

CORPORATE POLICY



INTERNAL AUDIT CHARTER

Adopted by the Board of Directors of Jaguar Mining

January 20, 2017



MISSION

The mission of the Internal Audit Function for Jaguar Mining Inc. (“Jaguar”) is to provide independent and objective assurance and consulting services designed to add value and improve operations with respect to Jaguar’s internal control practices.

Internal Auditing assists Jaguar in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. To this end, Internal Audit will furnish Management and the Audit and Risk Committee of the Board of Directors with analyses, observations and recommendations concerning the business activities reviewed.

Internal Audit responsibilities will be carried out in a manner consistent with the Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* as well as other applicable professional auditing standards. In addition, the internal audit activity will adhere to Jaguar’s relevant policies and procedures.

RESPONSIBILITIES

Responsibilities of Jaguar’s Internal Audit function comprise the following:

1. Provision of assistance to the Company in complying with the current CEO and CFO Certification requirements as outlined in the Canadian Securities Administrators (CSA) Multilateral Instrument 52-109 (NI 52-109).
2. Development of a flexible annual Internal Audit plan for presentation to Jaguar’s Executive Management and the Audit and Risk Committee for review and approval.
3. Execution of the annual Internal Audit plan, as approved, including as appropriate, any special tasks or projects requested by Jaguar’s Management and/or the Audit and Risk Committee. Internal audit projects will be designed to:
 - Assess the design and operational effectiveness of Management’s internal control practices in place to manage risk to an acceptable level;
 - Assess compliance with Jaguar’s policies, procedures, and relevant industry and government regulations;
 - Assess the efficiency of Management’s internal control practices and activities reviewed;
 - Review the reliability, integrity and security of critical business systems and the means used to measure, classify, and report information;



- Determine whether or not transactions are executed in accordance with Management authorization and recognized and reported in conformity with generally accepted accounting principles; and
 - Evaluate the adequacy of methods used to prevent and detect fraud, including the safeguarding of assets.
4. Provision of written reports to Management and the Audit and Risk Committee highlighting the results of Internal Audit reviews and follow-ups, and summarizing findings, recommendations, Management's responses, action plans and timelines for remediation.
 5. Provision of assistance to the Audit and Risk Committee and Management with respect to the Company's whistleblower program. Specifically:
 - Administration of the Company's Ethics Point whistleblower system on behalf of the Company including working with Ethics Point to facilitate the appropriate access permissions to the system;
 - Monitoring of the Company's Ethics Point whistleblower system and review of all incidents reported under the whistleblower program. This review will include discussions with Jaguar's Audit and Risk Committee and Management based on the procedures and protocols that have been designed to support the Company's program;
 - Execution of any required investigative procedures to assess reported incidents as determined by Jaguar's Audit and Risk Committee and Management; and
 - Regular reporting to Jaguar's Audit and Risk Committee and Management, as appropriate, based on the incidents reported and the results of any investigative procedures undertaken.
 - Providing the Audit and Risk Committee Chair with immediate information on reported items and discussion on how critical they are and recommended plan to go forward
 6. Provision of assistance to Management in identifying, evaluating and managing business risks through observations and recommendations presented for Management and Audit and Risk Committee review and consideration.
 7. Coordination of the scope of Internal Audit's activities with that of the independent auditor, KPMG, to avoid duplication, where possible, and to optimize, where practicable, the effectiveness of time spent by the independent auditor.
 8. Keep Management and the Audit and Risk Committee informed of emerging trends and successful practices in risk management;



It is ultimately the responsibility of Jaguar's Management to establish effective and adequate internal control policies and procedures to promote a strong control environment that ensures appropriate safeguarding of assets, efficient use of resources and reliability, accuracy and integrity of financial and non-financial data. In the course of the review of controls, Internal Audit will make recommendations to Management for improvements to these internal controls. While Internal Audit will assist Management in discharging its internal control responsibilities, it is not accountable for the day-to-day management of the internal control systems within the various locations and departments.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit and Risk Committee.
- Evaluating specific operations at the request of the Audit and Risk Committee or management, as appropriate.

INTERNAL AUDIT PLAN

At least annually, Internal Audit will submit to senior management and the Audit and Risk Committee an internal audit plan for review and approval. The internal



audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit and Risk Committee.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Audit and Risk Committee. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Audit and Risk Committee through periodic activity reports.

AUTHORITY

The Internal Audit Function must have sufficient authority, objectivity and independence to deliver its services and operate in a manner that is consistent with the Standards of Internal Auditing as established by the Institute of Internal Auditors. In order to fulfill its responsibilities, Jaguar's Internal Audit Function is authorized to:

- Have full and unencumbered access to the Audit and Risk Committee;
- Have full, free, and unrestricted access to any and all of Jaguar's records, information systems, physical properties, and personnel pertinent to carrying out any engagement;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of Jaguar personnel, as applicable, and other specialized services from within or outside the organization.

The Internal Audit function does not maintain any direct responsibility for operations. Accordingly, decisions as to whether or not corrective actions are to be taken are the responsibility of Management and not Internal Audit.

The Internal Audit function is not authorized to:

- Perform any operational duties for Jaguar, its affiliates, or subsidiaries;
- Initiate or approve accounting transactions external to the Internal Audit function; or

Direct the activities of any of Jaguar personnel not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to review teams or to otherwise assist a particular review.



ORGANIZATION

The Chief Audit Executive will report functionally to the Audit and Risk Committee and administratively (i.e. day to day operations) to the Chief Executive Officer.

The Audit and Risk Committee will approve the internal audit charter and the risk based internal audit plan. It will also approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Audit Executive as well as the Chief Audit Executive's annual compensation and salary adjustment. The Chief Audit Executive will communicate and interact directly with the Audit and Risk Committee, including in executive sessions and between Board meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

ACCOUNTABILITY

The Internal Audit Function, in the discharge of its duties, shall administratively report to the Chief Executive Officer, and functionally to the Chair of the Audit and Risk Committee. Internal Audit is accountable to the Audit and Risk Committee to:

- Provide annually an assessment of the adequacy and effectiveness of Jaguar's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work;
- Report significant issues related to the processes for controlling the activities of Jaguar and its affiliates, including potential improvements to those processes, and provide information concerning such issues through to resolution; and



- Periodically provide information on the status and results of the annual Internal Audit plan and the sufficiency of resources.

Internal Audit is a collaborative process with Management to help ensure the effective discharge of organizational responsibilities with respect to the effective and efficient management of business risks facing the Company.

COMMUNICATION OF FINDINGS

All Internal Audit findings shall be communicated both verbally and in written form to Management of the business process under review. Such verbal communication shall ideally take place at the time the findings are confirmed or at the completion of the Internal Audit at an exit meeting with Management. The factual accuracy of audit findings and related risks are expected to be confirmed verbally prior to issuance of the draft Internal Audit report.

REPORT DISTRIBUTION

A draft internal audit report will be issued to functional Management of the area under review within 10 business days of the completion of fieldwork in order to assure their agreement with the content and language prior to issuance of the final report. Management respondents to observations and recommendations shall return a written response to Internal Audit within 14 business days of the date of issuance of the draft report. The response should specify:

1. Whether the respondent agrees or disagrees with Internal Audit's findings and recommendation and what course of action, if any, Management intends to undertake; and,
2. Designation of the individual(s) responsible for implementation of the recommendation or alternative course(s) of action and the expected date of implementation.

The objective is that a final Internal Audit Report be issued by Internal Audit to Management within 28 days of completion of its field work. The complete report shall be distributed to the appropriate Management personnel responsible for the direct or indirect implementation of the recommendations or alternative courses of action believed appropriate to correct the deficiency or effect improvement. Final reports shall also be provided to the Audit and Risk Committee prior to each Audit and Risk Committee meeting.

The Internal Audit Function shall establish procedures governing the proper follow-up of Internal Audit reports. These procedures shall involve the requirement for either written or verbal confirmation that significant Internal Audit



recommendations have been addressed or, alternatively, setting out reasons why such agreed-upon actions remain outstanding. All significant findings will remain in an open issues file until cleared.

PERIODIC ASSESSMENT

The Chief Audit Executive will periodically report to senior management and the Audit and Risk Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit and Risk Committee.

In addition, the Chief Audit Executive will communicate to senior management and the Audit and Risk Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Approved this _____ day of _____, _____.

Audit and Process Manager

Chief Executive Officer

Chairman of the Audit and Risk Committee