

Jaguar Mining Inc  
Form F-1  
July 30, 2014

**As publicly filed with the Securities and Exchange Commission on July 30, 2014**

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM F-1**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**Jaguar Mining Inc.**

**(Exact name of Registrant as specified in its charter)**

**Ontario, Canada**

**1040**

**98-0396253**

**(Primary Standard Industrial**

**(State or other jurisdiction of**

**Classification Code Number)**

**(I.R.S. Employer**

**incorporation or organization)**

**67 Yonge Street, Suite 1203  
Toronto, Ontario, Canada, M5E 1J8  
(647) 494-5524**

**Identification Number)**

**(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)**

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*Copies to:*

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Norton Rose Fulbright Canada LLP  
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Toronto, Ontario M5J 2Z4, Canada**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed maximum offering price per share <sup>(2)</sup>	Proposed maximum aggregate offering price <sup>(1)(2)</sup>	Amount of registration fee <sup>(3)</sup>
Common shares, no par value to be sold by selling shareholders	67,767,975	\$ 0.76	\$ 51,503,661	\$ 6,633.67

The shares will be offered for resale by the selling shareholders pursuant to the shelf prospectus contained herein.

<sup>(1)</sup> Pursuant to Rule 416(a) of the Securities Act of 1933, as amended, this registration statement shall be deemed to cover additional securities that may be offered or issued to prevent dilution resulting from splits, dividends or similar transactions.

<sup>(2)</sup> Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the bid and asked prices on July 30, 2014, as reported on the TSX Venture Exchange.

<sup>(3)</sup> Calculated at a rate of \$128 per \$1,000,000 of the proposed maximum aggregate offering price.

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.**

Registration No. 333-

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion  
Preliminary Prospectus dated July 30, 2014**

**PROSPECTUS**

**67,767,975 Common Shares**

JAGUAR MINING INC.  
(Incorporated in Canada)

This prospectus relates to the sale of up to 67,767,975 shares of our common shares, no par value, by the selling shareholders listed in the table under "Selling Shareholders." Throughout this prospectus, we refer to our common shares, no par value, as "common shares."

We will not receive any proceeds from the sale of the shares offered by the selling shareholders.

The selling shareholders may offer the shares from time to time through public or private transactions at prices related to prevailing market prices, or at privately negotiated prices. Additional information on the selling shareholders, and how they may sell the shares registered hereby, is provided under "Selling Shareholders" and "Plan of Distribution."

Our common shares are listed in Canada on the TSX Venture Exchange, under the symbol “JAG.” The last reported closing price of our common shares on the TSX Venture Exchange was CAD\$0.81 on July 29, 2014.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**Investing in our common shares involves risks. See “Risk Factors” beginning on page 7 of this prospectus.**

The date of this prospectus is July , 2014.

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This prospectus is part of a shelf registration statement that we have filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process. Under this shelf registration process, the selling shareholders may, from time to time, offer and sell the common shares described in this prospectus in one or more offerings up to a total of 67,767,975 common shares. No shares are being registered hereunder for sale by Jaguar.

Neither we nor the selling shareholders have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. Neither we nor the selling shareholders take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the selling shareholders have authorized any other person to provide you with different or additional information, and neither of us are making an offer to sell the common shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of the prospectus or any sale of the common shares.

For investors outside of the United States, neither we nor the selling shareholders have done anything that would permit the offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to the offering and the distribution of this prospectus outside of the United States.



## MARKET AND INDUSTRY DATA

This prospectus includes information with respect to industry and market conditions from third-party sources or that is based upon estimates using such sources when available. We believe that such information and estimates are reasonable and reliable. We also believe the information extracted from publications of third party sources has been accurately reproduced. However, we and the selling shareholders have not independently verified any of the data from third-party sources, nor have we or the selling shareholders ascertained the underlying economic assumptions relied upon therein. In addition, this prospectus includes data that we have prepared primarily based on our knowledge of the industry in which we operate, and unless otherwise noted, internal analysis and estimates may not have been verified by independent sources. Our estimates, in particular as they relate to our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section entitled “Risk Factors.”

CAUTIONARY NOTE TO U.S. INVESTORS REGARDING MINERAL RESOURCE AND  
MINERAL RESERVE ESTIMATES

As used in this prospectus, the terms “Mineral Reserve,” “Proven Mineral Reserve” and “Probable Mineral Reserve” are Canadian mining terms defined in accordance with National Instrument 43–101 (*Standards of Disclosure for Mineral Projects*) (“NI 43–101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) standards. These definitions differ from the definitions in SEC Industry Guide 7 under the U.S. Securities Act. Under SEC Industry Guide 7, a Mineral Reserve is defined as that part of a mineral deposit which could be economically and legally extracted or produced at the time the reserve determination is made. The terms “Mineral Resource,” “Measured Mineral Resource,” “Indicated Mineral Resource” and “Inferred Mineral Resource” are defined in and required to be used by NI 43–101. However, these terms are not defined terms under SEC Industry Guide 7. Investors are cautioned not to assume that all, or any part of a mineral deposit in these Mineral Resources categories will ever be converted into Mineral Reserves. “Measured Mineral Resources,” “Indicated, Mineral Resources” and “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of a Measured, Indicated Mineral or an Inferred Mineral Resource will ever be upgraded to a Proven or Probable Reserve Category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or preliminary feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations. However, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this prospectus and the exhibits filed herewith or incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under U.S. federal securities laws and the rules and regulations promulgated thereunder. Further, the term “mineralized material” as used in this prospectus does not indicate “reserves” by SEC standards. We cannot be certain that mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves.” Investors are cautioned not to assume that mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted. Please see the section titled “Business – Business of the Company – United States and Canadian Reporting Definition Differences For Mineral Properties” for more information.

## SUMMARY

The following summary highlights certain information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. Because this is a summary, it may not contain all of the information that is important to you in making a decision to invest in our common shares. Before making an investment decision, you should carefully read the entire prospectus, including the "Risk Factors" and "Important Information and Cautionary Statement Regarding Forward-Looking Statements" sections. You should also read carefully the consolidated financial statements and notes thereto and the other information about us that is contained in this prospectus, as well as our annual report on Form 20-F for the fiscal year ended December 31, 2013 filed with the Securities and Exchange Commission on May 15, 2014.

Unless the context indicates otherwise, when we refer to "we," "our," "us," "Jaguar," and "the Company" for purposes of this prospectus, we are referring to Jaguar Mining Inc. and its consolidated subsidiaries.

### Overview

Jaguar Mining Inc. is a gold mining company engaged in gold production and in the acquisition, exploration, development and operation of gold mineral properties in Brazil. Jaguar plans to grow organically through the expansion of its existing operations and the advancement of its exploration properties. In addition, Jaguar may consider the acquisition and subsequent exploration, development and operation of other gold properties.

For the years ended December 31, 2013, 2012 and 2011, Jaguar sold approximately 94,850 oz., 103,676 oz. and 155,525 oz. of gold and generated revenues of \$134.1 million, \$172.4 million and \$243.1 million for the periods, respectively. Please see the section titled "Management's Discussion And Analysis Of Financial Condition And Results Of Operations" and the financial statements located after the text of this prospectus.

### Jaguar's Resources and Production

In March 2014, Jaguar completed an internal reconciliation of its Mineral Resources and Reserves (the "Reconciliation"). The Reconciliation was prepared by the Company's technical services team under the supervision of Wilson Miola, Jaguar's Director of Engineering. Mr. Miola is a Qualified Person in accordance with NI 43-101. Please read the below in conjunction with our "Cautionary Note to U.S. Investors regarding Mineral Resource and Mineral

Reserve Estimates.”

Based on the Reconciliation, as of December 31, 2013, through its wholly-owned subsidiaries, Mineração Serras do Oeste Ltda. (“MSOL”), Mineração Turmalina Ltda. (“MTL”) and MCT Mineração Ltda. (“MCT”), Jaguar has interests in, and controls the mineral rights, concessions and licenses to the mineral resources and reserves set forth below. Jaguar’s Mineral Resources are (i) Measured and Indicated Mineral resources of 167,607,470 tonnes with an average grade of 1.19 grams per tonne containing 6,392,430 ounces of gold and (ii) Inferred Mineral resources of 20,743,340 tonnes with an average grade of 2.03 grams per tonne containing 1,352,640 ounces of gold. Jaguar’s Proven and Probable Mineral Reserves, which are included in the Measured and Indicated Mineral Resource figure above, are 69,309,920 tonnes with an average grade of 1.24 grams per tonne containing 2,767,690 ounces of gold. For more detailed information, please see the section titled “Business – Mineral Properties – Summary Mineral Resource and Mineral Reserve Estimates” below.

#### Jaguar’s Properties

Jaguar’s has two primary operating mining complexes: Turmalina and Caeté, both of which are located in or adjacent to the Iron Quadrangle region of Brazil, a greenstone belt located east of the city of Belo Horizonte in the state of Minas Gerais. Jaguar’s portfolio also includes the Gurupi Project in the state of Maranhão, the Pedra Branca Project in the state of Ceará and the Paciência operation, which has been on care and maintenance since May 2012.

## Turmalina

The Turmalina mining complex is comprised of 4,908 hectares of mining and exploration concessions. Jaguar acquired the Turmalina property and associated mining concessions from AngloGold Ashanti Ltd on September 30, 2004.

Based on the Reconciliation, as of December 31, 2013, Turmalina has an estimated 5,948,640 tonnes of Measured and Indicated Mineral Resources at an average grade of 4.07 grams per tonne totaling 777,580 ounces of gold and 3,201,310 tonnes of Inferred Mineral Resources at an average grade of 3.00 grams per tonne totaling 309,250 ounces of gold. As of early-2011, all ore bodies are being mined using the “cut-and-fill” method and ore produced at the Turmalina Mine was transported to the adjacent 1,800 tonnes per day Turmalina Plant. The cut-and-fill method allows for mining selectivity during ore breaking, high recovery, and stability of openings and of the mine as a whole. It also improves environmental conditions by reducing the amount of waste and tailings disposed on the surface.

## Caeté

The Caeté mining complex, which includes the Pilar and Roça Grande mines and the Caeté Plant is comprised of 9,190 hectares of mining and exploration concessions. In December 2003, Jaguar acquired the Santa Bárbara property, which includes the Pilar mineral concessions, from Vale. In November 2005, Jaguar entered into a mutual exploration and option agreement with Vale with respect to seven concessions, known as the Roça Grande concessions, located on 9,500 acres of highly prospective gold properties along 25 kilometers of a key geological trend in the Iron Quadrangle. The contract between Jaguar and Vale provided Jaguar with the exclusive right over a 28 month period beginning November 28, 2005 to explore and conduct feasibility studies and to acquire gold mining rights in the Vale properties if the studies supported economical mining operations. The contract granted corresponding rights for Vale to explore the Jaguar property for iron and acquire mineral rights in the property during a three-year period. In November 2007, Jaguar notified Vale of its intent to exercise the option to acquire all seven Roça Grande concessions. The final transfers of the Roça Grande concessions to Jaguar were concluded in December 2010 and August 2011.

Based on the Reconciliation, as of December 31, 2013, Caeté has an estimated 13,885,310 tonnes of Measured and Indicated Mineral Resources at an average grade of 3.5 grams per tonne totaling 1,564,610 ounces of gold and 7,642,990 tonnes of Inferred Mineral Resources at an average grade of 2.75 grams per tonne totaling 675,870 ounces of gold. Caeté’s mining complex is composed of two underground mines (Roça Grande and Pilar) that primarily utilize the “cut-and-fill” mining method as well as sublevel stoping in some areas.



The following table sets forth the ore processed and gold produced at the Turmalina and Caeté operations for the twelve months ended December 31, 2013.

	Ore Processed (Tonnes)	Gold Production (Ounces)
Turmalina	467,608	43,425
Caeté	625,000	52,170
Total capital spending	1,092,608	95,595

### Corporate History and Information

Jaguar was incorporated on March 1, 2002 pursuant to the *Business Corporations Act* (New Brunswick). Jaguar was continued into Ontario in October 2003 pursuant to the *Business Corporations Act* (Ontario) (the “OBCA”) and currently is a corporation existing under the laws of Ontario. On October 9, 2003, pursuant to an amalgamation agreement dated July 16, 2003, Jaguar amalgamated with Rainbow Gold Ltd. (“Rainbow”), a New Brunswick corporation and a then inactive reporting issuer listed on the TSX Venture Exchange (the “TSXV”), through a reverse take-over. The amalgamated entity adopted the name “Jaguar Mining Inc.”

On December 23, 2013, Jaguar filed for creditor protection (the “CCAA Proceedings”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) in the Ontario Superior Court of Justice (Commercial List) (the “Court”). The CCAA Proceedings were commenced in order to implement a recapitalization transaction through a plan of compromise and arrangement (as amended, supplemented or restated from time to time, the “CCAA Plan”). On April 23, 2014, Jaguar announced that it had successfully implemented the CCAA Plan with an effective date of April 22, 2014.

Jaguar’s principal administrative office is located at Rua Levindo Lopes 323, Funcionários, Belo Horizonte, Minas Gerais, CEP 30140-170, Brazil and its telephone number is 55 31 3232-7100. Jaguar’s registered office is located at 67 Yonge Street, Suite 1203, Toronto, Ontario M5E 1J8, Canada, and its telephone number is 647-494-5524. Jaguar’s website address is [www.jaguarmining.com](http://www.jaguarmining.com). Information on Jaguar’s website and the websites linked to it do not constitute part of this prospectus or the registration statement to which this prospectus forms a part. Our agent for service of process in the United States is Bill Glahn of McLane, Graf, Raulessen & Middleton, which has a principal place of business at 900 Elm St., Manchester, NH 03105-0326.





The following chart summarizes our corporate structure as of the date of this prospectus:

## Risk Factors

Investing in our common shares involves substantial risk. The risks described under the heading “Risk Factors” immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges include the following:

- Jaguar’s potential failure to profitably exploit mineral deposits;
- Jaguar’s lack of profitable operations in recent periods;
- Jaguar’s susceptibility to fluctuations in currency exchange rates;
- The highly competitive market for new mining properties may hinder Jaguar’s growth;
- Jaguar’s exposure to labor disruptions, changing labor and employment regulations and labor claims;
- Jaguar’s ability to successfully transition its new management team; and
  - Increases in energy costs or the interruption of Jaguar’s energy supply.

You should carefully consider all of the information included in this prospectus, including matters set forth under the headings “Risk Factors” and “Important Information and Cautionary Statement Regarding Forward-Looking Statements,” before deciding to invest in our common shares.



THE OFFERING

Unless otherwise indicated, all information in this prospectus is based on 111,111,038 shares outstanding as of July 30, 2014.

Issuer	Jaguar Mining Inc.
Common shares offered for resale by the selling shareholders	67,767,975 common shares.
Shares outstanding immediately prior to this offering	111,111,038
Shares outstanding immediately after this offering if the selling shareholders sell all of their shares	111,111,038
Voting rights	Our common shares have one vote per share.
Use of proceeds	We will not receive any proceeds from the sale of our common shares by the selling shareholders. The selling shareholders will receive all of the net proceeds and bear all commissions and discounts, if any, from the sale of our common shares pursuant to this prospectus. Please see the sections titled “Use of Proceeds” and “Selling Shareholders.”
Dividend policy	Jaguar has paid no dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of the Company. Please see the section titled “Dividend Policy.”
Listing	Our common shares are not listed for trading in the United States and are listed in Canada on the TSX Venture Exchange.
Tax considerations	See the section titled “Material Tax Consequences.”
Risk factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should consider before deciding to invest in our common shares.



## Summary Consolidated Historical Financial Data

The following table sets forth our summary historical combined and consolidated financial and other data.

The summary consolidated historical financial data for the three month period ending March 31, 2013 and the fiscal years ended December 31, 2013, 2012 and 2011 are derived from the audited consolidated financial statements included in this prospectus. The summary consolidated historical financial data for the three month period ended March 31, 2014 is derived from the unaudited interim condensed consolidated financial statements included in this prospectus.

The information presented below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the consolidated financial statements and the related notes thereto. Pursuant to SEC Release No. 33-8879 “Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Reporting Standards Without Reconciliation to U.S. GAAP,” the Company includes selected financial data prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) without reconciliation to U.S. GAAP. For a discussion of the basis of preparation, see Notes 1 and 3 to our unaudited interim consolidated financial statements and audited consolidated financial statements, respectively.

	3 month period ended March 31, 2014	3 month period ended March 31, 2013	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
(\$USD in ‘000’s except per share amounts)					
Gold sales	31,100	41,170	134,140	172,430	243,137
Gross profit	1,087	10,382	12,786	6,143	43,352
Net income (loss)	(15,755 )	(6,926 )	(249,307 )	(84,537 )	(65,623 )
Weighted average shares	86,396,356	84,906,423	85,715,349	84,409,569	84,386,569
Basic income (loss) per share	(0.18 )	(0.08 )	(2.91 )	(1.00 )	(0.78 )
Diluted income (loss) per share	(0.18 )	(0.08 )	(2.91 )	(1.00 )	(0.78 )
Net assets	(109,582 )	147,547	(93,559 )	153,803	237,809
Total assets	285,372	504,564	294,788	503,875	660,666
Capital stock	371,077	370,603	371,077	370,043	370,043



## RISK FACTORS

You should carefully consider the risks described below and in the other sections of, and the documents we have incorporated by reference into, this prospectus, when deciding whether to purchase our common shares. The risks and uncertainties described below and in the documents we have incorporated by reference into this prospectus are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, results of operations, and our liquidity. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks. The trading price of our common shares could decline due to any of these risks, and you may lose all or part of your investment.

This prospectus contains forward-looking statements that involve risks and uncertainties. See “Important Information and Cautionary Statement Regarding Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements.

### Risks Relating to Jaguar’s Business

Jaguar’s operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits.

The proposed programs on the exploration properties in which Jaguar holds an interest are exploratory in nature and such properties do not host known bodies of commercial ore. Development of these mineral properties is contingent upon, among other things, obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses related to locating and establishing mineral reserves, developing metallurgical processes and constructing mining and processing facilities at a particular site. It also involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Few properties which are explored are ultimately developed into producing mines, and there is no assurance that commercial quantities of ore will be discovered on any of Jaguar’s exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production, or if brought into production, that it will be profitable. The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon, among a number of other factors, its size, grade and proximity to infrastructure, current metal prices, and government regulations, including regulations relating to required permits, royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one of these factors or the combination of any of these factors may prevent Jaguar from receiving an adequate return on invested capital. In addition, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Some ore reserves may become unprofitable to develop if there are unfavorable long-term market price

fluctuations in gold, or if there are significant increases in operating or capital costs. Most of the above factors are beyond Jaguar's control, and it is difficult to ensure that the exploration or development programs proposed by Jaguar will result in a profitable commercial mining operation.

The results of Jaguar's Gurupi feasibility study remain subject to many risks relating both to that project and mining operations generally.

Jaguar's decision to develop a mineral property is typically based on the results of a feasibility study. Jaguar has completed feasibility study work which outlines Mineral Reserves for the Gurupi Project in accordance with NI 43-101. Feasibility studies estimate the anticipated project economic returns. These estimates are based on assumptions regarding, among other things:

- future gold prices;
- future foreign currency exchange rates;
- anticipated tonnages, grades and metallurgical characteristics of ore to be mined and processed;



· anticipated recovery rates of gold extracted from the ore; and

· anticipated capital expenditure and cash operating costs.

Actual cash operating costs, production and economic returns may differ significantly from those estimated by such studies. Operating costs and capital expenditure are driven to a significant extent by the costs of the commodity inputs, including the cost of fuel and chemical reagents, consumed in mining activities. In addition, there are a number of uncertainties inherent in the development and construction of any new mine, including the timing and cost of the construction of mining and processing facilities (which can be considerable), the availability and cost of skilled labor, power, water and transportation facilities, and the availability and cost of appropriate smelting and refining arrangements, the ability to obtain necessary environmental and other governmental permits and the time to obtain such permits, and the availability of funds to finance construction and development activities.

These estimates used in Jaguar's feasibility studies depend upon the data available and the assumptions made at the time the relevant estimate is made. Ore reserve estimates are not precise calculations and depend on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. Further exploration and feasibility studies can result in new data becoming available that may change previous ore reserve estimates which will impact upon both the technical and economic viability of production from the relevant mining project. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves resulting in revisions to previous ore reserve estimates. These revisions could impact depreciation and amortization rates, asset-carrying values provisions for closedown, restoration and environmental clean-up costs.

Fluctuations in currency exchange rates may adversely affect Jaguar's financial position and results of operations.

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than U.S. dollars, may significantly impact Jaguar's financial position and results of operations. Jaguar generally sells its gold based on a U.S. dollar price, but a major portion of Jaguar's operating expenses are incurred in non-U.S. dollar currencies. In addition, the appreciation of the Brazilian Real against the U.S. dollar has and could further increase the dollar costs of gold production at Jaguar's mining operations in Brazil, which could materially and adversely affect Jaguar's earnings and financial condition.

Competition for new mining properties may prevent Jaguar from acquiring interests in additional properties or mining operations.

The gold mining industry is intensely competitive. Significant and increasing competition exists for gold and other mineral acquisition opportunities throughout the world. Some of the competitors are large, more established mining companies with substantial capabilities and greater financial resources, operational experience and technical capabilities than Jaguar. As a result of this competition, Jaguar may be unable to acquire rights to additional attractive mining properties on terms it considers acceptable. Increased competition could adversely affect Jaguar's ability to attract necessary capital funding or acquire an interest in additional operations that would yield reserves or result in commercial mining operations.

Jaguar relies on its new management team and key personnel, and there is no assurance that such persons will fully transition into their respective new positions, remain at Jaguar, or that it will be able to recruit skilled individuals.

In connection with the implementation of the CCAA Plan on April 22, 2014, Jaguar has reconstituted its board of directors (the "Board" or the "Board of Directors") with three new directors and appointed a new chief executive officer and chief financial officer. Jaguar will be relying heavily on its new management team. If these new management members are unable to successfully transition into their respective positions, our operations will be adversely affected. Jaguar does not maintain "key man" insurance. Recruiting and retaining qualified personnel is critical to Jaguar's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for the services of such persons is intense. In addition, as Jaguar's business activity grows, it may require additional key financial, administrative, technical and mining personnel. The failure to attract and/or retain such personnel to manage growth effectively could have a material adverse effect on Jaguar's business, prospects, financial condition and results of operations.

Actual capital costs, operating costs, production and economic returns may differ significantly from those estimated by Jaguar and there can be no assurance that any future development activities will result in profitable mining operations.

Capital and operating costs, production and economic returns, and other estimates contained in the feasibility studies for Jaguar's projects may differ significantly from those anticipated by Jaguar's current studies and estimates, and there can be no assurance that Jaguar's actual capital and operating costs will not be higher than currently anticipated. In addition, delays to construction schedules may negatively impact the net present value and internal rates of return of Jaguar's mineral properties as set forth in the applicable feasibility studies.

Increases in energy costs or the interruption of Jaguar's energy supply may adversely affect Jaguar's results of operations.

Jaguar's operations are energy intensive and rely upon third parties for the supply of the energy resources consumed in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, worldwide price levels and market conditions. In addition, in recent years, the price of oil has risen dramatically due to a variety of factors. Disruptions in supply or increases in costs of energy resources could have a material adverse impact on Jaguar's financial condition and the results of operations.

There can be no assurance that the interests held by Jaguar in its properties are free from defects.

Jaguar's properties may be subject to prior recorded and unrecorded agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Title insurance is generally not available for mineral properties, and Jaguar's ability to ensure that it has obtained a secure claim to individual mining properties or mining concessions may be severely constrained. Jaguar has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Jaguar being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. No assurance can be given that Jaguar's rights will not be revoked or significantly altered to its detriment. There can also be no assurance that its rights will not be challenged or impugned by third parties.

Jaguar is exposed to risks of changing political stability and government regulation in the country in which it operates.

Jaguar holds mineral interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond Jaguar's control and may adversely affect its business. Jaguar's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, various taxes (including income, mining, withholding, and indirect taxes), expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Jaguar's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Jaguar is subject to significant governmental regulations.

Jaguar's mining and exploration activities are subject to extensive local laws and regulations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, who may require operations to cease or be curtailed, or corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of such requirements, could have a material adverse impact on Jaguar and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Jaguar's operations are subject to numerous governmental permits, which are difficult to obtain, and it may not be able to obtain or renew all of the permits it requires, or such permits may not be timely obtained or renewed.

Government approvals and permits are sometimes required in connection with Jaguar's operations. Although Jaguar believes it has all of the material approvals and permits to carry on its operations, Jaguar may require additional approvals or permits or may be required to renew existing approvals or permits from time to time. Obtaining or renewing approvals or permits can be a complex and time-consuming process. There can be no assurance that Jaguar will be able to obtain or renew the necessary approvals and permits on acceptable terms, in a timely manner, or at all. To the extent such approvals are required and not obtained, Jaguar may be delayed or prohibited from proceeding with planned exploration, development or mining of mineral properties.

Under current regulations, all exploration activities that the Company undertakes through its subsidiaries must be carried out on valid exploration licenses or prospecting permits issued by the DNPM, a department of the Brazilian federal government. The DNPM is responsible for the administration of all mining and exploration licenses, and prospecting permits. According to local regulations, Jaguar must submit a final exploration report before the expiry date of any license or permit, which is usually three years from the date of grant. However, Brazilian mining laws and regulations are currently undergoing a restructuring, and draft legislation to this effect has been submitted to the federal legislature for review and approval. The effects of this restructuring will, if adopted, be far-reaching in the ways that mining rights can be acquired and maintained in the country.

Current proposals include an auction process for new licenses, minimum expenditures designed to eliminate the "warehousing" of mining permits and licenses as well as new fee schedules. They also provide for land owner participation where applicable. It is the Company's understanding, based on consultations with local counsel, that licenses currently held in good standing will be grandfathered and not subject to certain requirements of the proposed new regime. Production from the Company's mines results in a 1% royalty fee payment to the Brazilian government (the "CFEM"), on the value of the ore produced, in the amount of US\$1.3 million for the financial year ended December 31, 2013. However, and as mentioned above, the Brazilian government is currently considering the adoption of new mining legislation which would include increases in the CFEM royalties.

Environmental permits are granted for one to two year periods and all local agencies have the right to monitor and evaluate compliance with the issued permits. Any changes to the exploration activities that result in a greater environmental impact require approval.

The work the Company carries out on its exploration licenses is largely restricted to drilling and ancillary activities associated with the drilling programs (i.e., low impact road construction, drilling stations). As such, the reclamation costs in respect of drilling activities are not material to the Company and are factored into the budget for exploration programs.

Jaguar is subject to substantial environmental laws and regulations that may increase its costs and restrict its operations.

All phases of Jaguar's operations are subject to environmental regulations in the jurisdictions in which it operates. These laws address emissions into the air, discharges into water, management of waste and hazardous substances, protection of natural resources and reclamation of lands disturbed by mining operations. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays and may cause material changes or delays in, or the cancellation of, Jaguar's intended activities. There can be no assurance that future changes in environmental regulation, if any, will not be materially adverse to Jaguar's operations.

The properties in which Jaguar holds interests may contain environmental hazards, which are presently unknown to it and which have been caused by previous or existing owners or operators of the properties. If Jaguar's properties do contain such hazards, this could lead to Jaguar being unable to use the properties or may cause Jaguar to incur costs to clean up such hazards. In addition, Jaguar could become subject to litigation should such hazards result in injury to any persons.

Land reclamation requirements for Jaguar's mining and exploration properties may be burdensome.

Land reclamation requirements are generally imposed on companies engaged in mining operations and mineral exploration activities in order to minimize long-term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on Jaguar in connection with its mining and exploration activities, Jaguar must allocate financial resources that might otherwise be spent on further exploration and development programs. If Jaguar is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Jaguar may need additional capital to accomplish its exploration and development plans or to cover its expenses, and there can be no assurance that financing will be available on terms acceptable to Jaguar, or at all.

Depending on gold prices and Jaguar's ability to achieve its plans and generate sufficient operating cash flow from its existing operations, Jaguar may require substantial additional financing to accomplish its exploration and development plans as outlined or to fund any non-operating expenses that may arise or become due such as interest, tax (in Canada or Brazil) or other expenses. Failure to obtain sufficient financing, or financing on terms acceptable to Jaguar, may

result in a delay or indefinite postponement of exploration, development or production on any or all of Jaguar's properties or even a loss of an interest in a property, or even a loss of an interest in a property, or an inability to pay any of Jaguar's non-operating expenses which could also lead to late fees or penalties, depending on the nature of the expense. The only source of funds now available to Jaguar is through production at Turmalina, Paciência and Caeté, the sale of debt or equity capital, properties, royalty interests or the entering into of joint ventures or other strategic alliances in which the funding sources could become entitled to an interest in Jaguar's properties or projects. Additional financing may not be available when needed, especially in light of the current slowdown in lending resulting from global financial conditions. If funding is available, the terms of such financing might not be favorable to Jaguar and might involve substantial dilution to existing shareholders. If financing involves the issuance of debt, the terms of the agreement governing such debt could impose restrictions on Jaguar's operation of its business. Failure to raise capital when needed could have a material adverse effect on Jaguar's business, financial condition and results of operations.

Jaguar is exposed to risks of labor disruptions and changing labor and employment regulations.

Employees of Jaguar's principal projects are unionized, and the collective bargaining agreements between Jaguar and the unions which represent these employees must be renegotiated on an annual basis. Although Jaguar believes it has good relations with its employees and with their unions, production at Jaguar's mining operations is dependent upon the continuous efforts of Jaguar's employees. In addition, relations between Jaguar and its employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in whose jurisdictions Jaguar carries on business. Labor disruptions or any changes in labor or employment legislation or in the relationship between Jaguar and its employees may have a material adverse effect on Jaguar's business, results of operations and financial condition.



Substantially all of Jaguar's assets are held by foreign subsidiaries that are subject to the laws of the Republic of Brazil.

Jaguar conducts operations through its wholly-owned foreign subsidiaries, MSOL, MTL and MCT and substantially all of Jaguar's assets are held through such entities. Accordingly, any governmental limitation on the transfer of cash or other assets between Jaguar, MSOL, MTL and MCT could restrict Jaguar's ability to fund its operations efficiently. Any such limitations or the perception that such limitations may exist now or in the future could have an adverse impact on Jaguar's prospects, financial condition and results of operations.

Jaguar may be subject to litigation.

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

Investors may not be able to enforce civil liabilities in the United States.

Jaguar is incorporated under the laws of the Province of Ontario, Canada. Some of its directors and officers are residents of Canada. Also, almost all of Jaguar's assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-United States residents, or to enforce judgments in the United States against Jaguar or these persons which are obtained in a United States court and that are predicated upon civil liabilities under United States federal securities laws or the securities or "blue sky" laws of any state within the United States.

Global financial conditions may negatively impact its operations and share pricing.

Current global financial conditions have been characterized by increased volatility (particularly the markets for commodities, including gold) and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by several factors including efforts by financial institutions to de-lever their balance sheets in the face of current economic conditions. These factors may impact the ability of Jaguar to obtain equity or debt financing in the future on terms favorable to Jaguar. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. For example, as a result of uncertainty in

the global financial condition in general and the retraction of gold prices and corresponding decrease in equity values in the gold sector, on November 6, 2008, Jaguar announced that the Caeté Project had been delayed until market conditions improve. While Jaguar was able to complete an equity offering to raise the capital needed to restart development at Caeté, if it had to idle any of its producing properties or delay development of any project, there is no assurance that it would be able to restart production or development without undue delay, if at all. If such increased levels of volatility and market turmoil continue, Jaguar's operations could be adversely impacted and the trading price of its common shares may be adversely affected.

#### Risks Relating to the Gold Industry

Gold prices are volatile and there can be no assurance that a profitable market for gold will exist.

Gold prices are volatile and subject to changes resulting from a variety of factors including international economic and political trends, expectations of inflation, global and regional supply and demand and consumption patterns, stock levels maintained by producers and others, currency exchange fluctuations, inflation rates, interest rates, hedging activities and increased production due to improved mining and production methods. While the price of gold has recently been strong, there can be no assurance that gold prices will remain at such levels or be such that Jaguar's properties can be mined at a profit.

Mining is inherently risky and subject to conditions and events beyond Jaguar's control.

Mining involves various types of risks and hazards, including:

- environmental hazards;
- unusual or unexpected geological operating conditions, such as rock bursts, structural cave-ins or slides;
- flooding, earthquakes and fires;
- labor disruptions;
- industrial accidents;
- unexpected mining dilution such as occurred at Turmalina in 2010;
- metallurgical and other processing problems; and
- metal losses and periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Jaguar may not be able to obtain insurance to cover these risks at affordable premiums or at all. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to Jaguar or to other companies within the mining industry. Jaguar may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

Calculation of Mineral Reserves and Mineral Resources and metal recovery is only an estimate, and there can be no assurance about the quantity and grade of minerals until mineral resources are actually mined.

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral reserves or mineral resources and grades must be considered as estimates. Any material change in mineral reserves, mineral resources, grade or stripping ratio at Jaguar's properties may affect the economic viability of Jaguar's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

The mineral reserve estimates set forth in this prospectus are based upon estimates or reports published by Jaguar's personnel and independent geologists and mining engineers, who use assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate depends on the quantity and quality of available data and on the assumptions made and judgments used in interpreting geological data. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources and metal recovery, many of which are beyond Jaguar's control, and as a result, no assurance can be given as to the accuracy of such estimates or reports. Extended declines in the market price for gold may render portions of Jaguar's mineralization uneconomic and result in reduced reported mineral reserves. A material reduction in Jaguar's estimates of mineral reserves, or of Jaguar's ability to extract this mineralization, could have a material adverse effect on Jaguar's financial condition and results of operations.

Definitional standards for reporting mineralized material differ between U.S. reporting standards and the Canadian standards used in this prospectus.

We use the terms “measured mineral resources,” “indicated mineral resources” and “inferred mineral resources” in this Prospectus and in the documents incorporated by reference herein to comply with reporting standards in Canada. We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. While we have converted a portion of these resources to proven and probable reserves under SEC Industry Guide 7 reserves, U.S. investors are cautioned not to assume that any part or all of the additional mineral deposits in these Mineral Resource categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources, or inferred mineral resource will ever be upgraded to a higher Mineral Resource and Reserve category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of a feasibility study or other economic evaluations. Investors are cautioned not to assume that any part of the reported measured mineral resource, indicated mineral resource, or inferred mineral resource in this Prospectus or in the documents incorporated by reference herein is economically or legally mineable. See “Cautionary Note to U.S. Investors Regarding Mineral Resource and Mineral Reserve Estimates” above.

#### Risks Related to Investing in Jaguar’s Common Shares

The trading price for Jaguar’s common shares is volatile and has been, and may continue to be, greatly affected by the ongoing market volatility.

Securities of mineral exploration and early stage base metal production companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Jaguar’s common share price is also likely to be significantly affected by short-term changes in gold prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to Jaguar’s performance that may have an effect on the price of its common shares include the following: the extent of analytical coverage available to investors concerning Jaguar’s business may be limited if investment banks with research capabilities do not continue to follow Jaguar’s securities; the lessening in trading volume and general market interest in Jaguar’s securities may affect an investor’s ability to trade significant numbers of Jaguar’s common shares; and the size of Jaguar’s public float may limit the ability of some institutions to invest in Jaguar’s securities. As a result of any of these factors, the market price of Jaguar’s common shares at any given point in time may not accurately reflect Jaguar’s long-term value.

Sales of substantial amounts of our common shares in the public market, or the perception that these sales may occur, could cause the market price of our common shares to decline.

Sales of substantial amounts of our common shares in the public market, or the perception that these sales may occur, could cause the market price of our common shares to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. In addition, the sale of our common shares by our officers and directors in the public market, or the perception that such sales may occur, could cause the market price of our common shares to decline. We may issue common shares or other securities from time to time as consideration for, or to finance, future acquisitions and investments or for other capital needs. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our common shares. If any such acquisition or investment is significant, the number of common shares or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial and may result in additional dilution to our shareholders. We may also grant registration rights covering common shares or other securities that we may issue in connection with any such acquisitions and investments.

Jaguar has no record of paying dividends.

Jaguar has paid no dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, capital requirements, business opportunities and restrictions contained in any financing agreements.

Jaguar's shares are no longer listed in the US, with the result that shareholders may face reduced liquidity.

The common shares of the Company were delisted from the New York Stock Exchange ("NYSE") on June 27, 2013 and were delisted from the Toronto Stock Exchange ("TSX") on April 30, 2014. On May 1, 2014, the common shares of the Company commenced trading on the TSXV. As a result of these changes, shares of the Company are no longer traded on any exchange in the US and the Company may face difficulty accessing additional capital via the capital markets. Furthermore, US shareholders of the Company may face limited liquidity as a result of the delisting.

Jaguar's reporting status in the United States has changed and it may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.

In 2013, Jaguar's reporting status changed from a Canadian foreign private issuer eligible to use the MJDS to a foreign private issuer. In order to maintain Jaguar's current status as a foreign private issuer, a majority of its common shares must be either directly or indirectly owned by non-residents of the United States, unless Jaguar also satisfies one of the additional requirements necessary to preserve this status. Jaguar may in the future lose its foreign private issuer status if a majority of its common shares are held in the United States and it fails to meet the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a foreign private issuer. We expect our change to a foreign private issuer status and any future change to U.S. domestic issuer status to increase our legal compliance and financial reporting costs. This could also make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur higher costs to obtain coverage. In addition, this could make it more difficult for us to attract and retain qualified members of our Board, or qualified executive officers.

Even though Jaguar has implemented the CCAA Plan, it will continue to face risks.

The CCAA Plan was designed to reduce the amount of our indebtedness and cash interest expense and improve our liquidity as well as our financial and operational flexibility in order to generate long-term growth. Even though the CCAA Plan was consummated, Jaguar continues to face a number of risks, including certain risks that are beyond its control, such as the price of gold, changes in economic conditions, changes in our industry and regulatory changes. As a result of these risks and others, there is no guarantee that the CCAA Plan will achieve Jaguar's stated goals.

Jaguar believes that the consummation of the CCAA Plan enhanced Jaguar's liquidity and provides it with improved financial and operating flexibility. Such belief is based on certain assumptions, including, without limitation, that Jaguar's relationships with suppliers, customers and competitors will not be materially adversely affected by the CCAA Plan, that general economic conditions and the markets for Jaguar's products or for the products of its partners

will remain stable or improve, as well as Jaguar's continued ability to manage costs. Should any of those assumptions prove false, the financial position of Jaguar may be materially adversely affected.

As a foreign private issuer, the Company's shareholders may have less complete and timely data.

The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 of the Exchange Act. Therefore, the Company is not required to file a Schedule 14A proxy statement in relation to the annual meeting of shareholders. The submission of proxy and annual meeting of shareholder information on Form 6-K may result in shareholders having less complete and timely information in connection with shareholder actions. The exemption from Section 16 rules regarding reports of beneficial ownership and purchases and sales of common shares by insiders and restrictions on insider trading in the Company's securities may result in shareholders having less data and there being fewer restrictions on insiders' activities in its securities. The Company does, and its insiders do, make all necessary filings in Canada to provide timely, factual and transparent disclosure.



We indemnify our directors and officers against liability, and this indemnification could negatively affect our operating results.

In accordance with our governing corporate law, we indemnify our officers and our directors for liability arising while they are carrying out their respective duties. Our governing corporate law so allows for reimbursement of certain legal defenses. In addition to this, we insure our directors and officers against certain liabilities. The costs related to such indemnification and insurance coverage, if either one of them or both were to increase, could materially adversely affect our operating results and financial condition.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common shares depends in part on the research and reports that securities or industry analysts publish about us, our business or our industry. We may have limited, and may never obtain significant, research coverage by securities and industry analysts. If no additional securities or industry analysts commence coverage of our company, the trading price for our shares could be negatively affected. In the event we obtain additional securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock, our share price will likely decline. If one or more of these analysts, or those who currently cover us, ceases to cover us or fails to publish regular reports on us, interest in the purchase of our shares could decrease, which could cause our stock price or trading volume to decline.

We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. investors in our common shares to significant adverse U.S. federal income tax consequences.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income taxation purposes, if in any taxable year either: (a) 75% or more of its gross income consists of passive income; or (b) 50% or more of the average value of the company's assets is attributable to assets that produce, or are held for the production of, passive income. U.S. stockholders of a PFIC are subject to a disadvantageous U.S. income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC (for additional details, please see the section titled "Material Tax Consequences" elsewhere in this prospectus). Because PFIC status is a fact-intensive determination made on an annual basis, no assurance can be given that we are not or will not become classified as a PFIC. The PFIC rules are extremely complex. A U.S. person is encouraged to consult his or her U.S. tax advisor before making an investment in our shares.

## IMPORTANT INFORMATION AND CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” with respect to our business, results of operations and financial condition, and our expectations or beliefs concerning future events and conditions. You can identify certain forward-looking statements because they contain words such as, but not limited to, “believes,” “expects,” “may,” “should,” “approximately,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “likely,” “will,” “would,” “could” and similar expressions (and their negative of these terminologies or expressions). All forward-looking statements involve risks and uncertainties. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. The occurrence of the events described and the achievement of the expected results depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from the forward-looking statements contained in this prospectus.

Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements are disclosed under the heading “Risk Factors” and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus and including with respect to our estimated and projected earnings, income, equity, assets, ratios and other estimated financial results. All forward-looking statements in this prospectus and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could materially affect our results include:

- our ability to profitably explore, develop and produce gold from our properties and mineral deposits;
- our susceptibility to fluctuations in the gold industry, our end-markets and our customers’ industries and changes in general economic conditions;
- our susceptibility to fluctuations in currency exchange rates, notably between the US Dollar and the Brazilian Real;
- competition for new mining properties;
- increases in our energy costs or interruption of our energy supply;
- political instability or changes in government regulation in Brazil or other countries we may subsequently develop operations in;
- our potential inability to obtain necessary permits from the Brazilian government;

- costs associated with environmental compliance;
- our ability to obtain financing to accomplish our exploration and development plans;
- risk associated with our global operations, including natural disasters;
- changes in our effective income tax rate or accounting standards; and
- the other factors presented under the heading “Risk Factors.”

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

## USE OF PROCEEDS

The selling shareholders will receive all of the net proceeds from the sales of our common shares offered by them pursuant to this prospectus. We will not receive any proceeds from the sale of these common shares, but we will bear the costs associated with this registration in accordance with the registration rights agreement between Jaguar and certain noteholders, dated April 22, 2014, as described in more detail in the section titled "Plan of Distribution." Any commissions, discounts or fees payable to brokers in connection with any sale will be borne by the selling shareholders, the purchasers or both.

## DIVIDEND POLICY

Jaguar has not paid any dividends and does not intend to pay dividends in the foreseeable future. Any future payment of dividends will be dependent upon the financial requirements of Jaguar to fund future projects, the financial condition of Jaguar and other factors that the Board, in its discretion, may consider appropriate under the circumstances.

## DILUTION

The shares to be sold by the selling shareholders are shares that are currently issued and outstanding. Accordingly, there will be no dilution to our existing shareholders.

PRICE RANGE OF ORDINARY SHARES

On December 3, 2012, Jaguar announced that the NYSE had notified the Company that the closing price of its common shares on the NYSE over the past 30 days was less than \$1.00. As of November 30, 2012, the date of the NYSE notice, the 30 trading-day average closing price of Jaguar's common stock was \$0.94 per share. The NYSE's continued listing standards require that the average closing price of a listed company's common shares be above \$1.00 per share over a consecutive 30 trading-day period. Under the NYSE's rules, Jaguar had a period of six months to bring its share price and 30 trading-day average share price back above \$1.00. On June 3, 2013, NYSE Regulations, Inc. ("NYSE Regulation") commenced proceedings to delist the common shares of the Company from the NYSE and trading in the common shares was suspended prior to the opening on Friday, June 7, 2013 and delisted on June 27, 2013. The Company did not appeal the NYSE Regulation staff's decision and continued to focus on its turnaround and restructuring plan for a long-term financial solution.

Trading in the common shares of Jaguar on the TSX was suspended on December 23, 2013 as a result of the commencement of the CCAA Proceedings. Jaguar's common shares were delisted from the TSX on April 30, 2014. Following the implementation of the CCAA Plan, the common shares of Jaguar began trading on the TSXV on May 1, 2014 under the symbol "JAG." See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Changes – CCAA Proceedings."

With respect to each of TSX, TSXV and NYSE, the following tables set forth information relating to the trading of Jaguar's common shares for the periods indicated:

Jaguar Mining Inc.

Stock Trading Activity

NYSE MKT

(expressed in US\$)

Year Ended	High	Low
12/31/2013 <sup>(1)</sup>	\$1.01	\$0.37
12/31/2012	\$7.35	\$0.58
12/31/2011	\$8.18	\$4.03
12/31/2010	\$14.01	\$5.67
12/31/2009	\$12.76	\$3.84

(1) FY 2013 covers NYSE trading activity prior to suspension on June 7, 2013.



Jaguar Mining Inc.

Stock Trading Activity

The Toronto Stock Exchange

(expressed in C\$)

Year Ended	High	Low
12/31/2013	\$0.99	\$0.045
12/31/2012	\$7.41	\$0.61
12/31/2011	\$8.36	\$4.07
12/31/2010	\$14.18	\$6.02
12/31/2009	\$13.30	\$4.76

The table below lists the quarterly high and low prices for shares of Jaguar common stock on NYSE MKT for the two most recent full financial years. Jaguar's common shares were suspended from trading on the NYSE on June 7, 2013.

Jaguar Mining Inc.

Stock Trading Activity

NYSE MKT

(expressed in US\$)

Quarter Ended	High	Low
06/30/2013	\$0.63	\$0.37
03/31/2013	\$1.01	\$0.45
12/31/2012	\$1.30	\$0.58
09/30/2012	\$1.45	\$0.60
06/30/2012	\$4.94	\$1.11
03/31/2012	\$7.35	\$4.59

The table below lists the quarterly high and low prices for shares of Jaguar common stock on TSX for the two most recent full financial years. Jaguar did not trade on the TSX after December 23, 2013.

Jaguar Mining Inc.

Stock Trading Activity

The Toronto Stock Exchange

(expressed in C\$)

Quarter Ended	High	Low
12/31/2013	\$0.210	\$0.045
09/30/2013	\$0.380	\$0.180
06/30/2013	\$0.640	\$0.355
03/31/2013	\$0.990	\$0.460
12/31/2012	\$1.29	\$0.61
09/30/2012	\$1.40	\$0.61
06/30/2012	\$4.95	\$1.14
03/31/2012	\$7.41	\$4.59

The table below lists the quarterly high and low prices for shares of Jaguar common stock on TSXV for the two most recent full financial years and subsequent periods. Jaguar's common shares began trading on the TSXV on May 1, 2014.

Jaguar Mining Inc.

Stock Trading Activity

The TSX Venture Exchange

(expressed in C\$)

Quarter Ended	High	Low
06/30/2014	\$1.25	\$0.50

The table below lists the high and low prices for shares of Jaguar Mining Inc. common stock on TSXV for the most recent two months. Jaguar's common shares began trading on the TSXV on May 1, 2014. Jaguar did not trade on the TSX after December 23, 2013 and did not trade on the NYSE during this period.

Jaguar Mining Inc.



Stock Trading Activity

The TSX Venture Exchange

(expressed in C\$)

Month Ended	High	Low
06/30/2014	\$0.97	\$0.63
05/31/2014	\$1.25	\$0.50

On July 28, 2014, the closing price on the TSXV for our common shares was C\$0.82 per share.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of May 31, 2014 on an actual basis.

This table should be read in conjunction with “Use of Proceeds,” “Selected Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the consolidated financial statements and the related Notes thereto.

	May 31, 2014 <sup>1</sup>
(Dollars in thousands)	
Cash and cash equivalents	\$ 33,932
Total debt (including current portion):	
Bank indebtedness	\$ 15,861
Vale Note	7,947
Renvest credit facility	20,400
Total debt, including current portion	44,208
Shareholders’ equity:	
Common shares	434,465
Total capitalization	\$ 390,257

<sup>1</sup> Financial amounts as of May 31, 2014 are preliminary and may be subject to change.

## OUR HISTORY AND CORPORATE STRUCTURE

### Our History

The legal name of the Company is Jaguar Mining Inc. The commercial names of the Company are “Jaguar Mining” and “Jaguar.”

Jaguar was incorporated on March 1, 2002 pursuant to the *Business Corporations Act* (New Brunswick). On March 30, 2002, Jaguar issued initial common shares to Brazilian Resources, Inc. (“Brazilian”) and IMS Empreendimentos Ltda (“IMS”) in exchange for property. In that transaction, Brazilian contributed to Jaguar all of the issued and outstanding shares in MSOL, a Brazilian mining company that controlled the mineral rights, concessions and licenses to certain property located near the community of Sabará, east of Belo Horizonte in the state of Minas Gerais, Brazil, and IMS contributed to Jaguar a 1,000–tonne per day production facility also located east of Belo Horizonte near the community of Caeté and the mineral rights to a nearby property related to National Department of Mineral Production (“DNPM”) Mineral Exploration Request no. 831.264/87 and DNPM Mineral Exploration Request nos. 830.590/83 and 830.592/83. Jaguar was continued into Ontario in October 2003 pursuant to the OBCA and currently is a corporation existing under the laws of Ontario.

On October 9, 2003, pursuant to an amalgamation agreement dated July 16, 2003, Jaguar amalgamated with Rainbow Gold Ltd. (“Rainbow”), a New Brunswick corporation and a then inactive reporting issuer listed on the TSXV, through a reverse take–over. The amalgamated entity adopted the name “Jaguar Mining Inc.” Jaguar was approved for listing on the TSXV on October 14, 2003 and began trading on October 16, 2003. Jaguar subsequently graduated from the TSXV to the TSX and began trading on the TSX on February 17, 2004 under the symbol “JAG.” On July 23, 2007, trading of Jaguar’s common shares commenced on the NYSE Arca Exchange (“NYSE Arca”) under the symbol “JAG.” In July 2009, Jaguar received approval from the NYSE to transfer the trading of its common shares from the NYSE Arca to the NYSE. Trading on the NYSE began on July 6, 2009, also under the symbol “JAG.” The common shares of the Company were delisted from the NYSE on June 27, 2013 and were delisted from the TSX on April 30, 2014. On May 1, 2014, the common shares of the Company commenced trading on the TSXV.

Jaguar’s principal administrative office is located at Rua Levindo Lopes 323, Funcionários, Belo Horizonte, Minas Gerais, CEP 30140–170, Brazil and its telephone number is 55 31 3232–7100. Jaguar’s registered office is located at 67 Yonge Street, Suite 1203, Toronto, Ontario M5E 1J8, Canada, and its telephone number is 647–494–5524. Jaguar also had an administrative office located at 122 North Main Street, 2nd Floor, Concord, New Hampshire, 03301, USA, which it closed at the end of March 2013.

On November 13, 2013, the Company and its subsidiaries entered into a support agreement (as amended, the “Support Agreement”) with holders (the “Noteholders”) of approximately 81% of its \$165.0 million 4.5% Senior Unsecured Convertible Notes due November 1, 2014 (“4.5% Convertible Notes”) and 82% of its \$103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (the 5.5% Senior Convertible Notes together with the 4.5% Convertible Notes, the “Notes”) to effect a recapitalization and financing transaction that would eliminate approximately \$268.5 million of the Company’s outstanding indebtedness by exchanging the Notes for common shares of Jaguar and inject approximately \$50 million into the Company by way of a backstopped share offering (the “Share Offering”) by Noteholders pursuant to a backstop agreement dated November 13, 2013 (as amended, the “Backstop Agreement”) between the Company, its subsidiaries and certain Noteholders. Additional Noteholders signed consent agreements to the Support Agreement such that as of November 26, 2013, holders of approximately 93% of the Notes had signed the Support Agreement or a consent agreement thereto.

On December 23, 2013, the Company filed for creditor protection under the CCAA in the Ontario Superior Court of Justice (Commercial List). The CCAA Proceedings were commenced in order to implement a recapitalization transaction as contemplated in the Support Agreement through a plan of compromise and arrangement. On April 23, 2014, the Company announced that it had successfully implemented the CCAA Plan with an effective date of April 22, 2014. For a full description of the CCAA Proceedings, please see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Changes – CCAA Proceedings.”

## Corporate Structure

Jaguar has three wholly-owned direct subsidiaries, MSOL, MTL and MCT, all incorporated under the laws of the Republic of Brazil. The registered and head office of each of MSOL, MTL and MCT is located at Rua Levindo Lopes 323, Funcionários, Belo Horizonte, Minas Gerais, CEP 30140-170, Brazil.

The following chart summarizes our corporate structure as of the date of this prospectus:

## SELECTED FINANCIAL INFORMATION

Financial information provided throughout this prospectus are referenced in United States dollars unless stated otherwise.

The following selected financial data of the Company for the fiscal years ended December 31, 2013, 2012 and 2011, and the three month period ending March 31, 2013 and the three month period ending March 31, 2014 are derived from the Company's audited consolidated financial statements and the unaudited interim consolidated financial statements, respectively, included elsewhere in this prospectus. The selected financial data set forth for the fiscal year ended December 31, 2010 are derived from the Company's audited consolidated financial statements prepared in accordance with IFRS, not included herein. The selected financial data should be read in conjunction with the consolidated financial statements and other information included in the text of this prospectus. We have not included financial information for the year ended December 31, 2009, as such information is not available on a basis that is consistent with the financial information for the years ended December 31, 2013, 2012, 2011 and 2010, and cannot be provided in accordance with IFRS without unreasonable effort or expense.

The audited, consolidated financial statements included elsewhere in this prospectus have been prepared in accordance with IFRS as issued by the IASB and the unaudited interim condensed financial statements included elsewhere in this prospectus have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The basis of preparation is described in Notes 1 and 3 to our unaudited interim condensed consolidated financial statements and audited consolidated financial statements, respectively.

	Three months ended March 31, (unaudited) 2014	2013	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
(\$ in '000's other than per share data)						
Gold sales	31,100	41,170	134,140	172,430	243,137	170,788
Gross profit	1,087	10,382	12,786	6,143	43,352	12,605
Net income (loss)	(15,755 )	(6,926 )	(249,307 )	(84,537 )	(65,623 )	22,177
Weighted average shares	86,396,356	84,906,423	85,715,349	84,409,569	84,386,569	84,152,914
Basic income (loss) per share	(0.18 )	(0.08 )	(2.91 )	(1.00 )	(0.78 )	0.26
Diluted income (loss) per share	(0.18 )	(0.08 )	(2.91 )	(1.00 )	(0.78 )	0.26
Net assets	(109,582 )	147,547	(93,559 )	153,803	237,809	300,470
Total assets	285,372	504,564	294,788	503,875	660,666	569,378
Capital stock	371,077	370,603	371,077	370,043	370,043	369,747
Dividends declared per share	—	—	—	—	—	—



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, or MD&A, is based principally on our audited consolidated financial statements for the fiscal years ended December 31, 2013, 2012 and 2011 and the unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2014, which appear elsewhere in this prospectus. The following discussion is to be read in conjunction with "Selected Financial Information," "Business" and our audited consolidated financial statements, our unaudited interim condensed consolidated financial statements and the Notes thereto, which appear elsewhere in this prospectus.

The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this prospectus. See in particular "Important Information and Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

### Introduction

The following MD&A is provided to supplement the audited consolidated financial statements, our unaudited interim condensed consolidated financial statements and the related Notes included elsewhere in this prospectus to help provide an understanding of our financial condition, changes in financial condition and results of our operations. For a discussion of the basis of preparation, see Notes 1 and 3 to our unaudited interim condensed consolidated financial statements and audited consolidated financial statements, respectively.

### Company Overview

Jaguar is a gold mining company engaged in gold production and in the acquisition, exploration, development and operation of gold mineral properties in Brazil. Jaguar plans to grow organically through the expansion of its existing operations and the advancement of its exploration properties. In addition, Jaguar may consider the acquisition and subsequent exploration, development and operation of other gold properties.

Jaguar's three mining complexes, Turmalina, Caeté and Paciência are located in or adjacent to the Iron Quadrangle region of Brazil, a greenstone belt located east of the city of Belo Horizonte in the state of Minas Gerais. Jaguar's portfolio also includes the Gurupi Project in the state of Maranhão and the Pedra Branca Project in the state of Ceará.



Through its wholly-owned subsidiaries, MSOL, MTL and MCT, Jaguar has interests in, and controls the mineral rights, concessions and licenses to the mineral resources and reserves presented in the tables below under the section titled “Business – Mineral Properties – Summary Mineral Resource and Mineral Reserve Estimates.”

All of Jaguar’s production facilities are, or will be, near Jaguar’s mineral concessions and are accessible via existing roads. Jaguar believes it has an advantage over other gold mine operators due to the clustered nature of its mineral resource concessions and the proximity of its concessions to its processing facilities and existing infrastructure.

Mining and mineral processing in Brazil are subject to extensive regulation. In Brazil, mineral resources belong to the State and may only be exploited pursuant to a governmental concession. Government agencies are typically in charge of granting mining concessions and monitoring compliance with mining law and regulations.

In June 2013, the Brazilian government sent to Congress a bill with proposed changes to the Brazilian mining law. This bill provides for: the preservation of the main provisions for existing mining rights as of the date of its enactment; a new royalties regime; a new regime for mining concessions; and the creation of a mining agency. The bill is under discussion in Congress.

Jaguar pays a royalty known as the CFEM (*Compensação Financeira pela Exploração de Recursos Minerais*) on the revenues from the sale of minerals extracted, net of taxes, insurance costs and costs of transportation. The current rate on gold is 1%.

Jaguar is also subject to environmental regulations that apply to the specific types of mining and processing activities it conducts. Jaguar requires approvals, licenses, permits or authorizations from governmental authorities to operate, and in most jurisdictions the development of new facilities requires it to submit environmental impact statements for approval and often to make investments to mitigate environmental impacts. Jaguar must also operate its facilities in compliance with the terms of the approvals, licenses, permits or authorizations.

### Significant Changes

### CCAA Proceedings

The CCAA Proceedings were commenced in contemplation of the CCAA Plan which was the result of Jaguar's review of strategic alternatives and negotiations conducted by representatives of Jaguar, its legal and financial advisors and a number of stakeholders with an economic interest in Jaguar. In developing the CCAA Plan, Jaguar sought to treat all stakeholders fairly and reasonably while providing for the financial stability and future economic viability of its business.

The CCAA Plan was designed to respond to Jaguar's operating liquidity and leverage concerns and to provide additional capital for future investment.

### Jaguar's Financial Circumstances Prior to the CCAA Proceedings

In May 2012, Jaguar announced the implementation of a comprehensive restructuring and turnaround plan to improve costs and efficiency at its operations. The plan incorporated objectives and initiatives identified by Jaguar's management and a number of expert industry consultants who were retained to assist with operational and cost improvements. Key elements of the plan were administrative cost reductions, improved safety, optimization of the workforce, converting to properly scaled mining methodology, advanced development and definition drilling, and the continuation of the Paciência operations of MSOL on care and maintenance.

As is typical for companies engaged in the operation and development of gold producing properties, the price of gold is the largest single factor in determining profitability and cash flow from operations. The financial performance of the Company has therefore been, and is expected to continue to be, closely linked to the price of gold. Historically, the price of gold has been subject to volatile price movements over short periods of time and is affected by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on the gold price include currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold, interest rates and inflation expectations. The Company's mines (including the Paciência mine, which is now on care and maintenance) are not low-cost gold producers, despite recent cost reductions. For this reason, the operations of the Company are particularly sensitive to gold prices. The average price of gold declined substantially since September of 2011, from nearly \$2,000 per ounce at that time to \$1,231 per ounce as of December 17, 2013, just prior to the commencement of the CCAA Proceedings, which impacted the Company significantly. At the commencement of the CCAA Proceedings in December of 2013, Jaguar forecasted that it would face a liquidity crisis in the very near future and that additional liquidity would be required to preserve operations in a lower gold price environment. Moreover, Jaguar's mining operations and exploration activities are located in Brazil and a portion of operating costs and capital expenditures are denominated in Brazilian reais which has weakened against the U.S. dollar in 2013.

Despite its cost reduction efforts, Jaguar was not able to generate sufficient net revenues to optimally fund its operations, or generate sufficient net revenues to service its substantial debts going forward. As of December 31, 2013, the Company had outstanding funded debt obligations of approximately US\$323 million in principal value. Jaguar incurred interest payments of approximately US\$13.7 million in 2013. On November 1, 2013, Jaguar deferred payment of approximately US\$3.7 million of interest on the 4.5% Notes and the deferral eventually resulted in an event of default under the indenture governing such notes. Excluding the consideration of any events of default or acceleration obligations, Jaguar would be obligated to repay or refinance approximately US\$195 million in principal value of debt under the Credit Facility and the 4.5% Convertible Notes in the year ended December 31, 2014.

Continued investment in Jaguar's mines and exploration properties is needed. Capital investment is required in the long term to: (i) continue operations in the normal course; (ii) continue the care and maintenance of the Paciência mine; (iii) update mine plans and ensure appropriate mine development; and (iv) continue stabilization of operations. Further, if the Company's operations are to be optimized, capital is also required to increase production at existing operating mines, invest in equipment, and to allow the Company to obtain technical reports and commercial feasibility studies with respect to its development assets. Due to liquidity issues and cost-reduction efforts, Jaguar's capital investments in 2013 were postponed.

### Strategic Review

For the reasons outlined above, Jaguar concluded that additional restructuring efforts would be required to address Jaguar's financial needs. Canaccord Genuity Corp. ("Canaccord Genuity") was engaged as Jaguar's financial advisor in May 2013 in connection with the design and implementation of a recapitalization strategy for Jaguar. The scope of Canaccord Genuity's assignment was to:

- review Jaguar's business plans, budgets and financial projections and conduct appropriate sensitivity analyses;
- assess the capital structure of Jaguar with a view to determining an appropriate debt load and debt structure for Jaguar;
- advise Jaguar on the design and execution of potential transactions to improve Jaguar's capital structure;
- conduct a process to raise new money capital; and
- advise Jaguar on the implementation of a recapitalization plan, and conduct negotiations with Jaguar's stakeholders.

With the assistance of Canaccord Genuity, Jaguar analyzed the possibility of divesting certain of its assets in order to provide increased liquidity to sustain the Company during a period of unfavourable gold prices and to allow continued investment in cost reduction options. However, Jaguar and the Board did not believe that such a transaction was feasible.

Canaccord Genuity had discussions with potential sources of third party financing. Those parties who expressed interest in potentially providing financing were not willing to provide financing in the amount, of the type or on the timeline required by Jaguar at that time.

## Reasons for the CCAA Plan

The review of potential alternatives showed that a comprehensive restructuring involving a debt to equity exchange and an investment of new money was the best available alternative to address Jaguar's financial situation. The Board created a special committee ("SC") on October 30, 2013 to consider and advise the Board on strategic matters relating to Jaguar's financial difficulties. The Board and SC determined that the completion of a recapitalization transaction offered substantial benefits to the Company and was in the best interests of the Company and its stakeholders. The Company concluded that it would be important to deleverage its balance sheet and to reduce the debt service payments that it must make to the extent possible in the circumstances. The process ultimately led to the negotiations of the Support Agreement and the Backstop Agreement and the resulting terms of the CCAA Plan and the commencement of the CCAA Proceedings. On December 23, 2013, the Company filed for protection under the CCAA. A full description of events that have occurred under the CCAA Proceedings is set out below under "*CCAA Proceeding Events*." Additional information about the CCAA Proceedings, including copies of all Court orders, are available at the following website <http://cfcanada.fticonsulting.com/jaguar> (which materials are not incorporated by reference herein).

## CCAA Proceeding Events

On December 23, 2013, the Company filed for protection under the CCAA and an Initial Order, Claims Procedure Order and Meeting Order were granted by the Court.

Among other things, the Initial Order imposed a general stay of proceedings against Jaguar as well as a stay of proceedings against Jaguar's subsidiaries with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of, or that relates to, any agreement involving the Company, or the obligations, liabilities and claims of, against or affecting the Company or its business. The Claims Procedure Order provided for, among other things, the establishment of a claims procedure for the identification, quantification and determination of certain claims against the Company.

Pursuant to the Meeting Order, Jaguar was authorized to call a meeting (the "Meeting") of Affected Unsecured Creditors (as defined in the CCAA Plan) to consider and, if deemed advisable, to pass a resolution approving the CCAA Plan. The Meeting was held on January 31, 2014 and the CCAA Plan was approved by 100% of the Affected Unsecured Creditors that voted, in person or by proxy, at the Meeting. Following the Meeting, Jaguar obtained an order from the Court on February 6, 2014 sanctioning the CCAA Plan.

On April 22, 2014, the Company implemented the CCAA Plan and emerged from CCAA protection. A full description of the steps of the CCAA Plan is set out below under "Effect of the Implementation of the CCAA Plan."

### Effect of the Implementation of the CCAA Plan

The purpose of the CCAA Plan was to facilitate the continuation of the business of Jaguar as a going concern, address certain liabilities of the Company, and effect a recapitalization and financing transaction on an expedited basis to provide a stronger financial foundation for Jaguar going forward and additional liquidity to allow the Company to continue to work towards its operational and financial goals from and after its implementation in the expectation that all persons with an economic interest in Jaguar will derive a greater benefit from the implementation of the CCAA Plan than would otherwise result.

Common shares of the Company were issued as follows as a result of the implementation of the CCAA Plan:

Noteholders and other affected unsecured creditors of the Company with proven claims received their pro rata share of 14,000,000 common shares of the Company in exchange for their Notes and in satisfaction of their claims, respectively, and Noteholders who signed the Support Agreement, or a consent agreement thereto, as of November 26, 2013 received their pro rata share of an additional 5,000,000 common shares of the Company in exchange for their Notes. Pursuant to the CCAA Plan, the Notes and the indentures governing such Notes were irrevocably and finally cancelled and all unsecured claims of affected unsecured creditors of the Company were fully and finally released.

Noteholders who elected to participate in the Share Offering purchased up to their pro rata share of 70,955,797 common shares of the Company (the "Offering Shares") and such Noteholders received their pro rata share of 9,044,203 common shares of the Company (the "Accrued Interest Offering Shares") (based on the percentage that the unpaid interest on their Notes bore to the aggregate of all unpaid interest owing to all Noteholders who participated in the Share Offering as at December 31, 2013) in exchange for their Notes.

Noteholders who agreed to backstop the Share Offering by committing to purchase their pro rata share (based on their backstop commitments) of the Offering Shares not subscribed for under the Share Offering received their pro rata share of an additional 11,111,111 common shares of the Company (the "Backstop Commitment Shares") in exchange for their Notes.

In connection with and as a step in the CCAA Plan, the common shares of the Company issued and outstanding immediately prior to the implementation of the CCAA Plan were consolidated at a ratio of one (1) post-consolidation common share for each 86.39636 pre-consolidation common shares (the "Consolidation"). Any fractional common shares of the Company resulting from the Consolidation were rounded down to the next whole share without any additional compensation therefor. As a result of the implementation of the CCAA Plan, such shareholders represent approximately 0.9% of the equity of Jaguar in the aggregate. The shareholder rights plan dated May 2, 2013 and all rights issued thereunder were cancelled pursuant to the terms of the CCAA Plan.

The equity-based compensation arrangements of the Company existing immediately prior to implementation of the CCAA Plan were cancelled pursuant to the terms the CCAA Plan. The Board has approved a new 10% rolling stock option plan (the "New Stock Option Plan"). The New Stock Option Plan has received approval from the TSXV and disinterested shareholders of the Company at its June 2014 annual general meeting ("AGM"). The Board has also approved a deferred share unit plan (the "DSU Plan"). The DSU Plan has received approval from the TSXV and shareholders at the Company's AGM.

In connection with the CCAA Plan, Jaguar negotiated amendments (the "Renvest Amendments") to certain terms of the Credit Facility. For additional information, please see the section titled "Description of Certain Indebtedness – Renvest Credit Facility." The Renvest Amendments provide, among other things, that:

- the maturity date of the Credit Facility is extended to December 31, 2015 from July 25, 2014;

- mandatory repayments of US\$1.0 million of principal amount plus accrued and unpaid interest shall be made each month from and including July 2014 to and including November 2015, with the balance of all outstanding obligations to be repaid on December 31, 2015;

- the Lender shall have a right to convert up to \$5.0 million of the outstanding obligations under the Credit Facility into equity at a specified conversion price (subject to certain anti-dilution protections);

- the Lender shall have a right to participate in certain offerings of equity securities by the Company if the offering occurs at a prescribed price;

- the Company shall maintain certain minimum levels of cash on hand;

- Renvest shall be entitled to appoint an observer to the Board;



the Company and the Lender entered into a Right of First Refusal Agreement with respect to assignments of the Credit Facility by the Lender; and

existing breaches, defaults and events of default under the Credit Facility were waived by the Lender. Certain events of default under the Credit Facility were also amended to reflect the Company's current financial circumstances.

The Company has committed to pay a fee of US\$1.0 million in connection with the amendments to the Credit Facility (\$0.6 million paid in cash and \$0.4 million payable as an increase in the principal amount of the Credit Facility).

In connection with the above amendments, the Company repaid to the Lender \$10.0 million on account of the outstanding obligations under the Credit Facility. The above amendments were conditional upon, among other things, this repayment.

In connection with the above amendments, the Lender waived its rights under the Credit Facility to receive any portion of the net proceeds of the Share Offering, with the exception of the agreed upon US\$10.0 million repayment described above.

The Company believes that the implementation of the CCAA Plan resulted in a number of benefits to the Company, including, among other things, a significant reduction of the Company's debt, increased liquidity for operations and facilitation of the Company's ability to make certain necessary capital investments and accelerate operational improvements allowing it to continue operations for the foreseeable future.

#### Directors and Senior Management of Jaguar

The Board was reconstituted in connection with the implementation of the CCAA Plan so as to be comprised of seven individuals, four of whom are incumbent directors of the Company. In addition, in connection with the CCAA Plan, Mr. David Petroff and Mr. Douglas Willock resigned from their positions as Chief Executive Officer and Chief Financial Officer of the Company, respectively, and Mr. George Bee and Mr. Derrick Weyrauch were appointed as Chief Executive Officer and Chief Financial Officer, respectively. Please see the section titled "Management – Board of Directors, Executive Officers and Board Structure" for biographies of the current directors and executive officers of the Company.

Implementation of the CCAA Plan resulted in two unrelated investment managers each owning or exercising control or direction over in excess of 10% of the outstanding common shares of the Company: (i) Outrider Management, LLC has beneficial ownership, or exercises control or direction, directly or indirectly, over approximately 32.4% of the common shares of the Company; and (ii) an unrelated investment manager exercises control over approximately 10.8% of the common shares of the Company. Mr. Stephen Hope, one of the new directors of the Company, is the principal of Outrider Management, LLC.

#### Listing of the Common Shares

In connection with the CCAA Plan, trading in the common shares of the Company was suspended on December 23, 2013. The common shares were delisted from the TSX on April 30, 2014 and commenced trading on the TSXV on May 1, 2014. See also the section titled "Our History and Corporate Structure."

#### Material Contracts

Other than contracts entered into in the ordinary course of business, the only material contracts that Jaguar has entered into the most recently completed two financial years, or prior thereto (including certain contracts that were in effect until implementation of the CCAA Plan) and are still in effect, are as follows:

The Support Agreement

See the section titled “Our History and Corporate Structure.”

The Backstop Agreement

See the section titled “Our History and Corporate Structure.”

The Credit Facility

See the section titled “Description of Certain Indebtedness – Renvest Credit Facility.”

2011 Indenture

The 5.5% Notes were issued pursuant to an indenture (the “2011 Indenture”) between Jaguar and The Bank of New York Mellon and BNY Trust Company of Canada, as trustees (the “Trustees”). Pursuant to the CCAA Plan, the 2011 Indenture was irrevocably and finally cancelled. See also the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Changes – CCAA Proceedings.”

## 2009 Indenture

The 4.5% Notes were issued pursuant to an indenture (the “2009 Indenture”) dated September 15, 2009, between Jaguar and the Trustees. Pursuant to the CCAA Plan, the 2009 Indenture was irrevocably and finally cancelled. See also the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Changes – CCAA Proceedings.”

## Our Material Mineral Properties

### Turmalina Mining Complex

The Turmalina mining complex is located in the state of Minas Gerais, Brazil, approximately 120 kilometers northwest of the city of Belo Horizonte. Belo Horizonte, the commercial center for Brazil’s mining industry, has a population of 5.4 million, outstanding infrastructure and a concentration of skilled mining professionals. The Turmalina mining complex is comprised of 4,908 hectares of mining and exploration concessions.

The Turmalina mining concessions are subject to annual royalties paid to five individuals collectively as follows: five percent (5%) of the first US\$10 million of annual net revenue and three percent (3%) of annual net revenue over US\$10 million. Net revenue for these purposes is calculated as gold sales less the CFEM tax, which is a tax imposed by the Brazilian government on mining companies.

Gold production at Turmalina increased to 43,425 ounces in 2013 as compared to 37,840 ounces in 2012.

### Paciência Mining Complex

The Paciência mining complex is located in the state of Minas Gerais, Brazil, approximately 80 kilometers southeast of the city of Belo Horizonte. The property is comprised of 6,677 hectares of mining and exploration concessions and is owned through Jaguar’s wholly-owned subsidiary, MSOL.

Jaguar acquired the original Paciência concessions (Paciência/Santa Isabel, Bahú and Marzagão) from AngloGold Ashanti in November 2003. Under the terms of the acquisition agreement, AngloGold Ashanti has rights to reacquire up to 70% of any of such concessions at an ascribed value of new mineral reserves found feasible beyond the exhausted contract mineral reserves. Under the terms of the acquisition agreement, Jaguar also pays a sliding scale net smelter return royalty (“NSR”), from 1.5% to 4.5% of gross revenue, on gold and other precious metals produced from the Santa Isabel Mine.

In 2005, Jaguar acquired rights from IAMGold with respect to properties located in Rio Acima and Itabirito, Brazil. These concessions, known as the “Conglomerates Target,” are located approximately 12 kilometers east of the Paciência Plant and represent an opportunity for Jaguar to further explore, upgrade and expand Paciência’s mineral resources and production rate.

During 2007, Jaguar successfully concluded a land swap agreement with AngloGold Ashanti whereby Jaguar expanded the concession package at the Paciência mining complex to a contiguous 20 kilometers (17 kilometers today) area adjacent to the São Vicente lineament.

Gold production at Paciência decreased in 2012 to 9,987 ounces from 39,581 ounces in 2011 as a result of placing the operation on care and maintenance status in May 2012, which continues as of the date of this prospectus. If, as the Company expects, operations recommence, it is anticipated Paciência will have an effective mine life of 10 years. Recommencement of operations is subject to various factors to be evaluated by management.

## Caeté Mining Complex

The Caeté mining complex, which includes the Pilar and Roça Grande mines and the Caeté Plant, is located in the state of Minas Gerais, Brazil, 50 kilometers to 100 kilometers east of the city of Belo Horizonte. The property is comprised of 9,190 hectares of mining and exploration concessions. The property is owned through Jaguar's wholly-owned subsidiary, MSOL.

In December 2003, Jaguar acquired the Santa Bárbara property, which includes the Pilar mineral concessions, from Vale. In November 2005, Jaguar entered into a mutual exploration and option agreement with Vale with respect to seven concessions, known as the Roça Grande concessions, located on 9,500 acres of highly prospective gold properties along 25 kilometers of a key geological trend in the Iron Quadrangle. The contract between Jaguar and Vale provided Jaguar with the exclusive right over a 28 month period beginning November 28, 2005 to explore and conduct feasibility studies and to acquire gold mining rights in the Vale properties if the studies supported economical mining operations. The contract granted corresponding rights for Vale to explore the Jaguar property for iron and acquire mineral rights in the property during a three-year period. In November 2007, Jaguar notified Vale of its intent to exercise the option to acquire all seven Roça Grande concessions. The final transfers of the Roça Grande concessions to Jaguar were concluded in December 2010 and August 2011.

Gold production at Caeté decreased to 52,170 ounces in 2013, as compared to 54,996 ounces in 2012.

## Results of Operations

Results of Operations for the three months ended March 30, 2014 and March 30, 2013

### First Quarter 2014 Highlights

	Q1 2014
Gold produced (ounces)	23,359
Gold sold (ounces)	24,181
Average sales price per oz of gold sold	\$1,288
Cash operating cost per oz of gold produced <sup>(*)</sup>	\$923
Cash operating margin per oz of gold produced <sup>(*)</sup>	\$365

All-in cost per ounce sold <sup>(*) (**)</sup>	\$ 1,288
Revenue (000's)	\$31,100
Gross profit (000's)	\$ 1,087
Net loss (000's)	\$(15,755)

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(\*) Refer to "Non-IFRS Performance Measures" below

This relates to the all-in cost excluding the restructuring expenses that were incurred during Q1 2014, in the (\*\*) amount of \$2.9 million. If the restructuring expenses are considered then the all-in cost is \$1,408 per ounce of gold sold in Q1 2014.

### Company Developments

On April 22, 2014, the Company successfully implemented the CCAA Plan;

On April 22, 2014, Mr. George Bee and Mr. Derrick Weyrauch were appointed Chief Executive Officer and Chief Financial Officer, respectively;

A 75% decrease of lost time incidents was realized during the first quarter of 2014 versus the comparable 2013 period. During the first quarter 2013, a total of four incidents occurred while in the first quarter 2014, only one incident occurred;

A 13% reduction of overall staffing levels was realized at the end of the first quarter 2014 versus the comparable 2013 period.

Financial Restructuring Plan – CCAA Proceedings

Please see the section titled “Significant Changes – CCAA Proceedings” for a full discussion of the implementation and effects of the CCAA Plan and CCAA Proceedings.

***Pre-Plan & Pro Forma (As at March 31, 2014) Capital Structure***

(All figures in US\$ millions except number of Common Shares)

	As at March 31, 2014	Pro forma Adjustments	Pro Forma
Bank Indebtedness	\$ 15.9	-	\$15.9
Renvest Facility (Drawn)	30.0	(9.6	) 20.4
Vale Note	7.8	-	7.8
4.5% Convertible Notes	165.0	(165.0	) -
5.5% Convertible Notes	103.5	(103.5	) -
Total Debt	\$ 322.2	\$ (278.1	) \$44.1
Less: Cash and Cash Equivalents	(7.0	) (31.4	) (38.4
Total Net Debt	\$ 315.2	\$ (309.5	) \$5.7
Number of Common Shares Outstanding <sup>(1)</sup>	86.4 million	24.7 million	111.1 million

Pro forma Common Shares outstanding based on the Consolidation, the extinguishing of the Notes (including (1) accrued interest) in exchange for Common Shares, as well as the issuance of the Backstop Commitment Shares and the Accrued Interest Offering Shares.

In addition to the pro forma financial information provided above, the Company estimated that its cash balance as of the implementation date (pro forma for the receipt of the Share Offering proceeds and payment of fees, expenses and additional amounts due to the Lender) was approximately \$36.5 million. The unaudited pro forma financial information was prepared based upon available information and assumptions deemed appropriate by management and is for illustrative purposes only. The pro forma financial information has not been audited and should not be considered comprehensive and may differ significantly from the actual adjustments from the implementation of the CCAA Plan and related transactions in the future.

Directors and Senior Management of Jaguar



The board of directors of Jaguar was reconstituted in connection with the implementation of the CCAA Plan so as to be comprised of seven individuals, four of whom are incumbent directors of the Company. In addition, in connection with the Plan, Mr. George Bee and Mr. Derrick Weyrauch have been appointed as Chief Executive Officer and Chief Financial Officer, respectively. For additional information about the Board of Directors or Senior Management of the Company, please see the section titled "Management."

Implementation of the Plan resulted in two unrelated investment managers each owning or exercising control or direction over in excess of 10% of the outstanding Common Shares: (i) Outrider Management, LLC has beneficial ownership, or exercises control or direction, directly or indirectly, over approximately 32.4% of the Common Shares; and (ii) an unrelated investment manager exercises control over approximately 10.8% of the Common Shares. Mr. Stephen Hope, one of the directors of the Company, is the principal of Outrider Management, LLC.

The finalization of the restructuring process has provided Jaguar with a strong balance sheet, thereby, allowing the new management team to continue with operational improvements and has provided the opportunity to embrace future opportunities associated with existing assets.

## Operational Restructuring and Turnaround Plan

On May 8, 2012, Jaguar announced the implementation of a comprehensive operational restructuring and turnaround plan to improve costs and efficiency at its operations in the state of Minas Gerais, Brazil. The plan incorporates objectives and initiatives identified by Jaguar's management and a number of expert industry consultants who were retained to assist with operational and cost improvements.

Key activities aimed towards further cost reductions and production efficiencies include continued focus on safety, further optimization of the workforce and manpower levels, and continued emphasis on advanced development and definition drilling. A general Human Resources/Community Social Responsibility review has been initiated by the Company. A new head of Human Resources was recruited in June 2013. The general manager of Turmalina was promoted to Director of the Turmalina and Caeté sites. Current activities at each of the mining complexes demonstrate that the operations are on their way to meeting cost and production targets. The Company believes the successful implementation of these programs will enable it to further reduce cash operating cost per ounce.

Work programs carried out during the quarter ended March 31, 2014 include the following:

### Health and Safety

Major progress was made in promoting working in a safe manner and changing corporate culture in Brazil to a "safety first" mentality. Lost time incidents ("LTI") decreased 75% from 4 in Q1 2013 to 1 in Q1 2014.

(\* Cumulative over the last twelve months)

### Human Resources

Headcount was reduced by 10%, compared to the previous quarter, maintaining the necessary operations personnel, with the trend noted in the graph presented below:



·Considerable progress was made in remediating the 47 labor law deviations (see “*Legacy Issues – Labor practices*”);

#### Turmalina and Caeté Plants

There are continued efforts in the implementation of a revised purchasing system led by the purchasing manager, aiming at acquisition cost, inventory level reductions and consumption controls.

#### Change in mining methods:

Historically, access to the Company’s ore bodies has been through 5 meter by 5 meter decline ramps, haulages, crosscuts and stope development headings to accommodate 30–tonne conventional and articulated dump trucks and matching loading equipment in the stoping horizon using a modified bench cut and fill mining technique. In some places, these excavations have been prone to ground control issues, which tend to compromise excavation integrity and lead to increased safety risks and the production of excessive quantities of development waste.

As a result of the evaluation of ground stability and control, a comprehensive plan has been implemented based on determination of operational adjustments required to optimize excavation stability and support. This program is a work in progress with the Company incorporating a new application of friction bolt to eliminate the use of split sets in the stopes being mined.

Past investigation which delineated factors that determine excavation stability, including the sensitivity of potentially weak planes to bending deflection, failure mechanisms in drifts and stopes, integration of rock reinforcement and surface support in drifts and stopes, effective installation of support, excavation size, shape and orientation, drilling accuracy and blasting control.

Practical ground stability and control objectives were defined which included stopping undue ground displacement,, accurately delineating objective ore zones, using properly scaled equipment, drilling accurately and controlling blasting to avoid over–break and breaching of walls, identifying and deploying the appropriate equipment to ensure effective installation of support and installing all elements of support in a timely and efficient manner.

At the end of Q1 2014, the Company continued to investigate optimum excavation size to keep dilution to a minimum, in order to minimize costs and maximize ounces generated. Work programs continue to change operations parameters, the size and dimension of the excavations on ore, designed in a manner that does not compromise the hanging wall and footwall contacts. Additional benefits are also expected including, but not limited to, ground control accessories reduction (due to smaller profile of drifting), improved geological control, reduced ventilation costs, reduced development costs, reduced equipment costs, improved efficiencies in mining cycles, improved safety of operations (due to new equipment and operational techniques) and reduced milling costs on a per ounce milled basis.

With the change in operating philosophy, the size of excavations will be reduced to approximately 3.0 meters by 3.5 meters and the new trapezoidal shape of the excavations should not compromise the existing hanging wall and footwall units. These efforts are well advanced in the Turmalina and Caeté operations.

Efforts continue at both sites on the reduction to smaller ore and waste development headings. Reductions continue in stope dimension, improvements in ground control and ground control methodologies. Implementation of the external consultant's 2012 recommendations on ground control methodology has resulted in successful applications and completion of the first sublevel stope incorporating this technology. Noted observations in ground control improvement have been observed in all areas due to this ground support work.

The program has resulted in improvements to mine dilution. These changes are being implemented concurrently with continuing operations and are expected to reduce the cash operating cost per ounce and allow for more predictable production.

#### Paciência Plant

The Paciência complex continued on care and maintenance. Work was initiated on the evaluation of the Santa Isabel geology and the remaining accessible ore zones, the geological model was updated, and a review of the mill plant facility was undertaken along with the tailings disposal facility, all with the intent of a restart program. The Company continues to evaluate the potential of mining the accessible ore zones as well as the development and drilling programs to sustain the operation in the future. The efforts in 2014 will remain focused on Turmalina and Caeté operations.

#### Review of Operating Performance

The table below sets forth certain operating data for the combined operating performance:

	Three Months Ended							
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Tonnes of ore processed (t)	268,000	258,000	298,000	271,000	265,000	285,000	285,000	351,000
Average recovery grade	2.89	2.96	3.06	2.96	3.30	2.76	2.85	2.55

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(g/t) <sup>(**)</sup>																
Average recovery rate	88	%	88	%	88	%	88	%	88	%	88	%	88	%	89	%
(%)																
Gold (ounces)																
Produced	23,359		21,956		26,300		22,503		24,836		21,676		23,026		26,888	
Sold	24,181		22,503		24,111		22,920		25,316		21,298		23,307		28,933	
Average sales price per oz sold	\$1,288		\$1,263		\$1,331		\$1,415		\$1,626		\$1,714		\$1,648		\$1,608	
Cash operating cost (per tonne processed) <sup>(*)</sup>	\$77		\$78		\$72		\$81		\$77		\$69		\$78		\$84	
Cash operating cost (per ounce produced) <sup>(*)</sup>	\$923		\$889		\$847		\$931		\$826		\$915		\$963		\$1,162	
All-in cost (per ounce sold) <sup>(*)(***)</sup>	\$1,288		\$1,348		\$1,264		\$1,610		\$1,439		\$1,607		\$1,912		\$2,060	

(\*) Refer to “Non-IFRS Performance Measures” below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

(\*\*\*) This relates to the all-in cost excluding the restructuring expenses that were incurred during Q1 2014, in the amount of \$2.9 million. If the restructuring expenses are considered then the all-in cost is \$1,408 per ounce of gold sold in Q1 2014.

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This relates to the all-in cost excluding the restructuring expenses that were incurred during Q1 2014, in the amount (\*) of \$2.9 million. If the restructuring expenses are considered then the all-in cost is \$1,408 per ounce of gold sold in Q1 2014.

The Company's operating and financial performances are largely determined by the price of gold. The average price of gold sold has declined 21% or \$338 per ounce from \$1,626 per ounce in Q1 2013 to \$1,288 per ounce in Q1 2014. Management has implemented company-wide initiatives to reduce operating and capital costs to counteract current market conditions while focusing on maintaining current productivity levels.

The result of the continuing effort in cost reduction is evidenced in the table and chart above. The all-in costs per ounce of gold sold have decreased significantly over the periods being reported. Most of the cost reduction is attributable to the decrease in labor, external services, maintenance and material costs.

As Jaguar's mining operations and exploration activities are located in Brazil, a large portion of operating costs and capital expenditures are denominated in Brazilian reais. The recent weakening of the R\$ against the US\$ has made a positive contribution to reducing the cash operating and all-in costs. The average exchange rate for the R\$ per US\$1.00 for Q1 2013 and Q1 2014 were 1.99 and 2.37, respectively, an increase of 13% as the US\$ strengthened against the R\$.

The Company's Paciência operation was put on care and maintenance in May 2012, and as a result, the consolidated production level has dropped since Q2 2012. Apart from Paciência, the Company's gold production level has been consistent, except for Q2 2013 and Q4 2013, where gold production decreased as the Caeté site experienced mill liner failures, lower head grade mill feed, and costly challenges with transportation due to poor road conditions.

As a result of the Company-wide cost reduction initiative, some of the primary development and some secondary development in the operations have been deferred. Accordingly, delineation drilling which usually follows the completion of development has also been reduced.



## Turmalina

	Three Months Ended													
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012						
Tonnes of ore processed (t)	111,000	114,000	122,000	123,000	108,000	113,000	115,000	154,000						
Average recovery grade (g/t)**)	3.24	3.13	3.46	3.01	3.37	2.57	2.78	2.34						
Average recovery rate (%)	88 %	89 %	89 %	88 %	89 %	87 %	89 %	90 %						
Gold (ounces)														
Produced	11,374	10,451	12,308	10,345	10,321	8,206	9,186	10,435						
Sold	11,513	10,850	10,850	10,061	10,850	8,037	9,242	11,252						
Cash operating cost (per tonne processed)*)	\$77	\$75	\$73	\$78	\$83	\$74	\$80	\$74						
Cash operating cost (per ounce produced)*)	\$857	\$822	\$758	\$923	\$862	\$1,057	\$991	\$1,125						

(\*)

Refer to "Non-IFRS Performance Measures" below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

The primary mining method utilized at the Turmalina underground mine is sublevel stoping with a fill program resulting in a modified "cut and fill" mining technique. Ore produced at the Turmalina mine is transported to the adjacent 2,000 tonnes per day ("tpd") carbon-in-pulp ("CIP") processing plant.

During Q1 2014, Turmalina produced 11,374 ounces of gold at a cash operating cost of \$857 per ounce. This compares to 10,321 ounces at a cash operating cost of \$862 per ounce during Q1 2013. The \$5 (1%) decrease in the Company's cash operating cost per ounce during Q1 2014, as compared to Q1 2013, was mainly attributable to the change in the exchange rate.

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Underground development at the Turmalina mine totaled 1,300 meters during Q1 2014, compared to 1,900 meters during Q1 2013. Underground delineation drilling at Turmalina totaled 3,800 meters during Q1 2014, compared to 5,900 meters during Q1 2013.

Caeté

	Three Months Ended							
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Tonnes of ore processed (t)	157,000	144,000	176,000	148,000	157,000	172,000	170,000	160,000
Average recovery grade (g/t) <sup>(**)</sup>	2.65	2.82	2.78	2.92	3.25	2.88	2.90	2.99
Average recovery rate (%)	88	% 88	% 88	% 88	% 88	% 88	% 88	% 90
Gold (ounces)								
Produced	11,985	11,505	13,992	12,158	14,515	13,470	13,840	13,804
Sold	12,668	11,653	13,261	12,859	14,466	13,261	13,692	14,466
Cash operating cost (per tonne processed) <sup>(*)</sup>	\$77	\$79	\$71	\$84	\$73	\$66	\$77	\$81
Cash operating cost (per ounce produced) <sup>(*)</sup>	\$986	\$950	\$925	\$938	\$801	\$828	\$945	\$953

(\*) Refer to “Non-IFRS Performance Measures” below.

<sup>(\*\*)</sup> The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

The Caeté mining complex has two underground mines (Roça Grande and Pilar) that primarily utilize the “cut and fill” mining method as well as some “sublevel stoping” at Pilar. Ore produced from these mines is transported to the 2,200 tpd CIP processing plant adjacent to the Roça Grande mine.

During Q1 2014, Caeté produced 11,985 ounces of gold at a cash operating cost of \$986 per ounce. This compares to 14,515 ounces at a cash operating cost of \$801 per ounce during Q1 2013. The \$185 (23%) increase in cash operating cost is mainly attributable to the lower average recovery grades.

Underground development at the Pilar and Roça Grande mines totaled 1,200 meters during Q1 2014, compared to 1,800 meters during Q1 2013. Underground delineation drilling at the mines totaled 4,000 meters during Q1 2014, compared to 5,600 meters during Q1 2013. These figures reflect some of the drilling and mine development which is being deferred at the Pilar and Roça Grande mines.

#### Paciência

The Paciência operation continued on care and maintenance during Q1 2014. No gold has been produced since Q2 2012 when it was put on care and maintenance. No underground development or drilling work was carried out by the Company at the Paciência mine during Q1 2014.

The Company has not established a timeframe to complete the Paciência remediation plans and restart production.

#### Sabará

The remediation and re-vegetation program started in 2012 continues at the Sabará operation.

#### Review of Financial Results

(\$ in 000s, except per share amounts)	Three Months Ended							
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Gold sales	\$31,100	\$28,461	\$32,082	\$32,427	\$41,170	\$36,511	\$38,412	\$40,000
Gross profit (loss)	1,087	(1,427 )	3,496	336	10,382	9,344	5,522	(5,000 )
Net loss	(15,755 )	(166,642)	(13,192 )	*(62,717)	(6,926 )	(49,371 )	(21,625 )	(1,000 )
Basic and diluted loss per share	(0.18 )	(1.94 )	(0.15 )	(0.74 )	(0.08 )	(0.58 )	(0.26 )	(0.01 )
Cashflows from operating activities	2,609	(3,199 )	5,072	(131 )	11,071	5,380	(2,600 )	5,000
Total assets	285,372	294,788	441,659	458,129	504,564	503,875	568,162	580,000

Total liabilities	394,954	388,347	369,297	373,999	357,017	350,072	365,200	35
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(\*) Recast from Q2 2013 figures due to a foreign exchange adjustment.

During Q1 2014, the market price of gold (London PM Fix) traded in a range from \$1,221 to \$1,385 and averaged \$1,293 per troy ounce. This was approximately 20% lower than the average price for Q1 2013 which was \$1,623 and traded in a range from \$1,574 to \$1,694.

The Company reports its financial statements in US\$; however, a significant portion of the Company's expenses are incurred in either Cdn\$ or R\$. The average exchange rates for the Cdn\$ per US\$ for Q1 2014 and Q1 2013 were 1.10 and 1.01, respectively. The average exchange rates for the R\$ per US\$ for Q1 2014 and Q1 2013 were 2.27 and 2.00, respectively.

## Q1 2014 Compared to Q1 2013

(\$ in 000s)	Three Months Ended March 31,	
	2014	2013
Gold sales	\$31,100	\$41,170
Production costs	(21,337)	(22,819)
Depletion and amortization	(8,676 )	(7,969 )
Gross profit (loss)	\$1,087	\$10,382

Gold sales for Q1 2014 decreased \$10.1 million or 24% from Q1 2013. The reduction is mainly due to the decrease in gold price. The average realized gold price decreased 21% to \$1,288 per ounce for Q1 2014 from \$1,626 per ounce in Q1 2013. Below is the breakdown of gold sales, by unit:

Gold Sales by Mine	Three Months ended March 31,			
	2014		2013	
	in \$ 000	in oz	in \$ 000	in oz
Turmalina	\$14,806	11,513	\$17,595	10,850
Caeté	16,294	12,668	23,575	14,466
Total	\$31,100	24,181	\$41,170	25,316

The Company reported a gross profit of \$1.1 million for Q1 2014 compared to a gross profit of \$10.4 million for Q1 2013. The decrease in gross profit for Q1 2014 versus Q1 2013 was primarily related to the decrease in gold price. The gross profit represents 3% of the total gold sales in Q1 2014, compared to 25% in Q1 2013.

Net loss for Q1 2014 was \$15.8 million compared to a net loss of \$6.9 million for Q1 2013. The table and paragraphs below provide relevant summary information for the key operating and non-operating expenses.

## Operating Expenses

(\$ in 000s)	Three Months Ended March 31,	
	2014	2013

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Exploration	\$39	\$327
Paciência care and maintenance	606	708
Stock-based compensation	45	222
Restructuring fees	2,907	-
Administration	4,037	4,213
Amortization	270	292
Adjustment to provision for VAT and other taxes	2,738	-
Legal and other provision	1,281	2,909
Other operating expenses	1,249	74
Total Operating Expenses	\$13,172	\$8,745

As previously discussed, the Company's Paciência project was put on care and maintenance in May 2012. The care and maintenance charges include labor and services on site and ongoing care and maintenance costs relating to the plant and mine.

Restructuring fees include the fees related to the recapitalization and financing transaction under the CCAA Plan, mainly legal fees and consulting expenses.

Administration expenses include legal and accounting costs, costs to maintain offices and personnel and costs associated with being a publicly-traded company. Administration expenses decreased in Q1 2014 compared to the same period in 2013 mainly due to the implementation of company-wide cost reduction initiatives.

The Company recorded a provision against its recoverable taxes given limited methods available to recover such taxes and the length of time it will take to recover such taxes during Q4 2013. The provision reduced the net carrying value of value added taxes and other to their estimated present value based on the manner and timing of expected recovery, discounted at a rate of 9.9%. The impact in the statement of loss and comprehensive loss in Q1 2014 is related to the net increase of the provision, due to the change in the discount rate (Selic – Brazilian free risk rate) that was 9.9% in Q4 2013 and 10.75% in Q1 2014 and the passage of time.

Legal and other provision include the financial impact of provisions for outstanding lawsuits in Brazil. The Company had approximately 333 labor claims outstanding as at March 31, 2014 which are being disputed through various court actions. In the normal course of operations, the Company may be subject to lawsuits and other claims, including environmental, labor and other matters. The ultimate outcome or actual cost of settlement may vary significantly from management estimates. As at March 31, 2014, the Company has recognized a provision of \$8.4 million (December 31, 2013 – \$8.0 million) representing management's best estimate of expenditures required to settle present obligations

#### Other Expenses

(\$ in 000s)	Three Months Ended March 31,	
	2014	2013
Realized gain on derivatives	\$-	\$(482 )
Gain on conversion option embedded in convertible debt	-	(1,122)
Foreign exchange gain	(982 )	(647 )
Accretion expense	456	457
Interest expense	4,363	8,174
Interest income	(174 )	(260 )
Loss on disposition of property	8	1,735
Other non-operating expenses	5	504
Total Other Expenses	\$3,676	\$8,359

The conversion option component embedded in the Notes was treated as a derivative liability and recorded at fair value using the Crank–Nicolson valuation model. The valuation model required inputs, such as the Company’s common share price, volatility and credit spread. The change in fair value is a non–cash item which was recorded in the statements of operations and comprehensive loss. Due the decline in the Company’s share price, the option component had no value at December 31, 2013 and March 31, 2014.

During Q1 2014, the US\$ weakened against the R\$. The exchange rate moved from 2.34 R\$/US\$ at December 31, 2013 to 2.26 R\$/US\$ at March 31, 2014, resulting in a foreign exchange gain of recoverable taxes which is offset by the foreign exchange loss on accounts payable, reclamation provisions and deferred tax liabilities.

The interest expense is comprised of accrued interests on debt and any discount and transaction costs on debt. The decrease in interest expense for Q1 2014 compared to the same period in 2013 is related to events of default under the 4.5% and 5.5% convertible notes and the Renvest Credit Facility that occurred in December 2013. The events of default led the referred debt and the related accrued and unpaid interest to be declared immediately due and payable as at December 31, 2013. As a result, the Company recorded additional interest expenses to recognize the remaining discount and transaction costs on the issuance of the Convertible Notes and the Renvest Credit Facility as at December 31, 2013.



On April 22, 2014, the Company had successfully implemented the CCAA Plan. See “Significant Changes – CCAA Proceedings.”

## Financial Condition, Cash Flow, Liquidity And Capital Resources

The Company’s financial statements were prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

### Cash Flow Highlights

(\$ in 000s)	Three Months Ended March 31,	
	2014	2013
Operating activities	\$2,609	\$11,071
Financing activities	(695 )	1,212
Investing activities	(4,293)	(7,456 )
Effect of foreign exchange on non-US\$ denominated cash and cash equivalents	373	(298 )
Decrease in cash for the period	(2,006)	4,529
Beginning cash balance	9,015	13,856
Ending cash balance <sup>(1)</sup>	\$7,009	\$18,385

(1) Cash balance excludes \$109,000 of restricted cash on December 31, 2013.

Cash flow from operating activities generated \$2.6 million of cash during Q1 2014, compared to \$11.1 million generated during Q1 2013. The decrease of \$8.5 million is mainly related to the reduction of the gold price, despite the efforts to reduce costs and expenses.

Cash flow from financing activities consumed \$695,000 of cash during Q1 2014, compared to \$1.2 million generated during Q1 2013, mainly due to the payment of interest on loans outstanding.

Investing activities consumed \$4.3 million of cash during Q1 2014 compared to \$7.5 million for Q4 2012. The reduction is part of the Company's plan to defer some capital expenditures in order to preserve cash.

Capital expenditures were primarily used for underground development, equipment improvement and replacement throughout the Company's operations in Minas Gerais. The table below summarizes the actual capital spending by site and by category:

(\$ in 000s)	Three months ended March 31, 2014
Turmalina	\$ 1,275
Caeté	2,715
Gurupi Project	133
Other spending	201
Total capital spending	\$ 4,324

(\$ in 000s)	Three months ended March 31, 2014
Mine development	\$ 2,652
Sustaining (equipment and services)	785
Sustaining (engineering)	97
Exploration	298
Other	492
Total capital spending	\$ 4,324
Amount paid in cash	\$ 4,324

### Contractual Obligations

The Company's contractual obligations as at March 31, 2014 are summarized as follows:

As at March 31, 2014	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
<b>Financial Liabilities</b>					
Notes payable <sup>(1)</sup>					
Principal	\$ 316,422	\$ 6,951	\$ -	\$ -	\$ 323,373
Interest	21,874	5,708	-	-	27,582
	\$ 338,296	\$ 12,659	\$ -	\$ -	\$ 350,955
<b>Other Commitments</b>					
Operating lease agreements	\$ 262	\$ 166	\$ -	\$ -	\$ 428
Suppliers' agreements					
Mine operations <sup>(2)</sup>	1,044	-	-	-	1,044
Reclamation provisions <sup>(3)</sup>	889	5,986	1,398	13,762	22,035
	\$ 2,195	\$ 6,152	\$ 1,398	\$ 13,762	\$ 23,507
<b>Total</b>	<b>\$ 340,491</b>	<b>\$ 18,811</b>	<b>\$ 1,398</b>	<b>\$ 13,762</b>	<b>\$ 374,462</b>

The contractual maturity of the principal portion of the notes payable takes into consideration events of default that <sup>(1)</sup>have occurred under the relevant debt agreements. Interest amounts are based on contractual terms assuming the principal remains outstanding for its original term. Please refer to "Financial Restructuring Plan – CCAA Proceedings."

<sup>(2)</sup>The Company has the right to cancel the mine operations contracts with 30 days advance notice. The amount included in the contractual obligations table represents the amount due within 30 days.

<sup>(3)</sup> Reclamation provisions are not adjusted for inflation and are not discounted.

## Balance Sheet Highlights

(\$ in 000s)	March 31, 2014	December 31, 2013
Current assets	\$40,419	\$ 44,635
Long-term assets	244,953	250,153
Total assets	\$285,372	\$ 294,788
Current liabilities	\$367,898	\$ 361,180
Long-term liabilities	27,056	27,167
Total liabilities	\$394,954	\$ 388,347

Working capital decreased \$11.0 million from negative \$316.5 million at December 31, 2013 to negative \$327.5 million at March 31, 2014. The decrease in the working capital is largely related to the decision to defer the payment of the 5.5% Convertible Notes interest and the increase in accounts payable.

#### Risk Management Policies – Hedging

At March 31, 2014, the Company had the following outstanding gold forward contracts:

Settlement date	Ounces hedged	US\$ per ounce	Unrealized gain \$
April 30, 2014	3,989	\$ 1,341	\$ 195

The Company entered into gold forward contracts to hedge against the risk of declining gold prices for a portion of its forecasted gold sales. The Company closely monitors the changes in gold price and, as deemed appropriate by management, may enter into gold forward contracts with the aim of minimizing the impact of adverse changes to the price of gold.

The forward exchange contracts are considered derivative financial instruments and are used for risk management purposes and not for generating trading profits. The Company closely monitors exchange rates and, as deemed appropriate by management, may enter into forward currency contracts (to the extent that credit facilities are available) with the aim of minimizing the impact of adverse changes of the R\$ and US\$ relationship. As at March 31, 2014 the Company did not have any open forward foreign exchange contracts.

The Company is exposed to credit-related losses in the event of non-performance by its financial counterparties to the derivative financial instruments, but does not expect these counterparties to fail to meet their obligations.

Hedge accounting is applied to cash flow hedges that qualify under the hedging requirements of IAS 39 Financial Instruments: Recognition and Measurement (“IAS39”). The effective portion of any gain or loss on the hedging instrument is recognized in other comprehensive income (“OCI”) and the ineffective portion is reported as an unrealized gain (loss) on derivatives contracts in the statements of operations and comprehensive loss.

Unrealized gains and losses on forward sales contracts are a result of the difference between the forward spot price of the gold and the forward sales contract price. Unrealized gains and losses on forward foreign exchange contracts are primarily a result of the difference between the forward currency contract price and the spot price of the Brazilian

reais.

#### Recoverable Taxes

The Company is required to pay certain 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 structures. The Company is currently working on several initiatives to obtain an exemption for taxes in certain transactions and to accelerate the process of recovering existing credits. During Q1 2014 the Company updated the provision for VAT and other taxes. This provision was recorded against its recoverable taxes given 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 value of value added taxes and other to their estimated present value based on the manner and timing of expected recovery, discounted at a rate of 10.75%. As at March 31, 2014, total recoverable taxes denominated in Brazilian reais, net of related provisions, amounted to R\$66.8 million, equivalent to approximately \$29.5 million (December 31, 2013 – R\$68.4 million, equivalent to approximately \$29.2 million).

During the quarter ended March 31, 2014, the Company sold ICMS credits to other taxpayers totaling \$767,000 using a discount rate of approximately 15%, and used \$756,000 of recoverable federal tax credits to offset taxes payable, mainly related to payroll taxes.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet investment arrangements.

## Income Taxes

The Company recorded an income tax recovery of \$2,000 for Q1 2014, compared to an income tax expense of \$204,000 for Q1 2013. The income tax provision reflects a current income tax expense of \$352,000 and a deferred income tax recovery \$354,000. This compares to a current income tax expense of \$339,000 and a deferred income tax recovery of \$135,000 for Q1 2013. The income tax recovery of \$2,000 for Q1 2014 primarily relates to the deferred tax impact of the weakening US\$ during the quarter offset by current income taxes. The consolidated balance sheet reflects a current tax liability of \$12.0 million as at March 31, 2014 and \$11.6 million as at December 31, 2013; and a deferred income tax liability of \$6.2 million as at March 31, 2014 and \$6.4 million as at December 31, 2013.

The income tax provision is subject to a number of factors, including the allocation of income between different countries, different tax rates in various jurisdictions, the non-recognition of tax assets, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments. Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, as discussed above, it is expected that the Company's effective tax rate will fluctuate in future periods.

The Company has approximately \$109.3 million of tax loss carry forwards available in Canada and \$112.6 million in Brazil. The Brazilian tax loss can be carried forward indefinitely. In Brazil only 30% of taxable income can be offset by such loss carry forwards in any given tax year.

## Outlook

The following section represents forward-looking information and users are cautioned that actual results may vary. Please see Important Information and Cautionary Statement Regarding Forward-Looking Statements set forth above.

The price of gold is the largest single factor in determining profitability and cash flow from operations, therefore, the financial performance of the Company has been, and is expected to continue to be, closely linked to the price of gold. Historically, the price of gold has been subject to volatile price movements over short periods of time and is affected

by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on gold price include currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold and macroeconomic factors such as the level of interest rates and inflation expectations. A Company-wide effort has been made to reduce operating costs and capital costs to counteract current market conditions while focusing on maintaining current productivity levels to meet budget guidance for 2014.

#### Litigation and Contingencies

#### Labor Practices

Brazilian labor law is a complex system of regulations, one in which the Company has historically not been in full compliance. Management has identified at least 47 labor law violations in the Company's legacy human resource practices. As of March 31, 2014, there were 333 employee-initiated lawsuits against the Company, largely related to wages or accidents. During the quarter ended March 31, 2014, 29 new lawsuits were filed and 91 old lawsuits were finalized, via settlements. Although the aggregate face amount of the legacy lawsuits approximates to \$17.0 million, based on management's assessment of the likelihood of loss related to these lawsuits, the Company has recognized \$8.4 million as the estimated liability in its financial statements as at March 31, 2014. In the first quarter of 2014, court and settlement costs were \$1.1 million. There can be no assurance that additional lawsuits will not be filed against the Company with respect to past practices.



Union contracts, negotiated in 2013, are in substantial compliance with applicable laws. Of the 47 labour law violations identified, management made significant progress during 2013 and during the quarter ended March 31, 2014, in rectifying the deficiencies. As of March 31, 2014, 65% of the identified violations have been remedied, while 30% are in progress and the remaining 5% are pending action.

#### Litigation with Former Directors and Officers

Please see the section titled "Business – Litigation and Legal Proceedings – Daniel Titcomb Litigation."

Based on completion of the CCAA Plan no accrual has been recorded with respect to such lawsuit.

#### MSOL vs. Brazilian Resources, Inc.

Brazilian Resources Inc. ("BZI") failed to pay to the Company on December 31, 2012 and December 31, 2013, an amount of \$197,872 for each year, totaling the amount of \$395,744 by way of a note payable. The Company is pursuing redress through court action in Brazil and currently has a lien on real estate in Concord, New Hampshire to ensure the protection of its interests against BZI.

BZI also has yet to pay R\$387,839 (approximately \$166,000) in respect of a Brazilian labour court settlement. By way of background, in 2008, a Brazilian labour claim settlement for R\$378,158 was awarded against a BZI subsidiary in Brazil known as BW Mineração Ltda. ("BZI BW"). As BZI BW failed to pay the court ordered claim and the Brazilian labour court considered MSOL, MTL and BZI BW, to be an economic group, and MSOL and MTL had funds taken directly from their Brazilian bank accounts by the court to settle the R\$378,158 claim on BZI BW's behalf. BZI subsequently agreed to repay the amount awarded by the court to MSOL and MTL. The BZI liability is denominated in Brazilian reais in the amount of R\$387,839, and bears interest at U.S. LIBOR payable quarterly. No payment of interest, accrued interest or principal has been made to date, nor has BZI confirmed a date when it intends to pay its debt outstanding. The Company is pursuing court action in the Merrimack Superior Court of New Hampshire, USA, to obtain repayment in full.

#### Environmental Issues

All phases of the Company's operations are subject to environmental regulation in Brazil. The Company has not been in full compliance with all environmental laws and regulations or held, or been in full compliance with, all required environmental and health and safety permits at all times. The Company is currently subject to a number of reclamation and remediation liabilities and may have civil or criminal fines or penalties imposed for alleged violations of applicable laws or regulations in Brazil. The Company has implemented and prioritized control structures and monitoring programs to address each environmental non-compliance, and a reclamation plan for each of its mining/project sites is being prepared.

## Risks and Uncertainties

The business of Jaguar involves significant risk due to the nature of mining, exploration, and development activities. Certain risk factors are related to the mining industry in general while others are specific to Jaguar. The Company's exposure to risks and other uncertainties are particularly described above in the section titled "Risk Factors." Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

## Development and Exploration

### Gurupi Project

Work on the Gurupi Project is planned to be reinitiated in 2014 and the Company is currently recruiting a Project Manager to lead the Gurupi advancement efforts. Recently, the Company has only made those expenditures necessary to maintain the claims in good standing.

For further information on the Gurupi Project, please the section titled "Business – Material Mining Properties – Gurupi Project."

#### Pedra Branca Project

Work on the Pedra Branca Project has been delayed as the Company focuses its efforts on completing the operational turnaround plan and implementation of production improvement programs at the Turmalina and Caeté operations. Consequently, the Company made only those expenditures required to maintain the claims and land tenure in good standing.

In March 2007, Jaguar entered into an earn-in agreement with Glencore Xstrata plc. (formerly known as Xstrata plc.) to explore the Pedra Branca Project in the State of Ceará in northeastern Brazil. The Pedra Branca Project currently has mineral rights to 6 exploration licenses and 15 pending applications for exploration licenses totaling 34,251 hectares covering a 38-kilometer section of a regional shear zone. The concessions are located in and around municipal areas with good infrastructure. The mineralized structures are open along strike with potential for significant gold mineralization. During 2007 and 2008, Jaguar completed an exploration drilling program to test the continuity of the mineralization laterally and at depth. During 2009, Jaguar carried out geological reconnaissance in the concession area, trenching and soil geochemistry. In 2010, Jaguar continued with the exploration program, including extensive geological mapping, drainage and soil geochemistry, mapping of anomalous zones and trenching. During 2011, the trenching program data was thoroughly analyzed in order to prioritize previously identified target zones. Of the original 50-kilometer strike length, a stretch of 15 kilometers of the gold-bearing shear zone containing 18 relevant high potential targets were identified. Among the 18 mineralized zones, Mirador, Coelho, Queimadas and Igrejinha are considered high priority targets where exploratory drilling has been performed. Drilling results and geological data suggest potential for gold deposits.

On April 24, 2012, Jaguar executed an amendment to the 2007 earn-in agreement with Glencore Xstrata plc to acquire the remaining 40% interest in the Pedra Branca Project. The Project, which was previously owned jointly by Jaguar and Glencore Xstrata plc on a 60/40 basis, is now 100% owned by Jaguar. In accordance with the terms of the amendment, Jaguar committed to: (i) cash consideration in the amount of \$400,000 paid in installments in the following year (fully paid as at March 31, 2014); (ii) an NSR of one percent (1%) payable to Glencore Xstrata plc on future gold production; and (iii) rights of first refusal on any Base Metal Dominant Deposit (as defined in the amendment) discovered. Upon such discovery, Glencore Xstrata plc may elect to form a new company owned 30% by the Company's wholly owned subsidiary, MSOL and 70% by Glencore Xstrata plc, by paying three hundred percent (300%) of MSOL's exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

#### Turmalina Zona Basal Project

The Company has completed an Exploration Report on the Zona Basal target, located 3 kilometers west of the Turmalina plant facility and filed it with the Brazilian Federal authority for mineral rights DNPM, applying for a Mining Concession. The Company intends to continue exploration on this target.

#### Non-IFRS Performance Measures

The Company has included the non-IFRS performance measures cash operating margin per ounce of gold produced, cash operating cost per tonne of ore processed, and cash operating cost per ounce of gold produced, and all-in costs per ounce of gold sold in this document. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. More specifically, management believes that these figures are a useful indicator to investors and management of a mine's performance as they provide: (i) a measure of the mine's cash margin per tonne/ounce, by comparison of the cash operating costs per tonne/ounce to the price of gold; (ii) the trend in costs as the mine matures; and (iii) an internal benchmark of performance to allow for comparison against other mines. The definitions of these performance measures and reconciliation of the non-IFRS measures to reported IFRS measures are as follows:

## Summary of Cash Operating Cost per Tonne Processed:

	Three Months Ended March 31,	
	2014	2013
Average sales price per ounce of gold	\$ 1,288	\$ 1,626
Less: Cash operating cost per ounce of gold produced	\$ 923	826
Cash operating margin per ounce of gold	\$ 365	\$ 800

## Summary of Cash Operating Cost per Tonne Processed:

	Three Months Ended March 31,	
	2014	2013
Consolidated		
Production costs per statement of operations <sup>(1)</sup>	\$22,270,000	\$20,940,000
Change in inventory <sup>(2)</sup>	(1,690,300 )	(508,500 )
Operational cost of gold produced <sup>(3)</sup>	\$20,579,700	\$20,431,500
Tonnes processed (t)	268,000	\$265,000
Cost per tonne processed	\$76.80	\$77.10

## Turmalina Plant

Production costs	\$10,022,000	\$9,606,000
Change in inventory <sup>(2)</sup>	(1,452,800 )	(698,300 )
Operational cost of gold produced <sup>(3)</sup>	\$8,569,200	\$8,907,700
Tonnes processed (t)	111,000	108,000
Cost per tonne processed	\$77.20	\$82.50

## Caeté Plant

Production costs	\$12,248,000	\$11,334,000
Change in inventory <sup>(2)</sup>	(237,500 )	189,800
Operational cost of gold produced <sup>(3)</sup>	\$12,010,500	\$11,523,800
Tonnes processed (t)	157,000	157,000
Cost per tonne processed	\$76.50	\$73.40

Production costs do not include cost of goods sold recovery adjustment of approximately \$2.0 million, royalty expenses of \$703,000 and CFEM tax expenses of \$316,000 for the three months ended March 31, 2014. The cost of  
(1) goods sold adjustment includes an inventory write-down recovery of \$2.6 million and \$620,000 of other expenses adjustments for the three months ended March 31, 2014.

Under the Company's revenue recognition policy, revenue is recognized when legal title passes. Since total cash  
(2) operating costs are calculated on a production basis, this change reflects the portion of gold production for which revenue has not been recognized in the period.

(3) The basis for calculating cost per ounce produced includes the change to gold-in-process inventory, whereas the cost per tonne processed does not include the change to gold-in-process inventory.

## Summary of Cash Operating Cost per Ounce of Gold Produced:

	Three Months Ended	
	March 31,	
	2014	2013
Consolidated		
Production costs per statement of operations <sup>(1)</sup>	\$22,270,000	\$20,940,000
Change in inventory <sup>(2)</sup>	(705,272 )	(416,783 )
Operational cost of gold produced <sup>(3)</sup>	\$21,564,728	\$20,523,217
Gold produced (ounce)	23,359	24,837
Cost per ounce of gold produced	\$923	\$826
Turmalina Plant		
Production costs	\$10,022,000	\$9,606,000
Change in inventory <sup>(2)</sup>	(274,482 )	(709,298 )
Operational cost of gold produced <sup>(3)</sup>	\$9,747,518	\$8,896,702
Gold produced (ounce)	11,374	10,321
Cost per ounce of gold produced	\$857	\$862
Caeté Plant		
Production costs	\$12,248,000	\$11,334,000
Change in inventory <sup>(2)</sup>	(430,790 )	292,515
Operational cost of gold produced <sup>(3)</sup>	\$11,817,210	\$11,626,515
Gold produced (ounce)	11,985	14,515
Cost per ounce of gold produced	\$986	\$801

Production costs do not include cost of goods sold recovery adjustment of approximately \$2.0 million, royalty expenses of \$703,000 and CFEM tax expenses of \$316,000 for the three months ended March 31, 2014. The cost of goods sold adjustment includes an inventory write-down recovery of \$2.6 million and \$620,000 of other expenses adjustments for the three months ended March 31, 2014.

Under the Company's revenue recognition policy, revenue is recognized when legal title passes. Since total cash operating costs are calculated on a production basis, this change reflects the portion of gold production for which revenue has not been recognized in the period.

The basis for calculating cost per ounce produced includes the change to gold-in-process inventory, whereas the cost per tonne processed does not include the change to gold-in-process inventory.

## Summary of All-in Cost per Ounce of Gold Sold:

The all-in cost per ounce of gold sold was calculated in accordance with the guidance of The World Gold Council.

	Three Months Ended March 31,	
	2014	2013
Production cost per unaudited interim consolidated financial statements	\$ 21,337	\$ 22,819
Stock-based compensation (recoveries) - site-based	-	-
Adjusted Operating Costs	21,337	22,819
Corporate administration (*)	4,037	4,213
Stock-based compensation (recoveries) - corporate	45	222
Accretion expenses (operating sites)	152	256
Exploration (sustaining)	298	504
Capital expenditure (sustaining)	4,191	7,093
All-in Sustaining Costs	30,060	35,107
Accretion expenses (non-operating sites)	304	201
Exploration (green field)	39	327
Capital expenditure (non-sustaining)	133	86
Care and maintenance (non-operating sites)	606	708
All-in Costs	\$ 31,142	\$ 36,429
Ounces of gold sold	24,181	25,316
Adjusted Operating Costs / Oz of Gold Sold	\$ 882	\$ 901
All-in Sustaining Costs / Oz of Gold Sold	\$ 1,243	\$ 1,387
All-in Costs / Oz of Gold Sold	\$ 1,288	\$ 1,439

(\*) Excludes the restructuring expenses occurred during Q1 2014.

## Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during



the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as those related to the assessment of recoverability of the carrying amount of property, plant, and equipment, valuation of mineral exploration projects, recoverable taxes, deferred tax assets and liabilities, reclamation provisions, derivatives, liabilities associated with certain long-term incentive plans, measurement of inventory and disclosure of contingent assets and liabilities depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact the Company's condensed interim consolidated financial statements.

The judgments that management has applied in the application of accounting policies and related estimates that have the most significant effect on the amounts recognized are discussed in Note 3 of the Company's December 31, 2013 annual consolidated financial statements which are available on SEDAR and EDGAR.

#### Changes in Accounting Policies Including Initial Adoption

The accounting policies applied in the condensed interim consolidated financial statements as at March 31, 2014 are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2013, with the exception of the following standards and interpretations adopted in 2014:

IFRIC 21 – Levies (“IFRIC 21”) – In May 2013, the IFRS Interpretations Committee (IRFIC), with the approval of the IASB, issued IFRIC 21 – Levies. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. The adoption of IFRIC 21 had no material impact on the financial statements of the Company.

IAS 32 – Offsetting of financial instruments (“IAS 32”) – The amendments to IAS 32, Financial Instruments: Presentation, clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. There was no material impact on the Company's unaudited condensed interim consolidated financial statements upon adoption of these amendments.

#### Future Accounting Policy Changes Issued but Not Yet in Effect

The following is new pronouncement approved by the IASB. The following new standard and interpretations is not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods.

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. . The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

## Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting (as such term is defined under rules adopted by the U.S. Securities Exchange Commission and National instrument 52–109 as issued by the Canadian Securities Administrator). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes during the quarter ended March 31, 2014 that, in management's view, would have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Events Occurring Subsequent to March 31, 2014

On April 29, 2014 the common shares of the Company were accepted for listing by the TSXV through its streamlined listing procedures and the trading started at the opening of market on May 1, 2014. The trading symbol of Jaguar's common shares will remain "JAG."

The common shares of the Company were delisted from the TSX effective at the close of market on April 30, 2014. Trading in the common shares of Jaguar had been suspended since December 23, 2013 and remained suspended until the delisting from the TSX.

In connection with the implementation of the CCAA Plan on April 22, 2014, the common shares of Jaguar that existed immediately prior to the implementation of the Plan were consolidated at a ratio of one (1) post-consolidation common share for each 86.39636 pre-consolidation common shares. The common shares of Jaguar commenced trading on the TSXV on a post-consolidated basis and there are currently 111,111,038 common shares of the Company issued and outstanding.

## Results of Operations for the years ended December 31, 2013 and December 31, 2012

## Annual Review

	FY 2013	FY 2012	FY 2011
(\$ in 000's, except per share amounts)			
Gold sales	\$134,140	\$172,430	\$243,137
Gross profit	12,786	6,143	43,352
Impairment charges	(145,487)	(102,997)	-
Restructuring expenses	(4,632 )	(2,568 )	-
Net loss	(249,307)	(84,537 )	(65,623 )
Basic income (loss) per share	(2.91 )	(1.00 )	(0.78 )
Diluted income (loss) per share	(2.91 )	(1.00 )	(0.78 )
Current assets	44,635	60,310	134,076
Total assets	294,788	503,875	660,666
Long-term liabilities	27,167	268,443	335,608
Total liabilities	388,347	350,072	422,857

Company Developments

- 1% increase in gold production totaling 21,956 ounces in Q4 2013 compared to 21,676 ounces in Q4 2012;
- 6% increase in gold sales totaling 22,503 ounces in Q4 2013 compared to 21,298 ounces in Q4 2012;
- 3% decline in cash operating cost reaching \$889 per ounce in Q4 2013 versus \$915 per ounce in Q4 2012;
- 16% reduction in all-in cost improving from \$1,607 per ounce sold in Q4 2012 to \$1,348 per ounce sold in Q4 2013;
- 9% reduction in headcount in Q4 2013 compared to Q4 2012;

On November 1, 2013, Jaguar deferred payment of approximately \$3.7 million of interest on the 4.5% Convertible Notes (see “Operational Restructuring and Turnaround Plan – CCAA Proceedings”);

On November 13, 2013, the Company and its subsidiaries entered into the Support Agreement with the Noteholders of approximately 81% of the 4.5% Convertible Notes and 82% of its \$103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (together with the 4.5% Convertible Notes, the “Notes”) to effect a recapitalization and financing transaction that would eliminate approximately \$268.5 million of the Company’s outstanding indebtedness by exchanging the Notes for common shares of Jaguar and inject approximately \$50.0 million into the Company by way of the Share Offering by Noteholders pursuant to the “Backstop Agreement” between the Company, its subsidiaries and certain Noteholders (see “Operational Restructuring and Turnaround Plan – CCAA Proceedings”);

Additional Noteholders signed consent agreements to the Support Agreement such that as of November 26, 2013 holders of approximately 93% of the Notes had signed the Support Agreement or a consent agreement thereto; and

On December 23, 2013, the Company filed for creditor protection under the CCAA in the Court. The CCAA Proceedings were commenced in order to implement a recapitalization transaction as contemplated in the Support Agreement through the CCAA Plan (see “Operational Restructuring and Turnaround Plan – CCAA Proceedings”).

## Review of Operating Performance

The table below sets forth certain operating data for the combined operating performance:

	Three Months Ended									
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012		
Tonnes of ore processed (t)	258,000	298,000	271,000	265,000	285,000	285,000	351,000	447,000		
Average recovery grade (g/t) <sup>(**)</sup>	2.96	3.06	2.96	3.30	2.76	2.85	2.55	2.42		
Average recovery rate (%)	88 %	88 %	88 %	88 %	88 %	88 %	89 %	90 %		
Gold (ounces)										
Produced	21,956	26,300	22,503	24,836	21,676	23,026	26,888	31,233		
Sold	22,503	24,111	22,920	25,316	21,298	23,307	28,933	30,138		
Average sales price per oz sold	\$1,263	\$1,331	\$1,415	\$1,626	\$1,714	\$1,648	\$1,608	\$1,691		

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Cash operating cost (per tonne processed) <sup>(*)</sup>	\$78	\$72	\$81	\$77	\$69	\$78	\$84	\$87
Cash operating cost (per ounce produced) <sup>(*)</sup>	\$889	\$847	\$931	\$826	\$915	\$963	\$1,162	\$1,268
All-in cost (per ounce sold) <sup>(*)(***)</sup>	\$1,348	\$1,264	\$1,610	\$1,439	\$1,607	\$1,912	\$2,060	\$2,377

(\*) Refer to “Non-IFRS Performance Measures” below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

(\*\*\*) Relates to the all-in cost disregarding the restructuring expenses that were incurred during Q4 2013, in the amount of \$3.5 million. If the restructuring expenses are considered then the all-in cost is \$1,504 per ounce of gold sold.

(\*) Relates to the all-in cost disregarding the restructuring expenses that were incurred during Q4 2013, in the amount of \$3.5 million. If the restructuring expenses are considered then the all-in cost is \$1,504 per ounce of gold sold.

The Company's operating and financial performances are largely determined by the price of gold. The average price of gold sold has declined 26.3% or \$451 per ounce from \$1,714 per ounce in Q4 2012 to \$1,263 per ounce in Q4 2013. Current management has implemented company-wide initiatives to reduce operating and capital costs to counteract current market conditions while focusing on maintaining current productivity levels.

The result of the continuing effort in cost reduction is evidenced in the table and chart above. Both the cash operating costs per ounce produced and the all-in costs per ounce of gold sold have decreased significantly over the periods being reported. Most of the cost reduction is attributable to the decrease in labour, external services, maintenance and material costs. As Jaguar's mining operations and exploration activities are located in Brazil, a large portion of operating costs and capital expenditures are denominated in Brazilian reais. The recent weakening of the R\$ against the US\$ has made a positive contribution to reducing the cash operating and all-in costs. The average exchange rate for the R\$ per US\$1.00 for Q4 2012 and Q4 2013 were 2.06 and 2.27 respectively, an increase of 10% as the US\$ strengthened against the R\$.

The Company's Paciência operation was put on care and maintenance in May 2012, and as a result, the consolidated production level has dropped since Q2 2012. Apart from Paciência, the Company's gold production level has been consistent, except for Q2 2013, where gold production decreased as the Caeté site experienced mill liner failures, lower head grade mill feed, and costly challenges with transportation due to poor road conditions. An action plan was put in place and the production level significantly improved in the following periods.

As a result of the Company-wide cost reduction initiative, some of the primary development and some secondary development in the operations have been deferred. Accordingly, delineation drilling which usually follows the completion of development has also been reduced.



## Turmalina

	Three Months Ended							
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Tonnes of ore processed (t)	114,000	122,000	123,000	108,000	113,000	115,000	154,000	157,000
Average recovery grade (g/t)**)	3.13	3.46	3.01	3.37	2.57	2.78	2.34	2.20
Average recovery rate (%)	89 %	89 %	88 %	89 %	87 %	89 %	90 %	90 %
Gold (ounces)								
Produced	10,451	12,308	10,345	10,321	8,206	9,186	10,435	10,014
Sold	10,850	10,850	10,061	10,850	8,037	9,242	11,252	9,644
Cash operating cost (per tonne processed)*)	\$75	\$73	\$78	\$83	\$74	\$80	\$74	\$85
Cash operating cost (per ounce produced)*)	\$822	\$758	\$923	\$862	\$1,057	\$991	\$1,125	\$1,342

(\*) Refer to “Non-IFRS Performance Measures” below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

The primary mining method utilized at the Turmalina underground mine is sublevel stoping with a fill program resulting in a modified “cut and fill” mining technique. Ore produced at the Turmalina mine is transported to the adjacent 2,000 tpd CIP processing plant.

During Q4 2013, Turmalina produced 10,451 ounces of gold at a cash operating cost of \$822 per ounce. This compares to 8,206 ounces at a cash operating cost of \$1,057 per ounce during Q4 2012. The \$235 (22%) decrease in the Company’s cash operating cost per ounce during Q4 2013, as compared to Q4 2012 was mainly attributable to the increase in the average recovery grade and the impact of the change in the exchange rate that, together, reduced the cost by \$250 per ounce.

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Underground development at the Turmalina mine totaled 1,300 and 6,400 meters during Q4 2013 and FY 2013, respectively, compared to 2,100 and 4,100 meters during Q4 2012 and FY 2012, respectively. Underground delineation drilling at Turmalina totaled 3,600 and 24,500 meters during Q4 2013 and FY 2013, respectively, compared to 5,800 and 21,700 meters during Q4 2012 and FY 2012.

Caeté

	Three Months Ended							
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Tonnes of ore processed (t)	144,000	176,000	148,000	157,000	172,000	170,000	160,000	156,000
Average recovery grade (g/t)**)	2.82	2.78	2.92	3.25	2.88	2.90	2.99	3.10
Average recovery rate (%)	88 %	88 %	88 %	88 %	88 %	88 %	90 %	89 %
Gold (ounces)								
Produced	11,505	13,992	12,158	14,515	13,470	13,840	13,804	13,881
Sold	11,653	13,261	12,859	14,466	13,261	13,692	14,466	12,457
Cash operating cost (per tonne processed)*)	\$79	\$71	\$84	\$73	\$66	\$77	\$81	\$96
Cash operating cost (per ounce produced)*)	\$950	\$925	\$938	\$801	\$828	\$945	\$953	\$1,118

(\*) Refer to “Non-IFRS Performance Measures” below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

The Caeté mining complex has two underground mines (Roça Grande and Pilar) that primarily utilize the “cut and fill” mining method as well as some “sublevel stoping” at Pilar. Ore produced from these mines is transported to the 2,200 tpd CIP processing plant adjacent to the Roça Grande mine.

During Q4 2013, Caeté produced 11,505 ounces of gold at a cash operating cost of \$950 per ounce. This compares to 13,470 ounces at a cash operating cost of \$828 per ounce during Q4 2012. The \$122 (15%) increase in cash operating cost is mainly attributable to less volume produced, increase in costs, especially maintenance costs that together, increased the cost by \$233 per ounce. A favourable change in the exchange rate during the same period contributed to reducing the cost by \$80 per ounce.

Underground development at the Pilar and Roça Grande mines totaled 1,500 and 6,300 meters during Q4 2013 and FY 2013, respectively, compared to 2,000 and 8,400 meters during Q4 2012 and FY 2012, respectively. Underground delineation drilling at the mines totaled 5,000 and 29,600 meters during Q4 2013 and FY 2013, compared to 8,800 and 30,400 meters during Q4 2012 and FY 2012. These figures reflect some of the drilling and mine development which is being deferred at the Pilar and Roça Grande mines.

#### Paciência

	Three Months Ended							
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Tonnes of ore processed (t)	-	-	-	-	-	-	37,000	134,000
Average recovery grade (g/t)**	-	-	-	-	-	-	1.51	1.90
Average recovery rate (%)	-	-	-	-	-	-	87 %	90 %
Gold (ounces)								
Produced	-	-	-	-	-	-	2,649	7,338
Sold	-	-	-	-	-	373	3,215	8,037
Cash operating cost (per tonne processed)*	\$-	\$-	\$-	\$-	\$-	\$-	\$140	\$79
Cash operating cost (per ounce produced)*	\$-	\$-	\$-	\$-	\$-	\$-	\$2,219	\$1,451

(\*) Refer to “Non-IFRS Performance Measures” below.

(\*\*) The Company is now disclosing the average recovery grade instead of the average feed grade, as management believes this information has higher relevance in this table.

The Paciência operation continued on care and maintenance during Q4 2013. No gold has been produced since Q2 2012 when it was put on care and maintenance.

No underground development or drilling work was carried out by the Company at the Paciência mine during Q4 2013.

The Company has not established a timeframe to complete the Paciência remediation plans and restart production.

Sabará

The Sabará operation continues the remediation and re-vegetation program started in 2012.

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## Review of Financial Results

(\$ in 000s, except per share amounts)	Three Months Ended						
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Gold sales	\$28,461	\$32,082	\$32,427	\$41,170	\$36,511	\$38,412	\$46,535
Gross profit (loss)	(1,427 )	3,496	336	10,382	9,344	5,522	(5,044 )
Net income (loss)	(166,472)	(13,192 )	(*) (62,717)	(6,926 )	(49,371 )	(21,625 )	(16,350 )
Basic income (loss) per share	(1.94 )	(0.15 )	(0.74 )	(0.08 )	(0.58 )	(0.26 )	(0.19 )
Diluted income (loss) per share	(1.94 )	(0.15 )	(0.74 )	(0.08 )	(0.58 )	(0.26 )	(0.19 )
Cashflows from operating activities	(3,199 )	5,072	(131 )	11,071	5,380	(2,600 )	572
Total assets	294,788	441,659	458,129	504,564	503,875	568,162	581,706
Total liabilities	388,347	369,297	373,999	357,017	350,072	365,200	357,438

(\*) Re-casted from Q2 2013 figures due to a foreign exchange adjustment.

During Q4 2013, the market price of gold (London PM Fix) traded in a range from \$1,195 to \$1,361 and averaged \$1,276 per troy ounce. This was approximately 26% lower than the average price for Q4, 2012 which was \$1,722 and traded in a range from \$1,651 to \$1,792. Gold prices were volatile during the quarter and have continued to be influenced by various factors including: changes in interest rates, uncertainty in the credit and financial markets, political unrest and financial distress in the United States, Europe, Japan and the Middle East, investment patterns around the world, physical demand and inflation expectations and other global economic factors.

The Company reports its financial statements in US\$; however, a significant portion of the Company's expenses are incurred in either Cdn\$ or R\$. The average rates of exchange for the Cdn\$ per US\$ for Q4 2013 and Q4 2012 were 1.05 and 0.99, respectively. The average rates of exchange for the R\$ per US\$ for Q4 2013 and Q4 2012 were 2.27 and 2.06, respectively.

## FY 2013 Compared to FY 2012

Gold Sales by Mine	Twelve months ended December 31,			
	2013		2012	
	in \$ 000	in oz	in \$ 000	in oz
Turmalina	\$59,935	42,610	\$63,127	38,175
Caeté	74,205	52,240	89,819	53,876

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Paciência	-	-	19,484	11,624
Total	\$134,140	94,850	\$172,430	103,675

Gross profit for FY 2013 increased \$6.7 million, from a gross profit of \$6.1 million for FY 2012 to a gross profit of \$12.8 million for FY 2013. The 2012 period was impacted by higher costs from all the mines, including the Paciência operation. With the cost reduction program implemented by the Company in later 2012 and Paciência's operation under care and maintenance, it was possible to achieve better results, despite the decrease in gold price during 2013.

For FY 2013, the gross profit represents 10% of the total gold sales, compared to 4% for FY 2012.

For FY 2013, the net loss was \$249.3 million compared to \$84.5 million for FY 2012. The table and paragraphs below provide relevant summary information for the key operating and non-operating expenses.

## Operating Expenses

(\$ in 000s)	Three Months Ended		Twelve Months Ended	
	December 31, 2013	2012	December 31, 2013	2012
Exploration	\$ 183	\$(101 )	\$ 944	\$ 700
Paciência care and maintenance	588	1,224	2,529	4,350
Stock-based compensation (recoveries)	10	4	356	(1,864 )
Reversal of former CEO bonus accrual and other accruals	-	-	-	(3,089 )
Restructuring fees	3,499	-	4,632	2,568
Administration	4,718	4,055	16,652	19,437
Impairment of properties	98,653	55,305	145,487	102,997
Provision for VAT and other taxes	26,701	-	26,701	-
Amortization	277	290	1,138	1,168
Other operating expenses	3,223	1,839	8,758	3,595
Total Operating Expenses	\$ 137,852	\$ 62,616	\$ 207,197	\$ 129,862

As previously discussed, the Company's Paciência project was put on care and maintenance in May 2012. The care and maintenance charges include severance costs, labour and services on site and ongoing care and maintenance costs relating to the plant and mine. The majority of such costs were incurred when the project was first put on care and maintenance. As a result, the charges for Paciência decreased in FY 2013 compared to the same periods in 2012.

Stock-based compensation expense varies depending upon fluctuations in Jaguar's share price, as well as the timing of the vesting of Jaguar's stock options, deferred share units ("DSUs"), restricted share units ("RSUs"), and share appreciation rights ("SARs"). The stock-based compensation expense for Q4 2013 includes expenses of \$44,000 for stock options, and recoveries of \$30,000 for DSUs and \$4,000 for RSUs.

Restructuring fees include expenses to implement the operational turnaround plan and the fees related to the recapitalization and financing transaction under the CCAA Plan, mainly specific legal fees and consulting expenses.

Administration expenses include legal and accounting costs, costs to maintain offices and personnel, costs associated with being a publicly-traded company. Administration expenses decreased for FY 2013 compared to the same period in 2012 mainly due to the implementation of company-wide cost reduction initiatives.

During Q4 2013 the Company recorded impairment of properties in the amount of \$98.7 million, compared to \$55.3 million during Q4 2012. For FY 2013 impairment charges totaled \$145.5 million compared to \$103.0 million for FY

2012. The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit may be impaired. Impairment testing is performed using life of mine after-tax cash flow projections. During Q2 and Q4 2013, the Company performed an impairment test updating its life of mine after-tax cash flow projections for updated reasonable estimates of future gold price, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The Company examined future cash flows, the intrinsic value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each mining property in its portfolio, and concluded that a total of \$98.7 million and \$145.5 million of charges should be recognized for Q4 2013 and FY 2013 respectively. The valuation of impairment is based on current forecasts for long-term metal prices which have been influenced by the recent decline in spot prices over the last nine months of 2013. These metal price assumptions are then held constant over mine lives which in some cases are in excess of fourteen years. The fair values in the impairment assessment in Q4 2013 were calculated assuming long-term prices of \$1,300 per ounce. The Company will continue to monitor the valuation of its assets and the impact of changes in economic assumptions and mine plans on these valuations. Higher prices in the future could result in greater volatility in earnings, as the Company reassesses the fair value of its mineral properties and could potentially reverse a portion or all of the impairment charges taken.



The Company recorded a provision against its recoverable taxes given 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 value of value added taxes and other to their estimated present value based on the manner and timing of expected recovery, discounted at a rate of 9.9%.

Other operating expenses increased for Q4 2013 compared to the same quarter in 2012. For FY 2013, other operating expenses increased by \$5.2 million, from \$3.6 million for FY 2012 to \$8.8 million during the same period in 2013, mainly due to an increase in provisions for outstanding lawsuits in Brazil. The Company had approximately 395 labour claims outstanding as at December 31, 2013 which are being disputed through various court actions. In the normal course of operations, the Company may be subject to lawsuits and other claims, including environmental, labour and other matters. The ultimate outcome or actual cost of settlement may vary significantly from management estimates.

#### Other Expenses

(\$ in 000s)	Three Months Ended		Twelve Months Ended	
	December 31, 2013	2012	December 31, 2013	2012
Gain on derivatives	\$ (8 )	\$ (591 )	\$ (543 )	\$ (720 )
Gain on conversion option embedded in convertible debt	(81 )	(8,462 )	(4,458 )	(75,473 )
Foreign exchange loss	1,120	637	4,137	5,882
Accretion expense (recovery)	(1,939 )	1,925	(604 )	3,585
Interest expense	29,966	7,134	54,851	28,511
Interest income	(92 )	(130 )	(744 )	(3,168 )
Loss on disposition of property	988	2,976	4,108	2,805
Other non-operating expenses (recoveries)	(1,006 )	(1,811 )	(1,502 )	1,164
Total Other Expenses	\$ 28,948	\$ 1,678	\$ 55,245	\$ (37,414 )

The conversion option component embedded in the Notes is treated as a derivative liability and recorded at fair value using the Crank–Nicolson valuation model. The valuation model requires inputs, such as the Company's common share price, volatility and credit spread. The change in fair value is a non–cash item which is recorded in the statement of operations and comprehensive loss. For the periods analyzed, the Company recognized a gain mainly due to the decline in the Company's share price.

During Q4 2013, the US\$ strengthened against the R\$. The average exchange rate moved from 2.06 R\$/US\$ at December 31, 2012 to 2.27 R\$/US\$ at December 31, 2013, resulting in a foreign exchange loss of recoverable taxes which is offset by the foreign exchange gain on accounts payable, reclamation provisions and deferred tax liabilities.

The increase in interest expense for Q4 2013 and FY 2013 compared to the same periods in 2012 is related to the Renvest Credit Facility (as defined below), which the Company entered into in 2013 and the recognition of remaining discounts and transaction costs on the issuance of the Convertible Notes and the Renvest Credit Facility, that was necessitated by the existence of an event of default under the related debt agreements.

Interest income was earned on deposits held in banks in Canada, the United States and Brazil. For Q4 2013 and FY 2013, interest income decreased compared to the same periods last year due to lower cash and cash equivalent balances in the periods.

## Financial Condition, Cash Flow, Liquidity and Capital Resources

The Company's financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company's \$165.0 million 4.5% Senior Unsecured Convertible notes, \$103.5 million 5.5% Senior Unsecured Convertible Notes, and \$30.0 million standby credit facility with Renvest Mercantile Bancorp Inc. are all in default and, as such, have been classified as current liabilities. Primarily as a result of these events, the Company had a working capital deficiency of \$316.5 million as at December 31, 2013.

The Company will need to refinance/restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. There is no assurance that the Company's financing initiatives, which include the Company's ability to restructure the Notes will be successful or sufficient.

The Company continues to actively and closely monitor its cash position and manage its working capital. Notwithstanding the modest recovery in gold prices subsequent to December 31, 2013, the Company is continuing to re-examine all sources and uses of cash with a view to reducing and deferring net cash outlays.

## Cash Flow Highlights

(\$ in 000s)	Three Months Ended		Twelve Months Ended	
	December 31, 2013	2012	December 31, 2013	2012
Operating activities	\$ (3,199 )	\$ 5,380	\$ 12,813	\$ (2,789 )
Financing activities	(968 )	(5,660 )	5,979	(13,306 )
Investing activities	(4,652 )	(6,400 )	(23,211 )	(51,261 )
Effect of foreign exchange on non-US\$ denominated cash and cash equivalents gain	(365 )	545	(422 )	6,737
Decrease in cash for the period	(9,184 )	(6,135 )	(4,841 )	(60,619 )
Beginning cash balance	18,199	19,991	13,856	74,475
Ending cash balance <sup>(1)</sup>	\$ 9,015	\$ 13,856	\$ 9,015	\$ 13,856

(1) Cash balance excludes \$109,000 of restricted cash on December 31, 2013 (2012 – \$609,000)

Cash flow from operating activities consumed \$3.2 million of cash during Q4 2013, compared to \$5.4 million generated during Q4 2012. The decrease of \$8.6 million is mainly related to the reduction of the gold price, despite the efforts to reduce costs and expenses. During FY 2013, cash flow from operating activities generated \$12.8 million compared to \$2.8 million consumed during the same period in 2012.

Cash flow from financing activities consumed \$968,000 of cash during Q4 2013, compared to \$5.7 million consumed during Q4 2012, mainly due to renewal of the maturity dates for certain loans outstanding in Brazil. During FY 2013, cash flow from financing activities generated \$6.0 million compared to \$13.3 million consumed during the same period in 2012. The difference of \$19.3 million is mainly related to the draw-down of the \$30.0 million standby credit facility with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the “Renvest Credit Facility”).

Investing activities consumed \$4.7 million of cash during Q4 2013 compared to \$6.4 million for Q4 2012. For FY 2013, investing activities consumed \$23.2 million compared to \$51.3 million during FY 2012. The reduction is part of the Company’s plan to defer some capital expenditures to 2014 in order to preserve cash.

Capital expenditures were primarily used for underground development, equipment improvement and replacement throughout the Company's operations in Minas Gerais. The table below summarizes the actual capital spending by site and by category:

(\$ in 000s)	Three months ended December 31, 2013	Twelve months ended December 31, 2013
Turmalina	\$ 2,351	\$ 10,608
Caeté	1,824	11,949
Gurupi Project	496	807
Other spending	95	481
Total capital spending	\$ 4,766	\$ 23,845

(\$ in 000s)	Three months ended December 31, 2013	Twelve months ended December 31, 2013
Mine development	\$ 2,475	\$ 14,053
Sustaining (equipment and services)	812	3,775
Sustaining (engineering)	617	3,008
Exploration	309	2,104
Other	553	905
Total capital spending	\$ 4,766	\$ 23,845
Amount paid in cash	\$ 4,766	\$ 23,845

#### Contractual Obligations

The Company's contractual obligations as at December 31, 2013 are summarized as follows:

As at December 31, 2013	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
<b>Financial Liabilities</b>					
Notes payable <sup>(1)</sup>					
Principal	\$ 316,426	\$ 6,946	\$ -	\$ -	\$ 323,372
Interest	19,839	8,565	-	-	28,404
	\$ 336,265	\$ 15,511	\$ -	\$ -	\$ 351,776
<b>Other Commitments</b>					
Operating lease agreements	\$ 263	\$ 189	\$ -	\$ -	\$ 452
Suppliers' agreements					
Mine operations <sup>(2)</sup>	1,215	-	-	-	1,215

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Reclamation provisions <sup>(3)</sup>	859	5,378	1,728	13,322	21,287
	\$ 2,337	\$ 5,567	\$ 1,728	\$ 13,322	\$ 22,954
Total	\$ 338,602	\$ 21,078	\$ 1,728	\$ 13,322	\$ 374,730

The contractual maturity of the principal portion of the notes payable takes into consideration events of default that <sup>(1)</sup>have occurred under the relevant debt agreements. Interest amounts are based on contractual terms assuming the principal remains outstanding for its original term.

<sup>(2)</sup>The Company has the right to cancel the mine operations contracts with 30 days advance notice. The amount included in the contractual obligations table represents the amount due within 30 days.

<sup>(3)</sup> Reclamation provisions are not adjusted for inflation and are not discounted.

## Balance Sheet Highlights

(\$ in 000s)	December 31, 2013	December 31, 2012
Current assets	\$ 44,635	\$ 60,310
Long-term assets	250,153	443,565
Total assets	\$ 294,788	\$ 503,875
Current liabilities	\$ 361,180	\$ 81,629
Long-term liabilities	27,167	268,443
Total liabilities	\$ 388,347	\$ 350,072

The consolidated financial statements have been prepared on a going concern basis (see Note 2 to the December 31, 2013, 2012 and 2011 Annual Audited Consolidated Financial Statements).

Working capital decreased \$295.2 million from negative \$21.3 million at December 31, 2012 to negative \$316.5 million at December 31, 2013. The decrease in the working capital is largely related to the Renvest Credit Facility, the 4.5% and 5.5% Convertible Notes, becoming classified as current liabilities, as a result of events of default under the relevant debt agreements that occurred in December 2013. During FY 2013, the Company also invested \$22.3 million for capital expenditures using short-term resources which further reduced working capital (see “*Total Capital Spending*”).

## Risk Management Policies – Hedging

During 2013, the Company had no outstanding forward foreign exchange contracts, however during 2013, the Company entered into gold forward contracts. As at December 31, 2013, the Company had the following outstanding contracts:

Settlement date	Ounces hedged	US\$ per ounce
March 31, 2014	589	\$ 1,342
March 31, 2014	2,000	1,346
March 31, 2014	1,000	1,348
Total	3,589	\$ 1,346

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The statements of operations and comprehensive loss include the following amounts of unrealized and realized gains or losses on foreign exchange derivatives:

(\$ in 000s)	Three Months Ended		Twelve Months Ended	
	December 31, 2013	2012	December 31, 2013	2012
Unrealized (gain) loss	\$ -	\$ 47	\$ -	\$ (43 )
Realized (gain)	(7 )	(638 )	(543 )	(677 )
Total	\$ (7 )	\$ (591 )	\$ (543 )	\$ (720 )

The forward exchange contracts are considered derivative financial instruments and are used for risk management purposes and not for generating trading profits. The Company closely monitors exchange rates and, as deemed appropriate by management, may enter into forward currency contracts (to the extent that credit facilities are available) with the aim of minimizing the impact of adverse changes of the R\$ and US\$ relationship.



The Company entered into gold forward contracts to hedge against the risk of declining gold prices for a portion of its forecasted gold sales. These contracts are also financial instruments and are used for risk management purposes and not for generating trading profits. The Company closely monitors the changes in the gold price and, as deemed appropriate by management, may enter into gold forward contracts with the aim of minimizing the impact of adverse changes to the price of gold.

The Company is exposed to credit-related losses in the event of non-performance by its financial counterparties to the derivative financial instruments, but does not expect these counterparties to fail to meet their obligations.

Hedge accounting is applied to cash flow hedges that qualify under the hedging requirements of IAS39. The effective portion of any gain or loss on the hedging instrument is recognized in OCI and the ineffective portion is reported as an unrealized gain (loss) on derivatives contracts in the statement of operations and comprehensive loss.

Unrealized gains and losses on forward sales contracts are a result of the difference between the forward spot price of the gold and the forward sales contract price. Unrealized gains and losses on forward foreign exchange contracts are primarily a result of the difference between the forward currency contract price and the spot price of the Brazilian reais.

#### Recoverable Taxes

The Company is required to pay certain 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 structures. The Company is currently working on several initiatives to obtain an exemption for taxes in certain transactions and to accelerate the process of recovering existing credits. The Company recorded a provision in the amount of \$26.7 million against its recoverable taxes given 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 value of value added taxes and other to their estimated present value based on the manner and timing of expected recovery, discounted at a rate of 9.9%. As at December 31, 2013, total recoverable taxes denominated in Brazilian reais, net of related provisions, amounted to R\$68.4 million, equivalent to approximately \$29.2 million (2012 – R\$129.7 million, equivalent to approximately \$63.5 million).

During FY 2013, the Company sold ICMS credits to other taxpayers totaling \$5.5 million (\$5.2 million FY 2012), using a discount rate of approximately 15%, and used \$3.4 million of recoverable federal tax credits to offset taxes payable, mainly related to payroll taxes.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet investment arrangements.

## Outlook

The following section of this MD&A represents forward-looking information and users are cautioned that actual results may vary. Please see Important Information and Cautionary Statement Regarding Forward-Looking Statements.

The price of gold is the largest single factor in determining profitability and cash flow from operations, therefore, the financial performance of the Company has been, and is expected to continue to be, closely linked to the price of gold. Historically, the price of gold has been subject to volatile price movements over short periods of time and is affected by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on gold price include currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold and macroeconomic factors such as the level of interest rates and inflation expectations. A Company-wide effort has been made to reduce operating costs and capital costs to counteract current market conditions while focusing on maintaining current productivity levels to meet budget guidance for 2014.

The Company expects 2014 gold production in the range of 90,000 to 100,000 ounces assuming that the Company can refinance/restructure its current debt and obtain additional financing in order to meet its short-term operating cash requirements, debt payments and sustaining capital expenditures in a timely manner.

#### Operational Restructuring and Turnaround Plan

On May 8, 2012, Jaguar announced the implementation of a comprehensive operational restructuring and turnaround plan to improve costs and efficiency at its operations in the state of Minas Gerais, Brazil. The plan incorporates objectives and initiatives identified by Jaguar's management and a number of expert industry consultants who have been retained to assist with operational and cost improvements.

Results from the cost reduction initiatives were favorable during the fourth quarter of 2013. Consolidated cash operating cost per ounce declined by 3% from Q4 2012 to Q4 2013. Cash operating cost per ounce at Turmalina declined by 22% from Q4 2012 to Q4 2013.

Key activities aimed towards further cost reductions and production efficiencies include continued focus on safety, further optimization of the workforce and manpower levels, and continued emphasis on advanced development and definition drilling. A general Human Resources/Community Social Responsibility review has been initiated by the Company. A new head of Human Resources was recruited in June 2013. The general manager of Turmalina was promoted to general manager of the Turmalina and Caeté sites. Annual negotiations with the labour unions for 2013 are complete. Current activities at each of the mining complexes demonstrate that the operations are on their way to meeting cost and production targets. The Company believes the successful implementation of these programs will enable it to further reduce cash operating cost per ounce.

In light of the ongoing gold price volatility, management has revised its internal "total cost per ounce produced" targets more than once in 2013 and continues to seek cost savings opportunities. A scarcity of available funds has hampered management's progress towards additional savings.

Work programs carried out during the quarter ended December 31, 2013 include the following:

#### Health and Safety

Major progress was made in promoting working in a safe manner and changing corporate culture in Brazil to a “safety first” mentality. LTI decreased 27% from 15 for FY 2012 to 11 for FY 2013.

More significantly, the severity rate (which represents days missed per LTI) decreased 88% from 1,944 during FY 2012 to 243 during FY 2013.

The myriad of safety activities included:

The development of a corporate safety plan which was created, discussed and approved by senior management, site managers, the health and safety department, human resources and corporate communications. This effort represents the first time the safety program was developed with and agreed on by the people most responsible for implementation. This is a significant change which will enhance the probability of success as it is driven primarily by the users;

A safety campaign which released the new “Jaguar Golden Rules” program in which each rule will be presented, explained and clarified with details noted as to consequences of not complying with the “rules”;

MTL’s “Safety Journey,” promoting over 2 hours of meeting with all underground workers, including all managers and supervisors. During the meetings, the employees, especially managers and supervisors, gave their testimonials about safety, with past experiences to personalize the importance of following procedures and acting safely;

Ongoing training programs which include:

Scaling update training – a workshop related to scaling will be conducted to all underground workers at all sites and shifts in May 2014; and

Educating employees about the importance of personal protective equipment, accident prevention, safe behavior and disclosing best practices of safety through Jaguar’s newspaper “Jaguar em Foco.”

On every site visit by senior management, the first topic of discussion has been safety and how important it is. Slowly over the course of FY 2013, site personnel became aware that this really is a core value to the new management team and not just a motherhood statement.

## Human Resources

Headcount is stable, maintaining the necessary operations personnel, with the trend noted in the graph presented below:

- Considerable progress was made in remediating the 47 labour law deviations (see “Legacy Issues – Labour practices”);

- A safety bonus was instituted;

- The Company negotiated a court agreement with respect to the legal requirement to hire handicap employees;

Key policies and procedures were created and implemented, including: danger pay, movement of employees, equal salaries for equal work, substitution practices, overtime, dismissal, and internal hiring;

The first two modules of a companywide training program were developed. Module one addresses leadership, attendance management, and supervision. Module two addresses compliance with safety, technical, environmental, operational, labour law, and company policies. This program will be initiated in 2014.

## Turmalina and Caeté Plants

At the Turmalina and Caeté operations there are continued successful efforts on cost control and improving productivity. The latest change made in operations was the appointment of a general manager of operations responsible for overseeing the Turmalina and Caeté units. This was an internal promotion to reinforce the Company policy of promoting from within and to address current cost cutting measures that the Company is currently undertaking.

There are continued efforts in the implementation of a revised purchasing system led by a new purchasing manager, aiming at acquisition cost, inventory level reductions and consumption controls.

Change in mining methods:

Historically, access to the Company's ore bodies has been through 5 meter by 5 meter decline ramps, haulages, crosscuts and stope development headings to accommodate 30-tonne conventional and articulated dump trucks and matching loading equipment in the stoping horizon using a modified bench cut and fill mining technique. In some places, these excavations have been prone to ground control issues, which tend to compromise excavation integrity and lead to increased safety risks and the production of excessive quantities of development waste.

As a result of the evaluation of ground stability and control by external consultants, a comprehensive plan has been implemented based on determination of operational adjustments required to optimize excavation stability and support. This program is a work in progress with the Company incorporating a new application of friction bolt to eliminate the use of split sets in the stopes being mined. Testing, implementation, as well as an application program from suppliers have resulted in a decision to move to Swellex type bolts in stope areas, with conventional resin grouted rebar support along with cement grouted cables in permanent access areas such as ramps and crosscuts. This decision was made after a detailed analysis of root causes of ground control issues.

Past investigation which delineated factors that determine excavation stability were identified in extensive discussions with mine and technical services staff, including the sensitivity of potentially weak planes to bending deflection, failure mechanisms in drifts and stopes, integration of rock reinforcement and surface support in drifts and stopes, effective installation of support, excavation size, shape and orientation, drilling accuracy and blasting control.

Practical ground stability and control objectives were defined which included stopping undue ground displacement in good time, accurately delineating objective ore zones, using properly scaled equipment, drilling accurately and controlling blasting to avoid over-break and breaching of walls, identifying and deploying the appropriate equipment to ensure effective installation of support and installing all elements of support in a timely and efficient manner.

At the end of Q4 2013, the Company continued to investigate optimum excavation size to keep dilution to a minimum in order to minimize costs and maximize ounces generated. Work programs continue to change operations parameters, the size and dimension of the excavations on ore, designed in a manner that does not compromise the hanging wall and footwall contacts. The objective is to reduce dilution by a minimum of 25%. Additional benefits are also expected including, but not limited to, ground control accessories reduction (due to smaller profile of drifting), improved geological control, reduced ventilation costs, reduced development costs, reduced equipment costs, improved efficiencies in mining cycles, improved safety of operations (due to new equipment and operational techniques) and reduced milling costs on a per ounce milled basis.

With the change in operating philosophy, the size of excavations in ore will be reduced to approximately 3.0 meters by 3.5 meters and the new trapezoidal shape of the excavations should not compromise the existing hanging wall and footwall units. These efforts are well advanced in the Turmalina and Caeté operations.

Efforts continue at both sites on the reduction to smaller ore and waste development headings. Reductions continue in stope dimension, intense improvements in ground control and ground control methodologies. Implementation of the external consultant's 2012 recommendations on ground control methodology has resulted in successful applications and completion of the first sublevel stope incorporating this technology. Noted observations in ground control improvement have been observed in all areas due to this ground support work.



The program has resulted in improvements to mine dilution. These changes are being implemented concurrently with continuing operations and are expected to reduce the cash operating cost per ounce and allow for more predictable production.

#### Paciência Plant

The Paciência complex continued on care and maintenance. Work was initiated on the evaluation of the Santa Isabel geology and the remaining accessible ore zones, the geological model was updated, and a review of the mill plant facility was undertaken along with the tailings disposal facility, all with the intent of a restart program. The Company continues to evaluate the potential of mining the accessible ore zones as well as the development and drilling programs to sustain the operation in the future. Due to low gold prices, efforts in 2013 have remained focused on Turmalina and Caeté.

## CCAA Proceedings

Despite the cost reductions described above, Jaguar was not able to generate sufficient net revenues to optimally fund its operations, or generate sufficient net revenues to service its substantial debts going forward. As of December 31, 2013, the Company had outstanding funded debt obligations of approximately \$323.0 million in principal value. Jaguar incurred interest payments of approximately \$13.7 million in 2013. On November 1, 2013, Jaguar deferred payment of approximately \$3.7 million of interest on the 4.5% Convertible Notes and the deferral eventually resulted in an event of default under the indenture governing such notes. Excluding the consideration of any events of default or acceleration obligations, Jaguar would be obligated to repay or refinance approximately \$195 million in principal value of debt under the Renvest Credit Facility and the 4.5% Convertible Notes in the year ended December 31, 2014.

On December 23, 2013, the Company filed for protection under the CCAA. A full description of events that have occurred under the CCAA Proceedings is set out below under “Significant Changes – CCAA Proceedings.”

## Non-IFRS Performance Measures

The Company has included the non-IFRS performance measures cash operating margin per ounce of gold produced, cash operating cost per tonne of ore processed, and cash operating cost per ounce of gold produced, and all-in costs per ounce of gold sold in this document. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. More specifically, management believes that these figures are a useful indicator to investors and management of a mine’s performance as they provide: (i) a measure of the mine’s cash margin per tonne/ounce, by comparison of the cash operating costs per tonne/ounce to the price of gold; (ii) the trend in costs as the mine matures; and (iii) an internal benchmark of performance to allow for comparison against other mines. The definitions of these performance measures and reconciliation of the non-IFRS measures to reported IFRS measures are as follows:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
Average sales price per ounce of gold	\$ 1,263	\$ 1,714	\$ 1,414	\$ 1,663
Less: Cash operating cost per ounce of gold produced	889	915	871	1,082
Cash operating margin per ounce of gold	\$ 374	\$ 799	\$ 543	\$ 581



## Summary of Cash Operating Cost per Tonne Processed

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
<b>Consolidated</b>				
Production costs per statement of operations <sup>(1)</sup>	\$19,537,000	\$18,807,000	\$81,550,000	\$112,608,000
Change in inventory <sup>(2)</sup>	458,000	972,000	1,990,924	(2,299,000 )
Operational cost of gold produced <sup>(3)</sup>	\$19,995,000	\$19,779,000	\$83,540,924	\$110,309,000
Tonnes processed (t)	258,000	285,000	1,092,000	\$1,368,000
Cost per tonne processed	\$77.50	\$69.40	\$76.50	\$80.60
<b>Turmalina Plant</b>				
Production costs	\$8,587,000	\$8,558,000	\$35,968,000	\$43,681,000
Change in inventory <sup>(2)</sup>	(19,200 )	(175,400 )	49,476	(1,325,000 )
Operational cost of gold produced <sup>(3)</sup>	\$8,567,800	\$8,382,600	\$36,017,476	\$42,356,000
Tonnes processed (t)	114,000	113,000	468,000	541,000
Cost per tonne processed	\$75.20	\$74.20	\$77.00	\$78.30
<b>Caeté Plant</b>				
Production costs	\$10,950,000	\$10,249,000	\$45,582,000	\$51,432,000
Change in inventory <sup>(2)</sup>	477,200	1,147,400	1,904,400	830,000
Operational cost of gold produced <sup>(3)</sup>	\$11,427,200	\$11,396,400	\$47,486,400	\$52,262,000
Tonnes processed (t)	144,000	172,000	624,000	657,000
Cost per tonne processed	\$79.40	\$66.30	\$76.10	\$79.50
<b>Paciência Plant</b>				
Production costs	\$-	\$-	\$-	\$17,495,000
Change in inventory <sup>(2)</sup>	-	-	-	(1,804,000 )
Operational cost of gold produced <sup>(3)</sup>	\$-	\$-	\$-	\$15,691,000
Tonnes processed (t)	-	-	-	170,000
Cost per tonne processed	\$-	\$-	\$-	\$92.30

(1) Production costs do not include cost of goods sold recovery adjustment of approximately \$2.7 million, royalty expenses of \$463,000 and CFEM tax expenses of \$284,000 for the three months ended December 31, 2013. The cost of goods sold adjustment includes an inventory write-down expense of \$1.8 million and \$109,000 of other adjustments for the three months ended December 31, 2013.

(2) Under the Company's revenue recognition policy, revenue is recognized when legal title passes. Since total cash operating costs are calculated on a production basis, this change reflects the portion of gold production for which

revenue has not been recognized in the period.

<sup>(3)</sup> The basis for calculating cost per ounce produced includes the change to gold-in-process inventory, whereas the cost per tonne processed does not include the change to gold-in-process inventory.

## Summary of Cash Operating Cost per Ounce of Gold Produced:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
<b>Consolidated</b>				
Production costs per statement of operations <sup>(1)</sup>	\$19,537,000	\$18,807,000	\$81,550,000	\$112,608,000
Change in inventory <sup>(2)</sup>	(18,205 )	1,019,902	1,713,245	(1,405,549 )
Operational cost of gold produced <sup>(3)</sup>	\$19,518,795	\$19,826,902	\$83,263,245	\$111,202,451
Gold produced (ounce)	21,956	21,676	95,595	102,823
Cost per ounce of gold produced	\$889	\$915	\$871	\$1,081
<b>Turmalina Plant</b>				
Production costs	\$8,587,000	\$8,558,000	\$35,968,000	\$43,681,000
Change in inventory <sup>(2)</sup>	3,558	115,742	378,725	(732,600 )
Operational cost of gold produced <sup>(3)</sup>	\$8,590,558	\$8,673,742	\$36,346,725	\$42,948,400
Gold produced (ounce)	10,451	8,206	43,425	37,840
Cost per ounce of gold produced	\$822	\$1,057	\$837	\$1,135
<b>Caeté Plant</b>				
Production costs	\$10,950,000	\$10,249,000	\$45,582,000	\$51,432,000
Change in inventory <sup>(2)</sup>	(21,762 )	904,160	1,318,830	1,482,190
Operational cost of gold produced <sup>(3)</sup>	\$10,928,238	\$11,153,160	\$46,900,830	\$52,914,190
Gold produced (ounce)	11,505	13,470	52,170	54,996
Cost per ounce of gold produced	\$950	\$828	\$899	\$962
<b>Paciência Plant</b>				
Production costs	\$-	\$-	\$-	\$17,495,000
Change in inventory <sup>(2)</sup>	-	-	-	(2,155,139 )
Operational cost of gold produced <sup>(3)</sup>	\$-	\$-	\$-	\$15,339,861
Gold produced (ounce)	-	-	-	9,987
Cost per ounce of gold produced	\$-	\$-	\$-	\$1,536

(1) Production costs do not include cost of goods sold recovery adjustment of approximately \$2.7 million, royalty expenses of \$463,000 and CFEM tax expenses of \$284,000 for the three months ended December 31, 2013. The cost of goods sold adjustment includes an inventory write-down expense of \$1.8 million and \$109,000 of other adjustments for the three months ended December 31, 2013.

(2)

Under the Company's revenue recognition policy, revenue is recognized when legal title passes. Since total cash operating costs are calculated on a production basis, this change reflects the portion of gold production for which revenue has not been recognized in the period.

- (3) The basis for calculating cost per ounce produced includes the change to gold-in-process inventory, whereas the cost per tonne processed does not include the change to gold-in-process inventory.

## Summary of All-in Cost per Ounce of Gold Sold:

The all-in cost per ounce of gold sold was calculated in accordance with the guidance of The World Gold Council.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
Production cost per annual audited consolidated financial statements	\$ 22,074	\$ 20,019	\$ 89,319	\$ 127,851
Stock-based compensation (recoveries) - site-based	(1 )	15	(15 )	(429 )
Adjusted Operating Costs	22,073	20,034	89,304	127,422
Corporate administration (*)	4,718	4,055	17,785	18,856
Stock-based compensation (recoveries) - corporate	10	4	356	(1,864 )
Accretion expenses (operating sites)	253	297	1,036	1,304
Exploration (sustaining)	309	706	1,661	4,333
Capital expenditure (sustaining)	3,897	5,865	21,437	45,974
All-in Sustaining Costs	31,260	30,961	131,579	196,025
Accretion expenses (non-operating sites)	(2,192 )	1,628	(1,639 )	2,280
Exploration (green field)	183	(101 )	944	700
Capital expenditure (non-sustaining)	496	517	729	6,683
Care and maintenance (non-operating sites)	588	1,224	2,529	4,350
All-in Costs	\$ 30,335	\$ 34,229	\$ 134,142	\$ 210,038