

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF JAGUAR MINING INC.

Applicant

**AFFIDAVIT OF T. DOUGLAS WILLOCK
(sworn February 5, 2014)**

I, **T. DOUGLAS WILLOCK**, of the City of Toronto, MAKE OATH AND SAY:

1. I am the Chief Financial Officer of Jaguar Mining Inc. ("**Jaguar**" or the "**Applicant**"). I have held that position since January 10, 2013. As such, I have personal knowledge of the matters to which I hereinafter depose, except where otherwise stated. In preparing this affidavit I have also consulted, where necessary, with other members of Jaguar's management team or the management teams of its wholly-owned subsidiaries (together with Jaguar, the "**Jaguar Group**"). Where I have relied upon other sources of information, I have stated the source of that information and believe such information to be true.

2. This affidavit supplements my affidavit sworn February 2, 2014 in this proceeding (the "**February 2 Affidavit**"). All capitalized terms used herein and not otherwise defined have the meanings given to them in the February 2 Affidavit.

3. I swear this affidavit to provide information on an agreement that has been reached between Jaguar and the 2012 Litigation Plaintiffs (the “**2012 Litigation Agreement**”). A copy of the 2012 Litigation Agreement is attached hereto as Confidential Exhibit “A”.

4. As stated in the February 2 Affidavit, at the comeback hearing in this proceeding on January 14, 2014, the 2012 Litigation Plaintiffs reserved their rights to argue that the claims of the 2012 Litigation Plaintiffs cannot be compromised by the Plan. Jaguar disagreed with the argument that the 2012 Litigation Plaintiffs’ claims could not be compromised by the Plan.

5. At the date of the Meeting, on January 31, 2014, this matter had not been resolved despite efforts to come to a resolution.

6. As stated in the Third Report of the Monitor, dated February 3, 2014, on the date of the Meeting, Canadian counsel to the 2012 Litigation Plaintiffs filed a draft Notice of Motion with the Ontario Superior Court of Justice (Commercial List), which sought a variety of relief with respect to the Applicant and the Plan that, if granted, could have impeded the Applicant’s restructuring process.

7. Discussions between the 2012 Litigation Plaintiffs and Jaguar continued following the Meeting. The 2012 Litigation Agreement was the result of those discussions. The Majority Consenting Noteholders (as such term is defined in the Plan) are supportive of the 2012 Litigation Agreement.

8. A brief summary of the material terms of the 2012 Litigation Agreement follows¹:

- (a) The claims of the 2012 Litigation Plaintiffs asserted in the United States District Court for the District Of New Hampshire bearing Civil Action No. 1:13-cv-00428-

¹ This summary is provided for information purposes only. In the case of any conflict between this affidavit and the terms of the 2012 Litigation Agreement, the 2012 Litigation Agreement shall govern.

JL (the “**New Hampshire Complaint**”) and limited related claims in limited circumstances will be Agreed Excluded Litigation Claims under the Plan.

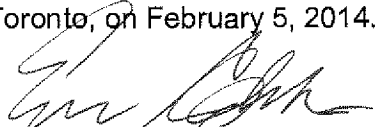
- (b) The Agreed Excluded Litigation Claims are irrevocably, solely and exclusively limited to recovery from the proceeds of any applicable insurance policy. The 2012 Litigation Plaintiffs will not, directly or indirectly, seek or obtain any recovery from Jaguar or the other defendants in the New Hampshire Complaint except they may make a claim to the extent necessary to claim through Jaguar or the other defendants in the New Hampshire Complaint in order to have recourse against any applicable insurance policy.
- (c) Any claims, other than the Agreed Excluded Litigation Claims, that the 2012 Litigation Plaintiffs may have now or in the future against Jaguar and the other defendants in the New Hampshire Complaint are released.
- (d) The 2012 Litigation Plaintiffs will not, directly or indirectly, seek or obtain any recovery against any other current or former director or officer of Jaguar or any subsidiary or affiliate of Jaguar, and any claims against such parties are released. An exception to this release provides that Brazilian Resources, Inc. (one of the 2012 Litigation Plaintiffs) may pursue counterclaims in litigation brought against Brazilian Resources, Inc. in limited circumstances.
- (e) Jaguar may be called upon to withdraw its counterclaims against the 2012 Litigation Plaintiffs in certain circumstances.
- (f) Nothing in the 2012 Litigation Agreement will prejudice or affect any right or defence of any defendant or any applicable insurer in respect of an Agreed Excluded Litigation Claim.
- (g) The 2012 Litigation Plaintiffs agree to (i) support and not object to court approval of the Plan at the sanction hearing scheduled for February 6, 2014; (ii) waive any rights of appeal in respect of the court order sanctioning the Plan; and (iii) not seek to appeal, modify or vary in any manner any court orders granted prior to the date of the 2012 Litigation Agreement in Jaguar’s CCAA proceedings or any

subsequent court order granted in respect of implementation of the Plan or matters contemplated in the 2012 Litigation Agreement.

9. The 2012 Litigation Agreement allows Jaguar to move forward with the Plan without opposition from the 2012 Litigation Plaintiffs and without delay.

10. The 2012 Litigation Agreement is filed on a confidential basis with this affidavit as it contains certain commercially sensitive terms of the settlement. The disclosure of these terms may impact the Applicant's ability to negotiate the terms of any settlements in the future. The summary above discloses to Jaguar's stakeholders the material terms of the 2012 Litigation Agreement.

SWORN BEFORE ME at the City of
Toronto, on February 5, 2014.



Commissioner for Taking Affidavits



T. Douglas Willock

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Court File No: CV-13-10383-00CL

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Proceeding commenced at Toronto

**AFFIDAVIT OF T. DOUGLAS WILLOCK
(SWORN FEBRUARY 5, 2014)**

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