

Jaguar Mining Reports Second Quarter 2020 Financial Results

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- Consolidated Gold Production Increased 28%
- Gross Profit increased 312%
- Strong Treasury Position of \$30.2M
- COC Decreased by 25% to \$586/oz Au and AISC Decreased 35% to \$882/oz Au

TORONTO, August 6, 2020 - [Jaguar Mining Inc.](#) ("Jaguar" or the "Company") (TSX:JAG) today announced financial and operating results for the three months ("Q2 2020") and six months ended June 30, 2020. All figures are in US Dollars, unless otherwise expressed.

Q2 2020 Operating Summary

- Consolidated gold production increased 43% with 23,483 ounces produced (208,000 tonnes milled, average grade of 4.00 g/t) in Q2 2020 compared to 16,365 ounces produced in Q1 2019 and 28% compared to 18,366 ounces produced in Q2 2019.
- Pilar mine gold production increased 17% with 13,452 ounces produced compared to 11,521 ounces produced in Q1 2020 and increased 28% compared to 10,543 ounces produced in Q2 2019.
- Turmalina mine gold production of increased 6% with 10,031 ounces produced compared to 9,487 ounces produced in Q1 2020 and increased 28% compared to 7,823 ounces produced in Q2 2019.
- Primary development increased 30% to 1,707 meters compared to 1,310 meters completed in Q2 2019.
- Sustaining capital expenditures of \$6.1 million invested in mining equipment and development.

Q2 2020 Financial Results Summary

- Gross profit increased 312% to \$23.9 million compared to \$5.8 million in Q2 2019.
 - Increased profitability in Q2 2020 reflects higher operating production quarter-over-quarter, and also an increase in the average realized gold price of \$1,703/oz in Q2 2020 compared to \$1,286/oz for Q2 2019.
- Consolidated Cash operating costs ("COC") decreased 25% to \$586 per ounce of gold sold for Q2 2020, compared to \$786 during Q2 2019.
- Consolidated all-in sustaining costs ("AISC") decreased 35% to \$882 per ounce of gold sold in Q2 2020, compared to \$1,366 during Q2 2019.
 - Decrease in costs is mainly due to increase in production, higher head-grade and devaluation of the BRL currency.
- Operating cash flow of \$27.5 million; adjusted EBITDA of \$27.2 million.
- Net income of \$19.2 million, or net income per share of \$0.03.
- Free cash flow was \$21.4 million for Q2 2020 based on operating cash flow, less sustaining capital, compared to negative \$0.9 million in Q2 2019. The free cash flow for the quarter includes approximately \$3.2M of sales proceeds from Q1 2020 which was received in Q2 2020.
 - Free cash flow was \$858 per ounce sold in Q2 2020 compared to negative \$47 per ounce sold in Q2 2019.
- Strong treasury as of June 30, 2020, with cash of \$30.2 million compared to cash of \$12.1 million on March 31, 2020, demonstrating significant generation of pre-tax free cash flow.

Vern Baker, President and CEO of Jaguar Mining stated: "These strong second quarter results reflect our steady progression to reach our sustainable goal of 25,000 ounces per quarter. The financials reflect both improving production performance and strong tailwinds in the form of a weaker Brazilian Real and improving prices for gold. We are pleased to report that this is now our fifth quarter in a row with increasing ounce production. All the members of our Brazilian team of miners have demonstrated a commitment to moving our company through this current COVID-19 crisis and building a sustainable organization.

COVID-19 remains our key risk in terms of maintaining momentum. Cases in Brazil have been on the

increase and our team has now reported its first few cases with our people. However, the team has remained calm and focused, and people who have confirmed positive with the virus, have now returned to work after appropriate quarantining. All our people are working to manage our way through the COVID-19 issue, and we have developed plans to deal with various potential scenarios as the situation continues to unfold.

Vern added, "We are pleased to report that Pilar Gold Mine reached a new production record for the quarter with 13,452 ounces produced. Turmalina Gold Mine production continues to improve, and this quarter reported a 6% increase from the prior quarter with 10,031 ounces produced, and development rates at Turmalina are sufficient to augment production in the second half of the year.

Jaguar enters the second half of the year with a very strong balance sheet, a sustainable production platform, excellent exploration opportunities, an impressive position in the Iron Quadrangle; both in hectares and in available infrastructure, and an outstanding cash flow position. With this strong performance, our supportive board have approved additional expenditures in 2020 for exploration and project evaluation."

Q2 2020 Financial Results

Related Images

Table 1

Table 2

Cash Position and Use of Funds

- Strong treasury as of June 30, 2020, with cash of \$30.2 million compared to cash of \$12.1 million on March 31, 2020. Brazilian Bank debt of \$1 million was also paid down and \$0.7 million of common shares were bought back through the Normal Course Issuer Bid program.
- As at June 30, 2020, working capital was \$25.8 million, compared to \$9.4 million as at December 31, 2019, which includes \$3.5 million in loans from Brazilian banks, which mature every six months and are expected to be rolled forward.

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 - 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 1699-1701 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. Jaguar holds the second largest gold land position in the Iron Quadrangle with just over 25,000 hectares.

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. The Roça Grande Mine has been on temporary care and maintenance since April 2019. Additional information is available on the Company's website at www.jaguarmining.com.

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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. 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 expands 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 June 30, 2020, is set out in the Company's second quarter 2020 Management Discussion and Analysis (MD&A) filed on SEDAR at 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 June 30, 2020, is set out in the Company's second quarter 2020 MD&A filed on SEDAR at www.sedar.com.

SOURCE: [Jaguar Mining Inc.](http://www.jaguarmining.com)

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