



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021
(UNAUDITED)**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 29,947	\$ 40,373
Restricted cash	438	501
Inventory	Note 3 15,280	14,546
Recoverable taxes	Note 4 4,129	5,143
Other accounts receivable	172	92
Prepaid expenses and advances	3,058	2,176
Total current assets	53,024	62,831
Non-current assets		
Property, plant and equipment	Note 5 185,144	172,498
Mineral exploration projects	Note 6 27,607	23,817
Recoverable taxes	Note 4 5,390	5,278
Other accounts receivable	5,000	5,000
Restricted cash	615	586
Total assets	\$ 276,780	\$ 270,010
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,693	\$ 15,660
Notes payable	3,026	3,027
Lease liabilities	2,339	1,431
Current tax liability	999	-
Other taxes payable	1,035	935
Reclamation provisions	Note 7 5,268	6,847
Legal and other provisions	Note 8 3,087	2,941
Total current liabilities	33,447	30,841
Non-current liabilities		
Lease liabilities	2,022	2,434
Other taxes payable	9,413	9,890
Reclamation provision	Note 7 12,703	11,182
Legal and other provisions	Note 8 3,636	4,234
Total liabilities	\$ 61,221	\$ 58,581
SHAREHOLDERS' EQUITY		
Common shares	Note 9 \$ 566,716	\$ 566,860
Stock options	Note 9 1,421	1,268
Deferred share units	Note 9 2,691	1,887
Contributed surplus	23,746	23,528
Deficit	(379,015)	(382,114)
Total shareholders' equity	\$ 215,559	\$ 211,429
Total liabilities and shareholders' equity	\$ 276,780	\$ 270,010

Subsequent events

Note 4

On behalf of the Board:

(signed) "Jeffrey Kennedy"

(signed) "Vernon Baker"

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2022 and 2021

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 37,846	\$ 40,748	\$ 106,391	\$ 108,764
Operating costs <i>Note 11</i>	22,098	19,373	62,790	51,499
Depreciation	5,384	5,608	14,945	16,004
Gross profit	10,364	15,767	28,656	41,261
Exploration and evaluation costs	1,373	753	4,493	3,299
Care and maintenance costs (Paciência and Roça Grande mines)	137	162	448	777
Stock-based compensation <i>Note 9(b)(c)</i>	116	373	1,086	955
General and administrative expenses	1,658	1,237	5,286	4,196
Amortization	19	15	57	48
Legal, recoverable tax and other provisions expenses	(118)	443	(95)	1,369
Other operating expenses	331	3	1,086	460
Operating income	6,848	12,781	16,295	30,157
Foreign exchange (gain) <i>Note 12</i>	(1,432)	(2,109)	(15)	(1,121)
Finance costs	638	(31)	1,964	549
Other non-operating expenses <i>Note 13</i>	168	15	884	2,287
Income before income taxes	7,474	14,906	13,462	28,442
Income tax expense	999	3,491	3,542	7,939
Net income	\$ 6,475	\$ 11,415	\$ 9,920	\$ 20,503
Earnings per share <i>Note 10</i>				
Earnings per share				
Basic	\$ 0.09	\$ 0.16	\$ 0.14	\$ 0.28
Diluted	\$ 0.09	\$ 0.16	\$ 0.13	\$ 0.28
Weighted average shares outstanding				
Basic	72,465,915	72,439,970	72,464,429	72,381,863
Diluted	73,426,892	73,399,833	73,525,364	73,485,376

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2022 and 2021

(Unaudited and expressed in thousands of US dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Net income for the period	\$ 6,475	\$ 11,415	\$ 9,920	\$ 20,503
Adjustments and non-cash items				
Depreciation and amortization	5,403	5,623	15,002	16,052
Accretion interest expense	502	110	1,562	325
Interest expense	127	(140)	383	116
Unrealized foreign exchange (gain) loss	(960)	(2,268)	1,945	(983)
Current income tax expense	999	3,491	3,542	7,939
Legal and other provisions expense	(144)	272	178	695
Other operating activities (recoveries) expenses	268	576	1,461	3,850
Changes in operating assets and liabilities	740	(33)	(1,112)	(5,282)
Cash provided by operating activities before income taxes	13,410	19,046	32,881	43,215
Income taxes paid	(144)	(2,692)	(2,468)	(7,761)
Net cash provided by operating activities	13,266	16,354	30,413	35,454
INVESTING ACTIVITIES				
Investment in mineral exploration projects	(956)	(756)	(3,790)	(1,198)
Purchase of property, plant and equipment	(9,259)	(9,913)	(26,131)	(28,997)
Proceeds from dispositions of royalty interests	-	-	-	6,950
Proceeds from dispositions of property, plant and equipment	15	276	159	280
Net cash (used in) investing activities	(10,200)	(10,393)	(29,762)	(22,965)
FINANCING ACTIVITIES				
Cash received upon issuance of debt	1,650	3,011	4,650	5,986
Cash received upon issuance of shares via stock options exercised	18	-	20	555
Restricted cash margin deposits paid	-	299	-	289
Repayment of debt	(2,363)	(3,374)	(6,685)	(8,190)
Cash paid for purchase and cancellation of shares	(75)	-	(75)	-
Interest paid	(130)	(78)	(207)	(170)
Cash dividends paid	(2,242)	(2,291)	(6,821)	(11,649)
Net cash (used in) financing activities	(3,142)	(2,433)	(9,118)	(13,179)
Effect of exchange rate changes on cash and cash equivalents	(472)	159	(1,959)	(138)
Net increase in cash and cash equivalents	(548)	3,687	(10,426)	(828)
Cash and cash equivalents at the beginning of the period	30,495	34,393	40,373	38,908
Cash and cash equivalents at the end of the period	\$ 29,947	\$ 38,080	\$ 29,947	\$ 38,080

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2022 and 2021

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2021	\$ 72,118,620	\$ 565,734	1,075,876	\$ 1,374	534,048	\$ 1,453	\$ 23,528	\$ (402,389)	\$ 189,700
Stock options granted	-	-	58,056	191	-	-	-	-	191
Stock options exercised	135,425	905	(153,198)	(350)	-	-	-	-	555
Stock options forfeited	-	-	(36)	-	-	-	-	-	-
Deferred share units granted	-	-	-	-	141,766	764	-	-	764
Deferred share units redeemed	185,925	366	-	-	(185,925)	(366)	-	-	-
Dividends	-	-	-	-	-	-	-	(11,649)	(11,649)
Net income	-	-	-	-	-	-	-	20,503	20,503
Balance as at September 30, 2021	72,439,970	\$ 567,005	980,698	\$ 1,215	489,889	\$ 1,851	\$ 23,528	\$ (393,535)	\$ 200,064
Balance as at January 1, 2022	72,444,870	\$ 566,860	975,798	\$ 1,268	494,485	\$ 1,887	\$ 23,528	\$ (382,114)	\$ 211,429
Shares purchased and cancelled in normal course issuer bid	(31,700)	(248)	-	-	-	-	173	-	(75)
Stock options granted and outstanding	-	-	71,656	214	-	-	-	-	214
Stock options exercised	12,083	36	(12,083)	(16)	-	-	-	-	20
Stock options forfeited and expired	-	-	(15,789)	(45)	-	-	45	-	-
Deferred share units granted and outstanding	-	-	-	-	264,527	872	-	-	872
Deferred share units redeemed	27,674	68	-	-	(27,674)	(68)	-	-	-
Dividends	-	-	-	-	-	-	-	(6,821)	(6,821)
Net income	-	-	-	-	-	-	-	9,920	9,920
Balance as at September 30, 2022	72,452,927	\$ 566,716	1,019,582	\$ 1,421	731,338	\$ 2,691	\$ 23,746	\$ (379,015)	\$ 215,559

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

1. Nature of business

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

These condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2022 and 2021, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. (“MSOL”). MSOL is the operating subsidiary for the Turmalina complex comprising the Turmalina mine and the Caeté complex comprising the Pilar mine. All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards (“IFRS”), and should be read in connection with the Company’s December 31, 2021 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2022.

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

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company’s audited annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2022:

- **IAS 16 Property, Plant and Equipment** – On May 14, 2020, IASB issued amendments to IAS 16 Property, Plant and Equipment requiring proceeds from selling items before the related item of property, plant and equipment is available for use to be recognized in profit or loss, together with the costs of producing those items. The amendment is effective for annual periods beginning on or after January 1, 2022. The adoption of the amendments to IAS 16 did not affect the financial results or disclosures in the Company’s condensed interim consolidated financial statements.

The following are recent pronouncements approved by the IASB that are pending adoption:

- **IAS 12 'Income Taxes'** – On May 7, 2021, IASB issued amendments to IAS 12 which require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The impacts of the above amendments to IAS 12 on the Company’s consolidated financial statements have not yet been evaluated, but an assessment will be performed prior to the effective date of January 1, 2023.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

- IAS 1 'Presentation of Financial Statements' – On February 12, 2021, IASB issued amendments to IAS 1 which include (i) requiring companies to disclose their material accounting policies rather than their significant accounting policies, (ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and (iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The impacts of the above amendments to IAS 1 on the Company's consolidated financial statements have not yet been evaluated, but an assessment will be performed prior to the effective date of January 1, 2023.

- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – On February 12, 2021, IASB issued amendments to IAS 8 which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The impacts of the above amendments to IAS 8 on the Company's consolidated financial statements have not yet been evaluated, but an assessment will be performed prior to the effective date of January 1, 2023.

3. Inventory

Inventory is comprised of the following:

	September 30, 2022	December 31, 2021
Raw material and mine operating supplies	\$ 10,386	\$ 10,244
Ore in stockpiles	625	741
Gold in process	1,180	1,623
Unrefined gold doré	3,089	1,938
Total inventory	\$ 15,280	\$ 14,546

The inventory amount recognized in direct mining and processing costs for the three and nine months ended September 30, 2022 was \$21.0 million and \$59.7 million, respectively (\$18.3 million and \$48.6 million, respectively, during the three and nine months ended September 30, 2021). During the three and nine months ended September 30, 2022, there were no inventory write downs to net realizable value (\$nil and \$nil, respectively, during the three and nine months ended September 30, 2021).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

4. Recoverable taxes

	December 31, 2021	Additions/ reversals	Write- offs	Sales of credits	Applied to taxes payable	Foreign exchange	September 30, 2022
Value added taxes and other ^(a)	\$ 6,178	\$ 4,837	\$ -	\$ -	\$ (5,587)	\$ 416	\$ 5,844
Provision for VAT and other	(789)	-	-	-	-	(52)	(841)
Net VAT and other taxes	\$ 5,389	\$ 4,837	\$ -	\$ -	\$ (5,587)	\$ 364	\$ 5,003
ICMS ^(b)	\$ 7,210	\$ 2,736	\$ -	\$ (3,449)	\$ (107)	\$ 125	\$ 6,515
Provision for ICMS	(2,178)	323	-	-	-	(144)	(1,999)
Net ICMS	\$ 5,032	\$ 3,059	\$ -	\$ (3,449)	\$ (107)	\$ (19)	\$ 4,516
Total recoverable taxes	\$ 10,421	\$ 7,896	\$ -	\$ (3,449)	\$ (5,694)	\$ 345	\$ 9,519
Less: current portion	5,143						4,129
Non-current portion	\$ 5,278						\$ 5,390

- a) In the nine months ended September 30, 2022, the Company applied R\$20.4 million (\$4.0 million) in federal value added taxes and other tax credits to pay INSS tax obligations and R\$8.4 million (\$1.6 million) to pay goods and service withholding tax obligations. In the nine months ended September 30, 2021, the Company applied R\$16.5 million (\$3.1 million) in federal value added taxes and other tax credits to pay INSS tax obligations and R\$8.7 million (\$1.6 million) to pay goods and service withholding tax obligations.

On November 7, 2022, the Company received \$1.7 million (R\$8.5 million) in cash from Brazil's Federal Tax Authority as a federal VAT refund from claims filed in prior years, of which \$0.9 million (R\$4.8 million) was related to principal and \$0.8 million (R\$3.7 million) was related to interest.

- b) In the nine months ended September 30, 2022, the Company started the period with R\$6.3 million (approximately \$1.1 million) in ICMS export and deferred tax credits authorized and available for sale. The Company received approval from the state tax authority to sell an additional R\$14.7 million (approximately \$3.1 million), and the Company sold R\$15.8 million (approximately \$3.4 million) in credits. As at September 30, 2022, the Company held R\$5.2 million (approximately \$1.0 million) in ICMS export and deferred tax credits authorized for sale but not yet sold (December 31, 2021 – R\$6.3 million, approximately \$1.1 million).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

5. Property, plant and equipment (“PP&E”)

	Plant	Vehicles	Equipment ¹	Leasehold ²	CIP ³	Mining properties	Total
Cost							
Balance as at January 1, 2022	\$ 17,525	\$ 5,666	\$ 205,596	\$ 5,601	\$ 8,754	\$ 515,536	\$ 758,678
Additions	55	-	1,203	2,526	2,941	21,932	28,657
Disposals	-	-	(4,877)	-	-	-	(4,877)
Transfers within PP&E	22	-	1,037	-	(1,059)	-	-
Balance as at September 30, 2022	\$ 17,602	\$ 5,666	\$ 202,959	\$ 8,127	\$ 10,636	\$ 537,468	\$ 782,458

Accumulated depreciation and impairment							
Balance as at January 1, 2022	\$ 15,301	\$ 1,819	\$ 180,533	\$ 4,632	\$ 566	\$ 383,329	\$ 586,180
Depreciation for the period	1,236	211	3,528	1,052	-	9,131	15,158
Disposals	-	-	(4,024)	-	-	-	(4,024)
Balance as at September 30, 2022	\$ 16,537	\$ 2,030	\$ 180,037	\$ 5,684	\$ 566	\$ 392,460	\$ 597,314

Carrying amount							
As at September 30, 2022	\$ 1,065	\$ 3,636	\$ 22,922	\$ 2,443	\$ 10,070	\$ 145,008	\$ 185,144

Cost							
Balance as at January 1, 2021	\$ 13,587	\$ 4,989	\$ 200,087	\$ 4,418	\$ 9,223	\$ 479,976	\$ 712,280
Additions	118	661	2,161	1,183	8,044	35,560	47,727
Disposals	-	(21)	(2)	-	(1,306)	-	(1,329)
Transfers within PP&E	3,820	37	3,350	-	(7,207)	-	-
Balance as at December 31, 2021	\$ 17,525	\$ 5,666	\$ 205,596	\$ 5,601	\$ 8,754	\$ 515,536	\$ 758,678

Accumulated depreciation and impairment							
Balance as at January 1, 2021	\$ 13,428	\$ 1,663	\$ 174,150	\$ 3,397	\$ 566	\$ 371,435	\$ 564,639
Depreciation for the period	1,873	177	6,385	1,235	-	11,894	21,564
Disposals	-	(21)	(2)	-	-	-	(23)
Balance as at December 31, 2021	\$ 15,301	\$ 1,819	\$ 180,533	\$ 4,632	\$ 566	\$ 383,329	\$ 586,180

Carrying amount							
As at December 31, 2021	\$ 2,224	\$ 3,847	\$ 25,063	\$ 969	\$ 8,188	\$ 132,207	\$ 172,498

¹ As at September 30, 2022, the Company had equipment under right-of-use leases at a cost and net book value of \$16.6 million and \$9.4 million, respectively (December 31, 2021 - \$14.1 million and \$8.7 million, respectively).

² Refers to leasehold improvements in corporate office in Brazil.

³ Refers to construction in progress.

6. Mineral exploration projects

	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2022	\$ 4,338	\$ 19,479	\$ -	\$ 23,817
Additions	3,790	-	-	3,790
Balance as at September 30, 2022	\$ 8,128	\$ 19,479	\$ -	\$ 27,607
Balance as at January 1, 2021	\$ 3,395	\$ 19,037	\$ 405	\$ 22,837
Additions	943	442	-	1,385
Disposals	-	-	(405)	(405)
Balance as at December 31, 2021	\$ 4,338	\$ 19,479	\$ -	\$ 23,817

a) Turmalina

The Turmalina mineral exploration project includes the Satinoco property (Ore Body D), Faina and Pontal, adjacent to the Turmalina plant and mine, not currently in commercial production.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

b) Caeté

The Caeté mineral exploration project includes the following exploration properties: Pilar-sulphide, Catita-sulphide, Camará, Roça Grande, Serra Paraíso-sulphide, and Trindade.

7. Reclamation provisions

	December 31, 2021	Additions (reversals)	Accretion	Payments	Foreign exchange	September 30, 2022
Reclamation provision	\$ 18,029	\$ -	\$ 1,484	\$ (2,144)	\$ 602	\$ 17,971
Less: current portion		6,847				5,268
Non-current portion	\$ 11,182					\$ 12,703

As at September 30, 2022, the Company's current portion balance includes reclamation expenditures planned in the next twelve months to preserve a continued compliance with the applicable regulatory requirements. These planned expenditures include namely tailings dam enhancements for the Turmalina and Moita dams at the Turmalina mine complex and the Roça Grande dam at the Caeté mine complex.

8. Legal and other provisions

As at September 30, 2022, the Company has recognized a provision of \$6.7 million (December 31, 2021 - \$7.2 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the outcome of the resolution of these matters.

	December 31, 2021	Additions	Reversals/ Transfers	Payments	Foreign exchange	September 30, 2022
Labour litigation	\$ 5,615	\$ 1,246	\$ (766)	\$ (902)	\$ 181	\$ 5,374
Civil litigation	1,173	23	(47)	-	83	1,232
Tax litigation	87	29	(96)	-	28	48
Other provisions	300	16	(227)	-	(20)	69
Total legal and other provisions	\$ 7,175	\$ 1,314	\$ (1,136)	\$ (902)	\$ 272	\$ 6,723
Less: current portion		2,941				3,087
Non-current portion	\$ 4,234					\$ 3,636

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

9. Capital stock

a) Common shares

The Company is authorized to issue an unlimited number of common shares. All issued shares are fully paid and have no par value. Changes in common shares for the nine months ended September 30, 2022 and 2021 are as follows:

		Number of shares	Amount
Balance as at December 31, 2021		72,444,870	\$ 566,860
Shares purchased and cancelled in normal course issuer bid ¹		(31,700)	(248)
Shares issued upon exercise of stock options	Note 9(b)	12,083	36
Shares issued upon redemption of deferred share units	Note 9(c)	27,674	68
Balance as at September 30, 2022		72,452,927	\$ 566,716
Balance as at December 31, 2020		72,118,620	\$ 565,734
Shares issued upon exercise of stock options	Note 9(b)	135,425	905
Shares issued upon redemption of deferred share units	Note 9(c)	185,925	366
Balance as at September 30, 2021		72,439,970	\$ 567,005

1) On June 10, 2022, the Toronto Stock Exchange (“TSX”) accepted Jaguar’s notice to make a normal course issuer bid (the “Bid”) to purchase for cancellation up to 3,623,640 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 15, 2022 and will terminate on June 14, 2023, or such earlier time as the bid is completed or terminated at the option of Jaguar.

During the nine months ended September 30, 2022, the Company purchased and cancelled 31,700 shares in exchange for \$75,000 in cash (nil shares for \$nil, for the nine months ended September 30, 2021). As at September 30, 2022, 3,591,940 shares remained available and subject to purchase for cancellation under the Bid (December 31, 2021: Nil).

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company’s condensed interim 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.

b) Stock options

The Stock Option Plan (“SOP”) provides for the issuance of options to employees, directors, or officers of the Company, its subsidiary, or any of its affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company’s incentive plans, including setting exercise prices, vesting terms and expiry dates.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

The following table shows the movement of stock options for the nine months ended September 30, 2022 and 2021:

	Number of options	Weighted average exercise price (C\$)
Balance as at December 31, 2021	975,798	\$ 2.91
Options granted ¹	71,656	4.33
Options exercised ²	(12,083)	2.24
Options forfeited and expired ⁵	(15,789)	13.50
Balance as at September 30, 2022	1,019,582	\$ 2.85
Balance as at December 31, 2020	1,075,876	\$ 2.84
Options granted ³	58,056	8.25
Options exercised ⁴	(153,198)	4.54
Options forfeited and expired ⁵	(36)	7.40
Balance as at September 30, 2021	980,698	\$ 2.90

1) In the nine months ended September 30, 2022, the Company granted 71,656 stock options to executives of the Company at a weighted average exercise price of C\$4.33 and expiry occurring eight years from the grant date.

2) In the nine months ended September 30, 2022, officers and directors of the Company exercised a total 12,083 options with a weighted average exercise price of C\$2.24. The exercises were paid for with \$20,000 in cash proceeds to the Company, and as a result of the options exercised, the Company issued 12,083 common shares.

3) In the nine months ended September 30, 2021, the Company granted 58,056 stock options to executives of the Company at a weighted average exercise price of C\$8.25 and expiry occurring eight years from the grant date.

4) In the nine months ended September 30, 2021, officers and directors of the Company exercised a total 153,198 options with exercise prices ranging between C\$1.00 and C\$7.60. The exercises were paid for with \$555,000 in cash proceeds to the Company and \$85,000 via a cashless exercise using 17,773 fully vested stock options. As a result of the options exercised, the Company issued 135,425 common shares.

5) Relates to cancellations of the options upon expiry or forfeiture of the options upon resignation of former executives and directors.

The following table sets out the details of the valuation of stock option grants for the nine months ended September 30, 2022 and 2021, measured using the Black-Scholes option pricing formula:

Grant date	Weighted average exercise price (C\$)	Number of options	Risk-free interest rate	Expected Life (number of years)	Volatility Factor	Weighted average grant date fair value per option (C\$)
January 25, 2022 ¹	4.33	71,656	1.20%	4.00	79%	2.51
January 19, 2021 ²	8.25	58,056	0.14%	4.00	83%	4.93

¹ 67,562 options vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022 and are exercisable upon vesting.

4,094 options vest if and when the 20 day VWAP of the Company's shares is C\$5.20 per share and are also exercisable upon vesting.

² 54,770 options vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021 and are exercisable upon vesting.

3,286 options vest if and when the 20 day VWAP of the Company's shares is C\$10.00 per share and are also exercisable upon vesting.

The expected volatility was estimated using the Company's historical data from the date of grant and for a period corresponding to the expected life of the options.

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The table below shows the outstanding stock options as at September 30, 2022 and 2021:

Weighted average exercise price (C\$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US\$ per option)	Expiry date
\$ 13.50	October 8, 2014	7,500	7,500	\$ 1.92	October 8, 2022
3.30	September 21, 2017	20,000	20,000	2.20	September 21, 2025
3.70	January 23, 2018	15,000	15,000	1.99	January 23, 2026
2.10	August 31, 2018	4,374	4,374	1.10	August 31, 2026
1.00	May 31, 2019	53,332	53,332	0.33	May 31, 2027
2.20	August 5, 2019	600,000	600,000	0.99	August 5, 2027
1.90	October 4, 2019	22,500	22,500	1.13	October 4, 2027
2.50	January 15, 2020	158,664	129,500	1.36	January 15, 2028
8.70	August 19, 2020	8,500	8,500	5.11	August 19, 2028
8.25	January 19, 2021	58,056	27,384	3.87	January 19, 2029
4.33	January 25, 2022	71,656	15,355	1.99	January 25, 2030
\$ 2.85		1,019,582	903,445	\$ 1.33	

For the three and nine months ended September 30, 2022, the Company recognized \$64,000 and \$214,000, respectively, in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income (\$57,000 and \$191,000, respectively, for the three and nine months ended September 30, 2021).

c) Deferred share units – “DSUs”

The deferred share unit plan (“DSU Plan”) provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. DSUs granted to officers, executives, and employees are redeemable upon vesting. DSUs granted to directors are redeemable upon retirement and up to three to twelve months following retirement. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 3,623,269.

The following table shows the movement of DSUs for the nine months ended September 30, 2022 and 2021:

	Number of units	Weighted average grant date fair value (US\$)
Balance as at December 31, 2021	494,485	\$ 3.90
Units granted ¹	264,527	3.31
Units redeemed ²	(27,674)	2.44
Balance as at September 30, 2022	731,338	\$ 3.74
Balance as at December 31, 2020	534,048	\$ 2.63
Units granted ³	141,766	6.16
Units redeemed ⁴	(185,925)	1.97
Balance as at September 30, 2021	489,889	\$ 3.90

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

1) On January 25, 2022, the Company granted a total of 230,141 DSUs to directors and executives of the Company, holding a total grant date fair value of \$780,000, measured at US\$3.39/share, as follows:

- i. 21,106 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022.
- ii. 21,106 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$5.20 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
- iii. 93,965 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iv. 93,964 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2022 Annual General Meeting or June 30, 2022.

As a result of dividends paid to shareholders during the nine months ended September 30, 2022, the Company granted a total of 34,386 DSUs to officers and directors of the Company, holding a total grant date fair value of \$96,000 measured at a weighted average US\$2.79/share.

2) In the nine months ended September 30, 2022, officers and directors redeemed a total of 27,674 DSUs. The DSU redemptions were settled via issuance of 27,674 common shares, and the corresponding grant date fair value of \$68,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

3) On January 19, 2021 the Company granted a total of 124,650 DSUs to directors and executives of the Company, holding a total grant date fair value of \$794,000, measured at US\$6.37/share, as follows:

- i. 18,252 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021.
- ii. 18,252 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$10.00 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
- iii. 44,073 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iv. 44,073 time-vested DSUs to non-executive directors, vested on the earlier of the date of the 2021 Annual General Meeting or June 30, 2021.

As a result of dividends paid to shareholders during the nine months ended September 30, 2021, the Company granted a total of 17,116 DSUs to officers and directors of the Company, holding a total grant date fair value of \$80,000 measured at a weighted average US\$4.68/share.

4) In the nine months ended September 30, 2021, officers and directors redeemed a total of 185,925 DSUs. The DSUs were settled via issuance of 185,925 shares.

For the three and nine months ended September 30, 2022, the Company recognized \$52,000 and \$872,000, respectively, in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (\$316,000 and \$764,000, respectively, for the three and nine months ended September 30, 2021).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

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

10. Basic and diluted earnings per share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator				
Net income for the purpose of basic and diluted income per share	\$ 6,475	\$ 11,415	\$ 9,920	\$ 20,503
Denominator				
Weighted average number of common shares outstanding - basic	72,465,915	72,439,970	72,464,429	72,381,863
Stock Options	229,639	471,444	329,597	584,111
Deferred share units	731,338	488,419	731,338	519,402
Weighted average number of common shares outstanding - diluted	73,426,892	73,399,833	73,525,364	73,485,376
Basic income per share	\$ 0.09	\$ 0.16	\$ 0.14	\$ 0.28
Diluted income per share	\$ 0.09	\$ 0.16	\$ 0.13	\$ 0.28

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options and deferred shares units which were anti-dilutive to earnings per share in the period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Stock options	789,943	509,254	689,985	396,587
Anti-dilutive instruments	789,943	509,254	689,985	396,587

11. Operating costs

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Direct mining and processing costs	Note 3	\$ 20,970	\$ 18,302	\$ 59,680	\$ 48,611
Royalty expense and CFEM taxes ¹		1,115	1,092	3,096	3,152
Other (recoveries)		13	(21)	14	(264)
Operating costs		\$ 22,098	\$ 19,373	\$ 62,790	\$ 51,499

¹ CFEM - Compensação Financeira pela Exploração Mineral taxes are Brazil mining royalty fees levied by the Federal government as financial compensation for mineral exploitation.

12. Foreign exchange (gain)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Loss (gain) on recoverable taxes	Note 4	\$ 310	\$ 872	\$ (345)	\$ 538
(Gain) loss on reclamation provision	Note 7	(573)	(1,025)	602	(545)
(Gain) loss on legal and other provisions	Note 8	(213)	(665)	272	(301)
(Gain) loss on other foreign exchange		(956)	(1,291)	(544)	(813)
Total foreign exchange (gain)		\$ (1,432)	\$ (2,109)	\$ (15)	\$ (1,121)

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For the three and nine months ended September 30, 2022 and 2021

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

13. Other non-operating expenses

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Interest income	\$ (130)	\$ (39)	\$ (214)	\$ (73)
(Gain) loss on disposition of property, plant and equipment	Note 14 (13)	32	698	535
Loss on disposition of royalty interests ^(a)	Note 14 -	-	-	1,686
Other non-operating expenses	311	22	400	139
Total other non-operating expenses	\$ 168	\$ 15	\$ 884	\$ 2,287

a) On March 15, 2021, the Company executed a Definitive Agreement with Metalla Royalty & Streaming Ltd. (MTA) ("Metalla") for the sale of the Company's Net Smelter Return ("NSR") royalty from gold production at the CentroGold Project (also referred to as the Gurupi Project) located in Maranhão State, Brazil and 100% owned by Oz Minerals Ltd. The NSR is comprised of a 1% net smelter return on the first 500,000 ounces of gold sold, a 2% net smelter return from 500,001 to 1,500,000 ounces of gold, and a 1% net smelter return on gold sales exceeding 1,500,000 ounces of gold.

The NSR was sold for an aggregate consideration valued at up to US\$18,000,000 receivable as follows:

- Immediate: \$7.0 million in cash upon executing the Definitive Agreement (received);
- Milestone 1: \$7.0 million in Metalla common shares upon grant of all project licenses, the lifting or extinguishment of the injunction imposed on the CentoGold Project with no pending appeals and, if necessary, the completion of any and all community relocations; and
- Milestone 2: \$4.0 million payment to Jaguar in cash upon the CentroGold Project achieving commercial production.

The Company recognized \$7.0 million as consideration received from the sale of the NSR. The amounts noted above relating to Milestone 1 and Milestone 2 were not recognized, given that the completion of these milestones is dependent on the performance of an unrelated third party. As a result of the sale, the Company (i) transferred its NSR title to Metalla and derecognized the \$8.5 million CentroGold project royalty, (ii) received and recorded \$7.0 million in Cash, (iii) recorded \$0.2 million in legal and consulting costs associated with the transaction, and (iv) recognized a \$1.7 million loss on sale of the CentroGold royalty interest to Other non-operating expenses in its condensed interim consolidated statement of operations and comprehensive income.

14. Cash flow – other operating activities expense

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Stock-based compensation	\$ 116	\$ 373	\$ 1,086	\$ 955
(Gain) loss on disposition of property, plant and equipment	Note 13 (13)	32	698	535
Loss on disposition of royalty interests	Note 13 -	-	-	1,686
Additions (recoveries) to provision against recoverability of VAT and other taxes	Note 4 165	171	(323)	674
Other operating activities expense	\$ 268	\$ 576	\$ 1,461	\$ 3,850

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15. Cash flow – changes in operating assets and liabilities

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Restricted cash	\$ 46	\$ 161	\$ 34	\$ 227
Inventory	1,518	1,020	(579)	(1,528)
Recoverable taxes	(847)	(827)	1,570	(1,950)
Other accounts receivable	2,741	(160)	(80)	(212)
Prepaid expenses and other assets	(589)	578	(882)	963
Accounts payable and accrued liabilities	(852)	166	2,501	(763)
Other taxes payable	(171)	(517)	(630)	(1,008)
Reclamation provisions	Note 7 (680)	(60)	(2,144)	(112)
Legal and other provisions	Note 8 (426)	(394)	(902)	(899)
Changes in operating assets and liabilities	\$ 740	\$ (33)	\$ (1,112)	\$ (5,282)

16. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at September 30, 2022	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 17,693	\$ -	\$ -	\$ -	\$ 17,693
Other Taxes Payable ^(a)					
ICMS Settlement Due	280	20	-	-	300
INSS	552	818	-	-	1,370
IRPJ & CSLL Settlement Due	203	376	26	-	605
Notes payable					
Principal					
Bank indebtedness ^(b)	3,026	-	-	-	3,026
Interest	91	30	-	-	121
Lease liabilities	2,528	2,041	184	-	4,753
Reclamation provisions ^(c)	5,268	5,497	6,169	5,266	22,200
Current tax liability	999	-	-	-	999
Total financial liabilities	\$ 30,640	\$ 8,782	\$ 6,379	\$ 5,266	\$ 51,067
Other Commitments					
Suppliers' agreements ^(d)	664	-	-	-	664
Insurance agreements ^(e)	1,994	-	-	-	1,994
Total other commitments	\$ 2,658	\$ -	\$ -	\$ -	\$ 2,658
Total	\$ 33,298	\$ 8,782	\$ 6,379	\$ 5,266	\$ 53,725

^(a) Financial liabilities within Other taxes payable include state value-add taxes payable (*ICMS – Imposto sobre circulação de mercadorias e prestação de serviços*), payroll taxes payable (*INSS - Instituto Nacional do Seguro Social*), and federal income taxes payable (*IRPJ - Imposto de renda pessoa jurídica and CSLL - Contribuição social*).

^(b) Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

^(c) Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

^(d) 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.

^(e) Insurance premium commitments in accordance with the Company's liability and property insurance policies.

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17. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities, issue new equity, or enter into new customer advance arrangements.

As at September 30, 2022, the Company's capital structure is comprised of \$3.0 million in notes payable and \$215.6 million in shareholders' equity (December 31, 2021: \$3.0 million and \$211.4 million, respectively). As at September 30, 2022, the Company is not subject to externally imposed capital requirements.

18. 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) Liquidity risk

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main 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. Other key factors include the Company's ability to continue to renew its Brazilian loan facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 8).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. On an ongoing basis, the Company evaluates its price risk and currency risk and, when envisioned to be beneficial, engages in derivative financial instruments to manage these risks, including gold forward contracts, gold price collar contracts, gold call option contracts, and foreign exchange call and put option contracts. As at September 30, 2022, the Company did not have any derivative positions outstanding (December 31, 2021 – nil positions outstanding).

1) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company evaluates price risk and, when envisioned to be beneficial, may enter into hedge contracts to manage this risk and to secure 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. In the three and nine months ended September 30, 2022, the Company did not enter into any price hedge contracts (nil price derivative contracts in the three and nine months ended September 30, 2021).

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2) 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 and Euro denominated capital lease obligations. The Company may, at its discretion, use forward or derivative contracts to manage its exposure to foreign currencies. In the three and nine months ended September 30, 2022, the Company did not enter into any foreign exchange forward or derivative contracts (nil foreign exchange derivative contracts in the three and nine months ended September 30, 2021).

c) 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 3.9% to 5.2% per annum.

d) Changes in liabilities arising from financing activities

	Changes from financing cash flows				Other changes				Balance as at September 30, 2022
	Balance as at December 31, 2021	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non- cash changes	
Notes payable	\$ 3,027	\$ 4,650	\$ (4,650)	\$ (89)	\$ 88	\$ -	\$ -	\$ -	\$ 3,026
Lease liabilities	3,865	-	(2,035)	(61)	-	2,514	(83)	161	4,361
	\$ 6,892	\$ 4,650	\$ (6,685)	\$ (150)	\$ 88	\$ 2,514	\$ (83)	\$ 161	\$ 7,387

19. 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 consolidated statements of operations and comprehensive income (loss). Legal fees paid to ASA were \$6,000 and \$9,000 for the three and nine months ended September 30, 2022 (\$3,000 and \$28,000, respectively, for the three and nine months ended September 30, 2021).