

# Jaguar Mining Reports Third Quarter 2019 Financial and Operating Results

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TSX: JAG

TORONTO, Nov. 13, 2019 - [Jaguar Mining Inc.](#) ("Jaguar" or the "Company") (TSX: JAG) today announced financial and operating results for the three months ("Q3 2019") and nine months ended September 30, 2019. Detailed financial results for Q3 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.

## Q3 2019 Operating Summary

- Consolidated gold production of 19,324 ounces (208,000 tonnes milled, average grade of 3.30 g/t) increased 5% compared to 18,366 ounces in Q2 2019, decreased 5% compared to 20,320 ounces in Q3 2018.
- Pilar mine gold production of 11,044 ounces up 5% compared to 10,543 ounces in Q2 2019, no change compared with the same period of 2018.
- Turmalina mine gold production up 6% to 8,280 ounces compared to 7,823 ounces in Q2 2019, decreased 11% compared to 9,252 ounces in Q3 2018.
- Primary development increased 6% to 1,516 meters compared to 1,436 meters completed in Q3 2018.
- Sustaining capital expenditures of \$7.9 million invested in mining equipment and development.

## Q3 2019 Financial Results Summary

- Operating cash flow of \$4.7 million; adjusted EBITDA of \$5.7 million; net Income of \$1.1 million.
- Consolidated Cash operating costs ("COC") increased 27% to \$798 per ounce compared to \$627 in Q3 2018 mainly due to lower grade and higher tonnage. Consolidated all-in sustaining costs ("AISC") increased 22% to \$1,389 compared to \$1,142 in Q3 2018 due to increased operating cash cost and fewer ounces sold.
- Average realized gold price during the quarter was \$1,320 per ounce mainly due to the hedge program linked with the bridge and gold loans that were entered in 2018 and early part of 2019.
- The Company completed a \$25 million non-brokered private placement ("the Offering") on July 18, 2019 which included two of the Company's major shareholders, Mr. Eric Sprott and Tocqueville Gold Fund.

Vern Baker, CEO of Jaguar commented, "Thanks to support from shareholders, Jaguar completed a \$25 million private placement. That support has allowed us to: 1) retire significant debt of \$13.8 million in Q3 2019, 2) to invest in bringing the mines to a profitable position, and 3) to operate with a consistent and sustainable approach to our orebodies. We are now well positioned financially, with a positive cash balance, as we continue driving performance in the next quarter, to set up a sustainable performance in 2020. Our plans will allow us to improve over the next quarters to reach a sustainable production rate of 100,000 ounces per year in the second half of 2020."

"In Q3 2019 Jaguar recognized a profit of \$1.1 million as production increased to over 19,000 ounces. I am delighted to see our Company begin to reflect the improvements implemented recently. Investment in sustaining capital remains high as Pilar works to stabilize productive capacity at 4,000 ounces per month, and Turmalina is driving development to return to a consistent production of 4,000 ounces per month. Sustaining capital investment will remain high for the next year as development, equipment replacement, and infrastructure maintenance are brought up to the levels that will allow a long-term consistent performance with normal levels of capital. I expect to see improvement in profit, cash flow and ounces produced each quarter until we hit the sustainable rates planned for our mines."

Financial performance upside in Q3 2019 was limited by the gold loan repayments and settling of forwards/options that held the Company's realized price of gold to \$1,320 per ounce. These forward/option

contracts were entered into during a period of constrained operations in 2018 and 2019, primarily due to the bridge loan covenant requirements. Jaguar has an obligation to deliver into the committed forward/option contracts and repayments of the gold loan that will impact the company in Q4 2019 and Q1 2020. Using the mix of spot prices, forwards/options and the residual gold loan repayments; the realized gold price will be more aligned to the spot gold price during the quarter. Jaguar will be unhedged by end of Q1 2020.

The most encouraging part of Q3 2019 performance was the improvement seen at the end of the quarter as changes made earlier in the year began to have a positive impact. Both mines showed the capacity to handle increased tonnages and development. Pilar reached 4,000 ounces per month in September, and is positioned to stabilize performance over the next quarter. Turmalina demonstrated the needed capacity to move tonnes and complete development at levels that will allow the mine to bring on the sustainable mining panels that will provide adequate stoping options. The new panels will allow the mine to bring the grade back toward the global reserve grade.

Improved production along with the support of shareholders has allowed the company to augment exploration by adding a longer range drill in October, with a second drill to start in November. Over the past year the exploration team has had a limited budget, but has been able to generate a significant queue of drilling options within each mine, as well as on our active mine properties, and also on our properties that are positioned to take advantage of our under-utilized milling infrastructure. The first drill targets being focused on are in-mine opportunities that can strengthen flexibility in the mines and provide the basis for future production growth.

### Q3 2019 Financial Results

(\$ thousands, except where indicated)	For the three months ended		For the nine months	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
<b>Financial Data</b>				
Revenue	\$ 22,999	\$ 25,426	\$ 68,338	\$ 73,5
Operating costs	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
Net income (loss)	1,141	2,208	(2,835)	(904)
Per share ("EPS")	0.00	0.01	(0.01)	0.00
EBITDA <sup>1</sup>	5,528	7,889	10,761	16,309
Adjusted EBITDA <sup>1,2</sup>	5,646	8,909	15,551	19,805
Adjusted EBITDA per share <sup>1</sup>	0.01	0.03	0.02	0.06
Cash operating costs (per ounce sold) <sup>1</sup>	798	627	817	713
All-in sustaining costs (per ounce sold) <sup>1</sup>	1,389	1,142	1,393	1,233
Average realized gold price (per ounce) <sup>1</sup>	1,320	1,244	1,293	1,292
Cash generated from operating activities	4,676	6,566	14,704	16,004
Sustaining capital expenditures <sup>1</sup>	7,865	7,864	23,334	21,493
Non-sustaining capital expenditures <sup>1</sup>	772	641	1,205	2,241
Total capital expenditures	8,637	8,505	24,539	23,734
Free cash flow <sup>1</sup> - Operational Cash Flow less Sustaining Capital	(3,189)	(1,298)	(8,630)	(5,489)
Free cash flow (per ounce sold) <sup>1</sup>	(183)	(63)	(163)	(96)

<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 Financial Performance Measures section of the MD&A.

### Q3 2019 Operating Results

Quarterly Summary	Q3 2019			Q3 2018		
	Turmalina Pilar	Total		Turmalina Pilar	Total	
Tonnes milled (t)	94,000	114,000	208,000	88,000	87,000	175,000
Average head grade (g/t)	3.05	3.50	3.30	3.62	4.40	4.01
Recovery %	89.6%	86.3%	87.8%	90.1%	89.6%	89.8%
Gold ounces						
Produced (oz)	8,280	11,044	19,324	9,252	11,068	20,320
Sold (oz)	7,399	10,018	17,417	8,609	11,832	20,441
Development						
Primary (m)	1,001	515	1,516	780	656	1,436
Secondary (m)	436	575	1,010	558	169	727
Definition, infill, and exploration drilling (m)	4,090	3,751	7,841	8,203	3,513	11,716

#### Financing, Repayment of Bridge Loan Facility, Cash Position and Working Capital

- On July 8, 2019, the Company completed a \$25 million non-brokered private placement ("the Offering") which included an investment from two of the Company's major shareholders, Mr. Eric Sprott and Tocqueville Gold Fund. In addition, the Company fully repaid its senior secured bridge facility (the "Facility") with Auramet International LLC and part of the Auramet gold loan.
- Mr. Sprott invested \$15 million in the private placement representing 60% of the entire Offering, resulting in 42.6% post transaction ownership of the Company's outstanding Common Shares on a non-diluted basis. Tocqueville Gold Fund, a long-term Jaguar Mining investor, invested \$5 million in the private placement maintaining ownership of 19.6% of the Company's outstanding Common Shares on a non-diluted basis.
- As at September 30, 2019, the Company had a cash position of \$12.2 million, compared to \$6.3 million at December 31, 2018. Working capital was \$5.5 million at the end of Q3 2019, compared to negative \$2.4 million on December 31, 2018, which includes \$4.3 million (December 31, 2018 - \$7.3 million) in loans from Brazilian banks, that mature every six months and are expected to be rolled forward.
- As at November 13, 2019, the Company's outstanding gold forward contracts covered 6,100 ounces hedged at a weighted average price of \$1,417 per ounce (December 31, 2018 &#8211; 8,801 ounces hedged at a weighted average price of \$1,260 per ounce). Also, the Company is counterparty to gold call options agreements issued to Auramet of 3,400 ounces at \$1,400 and 1,000 ounces at \$1,450 expiring in Q4 2019, and 5,000 ounces at \$1,350 expiring on January 31, 2020. These gold call forwards and options are linked to the Auramet gold loan and bridge loan drawn in 2018 and 2019, respectively.

#### 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").

#### 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 or 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 (Loss) and include mine-site operating costs such as mining, processing and administration, as well as royalty expenses, but exclude depreciation, depletion, share-based payment expenses, and reclamation costs. Cash operating costs per ounce are based on ounces produced and are calculated by dividing cash operating costs by commercial gold ounces produced; US\$ cash 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 prepared in accordance with 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 September 30, 2019, is set out in the Company's third 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 costs of producing gold from current operations. While there is no standardized meaning across the industry for this measure, except 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 accretion related to current operations, 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 September 30, 2019, is set out in the Company's third quarter 2019 MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com).

SOURCE [Jaguar Mining Inc.](#)

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