



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2021 AND 2020**  
**(UNAUDITED)**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

		September 30, 2021	December 31, 2020
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		\$ 38,080	\$ 38,908
Restricted cash	Note 4	559	1,091
Inventory	Note 5	14,403	12,529
Recoverable taxes	Note 6	5,500	4,944
Other accounts receivable		273	61
Prepaid expenses and advances		1,949	2,912
<b>Total current assets</b>		<b>60,764</b>	<b>60,445</b>
Non-current assets			
Royalty interests	Note 7	-	8,476
Property, plant and equipment	Note 8	160,046	147,641
Mineral exploration projects		24,035	22,837
Recoverable taxes	Note 6	4,852	4,718
Other accounts receivable		5,000	5,000
Restricted cash	Note 4	604	649
<b>Total assets</b>		<b>\$ 255,301</b>	<b>\$ 249,766</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities	Note 9	\$ 16,096	\$ 18,851
Notes payable	Note 10	3,023	3,058
Lease liabilities	Note 11	991	1,530
Current tax liability	Note 12	3,343	3,213
Other taxes payable		922	1,153
Reclamation provisions		485	623
Legal and other provisions	Note 13	2,855	2,827
<b>Total current liabilities</b>		<b>27,715</b>	<b>31,255</b>
Non-current liabilities			
Lease liabilities	Note 11	1,592	1,193
Other taxes payable		10,067	10,922
Reclamation provision		11,239	11,539
Legal and other provisions	Note 13	4,624	5,157
<b>Total liabilities</b>		<b>\$ 55,237</b>	<b>\$ 60,066</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	Note 14	\$ 567,005	\$ 565,734
Stock options	Note 14	1,215	1,374
Deferred share units	Note 14	1,851	1,453
Contributed surplus		23,528	23,528
Deficit		(393,535)	(402,389)
<b>Total shareholders' equity</b>		<b>\$ 200,064</b>	<b>\$ 189,700</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 255,301</b>	<b>\$ 249,766</b>

Subsequent events

Note 25

On behalf of the Board:

(signed) "Jeffrey Kennedy"

(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

For the three and nine months ended September 30, 2021 and 2020

(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,	
	2021	2020	2021	2020
<b>Revenue</b>	\$ 40,748	\$ 43,494	\$ 108,764	\$ 116,831
Operating costs <i>Note 16</i>	19,373	14,089	51,499	43,025
Depreciation	5,608	3,640	16,004	11,288
<b>Gross profit</b>	<b>15,767</b>	<b>25,765</b>	<b>41,261</b>	<b>62,518</b>
Exploration and evaluation costs	753	419	3,299	729
Care and maintenance costs (Paciência and Roça Grande mines)	162	156	777	451
Stock-based compensation <i>Note 14(b)(c)</i>	373	448	955	732
General and administrative expenses	1,237	1,624	4,196	4,521
Amortization	15	26	48	82
Legal, recoverable tax and other provisions expenses	443	76	1,369	869
Other operating expenses	3	1,097	460	960
<b>Operating income</b>	<b>12,781</b>	<b>21,919</b>	<b>30,157</b>	<b>54,174</b>
Foreign exchange (gain)	(2,109)	(237)	(1,121)	(6,100)
Financial instruments loss <i>Note 17</i>	-	-	-	476
Finance costs	(31)	277	549	718
Other non-operating expenses (recoveries) <i>Note 18</i>	15	2	2,287	(226)
Income before income taxes	14,906	21,877	28,442	59,306
Income tax expense <i>Note 12</i>	3,491	5,343	7,939	11,321
<b>Net income</b>	<b>\$ 11,415</b>	<b>\$ 16,534</b>	<b>\$ 20,503</b>	<b>\$ 47,985</b>
<b>Total comprehensive income</b>	<b>\$ 11,415</b>	<b>\$ 16,534</b>	<b>\$ 20,503</b>	<b>\$ 47,985</b>
<b>Earnings per share</b> <i>Note 15</i>				
Earnings per share				
Basic	\$ 0.16	\$ 0.23	\$ 0.28	\$ 0.66
Diluted	\$ 0.16	\$ 0.23	\$ 0.28	\$ 0.65
Weighted average shares outstanding				
Basic	72,439,970	72,060,743	72,381,863	72,378,148
Diluted	73,399,833	72,971,665	73,485,376	73,276,589

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, 2021 and 2020  
(Unaudited and expressed in thousands of US dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ 11,415	\$ 16,534	\$ 20,503	\$ 47,985
Adjustments and non-cash items				
Depreciation and amortization	5,623	3,666	16,052	11,370
Accretion interest expense	110	169	325	504
Interest expense	(140)	118	116	214
Unrealized foreign exchange (gain)	(2,268)	(639)	(983)	(7,424)
Current income tax expense	Note 12 3,491	5,343	7,939	11,321
Change in unrealized derivatives	-	-	-	(1,032)
Legal and other provisions expense	272	101	695	(264)
Other operating activities expense	Note 19 576	427	3,850	1,172
Changes in operating working capital	Note 20 (33)	189	(5,282)	(1,799)
Income taxes paid	(2,692)	(3,989)	(7,761)	(3,989)
<b>Net cash provided by operating activities</b>	<b>16,354</b>	<b>21,919</b>	<b>35,454</b>	<b>58,058</b>
<b>INVESTING ACTIVITIES</b>				
Investment in mineral exploration projects	(756)	-	(1,198)	-
Purchase of property, plant and equipment	(9,913)	(7,128)	(28,997)	(21,660)
Proceeds from disposition of royalty interests	Note 7 -	-	6,950	-
Proceeds from disposition of property, plant and equipment	276	-	280	6
<b>Net cash (used in) investing activities</b>	<b>(10,393)</b>	<b>(7,128)</b>	<b>(22,965)</b>	<b>(21,654)</b>
<b>FINANCING ACTIVITIES</b>				
Cash received upon issuance of debt	3,011	2,980	5,986	6,461
Cash received upon issuance of shares via stock options exercised	-	2	555	23
Cash received upon redemption of restricted cash margin deposits	299	119	289	119
Repayment of debt	(3,374)	(4,404)	(8,190)	(10,324)
Cash paid for purchase and cancellation of shares	-	(473)	-	(1,212)
Interest paid	(78)	(175)	(170)	(369)
Restricted cash margin deposits paid	-	(111)	-	-
Cash dividends paid	(2,291)	(4,392)	(11,649)	(4,392)
<b>Net cash (used in) provided by financing activities</b>	<b>(2,433)</b>	<b>(6,454)</b>	<b>(13,179)</b>	<b>(9,694)</b>
Effect of exchange rate changes on cash and cash equivalents	159	402	(138)	1,324
<b>Net increase in cash and cash equivalents</b>	<b>3,687</b>	<b>8,739</b>	<b>(828)</b>	<b>28,034</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>34,393</b>	<b>30,219</b>	<b>38,908</b>	<b>10,924</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 38,080</b>	<b>\$ 38,958</b>	<b>\$ 38,080</b>	<b>\$ 38,958</b>

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 nine months ended September 30, 2021 and 2020

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2020	72,393,354	\$ 570,911	583,148	\$ 961	667,347	\$ 1,542	\$ 20,955	\$ (465,789)	\$ 128,580
Shares purchased and cancelled in normal course issuer bid	(622,127)	(4,906)	-	-	-	-	2,109	-	(2,797)
Stock options granted	-	-	285,500	346	-	-	-	-	346
Stock options forfeited	-	-	(30,617)	(10)	-	-	-	-	(10)
Stock options redeemed	30,617	23	(31,894)	(65)	-	-	65	-	23
Deferred share units granted	-	-	-	-	80,369	384	-	-	384
Deferred share units forfeited	-	-	-	-	(188,144)	(463)	-	-	(463)
Deferred share units redeemed	188,144	463	-	-	(21,000)	(44)	44	-	463
Dividends	-	-	-	-	-	-	-	(4,392)	(4,392)
Net loss	-	-	-	-	-	-	-	47,985	47,985
<b>Balance as at September 30, 2020</b>	<b>71,989,988</b>	<b>\$ 566,491</b>	<b>806,137</b>	<b>\$ 1,232</b>	<b>538,572</b>	<b>\$ 1,419</b>	<b>\$ 23,173</b>	<b>\$ (422,196)</b>	<b>\$ 170,119</b>
Balance as at January 1, 2021	72,118,620	\$ 565,734	1,075,876	\$ 1,374	534,048	\$ 1,453	\$ 23,528	\$ (402,389)	\$ 189,700
Stock options granted	-	-	58,056	191	-	-	-	-	191
Stock options exercised	135,425	905	(153,198)	(350)	-	-	-	-	555
Stock options forfeited	-	-	(36)	-	-	-	-	-	-
Deferred share units granted	-	-	-	-	141,766	764	-	-	764
Deferred share units redeemed	185,925	366	-	-	(185,925)	(366)	-	-	-
Dividends	-	-	-	-	-	-	-	(11,649)	(11,649)
Net income	-	-	-	-	-	-	-	20,503	20,503
<b>Balance as at September 30, 2021</b>	<b>72,439,970</b>	<b>\$ 567,005</b>	<b>980,698</b>	<b>\$ 1,215</b>	<b>489,889</b>	<b>\$ 1,851</b>	<b>\$ 23,528</b>	<b>\$ (393,535)</b>	<b>\$ 200,064</b>

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

# NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

---

## 1. Nature of business

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

These condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2021 and 2020, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. (“MSOL”). MSOL is the operating subsidiary for the Turmalina complex comprising the Turmalina mine and the Caeté complex comprising the Pilar mine. 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, 2020 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 5, 2021.

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.

## 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, 2020, complemented by the following estimates and judgements applied:

- **Variable consideration**

The Company recognizes revenue or income on a given sales transaction when it has fulfilled its performance obligations to a given sales agreement. When sales transactions give rise to potential variable consideration, such as seen in the CentroGold Project net smelter return royalty sale (Note 7), the variable consideration is recognized to the extent it can be estimated reliably and it is highly probable that a significant reversal of the amount will not occur in the future.

The Company computes the transaction price to a given sales transaction using one of the following methods:

- i. the expected value method: identifies a range of possible consideration amounts, weights the possible consideration amounts by their respective probabilities, and then sums probability-weighted amounts to generate the expected value of consideration to be received from the customer.
- ii. the most likely value method: the amount determined most likely to be received.

Significant judgments are exercised in assessing the probability of occurrence and these judgments exercised are subject to risks and uncertainties.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 3. Share Consolidation

On August 27, 2020, the Company completed a share consolidation (the "Share Consolidation") of its outstanding common shares (the "Shares") on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares. As a result of the Share Consolidation, the 723,502,108 common shares issued and outstanding as at that date were consolidated to 72,350,197 common shares on a non-diluted basis. The Share Consolidation was previously approved by shareholders at a meeting held on June 5, 2017. All information in these condensed interim consolidated financial statements with respect to prior periods has been restated to be presented on a post-Share Consolidation basis

### 4. Restricted cash

	September 30, 2021	December 31, 2020
Restricted cash - current portion		
Margin deposits <sup>(a)</sup>	\$ -	\$ 289
Escrow judicial deposits <sup>(b)</sup>	559	802
	559	1,091
Restricted cash - non-current portion		
Escrow judicial deposits <sup>(b)</sup>	604	649
	604	649
<b>Total restricted cash</b>	<b>\$ 1,163</b>	<b>\$ 1,740</b>

a) Margin deposits paid in accordance with the Company's notes payable (Note 10).

b) Escrow judicial deposits paid in relation to Other liabilities recognized in association with the Company's ongoing labour, civil and tax litigations (Note 13).

### 5. Inventory

Inventory is comprised of the following:

	September 30, 2021	December 31, 2020
Raw material and mine operating supplies	\$ 10,575	\$ 8,763
Ore in stockpiles	520	426
Gold in process	912	1,103
Unrefined gold doré	2,396	2,237
<b>Total inventory</b>	<b>\$ 14,403</b>	<b>\$ 12,529</b>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Depreciation included in gross profit	\$ 5,608	\$ 3,640	\$ 16,004	\$ 11,288

The cost of inventories recognized in direct mining and processing costs for the three and nine months ended September 30, 2021 was \$18.3 million and \$48.6 million, respectively (\$12.8 million and \$39.3 million, respectively, during the three and nine months ended September 30, 2020). During the three and nine months ended September 30, 2020 and September 30, 2021, there were no inventory write downs to net realizable value.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 6. Recoverable taxes

	December 31, 2020		Additions/ reversals		Write- offs		Sales of credits		Applied to taxes payable		Foreign exchange		September 30, 2021	
Value added taxes and other <sup>(a)</sup>	\$	6,237	\$	4,714	\$	-	\$	-	\$	(4,722)	\$	(319)	\$	5,910
Provision for VAT and other		(847)		-		-		-		-		38		(809)
Net VAT and other taxes	\$	5,390	\$	4,714	\$	-	\$	-	\$	(4,722)	\$	(281)	\$	5,101
ICMS <sup>(b)</sup>	\$	6,057	\$	1,994	\$	-	\$	-	\$	(84)	\$	(306)	\$	7,661
Provision for ICMS		(1,785)		(674)		-		-		-		49		(2,410)
Net ICMS	\$	4,272	\$	1,320	\$	-	\$	-	\$	(84)	\$	(257)	\$	5,251
<b>Total recoverable taxes</b>	\$	<b>9,662</b>	\$	<b>6,034</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>(4,806)</b>	\$	<b>(538)</b>	\$	<b>10,352</b>
Less: current portion		4,944												5,500
Non-current portion	\$	4,718												\$ 4,852

a) In the nine months ended September 30, 2021, the Company applied R\$16.5 million (\$3.1 million) in federal value added taxes and other tax credits to pay INSS tax obligations and R\$8.7 million (\$1.6 million) to pay goods and service withholding tax obligations. In the nine months ended September 30, 2020, the Company applied R\$20.5 million (\$4.1 million) in federal value added taxes and other tax credits to pay INSS tax obligations, R\$7.2 million (\$1.5 million) to pay goods and service withholding tax obligations, and R\$15.1 million (\$3.1 million) to pay income tax and social contribution tax obligations.

b) As at September 30, 2021, the Company held R\$7.7 million (approximately \$1.5 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2020 – R\$5.2 million, approximately \$1.0 million).

### 7. Royalty interests

	September 30, 2021		December 31, 2020	
Oz Minerals Ltd. - CentroGold Project royalty interest <sup>(a)</sup>	\$	-	\$	8,476
<b>Total royalty interests</b>	\$	<b>-</b>	\$	<b>8,476</b>

a) On March 15, 2021, the Company executed a Definitive Agreement with Metalla Royalty & Streaming Ltd. (MTA) ("Metalla") for the sale of the Company's Net Smelter Return ("NSR") royalty from gold production at the CentroGold Project (also referred to as the Gurupi Project) located in Maranhão State, Brazil and 100% owned by Oz Minerals Ltd. The NSR is comprised of a 1% net smelter return on the first 500,000 ounces of gold sold, a 2% net smelter return from 500,001 to 1,500,000 ounces of gold, and a 1% net smelter return on gold sales exceeding 1,500,000 ounces of gold.

The NSR was sold for an aggregate consideration valued at up to US\$18,000,000 receivable as follows:

- Immediate: \$7.0 million in cash upon executing the Definitive Agreement (received);
- Milestone 1: \$7.0 million in Metalla common shares upon grant of all project licenses, the lifting or extinguishment of the injunction imposed on the CentoGold Project with no pending appeals and, if necessary, the completion of any and all community relocations; and
- Milestone 2: \$4.0 million payment to Jaguar in cash upon the CentroGold Project achieving commercial production.

The Company recognized \$7.0 million as consideration received from the sale of the NSR. The amounts noted above relating to Milestone 1 and Milestone 2 were not recognized, given that the completion of these

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

milestones is dependent on the performance of an unrelated third party. As a result of the sale, the Company (i) transferred its NSR title to Metalla and derecognized the \$8.5 million CentroGold project royalty, (ii) received and recorded \$7.0 million in Cash, (iii) recorded \$0.2 million in legal and consulting costs associated with the transaction, and (iv) recognized a \$1.7 million loss on sale of the CentroGold royalty interest to Other non-operating expenses in its condensed interim consolidated statement of operations and comprehensive income (Note 18).

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

	Plant	Vehicles	Equipment <sup>1</sup>	Leasehold <sup>2</sup>	CIP <sup>3</sup>	Mining properties	Total
<b>Cost</b>							
Balance as at January 1, 2021	\$ 13,587	\$ 4,989	\$ 200,087	\$ 4,418	\$ 9,223	\$ 479,976	\$ 712,280
Additions	99	575	1,731	228	8,969	18,029	29,631
Disposals	-	(21)	-	-	(845)	-	(866)
Reclassify within PP&E	1,529	-	2,621	-	(4,150)	-	-
<b>Balance as at September 30, 2021</b>	<b>\$ 15,215</b>	<b>\$ 5,543</b>	<b>\$ 204,439</b>	<b>\$ 4,646</b>	<b>\$ 13,197</b>	<b>\$ 498,005</b>	<b>\$ 741,045</b>
Balance as at January 1, 2020	\$ 13,578	\$ 6,197	\$ 199,121	\$ 3,412	\$ 3,415	\$ 454,786	\$ 680,509
Additions	9	-	1,880	1,006	7,439	25,570	35,904
Disposals	-	(1,370)	(2,383)	-	-	(380)	(4,133)
Reclassify within PP&E	-	162	1,469	-	(1,631)	-	-
<b>Balance as at December 31, 2020</b>	<b>\$ 13,587</b>	<b>\$ 4,989</b>	<b>\$ 200,087</b>	<b>\$ 4,418</b>	<b>\$ 9,223</b>	<b>\$ 479,976</b>	<b>\$ 712,280</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at January 1, 2021	\$ 13,428	\$ 1,663	\$ 174,150	\$ 3,397	\$ 566	\$ 371,435	\$ 564,639
Depreciation for the period	1,435	107	5,188	933	-	8,736	16,399
Disposals	(18)	(21)	-	-	-	-	(39)
<b>Balance as at September 30, 2021</b>	<b>\$ 14,845</b>	<b>\$ 1,749</b>	<b>\$ 179,338</b>	<b>\$ 4,330</b>	<b>\$ 566</b>	<b>\$ 380,171</b>	<b>\$ 580,999</b>
Balance as at January 1, 2020	\$ 12,514	\$ 2,395	\$ 174,270	\$ 2,407	\$ 685	\$ 370,208	\$ 562,479
Depreciation for the period	940	205	6,046	996	-	7,020	15,207
Impairment (reversal)	(26)	(21)	(4,616)	(6)	(119)	(5,793)	(10,581)
Disposals	-	(916)	(1,550)	-	-	-	(2,466)
<b>Balance as at December 31, 2020</b>	<b>\$ 13,428</b>	<b>\$ 1,663</b>	<b>\$ 174,150</b>	<b>\$ 3,397</b>	<b>\$ 566</b>	<b>\$ 371,435</b>	<b>\$ 564,639</b>
<b>Carrying amounts</b>							
<b>As at September 30, 2021</b>	<b>\$ 370</b>	<b>\$ 3,794</b>	<b>\$ 25,101</b>	<b>\$ 316</b>	<b>\$ 12,631</b>	<b>\$ 117,834</b>	<b>\$ 160,046</b>
As at December 31, 2020	\$ 159	\$ 3,326	\$ 25,937	\$ 1,021	\$ 8,657	\$ 108,542	\$ 147,641

<sup>1</sup> As at September 30, 2021, the Company had equipment under right-of-use leases at a cost and net book value of \$12.1 million and \$7.2 million, respectively (December 31, 2020 - \$10.1 million and \$6.7 million, respectively).

<sup>2</sup> Refers to leasehold improvements in corporate office in Brazil.

<sup>3</sup> Refers to construction in progress.

### 9. Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
Accounts payable	\$ 10,566	\$ 11,639
Accrued payroll	5,528	7,138
Other	2	74
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 16,096</b>	<b>\$ 18,851</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 10. Notes payable

	September 30, 2021	December 31, 2020
Notes payable - current portion		
Bank indebtedness <sup>(a)</sup>	\$ 3,023	\$ 3,058
	<b>3,023</b>	<b>3,058</b>
<b>Total notes payable</b>	<b>\$ 3,023</b>	<b>\$ 3,058</b>

#### a) Bank indebtedness

As at September 30, 2021, bank indebtedness consists of \$3.0 million in unsecured promissory notes, with maturities from December 2021 through March 2022 and bearing interest rates of 3.9% per annum. As at December 31, 2020, bank indebtedness included \$3.1 million in unsecured promissory notes, holding maturities through March 2021 and bearing interest rates ranging from 4.9% to 6.2%.

### 11. Lease liabilities

The Company has acquired certain equipment through the assumption of lease obligations. These obligations are secured by promissory notes. When measuring the value of the lease liabilities, the Company discounted lease payments using its 6.20% weighted average incremental borrowing rate at September 30, 2021 (December 31, 2020 – 8.75%). The following table outlines the total minimum loan payments due for lease obligations over their remaining terms as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Less than 1 year	549	1,561
1 - 3 years	1,718	1,201
3 - 5 years	699	311
Total minimum loan payments	2,966	3,073
Less: Future finance charges	(383)	(350)
Present value of minimum loan payments	\$ 2,583	\$ 2,723
Less: current portion	991	1,530
Non-current portion	\$ 1,592	\$ 1,193

For the three and nine months ended September 30, 2021, the Company recognized accretion expense of \$36,000 and \$107,000, respectively, and foreign exchange results of a \$100,000 gain and a \$14,000 loss, respectively, in the condensed interim consolidated statement of operations and comprehensive income (\$40,000 and \$95,000, respectively, in accretion expense, and \$14,000 and \$587,000, respectively, in foreign exchange gains for the three and nine months ended September 30, 2020). For the three and nine months ended September 30, 2021, the Company presented \$0.4 million and \$2.2 million, respectively, in lease liability debt repayments in its statement of cash flows, as further detailed in Note 23(d) (\$0.4 million and \$1.5 million in lease repayments for the three and nine months ended September 30, 2020).

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 12. Income taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Current income tax expense	3,491	5,343	7,939	11,321
<b>Total income tax expense</b>	<b>\$ 3,491</b>	<b>\$ 5,343</b>	<b>\$ 7,939</b>	<b>\$ 11,321</b>

The current income tax relates to taxable income in Brazil. At the beginning of the year, the Brazil entity had significant tax loss carry-forwards, however, under Brazil tax rules, only 30% of taxable income can be applied against tax loss carry-forwards in a given year.

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, it is expected that the Company's effective tax rate will fluctuate in future periods.

### 13. Legal and other provisions

As at September 30, 2021, the Company has recognized a provision of \$7.5 million (December 31, 2020 - \$8.0 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the outcome of the resolution of these matters.

	December 31, 2020	Additions	Reversals/ Transfers	Payments	Foreign exchange	September 30, 2021
Labour litigation	\$ 6,652	\$ 1,463	\$ (997)	\$ (899)	\$ (288)	\$ 5,931
Civil litigation	981	209	(13)	-	52	1,229
Tax litigation	51	14	-	-	(51)	14
Other provisions	300	19	-	-	(14)	305
<b>Total legal and other provisions</b>	<b>\$ 7,984</b>	<b>\$ 1,705</b>	<b>\$ (1,010)</b>	<b>\$ (899)</b>	<b>\$ (301)</b>	<b>\$ 7,479</b>
Less: current portion		2,827				2,855
Non-current portion	\$ 5,157					\$ 4,624

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 14. 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 the nine months ended September 30, 2021 and 2020 are as follows:

		Number of shares	Amount
Balance as at December 31, 2020		72,118,620	\$ 565,734
Shares issued upon exercise of stock options	Note 14(b)	135,425	905
Shares issued upon redemption of deferred share units	Note 14(c)	185,925	366
<b>Balance as at September 30, 2021</b>		<b>72,439,970</b>	<b>\$ 567,005</b>
Balance as at December 31, 2019		72,393,354	\$ 570,911
Shares purchased and cancelled in normal course issuer bid <sup>1</sup>		(622,127)	(4,906)
Shares issued upon exercise of stock options	Note 14(b)	30,617	23
Shares issued upon redemption of deferred share units	Note 14(c)	188,144	463
<b>Balance as at September 30, 2020</b>		<b>71,989,988</b>	<b>\$ 566,491</b>

1) On June 16, 2020, the Toronto Stock Exchange accepted the Company's notice to make a normal course issuer bid (the "Bid") to purchase for cancellation up to 3,623,269 common shares in the capital of the Company ("Common Shares") in total, being 5% of the issued and outstanding Common Shares as at the date of the Company's notice to the TSX. According to the terms of the Bid, the Company's daily purchases are subject to a daily limit, the Company reserves the right to not purchase shares and may elect to suspend or discontinue the Bid at any time. The Bid commenced on June 18, 2020 and terminated on June 17, 2021.

During the nine months ended September 30, 2021, the Company did not purchase and cancel any shares (622,127 shares for \$2.8 million in cash payments, for the nine months ended September 30, 2020). As at December 31, 2020, 2,870,143 shares remained available and subject to purchase for cancellation under the Bid.

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company's condensed interim consolidated financial statements. The amount allocated to Common shares is based on the average cost per common share and amounts paid above or below the average cost are allocated to Contributed surplus.

#### b) Stock options

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

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

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

The following table shows the movement of stock options for the nine months ended September 30, 2021 and 2020:

	Number of options	Weighted average exercise price (C\$)
Balance as at December 31, 2020	1,075,876	\$ 2.84
Options granted <sup>1</sup>	58,056	8.25
Options exercised <sup>2</sup>	(153,198)	4.54
Options forfeited <sup>5</sup>	(36)	7.40
<b>Balance as at September 30, 2021</b>	<b>980,698</b>	<b>\$ 2.90</b>
Balance as at December 31, 2019	583,148	\$ 2.89
Options granted <sup>3</sup>	285,500	2.68
Options exercised <sup>4</sup>	(30,617)	1.00
Options forfeited <sup>5</sup>	(31,894)	2.24
<b>Balance as at September 30, 2020</b>	<b>806,137</b>	<b>\$ 2.91</b>

1) On January 19, 2021, the Company granted 58,056 stock options to executives of the Company. The options are exercisable at a price of C\$8.25 and expire on January 19, 2029. 54,770 options vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021 and are exercisable upon vesting. 3,285 options vest if and when the 20 day VWAP of the Company's shares is C\$10.00 per share and are also exercisable upon vesting. These options had a weighted average grant date fair value of C\$4.93 per option, measured using the Black-Scholes option pricing formula with inputs as follows: exercise prices of C\$8.25, a risk free rate of 0.14%, a volatility factor of 83%, and an expected life of 4.0 years.

2) In the nine months ended September 30, 2021, officers and directors of the Company exercised a total 153,198 options with exercise prices ranging between C\$1.00 and C\$7.60. The exercises were paid for with \$555,000 in cash proceeds to the Company and \$85,000 via a cashless exercise using 17,773 fully vested stock options. As a result of the options exercised, the Company issued 135,425 common shares.

3) On January 15, 2020, 175,000 stock options were granted to executives of the Company. The options are exercisable at a price of C\$2.50 and expire on January 15, 2028. The options vest on a quarterly basis, in twelve equal instalments, starting on January 31, 2020 and are exercisable upon vesting. These options had a grant date fair value of C\$1.77 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C\$2.50, a risk free rate of 1.69%, a volatility factor of 100%, and an expected life of 8.0 years.

On January 15, 2020, 102,000 stock options were granted to directors of the Company and are exercisable at a price of C\$2.50 with expiry on January 15, 2028. These options vested immediately upon grant and had a grant date fair value of C\$1.77 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C\$2.50, a risk free rate of 1.69%, a volatility factor of 100%, and an expected life of 8.0 years.

On August 19, 2020, 8,500 stock options were granted to directors of the Company and are exercisable at a price of C\$8.70 with expiry on August 19, 2028. These options vested immediately upon grant and had a grant date fair value of C\$6.73 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C\$8.70, a risk free rate of 0.26%, a volatility factor of 91%, and an expected life of 8.0 years.

The expected volatility was estimated using the Company's historical data from the date of grant and for a period corresponding to the expected life of the options.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

4) In the nine months ended September 30, 2020, officers and directors of the Company exercised a total of 30,617 stock options at a weighted average exercise price of C\$1.00. Upon exercise, the Company issued 30,617 common shares and received \$23,000 in share issuance proceeds.

5) Relates to the forfeiture of the options upon resignation of former executives and directors.

The table below shows the outstanding stock options as at September 30, 2021 and 2020:

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
\$ 13.50	May 12, 2014	15,790	15,790	\$ 3.81	May 12, 2022
13.50	October 8, 2014	7,500	7,500	1.92	October 8, 2022
3.30	September 21, 2017	20,000	20,000	2.20	September 21, 2022
3.70	January 23, 2018	15,000	15,000	1.99	January 23, 2026
2.10	August 31, 2018	4,374	4,374	1.10	August 31, 2026
1.00	May 31, 2019	60,314	39,482	0.33	May 31, 2027
2.20	August 5, 2019	600,000	500,000	0.99	August 5, 2027
1.90	October 4, 2019	22,500	22,500	1.13	October 4, 2027
2.50	January 15, 2020	168,664	81,170	1.36	January 15, 2028
8.70	August 19, 2020	8,500	8,500	5.11	August 19, 2028
8.25	January 19, 2021	58,056	9,129	3.87	January 19, 2029
<b>\$ 2.90</b>		<b>980,698</b>	<b>723,445</b>	<b>\$ 1.32</b>	

For the three and nine months ended September 30, 2021, the Company recognized \$57,000 and \$191,000, respectively, in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive loss (\$82,000 and \$346,000, respectively, for the three and nine months ended September 30, 2020).

### 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. DSUs granted to officers, executives, and employees are redeemable upon vesting. DSUs granted to directors are redeemable upon retirement and up to three to twelve months following retirement. 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.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

The following table shows the movement of DSUs for the nine months ended September 30, 2021 and 2020:

	Number of units	Weighted average grant date fair value (US\$)
Balance as at December 31, 2020	534,048	\$ 2.63
Units granted <sup>1</sup>	141,766	6.16
Units redeemed <sup>2</sup>	(185,925)	1.97
<b>Balance as at September 30, 2021</b>	<b>489,889</b>	<b>\$ 3.90</b>
Balance as at December 31, 2019	667,347	\$ 2.16
Units granted <sup>3</sup>	80,369	5.59
Units redeemed <sup>4</sup>	(188,144)	2.51
Units forfeited <sup>5</sup>	(21,000)	1.61
<b>Balance as at September 30, 2020</b>	<b>538,572</b>	<b>\$ 2.58</b>

1) On January 19, 2021 the Company granted a total of 124,650 DSUs to directors and executives of the Company in two forms, holding a total grant date fair value of \$794,000, measured at US\$6.37/share, as follows:

- i. 18,252 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2021.
- ii. 18,252 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$10.00 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
- iii. 44,073 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iv. 44,073 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2021 Annual General Meeting or June 30, 2021.

In the nine months ended September 30, 2021, the Company granted a total of 17,116 DSUs to officers and directors of the Company as a result of the dividend paid to shareholders, holding a total grant date fair value of \$80,000, measured at a weighted average US\$4.68/share.

2) In the nine months ended September 30, 2021, officers and directors redeemed a total of 185,925 DSUs. The DSUs were settled via issuance of 185,925 shares.

3) On August 19, 2020 the Company granted a total of 80,369 DSUs to directors and executives of the Company in two forms, holding a total grant date fair value of \$45,000, measured at US\$5.59/share, as follows:

- i. 55,000 immediately vested DSUs were granted to the Company's directors, all of which vested immediately upon resolution approval.
- ii. 19,750 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, 2020.
- iii. 5,619 immediately vested DSUs were granted to officers and executives of the Company as a result of the dividend paid to shareholders on August 27, 2020.

4) In the nine months ended September 30, 2020, officers and directors redeemed a total of 188,144 DSUs. The DSUs were settled via issuance of 188,144 shares.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

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

For the three and nine months ended September 30, 2021, the Company recognized \$316,000 and \$764,000, respectively, in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (\$366,000 and \$388,000, respectively, for the three and nine months ended September 30, 2020).

### 15. 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,	
	2021	2020	2021	2020
<b>Numerator</b>				
Net income for the purpose of basic and diluted income per share	\$ 11,415	\$ 16,534	\$ 20,503	\$ 47,985
<b>Denominator</b>				
Weighted average number of common shares outstanding - basic	72,439,970	72,060,743	72,381,863	72,378,148
Stock Options	471,444	434,507	584,111	318,779
Deferred share units	488,419	476,415	519,402	579,662
Weighted average number of common shares outstanding - diluted	73,399,833	72,971,665	73,485,376	73,276,589
<b>Basic income per share</b>	\$ 0.16	\$ 0.23	\$ 0.28	\$ 0.66
<b>Diluted income per share</b>	\$ 0.16	\$ 0.23	\$ 0.28	\$ 0.65

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 and deferred shares units which were anti-dilutive to earnings per share in the period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock options	509,254	361,371	406,916	344,354
Anti-dilutive instruments	509,254	361,371	406,916	344,354

### 16. Operating costs

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Direct mining and processing costs	Note 5 \$ 18,302	\$ 12,829	\$ 48,611	\$ 39,255
Royalty expense and CFEM taxes <sup>1</sup>	1,092	1,269	3,152	3,729
Other (recoveries)	(21)	(9)	(264)	41
<b>Operating costs</b>	\$ 19,373	\$ 14,089	\$ 51,499	\$ 43,025

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

### 17. Financial instruments loss

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Changes in unrealized (gain)/loss on derivatives	\$ -	\$ -	\$ -	\$ (1,032)
Realized loss on derivatives	-	-	-	1,508
<b>Total financial instruments loss</b>	\$ -	\$ -	\$ -	\$ 476

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 18. Other non-operating expenses (recoveries)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income	\$ (39)	\$ (20)	\$ (73)	\$ (84)
Loss on disposition of property	32	2	535	31
Loss on disposal of ICMS and other recoverable taxes	-	292	-	292
Loss on disposition of royalty interests <sup>(a)</sup>	-	-	1,686	-
Other non-operating expenses (recoveries)	22	(272)	139	(465)
<b>Total other non-operating expenses (recoveries)</b>	<b>\$ 15</b>	<b>\$ 2</b>	<b>\$ 2,287</b>	<b>\$ (226)</b>

<sup>(a)</sup> Refers to the loss on sale of the CentroGold Project royalty interest to Metalla as further described in Note 7.

### 19. Cash flow – other operating activities expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation	\$ 373	\$ 441	\$ 955	\$ 708
Loss on disposition of PP&E	32	2	535	31
Loss on disposition of royalty interests	-	-	1,686	-
Additions to provision against recoverability of VAT and other taxes	171	(16)	674	433
<b>Other operating activities expense</b>	<b>\$ 576</b>	<b>\$ 427</b>	<b>\$ 3,850</b>	<b>\$ 1,172</b>

### 20. Cash flow – changes in operating working capital

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Restricted cash	\$ 161	\$ 90	\$ 227	\$ (475)
Inventory	1,020	(1,142)	(1,528)	(852)
Recoverable taxes	(827)	162	(1,950)	848
Other accounts receivable	(160)	(264)	(212)	71
Prepaid expenses and other assets	578	(203)	963	79
Accounts payable and accrued liabilities	165	2,246	(764)	1,985
Other taxes payable	(517)	(134)	(1,008)	(1,069)
Reclamation provisions	(60)	(29)	(112)	(120)
Legal and other provisions	(394)	(532)	(899)	(1,389)
Other liabilities	-	(5)	-	(877)
<b>Changes in operating working capital</b>	<b>\$ (34)</b>	<b>\$ 189</b>	<b>\$ (5,283)</b>	<b>\$ (1,799)</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 21. 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, 2021	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	\$ 16,096	\$ -	\$ -	\$ -	\$ 16,096
Other Taxes Payable					
ICMS Settlement Due	253	155	-	-	408
INSS	500	999	251	-	1,750
IRPJ & CSLL Settlement Due	169	337	155	-	661
Notes payable					
Principal					
Bank indebtedness <sup>(a)</sup>	3,023	-	-	-	3,023
Interest	20	44	-	-	64
Lease liabilities	549	1,718	699	-	2,966
Reclamation provisions <sup>(b)</sup>	485	4,346	4,344	6,765	15,940
Current tax liability	3,343	-	-	-	3,343
Total financial liabilities	\$ 24,438	\$ 7,599	\$ 5,449	\$ 6,765	\$ 44,251
<b>Other Commitments</b>					
Suppliers' agreements <sup>(c)</sup>	279	-	-	-	279
Total other commitments	\$ 279	\$ -	\$ -	\$ -	\$ 279
<b>Total</b>	<b>\$ 24,717</b>	<b>\$ 7,599</b>	<b>\$ 5,449</b>	<b>\$ 6,765</b>	<b>\$ 44,530</b>

<sup>(a)</sup> Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

<sup>(b)</sup> Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

<sup>(c)</sup> 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.

### 22. 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, 2021, the Company's capital structure is comprised of \$3.0 million in notes payable and \$200.1 million in shareholders' equity (December 31, 2020: \$3.1 million and \$189.7 million, respectively).

As at September 30, 2021, the Company is not subject to externally imposed capital requirements other than those stipulated by Brazil bank indebtedness (Note 4).

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

---

### 23. Financial risk management and financial instruments

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

#### a) Liquidity risk

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 loan facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 13).

#### 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. On an ongoing basis, the Company evaluates its price risk and currency risk and, when envisioned to be beneficial, engages in derivative financial instruments to manage these risks, 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 evaluates price risk and, when envisioned to be beneficial, enters into hedge contracts to manage this risk and to secure future sales terms with customers. The Company does not use hedge accounting for these instruments and gain and losses are recorded in earnings as fair value changes occur as a component of revenue.

In the three and nine months ended September 30, 2021, the Company did not engage in any price hedge derivative instruments (\$nil and \$1.9 million realized losses, respectively, for the three and nine months ended September 30, 2020) and held no open price hedge derivative positions outstanding at September 30, 2021 (December 31, 2020 – Nil price hedge derivative positions outstanding).

##### 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.

In the three and nine months ended September 30, 2021, the Company did not engage in any foreign exchange derivative instruments (for the three and nine months ended September 30, 2020, the Company recorded realized losses of \$nil million and \$1.5 million, respectively, and losses of \$nil and \$71,000, respectively, on changes in unrealized foreign exchange derivatives) and held no open foreign exchange derivative position as at September 30, 2021 (December 31, 2020 – no foreign exchange derivative positions outstanding).

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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

### 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 external debt with interest rates ranging from 3.9% to 7.1% per annum.

### d) Changes in liabilities arising from financing activities

	Changes from financing cash flows				Other changes				Balance as at September 30, 2021
	Balance as at December 31, 2020	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non- cash changes	
<b>Notes payable</b>	\$ 3,058	\$ 5,986	\$ (5,962)	\$ (155)	\$ 106	\$ -	\$ (10)	\$ -	\$ <b>3,023</b>
<b>Lease liabilities</b>	2,723	-	(2,228)	-	-	1,967	14	107	<b>2,583</b>
	\$ 5,781	\$ 5,986	\$ (8,190)	\$ (155)	\$ 106	\$ 1,967	\$ 4	\$ 107	\$ <b>5,606</b>

### 24. 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 consolidated statements of operations and comprehensive income (loss). Legal fees paid to ASA were \$3,000 and \$28,000 for the three and nine months ended September 30, 2021 (\$18,000 and \$24,000, for the three and nine months ended September 30, 2020).

### 25. Subsequent events

On November 5, 2021, the Board of Directors of Jaguar Mining approved a cash dividend of C\$0.04 per common share of the Company, to be paid on November 30, 2021 to shareholders of record as of the close of business on November 23, 2021. The dividend qualifies as an eligible dividend for Canadian income tax purposes.