

INTERNAL POLICY



COMPLIANCE POLICY

Adopted by the Board of Directors of Jaguar Mining

Novembro 2018



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Approval and revision history

Aproved by		
Version	Name / title	Date
0	Audit Committee / Board	13/11/2018



Compliance Policy

1. PURPOSE

The purpose of this policy is to provide guidance of Jaguar's Compliance Program with a focus on ensuring compliance with legal requirements, code of ethics and conduct, policies and procedures. It also aims to fight corruption and bribery, encouraging a compliance culture, based on values, conformity and ethics and influence stakeholders.

2. APPLICABILITY / SCOPE

This policy applies to all directors, officers, employees of the Company, as well as to business associates, partners, agents, contractors, technical and other consultants, agents or any other person associated with or acting on behalf of the Company wherever located, (collectively referred to as "Representatives" in this policy).

3. DEFINITIONS

Employees: Directors, officers, employees and contract workers of Jaguar.

CEIS: Brazilian Register of Incident and Suspended Companies

CEPIM: Brazilian Registration of non-profit Entities prevented

CFPOA: Canadian Corruption of Foreign Public Officials Act. Applies to persons and companies and makes it a criminal offence for persons or companies to bribe foreign public officials to obtain or retain a business advantage.

CNEP: Brazilian National Register of Punished Companies

Compliance: Is the activity that governs the set of disciplines and guidelines to enforce any and all legislation to which the company responds, as well as the policies, regulations and internal procedures, promoting a culture of integrity. The Compliance activity also aims to prevent, detect and treat any deviations or nonconformities that may occur.

FCPA: Foreign Corrupt Practices Act. Applies to any person who has a certain degree of connection to the United States and engages in corrupt practices abroad, as well as to U.S. businesses, foreign corporations trading securities in the U.S., American nationals, citizens and residents acting in furtherance of a foreign corrupt practice, whether or not they are physically present in the U.S..

Compliance Program: It is a specific program for the prevention, detection and remediation of harmful acts provided in laws 12.846 / 2013, FCPA and CFPOA which focuses, in addition to the occurrence of bribery, also fraud in the bidding processes and execution of contracts with the public sector.



Law 12.846: Brazilian anti-corruption law that provides for the administrative and civil liability of legal persons for the practice of acts against the public administration, national or foreign.

Third parties: Specialized hired companies to provide services of any nature in the Jaguar Mining area (s) like suppliers, service providers, partners, competitors and others.

All contractors, partners, agents, suppliers, consultants and service providers on behalf of Jaguar.

Representative: Individual or legal entity, with or without employment relationship, who can legally act on behalf of Jaguar Mining.

4. POLICY REQUIREMENTS

This policy establishes a set of procedures that must be followed in order to prevent, detect, correct and control the risks of Compliance, while also promoting the best integrity practices applicable to the company's operations.

5. ROLES AND RESPONSIBILITIES

Board of Directors: Responsible for defining the guidelines to be followed in Jaguar Mining and in all relationships with external public, be it third parties, representatives or government agents. Commitment to the implementation, development, maintenance and continuous improvement of the Jaguar Compliance Program.

Audit Committee: Evaluate opinion on compliance risks, misconduct and noncompliance with Jaguar guidelines. In addition, it recommends the actions and disciplinary measures that may be applied; clarifies possible doubts regarding the interpretation of the internal guidelines, recommending their revision, including the Code of Ethics and Conduct; among others.

Compliance Area: Responsible for implementing and ensuring the maintenance of the Compliance Program at Jaguar, fostering an integral and ethical corporate culture in all relationships.

Jaguar employees, third parties and representatives: Comply with the guidelines established by the company and be a facilitator in maintaining the Jaguar compliance culture.

6. JAGUAR'S COMPLIANCE PROGRAM

Jaguar's Compliance Program takes into account the mission, vision, values and policies and aims to ensure the highest standards of ethics and transparency in the company's relationships, whether internal or external, with a focus on fighting and anti-bribery practices, promoting an integral and ethical work environment.

For this purpose, it establishes a set of procedures and controls that aim to preventing, detecting, correcting and controlling divergences of conduct that are not in accordance with the rules, be they the laws, the code of ethics and conduct, internal policies or procedures.

Jaguar prohibits acts of fraud, corruption, bribery or tax evasion, directly or indirectly, diversion and / or money laundering, and repudiates any activity, agreement or partnership that may involve illegal practices. It is mandatory to maintain aware to the legislation applicable to the business, especially 12.846 / 2013 Law, known as the Brazilian Anti-Corruption Law or the Clean Corrupt Practices Act, FCPA and the CFPOA, used as a basis for the definition of the Jaguar Compliance Program.

Jaguar’s Compliance Program and its pillars are represented in the image below:



It is the responsibility of all employees, third parties and representatives to comply with the guidelines established by the company and be a facilitator in maintaining Jaguar compliance culture.

6.1. Tone at the top

Jaguar abides by good corporate governance practices and believes that compliance and responsibility are central components of company culture.

Having **Dignity and Respect** and **Collaboration** as values, Jaguar understands that integrity and ethics are increasingly important within the business environment, cherishing transparency in its activities and decision-making.



For this reason, the Board of Directors is committed to the implementation, development, maintenance and continuous improvement of Jaguar's Compliance Program, focused on:

- Fighting corruption and bribery
- Strengthening and disseminating integrity and ethical relationships
- Collaborating with a growing more just society

The Board of Directors follows the implementation actions results and Compliance Program monitoring through quarterly meetings and through indicators established by the company.

6.2. Risks

The risk management pillar defines the methodology for the identification, control and mitigation of risks at Jaguar. It is realized at the strategic level and the final rating is a weighted average of the impact and likelihood of the risk.

The risks are monitored through the risk matrix and mitigation actions are defined with those responsible. Quarterly, follow-up updates are conducted and presented at the meetings of the Audit Committee.

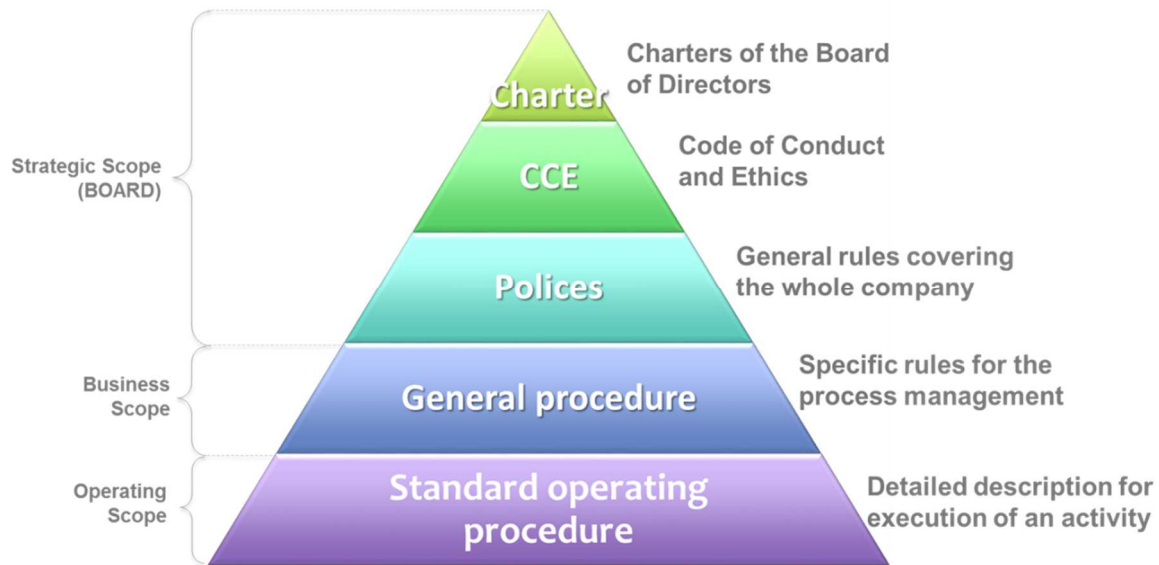
6.3. Laws and regulations

Jaguar abides by all applicable company legislation, especially 12.846 / 2013 Law, known as the Brazilian Anti-Corruption Law or the Clean Corrupt Practices Act, FCPA and the CFPOA, and extends this obligation to all stakeholders witch executes activities on or on behalf of Jaguar.

Jaguar is also in compliance with the Canadian Extractive Sector Transparency Measures Act (ESTMA), which seeks to contribute to global efforts to increase transparency and prevent corruption in the industry.

In addition, it has a code of ethics and conduct, internal policies and procedures that determine the guidelines and behaviors expected of all employees and stakeholders.

The standardized procedures are communicated and made available to all those involved in the processes, following the structure below:



6.4. Internal controls

Jaguar's Management maintain a system of internal controls to facilitate compliance with the Code of Conduct and Ethics, laws, policies and procedures, as well as to foster a culture of integrity, maintaining ethical standards throughout Jaguar.

The formal structure of internal controls it is composed by:

6.4.1. Corporate governance committee

The Committee shall establish and periodically review the Company's corporate governance philosophy and strategies and the specific plans and policies adopted to implement the strategies and to ensure that such philosophy, strategies, plans and policies are aligned with the company's shareholders' interests.

It has the responsibility and authority to develop and make recommendations to the Board with respect to the Company's corporate governance systems and to monitor and review the effectiveness of such system, including legal and regulatory issues.

6.4.2. Audit committee

Composed of three independents directors of the company, the Committee meets at least once each quarter, to oversee the risks of Compliance, follow-up and deliberate on whistleblower reports and Company's continuous improvement.

The primary purpose of the Committee is oversight support of:

- ❖ the integrity of the Company's financial statements,
- ❖ the qualifications and independence of the Company's external auditor and audit committee



- ❖ the performance of both the Company's internal audit function and the independent auditor
- ❖ Overseeing matters related to compliance with ethical and anti-corruption legislation

6.4.3. Compliance

The Compliance area is responsible for implementing and monitoring the Compliance Program, disseminating good behavioral practices and promoting adherence to regulations in the company.

Compliance reports to the CEO, with unrestricted access to Board and managers. This area has independence in conducting actions with all areas, in order to guarantee impartiality in all its operations and controls.

In order to preserve its independence, the reports are presented, at least, once each quarter to CEO and through periodic meetings with VPs, audit committee and managers.

Compliance responsibilities:

- Implementing and monitoring the Compliance Program
- Map, evaluate and mitigate compliance risks
- Monitor identified conflict of interest situations, such as receiving present, gifts and hospitality
- Promote behaviors guided by the company's Code of Ethics
- Monitor the performance of due diligence in suppliers, third parties and partners, issuing recommendations regarding hiring when necessary
- Prevent the risks of corruption and reputation in the relationship with the external public, whether suppliers, service providers, partners, government agents and / or communities
- Support the creation and / or improvement of processes and regulations that ensure adherence to ethical and integrity guidelines
- Promote communication and empower all those involved in the Jaguar Compliance Program, including Senior Management
- Monitor and improve the internal control structure of key compliance risks
- Clarify doubts and support in the Code of Conduct application, policies, procedures and regulations related to ethics and Compliance
- Determine the reports in the whistleblower hotline, recommending actions in the proven cases of noncompliance with company guidelines or external laws
- Foster the fight against corruption and ethical behavior, encouraging the implementation of Compliance Programs in third parties
- Promote the continuous improvement of Jaguar's Compliance Program

6.4.4. Internal Audit



The company reviews and audits the formal structure of Internal Controls, always seeking transparency in the publication of financial statements.

Internal Audit defines the scope of the projects to be audited, analyzes the processes, policies and procedures, submit the final report with the tests and evidences reported of the process.

6.5. Communication and training

The Communication and training pillar comprises a set of actions aimed at disseminating and preparing employees, through proactive communication raising awareness on the importance of a culture of integrity and ethics.

All compliance's trainings are periodically conducted and adapted to the reality and activities of participants.

6.6. Due diligence

Jaguar will conduct due diligence suppliers, third party and charity institution to ensure transparency in the company's business relationships and to mitigate the risks of corruption, fraud, bribery or image.

The history of corruption and bribery of companies is analyzed as well as data and information researches in public and private databases legally available (open sources), Brazilian government blacklists, like CEIS, CNEP and CEPIM, among others lists.

In addition, relationships between company employees, suppliers or government agents should know to identify potential conflicts of interest.

All agreements with Covered Third Parties shall include a provision that they must at all times abide by the Code of Conduct and Ethics, laws, policies and procedures and applicable anticorruption and anti-bribery laws.

6.7. Whistleblower hotline and penalties

6.7.1. Whistleblower Hotline

In order for possible situations of fraud, corruption or any other type of nonconformities to be known and immediately discontinued, Jaguar Mining Inc. has a whistleblower hotline (Ethics Point). Independent, the channel is available to internal and external publics, 24 hours a day, seven days a week by web (Intranet and Jaguar's website - www.jaguarmining.com.br/denuncia) and by telephone 0800 891-1667 Brazil or 1-888-279-5268 Canada and USA.



6.7.2. Penalties

Non-compliance with internal policies, external laws and regulations are not acceptable and can result in disciplinary measures for the immediate interruption of irregular acts and / or infractions. These measures can be:

Employee: Verbal warning, written warning, Suspension, Dismissal without cause or Dismissal for cause.

Third party: Suspension, a termination of a contract without notice, or such other measures that are available at law.

In both cases, depending on the severity of the noncompliance, Jaguar Mining gives itself the right to communicate to the public authorities for proper investigation.

6.8. Monitoring

As a continuous monitoring mechanism of Compliance, Jaguar defined a set of indicators and periodic evaluations that aim to check red flags in all company's processes.

The indicators are followed-up quarterly by the Board and Audit Committee. Periodic tests are carried out by the Internal Audit team and reported to the Audit Committee.

7. COMMUNICATION OF THE POLICY

All employees and contractors shall be informed of this Policy and should have easy access to the updated versions of it.

All employees and contractors will be informed whenever significant changes are made.

8. EXCEPTIONS AND VIOLATIONS

Exceptions to this policy are not acceptable.

9. MAINTENANCE AND REVIEW

The Compliance Policy should be reviewed in its entirety at least every two years.