

# Jaguar Mining Reports Second Quarter 2019 Financial and Operating Results

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TSX: JAG

TORONTO, Aug. 15, 2019 - [Jaguar Mining Inc.](#) ("Jaguar" or the "Company") (TSX: JAG) today announced financial and operating results for the three months ("Q2 2019") and six months ended June 30, 2019. Detailed financial results for Q2 2019 are available on [www.sedar.com](#) and on the Company's website [www.jaguarmining.com](#). All figures are in US dollars, unless otherwise expressed.

## Q2 2019 Operating Summary

- Consolidated gold production of 18,366 ounces (184,000 tonnes milled, average grade of 3.48 g/t) increased 12% to 16,365 in Q1 2019, however decreased 2% compared to 18,819 in Q2 2018.
- Pilar mine gold production of 10,543 ounces up 19% over 8,840 ounces in Q1 2019, however a 4% decrease compared to 10,995 ounces in Q2 2018.
- Turmalina mine gold production up 4% to 7,823 over 7,525 ounces in Q1 2019 and flat compared to 7,824 ounces in Q2 2018.
- Primary development increased 3% to 1,310 m compared to 1,277 completed in Q2 2018.
- Sustaining capital expenditures of \$8.4 million invested in mining equipment and development.

## Q2 2019 Financial Results Summary

- Gross profit of \$5.8 million decreased 5% compared to \$6.1 million in Q2 2018 due to higher operating cash costs year-over-year and increased compared to \$3.2 million in Q1 2019.
- Consolidated Cash operating costs ("COC") increased 9.6% to \$786 per ounce compared to \$717 in Q2 2018, however improved compared to \$870 COC in Q1 2019 due to the increase in ounces produced.
- Consolidated all-in sustaining costs ("AISC") increased 7% to \$1,366 compared to \$1,277 in Q2 2018 due to increased sustaining capital expenditures.
- Operating cash flow of \$7.5 million; adjusted EBITDA of \$6.0 million.
- Net loss of \$2.2 million, or net loss per share of \$0.01.
- The Company completed a \$25 million non-brokered private placement ("the Offering") on July 18, 2019 which included the Company's major shareholders, Mr. Eric Sprott and Tocqueville Gold Fund.

## Q2 2019 Financial Results

(\$ thousands, except where indicated)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Financial Data				
Revenue	\$ 23,923	\$ 22,888	\$ 45,339	\$ 48,116
Operating costs	14,627	12,356	29,246	27,755
Depreciation	3,499	4,407	7,109	9,293
Gross profit	5,797	6,125	8,984	11,068
Net loss	(2,137)	(1,334)	(3,976)	(3,115)
Per share ("EPS")	(0.01)	(0.00)	(0.01)	(0.01)
EBITDA <sup>1</sup>	2,581	4,262	5,234	8,417
Adjusted EBITDA <sup>1,2</sup>	6,003	5,303	9,906	10,876
Adjusted EBITDA per share <sup>1</sup>	0.02	0.02	0.03	0.03
Cash operating costs (per ounce sold) <sup>1</sup>	786	717	826	761
All-in sustaining costs (per ounce sold) <sup>1</sup>	1,366	1,277	1,395	1,283
Average realized gold price (per ounce) <sup>1</sup>	1,286	1,328	1,280	1,319
Cash generated from operating activities	7,505	4,460	10,028	9,438
Free cash flow <sup>1</sup>	(877)	(2,501)	(5,441)	(4,191)
Free cash flow (per ounce sold) <sup>1</sup>	(47)	(145)	(154)	(115)
Sustaining capital expenditures <sup>1</sup>	8,382	6,961	15,469	13,629
Non-sustaining capital expenditures <sup>1</sup>	245	592	433	1,600
Total capital expenditures	8,627	7,553	15,902	15,229

<sup>1</sup>Average realized gold price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, adjusted operating cash flow, free cash flow, EBITDA and adjusted EBITDA, adjusted EBITDA per share, and gross profit (excluding depreciation) are non-IFRS financial performance measures with no standard definition under IFRS. Refer to the Non-IFRS Financial Performance Measures section of the MD&A.

<sup>2</sup>Adjusted EBITDA excludes non-cash items such as impairment and write downs. For more details refer to the Non-IFRS Performance Measures section of the MD&A.

## Q2 2019 Operating Results

Quarterly Summary	Q2 2019			Q2 2018		
	Turmalina Pilar		Total	Turmalina Pilar		Total
Tonnes milled (t)	75,000	109,000	184,000	77,000	94,000	171,000
Average head grade (g/t)	3.55	3.44	3.48	3.46	4.03	3.77
Recovery %	90.6%	87.3%	88.6%	91.1%	89.8%	90.4%
Gold ounces						
Produced (oz)	7,823	10,543	18,366	7,824	10,995	18,819
Sold (oz)	7,999	10,599	18,598	7,610	9,620	17,230
Cash Operating Costs ("COC")	766	802	786	761	683	717
Development						
Primary (m)	783	527	1,310	740	537	1,277
Secondary (m)	330	369	699	302	275	577
Definition, infill, and exploration drilling (m)	4,963	3,226	8,189	5,623	3,141	8,764

#### Financing and Repayment of Bridge Loan Facility

- Subsequent to the second quarter ended June 30, 2019, the Company completed a \$25 million non-brokered private placement ("the Offering") on July 18, 2019 which included an investment from two of the Company's major shareholders, Eric Sprott and Tocqueville Gold Fund. In addition, the Company fully repaid its senior secured bridge facility (the "Bridge Loan") with Auramet International LLC for USD\$7.85 million from the proceeds of the private placement and \$1.6 million from the Brazilian loan.
- Mr. Sprott invested USD\$15 million in the private placement representing 60% of the entire Offering, resulting in 4.1% ownership of the Company's outstanding Common Shares on a non-diluted basis. Tocqueville Gold Fund, a long-term Jaguar Mining investor, represents 19.6% of the Company's outstanding Common Shares on a non-diluted basis.

#### Cash Position, Working Capital & Corporate

- As at June 30, 2019, the Company had a cash position of \$5.2 million, compared to \$6.3 million as at December 31, 2018. The June 30, 2019, cash balance excludes a \$2 million restricted cash deposit held with Auramet.
- As at June 30, 2019, prior to the equity financing, working capital was negative \$13.1 million, compared to negative \$13.1 million as at December 31, 2018, which includes \$5.1 million (December 31, 2018 - \$7.3 million) in loans from Brazil which mature every six months and are expected to be rolled forward.
- As at June 30, 2019, the Company's outstanding gold forward contracts covered 17,404 ounces hedged at a weighted average price of US\$1,328/oz.

#### Corporate Update

- Mr. Vernon Baker appointed new Chief Executive Officer effective August 6, 2019. Mr. Baker brings over 35 years of experience with mining companies with deep management and operations expertise at globally focused mid-tier and large mining companies. Most recently he was General Manager at Goldcorp's Cerro Negro Mine in Argentina from December 2015, overseeing 3,000 tonne per day of high-grade production and successfully implemented several high value initiatives to reduce costs, grow production and development, and strong safety improvement to lead the corporation with an A grade in 2017. Previously, Mr. Baker held management and senior leadership roles with various mining companies including President at Duluth Metals Limited, Vice President of Operations at FNX Mining, General Manager at Barrick Gold Inc., and General Manager of Hemlo Operations, a Joint Venture of Teck Cominco and Barrick Gold.
- Rodney Lamond was appointed to the Board of Directors, August 6, 2019. Mr. Lamond was previously on the Board of Directors and Executive Officer of Jaguar Mining from December 2015 to August 2018. The Company also announced the acceptance of Mr. Richard Falconer's resignation as an independent director.

Mr. Weng, Chairman of Jaguar, stated, "On behalf of the Board of Directors I am pleased to welcome Mr. Baker as our new CEO and to thank Ben Guenther for his interim leadership. I would also like to welcome back Mr. Lamond to the Board and look forward to working with Vern and the Board on advancing Jaguar's turnaround. I also thank Mr. Falconer for his many contributions to Jaguar during his tenure and wish him success on his future endeavors."

Mr. Baker stated: "I am excited to now be in my new role at Jaguar and by the opportunity to lead our team in unlocking the value of our great gold assets in the Iron Quadrangle area of Brazil. I am looking forward to driving the operating improvements that will bring the company to a strong financial position over the next several quarters."

#### Qualified Persons

Scientific and technical information contained in this press release has been reviewed and approved by Jonathan Victor Hill, BSc (Hons) (Economic Geology - UCT), Senior Expert Advisor Geology and Exploration to the Jaguar Mining Management Committee, who is also an employee of [Jaguar Mining Inc.](#), and is a "qualified person" as defined by National Instrument 43-101 &#8211;Standards of Disclosure for Mineral Projects ("NI 43-101").

#### The Iron Quadrangle

The Iron Quadrangle has been an area of mineral exploration dating back to the 16th century. The discovery in 1699&#8211;1701 of gold contaminated with iron and platinum-group metals in the southeastern corner of the Iron Quadrangle gave rise to the name of the town Ouro Preto (Black Gold). The Iron Quadrangle contains world-class multi-million-ounce gold deposits such as Morro Velho, Cuiabá, and São Bento.

#### About Jaguar Mining Inc.

[Jaguar Mining Inc.](#) is a Canadian-listed junior gold mining, development, and exploration company operating in Brazil with three gold mining complexes and a large land package with significant upside exploration potential from mineral claims covering an area of approximately 64,000 hectares. The Company's principal operating assets are located in the Iron Quadrangle, a prolific greenstone belt in the state of Minas Gerais and include the Turmalina Gold Mine Complex and Caeté Mining Complex (Pilar and Roça Grande Mines, and Caeté Plant). The Company also owns the Paciência Gold Mine Complex, which has been on care and maintenance since 2012 and the Roça Grande Mine which has been on care and maintenance since April 2018. Additional information is available on the Company's website at [www.jaguarmining.com](http://www.jaguarmining.com).

#### Forward-Looking Statements

Certain statements in this news release constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements and information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking information made in this news release is qualified by the cautionary statements below and those made in our other filings with the securities regulators in Canada. Forward-looking information contained in forward-looking statements can be identified by the use of words such as "are expected," "is forecast," "is targeted," "approximately," "plans," "anticipates," "projects," "anticipates," "continue," "estimate," "believe" or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken, occur or be achieved. All statements, other than statements of historical fact, may be considered to be or include forward-looking information. This news release contains forward-looking information regarding, among other things, expected sales, production statistics, ore grades, tonnes milled, recovery rates, cash operating costs, definition/delineation drilling, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, currency fluctuations, capital requirements, project studies, mine life extensions, restarting suspended or disrupted operations, continuous improvement initiatives, and resolution of pending litigation. The Company has made numerous assumptions with respect to forward-looking information contained herein, including, among other things, assumptions about the estimated timeline for the development of its mineral properties; the supply and demand for, and the level and volatility of the price of, gold; the accuracy of reserve and

resource estimates and the assumptions on which the reserve and resource estimates are based; the receipt of necessary permits; market competition; ongoing relations with employees and impacted communities; political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any potential power rationing, tailings facility regulation, exploration and mine operating licenses and permits being obtained and renewed and/or there being adverse amendments to mining or other laws in Brazil and any changes to general business and economic conditions. Forward-looking information involves a number of known and unknown risks and uncertainties, including among others: the risk of Jaguar not meeting the forecast plans regarding its operations and financial performance; uncertainties with respect to the price of gold, labour disruptions, mechanical failures, increase in costs, environmental compliance and change in environmental legislation and regulation, weather delays and increased costs or production delays due to natural disasters, power disruptions, procurement and delivery of parts and supplies to the operations; uncertainties inherent to capital markets in general (including the sometimes volatile valuation of securities and an uncertain ability to raise new capital) and other risks inherent to the gold exploration, development and production industry, which, if incorrect, may cause actual results to differ materially from those anticipated by the Company and described herein. In addition, there are risks and hazards associated with the business of gold exploration, development, mining and production, including environmental hazards, tailings dam failures, industrial accidents and workplace safety problems, unusual or unexpected geological formations, pressures, cave-ins, flooding, chemical spills, procurement fraud and gold bullion thefts and losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Accordingly, readers should not place undue reliance on forward-looking information.

For additional information with respect to these and other factors and assumptions underlying the forward-looking information made in this news release, see the Company's most recent Annual Information Form and Management's Discussion and Analysis, as well as other public disclosure documents that can be accessed under the issuer profile of "[Jaguar Mining Inc.](#)" on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking information set forth herein reflects the Company's reasonable expectations as at the date of this news release and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

## Non-IFRS Measures

This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. Readers are cautioned to review the below stated footnotes where the Company expanded on its use of non-IFRS measures.

1. Cash operating costs and cash operating cost per ounce are non-IFRS measures. In the gold mining industry, cash operating costs and cash operating costs per ounce are common performance measures but do not have any standardized meaning. Cash operating costs are derived from amounts included in the Consolidated Statements of Comprehensive Income and include mine-site operating costs such as mining, processing and administration, as well as royalty expenses, depreciation, depletion, share-based payment expenses, and reclamation costs. Cash operating costs per ounce are calculated by dividing cash operating costs by commercial gold ounces produced; U.S. operating costs per ounce produced are derived from the cash operating costs per ounce produced translated using the average Brazilian Central Bank R\$/US\$ exchange rate. The Company discloses cash operating costs and cash operating costs per ounce, as it believes those measures provide valuable assistance to investors and analysts in evaluating the Company's operational performance and ability to generate cash flow. The most directly comparable measure prescribed by IFRS is total production costs. A reconciliation of cash operating costs per ounce to total production costs for the most recent reporting period, the quarter ended June 30, 2019, is set out in the Company's second quarter 2019 Management Discussion and Analysis (MD&A) filed on SEDAR at [www.sedar.com](http://www.sedar.com).
2. All-in sustaining cost is a non-IFRS measure. This measure is intended to assist readers in evaluating the total cost of producing gold from current operations. While there is no standardized meaning across the industry for this measure, for non-cash items the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance note dated June 27, 2013. The Company defines all-in sustaining cost as the sum of production costs, sustaining capital (capital required to maintain current operations at existing levels), corporate general and administrative expenses, and in-mine exploration expenses. All-in sustaining cost excludes growth capital, reclamation cost accounted for in production costs, interest and other financing costs, and taxes. A reconciliation of all-in sustaining cost to total production costs for the most recent reporting period, the quarter ended June 30, 2019, is set out in the Company's second quarter 2019 MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com).

SOURCE [Jaguar Mining Inc.](#)

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