JAGUAR
MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

			September 30, 2019		December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents		$	12,169	$	6,275
Restricted cash	*Note 3*		3,959		5,262
Inventory	*Note 4*		13,127		12,136
Recoverable taxes	*Note 5*		7,505		10,421
Other accounts receivable	*Note 6*		333		566
Prepaid expenses and advances			1,316		1,920
Derivative assets	*Note 18*		-		331
Total current assets			38,409		36,911
Non-current assets					
Royalty interests	*Note 6*		8,476		8,476
Property, plant and equipment	*Note 7*		124,177		109,543
Mineral exploration projects			6,687		6,687
Recoverable taxes	*Note 5*		7,536		8,650
Other accounts receivable	*Note 6*		5,000		5,000
Restricted cash	*Note 3*		4,353		3,400
Total assets		$	194,638	$	178,667
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	15,124	$	17,506
Notes payable	*Note 8*		5,383		8,119
Right-of-use lease liabilities	*Note 9*		1,406		1,381
Customer advances	*Note 10*		3,133		7,000
Current tax liability			182		-
Other taxes payable			477		503
Reclamation provisions			277		335
Legal and other provisions	*Note 11*		3,888		3,871
Derivative liabilities	*Note 18*		3,035		607
Total current liabilities			32,905		39,322
Non-current liabilities					
Notes payable	*Note 8*		-		225
Right-of-use lease liabilities	*Note 9*		726		18
Other taxes payable			9,642		9,749
Reclamation provision			14,780		14,977
Legal and other provisions	*Note 11*		6,819		7,610
Other liabilities			3,741		2,910
Total liabilities		$	68,613	$	74,811
SHAREHOLDERS' EQUITY					
Common shares		$	571,083	$	546,254
Stock options	*Note 12*		904		726
Deferred share units	*Note 12*		1,574		1,577
Contributed surplus			20,940		20,940
Deficit			(468,476)		(465,641)
Total shareholders' equity		$	126,025	$	103,856
Total liabilities and shareholders' equity		$	194,638	$	178,667
Subsequent events	*Notes 12, 18*				
Going concern	*Note 1*				

On behalf of the Board:

(signed) "Thomas Weng" *(signed) "Vernon Baker"*

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2019 and 2018

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	**2019**	2018
Revenue		**$ 22,999**	$ 25,426	**$ 68,338**	$ 73,541
Operating costs	*Note 14*	**13,906**	12,809	**43,152**	40,564
Depreciation		**3,425**	4,919	**10,533**	14,211
Gross profit		**5,668**	7,698	**14,653**	18,766
Exploration and evaluation costs		**44**	125	**135**	591
Care and maintenance costs (Paciência and Roça Grande mines)		**431**	417	**958**	1,824
Stock-based compensation	*Note 12(b)(c)*	**70**	417	**414**	932
General and administrative expenses		**2,348**	2,258	**6,688**	7,125
Amortization		**31**	32	**99**	117
Changes in other provisions and VAT taxes		**563**	509	**2,546**	1,990
Other operating expenses		**496**	840	**1,716**	3,388
Operating income (loss)		**1,685**	3,100	**2,097**	2,799
Foreign exchange (gain)		**(1,575)**	(318)	**(1,272)**	(1,604)
Financial instruments loss		**1,060**	412	**3,102**	2,178
Finance costs		**749**	718	**2,714**	2,850
Other non-operating expenses		**128**	68	**138**	244
Income (Loss) before income taxes		**1,323**	2,220	**(2,585)**	(869)
Current income tax expense		**182**	12	**250**	35
Net income (loss)		**$ 1,141**	$ 2,208	**$ (2,835)**	$ (904)
Total comprehensive income (loss)		**$ 1,141**	$ 2,208	**$ (2,835)**	$ (904)
Earnings (loss) per share	*Note 13*				
Earnings (loss) per share					
Basic		**$ 0.00**	$ 0.01	**$ (0.01)**	$ (0.00)
Diluted		**$ 0.00**	$ 0.01	**$ (0.01)**	$ (0.00)
Weighted average shares outstanding					
Basic		**723,149,553**	325,237,298	**461,499,215**	325,156,481
Diluted		**731,650,002**	331,806,784	**461,499,215**	325,156,481

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	**2019**	2018
OPERATING ACTIVITIES					
Net income (loss) for the period		**$ 1,141**	$ 2,208	**$ (2,835)**	$ (904)
Adjustments and non-cash items					
Depreciation and amortization		**3,456**	4,950	**10,632**	14,328
Accretion interest expense		**310**	272	**965**	1,215
Interest expense		**429**	446	**1,740**	1,969
Unrealized foreign exchange (gain)		**(1,297)**	(455)	**(1,396)**	(2,419)
Current income tax expense		**182**	12	**250**	35
Other tax expense		**(1)**	(57)	**29**	2,325
Change in unrealized derivatives		**1,033**	(619)	**2,759**	138
Change in legal provisions	*Note 11*	**375**	2,416	**3,284**	4,021
Other operating activities (recoveries) expense		**272**	(1,632)	**(64)**	(942)
Changes in working capital	*Note 15*	**(1,224)**	(975)	**(660)**	(3,762)
Net cash provided by operating activities		**4,676**	6,566	**14,704**	16,004
INVESTING ACTIVITIES					
Mineral exploration projects		**-**	(38)	**-**	(196)
Purchase of property, plant and equipment		**(8,096)**	(7,931)	**(23,022)**	(22,501)
Proceeds from disposition of property, plant and equipment		**-**	36	**57**	168
Net cash (used in) investing activities		**(8,096)**	(7,933)	**(22,965)**	(22,529)
FINANCING ACTIVITIES					
Cash received upon issuance of shares via private placement		**24,571**	-	**24,571**	-
Cash received upon issuance of debt	*Note 8*	**1,235**	-	**8,575**	2,475
Cash received upon issuance of shares via stock options exercised		**20**	-	**20**	-
Cash received upon receipt of customer advances		**-**	-	**-**	7,000
Repayment of debt		**(14,349)**	(1,278)	**(17,740)**	(13,182)
Interest paid		**(431)**	(64)	**(1,019)**	(539)
Restricted cash margin deposits paid		**(376)**	-	**(376)**	(2,000)
Net cash provided by (used in) financing activities		**10,670**	(1,342)	**14,031**	(6,246)
Effect of exchange rate changes on cash and cash equivalents		**(278)**	137	**124**	815
Net (decrease) in cash and cash equivalents		**6,972**	(2,572)	**5,894**	(11,956)
Cash and cash equivalents at the beginning of the period		**5,197**	9,244	**6,275**	18,628
Cash and cash equivalents at the end of the period		**$ 12,169**	$ 6,672	**$ 12,169**	$ 6,672

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three and nine months ended September 30, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2018	325,115,403	$ 545,693	3,073,411	$ 94	9,445,581	$ 922	2,793,964	$ 1,018	$ 20,332	$ (449,673)	$ 118,386
Stock options granted	-	-	-	-	2,717,000	246	-	-	-	-	246
Stock options forfeited	-	-	-	-	(3,094,665)	(122)	-	-	122	-	-
Deferred share units granted	-	-	-	-	-	-	4,476,000	686	-	-	686
Deferred share units forfeited	-	-	-	-	-	-	(1,065,228)	(83)	83	-	-
Deferred share units redeemed	456,050	149	-	-	-	-	(456,050)	(149)	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	(904)	(904)
Balance as at September 30, 2018	325,571,453	$ 545,842	3,073,411	$ 94	9,067,916	$ 1,046	5,748,686	$ 1,472	$ 20,537	$ (450,577)	$ 118,414
Balance as at January 1, 2019	328,505,675	$ 546,254	-	$ -	2,817,148	$ 726	5,670,768	$ 1,577	$ 20,940	$ (465,641)	$ 103,856
Shares issued from private placement	394,117,647	24,571	-	-	-	-	-	-	-	-	24,571
Stock options granted	-	-	-	-	2,850,000	185	-	-	-	-	185
Stock options forfeited	-	-	-	-	(10,667)	(1)	-	-	-	-	(1)
Stock options exercised	200,000	26	-	-	(200,000)	(6)	-	-	-	-	20
Deferred share units granted	-	-	-	-	-	-	2,120,000	230	-	-	230
Deferred share units forfeited	-	-	-	-	-	-	(7,083)	(1)	-	-	(1)
Deferred share units redeemed	1,110,218	232	-	-	-	-	(1,110,218)	(232)	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	(2,835)	(2,835)
Balance as at September 30, 2019	**723,933,540**	**$ 571,083**	**-**	**$ -**	**5,456,481**	**$ 904**	**6,673,467**	**$ 1,574**	**$ 20,940**	**$ (468,476)**	**$ 126,025**

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

1. Nature of business and going concern

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development, and operation of gold producing properties in Brazil. The address of the Company's registered and principal executive office is 100 King Street West, Suite 5600, Toronto, Ontario, Canada, M5X 1C9.

The Company's condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2019 and 2018, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. ("MSOL"). All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards ("IFRS"), and should be read in connection with the Company's December 31, 2018 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 13, 2019.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

The Company earned net income of $1.1 million and incurred a net loss of $2.8 million for the three and nine months ended September 30, 2019 ($2.2 million net income and $0.9 million net loss, respectively, for the three and nine months ended September 30, 2018). As at September 30, 2019, the Company has a positive working capital of $5.5 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $468.5 million (December 31, 2018 –$465.6 million).

On July 8, 2019, the Company closed a non-brokered private placement equity offering for aggregate net proceeds of $24.6 million. In the three months ended September 30, 2019, the private placement proceeds supported the Company in reducing $14.3 million in financing liabilities, whereas the Company (i) fully repaid its $7.9 million bridge facility loan due to Auramet, (ii) repaid $2.1 million in Brazil bank indebtedness, (iii) paid $0.6 million in right-of-use lease liabilities, and (iv) delivered $3.9 million in gold product in fulfillment of its customer advance agreement with Auramet. The remaining $10.3 million funds are planned for (i) capital improvements and infrastructure, (ii) advancing mineral exploration activities in order to increase reserves, (iii) general corporate and working capital improvement purposes and to meet the Company's commitments as disclosed in note 16.

Following the equity offering, the Company has a positive working capital and no senior secured debt. However, the Company acknowledges it is in early stages of implementing a turnaround plan at Turmalina mine, which will continue to require investments in development and sustaining capital in the short term. Until such a turnaround plan is executed, the inconsistent mining results at Turmalina mine present challenges to maintaining optimum production levels. Whilst the Company has instituted measures to preserve cash, improve operations and is seeking to secure additional financing, these circumstances create uncertainties over future results and cash flows.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts significant doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects.

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2019:

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. The Company adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach, as detailed in Note 9. Under the modified retrospective approach, the Company recognizes transition adjustments, if any, in retained earnings on the date of initial application (January 1, 2019), without restating the financial statements on a retrospective basis. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases (IAS 17) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (IFRIC 4). Note 9 outlines the effect of adopting IFRS 16 requirements on January 1, 2019. The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16.

  The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of operations and comprehensive income (loss) on a straight-line basis over the lease term.

  At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company then assesses (i) whether the contract involves the use of an identified asset, (ii) whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and (iii) if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component proportionally on the basis of their relative standalone prices.

  As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a right-of-use lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

  The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the right-of-use lease liability.

- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") – On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The adoption of IFRIC 23 did not affect the financial results or disclosures in the Company's consolidated financial statements.

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

3. Restricted cash

Restricted cash consists of escrow judicial deposits related to the Company's labour and civil litigation (Note 11) and a $2 million margin deposit with Aurамet International LLC, pursuant to the customer advance agreement with Auramet (Note 10), and a $0.4 million margin deposit associated with the Company's Brazil bank indebtedness (Note 8).

4. Inventory

Inventory is comprised of the following:

	September 30, 2019	December 31, 2018
Raw material and Mine operating supplies	$ 8,057	$ 7,252
Ore in stockpiles	477	169
Gold in process	713	1,522
Unrefined gold doré	3,880	3,193
Total inventory	**$ 13,127**	$ 12,136

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	**2019**	2018
Depreciation included in cost of sales	**$ 3,425**	$ 4,919	**$ 10,533**	$ 14,211

The inventory amount recognized in direct mining and processing costs for the three and nine months ended September 30, 2019 was $13.2 million and $40.6 million, respectively ($12.1 million and $38.1 million, respectively, during three and nine months ended September 30, 2018). During the three and nine months ended September 30, 2019, there were no inventory write downs to net realizable value ($nil and $nil, during the three and nine months ended September 30, 2018).

5. Recoverable taxes

	December 31, 2018	Additions/ reversals	Write-off & sales of credits	Applied to taxes payable	Foreign exchange	September 30, 2019
Value added taxes and other	$ 11,697	$ 4,219	$ -	$ (6,686)	$ (641)	**$ 8,589**
Provision for VAT and other	(1,152)	(1)	$ -	-	81	**(1,072)**
Net VAT and other taxes	$ 10,545	$ 4,218	$ -	$ (6,686)	$ (560)	**$ 7,517**
ICMS[(a)]	$ 11,477	$ 2,699	$ (3,793)	$ (38)	$ (741)	**$ 9,604**
Provision for ICMS	(2,951)	724	-	-	147	**(2,080)**
Net ICMS	$ 8,526	$ 3,423	$ (3,793)	$ (38)	$ (594)	**$ 7,524**
Total recoverable taxes	**$ 19,071**	**$ 7,641**	**$ (3,793)**	**$ (6,724)**	**$ (1,154)**	**$ 15,041**
Less: current portion	10,421					**7,505**
Non-current portion	$ 8,650					**$ 7,536**

a) In the three and nine months ended September 30, 2019, the Company sold R$nil and R$13.7 million (approximately $nil and $3.6 million, respectively), in ICMS export tax credits, and the Company received approvals from the state tax authority for R$nil and R$10.2 million, respectively (approximately $nil and $2.6 million) in additional ICMS export tax credits authorized for sale. As at September 30, 2019, the Company held R$1.3 million (approximately $0.3 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2018 – R$5 million, approximately $1.3 million).

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

6. Other accounts receivable and royalty interests

	September 30, 2019	December 31, 2018
Due from Avanco Resources Limited - Gurupi Sale	**5,000**	5,000
Other accounts receivable	**333**	566
Total other accounts receivable	**$ 5,333**	$ 5,566
Less: current portion	**333**	566
Non-current portion	**$ 5,000**	$ 5,000

In connection with the 2017 sale of the Gurupi Project, Jaguar received an initial aggregate cash payment of $4 million, in two installments of $2 million each in September and October 2017. The Company will collect the additional $5 million from Avanco in a series of 10 instalments of $500,000, which the Company expects to occur starting in 2020, in the month in which Avanco receives "clear title and access" to the project. The net smelter royalties will be received throughout the life of mine of the Gurupi Project.

As at September 30, 2019, the Company held the following assets related to the Gurupi project sale: (i) a $5 million amount due from Avanco classified as Other accounts receivable (December 31, 2018 – $5 million) and (ii) an $8.5 million net smelter royalty receivable from Avanco classified as Royalty interests (December 31, 2018 – $8.5 million).

	September 30, 2019	December 31, 2018
Avanco - Gurupi	**$ 8,476**	$ 8,476
Total royalty interests	**$ 8,476**	$ 8,476

As at September 30, 2019, there were no indicators of impairment on Royalty interests (December 31, 2018 – $nil).

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

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

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2019	$ 13,578	$ 11,363	$ 241,662	$ 2,380	$ 2,678	$ 431,412	$ 703,073
Additions	-	-	3,103	-	2,754	18,640	24,497
Disposals	-	(166)	(401)	-	-	-	(567)
Reclassify within PP&E	-	-	2,315	-	(2,315)	-	-
Balance as at September 30, 2019	**$ 13,578**	**$ 11,197**	**$ 246,679**	**$ 2,380**	**$ 3,117**	**$ 450,052**	**$ 727,003**
Balance as at January 1, 2018	$ 13,578	$ 10,662	$ 238,782	$ 2,380	$ 3,532	$ 406,973	$ 675,907
Additions	-	250	1,781	-	1,436	24,439	27,906
Disposals	-	(487)	(1,044)	-	(122)	-	(1,653)
Reclassify within PP&E	-	938	1,230	-	(2,168)	-	-
Balance as at December 31, 2018	$ 13,578	$ 11,363	$ 240,749	$ 2,380	$ 2,678	$ 431,412	$ 702,160
Accumulated amortization and impairment							
Balance as at January 1, 2019	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Amortization for the period	230	174	5,695	1	-	4,370	10,470
Disposals	-	(161)	(100)	-	-	-	(261)
Balance as at September 30, 2019	**$ 12,426**	**$ 8,118**	**$ 220,508**	**$ 2,228**	**$ 685**	**$ 358,861**	**$ 602,826**
Balance as at January 1, 2018	$ 11,903	$ 8,238	$ 200,759	$ 2,230	$ 685	$ 341,915	$ 565,730
Amortization for the period	397	277	10,822	7	-	7,841	19,344
Impairment loss	(104)	(34)	4,161	(10)	-	4,735	8,748
Disposals	-	(376)	(829)	-	-	-	(1,205)
Balance as at December 31, 2018	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Carrying amounts							
As at September 30, 2019	**$ 1,152**	**$ 3,079**	**$ 26,171**	**$ 152**	**$2,432**	**$ 91,191**	**$ 124,177**
As at December 31, 2018	$ 1,382	$ 3,258	$ 25,836	$ 153	$1,993	$ 76,921	$ 109,543

[1] As at January 1, 2019 and following the Company's adoption of IFRS 16 Lease as detailed in Note 9, the Company had equipment under right-of-use leases at a cost and net book value of $5.4 million and $4.7 million, respectively. As at September 30, 2019, the Company had equipment under right-of-use leases at a cost and net book value of $6.9 million and $5.5 million, respectively (December 31, 2018 - $4.5 million and $3.8 million, respectively).

[2] Refers to leasehold improvements in corporate office in Brazil.

[3] Refers to construction in progress.

The Turmalina, Caeté, and Paciência projects are each cash generating units ("CGUs") which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs. A CGU is generally an individual operating mine or development project.

For the three and nine months ended September 30, 2019, there were no indicators of impairment or reversal of past impairment charges ($nil and $nil, respectively, during the three and nine months ended September 30, 2018).

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

8. Notes payable

	September 30, 2019	December 31, 2018
Notes payable - current portion		
Bank indebtedness[(a)]	$ 4,276	$ 7,270
Vale note[(b)]	1,107	849
	5,383	8,119
Notes payable - non-current portion		
Vale note[(b)]	-	225
	-	225
Total notes payable	$ 5,383	$ 8,344

a) Bank indebtedness

As at September 30, 2019, bank indebtedness included $4.3 million in unsecured promissory notes, holding maturities from October 2019 through March 2020 and bearing interest rates ranging from 6.2% to 8.3%. As at December 31, 2018, bank indebtedness included $7.2 million in unsecured promissory notes, holding maturities from April 2019 through June 2019 and bearing interest rates ranging from 6.5% to 8.4%.

b) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for $13.3 million (“Vale Purchase Agreement”). Payment under the Vale Purchase Agreement was subject to satisfaction of certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* (“DNPM”). During 2010, the Company paid $3.2 million. In November 2014, the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from $9.0 million to $3.0 million, payable in twelve installments of $250,000, maturing December and July of every year, until fully paid in 2020. The first installment was paid in December 2014. The balance outstanding as at September 30, 2019 was $1.1 million ($1.1 million as at December 31, 2018).

The note payable is recognized at its amortized cost of $1.1 million, and the discount of $14,000 is being accreted monthly using the effective interest method, applying an annualized interest rate of 6.90% as per the terms agreed..

9. Right-of-use leases

As part of the initial application of IFRS 16, the Company elected to apply the following practical expedients:

- leases with a term ending within 12 months of the date of initial application and leases of low value assets are not recognized;
- for existing contracts, the previous determination has been maintained as to whether a contract contains a lease pursuant to IAS 17 and IFRIC 4;
- leases are evaluated and determined as onerous contracts according to management’s assessment as an alternative to an impairment review; and
- initial direct costs from the right-of-use asset are excluded.

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

Below is a reconciliation of the lease commitments disclosed at December 31, 2018 in the Company's consolidated financial statements and the lease liability recognized as a result of the adoption of IFRS 16 on January 1, 2019. When measuring the value of the lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average discount rate applied is 10.41%.

Operating lease commitment at December 31, 2018	**$**	**46**
IFRS 16 adoption - qualified lease recognition		**1,043**
Operating leases at December 31, 2018 deemed to be leases at January 1, 2019	**$**	**1,089**
Discounted using the incremental borrowing rate at January 1, 2019		**(176)**
Finance lease liabilities previously recognized as at December 31, 2018		**1,399**
Right-of-use lease liabilities recognized at January 1, 2019	**$**	**2,312**

a) Right-of-use assets

The Company's significant lease arrangements include contracts for leasing mining equipment. As at September 30, 2019, $5.5 million of right-of-use assets are recorded as property, plant and equipment (Note 7).

Capital lease equipment, net book value at December 31, 2018	**$**	**3,775**
IFRS 16 adoption - qualified right-of-use asset recognition		**913**
Right-of-use assets at January 1, 2019	**$**	**4,688**
Additions		**1,471**
Amortization		**(668)**
Right-of-use assets, net book value at September 30, 2019	**$**	**5,491**

b) Right-of-use lease liabilities

The Company has acquired certain equipment through the assumption of right-of-use lease obligations. These obligations are secured by promissory notes. The following table outlines the total minimum loan payments due for right-of-use lease obligations over their remaining terms as at September 30, 2019 and January 1, 2019:

		September 30, 2019		January 1, 2019
Less than 1 year		**1,511**		1,825
1 - 3 years		**708**		475
3 - 5 years		**165**		209
More than 5 years		**-**		42
Total minimum loan payments		**2,384**		2,551
Less: Future finance charges		**(252)**		(239)
Present value of minimum loan payments	**$**	**2,132**	$	2,312
Less: current portion		**1,406**		1,796
Non-current portion	**$**	**726**	$	516

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

10. Customer advances

	September 30, 2019	December 31, 2018
Auramet International LLC	$ 3,133	$ 7,000
Total customer advances	**$ 3,133**	$ 7,000

a) Auramet advance

On May 9, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advance ("Auramet advance") in the form of a gold purchase and sale agreement whereby Auramet extended $7 million in minimum prepayment amounts each of $1 million to Jaguar, requiring settlement in full at maturity on October 31, 2019. As part of the agreement, the Company is required to maintain a $2 million margin deposit with Auramet. Funds advanced under the Auramet advance are subject to interest at 1-month LIBOR + 7.5%, and hold a covenant to maintain a minimum net cash balance of $5 million, including the margin deposit.

In the nine months ended September 30, 2019, the Company delivered 3,250 ounces of gold product to Auramet, and, as at September 30, 2019, 2,600 ounces were remaining due to be delivered.

On September 26, 2019, the Company and Auramet agreed to extend the maturity date from October 31, 2019 to January 31, 2020, whereas the Company is obliged to deliver the remaining 2,600 ounces of gold product in accordance with a weekly delivery schedule. The Company incurred $15,000 in finance costs due and paid to Auramet for the extension.

On May 9, 2018, the Company also agreed to a European style gold call option agreement with Auramet whereby the Company granted Auramet an option to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019.

In the nine months ended September 30, 2019, 2,000 ounces in call options were cancelled upon expiration, 3,000 ounces in call options were exercised by Auramet, and 2,000 ounces in call options remained outstanding with expiration dates maturing monthly between October 2019 and November 2019, as further detailed in Note 18(b).

During the nine months ended September 30, 2019, the Company remained in compliance with the minimum net cash balance covenant requirement on the Auramet advance.

11. Legal and other provisions

	December 31, 2018	Additions	Reversals	Payments	Foreign exchange	September 30, 2019
Labour litigation	$ 9,756	$ 4,174	$ (958)	$ (3,196)	$ (739)	**$ 9,037**
Civil litigation	1,432	103	(81)	-	(99)	**1,355**
Other provisions	293	46	-	-	(24)	**315**
Total legal and other provisions	$ 11,481	$ 4,323	$ (1,039)	$ (3,196)	$ (862)	**$ 10,707**
Less: current portion	3,871					**3,888**
Non-current portion	$ 7,610					**$ 6,819**

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

12. Capital stock

a) Common shares

The Company is authorized to issue an unlimited number of common shares. All issued shares are fully paid and have no par value. Changes in common shares for nine months ended September 30, 2019 and 2018 are as follows:

		Number of shares		Amount
Balance as at December 31, 2018		328,505,675	$	546,254
Shares issued from private placement[1]		394,117,647		24,571
Shares issued upon exercise of stock options	Note 12(b)	200,000		26
Shares issued upon redemption of deferred share units	Note 12(c)	1,110,218		232
Balance as at September 30, 2019		**723,933,540**	**$**	**571,083**
Balance as at December 31, 2017		325,115,403	$	545,693
Shares issued upon redemption of deferred share units	Note 12(c)	456,050		149
Balance as at September 30, 2018		**325,571,453**	**$**	**545,842**

1) On July 8, 2019, the Company closed a non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C$0.085 per share in exchange for aggregate gross proceeds of $25.0 million. The Company incurred $432,000 in transaction costs associated with the offering, including finders fees, legal fees, and financial advisory fees.

b) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company or any of its subsidiaries or affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company's incentive plans, including setting exercise prices, vesting terms and expiry dates.

The following table shows the movement of stock options for the nine months ended September 30, 2019 and 2018:

	Number of options		Weighted average exercise price (C$)
Balance as at December 31, 2018	2,817,148	$	0.51
Options granted[1]	2,850,000		0.10
Options exercised[2]	(200,000)		0.10
Options forfeited[4]	(10,667)		0.21
Balance as at September 30, 2019	**5,456,481**	**$**	**0.31**
Balance as at December 31, 2017	9,445,581	$	0.36
Options granted[3]	2,717,000		0.27
Options forfeited[4]	(3,094,665)		0.29
Balance as at September 30, 2018	**9,067,916**	**$**	**0.36**

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

1) On May 31, 2019, 1,250,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.10 and expire on May 31, 2027. The options vest on a quarterly basis, in twelve equal instalments, starting on August 31, 2019 and are exercisable upon vesting. These options had a grant date fair value of C$0.045 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.10, a risk free rate of 1.48%, a volatility factor of 69%, and an expected life of 4.0 years.

On May 31, 2019, 1,600,000 stock options were granted to directors of the Company and are exercisable at a price of C$0.10 with expiry on May 31, 2027. These options had a grant date fair value of C$0.045 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.10, a risk free rate of 1.48%, a volatility factor of 69%, and an expected life of 4.0 years. Of these options, 1,200,000 vested immediately upon resolution approval on May 31, 2019 and 400,000 vest monthly in six equal instalments starting on June 30, 2019. On May 31, 2019, the Company approved an extension of the exercise period applicable to all stock options held by directors, whereas all vested options may be exercised up to one year following the retirement of such directors.

2) In September 2019, 200,000 stock options were exercised by a director of the Company upon resignation at an exercise price of C$0.10. Upon exercise, the Company issued 200,000 common shares (Note 12(a)) and received $20,000 in share issuance proceeds.

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

On August 31, 2018, 1,143,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.21 and expire on August 31, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on November 30, 2018 and are exercisable upon vesting. These options had a grant date fair value of C$0.14 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.21, a risk free rate of 1.02%, a volatility factor of 98%, and an expected life of 4.0 years.

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

The table below shows the outstanding stock options as at September 30, 2019:

Weighted average exercise price (C$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US$ per option)	Expiry date
$ 1.35	May 12, 2014	236,841	236,841	$ 0.38	May 12, 2022
1.35	October 8, 2014	75,000	75,000	0.19	October 8, 2019
-	December 16, 2015	-	-	0.05	December 16, 2020
0.74	August 8, 2016	177,363	177,363	0.34	August 8, 2021
0.76	November 7, 2016	322,637	322,637	0.37	November 7, 2021
0.70	January 27, 2017	209,640	174,700	0.36	January 27, 2025
0.33	September 21, 2017	200,000	133,333	0.22	September 21, 2022
0.37	January 23, 2018	570,000	285,000	0.20	January 23, 2026
0.21	August 31, 2018	1,015,000	688,333	0.11	August 31, 2026
0.10	May 31, 2019	2,650,000	1,541,667	0.03	May 31, 2027
$ 0.31		**5,456,481**	**3,634,874**	**$ 0.13**	

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

For the three and nine months ended September 30, 2019, the Company recognized $39,000 and $185,000, respectively, in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income (loss) ($155,000 and $246,000, respectively, for the three and nine months ended September 30, 2018).

Subsequent to September 30, 2019, the Company granted 450,000 stock options to directors of the Company. The options are exercisable at a price of C$0.19 and expire on October 4, 2027. The options vested immediately on grant and are exercisable upon vesting.

c) Deferred share units – "DSUs"

The deferred share unit plan ("DSU Plan") provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 11,111,111.

The following table shows the movement of DSUs for the nine months ended September 30, 2019 and 2018:

	Number of units		Weighted average grant date fair value
Balance as at December 31, 2018	5,670,768	$	0.28
Units granted[1]	2,120,000		0.07
Units redeemed[2]	(1,110,218)		0.26
Units forfeited[3]	(7,083)		0.16
Balance as at September 30, 2019	**6,673,467**	**$**	**0.22**
Balance as at December 31, 2017	2,793,964	$	0.42
Units granted	4,476,000		0.23
Units redeemed	(456,050)		0.46
Units forfeited	(1,065,228)		0.40
Balance as at September 30, 2018	**5,748,686**	**$**	**0.27**

1) On May 31, 2019 the Company granted a total of 2,120,000 DSUs to directors and executives of the Company in three forms, holding a total grant date fair value of $141,000, measured at US$0.07/share, as follows:

i. 990,000 time-vested DSUs were granted to the Company's non-executive directors, attributing 165,000 to each, all of which vested immediately upon resolution approval. These DSUs are redeemable upon retirement and up to one year following the retirement of such directors.

ii. 400,000 time-vested DSUs were granted to the director and interim CEO of the Company, 50% of which vested immediately upon resolution approval, and 50% of which vested monthly in six equal instalments starting on June 30, 2019. These DSUs granted are redeemable upon vesting.

iii. 730,000 time-vested DSUs were granted to officers and executives of the Company, vesting on a quarterly basis, in twelve equal instalments, starting on March 31, 2019. These DSUs granted are redeemable upon vesting.

On May 31, 2019, the Company approved an extension of the redemption period applicable to all DSUs granted to and held by directors, whereas all vested DSUs may be redeemed during the period of up to one year following the retirement of such directors.

2) In the July 2019, August 2019, and September 2019, officers and directors redeemed a total of 1,110,218 DSUs. The DSUs were settled via issuance of 1,110,218 shares, representing a total grant date fair value of $232,000.

3) Relates to the forfeiture of the DSUs of former executives and director upon resignation.

For three and nine months ended September 30, 2019, the Company recognized $32,000 and $230,000 in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (loss) ($262,000 and $686,000, respectively, for the three and nine months ended September 30, 2018).

13. Basic and diluted earnings per share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	**2019**	2018
Numerator				
Net income (loss) for the purpose of diluted income (loss) per share	**$ 1,141**	$ 2,208	**$ (2,835)**	$ (904)
Denominator				
Weighted average number of common shares outstanding - basic	**723,149,553**	325,237,298	**461,499,215**	325,156,481
Stock Options	**1,177,778**	2,501,735	**-**	-
Deferred share units	**7,322,671**	994,340	**-**	-
Warrants	**-**	3,073,411	**-**	-
Weighted average number of common shares outstanding - diluted	**731,650,002**	331,806,784	**461,499,215**	325,156,481
Basic income (loss) per share	**$ 0.00**	$ 0.01	**$ (0.01)**	$ (0.00)
Diluted income (loss) per share	**$ 0.00**	$ 0.01	**$ (0.01)**	$ (0.00)

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options, deferred shares units since they are anti-dilutive to loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	**2019**	2018
Stock options	**4,413,486**	7,026,975	**4,385,273**	10,098,852
Deferred share units	**-**	4,754,346	**6,698,792**	5,039,731
Warrants	**-**	-	**-**	3,073,411
Anti-dilutive instruments	**4,413,486**	11,781,321	**11,084,065**	18,211,993

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

14. Operating costs

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	**2019**	2018
Direct mining and processing costs	*Note 4*	**$ 13,192**	$ 12,123	**$ 40,644**	$ 38,088
Royalty expense and CFEM taxes[1]		**759**	774	**2,450**	2,412
Other (recoveries) costs		**(45)**	(88)	**58**	64
Operating costs		**$ 13,906**	$ 12,809	**$ 43,152**	$ 40,564

[1] CFEM - Compensação Financeira pela Exploração Mineral taxes are Brazil mining royalty fees levied by the Federal government as financial compensation for mineral exploitation.

15. Cash flow – changes in working capital

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	**2019**	2018
Restricted cash		**$ 262**	$ 35	**$ 297**	$ (149)
Inventory		**(1,446)**	284	**(1,152)**	456
Recoverable taxes		**107**	321	**3,531**	801
Other accounts receivable		**263**	(876)	**233**	(851)
Prepaid expenses and other assets		**618**	117	**604**	335
Derivative assets		**-**	659	**-**	48
Accounts payable and accrued liabilities		**366**	2,359	**(1,760)**	59
Taxes payable		**-**	4	**-**	-
Other taxes payable		**13**	-	**(29)**	-
Reclamation provisions		**(10)**	(20)	**(38)**	(115)
Derivative liabilities		**-**	(2,411)	**-**	(1,481)
Legal and other provisions	*Note 11*	**(1,406)**	(1,447)	**(3,196)**	(2,865)
Lease liabilities		**21**	-	**21**	-
Other liabilities		**(12)**	-	**829**	-
Changes in working capital		**$ (1,224)**	$ (975)	**$ (660)**	$ (3,762)

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

16. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at September 30, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities[1]	$ 15,124	$ -	$ -	$ -	**$ 15,124**
Other Taxes Payable					
ICMS Settlement Due	506	838	279	-	**1,623**
INSS	80	164	82	-	**326**
Notes payable					
Principal					
Bank indebtedness[2]	4,276	-	-	-	**4,276**
Vale note	1,125	-	-	-	**1,125**
Interest	95	16	-	-	**111**
Right-of-use lease liabilities	1,511	708	165	-	**2,384**
Reclamation provisions[3]	277	5,845	7,656	7,884	**21,662**
Derivative liabilities	3,035	-	-	-	**3,035**
Other liabilities	-	3,741	-	-	**3,741**
Total financial liabilities	$ 26,029	$ 11,312	$ 8,182	$ 7,884	**$ 53,407**
Other Commitments					
Customer advances					
Principal					
Auramet advance[4]	$ 1,111	$ -	$ -	$ -	**$ 1,111**
Interest	53	-	-	-	**53**
Suppliers' agreements[5]	155	-	-	-	**155**
Total other commitments	$ 1,319	$ -	$ -	$ -	**$ 1,319**
Total	**$ 27,348**	**$ 11,312**	**$ 8,182**	**$ 7,884**	**$ 54,726**

[1] Amounts payable as at September 30, 2019.

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

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

[4] Auramet advance includes the remaining balance due, net of the Company's $2.0 million cash margin deposit presented as Restricted cash in the balance sheet.

[5] Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

17. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities, issue new equity, or enter into new customer advance arrangements.

As at September 30, 2019, the Company's capital structure is comprised of $5.4 million in notes payable (Note 8), $3.1 million in customer advances (Note 10), and $126.0 million in shareholders' equity (December 31, 2018: $8.3 million, $7.0 million, and $103.9 million, respectively).

At September 30, 2019, the Company is not subject to externally imposed capital requirements other than those stipulated by Auramet (Note 10) and the Banco ABC bank indebtedness (Note 3).

18. Financial risk management and financial instruments

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

a) Liquidity risk

The Company earned net income of $1.1 million and incurred a net loss of $2.8 million for the three and nine months ended September 30, 2019 ($2.2 million net income and $0.9 million net loss, respectively, for the three and nine months ended September 30, 2018). As at September 30, 2019, the Company has a positive working capital of $5.5 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $468.5 million (December 31, 2018 –$465.6 million). The Company's financial liabilities and other commitments are listed in Note 16.

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factors are the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. Other key factors include the Company's ability to continue to renew its Brazilian facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 11).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. The Company engages in derivative financial instruments to manage its price risk and currency risk, including gold forward contracts, gold price collar contracts, gold call option contracts, and foreign exchange call and put option contracts.

1) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company periodically enters into hedge contracts to manage this risk and to secure future sales terms with customers.

i. Gold forward contracts

The Company entered into gold forward contracts to economically hedge against the risk of declining gold prices for a portion of its forecasted gold sales and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss). The contracts have expiry dates ranging from 30 to 90 days and orders unfulfilled prior to expiry are renewed automatically for a period equal to that contracted. The changes in the fair value of these contracts are recognized in the condensed interim consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

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

As at September 30, 2019, the Company's outstanding gold forward contracts covered 11,700 ounces hedged at a weighted average price of US$1,376/oz (December 31, 2018 – 8,801 ounces hedged at a weighted average price of US$1,260/oz) and held a $1.3 million derivative liability open loss position (December 31, 2018 – $186,000 open loss position).

ii. Gold price collar contracts

The Company entered into gold price call and put option contracts ('collar contracts') and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss).

As at September 30, 2019, the Company also was counterparty to collar call and put options contracts with Auramet, as summarized below:

Type	Volume Outstanding (Ounces)		Range Minimum Strike Price		Range Maximum Strike Price	Range Expiration
Call options	5,100	$	1,400	$	1,400	October 2019 to December 2019
Put options	5,100	$	1,300	$	1,300	October 2019 to December 2019
Total options	**10,200**		-		-	-

As at September 30, 2019, 5,100 ounces in gold price collar options remained outstanding and the Company held a $nil derivative asset and a $477,000 derivative liability associated with the gold price collar contracts in its condensed interim consolidated statement of financial position (December 31, 2018 – $nil derivative asset and $nil derivative liability).

Subsequent to September 30, 2019, more specifically on October 29, 2019, Auramet exercised 1,700 ounces in call options to purchase gold from the Company at a strike price of US$1,400, and 1,700 ounces in put options were forfeited upon expiry.

iii. Gold call options

The Company entered into gold call option contracts in connection with its terms of financing and gold sales agreements and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss).

As at September 30, 2019, the Company was counterparty to European style gold call options agreements outstanding issued to Auramet as disclosed in Note 10 and Note 8, and summarized below:

Expiration Date[1]	Ounces for purchase		Strike Price US$ per ounce
October 31, 2019	1,000	$	1,450
November 30, 2019	1,000	$	1,450
January 31, 2020	5,000	$	1,350
Total	**7,000**	**$**	**1,379**

[1] The call options are exercisable on the applicable Expiration Date only by Auramet International LLC.

As at September 30, 2019, 7,000 ounces in options remained outstanding and the Company held a $nil derivative asset and a $870,000 derivative liability and associated with the gold call options in its condensed interim consolidated statement of financial position (December 31, 2018 – $331,000 derivative asset and $143,000 derivative liability).

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

Subsequent to September 30, 2019, more specifically on October 31, 2019, Auramet exercised its option to purchase 1,000 ounces of gold at a strike price of US$1,450.

2) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: Brazilian reais and Canadian dollar denominated cash and cash equivalents, recoverable taxes, accounts payable and accrued liabilities, income taxes payable, reclamation and other provisions, deferred compensation liabilities, Euro denominated capital lease obligations, and foreign exchange call and put option contracts. As at September 30, 2019, the Company held outstanding foreign exchange contracts as detailed in Note 18(b).

i. Foreign exchange call and put options

The Company entered into European style foreign exchange call and put option contracts with a third party exchange service provider, holding expiration periods between 30 days and 180 days, to economically hedge against the risk of the US dollar depreciating against the Brazilian real. The changes in the fair value of these contracts are recognized in the consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

As at September 30, 2019, the Company´s outstanding foreign exchange call and put option hedge contracts were as follows:

Type	Volume Outstanding	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$ 15,250,000	R$ 3.9500 / USD	R$ 4.3175 / USD	October 2019 to February 2020
Put options	15,250,000	R$ 3.7000 / USD	R$ 4.0000 / USD	October 2019 to February 2020
Total options	**$ 30,500,000**	-	-	-

Included in the consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2019 are realized losses of $27,000 and $343,000, respectively ($1.9 million and $2.1 million realized losses, respectively, for the three and nine months ended September 30, 2018), and as at September 30, 2019, the Company held a $407,000 derivative liability open loss position due to a third party exchange service provider (December 31, 2018 – $278,000 derivative liability).

Subsequent to September 30, 2019, the Company entered into an additional set of call and put options as follows:

Type	Volume Engaged	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$ 7,250,000	R$ 4.1700 / USD	R$ 4.3025 / USD	February 2020 to April 2020
Put options	7,250,000	R$ 3.8500 / USD	R$ 4.0000 / USD	February 2020 to April 2020
Total options	**$ 14,500,000**	-	-	-

c) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 8.5% per annum, with the exceptions being (i) one equipment lease obligation bearing interest at a fixed rate of 22.85% per annum and (ii) the customer advance with Auramet at a rate of 7.5% plus the 12-month US dollar LIBOR rate.

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

d) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2019	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at September 30, 2019**
Notes payable	$ 8,574	$ 8,575	$ (12,018)	$ (398)	$ 767	$ -	$ -	$ (117)	**$ 5,383**
Right-of-use lease liabilities[1]	2,312	-	(1,833)	-	-	1,592	4	57	**2,132**
Customer advances[2]	7,000	-	(3,889)	(616)	497	-	-	141	**3,133**
	$ 17,886	$ 8,575	$ (17,740)	$ (1,014)	$ 1,264	$ 1,592	$ 4	$ 81	**$ 10,648**

1) Upon adoption of IFRS 16 Leases as at January 1, 2019, the Company recognized an additional $913,000 in net right-of-use lease liabilities as further detailed in Note 9.

2) Refers to the customer advance from Auramet as further described in Note 10.

19. Related party transactions

The Company incurred legal fees from Azevedo Sette Advogados ("ASA"), a law firm where Luis Miraglia, a director of Jaguar is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three and nine months ended September 30, 2019 were $nil and $19,000, respectively ($nil and $42,000, respectively, for the three and nine months ended September 30, 2018).

During the three and nine months ended September 30, 2019, the Company also engaged advisory services from John Ellis, a director of Jaguar. Fees paid to Mr. Ellis are recorded in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss and were $20,000 and $60,000 for the three and nine months ended September 30, 2019 ($nil and $nil, respectively, during the three and nine months ended September 30, 2018).

In July 2019, the Company closed its non-brokered private placement offering and issued a combined total of 394,117,647 Common Shares in exchange for aggregate gross proceeds of $25.0 million. Two related parties, Mr. Eric Sprott and Tocqueville Asset Management LP, participated in the offering. Mr. Sprott's participation increased his position of the common shares outstanding on a non-diluted basis held directly and indirectly from 21.7% to 42.6%, and Tocqueville Asset Management LP's participation maintained its position held indirectly at 19.6%. These related party positions were maintained up through September 30, 2019.