$3.2 million in Q3 2019. Free cash flow was \$651 per ounce sold in Q3 2020 compared to negative \$183 per ounce sold in Q3 2019.
- For the fourth quarter of 2020, the Company has a forecast capital expenditures (“CAPEX”) of \$11-12 million, an increase of ~30-40% compared to Q3 2020. Q4 2020 Capex forecast includes primary development of \$4-5 million, \$1-2 million in exploration projects, and ~\$6 million on various projects, of which the majority of expenditure is on dry stack tailings project and filter press plant being installed at Caete plant in Q4.

Cash Position and Working Capital

- As at September 30, 2020, the Company had a cash position of \$39 million, compared to \$10.9 million as at December 31, 2019. The September 30, 2020, cash balance excludes \$0.3 million (December 31, 2019 – \$0.4 million) in a restricted-cash deposit associated with the Company’s Brazilian bank indebtedness.
- As at September 30, 2020, working capital was \$30.7 million, compared to \$9.4 million as at December 31, 2019, which includes \$3 million (December 31, 2019 – \$4.5 million) in loans from Brazilian banks, which mature every six months and are expected to be rolled forward.

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP performance measures section of the MD&A.

Share Consolidation and Cash Dividends

- On August 27, 2020, the Company completed a share consolidation (the "Share Consolidation") of its outstanding common shares (the "Shares") on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares. As a result of the Share Consolidation, the 723,502,108 common shares issued and outstanding as at that date were consolidated to 72,350,197 common shares on a non-diluted basis. The Share Consolidation was previously approved by shareholders at a meeting held on June 5, 2017. All information in the interim financial statements and this MD&A with respect to prior periods has been restated to be presented on a post-Share Consolidation basis. On September 17, 2020, subsequent to the share consolidation, the company proceeded with the quarterly cash dividend (the "Dividend") payment of \$4.4 million total or C\$0.08 per share.
- On November 7, 2020, the Board of Directors of Jaguar Mining approved a cash dividend of C\$0.08 per common share of the Company, to be paid on December 7, 2020 to shareholders of record as of the close of business on November 16, 2020. The dividend qualifies as an eligible dividend for Canadian income tax purposes.

Tonnes Processed and Average Grade, Gold Production

- Total processing was 192,000 tonnes in Q3 2020 (Q3 2019 – 208,000 tonnes) at an average head grade of 4.40 g/t (Q3 2019 – 3.30 g/t).
 - In Q3 2020, Turmalina processed 81,000 tonnes (Q3 2019 – 94,000 tonnes) at an average head grade of 4.40 g/t (Q3 2019 – 3.05 g/t).
 - Pilar processed 111,000 tonnes in Q3 2020 (Q3 2019 – 114,000 tonnes) at an average head grade of 4.39 g/t (Q3 2019 – 3.50 g/t).
- Consolidated gold production increased to 24,094 ounces in Q3 2020, compared to 19,324 ounces in Q3 2019, reflecting higher production from both Turmalina and Pilar quarter-over-quarter. Gold recovery was 88.8% in Q3 2020 compared to 87.8% in Q3 2019.
- Pilar production increased 24% to 13,724 ounces in Q3 2020, compared to 11,044 ounces in Q3 2019. Turmalina production increased 25% to 10,370 ounces in Q3 2020, compared to 8,280 ounces in Q3 2019.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

(\$ thousands, except where indicated)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Tonnes of ore processed	81,000	104,000	75,000	99,000	94,000	75,000	65,000	75,000
Average head grade (g/t) ¹	4.40	3.41	4.37	3.44	3.05	3.55	3.96	3.56
Average recovery rate (%)	90%	88%	90%	89%	90%	91%	90%	90%
Gold (oz.)								
Produced	10,370	10,031	9,487	9,773	8,280	7,823	7,525	7,743
Sold	10,462	10,836	8,853	10,063	7,399	7,999	8,006	8,206
Cash operating cost (per oz. sold) ²	\$ 617	\$ 653	\$ 684	\$ 754	\$ 826	\$ 766	\$ 868	\$ 787
All-in sustaining cost (per oz. sold) ²	\$ 1,035	\$ 956	\$ 1,191	\$ 1,282	\$ 1,454	\$ 1,465	\$ 1,347	\$ 1,298
Cash operating cost (per tonne) ²	\$ 80	\$ 68	\$ 81	\$ 77	\$ 65	\$ 82	\$ 107	\$ 86
Cash operating cost (R\$ per tonne) ²	\$ 429	\$ 366	\$ 361	\$ 316	\$ 258	\$ 320	\$ 403	\$ 328

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

² Cash operating costs, average realized cost and All-in sustaining costs 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.

During the third quarter of 2020, Turmalina produced 10,370 ounces of gold compared to 8,280 ounces in the corresponding 2019 period, an increase of 25% or 2,090 ounces. The increase in ounces produced was a result of a 44% increase in the average head grade from 3.05 g/t in Q3 2019 to 4.40 g/t in Q3 2020, partially offset by a 14% decrease in tonnes of ore processed from 94,000 in Q3 2019 to 81,000 in Q3 2020. The cash operating cost per ounce sold for the third quarter of 2020 decreased by 25%, or \$209 per ounce, as compared to the same period in 2019 due to higher ounces sold and the devaluation of the Brazilian Real versus the US dollar.

Turmalina Capital Expenditures

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Sustaining capital ¹				
Primary development	\$ 3,623	\$ 3,967	\$ 10,208	\$ 10,523
Brownfield exploration	110	79	287	464
Mine-site sustaining	647	597	1,652	1,307
Total sustaining capital¹	4,380	4,643	12,147	12,294
Total non-sustaining capital¹	325	413	937	1,496
Total capital expenditures	\$ 4,705	\$ 5,056	\$ 13,084	\$ 13,790

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		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Primary development	1,217	1,001	3,376	2,357
Secondary development	256	436	950	1,087
Total development	1,473	1,437	4,326	3,444
Definition drilling	2,414	1,026	6,403	2,772
Infill drilling	2,862	1,539	7,080	7,805
Exploration drilling	5,731	1,526	13,869	2,767
Total definition, infill, and exploration drilling	11,007	4,091	27,352	13,344

Mining

Located 1.5 hours west of Belo Horizonte, Turmalina is an underground mine that predominantly utilizes sub-level stoping as a mining method. Backfilling is completed using loose rockfill or paste depending upon the situation. Moving to a 4-shift-per-day schedule (to deal with legally limited underground working hours of six) was accomplished earlier last year, providing the mine more flexibility to increase production and development.

Currently development is being completed by both Jaguar crews and the mining contractor Toniolo Busnello (“TBSA”). Contractor development is targeted at deepening A-zone access, which opened a new mining panel (A-zone Panel 12) at the end of 2019. In Q3 2020, the ramp in A-zone has reached the bottom of Panel 13. Jaguar development accessed C-zone ore during the third quarter, opening up a new panel in level 5. Development rates have accelerated since the beginning of the year to 1,473 metres in Q3. Turmalina demonstrated the needed capacity to move tonnes and complete development at levels that will allow the mine to bring on the sustainable mining panels that will provide adequate stoping options.

Mining challenges of the past several years were basically driven by a lack of access to an adequate mining sequence of stoping blocks. Moving into Q3 the mining sequence at Turmalina has improved. Mining practices have also improved as Turmalina crews have adapted and the modified drilling, blasting, cable bolting, and sill development to bring all issues into line with normal mining practice. Paste fill is providing a significant advantage in mining the core portion of the orebody in Panel 12 of A-zone. Modifications and additions to the paste fill system will allow improved stope sequencing, and maintain good geotechnical conditions as these ore blocks are removed. Systematic stope sequencing with two new panels (A-zone Panel 12, and C-zone Panel 5) will provide for mine head grades closer to the historical realized grades. The C-Central orebody may provide additional flexibility as the down plunge extension of this resource was identified at the end of the second quarter. A review of the mining method for upper portions of the C-Zone is under evaluation to increase mine recovery and reduce mining cost in that region, by reducing the waste/ore ratio with a new approach on development.

In-mine Diamond Drilling has been stepped up from 2019 levels to identify several potential opportunities to grow Turmalina’s resources, as well as ensuring sustainable resource addition and reserve conversion.

Processing

The processing plant at Turmalina is onsite and the C-zone portal is within 200 metres of the crusher. The plant begins with primary and secondary crushing which feeds a crushed ore bin. The ore bin can feed any of three ball mill circuits. Total milling capacity exceeds 3,000 tonnes per day. The plant currently operates only Mill #3 that can easily handle current and expected mined tonnage rates. The ball mills provide ground ore to the carbon-in-pulp (“CIP”) circuit. Recoveries have historically been at 90% plus or minus. The plant is making ongoing improvements to ensure operational stabilization as well as minimizing costs at the optimal possible rate. Tails are sent to a filtration system from which they can be provided to the paste plant for backfill, or to a dry stack area.

Turmalina Surface Exploration

A Surface diamond drilling campaign on the contiguous properties started in July 2020, and was concluded during Q3. The first holes targeted the Faina resource to confirm existing estimates and provide material for metallurgical testing. Faina is a resource under an old open pit located 3 kilometres from Turmalina, and represents an opportunity for growing production in the near future. Results from these drill holes are expected to be ready in Q4 2020. Surface diamond drilling moved to the Zona Basal area, where it will be working during Q4 2020.

Turmalina Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Turmalina Complex				
Revenue	\$ 19,845	\$ 9,773	\$ 51,392	\$ 30,271
Less cash operating costs	6,451	6,122	19,583	19,204
Less sustaining capital expenditures	4,380	4,643	12,147	14,063
Free Cash Flow	\$ 9,014	\$ (992)	\$ 19,662	\$ (2,996)

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

The free cash flow for the three months ended September 30, 2020, increased compared to the same period in 2019, primarily as a result of the 103% increase in revenue.

Caeté Gold Mine Complex

Caeté Complex Quarterly Production

The Caeté Mining Complex ("Caeté") includes the Pilar Gold Mine, the Caeté Processing Plant and the Roça Grande Gold Mine ("Roça Grande"). On March 22, 2018, Roça Grande was placed on care and maintenance. Ore from Pilar is trucked a total distance of approximately 40 kilometres by road to the Caeté plant. The Caeté plant has a capacity of 2,200 tonnes per day and includes gravity, flotation and CIP processing.

Pilar Quarterly Production

(\$ thousands, except where indicated)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Tonnes of ore processed (t)	111,000	104,000	101,000	115,000	114,000	109,000	95,000	103,000
Average head grade (g/t) ¹	4.39	4.59	3.98	3.21	3.50	3.44	3.34	3.25
Average recovery rate (%)	88%	87%	89%	87%	86%	87%	86%	87%
Gold (oz.)								
Produced	13,724	13,452	11,521	10,256	11,044	10,543	8,840	9,301
Sold	12,473	14,134	11,787	10,997	10,018	10,599	8,815	9,416
Cash operating cost (per oz. sold) ²	\$ 612	\$ 535	\$ 699	\$ 804	\$ 777	\$ 802	\$ 871	\$ 803
All-in sustaining cost (per oz. sold) ²	\$ 822	\$ 732	\$ 875	\$ 1,092	\$ 1,099	\$ 1,065	\$ 1,240	\$ 1,050
Cash operating cost (per tonne) ²	\$ 69	\$ 73	\$ 82	\$ 77	\$ 68	\$ 78	\$ 81	\$ 73
Cash operating cost (R\$ per tonne) ²	\$ 370	\$ 392	\$ 364	\$ 317	\$ 271	\$ 306	\$ 305	\$ 280

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

² Cash operating costs, average realized cost and All-in sustaining costs 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.

During the third quarter of 2020, Pilar produced 13,724 ounces of gold compared to 11,044 ounces in Q3 2019, an increase of 24%, mainly due to the increase of 25% in average head grade from 3.50 g/t in Q3 2019 to 4.39 g/t in Q3 2020, partially offset by a 3% decrease in the tonnes processed from 114,000 in Q3 2019 to 111,000 in Q3 2020. The cash operating cost per ounce sold for Q3 2020 decreased 21% as compared to Q3 2019 due to higher production, combined with the devaluation of the Brazilian Real versus the US dollar.

Pilar Capital Expenditures

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Sustaining capital ¹				
Primary development	\$ 2,245	\$ 1,947	\$ 5,160	\$ 6,470
Brownfield exploration	125	91	132	198
Mine-site sustaining	242	1,184	2,174	2,603
Total sustaining capital¹	2,612	3,222	7,466	9,271
Total non-sustaining capital¹	1,421	271	2,220	426
Total capital expenditures	\$ 4,033	\$ 3,493	\$ 9,686	\$ 9,697

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		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Primary development	851	515	1,838	1,630
Secondary development	377	575	1,024	1,254
Total development	1,228	1,090	2,862	2,884
Definition drilling	1,415	1,578	3,623	5,332
Infill drilling	2,261	1,144	2,270	2,512
Exploration drilling	3,372	1,029	13,631	1,517
Total definition, infill, and exploration drilling	7,048	3,751	19,524	9,361

Mining

Located two hours east of Belo Horizonte, Pilar is an underground mine that predominantly utilizes sub-level stoping as a mining method. Backfilling is completed using loose rockfill, which is utilized exclusively at this mine. Pilar has shown consistent performance for the last two years and continues to increase the ounces produced. The Pilar team has shown great initiative in working to continually improve the performance of the mine. The mine has positioned itself for sustainable performance at about 4,000 ounces per month. Strong ground conditions have allowed for fairly large stoping blocks to be removed, providing large productive mining cycles.

The development rate in 2019 allowed the mine to maintain several sublevels of development in front of the planned mining sequence in 2020. This has provided flexibility to adapt to mining issues, and the ability to continue meeting and exceeding ounce production targets in a sustainable manner. Pilar utilizes an external contractor in the lowest portion of the mine for development, extending the main ramp and developing new sub-levels. Jaguar crews develop metres in the areas of active mining. Development rates for 2020 are being maintained at levels that can continue to sustain current production rates.

Q3 2020 saw continued strong performance at Pilar with 111,000 tonnes milled (114,000 tonnes in Q3 2019). Head grades improved significantly to one of the highest grades in the last few years. Grade control efforts and mining in core areas of the ore reserves have had a positive impact on head grade seen at the plant. The mine team has gradually improved the ramping up of production and adapting to the depth added with each new panel. In-mine Diamond Drilling has been increased in 2020

from 2019 rates to identify additional resource areas and to maintain resources and reserves. Surface diamond drilling on the Pilar property started in Q3 2020 to test prospective near-surface opportunities.

Processing

Ore is processed at Jaguar’s Caeté processing plant, which is located approximately 40 kilometres from Pilar. The plant utilizes gravity recovery which recovers about 50% of the gold, followed by a flotation circuit and leaching of the flotation concentrate in a CIP circuit. Historic recoveries have commonly ranged from 85 to 90%. The plant has capacity for approximately 2,200 tonnes per day, and significant opportunity is available for additional feed. The non-sulphide tails (flotation tails) are dry stacked, and leach tails are sent to the Moita Dam. Construction of a leach flotation filtration plant is scheduled for completion in Q4 2020 after which leach tailings will also be dry stacked.

Pilar/Caete Surface Exploration

The properties surrounding Pilar and the Caete plant have significant exploration potential. Exploration is currently active on the Pilarzinho and the Córrego Brandão exploration targets, with drilling planned for this year. Teams are being put together to evaluate the Roça Grande properties to determine if they should be brought back into production, and to look at several historic resources - non-compliant with NI43-101 conditions – which will be evaluated to assess the potential for upgrading to reserve status to provide additional plant feed at Caete.

Pilar Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Pilar				
Revenue	\$ 23,649	\$ 13,224	\$ 65,440	\$ 38,067
Less cash operating costs	7,638	7,784	23,442	23,957
Less sustaining capital expenditures	2,612	3,222	7,466	9,271
Free Cash Flow	\$ 13,399	\$ 2,218	\$ 34,532	\$ 4,839

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS. For further information, refer to the Non-IFRS Financial Performance Measures section of the MD&A.

The free cash flow for the three months ended September 30, 2020, increased compared to the same period in 2019, primarily as a result of the 79% increase in revenue.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review¹

(\$ thousands except where indicated)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	\$ 43,494	\$ 42,536	\$ 30,801	\$ 28,895	\$ 22,999	\$ 23,923	\$ 21,416	\$ 21,377
Cost of sales (excluding depreciation) ²	(14,089)	(14,638)	(14,297)	(16,433)	(13,906)	(14,627)	(14,630)	(14,014)
Gross profit (excluding depreciation) ²	29,405	27,898	16,504	12,462	9,093	9,296	6,786	7,363
Net income (loss)	16,534	19,178	12,275	2,687	1,141	(2,137)	(1,839)	(15,065)
Cash flows from operating activities	21,919	27,505	8,634	9,664	4,676	7,505	2,523	5,180
Total assets	228,450	212,678	199,198	200,915	194,638	184,111	183,352	178,667
Total liabilities	58,331	53,088	58,120	72,335	68,613	83,887	81,205	74,812
Income Taxes	5,343	3,932	2,046	871	182	67	-	42
Working Capital	30,733	25,843	12,548	9,436	5,504	(13,091)	(8,328)	(2,411)
Total Debt	3,219	4,276	5,959	5,592	5,383	13,969	14,885	9,743
Average realized gold price (per oz.) ²	\$ 1,896	\$ 1,703	\$ 1,492	\$ 1,372	\$ 1,320	\$ 1,286	\$ 1,273	\$ 1,213
Cash operating cost (per oz. sold) ²	\$ 614	\$ 586	\$ 693	\$ 780	\$ 798	\$ 786	\$ 870	\$ 795

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 increase of 89% in gold revenue in Q3 2020 and the relative strength in the global gold market positively impacted the Company's revenue. Current assets as at September 30, 2020, increased \$21 million compared with December 31, 2019, mainly due to the increase in cash position of \$28 million to the comparative period, which was partially offset by the reduction of \$7.4 million in recoverable taxes. For the nine months ended September 30, 2020, current liabilities decreased \$0.3 million, compared to December 31, 2019, where current tax liability increased by \$4.7 million, which was offset by the payment of \$2.4 million in debt, and the reduction of \$1.1 million respectively in derivatives liabilities and legal and other provision.

Non-current liabilities decreased \$14 million as at September 30, 2020, compared to December 31, 2019, mainly due to the sharp devaluation of the Brazilian Real versus the US dollar, with the average exchange rate during Q3 2020 being R\$5.38 per US dollar compared to R\$3.97 per US dollar in Q3 2019, which has decreased provisions for legal and other by \$6.7 million, as well as a reduction of \$4 million in the reclamation provision. Also, there was a reduction of \$4.2 million in other liabilities, due to the settlement of a judicial decision about MTL royalties that was settled in March 2020, where the Company signed an agreement with the Turmalina mining right royalty beneficiaries, whereas (i) the parties agreed to discontinue all outstanding royalty entitlement legal claims against each other, (ii) the parties agreed to a reduced royalty charge of 2.5% of net revenue for the two year period from April 2020 to March 2022, and (iii) as a result of the termination of the ongoing lawsuits, the beneficiaries were able to withdraw the total amount that was in an escrow judicial account for royalties paid between May 2017 and January 2020. Upon execution of this agreement, the Company recognized a \$3.3 million decrease to restricted cash, a \$3.3 million decrease to other liabilities, and a \$nil impact to the condensed interim consolidated statements of operations and comprehensive loss.

Revenue

(\$ thousands, except where indicated)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2020	2019	Change	2020	2019	Change
Revenue	\$ 43,494	\$ 22,999	89%	\$ 116,831	\$ 68,338	71%
Ounces sold	22,935	17,417	32%	68,545	56,908	20%
Average realized gold price ¹	\$ 1,896	\$ 1,320	44%	\$ 1,704	\$ 1,292	32%

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 third quarter of 2020 increased 89% compared to the same period in 2019, primarily as a result of a 32% increase in ounces sold, as well as a 44% increase in average realized gold price. During the three months ended September 30, 2020, the market price of gold (London PM Fix) traded in a range of \$1,771–\$2,067, averaged \$1,909 per ounce, and closed at \$1,887 per ounce on September 30, 2020. The average realized price of \$1,896 for the three months ended on September 30, 2020, is in line with the average market price.

Production

In Q3 2020, a total of 192,000 tonnes were processed (Q3 2019 – 208,000 tonnes) at an average head grade of 4.40 g/t (Q3 2019 – 3.30 g/t), with a 25% increase in gold ounce produced from 19,324 ounces in Q3 2019 to 24,094 in Q3 2020, reflecting the higher operating production quarter-over-quarter.

Consolidated Production Costs

(\$ thousands, except where indicated)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2020	2019	Change	2020	2019	Change
Direct mining and processing cost	\$ 12,829	\$ 13,192	(3%)	\$ 39,255	\$ 40,644	(3%)
Mining	7,872	8,544	(8%)	24,194	26,360	(8%)
Processing	4,957	4,648	7%	15,061	14,284	5%
Royalties, production taxes and others	1,260	714	76%	3,770	2,508	50%
Royalty expense and CFEM taxes	1,269	759	67%	3,729	2,450	52%
NRV adjustment and others	(9)	(45)	(80%)	41	58	(29%)
Total operating expenses	\$ 14,089	\$ 13,906	1%	\$ 43,025	\$ 43,152	(0%)
Depreciation	3,640	3,425	6%	11,288	10,533	7%
Total cost of sales	\$ 17,729	\$ 17,331	2%	\$ 54,313	\$ 53,685	1%

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.

During the third quarter of 2020, total operating expenses were in line with the comparative period of 2019, mainly due to the devaluation of the Brazilian Real versus the US dollar, with the average exchange rate during Q3 2020 being R\$5.38 per US dollar compared to R\$3.97 per US dollar in Q3 2019. The cash operating cost (per ounce sold) decreased 23% from \$798 in Q3 2019 to \$614 in Q3 2020.

Other Corporate Expenses

(\$ thousands)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2020	2019	Change	2020	2019	Change
Legal, recoverable tax and other provisions expenses	\$ 76	\$ 563	(87%)	\$ 869	\$ 2,546	(66%)
General and administrative expenses	1,624	2,348	(31%)	4,521	6,688	(32%)
Exploration and evaluation costs	419	44	852%	729	135	440%
Care & maintenance costs (Paciência and Roça Grande mines)	156	431	(64%)	451	958	(53%)
Stock-based compensation	448	70	540%	732	414	77%
Amortization	26	31	(16%)	82	99	(17%)
Other operating expenses	1,097	496	121%	960	1,716	(44%)
Total operating expenses	\$ 3,846	\$ 3,983	(3%)	\$ 8,344	\$ 12,556	(34%)

Other corporate expenses include costs related to the overall management of the business that are not part of direct mine operating costs. In Q3 2020, other corporate expenses were \$3.8 million, compared to \$4 million in Q3 2019, a 3% decrease in those expenses. The decrease of 31% in general and administrative expenses from \$2.4 million in Q3 2019 to \$1.6 million in Q3 2020 is due to the lower spending in US dollars due to a devaluation of the Brazilian Real and the general cost cutting measures adopted by management. Other corporate expenses include non-cash share based compensation expense of \$0.4 million for Q3 2020 compared to \$0.1 million Q3 2019.

Care and Maintenance Costs

Paciência Gold Mine Complex

The Paciência Gold Mine Complex remains on care and maintenance. No gold has been produced since the third quarter of 2012. No underground development or drilling work was carried out by the Company at Paciência during Q3 2020. The complex has been secured and the facilities are preserved and patrolled. A limited maintenance staff turns on the mills and equipment on a monthly basis to maintain the plant in working order. Paciência's carrying amount was written down to nil.

Roça Grande Gold Mine

Due to high operating costs, the Roça Grande Mine was placed on care and maintenance on March 2018. No underground development or drilling work was carried out by the Company at Roça Grande during Q3 2020. Teams are being put together to evaluate the Roça Grande properties to determine if they should be brought back into production, and to look at several historic resources. Roça Grande's carrying amount was written down to nil.

General and Administration Expenses

The general and administration ("G&A") expenses exclude mine-site administrative costs that 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 September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Directors' fees	\$ 86	\$ 342	(75%)	\$ 223	\$ 453	(51%)
Audit related and insurance	337	237	42%	900	795	13%
Corporate office (Toronto)	304	354	(14%)	1,034	1,257	(18%)
Belo Horizonte office	897	1,415	(37%)	2,364	4,183	(43%)
Total G&A expenses	\$ 1,624	\$ 2,348	(31%)	\$ 4,521	\$ 6,688	(32%)

For the third quarter of 2020, the total G&A expenses decreased 31% compared to the same period in 2019. Costs associated with the Belo Horizonte office were 37% lower due to the devaluation of Brazilian Real and general cost cutting measures adopted by management. Costs for the corporate office in Toronto in Q3 2020 declined 14% compared to the prior period, due to cost cutting measures.

Changes in Legal Provisions and Value-Added Tax ("VAT")

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Legal and other provisions expense	\$ 92	\$ 360	(74%)	\$ 436	\$ 3,269	(87%)
Provision (Reversals) against recoverability of VAT and other taxes	(16)	203	(108%)	433	(723)	(160%)
Total legal, recoverable tax and other provisions expenses	\$ 76	\$ 563	(87%)	\$ 869	\$ 2,546	(66%)

Legal Provisions

As at September 30, 2020, there were 316 employee-initiated active lawsuits (September 30, 2019 – 346) against the Company, largely related to disputed overtime, break/interval and time at disposal. Based on Management's assessment of the likelihood of loss related to 222 lawsuits (September 30, 2019 – 265), the Company has recorded approximately \$5.1 million as labour legal provisions, with \$2.5 million classified as a current liability as at September 30, 2020 (September 30, 2019 – \$7.8 million and \$2.7million, respectively).

During Q3 2020, 12 new lawsuits were initiated. The Company paid approximately \$77,200 in appeal deposits and escrow payments, \$231,700 in settlement installments, and \$39,200 for other costs such as social security, income tax, legal fees and expert fees. The total amount spent in Q3 2020 was \$348,100 compared to \$906,000 in Q3 2019.

Recoverable Taxes Provision

As at September 30, 2020, gross recoverable taxes which are primarily denominated in Brazilian Reais when converted amounted to \$11.7 million (December 31, 2019 – \$20.7 million). As at September 30, 2020, the provision for recoverable taxes was approximately \$2.3 million (December 31, 2019 – \$2.6 million). Consequently, the net book value of recoverable taxes as at September 30, 2020, was \$9.4 million (December 31, 2019 – \$18.1 million).

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

The Company continues to pursue approval of Federal VAT input credits with respect to the years 2008 through 2011 for its MSOL operating subsidiary and included in its value added and other taxes balance. The Company received a cash refund in the amount of R\$3.5 million (approximately \$1 million) in March 2016, related to MSOL. In July 2016, the Company initiated a lawsuit to obtain a court order to force the tax authority to review the Company's remaining tax credits for MSOL with respect to the years 2008 to 2011, amounting to R\$36 million (approximately \$11 million). A court order was granted and by November 2016, the Tax Authority reviewed the claim and granted a favourable decision to partially recognize the amount claimed, deeming R\$1.5 million (approximately \$0.5 million) due to the Company. The Company collected this amount and proceeded to appeal the Tax Authority's review result in pursuit of further tax credit refund recognition on the remainder of this claim. As at June 30, 2020, the Company is awaiting the Tax Authority's review result of its appeal to receive the remainder.

The Company has recorded a provision against its recoverable taxes in Brazil given the limited methods available to recover such taxes and the length of time it will take to recover such taxes. The provision reduces the net carrying amount of value added taxes and other taxes to their estimated recoverable value. In the year ended December 31, 2019, the Company received the final tax assessments issued by the Brazilian Federal Tax Authority following the conclusion of its audit over the Company's historical Federal VAT input credits recognized in Fiscal Year 2013.

Imposto sobre circulação de mercadorias e prestação de serviços ("ICMS") is a type of value added tax which can either be sold to other companies, usually at a discount rate of 15–30%, be used to satisfy ICMS tax settlement installments due, or be used to purchase specified machinery and equipment, as subject to approval by government authority. The ICMS credits can only be realized in the state where they were generated so, in the case of Jaguar, in the State of Minas Gerais, Brazil. In the nine months ended September 30, 2020, the Company started the period with R\$0.6 million (approximately \$0.1 million) in ICMS export tax credits authorized and available for sale. The Company received approval from the state tax authority to sell an additional R\$7.3 million (approximately \$1.3 million), and the Company sold R\$4.6 million (approximately \$0.9 million) in credits. As at September 30, 2020, the Company held R\$2.7 million (approximately \$0.5 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2019 – R\$0.6 million, approximately \$0.1 million).

Non-Operating Expenses (Recoveries)

(\$ thousands)	Three months ended			Nine months ended		
	September 30,			September 30,		
	2020	2019	Change	2020	2019	Change
Foreign Exchange (Gain) loss	\$ (237)	\$ (1,575)	(85%)	\$ (6,100)	\$ (1,272)	380%
Financial instruments (Gain) loss	-	1,060	(100%)	476	3,102	(85%)
Finance costs	277	749	(63%)	718	2,714	(74%)
Other non-operating (recoveries) expenses	2	128	(98%)	(226)	138	(264%)
Non-operating (recoveries) expenses	\$ 42	\$ 362	(88%)	\$ (5,132)	\$ 4,682	(210%)

A significant portion of the Company's expenditures at its Brazilian operation are denominated in the Brazilian Real. The gain of \$6.1 million in foreign exchange in the nine months of 2020, compared to \$1.3 million in the same period of 2019, is a result of the devaluation of the Brazilian Real as compared to the US dollar. The exchange rate as at January 1, 2020, was R\$4.02 per US dollar (R\$3.86 per US dollar in 2019), and closing at R\$5.64 per US dollar on September 30, 2020 (R\$4.16 per US dollar on September 30, 2019), with the average exchange rate being R\$5.08 during 2020 per US dollar, compared to R\$3.89 during 2019.

Taxes

Brazilian Taxes

Brazilian tax regulation involves three jurisdictions and tax collection levels: Federal, State and Municipal. 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%, value-added taxes at a rate of 9.25% for PIS/CONFINS and 12–18% for ICMS.

PIS and COFINS are Federal taxes imposed monthly on gross revenue earned by legal entities. The calculation method is, in the Company's case, non-cumulative, under which PIS and COFINS are levied on gross revenue at 1.65% and 7.6%, respectively, with deductions of input tax credits for expenses strictly connected to the Company's business and prescribed by the regulating laws. The export of goods and services are exempt provided funds effectively enter the country. PIS and COFINS are due on importations of goods and services from abroad (PIS-Import and COFINS-Import).

In the three and nine months ended September 30, 2020, the Company applied R\$4.8 million (\$0.8 million) and R\$20.5 million (\$4.1 million), respectively, in federal value added taxes and other tax credits to pay INSS tax obligations, R\$1.7 million (\$0.3 million) and R\$7.2 million (\$1.5 million), respectively, to pay goods and service withholding tax obligations, and R\$1.9 million (\$0.3 million) and R\$15.1 million (\$3.1 million), respectively, to pay income tax and social contribution tax obligations. In the three and nine months ended September 30, 2019, the Company applied R\$6.3 million (\$1.6 million) and R\$19.8 million (\$5.1 million), respectively, in federal value added taxes and other tax credits to pay INSS tax obligations, and R\$2.2 million (\$0.5 million) and R\$6.1 million (\$1.6 million), respectively, to pay goods and service withholding tax obligations.

In June 2018, the Company entered into an Administrative Agreement with the Minas Gerais State Tax Authority to pay R\$8.3 million (approximately \$2.2 million) in historical ICMS taxes due. In accordance with the agreement, the Company agreed to pay its ICMS debt due in 60 monthly installments using ICMS tax credits (non-cash).

In 2019, two new Minas Gerais state tax laws were ratified which impacted the ICMS installments due under the June 2018 administrative agreement, applicable to all existing and prospective installment plan obligations eligible for payment using ICMS tax credits. Firstly, in September 2019, a new law reduced the maximum installment period from 60 months to 36 months. Secondly, in December 2019, a new law limited the percentage eligible for payment via ICMS tax credits to 40%.

In April 2020, the Company obtained approval from the Minas Gerais State Tax Authority for a revised ICMS installment plan to pay the remaining R\$6.1 million (approximately \$1.2 million) balance due over a 36 month period, ending October 2022. The Company then prepaid the installments due through January 2021, including R\$1.7 million (\$0.4 million) in principal paid in ICMS tax credits and R\$0.6 million (approximately \$0.1 million) in interest paid in cash, using the totality of its limit eligible

for payment with ICMS tax credits. The Company will pay the remaining R\$3.6 million (approximately \$0.7 million) in 22 equal monthly cash installments starting in February 2021.

Government and Beneficiaries 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 1.5% effective November 1, 2017. The legislation 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.

In March 2020, the Company signed an agreement with the Turmalina mining right royalty beneficiaries, whereas (i) the parties agreed to discontinue all outstanding royalty entitlement legal claims against each other, (ii) the parties agreed to a reduced royalty charge of 2.5% of net revenue for the two year period from April 2020 to March 2022, and (iii) as a result of the termination of the ongoing lawsuits, the beneficiaries were able to withdraw the total amount that was in an escrow judicial account for royalties paid between May 2017 and January 2020.

Income Taxes Expenses

(\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Current income tax expense	\$ 5,343	\$ 182	2,836%	\$ 11,321	\$ 250	4,428%
Income tax expense	\$ 5,343	\$ 182	2,836%	\$ 11,321	\$ 250	4,428%

The current income tax relates to taxable income in Brazil. At the beginning of the year, the Brazil entity had significant tax loss carry-forwards; however, under Brazil tax rules, only 30% of taxable income can be applied against tax loss carry-forwards in a given year.

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, it is expected that the Company’s effective tax rate will fluctuate in future periods.

For the nine months ended September 30, 2020 The Company has paid in cash \$3.9 million in income tax expenses (\$nil for the nine months ended September 30, 2019).

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

As at September 30, 2020, the Company had a working capital of \$30.7 million (\$9.4 million as at December 31, 2019). Working capital as at September 30, 2020, includes \$3 million in loans from Brazilian banks (\$4.5 million as at December 31, 2019), which mature every nine months and are expected to continue to be rolled forward.

	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 38,958	\$ 10,924
Non-cash working capital		
Other current assets:		
Restricted cash	1,120	1,418
Inventory	13,548	12,701
Recoverable taxes	5,261	12,658
Other accounts receivable	519	590
Prepaid expenses and advances	1,523	1,602
Derivatives	-	71
Current liabilities:		
Accounts payable and accrued liabilities	(16,214)	(16,141)
Notes payable	(3,219)	(5,592)
Lease liabilities	(1,560)	(2,020)
Current tax liability	(5,250)	(599)
Other taxes payable	(841)	(642)
Reclamation provisions	(187)	(390)
Legal and other provisions	(2,925)	(4,041)
Derivative liabilities	-	(1,103)
Working capital¹	\$ 30,733	\$ 9,436

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS.

Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets. Working capital is reconciled to the amounts in the consolidated statement of financial position in the Liquidity and Capital Resources section of this MD&A.

The use of funds during the three and nine months ended September 30, 2020, is outlined as follows:

(\$ thousands)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Cash generated from operating activities	\$ 21,919	\$ 4,676	\$ 58,058	\$ 14,704
Investing activities				
Purchase of property, plant and equipment	(7,128)	(8,096)	(21,660)	(23,022)
Proceeds from disposition of property, plant and equipment	-	-	6	57
Cash used in investing activities	\$ (7,128)	\$ (8,096)	\$ (21,654)	\$ (22,965)
Financing activities				
Cash received upon issuance of shares via private placement	-	24,571	-	24,571
Cash received upon issuance of debt	2,980	1,235	6,461	8,575
Cash received upon issuance of shares via stock options exercised	2	20	23	20
Repayment of debt	(4,404)	(14,349)	(10,324)	(17,740)
Cash paid for purchase and cancellation of shares	(473)	-	(1,212)	-
Interest paid	(175)	(431)	(369)	(1,019)
Restricted cash margin deposits paid	(111)	(376)	-	(376)
Cash dividends paid	(4,392)	-	(4,392)	-
Cash provided by (used in) financing activities	\$ (6,454)	\$ 10,670	\$ (9,694)	\$ 14,031
Effect of exchange rate changes on cash balances	402	(278)	1,324	124
Net increase (decrease) in cash and equivalents	\$ 8,739	\$ 6,972	\$ 28,034	\$ 5,894

Cash generated by operations increased in Q3 2020 to \$21.9 million, compared to \$4.7 million in Q3 2019, due to an 89% or \$20.5 million increase in revenue in Q3 2020. The revenue increase was primarily a result of a 32% increase in ounces sold to 22,935 ounces, as well as a 44% increase in average realized gold price to \$1,896 per ounce. The decrease in cash operating costs from \$798 per ounce in Q3 2019 to \$614 in Q3 2020, also caused the company to achieve a 369% increase in cash generated by operating activities. The decrease in cash operating costs was a combination of cost-cutting measures and the devaluation of the Brazilian Real versus the US dollar, with the average exchange rate during Q3 2020 being R\$5.38 per US dollar compared to R\$3.97 per US dollar in Q3 2019. Cash generated from operations does not include incomes taxes for Q3 2020, which the Company expects to pay in Q4 2020.

Net cash flows used in investing activities of \$7.1 million for the three months ended September 30, 2020, were comparable to \$8.1 million in the same period of 2019. The decrease in cash used in investing activities occurred primarily due to the devaluation of the Brazilian Real. Investment in sustaining capital is focused in primary development.

Cash used in financing activities of \$6.5 million for Q3 2020, correlates to the dividends payment of \$4.4 million, and also the repayment of loans from Brazilian banks, which has decreased from \$5.1 million in Q3 2019 to \$3 million in Q3 2020. These loans renew every six months and are expected to be rolled forward. For the three months ended September 30, 2020, The Company has bought back \$0.5 million of common shares through the Normal Course Issuer Bid program, as a return to shareholders.

Contractual Obligations and Commitments

The Company's contractual obligations as at September 30, 2020, are summarized as follows:

(\$ thousands, except where indicated)	Less than		More than		Total
	1 year	1 - 3 years	3 - 5 years	5 years	
Financial Liabilities					
Accounts payable and accrued liabilities ¹	\$ 16,214	\$ -	\$ -	\$ -	\$ 16,214
Other Taxes Payable					
ICMS Settlement Due	328	499	21	-	848
INSS	469	937	700	-	2,106
IRPJ & CSLL Settlement Due	43	87	66	-	196
Notes payable					
Principal					
Bank indebtedness ²	3,026	-	-	-	3,026
Vale note	193	-	-	-	193
Interest	38	31	-	-	69
Lease liabilities	1,091	1,557	634	-	3,282
Reclamation provision ³	187	6,020	7,257	7,712	21,176
Current tax liability	5,250	-	-	-	5,250
Other liabilities	-	90	-	-	90
Total financial liabilities	\$ 26,839	\$ 9,221	\$ 8,678	\$ 7,712	\$ 52,450
Other Commitments					
Suppliers' agreements ⁴	165	-	-	-	165
Suppliers' agreements ⁴	\$ 165	\$ -	\$ -	\$ -	\$ 165
Total other commitments	\$ 27,004	\$ 9,221	\$ 8,678	\$ 7,712	\$ 52,615

¹ Amounts payable as at September 30, 2020.

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

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

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

CAPITAL STRUCTURE

The capital structure of the Company as at September 30, 2020, is as follows:

All amounts in \$ thousands, except number of common shares	As at September 30, 2020
Bank indebtedness	\$ 3,026
Leasing Liabilities	2,947
Vale note	193
Total debt	\$ 6,166
Less: cash and cash equivalents	(38,958)
Total net debt¹	\$ (32,792)
Number of common shares outstanding	72 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, representing the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive income (loss). Legal fees paid to ASA were \$18,000 and \$24,000 for the three and nine months ended September 30, 2020 (\$nil and \$19,000, for the three and nine months ended September 30, 2019).

DEVELOPMENT AND EXPLORATION PROJECTS

Development Project – Gurupi

Avanco – Gurupi Project Earn-In Agreement

On October 4, 2016, the Company announced that it 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. On September 17, 2017, Jaguar and Avanco agreed to a revised, accelerated earn-in agreement with Avanco, pursuant to which Avanco will earn up to a 100% ownership interest in the Gurupi Project after meeting certain milestones and making a series of payments to Jaguar.

Main Terms of the Revised Accelerated Earn-in Agreement

Upon the satisfactory completion of certain closing conditions, the agreement provides Avanco with the right to acquire 100% of Jaguar’s interest in the Gurupi Project by paying to Jaguar an aggregate cash payment of \$4 million in two installments of \$2 million each (\$2 million due immediately upon signature and \$2 million due immediately upon transfer of ownership) and committing to a Net Smelter Return (“NSR”) royalty due to Jaguar. Jaguar received an initial aggregate cash payment of \$4 million, in two installments of \$2 million each in September and October 2017. The Company expects to collect the additional \$5 million from Avanco in a series of 10 instalments of \$500,000 starting during fiscal year 2021, starting in the month in which Avanco receives “clear title and access” to the project.

Within 24 months of the initial \$4 million payment, Avanco will arrange to have published an Australian Joint Ore Reserve Committee (JORC) code compliant technical report regarding the Project with mineral reserves in excess of 500,000 ounces of gold. Any delay in this milestone will result in a project delay fee payable to Jaguar of \$250,000 per nine months of delayed period. Within 60 months of the initial \$4 million payment, Avanco will aim to commission the Gurupi mine and plant. Any delay in this commissioning milestone will result in a separate project delay fee payable to Jaguar of \$250,000 per nine months of delayed period.

Consistent with the original earn-in agreement, Jaguar will retain a life of mine NSR royalty from production at Gurupi. The royalty will be a 1% NSR on the first 500,000 ounces of gold or gold ounce equivalents sold; 2% NSR on sales from 500,001 to 1,500,000 ounces of gold or gold ounce equivalents; and 1% NSR on gold sales exceeding 1,500,000 ounces of gold or gold ounce equivalents.

Greenfield Exploration

Jaguar currently holds approximately 64,000 hectares of mineral rights in Brazil. New mining legislation in Brazil has been tabled and the outcome of any mining law reform is, as of yet, unknown. The Company is currently reviewing its greater tenement portfolio with the aim of highlighting opportunities to unlock and leverage unrealized value that can be attributed to a strategic portfolio of advanced, partially tested or untested exploration targets in these areas. This review will inform

discussions on future exploration or divestment decisions for these areas. Holding costs of the assets, which are considered strategic, remain 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.

Pedra Branca Project

The Pedra Branca Project is located in the State of Ceará in northeastern Brazil and is currently comprised of 24 exploration licences, totalling 38,926 hectares covering a 38-kilometre section of a regional shear zone. Final exploration reports and a Preliminary Economic Analysis (“PEA”) have been delivered to the Mining Nacional Agency (ANM) 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.

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 an NSR of 1% on future gold production, as well as 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 300% of the Company’s exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

On July 29, 2020, the Company entered into a definitive option agreement (the “Option Agreement”) with Jiulian Resources Inc. (“Jiulian”) to sell up to a 100% interest in the Pedra Branca project. According to the agreement:

- Jiulian can acquire a 75% interest by incurring \$1 million in earn-in exploration expenditures, and can increase its interest to 100% by (i) delivering a technical report compliant with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (“NI 43-101”) and (ii) granting a 0.5% NSR royalty to Jaguar. Jiulian can purchase half of the NSR for \$1 million.
- Jaguar shall retain a back-in-right to buy back a 24% interest in the project (the “Back-In-Right”) wherein upon completion of the earn-in exploration expenditures by Jiulian (the “Earn-In Vesting Date”) Jaguar shall have 45 days from the Earn-In Vesting Date to exercise its Back-In Right by paying Jiulian 2.5 times the earn-in expenditures incurred by Jiulian. In the event Jaguar exercises its Back-in-Right, Jiulian foregoes its right to increase ownership to 100% upon delivery of a technical report compliant with NI 43-101 and the parties shall form a joint venture (the “JV”) owned 49% by Jaguar and 51% by Jiulian. In the event any party dilutes their interest below 10%, such interest shall revert to a 0.5% NSR (the “JV NSR”) of which 0.25% of the JV NSR may be purchased for \$1 million by the non-diluting party.
- The Pedra Branca project remains subject to underlying royalties to the original vendors as follows:
 - (i) Base Metal – 1% on gross revenues over any production, and
 - (ii) Gold Deposit – In the case of Measured and Indicated Resources of up to 200,000 gold ounces, the original vendors will be entitled to a 0.5% royalty on gross revenues and a \$500,000 payment due within 3 months after commercial production. In the case of Measured and Indicated Resources in excess of 200,000 gold ounces, the original vendors will be entitled to a 1% royalty on gross revenues and in this scenario 0.5% of the royalty may be purchased for \$750,000.

Up through September 30, 2020, Jiulian has not yet met the earn-in exploration expenditure requirements which will vest its ownership interest in the Pedra Branca Project and, therefore, as at September 30, 2020, the Company continues to hold a 100% ownership interest in the project.

Iron Quadrangle Option Agreement with IAMGOLD Corporation

On August 26, 2020, the Company entered into an earn-in option agreement (the “Iron Quadrangle Agreement”) with IAMGOLD Corporation (“IAMGOLD”) on a package of 28 exploration tenements (the “Package”) covering an area of some 27,141.75 hectares in the prolific Iron Quadrangle, located in Minas Gerais, Brazil. Pursuant to the Iron Quadrangle

Agreement, the Company has the option to earn an initial 60% interest in the Package by spending \$6 million in exploration expenditures over four years commencing in the third quarter of 2020. Jaguar will be the project operator and will be subject to oversight by a technical committee with representatives from both companies. According to the agreement:

- The earn-in period will require a minimum expenditure of \$500,000 per annum, and the exploration program must include the completion of a minimum of 5,000 metres of diamond drilling over the option agreement time frame.
- Upon Jaguar vesting an initial 60% interest, IAMGOLD may elect to participate and fund its pro-rata share of ongoing expenditures under a conventional 60:40 JV that will be formed for this purpose and will be agreed-upon by both companies. Should such an election be made, both parties will be required to fund their pro-rata share for ongoing expenditures or be subject to dilution. Should either party dilute to <10% interest, their interest will revert to a 1.5% NSR.

QUALIFIED PERSON

Scientific and technical information contained in this MD&A have been reviewed and approved by Jonathan Victor Hill, BSc (Hons) (Economic Geology - UCT), Senior Expert Advisor Geology and Exploration to the Jaguar Mining Management Committee, who is also an employee of Jaguar Mining Inc., and is a “qualified person” as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“NI 43-101”).

OUTSTANDING SHARE DATA

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

	As at November 5, 2020
Issued and outstanding common shares	71,989,989
Stock options	806,136
Deferred share units	538,570
Total	73,334,695

On June 16, 2020, the Toronto Stock Exchange accepted Jaguar’s notice to make a normal course issuer bid (the “Bid”) to purchase for cancellation up to 3,623,269 common shares in the capital of the Company (“Common Shares”) in total, being 5% of the issued and outstanding Common Shares as at the date of Jaguar’s notice to the TSX. According to the terms of the Bid, the Company’s daily purchases are subject to a daily limit, the Company reserves the right to not purchase shares and may elect to suspend or discontinue the Bid at any time. The Bid commenced on June 18, 2020, and will terminate on June 17, 2021, or such earlier time as the bid is completed or terminated at the option of Jaguar.

During the nine months ended September 30, 2020, the Company purchased and cancelled 622,112 shares for \$2.7 million in cash payments (nil shares for \$nil, for the nine months ended September 30, 2019). As at September 30, 2020, 3,001,157 shares remained available and subject to purchase for cancellation under the Bid (December 31, 2019: Nil).

NON-GAAP PERFORMANCE MEASURES

The Company has included the following Non-GAAP performance measures in this document: 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 of gold sold, average realized gold price (per ounce of gold sold), sustaining capital expenditures, non-sustaining capital expenditures, adjusted operating cash flow, free cash flow, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA and working capital. These Non-GAAP 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-GAAP measures to reported IFRS measures are outlined below.

Reconciliation of Cash Operating Costs, All-In Sustaining Costs and All-In Costs per Ounce Sold

(\$ thousands, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Operating costs (per note 16 of the consolidated FS)	\$ 14,089	\$ 13,906	\$ 43,025	\$ 43,152
General & administration expenses	1,624	2,348	4,521	6,688
Corporate stock-based compensation	448	70	732	414
Sustaining capital expenditures	6,992	7,865	19,613	23,334
All-in sustaining cash costs	23,153	24,189	67,891	73,588
Reclamation - accretion (operating sites)	23	-	60	8
All-in sustaining costs	\$ 23,176	\$ 24,189	\$ 67,951	\$ 73,596
Non-sustaining capital expenditures	1,916	772	3,485	1,205
Exploration and evaluation costs (greenfield)	419	44	729	135
Reclamation - accretion (non-operating sites)	6	10	60	30
Care and maintenance (non-operating sites)	156	431	451	958
All-in costs	\$ 25,673	\$ 25,446	\$ 72,676	\$ 75,924
Ounces of gold sold	22,935	17,417	68,545	52,836
Cash operating costs per ounce sold	\$ 614	\$ 798	\$ 628	\$ 817
All-in sustaining costs per ounce sold	\$ 1,011	\$ 1,389	\$ 991	\$ 1,393
All-in costs per ounce sold	\$ 1,119	\$ 1,461	\$ 1,060	\$ 1,437
Average realized gold price	\$ 1,896	\$ 1,320	\$ 1,704	\$ 1,293
Cash operating margin per ounce sold	\$ 1,282	\$ 522	\$ 1,076	\$ 476
All-in sustaining margin per ounce sold	\$ 885	\$ (69)	\$ 713	\$ (100)

Cash operating costs per ounce sold is calculated dividing operating costs per the consolidated statement of comprehensive income (loss), by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depreciation.

All-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes.

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure

prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

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

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Turmalina Complex				
Operating costs	\$ 6,451	\$ 6,122	\$ 19,583	\$ 19,204
Sustaining capital expenditures	4,380	4,643	12,147	14,063
All-in sustaining costs¹	\$ 10,831	\$ 10,765	\$ 31,730	\$ 33,267
Ounces of gold sold	10,462	7,399	30,151	23,404
Cash operating costs per ounce sold¹	\$ 617	\$ 827	\$ 649	\$ 821
All-in sustaining cost per ounce sold^{1,2}	\$ 1,035	\$ 1,455	\$ 1,052	\$ 1,421
Pilar Mine				
Operating costs	\$ 7,638	\$ 7,784	\$ 23,442	\$ 23,957
Sustaining capital expenditures	2,612	3,222	7,466	9,271
All-in sustaining costs¹	\$ 10,250	\$ 11,006	\$ 30,908	\$ 33,228
Ounces of gold sold	12,473	10,018	38,394	29,432
Cash operating costs per ounce sold¹	\$ 612	\$ 777	\$ 611	\$ 814
All-in sustaining cost per ounce sold^{1,2}	\$ 822	\$ 1,099	\$ 805	\$ 1,129

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

² The calculation by mine site does not include allocation of the Corporate G&A - Toronto and Belo offices.

Reconciliation of Free Cash Flow¹

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Cash generated from operating activities	\$ 21,919	\$ 4,676	\$ 58,058	\$ 14,704
Sustaining capital expenditures	(6,992)	(7,865)	(19,613)	(23,334)
Free cash flow	\$ 14,927	\$ (3,189)	\$ 38,445	\$ (8,630)
Ounces of gold sold	22,935	17,417	68,545	52,836
Free cash flow per ounce sold	\$ 651	\$ (183)	\$ 561	\$ (163)

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS.

The Company uses the financial measure "free cash flow", which is a non-GAAP financial measure, to supplement information in its consolidated financial statements. Net free cash flow does not have any standardized meaning prescribed under IFRS. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance with respect to its operating cash flow capacity to meet non-discretionary outflows of cash. The presentation of net free cash flow is not meant to be a substitute for the cash flow information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Net free cash flow is calculated as cash flows from operating activities less non-discretionary item such as sustaining capital expenditures.

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA¹

(\$ thousands, except where indicated)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net Income (loss)	\$ 16,534	\$ 1,141	\$ 47,985	\$ (2,835)
Income tax expense	5,343	182	11,321	250
Finance costs	277	749	718	2,714
Depreciation and amortization	3,666	3,456	11,370	10,632
EBITDA	\$ 25,820	\$ 5,528	\$ 71,394	\$ 10,761
Changes in other provisions and VAT taxes	76	563	869	2,546
Foreign exchange loss (gain)	(237)	(1,575)	(6,100)	(1,272)
Stock-based compensation	448	70	732	414
Financial instruments (gain) loss	-	1,060	476	3,102
Adjusted EBITDA	\$ 26,107	\$ 5,646	\$ 67,371	\$ 15,551

¹ This is a non-GAAP financial performance measure with no standard definition under IFRS.

EBITDA is earnings before transaction costs, finance expense, current and deferred income tax expense and depletion and depreciation. Adjusted EBITDA excludes from EBITDA results the impact of changes in other provision and VAT taxes, Foreigner exchange (gain), Stock-based compensation and financial instruments loss.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks which could materially adversely affect the Company's future business, operations and financial condition, and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in the Cautionary Statement on Forward-Looking Information found in this document. The Company is subject to various risks, known and unknown, arising from factors within or outside of its control. This section describes certain risks and uncertainties that may have an adverse effect on the Company's business, operations and financial results.

The business of the Company involves significant risk due to the nature of mining, exploration and development activities. Certain risk factors, including but not limited to those listed below, are related to the mining industry in general while others are specific to Jaguar. For a comprehensive discussion of the risks and uncertainties that may have an adverse effect on the Company's business, operations and financial results, refer to the Company's latest AIF, filed with Canadian securities regulatory authorities at www.sedar.com.

I. Risks Relating to the Gold Industry

Gold prices are volatile and there can be no assurance that a profitable market for gold will exist.

Gold prices are volatile and subject to changes resulting from a variety of factors including international economic and political trends, expectations of inflation, global and regional supply and demand and consumption patterns, stock levels maintained by producers and others, currency exchange fluctuations, inflation rates, interest rates, hedging activities and increased production due to improved mining and production methods. While the price of gold has recently been strong, there can be no assurance that gold prices will remain at such levels or be such that Jaguar's properties can be mined at a profit.

Mining is inherently risky and subject to conditions and events beyond Jaguar's control.

Mining involves various types of risks and hazards, including:

- environmental hazards;
- unusual or unexpected geological operating conditions, such as rock bursts, structural cave-ins or slides;

- flooding, earthquakes and fires;
- labour disruptions;
- industrial accidents;
- unexpected mining dilution such as occurred at Turmalina in 2017;
- metallurgical and other processing problems; and/or
- metal losses and periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Jaguar may not be able to obtain insurance to cover these risks at affordable premiums or at all. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to Jaguar or to other companies within the mining industry. Jaguar may suffer a materially adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

Calculation of Mineral Reserves and Mineral Resources and metal recovery is only an estimate, and there can be no assurance about the quantity and grade of minerals until mineral resources are actually mined.

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral reserves or mineral resources and grades must be considered as estimates only. Any material change in mineral reserves, mineral resources, grade or stripping ratio at Jaguar's properties may affect the economic viability of Jaguar's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

II. Risks Relating to Jaguar's Business

Jaguar's operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits.

The proposed programs on the exploration properties in which Jaguar holds an interest are exploratory in nature and such properties do not host known bodies of commercial ore. Development of these mineral properties is contingent upon, among other things, obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses related to locating and establishing mineral reserves, developing metallurgical processes and constructing mining and processing facilities at a particular site. It also involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Few properties that are explored are ultimately developed into producing mines, and there is no assurance that commercial quantities of ore will be discovered on any of Jaguar's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production, or if brought into production, that it will be profitable. The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon, among a number of other factors, its size, grade and proximity to infrastructure, current metal prices, and government regulations, including regulations relating to required permits, royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one of these factors or the combination of any of these factors may prevent Jaguar from receiving an adequate return on invested capital. In addition, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Some ore reserves may become unprofitable to develop if there are unfavourable long-term market price fluctuations in gold, or if there are significant increases in operating or capital costs. Most of the above factors are beyond Jaguar's control, and it is difficult to ensure that the exploration or development programs proposed by Jaguar will result in a profitable commercial mining operation.

Jaguar may be negatively affected by an outbreak of infectious disease or pandemic.

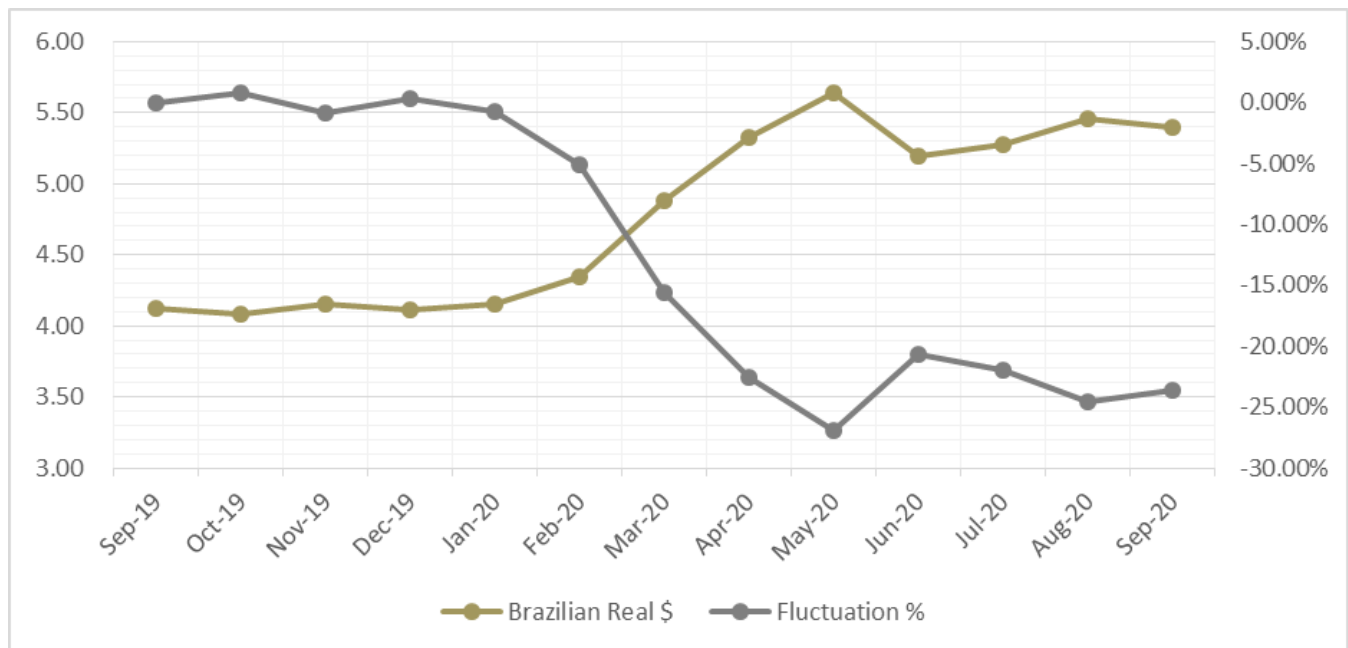
An outbreak of infectious disease, pandemic or a similar public health threat, such as the COVID-19 outbreak in 2020, and the response thereto, could adversely impact the Company, both operationally and financially. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments around the world in jurisdictions where the Company operates. Labour shortages due to illness, Company- or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or interruption of the Company’s operations, including mine shutdowns or suspensions. The inability to transport or refine and process the Company’s products could have a materially adverse effect on the Company’s future cash flows, earnings, results of operations and financial condition. While the Company’s operations have not been materially impacted to date, there can be no assurance that Jaguar will remain unaffected by the current COVID-19 crisis or potential future health crises. The actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of Jaguar’s stock price. The extent to which COVID-19 and any other pandemic or public health crisis impacts our business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain the COVID-19 or remedy its impact, among others.

Fluctuations in currency exchange rates may adversely affect Jaguar’s financial position and results of operations.

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than US dollars, may significantly impact Jaguar’s financial position and results of operations. Jaguar generally sells its gold based on a US dollar price, but a major portion of Jaguar’s operating expenses is incurred in non-US currencies. In addition, the appreciation of the Brazilian Real against the US dollar could further increase the dollar costs of gold production at Jaguar’s mining operations in Brazil, which could materially and adversely affect Jaguar’s earnings and financial condition.

US Dollar - Market Update

The following summarizes the movement in key currencies vis-à-vis the US dollar (source: Central Bank of Brazil):



During the three months ended September 30, 2020, the Brazilian Real weakened against the US dollar.

Competition for new mining properties may prevent Jaguar from acquiring interests in additional properties or mining operations.

The gold mining industry is intensely competitive. Significant and increasing competition exists for gold and other mineral acquisition opportunities throughout the world. Some of the competitors are large, more established mining companies with substantial capabilities and greater financial resources, operational experience and technical capabilities than Jaguar. As a result of this competition, Jaguar may be unable to acquire rights to additional attractive mining properties on terms it considers acceptable. Increased competition could adversely affect Jaguar's ability to attract necessary capital funding or acquire an interest in additional operations that would yield mineral reserves or result in commercial mining operations.

Jaguar is exposed to risks of changing political stability and government regulation in the country in which it operates.

Jaguar holds mineral interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond Jaguar's control and may adversely affect its business. Jaguar's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Jaguar's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Jaguar is subject to additional business and financial risks inherent in doing business in Brazil.

The Company's principal operations and mineral properties are located in Brazil. There are additional business and financial risks inherent in doing business in Brazil as compared to the United States or Canada. Since 1996, Transparency International has published the Corruption Perceptions Index ("CPI") annually ranking countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt). In 2019, out of 180 countries in the world, Canada was ranked 12th with a CPI score of 77, the United States was ranked 23rd with a CPI score of 69, and Brazil was ranked 106th with a CPI score of 35. The average score on the 2019 Corruption Perceptions Index was 43 out of 100. Anything below 50 indicates governments are failing to tackle corruption and it represents a challenge in those countries requiring extra attention by those who conduct business there.

Corruption does not only occur with the misuse of public, government or regulatory powers, it also can occur in business's supplies, inputs and procurement functions (such as illicit rebates, kickbacks and dubious vendor relationships) as well as the inventory and product sales functions (such as inventory shrinkage or skimming). Employees as well as external parties (such as suppliers, distributors and contractors) have opportunities to commit procurement fraud, theft, embezzlement and other wrongs against the Company. While corruption, bribery and fraud risks can never be fully eliminated, the Company reviews and implements controls to reduce the likelihood of these irregularities occurring. The Company utilizes an internal auditor, third-party security services and closed-circuit video surveillance at its operations in Brazil.

Jaguar is subject to significant governmental regulations.

Jaguar's mining and exploration activities are subject to extensive local laws and regulations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, who may require operations to cease or be curtailed, or corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of such requirements, could have a materially adverse impact on Jaguar and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Jaguar is subject to substantial environmental laws and regulations that may increase its costs and restrict its operations.

All phases of Jaguar's operations are subject to environmental regulations in the jurisdictions in which it operates. These laws address emissions into the air, discharges into water, management of waste and hazardous substances, protection of natural resources and reclamation of lands disturbed by mining operations. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. This is especially true following the high-profile Brumadinho dam disaster that occurred on January, 25, 2019, when Dam I—a tailings dam at Vale's Córrego do Feijão iron ore mine, 9 kilometres (5.6 miles) east of Brumadinho, Minas Gerais, Brazil—suffered a catastrophic failure. Compliance with environmental laws and regulations may require significant capital outlays and may cause material changes or delays in, or the cancellation of, Jaguar's intended activities. There can be no assurance that future changes in environmental regulation, if any, will not be materially adverse to Jaguar's operations. Specifically, new laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a materially adverse impact on the Company, increase costs, cause a reduction in levels of production and/or delay or prevent the development of new mining properties.

The properties in which Jaguar holds interests may contain environmental hazards, which are presently unknown to it and which have been caused by previous or existing owners or operators of the properties. If Jaguar's properties do contain such hazards, this could lead to Jaguar being unable to use the properties or may cause Jaguar to incur costs to clean up such hazards. In addition, Jaguar could become subject to litigation should such hazards result in injury to any persons. Jaguar currently has four downstream dams, with one downstream dam having a section permitted to be used as upstream; however, that section of the upstream was never utilized by the Company. There is a risk that the regulatory authorities may impose either operating restrictions or additional expenditures to all of the Company's dams, particularly in relation to the upstream section of the downstream dam.

Internal controls provide no absolute assurances as to reliability of financial reporting and financial statement preparation, and ongoing evaluation may identify areas in need of improvement.

The Company has invested resources to document and assess its system of internal control over financial reporting and undertakes an evaluation process of such internal controls. Internal control over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, safeguards with respect to the reliability of financial reporting and financial statement preparation.

The Company currently believes that no material weakness exists in regard to its internal controls for financial reporting that result in a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis. However, if the Company fails to maintain the adequacy of its internal control over financial reporting, as either the Company's or applicable regulatory standards are modified, supplemented, or amended from time to time, then the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting. If in the future the Company is required to disclose a material weakness in its internal controls over financial reporting, then this could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations.

Jaguar may need additional capital to accomplish its exploration and development plans or to cover its expenses and maintain adequate working capital, and there can be no assurance that financing will be available on terms acceptable to Jaguar, or at all.

Depending on gold prices and Jaguar's ability to achieve its plans and generate sufficient operating cash flow from its existing operations, the Company may require substantial additional financing to accomplish its exploration and development plans, maintain adequate working capital, or fund any non-operating expenses that may arise or become due such as interest, tax

(in Canada or Brazil) or other expenses. Failure to obtain sufficient financing, or financing on terms acceptable to Jaguar, may result in a delay or indefinite postponement of exploration, development or production on any or all of Jaguar's properties or even a loss of an interest in a property, or an inability to pay any of Jaguar's non-operating expenses which could also lead to late fees or penalties, depending on the nature of the expense. The only source of funds now available to Jaguar is through production at Turmalina and Caeté, the sale of debt or equity capital, properties, royalty interests or the entering into of joint ventures or other strategic alliances in which the funding sources could become entitled to an interest in Jaguar's properties or projects. Additional financing may not be available when needed. If funding is available, the terms of such financing might not be favourable to Jaguar and might involve substantial dilution to existing shareholders. If financing involves the issuance of debt, the terms of the agreement governing such debt could impose restrictions on Jaguar's operation of its business. Failure to raise capital when needed could have a materially adverse effect on Jaguar's business, financial condition and results of operations.

Jaguar may be subject to litigation.

All industries, including the mining industry, are subject to legal claims, with and without merit. Generally, the labour claims are due to disputed overtime, danger pay, wage parity, etc. The Company may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

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 defenses, which led to the bulk of the litigation provisions recorded.

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, equipment and mineral exploration projects, royalty receivable, 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 months ended September 30, 2020, are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2019, except for the following accounting definition for shares repurchased and cancelled pursuant to normal course issuer bids:

- **Share repurchases under the normal course issuer bid** – the total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the condensed interim consolidated statement of changes in shareholder's equity, whereas the amount allocated to Common shares is based on the average cost per common share and amounts paid above or below the average cost are allocated to Contributed surplus.

For details of these estimates, judgments, and assumptions, please refer to the Company's audited annual consolidated financial statements for the year ended December 31, 2019, which are available on the Company's website and on SEDAR.

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, has as at September 30, 2020, 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

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of consolidated financial statements in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company’s internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS as issued by the IASB;
- ensure the Company’s receipts and expenditures are made only in accordance with authorization of management and the Company’s directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the consolidated financial statements.

There have been no changes in the Company’s internal control over financial reporting during the three and nine months ending September 30, 2020, 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. Furthermore, 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 judgments 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,” “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, 2019, 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.