MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
DECEMBER 31, 2020

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This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated annual audited financial statements for the year ended December 31, 2020, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). For further information on Jaguar Mining Inc., reference should be made to its public filings (including its most recently filed annual information form ("AIF") which is available on SEDAR at www.sedar.com). Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in the Company's most recently filed AIF and technical reports.

All amounts included in this MD&A are in United States dollars ("$"), unless otherwise specified. References to C$ are to Canadian dollars and R$ are to Brazilian Reais. This report is dated as at March 12, 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;*
- *Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted 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**
FY 2020	January 1, 2020 – December 31, 2020	**FY 2019**	January 1, 2019 – December 31, 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
Q4 2020	October 1, 2020 – December 31, 2020	**Q4 2019**	October 1, 2019 – December 31, 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").

Q4 & FY 2020 FINANCIAL & OPERATING SUMMARY

($ thousands, except where indicated)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Financial Data				
Revenue	**$ 43,417**	$ 28,895	**$ 160,247**	$ 97,234
Operating costs	**16,424**	16,433	**59,448**	59,585
Depreciation	**3,767**	3,909	**15,055**	14,443
Gross profit	**23,226**	8,553	**85,744**	23,206
Net income (loss)	**24,294**	2,687	**72,280**	(148)
Per share ("EPS")	**0.34**	0.00	**1.00**	(0.00)
EBITDA[1]	**31,618**	8,001	**103,015**	18,763
Adjusted EBITDA[1,2]	**20,474**	8,781	**87,849**	24,333
Adjusted EBITDA per share[1]	**0.28**	0.01	**1.20**	0.03
Cash operating costs (per ounce sold)[1]	**705**	780	**647**	806
All-in sustaining costs (per ounce sold)[1]	**1,200**	1,239	**1,044**	1,349
Average realized gold price (per ounce)[1]	**1,863**	1,372	**1,745**	1,316
Cash generated from operating activities	**20,606**	9,664	**78,665**	24,366
Free cash flow[1]	**10,758**	1,188	**49,202**	(7,443)
Free cash flow (per ounce sold)[1]	**462**	56	**536**	(101)
Sustaining capital expenditures[1]	**9,848**	8,476	**29,463**	31,809
Non-sustaining capital expenditures[1]	**3,416**	1,081	**6,900**	2,289
Total capital expenditures	**13,264**	9,557	**36,363**	34,098

[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

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Operating Data				
Gold produced (ounces)	**22,533**	20,029	**91,118**	74,084
Gold sold (ounces)	**23,308**	21,060	**91,853**	73,896
Primary development (metres)	**1,871**	1,453	**7,085**	5,440
Secondary development (metres)	**667**	825	**2,641**	3,166
Definition, infill, and exploration drilling (metres)	**21,501**	12,197	**68,945**	34,899

Financial and Operational Summary

Revenue, Gross Profit, Gold Ounces Sold, Operating Costs, Net Income and Adjusted EBITDA[1]

- Revenue for Q4 2020 increased 50% to $43.4 million, compared with $28.9 million in Q4 2019, due to 11% higher gold ounces sold and a 36% increase in the average realized gold price of $1,863/oz. in Q4 2020 as compared to $1,372/oz. for Q4 2019. As of December 31, 2020, the Company has no outstanding gold or currency hedges.
- Gross profit for the three months ended December 31, 2020, was $23.2 million compared to $8.6 million for Q4 2019. Increased profitability in Q4 2020 reflects higher operating production quarter-over-quarter, the increase in the average realized gold price in Q4 2020, and also the devaluation of the Brazilian Real versus the US dollar.
- Gold ounces sold for Q4 2020 increased 11% to 23,308 ounces, compared with 21,060 ounces in Q4 2019. The increase of gold sold in Q4 2020 is reflective of higher production at the Pilar Gold Mine ("Pilar"), which has increased production by 20%, compared to the same period in 2019.
- Operating production costs of $16.4 million in Q4 2020 was in line compared with the same period of 2019, even though the combined production increased 13% from 20,029 ounces in Q4 2019 to 22,533 ounces in Q4 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 Q4 2020 being R$5.39 per US dollar compared to R$4.12 per US dollar in Q4 2019.
- Net income for Q4 2020 increased to $24.3 million, which includes an impairment reversal of $14 million, compared with $2.7 million in Q4 2019, due to 50% increase in revenue, as a result of 11% higher gold ounces sold and a 36% 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 Q4 2020 was $20.5 million compared to $8.8 million for Q4 2019, as a result of the operational improvement year-over-year.

Cash Operating Costs[1], All-In-Sustaining Costs ("AISC")[1], Operating Cash Flow and Free Cash Flow[1]

- Cash operating costs and All-in sustaining costs decreased 10% and 3% to $705 and $1,200, respectively, per ounce of gold sold for Q4 2020, compared to $780 and $1,239 per ounce of gold sold for the same period in 2019, primarily due to an 11% increase in gold ounces sold, and also the devaluation of the Brazilian Real versus the US dollar.
- Operating cash flow was $20.6 million for Q4 2020, compared to $9.7 million in Q4 2019, mainly due to the 50% increase in revenue, driven by 11% higher gold ounces sold, and also an increase of 36% in the average gold realized price of $1,863/oz. in Q4 2020 as compared to $1,372/oz. for Q4 2019.
- Free cash flow was $10.8 million for Q4 2020 based on operating cash flow less capital expenditures, compared to $1.2 million in Q4 2019. Free cash flow was $462 per ounce sold in Q4 2020 compared to $56 per ounce sold in Q4 2019.

Cash Position and Working Capital

- As at December 31, 2020, the Company had a cash position of $38.9 million, compared to $10.9 million as at December 31, 2019. The December 31, 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 December 31, 2020, working capital was $29.2 million, compared to $9.4 million as at December 31, 2019, which includes $3.1 million (December 31, 2019 – $4.5 million) in loans from Brazilian banks, which mature every six months and are expected to be rolled forward.

Quarterly Cash Dividends

- On November 7, 2020, the Board of Directors of Jaguar Mining approved a cash dividend of payment of $4.5 million total or C$0.08 per common share of the Company, which was 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.

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[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.

- The Company is also pleased to announce that its Board of Directors has declared a cash dividend of C$0.08 per common share of the Company, to be paid on March 30, 2021 to shareholders of record as of the close of business on March 22, 2021. This is the same amount as paid in the previous two quarters. The dividend qualifies as an eligible dividend for Canadian income tax purposes.
- The Board of Directors intends to review, among other things, the Company's budget, cash flow forecast and existing market conditions on a quarterly basis in order to determine whether any additional dividends will be declared on Shares for subsequent quarters. The declaration, timing, amount and payment of any future dividends remain at the discretion of the Board of Directors.

Tonnes Processed and Average Grade, Gold Production

- Total processing was 228,000 tonnes in Q4 2020 (Q4 2019 – 214,000 tonnes) at an average head grade of 3.50 g/t (Q4 2019 – 3.32 g/t).
  - In Q4 2020, Turmalina Gold Mine ("Turmalina") processed 111,000 tonnes (Q4 2019 – 99,000 tonnes) at an average head grade of 3.27 g/t (Q4 2019 – 3.44 g/t).
  - Pilar processed 117,000 tonnes in Q4 2020 (Q4 2019 – 115,000 tonnes) at an average head grade of 3.73 g/t (Q4 2019 – 3.21 g/t).
- Consolidated gold production increased to 22,533 ounces in Q4 2020, compared to 20,029 ounces in Q4 2019, reflecting higher production from both Turmalina and Pilar quarter-over-quarter. Gold recovery was 87.6% in Q4 2020 compared to 87.9% in Q4 2019.
- Pilar production increased 20% to 12,353 ounces in Q4 2020, compared to 10,256 ounces in Q4 2019. Turmalina production increased 4% to 10,180 ounces in Q4 2020, compared to 9,773 ounces in Q4 2019.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Turmalina Gold Mine Complex

Turmalina Quarterly Production

($ thousands, except where indicated)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Tonnes of ore processed	**111,000**	81,000	104,000	75,000	99,000	94,000	75,000	65,000
Average head grade (g/t)[1]	**3.27**	4.40	3.41	4.37	3.44	3.05	3.55	3.96
Average recovery rate (%)	**87%**	90%	88%	90%	89%	90%	91%	90%
Gold (oz.)								
Produced	**10,180**	10,370	10,031	9,487	9,773	8,280	7,823	7,525
Sold	**10,060**	10,462	10,836	8,853	10,063	7,399	7,999	8,006
Cash operating cost (per oz. sold)[2]	**$ 693**	$ 617	$ 653	$ 684	$ 754	$ 826	$ 766	$ 868
All-in sustaining cost (per oz. sold)[2]	**$ 1,277**	$ 1,035	$ 956	$ 1,191	$ 1,282	$ 1,454	$ 1,465	$ 1,347
Cash operating cost (R$ per tonne)[2]	**$ 338**	$ 429	$ 366	$ 361	$ 316	$ 258	$ 320	$ 403

[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 fourth quarter of 2020, Turmalina produced 10,180 ounces of gold compared to 9,773 ounces in the corresponding 2019 period, an increase of 4% or 407 ounces. The increase in ounces produced was a result of a 12% increase in tonnes of ore processed from 99,000 in Q4 2019 to 111,000 in Q4 2020, partially offset by a 5% decrease in the average head grade from 3.44 g/t in Q4 2019 to 3.27 g/t in Q4 2020. The cash operating cost per ounce sold for the fourth quarter of 2020 decreased by 8%, or $61 per ounce, as compared to the same period in 2019 mainly due the devaluation of the Brazilian Real versus the US dollar.

Turmalina Capital Expenditures

($ thousands)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Sustaining capital[1]				
Primary development	**$ 3,460**	$ 4,326	**$ 13,668**	$ 15,182
Brownfield exploration	**164**	46	**451**	462
Mine-site sustaining	**2,256**	935	**3,909**	3,726
Total sustaining capital[1]	**5,880**	5,307	**18,028**	19,370
Total non-sustaining capital[1]	**194**	338	**1,130**	927
Total capital expenditures	**$ 6,074**	$ 5,645	**$ 19,158**	$ 20,297

[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 December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Primary development	**1,034**	936	**4,410**	3,293
Secondary development	**295**	455	**1,245**	1,542
Total development	**1,329**	1,391	**5,655**	4,835
Definition drilling	**1,378**	977	**7,781**	3,749
Infill drilling	**4,139**	1,032	**11,219**	8,836
Exploration drilling	**5,688**	5,184	**19,557**	7,950
Total definition, infill, and exploration drilling	**11,205**	7,193	**38,557**	20,535

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 cemented paste depending upon the situation. Moving to a 4-shift-per-day schedule (to deal with legally limited underground working hours of six), 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. In Q4 2020, the ramp in A-zone has reached the bottom of Panel 14. Jaguar development focused on C-zone ore during the fourth quarter, opening up several headings from level 1 to level 8. 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 Q4, 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 an advantage in mining the core portion of the orebody in Panel 12 of A-zone. Modifications and additions to the paste fill system 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 was implemented during Q4 to increase mine recovery and reduce mining cost in that region, by reducing the waste/ore ratio by developing in the mineralized structure and reducing footwall 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. Two sets of smart diamond drill rigs were acquired to improve drilling productivity underground.

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, which 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 Q1 2021. Surface diamond drilling moved to the Zona Basal area, where it will be working during Q4 2020.

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)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Tonnes of ore processed (t)	**117,000**	111,000	104,000	101,000	115,000	114,000	109,000	95,000
Average head grade (g/t)[1]	**3.73**	4.39	4.59	3.98	3.21	3.50	3.44	3.34
Average recovery rate (%)	**88%**	88%	87%	89%	87%	86%	87%	86%
Gold (oz.)								
Produced	**12,353**	13,724	13,452	11,521	10,256	11,044	10,543	8,840
Sold	**13,248**	12,473	14,134	11,787	10,997	10,018	10,599	8,815
Cash operating cost (per oz. sold)[2]	**$ 714**	$ 612	$ 535	$ 699	$ 804	$ 777	$ 802	$ 871
All-in sustaining cost (per oz. sold)[2]	**$ 1,013**	$ 822	$ 732	$ 875	$ 1,092	$ 1,099	$ 1,065	$ 1,240
Cash operating cost (per tonne)[2]	**$ 81**	$ 69	$ 73	$ 82	$ 77	$ 68	$ 78	$ 81
Cash operating cost (R$ per tonne)[2]	**$ 370**	$ 370	$ 392	$ 364	$ 317	$ 271	$ 306	$ 305

[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 fourth quarter of 2020, Pilar produced 12,353 ounces of gold compared to 10,256 ounces in Q4 2019, an increase of 20%, mainly due to the increase of 16% in average head grade from 3.21 g/t in Q4 2019 to 3.73 g/t in Q4 2020, but also by a 2% increase in the tonnes processed from 115,000 in Q4 2019 to 117,000 in Q4 2020. The cash operating cost per ounce sold for Q4 2020 decreased 11% as compared to Q4 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 December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Sustaining capital[1]				
Primary development	**$ 2,619**	$ 2,127	**$ 7,779**	$ 8,597
Brownfield exploration	**121**	68	**253**	266
Mine-site sustaining	**1,228**	974	**3,403**	3,576
Total sustaining capital[1]	**3,968**	3,169	**11,435**	12,439
Total non-sustaining capital[1]	**2,890**	634	**5,110**	1,061
Total capital expenditures	**$ 6,858**	$ 3,803	**$ 16,545**	$ 13,500

[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 December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Primary development	**837**	517	**2,675**	2,147
Secondary development	**372**	370	**1,396**	1,624
Total development	**1,209**	887	**4,071**	3,771
Definition drilling	**1,215**	874	**4,838**	6,206
Infill drilling	**2,042**	782	**4,312**	3,293
Exploration drilling	**7,039**	3,348	**20,690**	4,865
Total definition, infill, and exploration drilling	**10,296**	5,004	**29,840**	14,364

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 were maintained at levels that can continue to sustain current production rates.

Q4 2020 saw continued strong performance at Pilar with 111,000 tonnes milled (115,000 tonnes in Q4 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 Q4 2020 to test prospective near-surface opportunities. Two sets of smart diamond drill rigs were acquired to improve drilling productivity underground.

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 Q2 2021 after which leach tailings will also be dry stacked.

Pilar/Caeté Surface Exploration

The properties surrounding Pilar and the Caeté plant have significant exploration potential. Exploration is currently active on the Córrego Brandão target. The team is evaluating 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 Caeté.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review[1]

($ thousands except where indicated)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	**$ 43,417**	$ 43,494	$ 42,536	$ 30,801	$ 28,895	$ 22,999	$ 23,923	$ 21,416
Cost of sales (excluding depreciation)[2]	**(16,424)**	(14,089)	(14,638)	(14,297)	(16,433)	(13,906)	(14,627)	(14,630)
Gross profit (excluding depreciation)[2]	**26,993**	29,405	27,898	16,504	12,462	9,093	9,296	6,786
Net income (loss)	**24,294**	16,534	19,178	12,275	2,687	1,141	(2,137)	(1,839)
Cash flows from operating activities	**20,606**	21,919	27,505	8,634	9,664	4,676	7,505	2,523
Total assets	**249,766**	228,450	212,678	199,198	200,915	194,638	184,111	183,352
Total liabilities	**60,066**	58,331	53,088	58,120	72,335	68,613	83,887	81,205
Income Taxes	**3,213**	5,343	3,932	2,046	871	182	67	-
Working Capital	**29,190**	30,733	25,843	12,548	9,436	5,504	(13,091)	(8,328)
Total Debt	**3,058**	3,219	4,276	5,959	5,592	5,383	13,969	14,885
Average realized gold price (per oz.)[2]	**$ 1,863**	$ 1,896	$ 1,703	$ 1,492	$ 1,372	$ 1,320	$ 1,286	$ 1,273
Cash operating cost (per oz. sold)[2]	**$ 705**	$ 614	$ 586	$ 693	$ 780	$ 798	$ 786	$ 870

[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 50% in gold revenue in Q4 2020 and the relative strength in the global gold market positively impacted the Company's revenue. Current assets as at December 31, 2020, increased $20.5 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 $7.7 million in recoverable taxes. For the twelve months ended December 31, 2020, current liabilities increased $0.7 million, compared to December 31, 2019, where current tax liability increased by $2.6 million, which was offset by the payment of $2.5 million in debt, and the reduction of $1.1 million in derivatives liabilities and $1.2 million in legal and other provision.

Non-current liabilities decreased $13 million as at December 31, 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 Q4 2020 being R$5.39 per US dollar compared to R$4.12 per US dollar in Q4 2019, which has decreased provisions for legal and other by $6.4 million, as well as a reduction of $3.8 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. Non-current assets as at December 31, 2020, increased $28.4 million compared with December 31, 2019, mainly due to the impairment reversal of $14 million combined with the $35.9 million addition in property, plant and equipment ("PP&E"), which was partial offset by the $15 million in amortization during the period, net PP&E disposal of $1.7 million, and the reduction of $3.3 million in restricted cash as mentioned before.

Revenue

($ thousands, except where indicated)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	**2020**	2019	Change
Revenue	**$ 43,417**	$ 28,895	50%	**$ 160,247**	$ 97,234	65%
Ounces sold	**23,308**	21,060	11%	**91,853**	73,896	24%
Average realized gold price[1]	**$ 1,863**	$ 1,372	36%	**$ 1,745**	$ 1,316	33%

[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.

Revenue for the fourth quarter of 2020 increased 50% compared to the same period in 2019, primarily as a result of an 11% increase in ounces sold, as well as a 36% increase in average realized gold price. During the three months ended December 31, 2020, the market price of gold (London PM Fix) traded in a range of $1,763–$1,941, averaged $1,874 per ounce, and closed at $1,888 per ounce on December 31, 2020. The average realized price of $1,863 for the three months ended on December 31, 2020, is in line with the average market price.

Production

In Q4 2020, a total of 228,000 tonnes were processed (Q4 2019 – 214,000 tonnes) at an average head grade of 3.50 g/t (Q4 2019 – 3.32 g/t), with a 13% increase in gold produced from 20,029 ounces in Q4 2019 to 22,533 in Q4 2020, reflecting the higher operating production quarter-over-quarter.

<u>Consolidated Production Costs</u>

($ thousands, except where indicated)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	**2020**	2019	Change
Direct mining and processing cost	**$ 15,041**	$ 15,003	0%	**$ 54,295**	$ 55,647	(2%)
Mining	**9,615**	9,924	(3%)	**33,613**	35,945	(6%)
Processing	**5,426**	5,079	7%	**20,682**	19,702	5%
Royalties, production taxes and others	**1,383**	1,430	(3%)	**5,153**	3,938	31%
Royalty expense and CFEM taxes	**1,320**	962	37%	**5,049**	3,413	48%
NRV adjustment and others	**63**	468	(87%)	**104**	525	(80%)
Total operating expenses	**$ 16,424**	$ 16,433	(0%)	**$ 59,448**	$ 59,585	(0%)
Depreciation	**3,767**	3,909	(4%)	**15,055**	14,443	4%
Total cost of sales	**$ 20,191**	$ 20,342	(1%)	**$ 74,503**	$ 74,028	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

During the fourth 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 Q4 2020 being R$5.39 per US dollar compared to R$4.12 per US dollar in Q4 2019. The cash operating cost (per ounce sold) decreased 10% from $780 in Q4 2019 to $705 in Q4 2020.

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 Q4 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 in March 2018. No underground development or drilling work was carried out by the Company at Roça Grande during Q4 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 December 31,			Twelve months ended December 31,		
	2020	2019	Change	**2020**	2019	Change
Directors' fees	**$ 75**	$ 81	(7%)	**$ 297**	$ 310	(4%)
Audit related and insurance	**284**	180	58%	**1,185**	975	22%
Corporate office (Toronto)	**276**	196	41%	**1,476**	1,678	(12%)
Belo Horizonte office	**560**	622	(10%)	**2,758**	4,804	(43%)
Total G&A expenses	**$ 1,195**	$ 1,079	11%	**$ 5,716**	$ 7,767	(26%)

For the twelve months ended in 2020, the total G&A expenses decreased 26% compared to the same period in 2019. Costs associated with the Belo Horizonte office were 43% lower due to the devaluation of Brazilian Real and general cost cutting measures adopted by management. Costs for the corporate office in Toronto in FY 2020 declined 12% compared to the prior period, due to cost cutting measures.

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

($ thousands)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	**2020**	2019	Change
Legal and other provisions expense	**$ 132**	$ 2,587	(95%)	**$ 568**	$ 5,856	(90%)
Provision (Reversals) against recoverability of VAT and other taxes	**170**	(664)	(126%)	**603**	(1,387)	(143%)
Total legal, recoverable tax and other provisions expenses	**$ 302**	$ 1,923	(84%)	**$ 1,171**	$ 4,469	(74%)

Legal Provisions

As at December 31, 2020, there were 304 employee-initiated active lawsuits (December 31, 2019 – 336) 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 214 lawsuits (December 31, 2019 – 245), the Company has recorded approximately $5.3 million as labour legal provisions, with $2.5 million classified as a current liability as at December 31, 2020 (December 31, 2019 – $9.6 million and $2.6 million, respectively).

During Q4 2020, 5 new lawsuits were initiated. The Company paid approximately $79,800 in appeal deposits and escrow payments, $254,900 in settlement installments, and $37,400 for other costs such as social security, income tax, legal fees and expert fees. The total amount spent in Q4 2020 was $372,100 compared to $891,000 in Q4 2019.

In November 2020, the Company received two injunctions from the Minas Gerais State Institute of Forestry (Instituto Estadual de Floresta (IEF)) alleging that the Company did not fulfill certain terms of commitment agreed to with the IEF in order to obtain the required environmental permits for the Pilar Mine, and, therefore, owes a fine for failing to fulfill its commitments. The terms in question required fulfillment up to February 2008 and June 2009. In reviewing the injunctions alongside its external legal counsel, the Company assesses the injunctions to collectively hold a possible likelihood of loss of R$ 7.0 million (approximately $1.3 million) and a probable likelihood of loss of R$ 0.8 million (approximately $0.2 million). In December 2020, the Company filed a defense to report the measures taken and evidence which demonstrates the Company's fulfillment of the terms in question, and, as at December 31, 2020, the Company is awaiting the IEF's response to its defense filed.

Recoverable Taxes Provision

As at December 31, 2020, gross recoverable taxes that are primarily denominated in Brazilian Reais when converted amounted to $12.3 million (December 31, 2019 – $20.7 million). As at December 31, 2020, the provision for recoverable taxes was approximately $2.6 million (December 31, 2019 – $2.6 million). Consequently, the net book value of recoverable taxes as at December 31, 2020, was $9.7 million (December 31, 2019 – $18.1 million).

The Company continues to pursue approval of Federal VAT input tax credits with respect to the years 2008 through 2011 for its MSOL operating subsidiary 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 December 31, 2020, the Company is awaiting the Tax Authority´s review result of its appeal to receive the remainder.

In the year ended December 31, 2020, the Company applied R$25 million ($5 million) in federal value added taxes and other tax credits to pay Instituto Nacional do Seguro Social ("INSS") tax obligations, R$10.5 million ($2.1 million), respectively, to pay goods and service withholding tax obligations, and R$15.1 million ($3 million) to pay income tax and social contribution tax obligations.

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, 2020, the Company applied a 5% provision for VAT and other taxes (December 31, 2019 – 5%).

Imposto sobre circulação de mercadorias e prestação de serviços ("ICMS") is a type of value added tax that 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 November 2020, the Minas Gerais State Tax Authority completed its review of the Company's ICMS tax credits for the period January 2015 to September 2020 and nullified R$7.4 million (approximately $1.5 million) in tax credits recognized on electricity, fuel, parts, and chemicals costs, claiming that such were not direct inputs in the production process and thus did not meet the required criteria for recognition. The Company recorded a write-off of ICMS tax credits accordingly and no fine was assessed.

In the year ended December 31, 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$2.2 million (approximately $0.4 million) in credits. As at December 31, 2020, the Company held R$5.2 million (approximately $1.0 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2019 – R$0.6 million, approximately $0.1 million).

Impairment

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

As at December 31, 2020, the Company assessed each CGU for triggers of potential impairment or potential reversal to impairment. In the event such triggers were identified, the Company proceeded to compare the CGU's carrying value to the recoverable amount determined. The recoverable amount was determined to be the fair value less costs to dispose ("FVLCD") and the Company's estimate of the FVLCD is classified as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique.

The significant assumptions used in determining the recoverable amount of the project were life of mine (LOM) future production profiles, future gold prices, proven and probable reserves and estimated amount of resources, discount rates, foreign exchange rates, and capital expenditures. LOM plans are typically developed annually and are based on management's current best estimates of optimized mine and processing plans, future operating expenditures and capital costs, and income taxes. The Company bases its future gold price estimate with reference to forward prices and industry analyst consensus.

As at December 31, 2020, the following were the triggers for potential impairment or potential reversal to impairment identified:

Turmalina

At December 31, 2020 the Company identified ongoing operational improvements, improved operating costs, and an improved discount rate, collectively, as indicators to test for impairment (reversal).

The estimates of future cash flows were derived from the most recent LOM plans which extend to 2031 for Turmalina. For the determination of the impairment reversal, a gold price estimate of $1,850 was used for 2021, and ranging from $1,750 to $1,400 for 2022 and beyond. A weighted average cost of capital discount rate of 7.4% was used to present value the estimated future cash flows from the operation. The assessment indicated that the discounted cash flows exceeded its carrying value of the Turmalina project as at December 31, 2020, and consequently an impairment reversal of $10.9 million was recorded. The impairment reversal for the year ended December 31, 2020 was allocated as follows: $8.1 million to property, plant and equipment and $2.8 million to mineral exploration projects.

Pilar

At December 31, 2020 the Company identified ongoing operational improvements, improved operating costs, and an improved discount rate , collectively, as indicators to test for impairment (reversal).

The estimates of future cash flows were derived from the most recent LOM plans which extend to 2027 for Pilar. For the determination of the impairment reversal, a gold price estimate of $1,850 was used for 2021, and ranging from $1,750 to $1,400 for 2022 and beyond. A discount rate of 7.4% was used to present value the estimated future cash flows from the operation. The assessment indicated that the discounted cash flows of the Caeté project exceeded the carrying value of the project as at December 31, 2020, and consequently an impairment reversal of $3.1 million was recorded. The impairment reversal for the year ended December 31, 2020 was allocated as follows: $2.5 million to property, plant and equipment and $0.6 million to mineral exploration projects.

Non-Operating Expenses (Recoveries)

($ thousands)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Foreign Exchange (Gain) loss	**$ 2,082**	$ 645	223%	**$ (4,018)**	$ (627)	541%
Financial instruments (Gain) loss	**-**	(1,879)	(100%)	**476**	1,223	(61%)
Finance costs	**325**	755	(57%)	**1,043**	3,469	(70%)
Other non-operating (recoveries) expenses	**2,838**	1,461	94%	**2,609**	1,598	63%
Non-operating expenses (recoveries)	**$ 5,245**	$ 982	434%	**$ 110**	$ 5,663	(98%)

A significant portion of the Company's expenditures at its Brazilian operation are denominated in the Brazilian Real. The gain of $4 million in foreign exchange in the twelve months of 2020, compared to $0.6 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$5.20 per US dollar on December 31, 2020 (R$4.03 per US dollar on December 31, 2019), with the average exchange rate being R$5.16 during 2020 per US dollar, compared to R$3.95 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/COFINS 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 June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax Authority in order to pay an historical debt dating back from 2008 to 2014 of R$8.3 million (approximately $2.2 million) in ICMS taxes. The agreement was ratified by the parties in July 2018.

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

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

In April 2020, the Company received an INSS assessment from Brazil's Federal Tax Authority with respect to fiscal year 2019, challenging the basis of Federal value added tax credits used in payment of INSS obligations. The credits used in payment questioned were those recapitalized upon receiving the November 2019 tax injunction. Following discussions with the tax authority and with legal counsel, the tax authority agreed to cancel the R$14.6 million (approximately $3.3 million) IRPJ and

CSLL tax installment settlement agreement made in March 2020, and the Company agreed to pay a total of R$12 million (approximately $2.2 million) in INSS taxes in 60 equal monthly cash installments starting in April 2020.

As at December 31, 2020, the Company's $8.2 million withholding tax provision remained outstanding (December 31, 2019 – $8.2 million).

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 Tax Expenses

($ thousands)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	**2020**	2019	Change
Current income tax expense	**$ 3,213**	$ 621	0,417%	**$ 14,536**	$ 871	1,569%
Income tax expense	**$ 3,213**	$ 621	0,417%	**$ 14,536**	$ 871	1,569%

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 twelve months ended December 31, 2020, The Company has paid in cash $9.3 million in income tax expenses ($nil for the twelve months ended December 31, 2019).

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

As at December 31, 2020, the Company had a working capital of $29.2 million ($9.4 million as at December 31, 2019). Working capital as at December 31, 2020, includes $3.1 million in loans from Brazilian banks ($4.5 million as at December 31, 2019), which mature every six months and are expected to continue to be rolled forward.

($ thousands, except where indicated)	**December 31, 2020**	December 31, 2019
Cash and cash equivalents	**$ 38,908**	$ 10,924
Non-cash working capital		
Other current assets:		
Restricted cash	**1,091**	1,418
Inventory	**12,529**	12,701
Recoverable taxes	**4,944**	12,658
Other accounts receivable	**61**	590
Prepaid expenses and advances	**2,912**	1,602
Derivatives	**-**	71
Current liabilities:		
Accounts payable and accrued liabilities	**(18,851)**	(16,141)
Notes payable	**(3,058)**	(5,592)
Lease liabilities	**(1,530)**	(2,020)
Current tax liability	**(3,213)**	(599)
Other taxes payable	**(1,153)**	(642)
Reclamation provisions	**(623)**	(390)
Legal and other provisions	**(2,827)**	(4,041)
Derivative liabilities	**-**	(1,103)
Working capital[1]	**$ 29,190**	**$ 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 twelve months ended December 31, 2020, is outlined as follows:

($ thousands)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Cash generated from operating activities	**$ 20,606**	$ 9,664	**$ 78,665**	$ 24,366
Investing activities				
Capital expenditures on equipment and brownfield exploration				
Purchase of property, plant and equipment	**(13,092)**	$ (9,208)	**(34,752)**	$ (32,230)
Proceeds from disposition of property, plant and equipment	**(1)**	144	**5**	201
Cash used in investing activities	**$ (13,093)**	$ (9,064)	**$ (34,747)**	$ (32,029)
Financing activities				
Cash received upon issuance of shares via private placement	**-**	(223)	**-**	24,348
Cash received upon issuance of debt	**-**	1,036	**6,461**	9,611
Cash received upon issuance of shares via stock options exercised	**64**	-	**87**	20
Cash received upon receipt of customer advances	**-**	-	**-**	-
Cash received upon redemption of restricted cash margin deposits	**(23)**	2,500	**96**	2,500
Repayment of debt	**(758)**	(4,855)	**(11,082)**	(22,595)
Cash paid for purchase and cancellation of shares	**(2,267)**	-	**(3,479)**	-
Interest paid	**(2)**	(224)	**(371)**	(1,243)
Restricted cash margin deposits paid	**-**	(9)	**-**	(385)
Cash dividends paid	**(4,488)**	-	**(8,880)**	-
Cash (used in) provided by financing activities	**$ (7,474)**	$ (1,775)	**$ (17,168)**	$ 12,256
Effect of exchange rate changes on cash balances	**(90)**	$ (68)	**1,234**	$ 56
Net (decrease) increase in cash and equivalents	**$ (51)**	$ (1,243)	**$ 27,984**	$ 4,649

Cash generated by operations increased in Q4 2020 to $20.6 million, compared to $9.7 million in Q4 2019, due to a 50% or $14.5 million increase in revenue in Q4 2020. The revenue increase was primarily a result of an 11% increase in ounces sold to 23,308 ounces, as well as a 36% increase in average realized gold price to $1,863 per ounce. The decrease in cash operating costs from $780 per ounce in Q4 2019 to $705 in Q4 2020, also caused the company to achieve a 113% 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 Q4 2020 being R$5.39 per US dollar compared to R$4.12 per US dollar in Q4 2019. Cash generated from operations does not include incomes taxes for Q4 2020, which the Company expects to pay in Q1 2021.

Net cash flows used in investing activities increased to $13.1 million for the three months ended December 31, 2020, compared to $9.1 million in the same period of 2019. The increase in cash used in investing activities occurred primarily due to the increase of $1.6 million in sustaining capital expenditures and $ 2.3 million in non-sustaining capital investments.

Cash used in financing activities of $7.5 million for Q4 2020, correlates to the dividends payment of $4.5 million, and also the repayment of loans from Brazilian banks, which has decreased from $4.5 million in Q4 2019 to $3.1 million in Q4 2020. These loans renew every six months and are expected to be rolled forward. For the three months ended December 31, 2020, the Company has bought back $2.3 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 December 31, 2020, are summarized as follows:

($ thousands, except where indicated)	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**	**Total**
Financial Liabilities					
Accounts payable and accrued liabilities [1]	$ 18,851	$ -	$ -	$ -	**$ 18,851**
Other Taxes Payable					
ICMS Settlement Due	465	441	20	-	**926**
INSS	512	1,022	635	-	**2,169**
IRPJ & CSLL Settlement Due	172	345	293	-	**810**
Notes payable					
Principal					
Bank indebtedness [2]	3,058	-	-	-	**3,058**
Interest	62	23	-	-	**85**
Lease liabilities	1,561	1,201	311	-	**3,073**
Reclamation provision [3]	623	2,090	6,724	6,950	**16,387**
Current tax liability	3,213	-	-	-	**3,213**
Total financial liabilities	$ 28,517	$ 5,122	$ 7,983	$ 6,950	**$ 48,572**
Other Commitments					
Suppliers' agreements [4]	192	-	-	-	**192**
Suppliers' agreements [4]	$ 192	$ -	$ -	$ -	**$ 192**
Total other commitments	**$ 28,709**	**$ 5,122**	**$ 7,983**	**$ 6,950**	**$ 48,764**

[1] Amounts payable as at December 31, 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

[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 December 31, 2020, is as follows:

All amounts in $ thousands, except number of common shares		**As at December 31, 2020**
Cash and cash equivalents	**$**	**38,908**
Less: Bank indebtedness	$	3,058
Less: Leasing Liabilities		2,723
Less: Total debt	**$**	**5,781**
Total net cash and cash equivalents balance [1]	**$**	**33,127**
Number of common shares outstanding		72 million

[1] Net cash and cash equivalents balance 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. The Company reduces cash and cash equivalents balance by gross indebtedness on the basis to identify the net cash and cash equivalents balance .

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 $63,000 for the year ended December 31, 2020 ($19,000 for year ended December 31, 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, 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 2022, beginning in the month in which Avanco receives “clear title and access” to the project.

In July 2019, Oz Minerals published an Australian Joint Ore Reserve Committee (JORC) code compliant pre-feasibility study technical report for the Gurupi Project, announcing mineral reserves of 1,100,000 ounces of gold, which fulfilled in a timely manner its contractual obligation to do so in under 24 months as from the acquisition date.

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. As at December 31, 2020, there is a total amount of $8.5 million recognized as royalty interests receivables, in lime with the respective period of 2019.

Greenfield Exploration

Jaguar currently holds approximately 64,000 hectares of mineral rights in Brazil. In late 2020 the Company announced it was increasing its investment in growth exploration initiatives with in-mine exploration supplemented by renewed focus on its prospective property portfolio close to its active mining and plant facilities. Any discoveries derived from this exploration investment would immediately leverage the excess plant capacity currently available. In addition the Company entered into a Joint Venture in late 2020 with Iamgold to explore a large package of tenements contiguous with Jaguar´s permitted CPA plant and related mine infrastructure which has been under care and maintenance since 2012.

In early 2020 the Company commenced divestment of its non-core Pedra Branca asset in the state of Ceara to South Atlantic Gold (TSX-V SAO).

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.
    (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 December 31, 2020, Jiulian has not yet met the earn-in exploration expenditure requirements that will vest its ownership interest in the Pedra Branca Project and, therefore, as at December 31, 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 fourth quarter of 2020. For the twelve months ended December 31, 2020, The Company has speeded the total of $0.2 million and $nil for the same period in 2019. 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 March 12, 2021
Issued and outstanding common shares	72,268,940
Stock options	999,084
Deferred share units	638,495
Total	**73,906,519**

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 year ended December 31, 2020, the Company purchased and cancelled 753,126 shares in exchange for $3.5 million in cash (nil shares for $nil, for the year ended December 31, 2019). As at December 31, 2020, 2,870,143 shares remained available and subject to purchase for cancelation under the Bid (December 31, 2019: Nil).

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company's consolidated financial statements. The amount allocated to Common shares is based on the average cost carrying amount per common share and amounts paid above or below the average cost carrying amount are allocated to Contributed surplus.

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 December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Operating costs	**$ 16,424**	$ 16,433	**$ 59,448**	$ 59,585
General & administration expenses	**1,195**	1,079	**5,716**	7,767
Corporate stock-based compensation	**494**	91	**1,227**	505
Sustaining capital expenditures	**9,848**	8,476	**29,463**	31,809
All-in sustaining cash costs	**27,961**	26,079	**95,854**	99,666
Reclamation - accretion (operating sites)	**-**	23	**60**	31
All-in sustaining costs	**$ 27,961**	$ 26,102	**$ 95,914**	$ 99,697
Non-sustaining capital expenditures	**3,416**	1,081	**6,900**	2,289
Exploration and evaluation costs (greenfield)	**1,110**	763	**1,839**	898
Reclamation - accretion (non-operating sites)	**-**	197	**60**	227
Care and maintenance (non-operating sites)	**340**	236	**791**	1,194
All-in costs	**$ 32,827**	$ 28,379	**$ 105,504**	$ 104,305
Ounces of gold sold	**23,308**	21,060	**91,853**	73,896
Cash operating costs per ounce sold	**$ 705**	$ 780	**$ 647**	$ 806
All-in sustaining costs per ounce sold	**$ 1,200**	$ 1,239	**$ 1,044**	$ 1,349
All-in costs per ounce sold	**$ 1,408**	$ 1,348	**$ 1,149**	$ 1,412
Average realized gold price	**$ 1,863**	$ 1,372	**$ 1,745**	$ 1,316
Cash operating margin per ounce sold	**$ 1,158**	$ 592	**$ 1,098**	$ 510
All-in sustaining margin per ounce sold	**$ 663**	$ 133	**$ 701**	$ (33)

Cash operating costs per ounce sold is calculated by 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, but excludes depreciation.

All-in sustaining cost performance 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.

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 December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Turmalina Complex				
Operating costs	**$ 6,970**	$ 7,590	**$ 26,553**	$ 26,785
Sustaining capital expenditures	**5,880**	5,307	**18,028**	19,370
All-in sustaining costs[1]	**$ 12,850**	$ 12,897	**$ 44,581**	$ 46,155
Ounces of gold sold	**10,060**	10,063	**40,211**	33,467
Cash operating costs per ounce sold[1]	**$ 693**	$ 754	**$ 660**	$ 800
All-in sustaining cost per ounce sold[1,2]	**$ 1,277**	$ 1,282	**$ 1,109**	$ 1,379
Pilar Mine				
Operating costs	**$ 9,456**	$ 8,843	**$ 32,898**	$ 32,800
Sustaining capital expenditures	**3,968**	3,169	**11,435**	12,439
All-in sustaining costs[1]	**$ 13,424**	$ 12,012	**$ 44,333**	$ 45,239
Ounces of gold sold	**13,248**	10,997	**51,642**	40,429
Cash operating costs per ounce sold[1]	**$ 714**	$ 804	**$ 637**	$ 811
All-in sustaining cost per ounce sold[1,2]	**$ 1,013**	$ 1,092	**$ 858**	$ 1,119

[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 Flow[1]

($ thousands, except where indicated)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Cash generated from operating activities	**$ 20,606**	$ 9,664	**$ 78,665**	$ 24,366
Sustaining capital expenditures	**(9,848)**	(8,476)	**(29,463)**	(31,809)
Free cash flow	**$ 10,758**	$ 1,188	**$ 49,202**	$ (7,443)
Ounces of gold sold	**23,308**	21,060	**91,853**	73,896
Free cash flow per ounce sold	**$ 462**	$ 56	**$ 536**	$ (101)

[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 EBITDA[1]

($ thousands, except where indicated)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	**2020**	2019
Net Income (loss)	**$ 24,294**	$ 2,687	**$ 72,280**	$ (148)
Income tax expense	**3,213**	621	**14,536**	871
Finance costs	**325**	755	**1,043**	3,469
Depreciation and amortization	**3,786**	3,938	**15,156**	14,571
EBITDA	**$ 31,618**	$ 8,001	**$ 103,015**	$ 18,763
Impairment charges	**(14,022)**	-	**(14,022)**	-
Changes in other provisions and VAT taxes	**302**	1,923	**1,171**	4,469
Foreign exchange loss (gain)	**2,082**	645	**(4,018)**	(627)
Stock-based compensation	**494**	91	**1,227**	505
Financial instruments (gain) loss	**-**	(1,879)	**476**	1,223
Adjusted EBITDA	**$ 20,474**	$ 8,781	**$ 87,849**	$ 24,333

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

EBITDA is earnings before 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.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial instrument risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk, and price risk.

a) Credit risk

Credit risk associated with financial assets and royalty interests arises from cash held with banks, derivative financial instruments with positive fair values, recoverable taxes refundable from tax authorities, credit exposure to customers and counterparties to sales agreements. The credit risk is limited to the carrying amount on the statement of financial position.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, recoverable tax claims, and sales agreements, but does not expect any counterparties to fail to meet their obligations. The Company's cash and cash equivalents are held through large financial institutions in Brazil, Canada, and the United States of America. The Company manages its credit risk by entering into transactions with high-credit quality counterparties, limiting the amount of exposure to each counterparty where possible, and monitoring the financial condition of the counterparties.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing this risk is to ensure sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage.

To manage its liquidity risk, the Company undergoes a in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factors are the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. The Company's financial liabilities and other commitments are listed in Note 24 on the financial statements.

c) Derivative financial instruments

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

Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company periodically enters into derivative financial instruments to manage this risk and to economically hedge future sales terms with customers. The Company does not use hedge accounting for these instruments and gain and losses are recorded in earnings as fair value changes occur as a component of revenue.

Included in the revenue line of the consolidated statement of statements of operations and comprehensive income (loss) for the year ended December 31, 2020 are realized losses of $1.9 million ($6.1 million loss for the year ended December 31, 2019) related to the Company's gold price hedge contracts executed.

i. Gold forward contracts

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

As at December 31, 2020, the Company had no gold forward contracts outstanding (December 31, 2019 – 1,700 ounces hedged at a weighted average price of US$1,400/oz) and no open gold forward contract derivative asset or liability position in its consolidated statement of financial position (December 31, 2019 – $209,000 derivative liability open loss position).

ii. Gold call options

The Company periodically enters into gold call option contracts in connection with its terms of financing and gold sales agreements and recognized the income and losses of such in the consolidated statements of operations and comprehensive income (loss).

During the year ended December 31, 2020, the Company was counterparty to European style gold call options agreements outstanding issued to Auramet International LLC ("Auramet") and no new call option agreements were made in the period. In the period, 5,000 ounces in call options were exercised for purchase by Auramet at a weighted average strike price of US$1,350 and nil ounces in call options were cancelled upon expiration (2019 – 2,000 at a weighted average strike price of US$1,450 and nil, respectively).

As at December 31, 2020, the Company had no gold call options outstanding and no derivative liability associated with the gold call options in its consolidated statement of financial position (December 31, 2019 – 5,000 ounces and $894,000 derivative liability, respectively).

Currency risk

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

i. Assets and liabilities with foreign exchange exposure

The exposure of the Company's financial assets and liabilities (and certain other assets and liabilities) to currency risk is as follows, as at December 31, 2020:

	Denominated in Brazilian reais	Denominated in Canadian dollars	Denominated in European euros
Financial assets			
Cash and cash equivalents	$ 2,384	$ 18	$ -
Recoverable taxes	9,626	36	-
Other accounts receivable	61	-	-
Prepaid expenses and advances	859	-	-
Restricted cash	1,740	-	-
Total financial assets	$ 14,670	$ 54	$ -
Financial liabilities			
Accounts payable and accrued liabilities	$ 18,819	$ 20	$ -
Other taxes payable	3,058	-	-
Lease liabilities	2,221	-	520
Current tax liability	3,210	-	-
Reclamation provision	12,162	-	-
Legal and other provisions	7,984	-	-
Total financial liabilities	47,454	20	520
Net financial assets/(liabilities)	$ (32,784)	$ 34	$ (520)

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments (and certain other assets and liabilities) as at December 31, 2020 and 2019 with all other variables held constant. It shows how income before taxes would have been affected by changes in the relevant risk variables that were reasonably possible at that date.

Exchange Rates	Change for Sensitivity Analysis	Gain/(loss) of change to 2020 Foreign Exchange	Gain/(loss) of change to 2019 Foreign Exchange
USD per Brazilian real	10% increase	**$ 2,980**	**$ 2,562**
USD per Brazilian real	10% decrease	**(2,980)**	**(2,562)**
USD per Canadian dollar	10% increase	**(3)**	**(10)**
USD per Canadian dollar	10% decrease	**3**	**10**
USD per European euro	10% increase	**47**	**44**
USD per European euro	10% decrease	**(47)**	**(44)**

ii. Foreign exchange call and put options

The Company entered into European style foreign exchange call and put option contracts with third party exchange service providers, holding expiration periods between 30 days and 180 days, to economically hedge against the risk of the US dollar depreciating against the Brazilian real. The changes in the fair value of these contracts are recognized in the consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

Included in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2020 are (i) a realized loss of $1.5 million and (ii) a $71,000 loss on changes in unrealized foreign exchange derivatives (realized loss of $467,000 and gain on changes in unrealized foreign exchange derivatives of $71,000 for the year ended December 31, 2019).

As at December 31, 2020, the Company held no outstanding foreign exchange call and put option hedge contracts and no derivative asset/liability in its consolidated statement of financial position (December 31, 2019 – $71,000 derivative asset open gain position).

d) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 8.77% per annum.

Financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts its valuation models to incorporate a measure of credit risk.

The fair value of the following financial assets and liabilities approximate their carrying amount due to the limited term of these instruments:

a. Cash and cash equivalent
b. Restricted cash
c. Other accounts receivable
d. Accounts payable and accrued liabilities
e. Other provisions

Fair value estimation:

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

c. Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The fair value of the Company's financial assets and liabilities approximate their carrying values at December 31, 2020 and 2019.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks which could 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. Some credible industry experts are predicting that gold will continue to increase in price during 2021 and the next several years. However, other credible industry experts expect that the price of gold has generally peaked during the recent pandemic and resulting economic crisis, and that as economies slowly recover over the next few years, the price of gold will decrease and be worth much less per ounce than it is today.

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;
- 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 changes 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 involve 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, 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, 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, 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 and/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. As efforts are undertaken to slow the spread of the COVID-19 virus, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the properties of Jaguar, or in which Jaguar holds a royalty, stream or other interest, is suspended or the development is delayed for precautionary purposes or as governments declare states of emergency or other actions are taken in an effort to combat the spread of COVID-19, it may have a materially adverse impact on Jaguar's profitability, results of operations, financial condition and the trading price of Jaguar's securities. The adverse effects described above could be rapid and unexpected. These disruptions may severely impact the Company's ability to carry out its business plans for 2021. While the Company's operations have not been materially impacted to date (although Jaguar has adjusted some of its operating procedures), there can be no assurance that Jaguar will remain unaffected by the current COVID-19 pandemic 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.

In response to the COVID-19 pandemic, Jaguar has implemented precautionary measures at its corporate offices, including limiting visits to essential personnel and ensuring proper protocols around sanitation and social distancing.

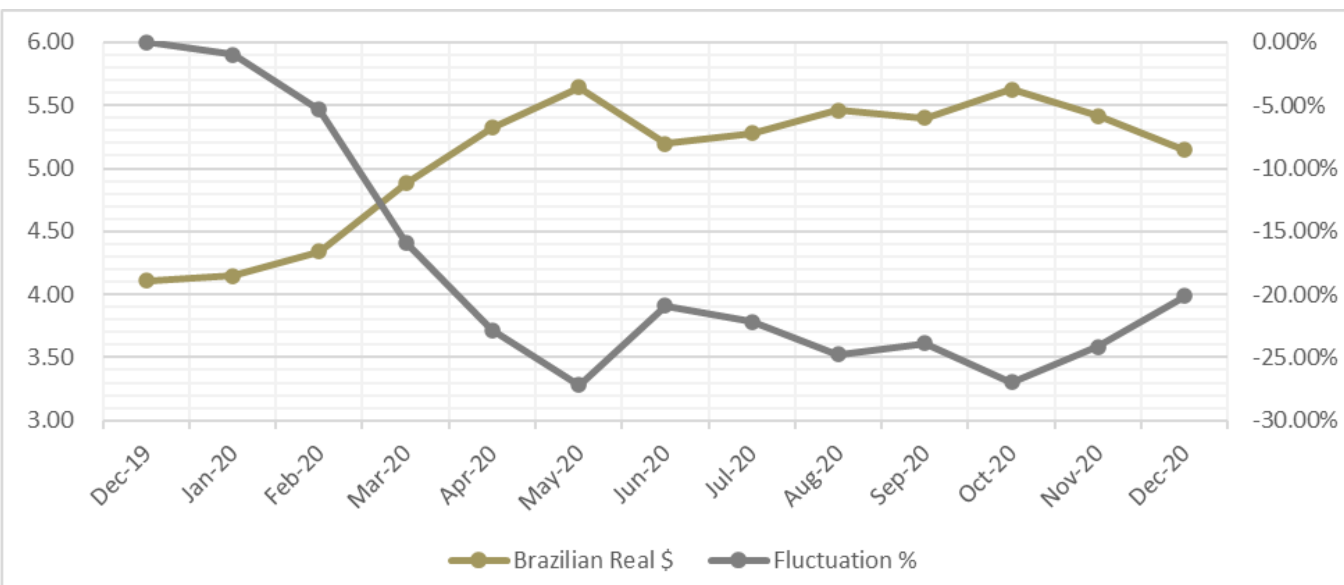
Jaguar's management will continue to monitor the situation regarding COVID-19 and may take actions that alter Jaguar's business operations as may be required by federal, provincial or local authorities, or that management determines are in the best interests of Jaguar's employees, customers, suppliers, shareholders and other stakeholders. Such alterations or modifications could cause substantial interruption to Jaguar's business, any of which could have a materially adverse effect on, among other things, Jaguar's operations or financial results. The extent to which COVID-19 and any other pandemic or public health crisis impacts Jaguar's business, affairs, operations, financial condition (including Jaguar's ability to raise funds), 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 pandemic 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 December 31, 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 to 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"), which annually ranks 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 2020, out of 180 countries in the world, Canada was ranked 11th with a CPI score of 77, the United States was ranked 25th with a CPI score of 67, and Brazil was ranked 94th with a CPI score of 38. The average score on the 2020 Corruption Perceptions Index was 43 out of 100. Anything below a score of 50 indicates governments are failing to tackle corruption and 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 a 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.

The ability to pay dividends will be dependent on the financial condition of Jaguar.

Payment of dividends on Jaguar's common shares is within the discretion of Jaguar's Board of Directors and will depend upon Jaguar's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. Although Jaguar has paid a regular dividend for the two most recently completed quarters, there can be no assurance that it will be in a position to declare any future dividends due to the occurrence of one or more of the risks described herein.

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 the 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 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 remediate 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 the 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 the 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. 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 materially adverse effect on the Company's financial position or results of operations.

Generally, the labour claims are due to disputed overtime, danger pay, wage parity, etc. 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 audited annual consolidated financial statements for the year ended December 31, 2020, are consistent with those applied and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2019. 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, 2020, 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 December 31, 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 ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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.

An evaluation of the effectiveness of the Company's internal control over financial reporting, including an evaluation of material changes that may have materially affected or are reasonably likely to have materially affected the internal controls over financial reporting based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, was conducted as of December 31, 2019, by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management, including the CEO and the CFO, has concluded that the Company's internal control over financial reporting was effective as of December 31, 2020.

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 is also 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, changes in general economic conditions and the declaration, timing, amount and payment of potential future dividends.. 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, 2020, 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.