



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(UNAUDITED)**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2018 and 2017

(Unaudited and expressed in thousands of US dollars)

		March 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		\$ 14,344	\$ 18,628
Restricted cash	Note 3	4,094	2,926
Inventory	Note 4	10,779	12,257
Recoverable taxes	Note 5	9,504	10,848
Other accounts receivable	Note 6	4,569	3,576
Prepaid expenses and advances		1,480	1,241
Total current assets		44,770	49,476
Non-current assets			
Royalty interests	Note 6	8,476	8,476
Property, plant and equipment	Note 7	112,166	110,177
Mineral exploration projects	Note 8	6,968	6,968
Recoverable taxes	Note 5	3,580	4,388
Other accounts receivable	Note 6	500	1,500
Restricted cash	Note 3	2,319	2,694
Total assets		\$ 178,779	\$ 183,679
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Note 9	\$ 17,065	\$ 17,896
Notes payable	Note 10	11,338	12,385
Current tax liability		212	466
Reclamation provisions	Note 11	462	528
Other provisions and liabilities	Note 12	4,562	4,069
Derivatives		153	-
Total current liabilities		33,792	35,344
Non-current liabilities			
Notes payable	Note 10	3,570	5,140
Reclamation provision	Note 11	17,725	17,513
Other provisions and liabilities	Note 12	6,696	7,296
Total liabilities		\$ 61,783	\$ 65,293
SHAREHOLDERS' EQUITY			
Common shares	Note 13	\$ 545,693	\$ 545,693
Warrants	Note 13	94	94
Stock options	Note 13	964	922
Deferred share units	Note 13	1,349	1,018
Contributed surplus		20,350	20,332
Deficit		(451,454)	(449,673)
Total shareholders' equity		\$ 116,996	\$ 118,386
Total liabilities and shareholders' equity		\$ 178,779	\$ 183,679

On behalf of the Board:

(signed) "Richard Falconer"

(signed) "Rodney Lamond"

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three months ended March 31, 2018 and 2017

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

		Three Months Ended	
		March 31,	
		2018	2017
Revenue		\$ 25,228	\$ 29,192
Operating costs	Note 15	15,399	21,508
Depreciation		4,885	6,576
Gross profit		4,944	1,108
Exploration and evaluation costs		326	320
Care and maintenance costs (Paciência and Roça Grande mines)		928	332
Stock-based compensation	Note 13(c)(d)	391	456
General and administrative expenses		2,303	2,871
Amortization		43	85
Change in legal and VAT provisions	Note 16	636	2,148
Other operating expenses	Note 17	617	353
Operating (loss) income		(300)	(5,457)
Foreign exchange loss	Note 18	290	460
Financial instruments (gain) loss	Note 19	102	28
Finance costs	Note 20	776	1,566
Other non-operating (recoveries) expenses	Note 21	82	(27)
Loss before income taxes		(1,550)	(7,484)
Current income tax expense		231	393
Total income tax expense (recovery)		231	393
Net loss		\$ (1,781)	\$ (7,877)
Earnings per share	Note 14		
Loss per share			
Basic and diluted		\$ (0.01)	\$ (0.03)
Weighted average shares outstanding			
Basic and diluted		325,115,403	307,115,675

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2018 and 2017

(Unaudited and expressed in thousands of US dollars)

	Three Months Ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,781)	\$ (7,877)
Adjustments and non-cash items		
Depreciation and amortization	4,928	6,661
Write-down of inventory	-	376
Accretion of interest expense	327	371
Interest expense	449	1,195
Unrealized foreign exchange (gain) loss	(213)	288
Current income tax expense	231	393
Changes in unrealized loss on derivatives	153	-
Change in legal provisions	513	110
Other operating activities	707	2,765
Changes in working capital	(335)	(2,427)
Net cash provided by operating activities	4,979	1,855
INVESTING ACTIVITIES		
Mineral exploration projects	(73)	29
Purchase of property, plant and equipment	(6,825)	(7,748)
Proceeds from disposition of property, plant and equipment	132	273
Net cash (used in) investing activities	(6,766)	(7,446)
FINANCING ACTIVITIES		
Cash received upon issuance of debt	-	3,521
Repayment of debt	(2,744)	(5,271)
Interest paid	(256)	(706)
Net cash (used in) financing activities	(3,000)	(2,456)
Effect of exchange rate changes on cash and cash equivalents	503	(102)
Net (decrease) in cash and cash equivalents	(4,284)	(8,149)
Cash and cash equivalents at the beginning of the period	18,628	26,304
Cash and cash equivalents at the end of the period	\$ 14,344	\$ 18,155

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 three months ended March 31, 2018 and 2017

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2017	307,115,675	\$ 539,802	3,073,411	\$ 94	8,311,841	\$ 464	1,583,805	\$ 485	\$ 20,332	\$ (446,843)	\$ 114,334
Stock options granted	-	-	-	-	733,740	139	-	-	-	-	139
Deferred share units granted	-	-	-	-	-	-	1,177,160	316	-	-	316
Net loss	-	-	-	-	-	-	-	-	-	(7,877)	(7,877)
Balance as at March 31, 2017	307,115,675	\$ 539,802	3,073,411	\$ 94	9,045,581	\$ 603	2,760,965	\$ 801	\$ 20,332	\$ (454,720)	\$ 106,912
Balance as at January 1, 2018	325,115,403	\$ 545,693	3,073,411	\$ 94	9,445,581	\$ 922	2,793,964	\$ 1,018	\$ 20,332	\$ (449,673)	\$ 118,386
Stock options granted	-	-	-	-	1,574,000	59	-	-	-	-	59
Stock options forfeited	-	-	-	-	(333,333)	(17)	-	-	17	-	-
Deferred share units granted	-	-	-	-	-	-	2,463,000	332	-	-	332
Deferred share units forfeited	-	-	-	-	-	-	(108,000)	(1)	1	-	-
Net loss	-	-	-	-	-	-	-	-	-	(1,781)	(1,781)
Balance as at March 31, 2018	325,115,403	\$ 545,693	3,073,411	\$ 94	10,686,248	\$ 964	5,148,964	\$ 1,349	\$ 20,350	\$ (451,454)	\$ 116,996

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

(Unaudited 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.

In February 2017, the Company completed a merger between two of its subsidiaries, Mineração Serras do Oeste Ltda. (“MSOL”) and Mineração Turmalina Ltda. (“MTL”), with MSOL being the surviving legal entity. In September 2017, the Company and Avanco Resources Limited (“Avanco”) entered into an Accelerated Earn-In Agreement, pursuant to which Avanco established terms to acquire a 100% ownership of MCT Mineração Ltda. (“MCT”) and the Gurupi mineral exploration asset held therein. In October 2017, the Company completed the sale of its Gurupi Project (“Gurupi”) to Avanco Resources Limited (“Avanco”) by transferring the quotas (i.e. equity shares) in MCT Mineração Ltda. that were currently held directly or indirectly by the Company, to Avanco, pursuant to the Accelerated Earn-In Agreement (Note 6).

The Company’s condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2018 and 2017, include the accounts of the Company and its wholly-owned subsidiaries Mineração Serras do Oeste Ltda. (“MSOL”), Mineração Turmalina Ltda. (“MTL”), and MCT Mineração Ltda. (“MCT”), and in 2017 contemplate the result of the above-mentioned transactions completed. 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, 2017 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 09, 2018.

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, 2017, except for a change in the units of production depreciation and the adoption of the following standard amended by the IASB that was effective and adopted as of January 1, 2018:

- Units of production depreciation - As of January 1, 2018, the Company changed the accounting estimates used to depreciate the Caete’s mining properties and mineral exploration projects on a unit-of-production basis from using the expected amount of recoverable reserves to the use of the expected amount of recoverable mineral resources. The change in accounting estimate was made to ensure depreciation reflects management’s best estimate of the useful life of the Caeté project and has been accounted for on a prospective basis. Due to the annual updating of recoverable mineral resources, it is impracticable to estimate the impact of the change in estimate in future periods.
- IFRS 2 Share-based Payment (“IFRS 2”) – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

awards. There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include but are not limited to eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. In implementing IFRS 9, the Company updated the financial instrument classifications within its accounting policy as follows:

Asset or Liability	Classification at December 31, 2017 under IAS 39	Classification Effective January 1, 2018 Under IFRS 09
Cash and cash equivalents	Loans and receivables	Amortized cost
Other accounts receivable	Loans and receivables	Amortized cost
Derivative assets and liabilities	FVTPL (Fair value through profit and loss)	FVTPL (Fair value through profit and loss)
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities
Notes payable (excluding the Sprott Facility)	Other financial liabilities	Other financial liabilities
Other provisions	Other financial liabilities	Other financial liabilities
Sprott Facility	Amortized cost	Amortized cost

There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In implementing IFRS 15, the Company converted its revenue recognition policy into a five step model to recognize revenue upon satisfying performance obligations and transferring control of its inventory to its customers. The following is the new accounting policy for revenue recognition under IFRS 15:

The five step model is summarized as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

The Company produces gold doré which is generally refined by a third party and delivered to its customers, sold at a sales price based on prevailing spot market gold prices. The Company recognizes revenue when it transfers control of the gold doré to the customer, which generally occurs upon delivery. Payment is received on the date or within a few days of transfer of control.

There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22") – In December 2016 the IASB issued IFRIC 22. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

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

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.
- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The impact of IFRIC 23 on the Company's consolidated financial statements has not yet been determined.

3. Restricted cash

Restricted cash consists of escrow judicial deposits related to the Company's labour and civil litigation (Note 12).

4. Inventory

Inventory is comprised of the following:

	March 31, 2018	December 31, 2017
Raw material	\$ 2,385	\$ 2,392
Mine operating supplies	4,671	4,472
Ore in stockpiles	89	363
Gold in process	1,436	2,160
Unrefined gold doré	2,198	2,870
Total inventory	\$ 10,779	\$ 12,257

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

	Three Months Ended	
	March 31,	
	2018	2017
Depreciation included in cost of sales	\$ 4,885	\$ 6,576

The inventories amount recognized in Direct mining and processing costs for the three months ended March 31, 2018 was \$14.5 million (March 31, 2017 - \$20.2 million). During the three months ended March 31, 2018, there were no inventory write downs to net realizable value (March 31, 2017 - \$376,000).

5. Recoverable taxes

	December 31, 2017	Additions/ reversals	Tax refunded	Write-off & sales of credits	Applied to taxes payable	Foreign exchange	March 31, 2018
Value added taxes and other ¹	\$ 7,912	916	\$ (1,723)	\$ -	\$ (1,749)	\$ (36)	\$ 5,320
Provision for VAT and other ²	(2,331)	186	-	-	-	6	(2,139)
Net VAT and other taxes	\$ 5,581	\$ 1,102	\$ (1,723)	\$ -	\$ (1,749)	\$ (30)	\$ 3,181
ICMS ³	\$ 14,604	\$ 1,090	\$ (168)	\$ (282)	\$ (26)	\$ (83)	\$ 15,135
Provision for ICMS ³	(4,949)	(309)	-	-	-	26	(5,232)
Net ICMS	\$ 9,655	\$ 781	\$ (168)	\$ (282)	\$ (26)	\$ (57)	\$ 9,903
Total recoverable taxes	\$ 15,236	\$ 1,883	\$ (1,891)	\$ (282)	\$ (1,775)	\$ (87)	\$ 13,084
Less: current portion	10,848						9,504
Non-current portion	\$ 4,388						\$ 3,580

- 1) The Company is required to pay certain value added taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including as cash refund or as a credit against current taxes payable.

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. MSOL is the operating subsidiary for the Caeté complex comprising the Pilar, Roça Grande and Turmalina mines. The Company received a cash refund in the amount of R\$3.5 million (approximately \$1.0 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\$36.0 million (approximately \$11.0 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 this claim.

In Q1 2018, Jaguar resolved a dispute with the Canada Revenue Agency ("CRA") with respect to its recoverable harmonized sales taxes (HST). On February 5, 2018, Jaguar received a favourable judgement from the tax court of Canada relating to HST refunds claimed for the period October 1, 2013 to December 31, 2015. As at December 31, 2017, the Company had \$1.7 million in recoverable HST taxes on its balance sheet, \$1.3 million derived from the period October 1, 2013 to December 31, 2015 and \$0.4 million derived from the period January 1, 2016 to December 31, 2017. In March 2018, the Company received the \$1.7 million HST tax refund in its entirety from the CRA and, as such, converted the recoverable tax balance to cash.

- 2) 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.
- 3) ICMS – *Imposto sobre circulação de mercadorias e prestação de serviços* is a type of value added tax which can either be sold to other companies (usually at a discount rate of 15% - 41%) or be used to purchase specified

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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machinery and equipment, as subject to approval by government authority. The ICMS credits can only be realized in the state where they were generated; in the case of Jaguar, in the State of Minas Gerais, Brazil.

In the three months ended March 31, 2018, the Company sold R\$ 2.0 million (approximately \$0.6 million) in ICMS export tax credits and received approval from the state tax authority to sell an additional R\$4.5 million (approximately \$1.4 million) in ICMS export tax credits. As at March 31, 2018, the Company held R\$8.3 million (approximately \$2.5 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2017 – R\$ 5 million, approximately \$1.5 million).

6. Other accounts receivable and Royalty interests

	March 31, 2018	December 31, 2017
Due from Avanco Resources Limited - Gurupi Sale	5,000	5,000
Other accounts receivable	69	76
Total other accounts receivable	\$ 5,069	\$ 5,076
Less: current portion	4,569	3,576
Non-current portion	\$ 500	\$ 1,500

Effective September 17, 2017, the Company entered into an accelerated earn-in agreement (“the Accelerated Earn-In Agreement”) to sell to Avanco Resources Limited (“Avanco”) its Gurupi mineral exploration properties and the Brazilian subsidiary in which they were held. In October 2017, the Company completed the sale of its Gurupi Project (“Gurupi”) to Avanco Resources Limited (“Avanco”) by transferring the quotas (i.e. equity shares) in MCT Mineração Ltda. that were held directly or indirectly by the Company, to Avanco, pursuant to the Accelerated Earn-In Agreement.

Under the terms of the Accelerated Earn-In Agreement, and following the satisfactory completion of certain closing conditions, Avanco earned 100% of Jaguar’s equity interest in Gurupi by committing (i) to pay to Jaguar \$9 million in aggregate cash payments and (ii) to pay Jaguar a net smelter royalty valued at 1% on the first 0.5 million gold ounces sold, 2% on gold ounces sold in excess of 0.5 million oz and up to 1.5 million oz, and 1% NSR on gold ounces sold in excess of 1.5 million oz. Avanco also holds a first right of refusal to acquire the Paciência Processing Plant should the Company seek to divest such an asset at a future time.

Within 24 months as from October 2017 (the date in which Avanco received ownership), Avanco will arrange to have published an Australian Joint Ore Reserve Committee (JORC) code compliant technical report completed regarding the Project with mineral reserves in excess of 500,000 ounces of gold. Any delay in this milestone will result in a project delay fee payable to Jaguar of \$250,000 per six months of delayed period. Within 60 months of the initial \$4 million payment, Avanco will aim to commission the Gurupi mine and plant. Any delay in this commissioning milestone will result in a separate project delay fee payable to Jaguar of \$250,000 per six months of delayed period.

Jaguar received an initial aggregate cash payment of \$4 million, in two installments of \$2 million each in September and October 2017. The Company will collect the additional \$5 million from Avanco in a series of 10 instalments of \$500,000, which the Company expects to occur in 2018 and 2019, starting in the month in which Avanco receives “clear title and access” to the project. The net smelter royalties will be received throughout the life of mine of the Gurupi Project.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

	March 31, 2018	December 31, 2017
Avanco - Gurupi	\$ 8,476	\$ 8,476
Total royalty interests	\$ 8,476	\$ 8,476

As at March 31, 2018, there were no indicators of impairment on Royalty interests (December 31, 2017 –\$nil).

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

	Plant	Vehicles	Equipment ¹	Leasehold ²	CIP ³	Mining properties	Total
Cost							
Balance as at January 1, 2018	\$ 13,578	\$ 10,662	\$ 238,782	\$ 2,380	\$ 3,532	\$ 406,973	\$ 675,907
Additions	-	71	105	-	300	6,349	6,825
Disposals	-	(487)	(1,044)	-	-	-	(1,531)
Balance as at March 31, 2018	\$ 13,578	\$ 10,246	\$ 237,843	\$ 2,380	\$ 3,832	\$ 413,322	\$ 681,201
Balance as at January 1, 2017	\$ 13,569	\$ 10,839	\$ 234,635	\$ 2,380	\$ 5,244	\$ 391,450	\$ 658,117
Additions	-	97	1,732	-	2,773	15,523	20,125
Disposals	-	(381)	(1,927)	-	(27)	-	(2,335)
Reclassify within PP&E	9	107	4,342	-	(4,458)	-	-
Balance as at December 31, 2017	\$ 13,578	\$ 10,662	\$ 238,782	\$ 2,380	\$ 3,532	\$ 406,973	\$ 675,907
Accumulated amortization and impairment							
Balance as at January 1, 2018	\$ 11,903	\$ 8,238	\$ 200,759	\$ 2,230	\$ 685	\$ 341,915	\$ 565,730
Amortization for the period	81	85	2,343	3	-	1,998	4,510
Disposals	-	(376)	(829)	-	-	-	(1,205)
Balance as at March 31, 2018	\$ 11,984	\$ 7,947	\$ 202,273	\$ 2,233	\$ 685	\$ 343,913	\$ 569,035
Balance as at January 1, 2017	\$ 11,573	\$ 8,513	\$ 199,416	\$ 2,233	\$ 800	\$ 335,880	\$ 558,415
Amortization for the period	694	114	7,197	30	-	14,180	22,215
Impairment reversal	(364)	(119)	(4,701)	(33)	(115)	(8,145)	(13,477)
Disposals	-	(270)	(1,153)	-	-	-	(1,423)
Balance as at December 31, 2017	\$ 11,903	\$ 8,238	\$ 200,759	\$ 2,230	\$ 685	\$ 341,915	\$ 565,730
Carrying amounts							
As at March 31, 2018	\$ 1,594	\$ 2,299	\$ 35,570	\$ 147	\$3,147	\$ 69,409	\$ 112,166
As at December 31, 2017	\$ 1,675	\$ 2,424	\$ 38,023	\$ 150	\$2,847	\$ 65,058	\$ 110,177

¹ As at March 31, 2018, the Company had equipment under capital leases at a cost and net book value of \$3.5 million and \$3.1 million, respectively (December 31, 2017 - \$3.5 million and \$3.2 million, respectively).

² Refers to leasehold improvements in corporate office in Brazil.

³ Refers to construction in progress.

As at December 31, 2017, mining properties include the following properties which are in production, or are under development:

a) Turmalina project

The terms of the acquisition of MSOL (as incorporated via “MTL”) included a royalty payable by the Company to an unrelated third party. The royalty is a net revenue interest of 5% of annual net revenue up to \$10.0 million and 3% thereafter.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

b) Paciência Project - Santa Isabel, Palmital, Marzagão, Rio de Peixe Oxide, Chame, and Bahú mines

In November 2003, the Company closed a property acquisition agreement dated April 17, 2003 whereby the Company acquired certain mineral rights from AngloGold for \$818,000. The mineral rights acquired relate to the following properties in the Paciência Project: Santa Isabel, Morro do Adão, Bahu, and Marzagão, and the following properties in the Caeté Project: Catita and Camará. The Company will also pay a sliding scale net smelter royalty (“NSR”), from 1.5% to 4.5% of gross revenue, on gold and other precious metals produced from the properties, based on precious metal prices at the time of production.

If the Company discovers, on a concession basis, in excess of 750,000 ounces of gold over the measured and indicated resources used in the agreement, AngloGold has the right to buy-in up to 70% of that concession for a predetermined price. If this were to occur, the Company would retain a 30% interest and would receive the same sliding scale NSR payment from AngloGold as the one mentioned above.

As at March 31, 2018 the carrying amount for the Paciência project is \$nil, due to past impairment charges (December 31, 2017 - \$nil).

c) Caeté Project - Roça Grande and Pilar mines

The Company is required to pay royalties of 0.5% of revenue to the landowners of the Pilar mine site.

In Q1 2018, as part of refocusing its attention, resources and efforts on Turmalina and Pilar mines, and exploration growth activities, the Company made a strategic decision to temporarily suspend its Roça Grande mine operations. This temporary suspension will continue for an unspecified future period. In the three months ended March 31, 2018, the Company recognized \$515,000 in care and maintenance costs associated with the Roça Grande mine (three months ended March 31, 2017 - \$nil).

d) Impairment and impairment reversal

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.

For the three months ended March 31, 2018, there were no indicators of impairment or reversal of past impairment charges.

8. Mineral exploration projects

	Gurupi	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2018	\$ -	\$ 1,215	\$ 5,348	\$ 405	\$ 6,968
Balance as at March 31, 2018	\$ -	\$ 1,215	\$ 5,348	\$ 405	\$ 6,968
Balance as at January 1, 2017	\$21,213	\$ 719	\$ 4,077	\$ 405	\$ 26,414
Additions	293	496	-	-	789
Disposals	(21,506)	-	(82)	-	(21,588)
Impairment reversal	-	-	1,353	-	1,353
Balance as at December 31, 2017	\$ -	\$ 1,215	\$ 5,348	\$ 405	\$ 6,968

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

a) Gurupi

On September 17, 2017, the Company entered into an Accelerated Earn-In Agreement (“the Accelerated Earn-In Agreement”) with Avanco, pursuant to which Avanco established terms to earn up to a 100% interest in the Gurupi Project. In October 2017, the Company completed its sale of Gurupi to Avanco and transferred 100% of its quotas in MCT to Avanco, as described in Note 6.

b) Caeté

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

c) Pedra Branca

The Company is engaged in gold exploration at a greenfield site, the Pedra Branca Project (the “Project”), in the State of Ceará in northeastern Brazil, covering 87,000 acres. The Project was previously a joint venture with Glencore Canada Corporation (formerly known as Xstrata plc.). On March 7, 2012, Jaguar executed a binding Memorandum of Understanding (“MOU”) with Glencore Canada Corporation to acquire the remaining 40% interest in the Project. In accordance with the terms of the MOU, Jaguar committed to (a) a cash consideration in the amount of \$400,000; (b) a NSR of 1% payable to Xstrata on future gold production; and (c) rights of first refusal on any Base Metal Dominant Deposit (as defined in the MOU) discovered. Upon such discovery, Glencore Canada Corporation may elect to form a new company owned 30% by MSOL and 70% by Glencore Canada Corporation, by paying 300% of MSOL’s exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

9. Accounts payable and accrued liabilities

	March 31, 2018	December 31, 2017
Accounts payable (suppliers)	\$ 11,033	\$ 11,099
Accrued payroll	5,798	6,492
Interest payable	129	77
Other	105	228
Total accounts payable and accrued liabilities	\$ 17,065	\$ 17,896

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

10. Notes payable

	March 31, 2018	December 31, 2017
Notes payable - current portion		
Bank indebtedness ^(a)	\$ 4,350	\$ 5,176
Capital leasing obligations ^(b)	1,045	1,083
Vale note ^(c)	484	726
Sprott Facility ^(d)	5,459	5,400
	11,338	12,385
Notes payable - non-current portion		
Capital leasing obligations ^(b)	662	861
Vale note ^(c)	671	654
Sprott Facility ^(d)	2,237	3,625
	3,570	5,140
Total notes payable	\$ 14,908	\$ 17,525
	March 31, 2018	December 31, 2017
Fair value of notes payable	\$ 14,908	\$ 17,525

a) Bank indebtedness

As at March 31, 2018, bank indebtedness included \$4.4 million in unsecured promissory notes, holding maturities from April 2018 through September 2018 and bearing interest rates ranging from 4.1% to 8.0%. As at December 31, 2017, bank indebtedness included \$5.2 million in unsecured promissory notes, holding maturities from March 2018 through December 2018 and bearing interest rates ranging from 4.5% to 9.6%.

b) Capital leasing obligations

The Company has financed the acquisition of certain equipment through the assumption of capital lease obligations. These obligations are secured by promissory notes. The capital lease obligations bear interest between 6.0% and 22.9% per annum and hold maturity dates between September 2019 and February 2020.

The following table outlines the total minimum loan payments due for capital leasing obligations over their remaining terms as at March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
2018	\$ 893	\$ 1,193
2019	911	956
2020	37	47
Total minimum loan payments	1,841	2,196
Less: Future finance charges	(134)	(252)
Present value of minimum loan payments	\$ 1,707	\$ 1,944
Less: current portion	1,045	1,083
Non-current portion	\$ 662	\$ 861

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

c) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for \$13.3 million ("Vale Purchase Agreement"). Payment under the Vale Purchase Agreement was subject to satisfaction of certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* ("DNPM"). During 2010, the Company paid \$3.2 million. In November 2014, the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from \$9.0 million to \$3.0 million, payable in twelve installments of \$250,000, maturing December and July of every year, until fully paid in 2020. The first installment was paid in December 2014. The balance outstanding as at March 31, 2018 was \$1.3 million (\$1.5 million as at December 31, 2017).

The note payable is recognized at its amortized cost of \$1.2 million, and the discount of \$96,000 is being accreted monthly using the effective interest method and applying Brazil's risk-free interest rate (SELIC), which was 6.50% at March 31, 2018 (December 31, 2017 – 6.90%).

d) Sprott Facility

On November 7, 2016, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for a secured loan facility (the "Sprott Facility") totaling \$10.0 million ("Tranche 1") to fund accelerated growth exploration initiatives. Tranche 1 of the Sprott Facility is payable over a term of 30 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 1, the Company has made a cash payment to Sprott Lending for structuring and legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 650,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company incurred transaction costs, totaling \$584,000, to obtain Tranche 1 of the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at \$366,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

On June 9, 2017, the Company entered into an agreement with Sprott Lending for an additional tranche of the Sprott Facility totaling \$5.0 million ("Tranche 2"). Tranche 2 of the Sprott Facility is payable over a term of 36 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 2, the Company has made a cash payment to Sprott Lending for legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 375,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company incurred transaction costs, totaling \$246,000, to obtain Tranche 2 of the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at \$116,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

The Sprott Facility is a financial liability and was initially measured at fair value and subsequently measured at amortized cost using the effective interest method. During the three months ended March 31, 2018, \$88,000 was recorded as finance costs in the interim condensed consolidated statements of operations and comprehensive loss related to the accretion of the transaction costs (\$102,000 for the three months ended March 31, 2017). In accordance with the terms of the Sprott Facility, the Company made principal repayments and interest payments of \$1.4 million and \$181,000, respectively during the three months ended March 31, 2018 (\$1.0 million and \$185,000, respectively during the three months ended March 31, 2017).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

The Sprott Facility is provided by security agreements comprising the Company's and MSOL's present and future assets, the shares of MSOL, and a loan guarantee by MSOL. The Sprott Facility requires among other things that the Company adhere to specific financial covenants, such as maintaining a minimum of \$5.0 million unrestricted cash and cash equivalents and positive working capital computed monthly. Sprott Lending waived the Company's obligation to comply with the positive working capital covenant from the period of April 1, 2017 through June 29, 2017, and the Company was in compliance with the Sprott Facility covenants as at period end. As at March 31, 2018, the Company had repaid \$7.1 million of principal from the Sprott Facility and \$7.9 million was outstanding.

e) Changes in liabilities arising from financing activities

	Changes from financing cash flows				Other changes				Balance as at March 31, 2018
	Balance as at January 1, 2018	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Capital lease obligations	Foreign exchange (gain) loss	Other non- cash changes	
Notes payable	\$ 17,525	\$ -	\$ (2,744)	\$ -	\$ -	\$ -	\$ 34	\$ 93	\$ 14,908
Accrued interest payable ^(a)	77	-	-	(256)	379	-	-	(71)	129
	\$ 17,602	\$ -	\$ (2,744)	\$ (256)	\$ 379	\$ -	\$ 34	\$ 22	\$ 15,037

	Changes from financing cash flows				Other changes				Balance as at December 31, 2017
	Balance as at January 1, 2017	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Capital lease obligations	Foreign exchange (gain) loss	Other non- cash changes	
Notes payable	\$ 22,590	\$ 4,870	\$ (11,710)	\$ -	\$ -	\$ 1,091	\$ 263	\$ 421	\$ 17,525
Accrued interest payable ^(a)	154	-	-	(1,571)	1,494	-	-	-	77
	\$ 22,744	\$ 4,870	\$ (11,710)	\$ (1,571)	\$ 1,494	\$ 1,091	\$ 263	\$ 421	\$ 17,602

(a) Included in Accounts payable and accrued liabilities

11. Reclamation provisions

	December 31, 2017	Additions (reversals)	Accretion	Payments	Foreign exchange	March 31, 2018
Reclamation provision	\$ 18,041	\$ -	\$ 303	\$ (65)	\$ (92)	\$ 18,187
Less: current portion		528				462
Non-current portion	\$ 17,513					\$ 17,725

The reclamation provisions relate to the cost to reclaim land that has been disturbed as a result of mining activity. The estimated future cash flows have been discounted using a rate of 6.50% and the inflation rate used to determine future expected cost ranges from 3.8% to 4.0% per annum (December 31, 2016 – 7.25% discount rate and inflation rate ranging from 4.0% to 6.6% per annum).

The Company expects to spend approximately \$22.0 million (amount not discounted or adjusted for inflation) which will be incurred between 2018 and 2029 to reclaim the areas explored (December 31, 2017 – \$22.2 million).

12. Other provisions and liabilities

Various legal, environmental, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. For its matters outstanding, Management, in conjunction with its internal and external legal counsel, assesses the estimated value at risk and the Company's probability of loss. A provision is recorded

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

for cases in which the Company has determined the probability of loss as more likely than not and the amount can be reasonably estimated. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

As at March 31, 2018, the Company has recognized a provision of \$11.3 million (December 31, 2017 - \$11.4 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 Company's estimates.

	December 31, 2017	Additions (reversals)	Payments	Foreign exchange	March 31, 2018
Labour litigation	\$ 9,430	\$ 295	\$ (560)	\$ (45)	\$ 9,120
Civil litigation	1,659	192	(2)	(8)	1,841
Other provisions	276	26	(4)	(1)	297
Total contingent liabilities	\$ 11,365	\$ 513	\$ (566)	\$ (54)	\$ 11,258
Less: current portion	4,069				4,562
Non-current portion	\$ 7,296				\$ 6,696

13. 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. During the three months ended March 31, 2018, the Company did not issue or grant any common shares (three months ended March 31, 2017 – nil).

b) Warrants

As part of the 2015 Senior Secured Convertible Debentures financing, the Company issued finder warrants ("Finder Warrants"). The Finder Warrants have an exercise price of C\$0.15 per common share and expire on October 27, 2018. An aggregate of 6,607,833 Finder Warrants were issued in connection with the Debentures Financing, valued at \$202,000. As at March 31, 2018, 3,073,411 Finder Warrants remain outstanding.

c) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company or any of its subsidiaries or 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 months ended March 31, 2018 and 2017

(Unaudited 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 three months ended March 31, 2018 and 2017:

	Number of options	Weighted average exercise price (C\$)
Balance as at December 31, 2017	9,445,581	\$ 0.36
Options granted ¹	1,574,000	0.37
Options forfeited ³	(333,333)	0.35
Balance as at March 31, 2018	10,686,248	\$ 0.36
Balance as at December 31, 2016	8,311,841	\$ 0.33
Options granted ²	733,740	0.70
Balance as at March 31, 2017	9,045,581	\$ 0.36

1) On January 23, 2018, 1,574,000 stock options were granted to executives of the Company. The options are exercisable at a price of C\$0.37 and expire on January 23, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018 and are exercisable upon vesting. These options had a grant date fair value of C\$0.23 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C\$0.37, a risk free rate of 1.88%, a volatility factor of 110%, and an expected life of 3.0 years.

2) On January 27, 2017, 733,740 stock options were granted to executives of the Company. The options are exercisable at a price of C\$0.70 and expire on January 27, 2025. The options vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017 and are exercisable upon vesting. These options had a grant date fair value of C\$0.48 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C\$0.70, a risk-free rate of 1%, a volatility factor of 125%, and an expected life of 2.5 years.

3) Relates to the forfeiture of the options of former executives upon contract termination.

The table below shows the outstanding stock options as at March 31, 2018:

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
\$ 0.22	December 16, 2015	7,000,000	5,250,000	\$ 0.05	December 16, 2020
0.37	January 23, 2018	1,424,000	-	0.22	January 23, 2026
0.70	January 27, 2017	733,740	244,580	0.36	January 27, 2025
0.33	September 21, 2017	216,667	50,000	0.22	September 21, 2022
0.74	August 8, 2016	354,726	177,363	0.34	August 8, 2021
0.76	November 7, 2016	645,274	268,864	0.37	November 7, 2021
1.35	May 12, 2014	236,841	236,841	0.38	May 12, 2022
1.35	October 8, 2014	75,000	75,000	0.19	October 8, 2019
\$ 0.33		10,686,248	6,302,648	\$ 0.13	

The following table is a summary of stock options outstanding during the three months ended March 31, 2018 and 2017, the fair values and the weighted average assumptions used in the Black-Scholes option pricing formula:

	Number of options	Exercise Price (C\$)	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value (US\$)
Stock options 2018	10,686,248	\$ 0.36	-	1.00%	0%	3.78	79%	\$ 0.13
Stock options 2017	9,045,581	\$ 0.36	-	1.00%	0%	3.71	74%	\$ 0.12

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. For the three months ended March 31, 2018, the Company

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

recognized \$59,000 in stock based compensation expense for stock options in the interim condensed consolidated statements of operations and comprehensive loss (2017 – \$139,000).

d) 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. 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 11,111,111.

The following table shows the movement of DSUs for the three months ended March 31, 2018 and 2017:

	Number of units	Weighted average fair value
Balance as at December 31, 2017	2,793,964	\$ 0.42
Units granted ¹	2,463,000	0.29
Units forfeited ³	(108,000)	0.29
Balance as at March 31, 2018	5,148,964	\$ 0.36
Balance as at December 31, 2016	1,583,805	\$ 0.37
Units granted ²	1,177,160	0.48
Balance as at March 31, 2017	2,760,965	\$ 0.42

1) On January 23, 2018, the Company granted 191,000 deferred shared units (‘DSUs’) to each of the non-executive directors, totalling a grant of 1,337,000 DSUs, 50% of which vested immediately, with the remaining 50% vesting July 28, 2018. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 563,000 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018, and 563,000 performance-vested DSUs, that shall vest if the Company’s stock price reaches C\$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting. The DSUs granted in January 2018 had a total grant date fair value of \$714,000, measured with a 20-day VWAP of US\$0.29/share.

2) On January 27, 2017, the Company granted 103,400 deferred shared units (‘DSUs’) to each of the non-executive directors, totalling a grant of 620,400 DSUs, 50% of which vested immediately, with the remaining 50% vested July 27, 2017. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 278,380 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017, and 278,380 performance-vested DSUs, that shall vest if the Company’s stock price reaches C\$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting. The DSUs granted in January 2017 had a total grant date fair value of \$565,000, measured with a 20-day VWAP of US\$0.48/share.

3) Relates to the forfeiture of the DSUs of former executives upon contract termination.

The following table is a summary of DSUs granted during the three months ended March 31, 2018 and 2017, along with the assumptions used in calculating fair value:

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

For three months ended March 31, 2018, the Company recognized \$331,000 in stock based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive loss (three months ended March 31, 2017 – \$316,000).

14. Basic and diluted earnings per share

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

	Three Months Ended March 31,	
	2018	2017
Numerator		
Net loss - basic and diluted	\$ (1,781)	\$ (7,877)
Denominator		
Weighted average number of common shares outstanding - basic and diluted	325,115,403	307,115,675
Diluted (loss) per share	\$ (0.01)	\$ (0.03)

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, deferred shares units since they are anti-dilutive to loss per share:

	Three Months Ended March 31,	
	2018	2017
Stock options	10,521,492	8,825,459
Deferred share units	4,573,298	2,407,817
Warrants	3,073,411	3,073,411
Anti-dilutive instruments	18,168,201	14,306,687

15. Operating costs

		Three Months Ended March 31,	
		2018	2017
Direct mining and processing costs	<i>Note 4</i>	\$ 14,459	\$ 20,205
Royalty expense and CFEM taxes		926	949
Inventory write-down	<i>Note 4</i>	-	376
Other		14	(22)
Operating costs		\$ 15,399	\$ 21,508

16. Change in other provisions and VAT taxes

		Three Months Ended March 31,	
		2018	2017
Change in legal provisions	<i>Note 12</i>	\$ 513	\$ 129
Changes in provision against recoverability of VAT and other taxes	<i>Note 5</i>	123	2,019
Total change in other provisions and VAT taxes		\$ 636	\$ 2,148

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

17. Other operating expenses

	Three Months Ended March 31,	
	2018	2017
Other expenses	\$ 317	\$ 339
Other taxes	31	14
Restructuring costs ¹	269	-
Total other operating expenses	\$ 617	\$ 353

¹ Refers to restructuring costs, including relocation costs, personnel costs, and other costs, incurred in association with the Company's suspension of the Roça Grande mine.

18. Foreign exchange loss (gain)

		Three Months Ended March 31,	
		2018	2017
Loss (Gain) on recoverable taxes	Note 5	\$ 87	\$ (785)
(Gain) loss on reclamation provision	Note 11	(92)	588
(Gain) loss on contingent liabilities and other provisions	Note 12	(54)	381
Other foreign exchange loss		349	276
Total foreign exchange loss		\$ 290	\$ 460

19. Financial instruments loss

		Three Months Ended March 31,	
		2018	2017
Changes in unrealized loss on derivatives	Note 26(b)	\$ 153	\$ 28
Realized gain on derivatives		(51)	-
Total financial instruments loss		\$ 102	\$ 28

20. Finance costs

	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 449	\$ 1,195
Accretion expense ¹	327	371
Total finance costs	\$ 776	\$ 1,566

¹ Refers to accretion of interest expense on reclamation provisions and bank indebtedness.

21. Other non-operating expenses (recoveries)

	Three Months Ended March 31,	
	2018	2017
Interest income	\$ (177)	\$ (356)
Loss on disposition of property	193	291
Other non-operating expenses	66	38
Total other non-operating expenses	\$ 82	\$ (27)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

22. Cash flow – other operating activities

		Three Months Ended	
		March 31,	
		2018	2017
Stock-based compensation	<i>Note 13 (c)(d)</i>	\$ 391	\$ 455
Non-cash other operating expense		-	291
Loss on disposition of PP&E		193	-
Provision (recovery) for VAT and other taxes	<i>Note 16</i>	123	2,019
Other operating activities		\$ 707	\$ 2,765

23. Cash flow – changes in working capital

		Three Months Ended	
		March 31,	
		2018	2017
Restricted cash		\$ (793)	\$ (594)
Inventory		1,059	398
Recoverable taxes		1,631	(2,585)
Other accounts receivable		7	125
Prepaid expenses and other assets		(239)	(157)
Accounts payable and accrued liabilities		(1,369)	1,007
Reclamation provisions	<i>Note 11</i>	(65)	(120)
Other provisions	<i>Note 12</i>	(566)	(501)
Changes in working capital		\$ (335)	\$ (2,427)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

24. 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 March 31, 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities ¹	\$ 17,065	\$ -	\$ -	\$ -	\$ 17,065
Notes payable					-
Principal					-
Bank indebtedness ²	4,350	-	-	-	4,350
Capital leasing obligations	1,045	796	-	-	1,841
Vale note	500	750	-	-	1,250
Sprott Facility	5,667	2,278	-	-	7,945
Interest	664	128	-	-	792
Total financial liabilities	\$ 29,291	\$ 3,952	\$ -	\$ -	\$ 33,243
Other Commitments					
Operating lease agreements	\$ 6	\$ -	\$ -	\$ -	\$ 6
Suppliers' agreements ³	567	-	-	-	567
Other provisions and liabilities	4,562	6,696	-	-	11,258
Reclamation provisions ⁴	474	5,088	6,341	10,124	22,027
Total other commitments	\$ 5,609	\$ 11,784	\$ 6,341	\$ 10,124	\$ 33,858
Total	\$ 34,900	\$ 15,736	\$ 6,341	\$ 10,124	\$ 67,101

¹ Amounts payable as at March 31, 2018.

² Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

³ 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.

⁴ Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

25. 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 or issue new equity.

As at March 31, 2018, the Company's capital structure is comprised of \$14.9 million in notes payable (Note 10) and \$117.0 million in shareholders' equity (December 31, 2017: \$17.5 million and \$118.4 million, respectively).

The Company is not subject to externally imposed capital requirements other than those stipulated by the Sprott facilities (Note 10d).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

26. Financial risk management and financial instruments

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

a) Liquidity risk

As at March 31, 2018, the Company had a working capital of \$11.0 million and an accumulated deficit of \$451.5 million. The Company realized a net loss for the three months ended March 31, 2018 amounting to \$1.8 million. The Company's financial liabilities and other commitments are listed in Note 24.

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 factor is 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 facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 12).

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.

The Company entered into forward contracts to 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 condensed interim statements of operations and comprehensive loss as detailed in Note 19. The Company's outstanding contracts as at March 31, 2018 (March 31, 2017 – no outstanding contracts) held 15,001 ounces hedged at a weighted average price of US\$1,314/oz. 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 Company does not apply hedge accounting for these hedge instruments. The changes in the positions of such are recognized in the interim condensed consolidated statement of operations.

c) 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 deferred compensation liabilities, and Euro denominated capital lease obligations.

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 9.6% per annum (2016 – 0% to 8.5% per annum), with the exceptions being (i) one capital lease obligation bearing interest at a fixed rate of 22.85% per annum and (ii) the facilities with Sprott Lending, which bear interest at a rate of 6.5% plus the greater of 1.25% per annum and the 12-month US dollar LIBOR rate.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

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

e) Price risk

The Company is exposed to price risk with respect to gold prices on gold production. The Company periodically enters into hedge contracts to manage this risk. As at March 31, 2018, the Company had the outstanding hedge contracts detailed in Note 26(b) above (March 31, 2017 – Nil ounces).

Subsequent to March 31, 2018, the Company entered into gold forward contracts with Auramet to sell 5,000 ounces at \$1,345/oz, 2,000 ounces at \$1,350/oz, 1,000 ounces at \$1,355/ounce, and 2,000 ounces at \$1,360/oz. The contract terms are consistent with those mentioned in Note 26(b) above.

27. 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 interim condensed consolidated statements of operations and comprehensive loss. Legal fees paid to ASA were \$42,000 for the three months ended March 31, 2018 (\$44,000 for the three months ended March 31, 2017).

On November 7, 2016 and on June 9, 2017, the Company entered into two secured loan facilities with Sprott Private Resource Lending (Collector) LP, which is an indirectly wholly-owned subsidiary of Sprott Inc., of which the Chairman is Mr. Eric Sprott. Mr. Sprott is a shareholder and held approximately 21.9% of the common shares of the Company as at March 31, 2018 (March 31, 2017 – 19%). Refer to Note 10(d) for further information regarding the facilities.

28. Subsequent event

On May 9th, 2018, the Company has entered into a European style gold options agreement with Auramet for 7,000 ounces (1000 per month) of gold options at \$1,450 per ounce, expiring on or before November 30, 2019.

In conjunction with the options agreement, Jaguar has entered into a gold purchase and sale agreement with Auramet whereby Auramet may extend up to US\$7 million in minimum amounts of US\$1 million to Jaguar. US\$2 million must be kept on deposit with Auramet and the amounts advanced are subject to interest as well a certain covenants including a minimum net cash balance of \$5 million, including the deposit. Jaguar has currently not exercised any advances under the purchase and sale agreement.