



April, 2017

President's Message and Letter to Shareholders

Dear Shareholders

As I complete my first year with Jaguar as the President and CEO, I am proud to say that 2016 was a truly successful and transformational year for all stakeholders. On the operational level, we exceeded our 2016 production guidance and improved cash operating costs to \$719 per ounce sold, despite operating under a strengthening Brazilian foreign currency. Operating cash flow increased 56% to \$37.8 million while free cash flow turned positive with \$11.3 million generated during 2016. Furthermore, we increased capital investments across all operating mines and all projects undertaken in 2016 were fully funded through operating cash flow.

During the second half of 2016, we successfully completed the conversion of all senior secured debentures to common shares which further strengthened our balance sheet and capital structure. Our ability to access capital enabled us to negotiate a \$10 million secured loan facility with Sprott Lending in late 2016, where up to \$8 million of the facility is now being used to fund an accelerated growth exploration program in 2017. Additionally, in October, we entered into an arrangement with Avanco Resources Limited to advance the development of our Gurupi Project, located in the State of Maranhão while retaining Jaguar's exposure to the significant upside potential of the property.

Sustaining exploration drilling programs completed during 2016 were successfully designed to annually replace and grow mineral reserves at our core mining assets and to extend mine lives. In March 2016 at Pilar we announced Proven and Probable Mineral Reserves up 310% to 172,000 ounces of gold and Measured and Indicated Mineral Resources up 56% to 514,000 ounces of gold. In March 2017, at Turmalina we announced Measured & Indicated Mineral Resources increased 22% to 540,000 ounces of gold, and Orebody C Proven & Probable Mineral Reserves increased 167% to 80,000 ounces of gold, reflecting the newly discovered high-grade core within larger mineralized intersections.

JAGUAR MINING INC.

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For 2017, our team is reviewing and evaluating efforts to achieve the Company's five-year strategic goal to become a 200,000 ounce producer per year, by potentially adding back capacity from the Paciência mining complex; placed on care and maintenance in 2012, and which has the capability of increasing production by 50%.

We remain confident that our growth exploration drilling programs will provide additional resource growth opportunities both at the core assets and at priority targets in and around the mines. Increased mine development and accelerated exploration programs will also continue to build confidence in our current geological models and mine plans. This focus will enable us to achieve our 2017 production guidance with an expected increase in production during the second half of 2017.

Looking forward, we expect our 2017 gold production to increase to between 100,000 – 110,000 ounces and have set our guidance accordingly. We are also focused on delivering lower unit costs through the formalization of company-wide expense controls, leveraging technology, and efficiency and productivity improvements from operational excellence programs, which commenced at Turmalina in early 2016 and are now being rolled out at Pilar. Consolidated cash operating costs are expected to be between \$720 - \$755 per ounce sold and AISC of \$900 - \$1,000 per ounce sold.

We look forward to sharing our future exploration, development and production success with our stakeholders in 2017.

Sincerely,

“Rodney D. Lamond”

Rodney D. Lamond
President and Chief Executive Officer
Jaguar Mining Inc.

The scientific and technical information contained in this letter has been reviewed and approved by Geraldo Guimarães Vieira dos Santos, BSc Geo., MAIG-3946 (CP), Geology Manager, who is an employee of Jaguar Mining Inc., and is a “qualified person” as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects. The forward-looking information contained herein is qualified by the forward-looking disclaimer and other risk disclaimers set forth in Jaguar Mining Inc.'s annual information form dated March 30, 2017.