Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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. (the "Applicant")

Applicant

AFFIDAVIT OF DAVID M. PETROFF
(sworn December 23, 2013)

I, DAVID M. PETROFF, of the City of Toronto, MAKE OATH AND SAY:

1. I am the Chief Executive Officer of Jaguar Mining Inc. ("**Jaguar**"). I have held that position since September 10, 2012. 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. I swear this affidavit in support of an application by Jaguar for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.

C-36, as amended (the "**CCAA**"). Jaguar's subsidiaries are not applicants in these proceedings, but Jaguar requests that its subsidiaries have the benefit of certain provisions of the Initial Order.

3. This affidavit is also sworn in support of a motion by Jaguar for:

(a) an order (the "**Claims Procedure Order**") establishing a process for the identification and determination of claims against Jaguar and its present and former directors and officers; and

(b) an order (the "**Meeting Order**") authorizing Jaguar to file a plan of compromise and arrangement and to convene a meeting of its affected creditors to consider and vote on the plan of compromise and arrangement.

4. If this Court grants the Initial Order, Jaguar is requesting that this Court hear the motion for the Claims Procedure Order and the Meeting Order immediately following the granting of the Initial Order.

5. The principal objective of these proceedings is to effect a recapitalization and financing transaction (the "**Recapitalization**") on an expedited basis to provide a stronger financial foundation for the Jaguar Group going forward and additional liquidity to allow the Jaguar Group to continue to work towards its operational and financial goals. In particular, the Recapitalization would result in a reduction of over $268 million of debt and new liquidity upon exit of approximately $50 million.

6. Jaguar must move forward with the Recapitalization as efficiently and

expeditiously as possible to avoid a looming liquidity crisis. The Notes (as defined below) are Jaguar's primary unsecured liabilities affected by the Recapitalization and any other affected unsecured liabilities of Jaguar, a holding company with no active business operations, are limited and identifiable. Jaguar has the support of Noteholders (as defined below) representing approximately 93% of the outstanding principal amount of Notes to proceed with the Recapitalization on the proposed, expedited time frame.

7. References to "$" or "dollars" herein are to U.S. dollars, for ease of reference. The revenues of the Jaguar Group are in U.S. dollars and Brazilian reais. The expenditures of the Jaguar Group are in U.S. dollars, Brazilian reais, and Canadian dollars.

I. INTRODUCTION

8. Jaguar is the public parent corporation of other corporations in the Jaguar Group that carry on active gold mining and exploration in Brazil. Jaguar itself does not carry on active gold mining operations.

9. Based on reduced gold prices and the Jaguar Group's current level of operating expenditures, the Jaguar Group is expected to cease to have sufficient cash resources to continue operations in the first quarter of 2014.

10. Jaguar has committed an event of default under its 4.5% convertible note indenture dated September 15, 2009 as a result of the non-payment of approximately $3.7 million of interest as of December 2, 2013. As a result of this event of default certain remedies have become available, including the possible acceleration of the

principal amount and accrued and unpaid interest on the 4.5% convertible notes (the "**2014 Notes**"). As at November 30, 2013, that principal and accrued interest totaled approximately $169.3 million.

11. This event of default under the 4.5% convertible note indenture may cause other creditors to assert that cross-defaults have occurred, leading to possible acceleration of:

(a) Jaguar's senior secured credit facility under which a principal amount of $30 million is outstanding; and

(b) principal and interest due under notes issued under and pursuant to a 5.5% convertible note indenture dated February 9, 2011. As at November 30, 2013, the aggregate principal and accrued interest under the 5.5% convertible notes (the "**2016 Notes**") was $104.4 million.

12. Jaguar would have no means of repaying or re-financing these obligations if they were accelerated.

13. Jaguar must complete a recapitalization and financing transaction as soon as reasonably possible to avoid a liquidity crisis that is foreseeable in the very near future and to resolve outstanding obligations under the 2014 Notes and the 2016 Notes (collectively, the "**Notes**").

14. After completion of a strategic review with the assistance of financial and legal advisors, Jaguar has concluded that a comprehensive restructuring and financing plan

is the best available alternative to address Jaguar's financial issues.

15. Beginning in June of 2013, Jaguar entered into discussions with an ad hoc committee of holders of the Notes (the "**Ad Hoc Committee**") regarding a recapitalization and financing proposal. The commercial terms of a recapitalization and refinancing proposal (the "**Plan**") are now finalized. That Plan is supported, subject to certain conditions, by beneficial holders of approximately 93% of the outstanding principal value of the Notes (the "**Consenting Noteholders**"). These support arrangements may be terminated if the Plan is not implemented by an "outside date" of February 28, 2014 (the "**Outside Date**"), which has been agreed to between the Applicant and the Consenting Noteholders.

16. The Plan includes a series of transactions involving, among other things, the overall capital reorganization of Jaguar and the investment of additional capital.

17. In general terms, the Plan contemplates:

(a) an exchange of $268.5 million in principal amount of Notes, as well as other proven unsecured claims, if any, against Jaguar, for equity;

(b) a reduction of total pro forma funded debt from $323 million as at September 30, 2013 to $54 million upon the implementation of the Plan;

(c) a reduction of projected annual cash interest payments by $13.1 million;

(d) an investment of approximately $50 million in new equity raised by way of a backstopped share offering to current holders of Notes, the net

proceeds of which will be available for use in Jaguar's operations (the "**Share Offering**");

(e) the retention of Existing Shares by Existing Shareholders, which will account for 0.9% of the common shares of Jaguar upon completion of the Share Offering; and

(f) the cancellation of all other equity interests and equity claims (as such term is defined in the CCAA) for no consideration.

18. Other than as described above, all other parties will be unaffected by the Recapitalization.

19. Jaguar's draft information circular in respect of the Recapitalization is attached hereto as Exhibit "A". The draft Plan is attached as Appendix "B" to the draft information circular.

II. THE JAGUAR GROUP

20. A simplified corporate structure of the Jaguar Group is attached hereto as Exhibit "B".

21. Details with respect to each member of the Jaguar Group are set out below.

A. Jaguar

22. Jaguar is a Canadian public company, the shares of which are listed on the TSX. Jaguar was continued under the *Business Corporations Act* (Ontario) in October 2003. Its registered office is located at 67 Yonge Street, Suite 1203, Toronto, Ontario,

Canada.

23. Jaguar is the public parent corporation of other corporations in the Jaguar Group that carry on active gold mining and exploration in Brazil. Jaguar itself does not carry on active gold mining operations. Jaguar has bank accounts in Canada as described further below. Jaguar employs six people as of the date of this affidavit.

24. As the public parent corporation of the Jaguar Group, Jaguar has been the main corporate vehicle through which financing has been raised for the operations of the Jaguar Group. Some of the subsidiaries of Jaguar have, as noted below, also raised funds directly, or have incurred liability by guaranteeing the repayment of funds borrowed by Jaguar.

25. Jaguar has raised debt financing through (a) the issuance of the Notes, and (b) borrowings from Renvest Mercantile Bancorp Inc., through its Global Resource Fund.

The Notes

26. In September 2009, Jaguar raised approximately U.S $165.0 million (including a fully subscribed $15.0 million over-allotment option) through the issuance of the 2014 Notes under and pursuant to an indenture dated September 15, 2009 . A copy of such indenture (the "**4.5% Notes Indenture**") is attached hereto as Exhibit "C". The 2014 Notes bear interest at a rate of 4.5% annually, due and payable semi-annually in cash on May 1 and November 1 until maturity on November 1, 2014. These Notes are unsecured.

27. As indicated in a press release issued at the time of the closing of the issuance

of the 2014 Notes, a copy of which is attached hereto as Exhibit "D", Jaguar intended to use the net proceeds from the sale of the 2014 Notes to repurchase its outstanding 10.5% secured notes, to fund exploration and pre-development and the remainder for working capital and general corporate purposes. The funds raised by this issuance of 2014 Notes were ultimately insufficient to achieve these goals and to fund the operations of the Jaguar Group over the long term.

28. Jaguar has not paid the last interest payment due on November 1, 2013 under the 2014 Notes. Pursuant to the 4.5% Notes Indenture, there is a 30-day grace period before such non-payment constitutes an event of default; this grace period has now lapsed and an event of default has occurred under the 2014 Notes

29. In February, 2011, Jaguar raised an additional amount, approximately $103.5 million (including a $13.5 million over-allotment option), through the issuance of the 2016 Notes issued under and pursuant to an indenture dated February 9, 2011. A copy of such indenture (the "**5.5% Notes Indenture**") is attached hereto as Exhibit "E". The 2016 Notes bear interest at a rate of 5.5% annually, due and payable semi-annually in cash on March 31 and September 30 until maturity on March 31, 2016. These Notes are also unsecured.

30. As indicated in the press release issued at the time of closing of the issuance of the 2016 Notes, a copy of which is attached hereto as Exhibit "F", such funds were raised to finance the Gurupi mining project (described in greater detail below) and for general corporate and working capital purposes. The funds raised by the issuance of the 2016 Notes were also ultimately insufficient to achieve Jaguar's goals and to fund

the operations of the Jaguar Group over the long term.

31. Jaguar paid the last interest payment due on September 30, 2013 under the 2016 Notes.

Renvest Facility

32. On December 17, 2012, Jaguar entered into a $30.0 million standby credit facility (the "**Renvest Facility**") with Renvest Mercantile Bancorp Inc. through its Global Resource Fund. The Renvest Facility is governed by a credit agreement (the "**Renvest Agreement**") made as of December 17, 2012 between Jaguar, as borrower, each of Jaguar's operating subsidiaries as guarantors, and Global Resource Fund, as lender. Interest is payable monthly in arrears at a rate of 11% per annum. Certain standby and draw down fees also apply to the commitments and advances under the Renvest Facility. A copy of the Renvest Agreement is attached hereto as Exhibit "G".

33. The obligations under the Renvest Facility are secured by a general security agreement from Jaguar in favour of Global Resource Fund as well as certain collateral security granted by each of the operating subsidiaries.

34. The Renvest Facility is now fully drawn, and matures on July 25, 2014.

35. As noted above, Renvest Mercantile Bancorp Inc. may assert that certain cross-defaults have occurred under the Renvest Facility, which may lead to an acceleration of the amounts owing under the Renvest Facility.

Other Unsecured Liabilities

36. As Jaguar does not carry on active business, its other unsecured liabilities are limited and identifiable.

37. Liabilities of Jaguar, other than the Notes and the Renvest Facility, are accounts payable for office expenses of less than $10,000 in aggregate, accruals for employee expenses, earned and unpaid directors' fees, professional service fees and certain contingent liabilities relating to litigation commenced on March 27, 2012 by Daniel Titcomb, the former chief executive officer of Jaguar, and certain other associated parties, which lawsuit is currently proceeding in the United States Federal Court. This lawsuit alleges certain employment related claims and other claims in respect of the equity interests of Mr. Titcomb and other parties in Jaguar. Jaguar and its Board of Directors believe this lawsuit to be without merit.

38. Aside from this lawsuit and professional service fees incurred by Jaguar, the unsecured liabilities of Jaguar are not material. Attached hereto as Exhibit "H" is a summary of the known unsecured creditors of Jaguar as of the date of this affidavit.

Summary of Liabilities

39. The main liabilities of Jaguar, as at November 30, 2013, can therefore be summarized as falling into the following five categories, being (i) unsecured debt in the amount of $169.3 million (including accrued interest) due under the 4.5% Notes Indenture, (ii) unsecured debt in the amount of $104.4 million (including accrued interest) due under the 5.5% Notes Indenture, (iii) secured debt of approximately $30.0

million (excluding accrued interest, which is paid monthly) owing under the Renvest Agreement, (iv) professional fees, accrued and unpaid amounts to directors and employees, and limited unsecured miscellaneous payables, and (v) contingent liabilities under a lawsuit against Jaguar.

Common Shares

40. As of the date of this affidavit, the authorized capital of Jaguar consists of an unlimited number of common shares, of which 86,396,356 common shares are issued and outstanding (the "**Existing Shares**", and the holders of such Existing Shares being the "**Existing Shareholders**").

Jaguar's Financial Position

41. Copies of Jaguar's consolidated unaudited financial statements for the nine months ended September 30, 2013, as well as copies of all financial statements, audited or unaudited, prepared during the year before this application are attached as Exhibit "I" hereto.

42. Jaguar's unaudited consolidated financial statements for the 9 months ended September 30, 2013 show that Jaguar has an accumulated deficit of over $317 million and that it has recognized a net loss of over $82 million for the 9 months ended September 30, 2013. While Jaguar's balance sheet shows that the book value of its assets exceed the book value of its liabilities by approximately $72 million, Jaguar's current liabilities (at book value) exceed Jaguar's current assets (at book value) by approximately $40 million. Jaguar is projected to cease to have sufficient cash to

continue operating in the first quarter of 2014. Further, Jaguar's strategic review shows that the book value of Jaguar's assets is not reflective of the value that could be realized upon an expedited sale: the liquidation value of these assets would likely be much lower than book value. Finally, if the Jaguar Group ceases to operate as a going concern, this would likely crystalize certain material labour and environmental liabilities against Jaguar's subsidiaries under Brazilian law.

43. Jaguar faces a liquidity crisis and is insolvent.

B. The Jaguar Operating Subsidiaries

44. Jaguar has three wholly-owned Brazilian operating subsidiaries: MCT Mineração Ltda. ("**MCT**"), Mineração Serras do Oeste Ltda. ("**MSOL**") and Mineração Turmalina Ltda. ("**MTL**" and, together with MCT and MSOL, the "**Subsidiaries**"), all incorporated under the laws of the Republic of Brazil. In brief terms, each of these subsidiaries can be described as follows:

(a) The assets of MCT include (i) a development-stage exploration property, known as the Gurupi mining project, located in northeastern Brazil and covering an area of approximately 139,000 hectares, and (ii) minimal equipment and infrastructure.

The liabilities of MCT include its guarantee to Global Resource Fund under the Renvest Facility, in the amount of $30.0 million. The assets of MCT have been pledged to Global Resource Fund to secure MCT's guarantee of the Renvest Facility. Other liabilities of MCT include

deferred income taxes and contingent liabilities under employee-initiated lawsuits, environmental matters and royalty arrangements.

(b) MSOL is the owner and operator of the Paciência and Caeté gold mining operations and the Pedra Branca mineral concessions.

The Paciência mine is currently on a care and maintenance program. It was placed on care and maintenance in mid-2012 after it was determined that a complete remediation would be required to achieve acceptable safety standards and productivity. There is no restart of the mine currently scheduled, and maintaining the mine on care and maintenance will cost approximately $1.7 million per year. Even prior to being placed on care and maintenance, production of the mine decreased significantly, from approximately 59,000 ounces in 2010 to approximately 40,000 ounces in 2011, and with production of only 10,000 ounces in 2012.

The Caeté mill is supplied by two underground mines. Production resumed in 2010 after a five-year, three-phase expansion of the plant. Production in 2011, 2012 and 2013 has remained relatively stable, at about 55,000 ounces per year. The mill employs approximately 621 people directly, and provides indirect employment to many people in the area.

The liabilities of MSOL include direct bank indebtedness to banks Bradesco, Itaú and Safra of approximately $11.0 million (including

accrued interest), together with liability as a guarantor to Global Resource Fund under the Renvest Facility, in the amount of $30.0 million, and a note payable to a Brazilian subsidiary of Vale S.A. in the amount of $9.0 million. The assets of MSOL have been pledged to Global Resource Fund to secure the repayment of MSOL's guarantee of the Renvest Facility. Other liabilities of MSOL include accounts payable to suppliers and accrued payroll, as well as contingent liabilities under employee-initiated lawsuits, environmental remediation obligations, and royalty arrangements.

(c) MTL is the owner and operator of a gold mine located near the city of Pitangui, Minas Gerais, in Brazil. It has proven and probable gold reserves of approximately 450,000 ounces, and measured, indicated and inferred gold resources of approximately 1.5 million ounces. The mine employs approximately 417 people directly, and provides indirect employment to many people in the area.

Challenging ground control issues limited the productivity of the mine in 2012 and 2013. In the preceding two years (2010 and 2011), this mine produced approximately 60,000 ounces of gold. In 2012 and in 2013, this mine will produce approximately 38,000 ounces of gold.

The liabilities of MTL include direct bank indebtedness to banks Bradesco, Itaú and Safra of approximately $6.1 million (including accrued interest), together with liability as a guarantor to Global

Resource Fund under the Renvest Facility, in the amount of $30.0 million. The assets of MTL have been pledged to Global Resource Fund to secure MTL's guarantee of the Renvest Facility. Other liabilities of MTL include accounts payable to suppliers, accrued payroll, deferred income taxes as well as contingent liabilities under employee-initiated lawsuits, environmental remediation obligations, and royalty arrangements.

C. Inter-Company Financing Arrangements

45. Jaguar maintains bank accounts at Bank of America, HSBC and Royal Bank of Canada.

46. Jaguar's subsidiaries maintain bank accounts at Banco Bradesco S.A., Banco Itaú S.A., Banco Safra S.A., Caixa Econômica Federal and HSBC.

47. In the ordinary course of business, funds are transferred between the bank accounts of Jaguar and the bank accounts of the Subsidiaries in accordance with the terms of certain intercompany loan arrangements described below.

48. MSOL, MTL and MCT were each funded by extensive intercompany loans from Jaguar. As at October 31, 2013:

(a) MSOL owed Jaguar intercompany debts of approximately $225.1 million;

(b) MCT owed Jaguar intercompany debts of $4.0 million; and

(c) MTL owed Jaguar intercompany debts of $37.9 million.

Interest on each of these intercompany debts is currently charged at a rate of LIBOR + 4%.

49. These intercompany loans are evidenced by a series of loan agreements that provide for periodic repayments of principal and interest in installments by the applicable Subsidiaries to Jaguar. In certain cases, these loans have been made in the form of Export Financing Agreements, which provide for repayment through the periodic delivery of gold by the Subsidiary to Jaguar.

50. In connection with the Plan, Jaguar will amend the terms of these intercompany loans to eliminate any interest payable thereon.

51. The continued operation of these intercompany loan arrangements is necessary to provide Jaguar with an important ongoing source of cash.

III. JAGUAR GROUP'S LIQUIDITY AND LEVERAGE CONCERNS

52. The Jaguar Group's mines (including the Paciência mine, which is now on care and maintenance) are not low-cost gold producers, despite recent cost reductions. For this reason, the operations of the Jaguar Group are particularly sensitive to gold prices.

53. The average price of gold has declined substantially since September of 2011, from nearly $2,000 per ounce at that time to $1,231 per ounce as of December 17, 2013, which has impacted the Jaguar Group significantly.

54. Based on current gold prices and the Jaguar Group's current level of expenditures (before debt service), the Jaguar Group is expected to cease to have

sufficient cash resources to continue operations in the first quarter of 2014. Despite cost reductions, Jaguar cannot generate sufficient net revenues to optimally fund its operations, and cannot generate sufficient net revenues to service its substantial debts going forward. For 2013, Jaguar's interest payments would have amounted to approximately $18.0 million.[1]

55. A review of other gold producers of a similar size to Jaguar shows that these competitors typically have significantly less leverage and significantly lower fixed financing costs than Jaguar. Jaguar's higher leverage and higher fixed financing costs place it at an insurmountable disadvantage in a lower gold price environment. This leverage also impedes Jaguar's ability to raise further equity financing as needed.

56. Continued investment in the Jaguar Group's mines and exploration properties is needed. Capital investment is required to: (i) continue operations in the normal course; (ii) continue the care and maintenance of the Paciência mine; (iii) update mine plans and ensure appropriate mine development; and (iv) continue stabilization of operations. Further, if the Jaguar Group's operations are to be optimized, capital is also required to increase production at existing operating mines, invest in equipment, and to allow the company to obtain technical reports and commercial feasibility studies with respect to its development assets. Due to liquidity issues and cost-reduction efforts, the Jaguar Group's capital investments have been postponed.

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[1] This figure includes the interest that became due on November 1, 2013 in respect of the 4.5% Convertible Notes, which interest has not been paid at this time.

IV. EFFORTS TO IMPROVE JAGUAR'S OPERATING RESULTS AND PURSUE STRATEGIC ALTERNATIVES

57. In the past two years, there has been a full turnover of both the senior management team and the board of directors of Jaguar. I was appointed as the new chief executive officer on September 10, 2012 and, in January 2013, Douglas Willock was appointed as the new chief financial officer and Gordon Babcock was appointed as the new chief operating officer. Together, we have in excess of 90 years of collective experience in the mining and corporate finance areas, with strong Latin American experience.

58. The longest serving member of the current board of directors of Jaguar was appointed in May 2012.

59. The new senior management team and the board of directors of Jaguar have reviewed strategic alternatives and pursued extensive restructuring and turnaround efforts since their appointment.

60. In May of 2012, Jaguar announced the implementation of a comprehensive restructuring and turnaround plan to improve costs and efficiency at its operations.

61. The plan incorporated objectives and initiatives identified by Jaguar's management and a number of expert industry consultants who were retained to assist with operational and cost improvements. Key elements of the plan were administrative cost reductions, improved safety, optimization of the workforce, converting to properly scaled mining methodology, advanced development and definition drilling, and putting

the Paciência operations of MSOL on care and maintenance. Current activities at each of the operating mining complexes demonstrate that those operations are on their way to meeting cost and production targets.

62. While the above initiatives were positive developments, Jaguar concluded that more fundamental changes would be required to meet Jaguar's financial needs. Specifically, Jaguar found that its existing capital structure was unsustainable and that it had liquidity concerns that operational changes alone could not respond to.

63. Canaccord Genuity was engaged as Jaguar's financial advisor in May 2013[2] to act as financial advisor in connection with the design and implementation of a recapitalization strategy for Jaguar. The scope of Canaccord Genuity's assignment was to

(a) Review Jaguar's business plans, budgets and financial projections and conduct appropriate sensitivity analyses;

(b) Assess the capital structure of Jaguar with a view to determining the appropriate debt load and debt structure;

(c) Advise Jaguar on the design and execution of potential transactions to improve Jaguar's capital structure;

(d) Conduct a process to raise new money capital; and

(e) Advise Jaguar on the implementation of a recapitalization plan, and conduct negotiations with Jaguar's respective stakeholders

[2] Canaccord Genuity was initially engaged on May 21, 2012 to review and advise on a potential sale of assets related to the Gurupi project, which mandate was subsequently consolidated with this comprehensive strategic review mandate.

64. A copy of Canaccord Genuity's engagement letter, together with amendments thereto as of September 9, 2013 and November 6, 2013, is attached hereto as Confidential Exhibit "A" (the "**Canaccord Engagement Letter**").

65. With the assistance of Canaccord Genuity, Jaguar analyzed the possibility of divesting certain of its assets in order to provide increased liquidity to sustain the company during a period of unfavourable gold prices and to allow continued investment in cost reduction options. However, Jaguar and its Board of Directors did not believe that such a transaction was feasible.

66. Canaccord Genuity had discussions with nine potential sources of third party financing. Those parties who expressed interest in potentially providing financing were not willing to provide financing in the amount, of the type or on the timeline required by Jaguar.

67. The efforts of Jaguar and its advisors have shown that a comprehensive restructuring plan involving a debt to equity exchange and an investment of new money is the best available alternative to address Jaguar's financial issues. The Recapitalization is the best such restructuring plan available.

68. On November 1, 2013, Jaguar issued a press release announcing that its board of directors had approved a term sheet outlining the terms of a recapitalization plan, which may be implemented under a CCAA process or through a proceeding under the *Canada Business Corporations Act* ("**CBCA**"). A copy of that press release is attached hereto as Exhibit "J".

69. On November 13, 2013, Jaguar issued a press release announcing that it had entered into the Support Agreement. That press release also outlined in detail the terms of the Recapitalization, which was contemplated to be implemented under either a CCAA or a CBCA process. A copy of that press release is attached hereto as Exhibit "K".

70. The Support Agreement provided Jaguar with the right, subject to certain conditions, to consider alternatives to the Recapitalization. However, no superior alternatives have materialized.

V. THE CCAA PROCEEDINGS

71. Jaguar faces a foreseeable liquidity crisis and is insolvent.

A. Reasons For The Plan

72. Jaguar believes that it must deleverage its balance sheet to reduce the amount of debt that it has and to reduce the debt service payments that it must make to the extent possible in the current circumstances. The Jaguar Group cannot continue to operate in the current environment with its existing capital structure that requires significant and fixed periodic interest payments.

73. Jaguar has considered a broad range of strategic alternatives to address its capital structure concerns and enhance liquidity with the assistance of its financial advisor, Canaccord Genuity, and its legal counsel, Norton Rose Fulbright Canada LLP. The Plan is the result of Jaguar's review of strategic alternatives and negotiations conducted by representatives of the Jaguar Group, its legal and financial advisors and

stakeholders with an economic interest in Jaguar.

74. Jaguar believes that the Arrangement as contemplated by the Plan is the best way to reduce Jaguar's debt levels, increase liquidity for the Jaguar Group's operations and allow the Jaguar Group to operate in the normal course and make certain necessary capital investments and accelerate operational improvements.

75. Absent the approval of a transaction such as the Plan, Jaguar will be unable to continue to make payments when due under the Notes and under the Renvest Facility and is expected to cease to have sufficient liquidity to continue operations in the first quarter of 2014. If Jaguar were to pay the interest that is currently owing under the 2014 Notes and if gold prices were to further decline, a liquidity crisis could be accelerated. If Jaguar is left without operating cash, liquidation appears to be the likely alternative.

76. Jaguar's analysis, which has been reviewed by its financial advisor, shows that in a liquidation scenario holders of the Notes would suffer a significant shortfall in the amounts owed to them and the existing shares of Jaguar would have no economic value. Further, the impact of the commencement of a liquidation process in Brazil upon the realizable value of the Jaguar Group's Brazilian assets, including its mining rights, is uncertain and may further diminish any recoveries to Jaguar's stakeholders.

77. The Plan represents the best alternative to a liquidation.

78. In light of the current financial state of Jaguar and after the broad review of alternatives, the Board of Directors of Jaguar has determined that the Plan is the best

available option to Jaguar. In the circumstances, the Plan cannot be implemented outside of a CCAA proceeding.

79. Jaguar believes that the Plan must be implemented as soon as possible. If Jaguar does not receive financing from the Plan in the first quarter of 2014, Jaguar expects that it will face a liquidity crisis and have insufficient funds to continue operating. While Jaguar could seek interim bridge financing under the CCAA, such financing will likely be expensive. In efforts to conserve its remaining cash and for consistency with its goals of de-leveraging its current capital structure, Jaguar is seeking to implement the Plan on an expedited time frame without interim financing.

B. Description of the Proposed Plan

80. In very general terms, the Plan contemplates:

(a) an exchange of $268.5 million in principal amount of Notes for equity;

(b) an exchange of allowed unsecured claims other than those under the Notes for equity;

(c) a reduction of total pro forma funded debt from $323 million as at September 30, 2013 to $54 million upon the implementation of the Plan;

(d) a reduction of projected annual cash interest payments by $13.1 million;

(e) an investment of approximately $50 million of new equity raised by way of the backstopped Share Offering by current holders of Notes, the net

proceeds of which will be available for use in Jaguar's operations;

(f) the retention of Existing Shares by Existing Shareholders, subject to dilution to 5% upon completion of the Note exchange and to 0.9% upon completion of the Share Offering; and

(g) cancellation of all other existing equity interests and extinguishment of equity claims (as defined in the CCAA) for no consideration.

81. Investors eligible to participate in the Share Offering are the holders of Notes who deliver an executed letter containing representations and warranties relating to such investor's eligibility to acquire shares under the Share Offering under U.S. securities laws (the "**Eligible Investors**"). Each Eligible Investor is entitled (but not obligated) to subscribe for its pro-rata portion of the Offering Shares (the "**Subscription Privilege**").

82. The Plan also contemplates that, on the consent of the Monitor and the Majority Backstop Parties (as defined therein), other affected unsecured creditors who hold proven claims and are otherwise eligible may participate in the Share Offering.

83. A subset of the Eligible Investors are the Backstop Parties who have each committed to purchase a portion of the Offering Shares that are not validly subscribed for and taken up by Eligible Investors under the Subscription Privilege. The aggregate commitments of the Backstop Parties equal the full proceeds of the Share Offering. The commitments of the Backstop Parties are governed by the terms of a Backstop Agreement, dated as of November 13, 2013 (as amended), with the Jaguar Group, a

copy of which is attached hereto (in redacted form) as Exhibit "L".

84. Under the Plan, Noteholders will receive the following New Common Shares upon completion of the Share Offering:

(a) Their pro rata share, along with other proven unsecured creditors, of 12.6% of New Common Shares of Jaguar;

(b) an additional 4.5% of the New Common Shares of Jaguar, for Noteholders who signed the Support Agreement on or prior to November 26, 2013 (or such other date as agreed to by Jaguar, the Monitor and the Majority Consenting Noteholders);

(c) an additional 10% of the New Common Shares of Jaguar, for Noteholders who are Backstop Parties;

(d) an additional approximately 8% of the New Common Shares of Jaguar, for Noteholders who participate in the Share Offering (including Funding Backstop Parties), allocated pro rata based upon their accrued interest claims; and

(e) an additional approximately 64% of the New Common Shares of Jaguar, for Noteholders who participate in the Share Offering, based on their participation in the Share Offering, whether as Backstop Parties or as Eligible Investors.

85. Upon implementation of the Plan, Existing Shareholders will be diluted down to

approximately 0.9% of the New Common Shares of Jaguar.

86. Unsecured creditors with proven unsecured claims under the Plan, other than Noteholders, will receive their pro rata share, calculated on an aggregate basis with the claims of Noteholders, of 12.6% of the New Common Shares of Jaguar. The Plan also contemplates that, on the consent of the Monitor and the Majority Backstop Parties (as defined therein), affected unsecured creditors who are not Noteholders and who hold proven claims and are otherwise eligible may participate in the Share Offering. The population of this unsecured creditor group is expected to be limited.

87. Unsecured liabilities of Jaguar, including the Notes, will be released and discharged.

88. Equity claims (other than the share holdings of Existing Shareholders) against Jaguar will be released, discharged and cancelled for no consideration.

89. Trade-related payables of the Subsidiaries will be honoured in full and will be unaffected by the Plan.

90. The Renvest Facility will be unaffected by the Plan.

91. The implementation of the Plan, as described above, is conditional upon, among other things, the listing of the New Common Shares of Jaguar on the TSX or the TSX Venture exchange without any vote or approval of holders of the Existing Shares. The implementation of the Plan is also subject to other conditions as further described in the Support Agreement, the Backstop Agreement and the Plan.

C. Review of the Plan by the Board of Directors and the Special Committee

92. An independent committee comprised of three members of the Board of Directors of Jaguar (the "**Special Committee**") was established by the Board of Directors to consider strategic matters relating to Jaguar. The Special Committee received advice from its independent legal counsel, from Jaguar's counsel and Jaguar's financial advisor. The Special Committee reviewed and considered the Plan and has determined, in consultation with legal and financial advisors, that the Plan is fair, reasonable and in the best interests of Jaguar. The Special Committee has unanimously recommended that the Board of Directors of Jaguar approve the steps necessary to implement the Plan.

93. After careful consideration, and after considering the advice of Jaguar's financial and legal advisors, the Board of Directors of Jaguar unanimously approved and authorized Jaguar's application under the CCAA to implement the Plan.

94. I am unaware of any person who, in their capacity as a member of the Board of Directors, would receive any collateral benefit as a result of the Plan, aside from the releases contained therein.

D. Stakeholder Support

95. As of the date of this affidavit, the Plan is supported by holders of 2014 Notes representing approximately 96% of the outstanding obligations under the 2014 Notes and holders of 2016 Notes representing approximately 89% of the outstanding

obligations under the 2016 Notes, which majorities have executed a support agreement with Jaguar and its Subsidiaries dated as of November 13, 2013 (as amended), or a consent agreement thereto (collectively, the "**Support Agreement**"). A copy of the Support Agreement, redacted for confidentiality reasons, is attached as Exhibit "M" hereto.

96. As stated above, the Support Agreement provides certain termination rights to Consenting Noteholders if the Plan is not implemented by the Outside Date of February 28, 2014.

97. Consenting Noteholders that executed the Support Agreement (including consent agreements thereto) on or prior to November 26, 2013 (or such other date as agreed to by Jaguar, the Monitor and the Majority Consenting Noteholders) are eligible for additional New Common Shares under the Plan, in settlement of their Notes, as detailed above.

98. Aside from the Consenting Noteholders, the only parties' whose legal rights are affected by the Plan are:

(a) the small minority of Noteholders that are not Consenting Noteholders;

(b) the general unsecured creditors of Jaguar as of the filing date, if any;

(c) the plaintiffs in the litigation commenced by Daniel Titcomb, which is in large part based upon claimed losses in respect of equity shares of Jaguar held by the plaintiffs; and

(d) other holders of equity interests in Jaguar.

99. Liquidation analyses prepared by Jaguar and reviewed by Jaguar's financial advisor, show that equity interests in Jaguar currently have no economic value in a liquidation scenario.

E. Overview of Cash Flow Forecast

100. A cash flow forecast (the "**Cash Flow Statement**") was prepared by Jaguar with the assistance of the Proposed Monitor for the period from December 23, 2013 to February, 28, 2014. Jaguar's principal uses of cash during such period will consist of the payment of ongoing day-to-day operational expenses, and professional fees and disbursements in connection with these CCAA proceedings. A copy of the Cash Flow Statement is attached hereto as Exhibit "N".

101. While Jaguar faces a looming liquidity crisis, Jaguar currently forecasts that the Jaguar Group has sufficient cash flow to continue operating in the ordinary course until implementation of the Plan, assuming that implementation occurs in the month of February. This forecast is based upon a number of assumptions including: (i) the stability of gold prices; (ii) the Meeting Order and Claims Procedure Order being granted on the date of the Initial Order; and (iii) the Plan being approved on the expedited timeline proposed by the Claims Procedure Order and the Meeting Order.

102. If the above assumptions cease to be correct, Jaguar may need to seek interim financing. Jaguar will continue to monitor its liquidity closely.

V. REQUESTED RELIEF UNDER THE INITIAL ORDER

A. Stay of Proceedings

103. Jaguar itself does not carry on active gold mining operations. Its operations are carried out through the Subsidiaries. The Jaguar Group operates in a fully integrated manner.

104. No members of the Jaguar Group other than Jaguar are applicants in these proceedings. As currently constituted, the other members of the Jaguar Group are not debtor companies (as such term is defined in the CCAA).

105. Because of Jaguar's dependence upon its Subsidiaries for its value generating capacity, the commencement of any proceedings or the exercise of rights or remedies against these Subsidiaries would be detrimental to Jaguar's restructuring efforts and would undermine a process that would otherwise benefit the Jaguar Group's stakeholders as a whole. The Initial Order contains provisions enjoining the exercise of rights and remedies against all members of the Jaguar Group while this restructuring process is being undertaken to the extent that those rights and remedies are related to or would have an impact upon Jaguar.

B. Payment of pre-filing amounts

106. Jaguar believes that certain pre-filing amounts must be paid following the date of the Initial Order as non-payment of these amounts may have a significant detrimental impact on the Jaguar Group.

107. Jaguar's primary outstanding liabilities (other than the Notes) relate to professional services provided by certain accounting, legal and financial advisory service providers in various jurisdictions to both Jaguar and the Ad Hoc Committee. Jaguar and the Ad Hoc Committee have worked cooperatively to develop the plan and the continued provision of services by these advisors will be essential to the successful implementation of the Plan. As a general matter, these advisors have no obligation to continue to provide services under any existing contracts. As such, there is a significant risk that absent payment for pre-filing amounts, these service providers will refuse to continue to provide services.

C. Approval of Financial Advisor Engagements

108. In order to assist in the implementation of this CCAA process, Jaguar seeks the approval and confirmation of the Court of the retention of Canaccord Genuity Corp., as financial advisor to Jaguar, and Houlihan Lokey, as financial advisor to the Ad Hoc Committee, (Canaccord Genuity Corp. and Houlihan Lokey being, collectively, the "**Financial Advisors**") and approval of the terms of the Canaccord Engagement Letter and of Houlihan Lokey's engagement letter, a copy of which is attached hereto as Confidential Exhibit "B" (the "**Houlihan Engagement Letter**", together with the Canaccord Engagement Letter, the "**FA Engagement Letters**").

109. The approval of the engagement of the Financial Advisors is appropriate in the circumstances as the Financial Advisors have worked extensively with Jaguar to date in its pre-CCAA restructuring efforts and have extensive knowledge of the options reviewed and available to Jaguar. The Financial Advisors' background knowledge is

particularly helpful in moving the Plan to a conclusion as quickly as possible.

110. Jaguar will be seeking an Order sealing the Confidential Exhibits to this Affidavit which contain the FA Engagement Letters. The FA Engagement Letters are commercially sensitive as they contain the commercial terms of the engagement of each of the Financial Advisors. The disclosure of those commercial terms would have a detrimental impact on the Financial Advisors' ability to negotiate compensation on any future engagements. Further, the sealing of these Confidential Exhibits would not materially prejudice any third parties. Counsel to the Ad Hoc Committee has reviewed the FA Engagement Letters.

D. Administration Charge

111. Jaguar seeks a charge on its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**") in the maximum amount of $5,000,000 (a $500,000 first ranking charge (the "**Primary Administration Charge**") and a $4.5 million fourth ranking charge (the "**Subordinated Administration Charge**") as described below), to secure the fees and disbursements incurred in connection with services rendered to Jaguar both before and after the commencement of the CCAA proceedings by domestic and foreign counsel to Jaguar, the Proposed Monitor, the Proposed Monitor's domestic and foreign counsel, independent counsel to the Special Committee, domestic and foreign counsel to the Ad Hoc Committee and the Financial Advisors (the "**Administration Charge**").

112. Jaguar has worked with the proposed Monitor to determine the proposed

quantum of the Administration Charge and believes it to be reasonable and appropriate in view of Jaguar's CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge.

E. Directors' Charge

113. To ensure the ongoing stability of Jaguar's business during the CCAA period, an expedited implementation process, and the successful emergence following implementation of the Plan, Jaguar requires the continued participation of its directors and officers who oversee the management of the business and commercial activities of Jaguar. The directors and officers of Jaguar have considerable and valuable experience.

114. The directors and officers of Jaguar have indicated that due to the potential for personal liability, they cannot continue their service in this restructuring unless the Initial Order grants the Directors' Charge (as defined below) to secure Jaguar's indemnity obligations to the directors and officers that arise post-filing.

115. I am advised by Evan Cobb of Norton Rose Fulbright Canada LLP, counsel to Jaguar, and do verily believe, that in certain circumstances directors can be held liable for certain obligations of a company owing to employees and government entities. As at the current date, Jaguar has six employees. Wages, vacation pay, and statutory employee deductions are accruing in the ordinary course with no arrears due and unpaid as at the date hereof.

116. Jaguar maintains directors' and officers' liability insurance (the "**D&O**

Insurance") for the directors and officers of Jaguar. The current D&O Insurance policies provide a total of $35 million in primary coverage. A supplemental policy also provides an additional $10 million of coverage.

117. The proposed Initial Order contemplates the establishment of a charge on the Property in the amount of $150,000 (the "**Directors' Charge**") to protect the directors and officers against obligations and liabilities they may incur as directors and officers of Jaguar after the commencement of the CCAA Proceedings, except to the extent that the obligation or liability is incurred as a result of the director's or officer's gross negligence or wilful misconduct. The Directors' Charge was calculated by reference to (a) the monthly payroll and withholding obligations of Jaguar; (b) vacation pay; and (c) the quantum of sales tax that Jaguar must remit in the typical month.

118. The benefit of the Directors' Charge will only be available to the extent that a liability is not covered by the D&O Insurance.

119. While the D&O Insurance is available, the directors and officers of Jaguar cannot be certain that the insurance providers will not seek to deny coverage on the basis that the D&O Insurance does not cover a particular claim or that coverage limits have been exhausted.

120. Jaguar is unlikely to have sufficient funds available to satisfy any contractual indemnities to the directors or officers should the directors or officers need to call upon those indemnities.

121. Jaguar worked with the Proposed Monitor in determining the proposed quantum

of the Directors' Charge and believes the Directors' Charge is reasonable in the circumstances.

122. In the ordinary course, certain members of the Board of Directors of Jaguar receive fees for attending and participating in board meetings and/or meetings of the Special Committee. Jaguar intends to continue to pay those fees following the granting of the Initial Order in these proceedings. Jaguar also intends to continue to pay for one independent legal counsel to the Special Committee.

F. Proposed Ranking of Court Ordered Charges

123. The proposed ranking of the Court-ordered charges (the "**Charges**") is as follows:

(a) First, the Primary Administration Charge (up to a maximum of $500,000);

(b) Second, the Directors' Charge (up to a maximum of $150,000);

(c) Third, liens granted by the Applicant to secure the obligations under the Renvest Facility prior to the date of the Initial Order; and

(d) Fourth, the Subordinated Administration Charge (up to a maximum of $4,500,000).

124. I am advised by Mr. Cobb that Renvest Mercantile Bancorp Inc., through its Global Resource Fund, as lender under the Renvest Facility, will be served with Jaguar's notice of application in these proceedings.

125. Jaguar's legal advisors have conducted: (i) Bankruptcy and Insolvency searches with the Office of the Superintendent of Bankruptcy Canada current to December 17, 2013, (ii) Bankruptcy searches with the Ontario Superior Court of Justice in Toronto current to December 17, 2013 (iii) Personal Property Security Registration System searches in Ontario current to December 16, 2013, and (iv) Bank Act security searches current to December 17, 2013, in Ontario, being the only Canadian jurisdiction in which Jaguar has assets. Jaguar has also conducted Writ of Execution searches with the Sheriff in the City of Toronto. Copies of those searches are attached hereto as Exhibit "O". I am advised by Mr. Cobb that the Personal Property Security Registration System searches show that the only party having a registration against Jaguar as of December 16, 2013 was Global Resource Fund.

G. Proposed Monitor

126. FTI Consulting Canada Inc. has consented to act as the Court-appointed Monitor of Jaguar, subject to Court approval.

127. FTI Consulting Canada Inc. is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

VI. CLAIMS PROCEDURE AND MEETING ORDER

128. Jaguar will be bringing a motion, seeking to proceed immediately, for a Claims Procedure Order authorizing and directing Jaguar to undertake a process (the "**Claims**

Procedure") to identify and determine all affected claims against Jaguar and its present and former directors and officers for voting and distribution purposes with respect to the Plan.

129. Also, Jaguar will be bringing a motion, seeking to proceed immediately, for a Meeting Order authorizing and directing Jaguar to file the Plan with the Court and to convene a meeting of its affected creditors to vote on a resolution to approve the Plan and any amendments thereto.

130. Jaguar is seeking the Meeting Order and the Claims Procedure Order at this time because it must complete the Recapitalization contemplated by the Plan on an expedited timeline. This is in the best interests of all stakeholders of Jaguar and its subsidiaries particularly given: (i) the extensive process already undertaken to evaluate restructuring alternatives; (ii) the pending liquidity crisis that Jaguar will face if financing, such as that provided by the Plan, cannot be obtained; (iii) Jaguar is a holding company with no business operations and expects limited claims to be filed under the proposed claims process; (iv) Noteholders representing approximately 93% of the outstanding principal amounts of Notes support proceeding with the Recapitalization under the proposed expedited time frame; and (v) the Outside Date for implementation of the Plan under the Support Agreement, which is February 28, 2014.

131. Each of the Claims Procedure Order and Meeting Order contain a clause providing that any party that wishes to amend or vary those Orders may bring a motion before the Court on a date to be set by the Court.

A. Requested Relief Under the Claims Procedure Order

132. In this section, capitalized terms not defined herein will be as defined in the Claims Procedure Order.

133. The draft Claims Procedure Order provides a process for identifying and determining claims against Jaguar and its present and former directors and officers, including, *inter alia*, the following:

(a) the Monitor shall assist Jaguar in connection with the administration of the claims procedure provided in the Claims Procedure Order, including the determination of Claims;

(b) Jaguar shall send to each of the Trustees (as agents for the Noteholders), a notice stating the accrued amounts (including all principal and interest) owing directly by the Applicant under each of the Indentures as at the applicable record date. Unless otherwise agreed between Jaguar, the Majority Consenting Noteholders and the applicable Trustee, or otherwise ordered by the Court, the amounts provided for in such notice shall be deemed to be the accrued amounts owing under the Indentures for voting and distribution purposes under the Plan;

(c) the Monitor shall publish a notice to creditors in the Globe and Mail (National Edition) and the Wall Street Journal on two separate occasions to solicit Claims against Jaguar by potential claimants who are not yet known to Jaguar;

(d) The Monitor shall send a Claims Package to all Known Unsecured Creditors and to any Unknown Unsecured Creditor who makes a request therefor prior to the Claims Bar Date;

(e) any Unsecured Creditor (other than a Noteholder, in respect of a claim under its Notes) that wishes to assert a Claim must file a completed Proof of Claim such that it is received by the Monitor by no later than the Claims Bar Date

(f) The proposed Claims Bar Date is January 22, 2014;

(g) The Restructuring Period Claims Bar Date, in respect of claims arising out of the restructuring, disclaimer, resiliation, termination or breach by Jaguar on or after the Filing Date of any contract, lease or other agreement shall be seven (7) days after the day such a Restructuring Period Claim arises;

(h) The Claims Procedure Order contains provisions allowing Jaguar to disallow or revise a Proof of Claim as against an Unsecured Creditor, and provides a procedure for resolving any dispute of such disallowance or revision for either voting or distribution purposes;

(i) The Claims Procedure Order allows Jaguar to allow a Claim for the purposes of voting on the Plan without prejudice to whether that Claim has been accepted distribution purposes under the Plan;

(j) Unsecured Creditors may file a Proof of Claim with respect to a

Director/Officer Claim;

(k) Where Jaguar or the Monitor sends a notice of disclaimer or resiliation to any Creditor after the Filing Date, such notice shall be accompanied by a Claims Package allowing such Creditor to make a claim against Jaguar in respect of a Restructuring Period Claim; and

(l) The Monitor shall send a Claims Package to any Creditor who makes a request therefor in respect of a Restructuring Period Claim prior to the Restructuring Period Claims Bar Date.

134. The Claims Procedure Order identifies the Claims of all possible Creditors in a manner that preserves the right of such Creditors while allowing Jaguar to proceed on an expedited basis.

135. Jaguar believes that substantially all Claims against Jaguar should be identified and known to Jaguar at this time as Jaguar does not undertake any active business and, therefore, the universe of potential claims against Jaguar is limited.

B. Requested Relief Under the Meeting Order

136. The draft Meeting Order provides that Jaguar is authorized to file the Plan and to convene a meeting of its affected creditors to consider and vote on the Plan. There will be one class of affected creditors, being those creditors with allowed unsecured Claims against Jaguar as of the date of the Initial Order, including holders of the Notes, and those creditors with Restructuring Period Claims (as defined in the Claims Procedure

Order).

137. I believe that the classification is fair having regard to:

(a) the unsecured nature of the debts, which is common to all members of the class;

(b) the fact that all members of the class would rank *pari passu* in a liquidation; and

(c) the creditors' legal interests, and the remedies available to them, and the extent to which they would recover on their claims by exercising those remedies.

138. The meeting of affected creditors (the "**Creditors' Meeting**") has been scheduled to be held at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 on January 28, 2014 at 10:00 a.m.

139. The Creditors' Meeting may be adjourned at the discretion of the Monitor, subject to the consent of the Majority Consenting Noteholders.

140. The draft Meeting Order provides for, *inter alia*, the following in respect of the governance of the Meeting (capitalized terms not otherwise defined herein shall have the meaning given to those terms in the Meeting Order):

(a) An officer of the Monitor shall preside as the chair of the Meeting;

(b) The only parties entitled to attend the Meeting are Jaguar, the Monitor, the Creditors with Voting Claims or their duly appointed proxyholders, the Consenting Noteholders, the Trustees, all such parties' legal and financial advisors and such other parties as the Monitor may invite or permit to attend the Meeting, in its sole discretion, including but not limited to a person designated by the Monitor to act as the secretary of the Meeting and persons appointed by the Monitor to act as scrutineers at the Meeting;

(c) The quorum for the Meeting is one unsecured creditor with a Voting Claim;

(d) Only Creditors with Voting Claims or their duly appointed proxyholders are entitled to vote at the Meeting; provided that, in the event an unsecured creditor holds a Claim that is a Disputed Voting Claim as at the date of the Meeting, such Disputed Voting Claim may be voted at the Meeting (by the applicable unsecured creditor or its proxyholder) but shall be tabulated separately and shall not be counted for any purpose unless, until and to the extent that such Claim is ultimately determined to be a Voting Claim;

(e) The Monitor shall keep separate tabulations of votes in respect of:

(i) Voting Claims; and

(ii) Disputed Voting Claims, if any;

(f) The Monitor shall tabulate the vote(s) taken at the Meeting and determine whether the Plan has been accepted by the required majority of the Affected Creditor Class;

(g) If the approval or non-approval of the Plan may be affected by the votes cast in respect of the Disputed Voting Claims, if any, as determined by the Monitor, Jaguar and the Monitor may seek directions from this Court; and

(h) The results of the vote conducted at the Meeting (excluding those votes by number and/or value cast in respect of Disputed Voting Claims that are subsequently determined to be without merit or have a lesser value for voting purposes than in accordance with the Claims Procedure) shall be binding on each creditor of Jaguar whether or not such creditor is present in person or by proxy or voting at a meeting.

141. Jaguar may elect to proceed with the Meeting notwithstanding that the resolution of Claims in accordance with the Claims Procedure may not be complete. If the approval of the Plan may be affected by the votes cast in respect of Disputed Voting Claims, if any, then only if the Disputed Claims are ultimately determined to be Voting Claims, in whole or in part, will such Claims, in whole or in part, as applicable, be counted for purposes of determining whether the requisite majority of the Affected Creditor Class have voted to approve the Plan. As a result, the Claims Procedure and the Meeting can proceed in parallel.

VII. Conclusion

142. Jaguar believes that the Plan is the best way to reduce Jaguar's debt levels, increase liquidity for the Jaguar Group's operations and allow the Jaguar Group to make certain necessary capital investments and accelerate operational improvements. Absent the approval of a transaction such as the Plan and expedited implementation, Jaguar will not have sufficient liquidity to continue operations and liquidation would appear to be the likely remaining alternative, with holders of Notes experiencing a significant shortfall in the amounts owed to them. A liquidation would be detrimental to all stakeholders with an economic interest in Jaguar or the Jaguar Group as a whole.

143. The Plan is supported by the Special Committee, the Board of Directors and Noteholders representing approximately 93% of the aggregate principal amount of Notes.

144. Jaguar requests the opportunity to move forward with this Plan on an expedited basis with the Court's assistance.

SWORN BEFORE ME at the City of Toronto, on December 23, 2013.

Commissioner for Taking Affidavits

DAVID M. PETROFF

Exhibit "A"

NOTICE OF MEETING
AND
INFORMATION CIRCULAR AND PROXY STATEMENT

PERTAINING TO A
PLAN OF COMPROMISE AND ARRANGEMENT
PURSUANT TO
THE *COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)*

OF

JAGUAR MINING INC.

Dated December 23, 2013

This is Exhibit A referred to in the affidavit of DAVID POTROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

This information circular and proxy statement is being distributed to certain creditors of Jaguar Mining Inc. in connection with the meeting called to consider the plan of compromise and arrangement proposed by Jaguar Mining Inc. that is scheduled to be held on January 28, 2014 at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada M5J 2Z4.

These materials require your immediate attention. You should consult your financial, tax or other professional advisors in connection with the contents of these materials. Should you have any questions regarding voting or other procedures or should you wish to obtain additional copies of these materials, you may contact FTI Consulting Canada Inc., which acts as the court-appointed Monitor, at TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, Ontario, Canada M5K 1G8, telephone number: (416) 649-8044, facsimile number: (416) 649-8101 or e-mail: jaguarmining@fticonsulting.com.

December 23, 2013

TO: The affected unsecured creditors (collectively, "**you**" or the "**Affected Unsecured Creditors**") of Jaguar Mining Inc. ("**Jaguar**" or the "**Corporation**").

As a result of the current economic environment and, in particular, the downturn in the mining sector and fluctuating gold prices, management and the board of directors of Jaguar (the "**Board of Directors**") have been proactively exploring strategic alternatives to help resolve Jaguar's capital structure and liquidity concerns. During the second half of 2013, Jaguar participated in discussions with a number of holders of the Corporation's 4.5% Senior Unsecured Convertible Notes due November 1, 2014 (the "**4.5% Convertible Notes**") and 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (the "**5.5% Convertible Notes**", together with the 4.5% Convertible Notes, the "**Notes**") with a view to exploring recapitalization and financing transactions. A proposed recapitalization and financing transaction was announced by the Corporation on November 13, 2013. After a review of all available methods to implement this transaction, the Corporation concluded that in these circumstances, the transaction cannot be implemented outside of a proceeding under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). The Corporation commenced proceedings under the CCAA on December 23, 2013 for the purpose of implementing this recapitalization and financing transaction.

The proposed plan of compromise and arrangement (the "**Plan**") pursuant to the CCAA will allow Jaguar to substantially reduce its debt and associated interest costs while improving its available liquidity. The Plan includes the following key elements:

- exchange of the entire outstanding principal amount of Notes, being approximately US$268.5 million, and certain potential other unsecured claims, for equity;
- reduction of total pro forma debt from approximately US$323 million as at September 30, 2013 to approximately US$54.5 million upon completion of the Plan;
- reduction of projected annual cash interest payments by approximately US$13.1 million; and
- approximately US$50 million of new equity raised by way of a backstopped share offering (the "**Share Offering**") to current holders of Notes (the "**Noteholders**") (subject to the satisfaction of certain conditions contained in the Plan), the net proceeds of which will be available for use in the operations of Jaguar and its subsidiaries.

After giving effect to the Plan:

- Noteholders and General Unsecured Creditors with proven claims, if any, will receive approximately 12.6% of the common equity of Jaguar in exchange for all outstanding obligations owed to such Affected Unsecured Creditors of Jaguar;
- Noteholders who signed a support agreement on or prior to November 26, 2013 will receive additional consideration for the exchange of the Notes in the form of approximately 4.5% of the common equity of Jaguar;
- Noteholders and General Unsecured Creditors with proven claims (if any) (who in certain circumstances may be eligible to participate in the Share Offering subject to the consent of the Monitor and the Majority Backstop Parties) who participate in the Share Offering will receive approximately 64% of the common equity of Jaguar;

- Noteholders who are eligible to participate in the Share Offering will receive additional consideration for the exchange of the Notes in the form of approximately 8% of the common equity of Jaguar allocated based on their pro rata share of accrued interest claims;

- Noteholders who are parties to the Backstop Agreement (as defined in the information circular and proxy statement) with Jaguar in respect of the Share Offering (the "**Backstoppers**") will receive additional consideration for the exchange of the Notes in the form of 10.0% of the common equity of Jaguar, allocated pro rata based upon the amount of each funding Backstopper's backstop commitment; and

- existing shareholders of Jaguar will retain approximately 0.9% of the common equity of Jaguar.

As a condition to implementation of the Plan, among other things, the new common equity of Jaguar must be conditionally approved for listing on the Toronto Stock Exchange, the TSX Venture Exchange or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders, without any vote or approval of the existing shareholders, subject only to receipt of customary final documentation, upon implementation of the Plan. Jaguar's shareholder rights plan and the rights thereunder and existing options and warrants to acquire existing common shares in the capital of Jaguar will be cancelled for no consideration.

The Corporation is holding a meeting of the Affected Unsecured Creditors (the "**Meeting**") on January 28, 2014 at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada M5J 2Z4 at 10:00 a.m. to present, for your approval, a resolution to approve the Plan (the "**Plan Resolution**").

As of the date hereof, Noteholders holding approximately 93% of the aggregate principal amount of Notes have executed a support agreement (or a consent agreement thereto) whereby they have agreed to vote their Notes (including accrued and unpaid interest) in favour of, and to otherwise support, the Plan.

Affected Unsecured Creditors are being asked to consider and, if deemed appropriate, approve the Plan so that Jaguar can emerge as soon as practicable from CCAA protection, allowing the Corporation to focus on executing its business strategy. The management of Jaguar, the Board of Directors and the Special Committee believe that in view of the challenges posed by the Corporation's existing capital structure and limited liquidity, the Plan is the best alternative available under the circumstances. After careful consideration of all relevant factors relating to the Plan, the Board of Directors and the Special Committee have unanimously recommended that Affected Unsecured Creditors vote in favour of the Plan Resolution.

The Court-appointed Monitor in Jaguar's CCAA proceedings will be issuing a report prior to the Meeting which will include its recommendations with respect to the Plan.

We urge you to give serious attention to the Plan. Please complete and return the applicable voting instrument enclosed with the information circular and proxy statement following the instructions set out in such instrument to ensure that you are represented at the Meeting.

Yours very truly,

David Petroff

David Petroff
President and Chief Executive Officer
Jaguar Mining Inc.

This material is important and requires your immediate attention. The transactions contemplated in the Plan are complex. The accompanying information circular and proxy statement contains a description of and a copy of the Plan, as well as other information concerning Jaguar to assist you in considering this matter. You are urged to review this information carefully. Should you have any questions or require assistance in understanding and evaluating how you will be affected by the proposed Plan, please consult your legal, tax or other professional advisors.

If you are an Affected Unsecured Creditor (other than a Noteholder) with any questions regarding the voting or other procedures or matters with respect to the Meeting or the Plan, you should contact the Monitor. All questions and correspondence for the Monitor should be directed to FTI Consulting Canada Inc. at TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, Ontario, Canada M5K 1G8, telephone number: (416) 649-8044, facsimile number: (416) 649-8101, or e-mail: jaguarmining@fticonsulting.com. The Monitor has established and maintains the following website in respect of Jaguar's CCAA proceedings: http://cfcanada.fticonsulting.com/jaguar

Please also contact the Monitor should you wish to obtain additional copies of these materials.

If you are a Noteholder with any questions regarding voting or other procedures or matters with respect to the Meeting or the Plan, you should contact the Solicitation/Election Agent or the intermediary that holds your Notes on your behalf. All questions and correspondence for the Solicitation/Election Agent should be directed to Robert Stevens of Globic Advisors, Inc. at One Liberty Plaza, 23rd Floor, New York, New York, USA 10006, telephone number: (212) 227-9699 or email: rstevens@globic.com.

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 AND ARRANGEMENT OF
JAGUAR MINING INC.

PLAN OF COMPROMISE AND ARRANGEMENT
PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)*
OF
JAGUAR MINING INC.

NOTICE OF MEETING

TO HOLDERS OF THE FOLLOWING SECURITIES OF JAGUAR MINING INC.: (i) 4.5% Senior Unsecured Convertible Notes due November 1, 2014; and (ii) 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (collectively, the "**Noteholders**")

AND TO: Affected Unsecured Creditors (as such term is defined in the Plan) other than Noteholders (the "**General Unsecured Creditors**")

NOTICE IS HEREBY GIVEN that, pursuant to an Order of the Ontario Superior Court of Justice (the "**Court**") dated December 23, 2013 and all ancillary Orders of the Court, a meeting of the Affected Unsecured Creditors (the "**Meeting**") is scheduled to be held on the 28th day of January, 2014, at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada M5J 2Z4 at 10:00 a.m. for the following purposes:

1 to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Plan Resolution**") approving the plan of compromise and arrangement (the "**Plan**") of Jaguar Mining Inc. pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), which Plan is described in the information circular and proxy statement dated the date hereof and accompanying this Notice of Meeting (the "**Circular**") and a copy of which is attached as Appendix "B" to the Circular, as it may be amended from time to time in accordance with the terms of the Plan and Meeting Order; and

2 to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Unless otherwise indicated, terms defined in the section of the Circular entitled "Glossary of Terms" have the same meanings in this Notice of Meeting. The validity and value of the claims of Affected Unsecured Creditors are determined for voting and distribution purposes in accordance with the procedures set forth in the Plan, the Claims Procedure Order (a copy of which is attached as Appendix "E" to the Circular) and the Meeting Order (a copy of which is attached as Appendix "D" to the Circular). Copies of the Claims Procedure Order and the Meeting Order may also be found at the website of the Monitor at: http://cfcanada.fticonsulting.com/jaguar.

In order for the Plan to be approved and be binding in accordance with the CCAA, the Plan Resolution must be approved by that number of Affected Unsecured Creditors representing at least a majority in number of the holders of Affected Unsecured Claims, whose Voting Claims represent at least 66 2/3% in value of the Voting Claims of each of the Affected Unsecured Creditors who validly vote (in person or by proxy) on the Plan Resolution at the Meeting. At the Meeting, each Affected Unsecured Creditor will be entitled to one vote, which vote will have the value of such person's Voting Claim for voting purposes, as determined pursuant to the Claims Procedure Order, the Meeting Order and the Plan. The Plan must also be sanctioned by the Court under the CCAA. Subject to satisfaction of the other conditions precedent to the implementation of the Plan, all Affected Unsecured Creditors will then receive the treatment set forth in the Plan.

The quorum for the Meeting has been set by the Meeting Order as the presence, in person or by proxy, at the Meeting of one Creditor with a Voting Claim. The date set as the record date in respect of Noteholders entitled to vote at the Meeting is 5:00 p.m. (Toronto time) on December 19, 2013

Except as otherwise set forth herein, Beneficial Noteholders and General Unsecured Creditors may attend the Meeting in person or may appoint another person as proxyholder. Persons appointed as proxyholders need not be Noteholders or General Unsecured Creditors.

Beneficial Noteholders should receive with this Circular a voting instruction form (a "**VIF**"). If no such VIF is enclosed, contact your Intermediary. Once you have indicated your instructions with respect to voting for or against the Plan Resolution on the VIF, please return your VIF to your Intermediary in accordance with the instructions set out in such form. Your Intermediary will relay the instructions on your VIF to the Solicitation/Election Agent by completing a Master Proxy. Beneficial Noteholders may indicate their instructions with respect to voting for or against the Plan on a VIF. A Beneficial Noteholder that wishes to attend the Meeting should not complete the VIF, but instead should contact the Intermediary that holds the Notes on its behalf to make alternate arrangements to enable such Beneficial Noteholder to vote in person at the Meeting. If making such alternate arrangements, the Beneficial Noteholder should advise the Intermediary as soon as possible in advance of the Meeting. In order to be effective, Master Proxies must be received by the Solicitation/Election Agent at Globic Advisors, Inc., One Liberty Plaza, 23rd Floor, New York, New York, USA 10006 (Attention: Robert Stevens), facsimile number: (212) 271-3252 or email: rstevens@globic.com, at or prior to 5:00 p.m. (New York time) on the second Business Day prior to the date of the Meeting or any adjournment thereof. All questions for the Solicitation/Election Agent should be directed to Robert Stevens at (212) 227-9699 or rstevens@globic.com.

There is one form of proxy (the "**Affected Creditor Proxy**") for all General Unsecured Creditors. A General Unsecured Creditor may attend the Meeting in person or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the Affected Creditor Proxy provided to General Unsecured Creditors by the Monitor or the Corporation. Persons appointed as proxyholders need not be General Unsecured Creditors. In order to be effective, Affected Creditors Proxies of General Unsecured Creditors must be received by the Monitor at TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, Ontario M5K 1G8, facsimile number: (416) 649-8101, or e-mail: jaguarmining@fticonsulting.com, prior to 10:00 a.m. (Toronto time) on the Business Day prior to the date of the Meeting or any adjournment thereof.

If a Beneficial Noteholder or General Unsecured Creditor specifies a choice in its VIF or Affected Creditor Proxy, respectively, with respect to voting on the Plan, such VIF or Affected Creditors' Proxy will be voted in accordance with the specification so made. In the absence of such specification, VIFs and Affected Creditor Proxies will be voted **FOR** the Plan Resolution. The Master Proxy and the Affected Creditor Proxy confer discretionary authority on the individuals designated in them with respect to amendments or variations to matters identified in this Notice of Meeting and other matters that may properly come before the Meeting. As of the date hereof, Jaguar knows of no such amendment, variation or other matters to come before the Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Corporation intends to bring a motion before the Court on or about January 30, 2014 at 10:00 a.m. (Toronto time) at the courthouse located at 330 University Avenue, Toronto, Ontario, Canada. The motion will be for the Sanction Order approving the Plan under the CCAA and granting ancillary relief consequent upon such sanction. Any Affected Unsecured Creditor that wishes to appear or be represented, and to present evidence or arguments, at the Court hearing seeking sanction of the Plan must file a Notice of Appearance with the Court, and serve a copy of the materials to be used to oppose the motion in respect of the sanction of the Plan to all parties on the Service List, by no later than 5:00 p.m. (Toronto time) on January 26, 2014.

DATED at Toronto, Ontario this 23rd day of December, 2013.

BY ORDER OF THE COURT

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IMPORTANT INFORMATION

THIS CIRCULAR CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE MATTERS REFERRED TO HEREIN.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS CIRCULAR, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES DESCRIBED IN THIS CIRCULAR, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION, TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OF AN OFFER OR PROXY SOLICITATION IN SUCH JURISDICTION.

Unless otherwise indicated or the context otherwise requires, the terms "the Corporation", "we", "us" and "our" refer to Jaguar Mining Inc. Capitalized terms used herein, and not otherwise defined, have the meaning ascribed to them in the Glossary of Terms, which begins on page 7.

Affected Unsecured Creditors should carefully consider the income tax consequences of the proposed Plan described herein. See "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*" and "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*" contained in this Circular.

All information in this Circular is given as of December 23, 2013 unless otherwise indicated.

In this Circular, unless otherwise stated, all references to percentages of common equity are expressed on an undiluted basis and on the assumption that no issued and outstanding securities convertible into or exchangeable for common equity have been converted or exchanged subsequent to the date hereof but assumes that Jaguar's share capital will consist of approximately 111,111,111 Common Shares following implementation of the Plan (including the Consolidation). See "*Description of the Plan*".

Affected Unsecured Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Unsecured Creditors should consult their own counsel, accountants and other advisors as to financial, legal, tax and related aspects of the proposed Plan. In making a decision regarding the Plan, Affected Unsecured Creditors must rely on their own examination of the Corporation and the advice of their own advisors.

Descriptions in this Circular of the Plan and the Orders are merely summaries of the terms of these documents. Affected Unsecured Creditors should refer to the full terms of the Plan, the Initial Order, the Meeting Order and the Claims Procedure Order (appended to this Circular as Appendix "B", Appendix "C", Appendix "D" and Appendix "E", respectively) for complete details. You should rely only on the information contained in or incorporated by reference in this Circular or to which we have referred you. We have not authorized any person (including any dealer, salesman or broker) to provide you with different information. The information contained in or incorporated by reference in this Circular may only be accurate on the date hereof or the dates of the documents incorporated by reference herein. Neither delivery of this Circular nor any distribution of the securities referred to in this Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular. You should not assume that the information contained in this Circular or incorporated by reference herein is accurate as of any other date.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

The issuance of the New Common Shares pursuant to the Plan will be exempt from the prospectus and registration requirements under Canadian securities legislation. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be

available in respect of such Common Shares to be issued pursuant to the Plan. See "*Certain Regulatory and Other Matters Relating to the Plan – Issuance and Resale of Securities Received in the Plan*".

NOTICE TO AFFECTED UNSECURED CREDITORS IN THE UNITED STATES

NEITHER THE PLAN NOR THE SECURITIES ISSUABLE IN CONNECTION WITH THE PLAN HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES; NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

New Common Shares issued under the Plan will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or the securities laws of any state of the United States. Such New Common Shares will instead be issued in reliance upon exemptions under the 1933 Act and applicable exemptions under state securities laws.

The Unsecured Creditor Common Shares and Early Consent Shares to be issued to: (i) Noteholders pursuant to the exchange of the Notes under the Plan; and (ii) Affected Unsecured Creditors in exchange for Allowed Affected Unsecured Claims have not been registered under the 1933 Act and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Plan to the Persons affected.

All other New Common Shares (including the Offering Shares, Accrued Interest Offering Shares, and Backstop Commitment Shares) have not been registered under the 1933 Act and are being issued pursuant to the exemptions from registration set forth in Regulation D and Regulation S promulgated under the 1933 Act. See "*Certain Regulatory and Other Matters Relating to the Plan - Issuance and Resale of Securities Received in the Plan*".

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the *United States Securities Exchange Act of 1934*, as amended (the "**1934 Act**"). This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Securityholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements incorporated by reference in this Circular have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which differs from the United States generally accepted accounting principles in certain material respects, and thus the financial statements of the Corporation may not be comparable to financial statements of United States companies. The Corporation is not required to prepare a reconciliation of its consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and has not quantified such differences.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that Jaguar and its subsidiaries are incorporated or organized outside the United States, that some or all of the officers and directors of such persons and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the Corporation and said persons are located outside the United States. As a result, it may be difficult or impossible for holders of Jaguar's securities in the United States to effect service of process within the United States upon Jaguar, its subsidiaries and their officers and directors and the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, holders of Jaguar's securities in the United States should not assume that the courts of Canada or any other jurisdiction: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. See "*Risk Factors – Risks Relating to the Plan*".

Notice to New Hampshire Residents:

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements in this Circular and the information incorporated herein by reference that are not current statements or historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of Section 27A of the 1933 Act and Section 21E of the 1934 Act. Forward-looking information and statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by them. Sentences and phrases containing words such as "believe", "estimate", "anticipate", "plan", "predict", "outlook", "goals", "targets", "projects", "may", "hope", "can", "will", "shall", "should", "expect", "intend", "is designed to", "continues", "with the intent", "potential", "strategy", and the negative of any of these words, or variations of them, or comparable terminology that does not relate strictly to current or historical facts, are all indicative of forward-looking information or statements. Discussions containing forward-looking information and statements may be found, among other places, in the "*Impact of the Plan*", "*Jaguar After the Plan*" and "*Risk Factors*" sections in this Circular and in the "*General Development of the Business*", "*Description of the Business*" and "*Risk Factors*" sections in the AIF and other documents incorporated by reference herein. Examples of forward-looking information and statements in this Circular and in the AIF and other documents incorporated by reference herein include, but are not limited to:

- implementation of the Plan;
- the focus of capital expenditures;
- future debt levels and annual interest costs;
- the Corporation's future financial and operational situation after the implementation of the Plan;
- the sale, farming in, farming out or development of certain exploration properties using third party resources;
- exploration plans;
- the existence, operation and strategy of the commodity price risk management program;
- the approximate and maximum amount of forward sales and hedging to be employed;
- the Corporation's growth strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- the impact of Brazilian governmental regulation on the Corporation relative to other mineral resource issuers of similar size;
- the goal to sustain or grow production and reserves through prudent management and acquisitions;
- the emergence of accretive growth opportunities; and
- the Corporation's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets.

The material assumptions in making these forward-looking statements include certain assumptions disclosed in the Corporation's Management's Discussion and Analysis as at and for the year ended December 31, 2012 under the headings "*Financial Condition, Cash Flow, Liquidity and Capital Resources*", "*Restructuring and Turn Around Plan*", "*2013 Estimated Production and Cash Operating Cost*" and "*Critical Accounting Estimates*" as well as those disclosed in the Corporation's Management's Discussion and Analysis as at and for the three months ended September 30, 2013 under the headings "*Financial Condition, Cash Flow, Liquidity and Capital Resources*", "*Outlook*" and "*Restructuring and Turn Around Plan*".

Although the Corporation believes that the expectations reflected in the forward-looking information and statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither Jaguar nor any other person assumes responsibility for the accuracy and completeness of the forward-looking information and statements. Some of the risks and other factors, certain of which are beyond the Corporation's control, that could cause results to differ materially from those expressed in the forward-looking statements contained in this Circular and the documents incorporated by reference herein include, but are not limited to:

- general economic conditions in Canada, the United States, Brazil and globally;
- industry conditions, including volatility in market prices for gold;
- royalties payable in respect of the Corporation's gold production;
- governmental regulation of the mining industry, including environmental regulation;
- fluctuation in foreign exchange, inflation or interest rates;
- unanticipated operating events which can reduce production or cause production to be shut down or delayed or operating costs to increase, including labour disputes or work stoppages;
- failure to obtain third party consents and approvals, when required;
- stock market volatility and market valuations; and
- the need to obtain required approvals from regulatory authorities.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking information and statements contained in this Circular and the documents incorporated by reference herein: (a) were made as of the dates stated therein and have not been updated except as modified or superseded by a subsequently filed document that is also incorporated by reference in this Circular; (b) represent the Corporation's views as of the date of such documents and should not be relied upon as representing the Corporation's views as of any subsequent date; and (c) are expressly qualified by this cautionary statement. While the Corporation anticipates that subsequent events and developments may cause its views to change, the Corporation specifically disclaims any intention or obligation to update forward-looking information and statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

Forward-looking information and statements contained in this Circular and the documents incorporated herein by reference about prospective results of operations, financial position or cash flows that are based upon assumptions about future economic conditions and courses of action are presented for the purpose of assisting Affected Unsecured Creditors in understanding management's current views regarding those future outcomes, and may not be appropriate for other purposes.

There can be no assurance that the forward-looking information and statements will prove to be accurate, and actual results and future events could vary or differ materially from those anticipated by them. Accordingly undue reliance should not be placed on forward-looking information and statements.

REPORTING CURRENCIES

In this Circular, unless otherwise stated, dollar amounts are reported in U.S. dollars ($ or US$).

EXCHANGE RATES

The following table sets forth, for each of the years indicated, the year-end noon exchange rate, the average noon exchange rate and the high and low noon exchange rates of one Canadian dollar in exchange for U.S. dollars using information provided by the Bank of Canada. The noon exchange rate on the Business Day before the Filing Date, using information provided by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars, was Cdn$1.00 equals US$0.9363.

	Year Ended December 31,		12 Months Ended September 30,	
	2011	2012	2012	2013
High	$1.0583	$1.0299	$1.0299	$1.0243
Low	$0.9430	$0.9599	$0.9430	$0.9455
Average	$1.0110	$1.0004	$0.9927	$0.9847
End of Period	$0.9833	$1.0051	$1.0166	$0.9723

The following table sets forth, for each of the years indicated, the year-end exchange rate, the average exchange rate and the high and low exchange rates of one Canadian dollar in exchange for Brazilian real using information provided by the Bank of Canada. The exchange rate on the Business Day before the Filing Date, using information provided by the Bank of Canada for the conversion of Canadian dollars into Brazilian real, was Cdn$1.00 equals BRL 2.2242.

	Year Ended December 31,		12 Months Ended September 30,	
	2011	2012	2012	2013
High	1.8389 BRL	2.1299 BRL	2.0886 BRL	2.3277 BRL
Low	1.6085 BRL	1.7077 BRL	1.6998 BRL	1.8965 BRL
Average	1.6891 BRL	1.9446 BRL	1.8675 BRL	2.0659 BRL
End of Period	1.8322 BRL	2.0580 BRL	2.0619 BRL	2.1584 BRL

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular the following terms shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

"**4.5% Convertible Notes**" means the 4.5% Senior Unsecured Convertible Notes of the Corporation due November 1, 2014.

"**4.5% Convertible Note Indenture**" means the Indenture dated as of September 15, 2009 among Jaguar as issuer, The Bank of New York Mellon as trustee and BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 4.5% Convertible Notes.

"**5.5% Convertible Notes**" means the 5.5% Senior Unsecured Convertible Notes of the Corporation due March 31, 2016.

"**5.5% Convertible Note Indenture**" means the Indenture dated as of February 9, 2011 among Jaguar as issuer, The Bank of New York Mellon as trustee and BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 5.5% Convertible Notes.

"**1933 Act**" means the United States *Securities Act of 1933*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date.

"**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date.

"**Accrued Interest Claims**" means the aggregate of all unpaid interest accrued under the Notes at the applicable rate under the Indentures owing as at the Record Date to the Participating Eligible Investors and Funding Backstop Parties.

"**Accrued Interest Offering Shares**" means 9,044,203 New Common Shares to be issued to Participating Eligible Investors and Funding Backstop Parties under the Plan allocated based on the Pro Rata Share of the Accrued Interest Claims.

"**Ad Hoc Committee**" means the ad hoc committee of Noteholders represented by the Advisors.

"**Administration Charge**" has the meaning ascribed to such term in the Initial Order.

"**Advisors**" means Goodmans LLP, Houlihan Lokey Capital, Inc., Dias Carneiro Advogados, Behre Dolbear & Company (USA) Inc. and Stroock & Stroock & Lavan LLP.

"Affected Creditor Class" means, for the purposes of considering and voting on the Plan Resolution, the class of stakeholders consisting of the Affected Unsecured Creditors.

"Affected Creditor Proxy" means the form of proxy for Affected Unsecured Creditors as further described in the Meeting Order.

"**Affected Unsecured Claims**" means all Claims against Jaguar that are not Equity Claims.

"**Affected Unsecured Creditor**" means the holder of an Affected Unsecured Claim in respect of and to the extent of such Affected Unsecured Claim.

"**AIF**" means the annual information form of Jaguar dated March 21, 2013 for the year ended December 31, 2012.

"**Allowable Capital Loss**" has the meaning ascribed to such term under "*Income Tax Considerations - Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**Allowed**" means, with respect to a Claim, any Claim or any portion thereof that has been finally allowed as a Distribution Claim for purposes of receiving distributions under the Plan in accordance with the Claims Procedure Order or the Sanction Order.

"**Alternative Transaction**" has the meaning ascribed to such term under "*Support Agreement*".

"**Articles of Reorganization**" means the articles of reorganization of Jaguar to be filed pursuant to Section 186 of the OBCA and in accordance with the Plan, in form and substance satisfactory to Jaguar and the Majority Consenting Noteholders.

"**Assumed Backstop Commitment**" means, in the event of a Backstop Default/Termination, if any, a Backstop Commitment, or a portion thereof, assumed by an Assuming Backstop Party from a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party in accordance with the terms and conditions of the Plan and the Backstop Agreement.

"**Assuming Backstop Party**" means, in the event of a Backstop Default/Termination, if any, a Non-Defaulting Backstop Party, Non-Objecting Backstop Party, Non-Breaching/Non-Delivering Backstop Party, or such other party acceptable to the Backstop Parties and Jaguar in each case in accordance with the Backstop Agreement, that executes a Backstop Consent Agreement that has assumed the obligations (and rights), or a portion thereof, of a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party, as applicable, under the Backstop Agreement, in accordance with the terms and conditions of the Plan and the Backstop Agreement.

"**Auditors**" means KPMG LLP, Chartered Accountants, Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

"**Backstop Agreement**" means the backstop agreement dated as of November 13, 2013 (as amended from time to time) between certain Noteholders, Jaguar, MCT, MSOL and MTL, together with any Backstop Consent Agreements executed by other parties from time to time.

"**Backstop Commitment**" means, in respect of each Backstop Party, the commitment set forth on such Backstop Party's signature page to the Backstop Agreement or a Backstop Consent Agreement, as applicable, which commitment may be reduced in accordance with and subject to the terms and conditions of the Backstop Agreement and the Plan.

"**Backstop Commitment Reduction Election**" has the meaning ascribed to such term under "*Description of the Plan – Treatment of Claims*".

"**Backstop Commitment Shares**" means 11,111,111 New Common Shares to be issued to Funding Backstop Parties under the Plan.

"**Backstop Consent Agreement**" means an agreement substantially in the form of Schedule "B" to the Backstop Agreement.

"**Backstop Consideration Commitment**" means, in respect of each Backstop Party, the commitment set forth on such Backstop Party's signature page to the Backstop Agreement or a Backstop Consent Agreement, as applicable, which commitment, for greater certainty, shall not be reduced as a result of a Backstop Commitment Reduction Election.

"**Backstop Default/Termination**" means any of the following: (a) a breach by a Breaching Backstop Party under the Backstop Agreement in respect of which the Backstop Agreement has been terminated with such Breaching Backstop Party in accordance with its terms; (b) a failure by a Defaulting Backstop Party to meet its obligations in respect of its Backstop Commitment on or before the Backstop Funding Deadline; (c) a failure by a Non-Delivering Backstop Party to deliver an executed Rep Letter to Jaguar by the Election Deadline or if a representation or warranty made in such Rep Letter becomes untrue; and (d) the termination by an Objecting Backstop Party of its obligations under the Backstop Agreement in accordance with its terms.

"**Backstop Funding Deadline**" means 2:00 p.m. (Toronto time) on the day that is five Business Days prior to the Implementation Date.

"**Backstop Parties**" means those Noteholders that have entered into the Backstop Agreement or a Backstop Consent Agreement, as applicable, and their permitted assigns and a "**Backstop Party**" means any one of the Backstop Parties.

"**Backstop Payment Amount**" has the meaning ascribed to such term under "*Description of the Plan – Treatment of Claims – Backstop Parties*".

"**Backstop Purchase Obligation**" means the obligation of a Backstop Party to purchase Backstopped Shares in accordance with the terms and conditions of the Backstop Agreement and the Plan.

"**Backstopped Shares**" has the meaning ascribed to such term under "*Description of the Plan – Treatment of Claims – Backstop Parties*".

"**Backstop Shortfall**" means the aggregate Backstop Purchase Obligations of Defaulting Backstop Parties, Objecting Backstop Parties and Breaching/Non-Delivering Backstop Parties, if any.

"Beneficial Noteholder" means a beneficial holder of the Notes holding such Notes in a securities account with a depository, a depository participant or other securities intermediary including for greater certainty, such depository participant or other securities intermediary only if and to the extent such depository participant or other securities intermediary holds the Notes as principal and for its own account.

"**Board of Directors**" or "**Board**" means the board of directors of Jaguar immediately prior to the Implementation Time.

"**Bradesco**" means Banco Bradesco S.A.

"**Brazil**" means the Federative Republic of Brazil.

"**Brazilian Credit Agreements**" means, collectively, the credit agreements entered into by one or more of the Subsidiaries and Bradesco, Itaú BBA or Safra, including the Export Credit Note No. 081001795 executed on August 26, 2010 by and between MSOL and Bradesco, Advance on Currency Exchange Contract No. 109826269 executed on December 14, 2012 by and between MSOL and Itaú BBA, Advance on Currency Exchange Contract No. 109826333 executed on December 14, 2012 by and between MTL and Itaú BBA, Advance on Currency Exchange Contract No. 112193383 executed on March 22, 2013 by and between MSOL and Itaú BBA, Advance on Currency Exchange Contract No. 000115887749 executed on August 16, 2013 by and between MSOL and Bradesco, Advance on Currency Exchange Contract No. 000116068871 executed on August 23, 2013 by and between MSOL and Bradesco, Advance on Currency Exchange Contract No. 000116677828 executed on September 13, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 000116861319 executed on September 20, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 000117031810 executed on September 27, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 349838 executed on October 25, 2013 by and between MTL and Safra, Advance on Currency Exchange Contract No. 351203 executed on November 4, 2013 by and between MSOL and Safra, and Advance on Currency Exchange Contract No. 118040651 executed on November 5, 2013 by and between MTL and Bradesco.

"**Breaching Backstop Party**" means a Backstop Party that has breached the Backstop Agreement under Section 10(b)(i) or (ii) thereof in respect of whom the Backstop Agreement has been terminated in accordance with its terms.

"**Breaching/Non-Delivering Backstop Parties**" means Breaching Backstop Parties and Non-Delivering Backstop Parties.

"**Business Day**" means any day other than a Saturday or a Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario and New York, New York.

"**BZI**" has the meaning ascribed to such term under "*Jaguar Before the Plan – Corporate Structure*".

"**Canaccord Genuity**" means Canaccord Genuity Corp.

"**Canadian Holder**" has the meaning ascribed to such term under "*Income Tax Considerations - Securityholders Resident in Canada*".

"**CCAA**" means the *Companies' Creditors Arrangements Act* (Canada), and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Implementation Date.

"CCAA Proceedings" means the proceedings commenced by the Corporation under the CCAA as contemplated by the Initial Order.

"**Cdn$**" means Canadian dollars.

"**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof.

"**Chair**" means the Monitor or another representative of the Monitor that has been designated by the Monitor.

"**Charges**" means, collectively, the Administration Charge and the Directors' Charge.

"**Circular**" means this information circular and proxy statement, including all exhibits and appendices hereto.

"**Claim**" means any Pre-filing Claim, Restructuring Period Claim or Director/Officer Claim, in each case other than an Excluded Claim.

"**Claims Bar Date**" means 5:00 p.m. (Toronto time) on January 22, 2014.

"**Claims Procedure Order**" means the Order made December 23, 2013 in respect of the procedures governing the determination of Claims for voting and distribution purposes, as such Order may be amended and supplemented from time to time.

"**Code**" means the *United States Internal Revenue Code of 1986*, as now in effect and as it may be amended from time to time prior to the Implementation Date.

"**Commitment Reduction Electing Backstopper**" has the meaning ascribed to such term under "*Description of the Plan – Treatment of Claims*".

"**Common Shares**" means, as the context may require, the common shares in the capital of Jaguar that are duly issued and outstanding at any time.

"**Consenting Noteholder**" means any Noteholder that has executed the Support Agreement (including a consent agreement substantially in the form of Schedule C thereto), in respect of which the Support Agreement has not been terminated.

"**Consolidation**" means the consolidation of the Existing Shares pursuant to and as a step in the Plan on the basis of one post-consolidation Common Share for each Consolidation Number of Existing Shares outstanding immediately prior to the Consolidation.

"**Consolidation Number**" means the quotient (to five decimal places) determined by dividing the number of Existing Shares immediately prior to the implementation of the Plan by 1,000,000, which Consolidation Number would be, if calculated as of the date of this Circular, 86.39636.

"**Corporation**" means Jaguar Mining Inc.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**Credit Agreement**" means the credit agreement made as of December 17, 2012 between Jaguar, as borrower, the Subsidiaries, as guarantors, and Global Resource Fund, as lender, as amended from time to time.

"**Credit Documents**" has the meaning ascribed to such term in the Credit Agreement.

"**Creditor**" means any Person having a Claim and includes without limitation the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

"**Crown**" means Her Majesty in right of Canada or a province of Canada.

"**Crown Claim**" has the meaning given to that term in the Claims Procedure Order.

"**Defaulting Backstop Party**" means a Backstop Party that has failed to meet its obligations in respect of its Backstop Commitment on or before the Backstop Funding Deadline.

"Designated Offshore Securities Market" has the meaning given to that term in Rule 902 of Regulation S promulgated by the SEC under the 1933 Act.

"**Director**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of Jaguar.

"**Direct Registration System Advice**" means, if applicable, a statement delivered by the Transfer Agent or any such Person's agent to any Person entitled to receive New Common Shares pursuant to the Plan indicating the number of New Common Shares registered in the name of or as directed by the applicable Person in a direct registration account administered by the Transfer Agent in which those Persons entitled to receive New Common Shares pursuant to the Plan will hold such New Common Shares in registered form and including, if applicable, a securities law legend.

"**Director/Officer Claim**" any right or claim of any Person against one or more of the Directors and/or Officers of the Corporation howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed,

contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director or Officer of the Corporation is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer.

"**Directors' Charge**" has the meaning given to that term in the Initial Order.

"**Disputed Claim**" means a Disputed Voting Claim or a Disputed Distribution Claim.

"**Disputed Distribution Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Distribution Claim, which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order.

"Disputed Director/Officer Claim" means a Director/Officer Claim which is validly disputed in accordance with the Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order.

"**Disputed Voting Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Voting Claim, which is validly disputed for voting purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for voting purposes in accordance with the Claims Procedure Order.

"**Distribution Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against the Corporation as finally accepted and determined for distribution purposes in accordance with this Claims Procedure Order and the CCAA.

"**Distribution Record Date**" means the Business Day immediately before the Implementation Date.

"**DNPM**" means the National Department of Mineral Production of Brazil.

"**DTC**" means The Depository Trust Company, or any successor thereof.

"**DRS**" means the Direct Registration System.

"**DSU Plan**" means the Deferred Share Unit Plan for non-executive directors adopted in November of 2008 by Jaguar, as amended from time to time.

"**DSU/RSU Notice**" means a notice delivered by Goodmans LLP to Jaguar prior to the date scheduled for the hearing of the motion for the Sanction Order, if, in satisfaction of Section 12.3(g) of the Plan, Jaguar and the Majority Consenting Noteholders have agreed to terminate the DSU Plan and/or the RSU Plan.

"**Early Consent Deadline**" means November 26, 2013 (or such other date as Jaguar, the Monitor and the Majority Consenting Noteholders may agree).

"**Early Consent Shares**" means 5,000,000 New Common Shares, subject to adjustment, to be issued to Early Consenting Noteholders under the Plan as additional consideration for their Noteholder Claims.

"**Early Consenting Noteholder**" means any Noteholder that has executed the Support Agreement (including a consent agreement substantially in the form of Schedule C thereto) on or before the Early Consent Deadline, in respect of which the Support Agreement has not been terminated.

"**Electing Eligible Investor**" means an Eligible Investor who has completed and submitted an Election Form on or prior to the Election Deadline to participate in the Share Offering in accordance with the Meeting Order, provided that an Electing Eligible Investor that irrevocably elects to participate in the Share Offering and subscribes for such number of Offering Shares that is less than such Eligible Investor's Pro Rata Share of all Offering Shares offered pursuant to the Share Offering shall be deemed to be an Electing Eligible Investor only in respect of such lesser amount, and shall not be treated as an Electing Eligible Investor in respect of the balance.

"**Electing Eligible Investor Funding Amount**" has the meaning ascribed to such term under "*Description of the Plan – Treatment of Claims*".

"**Electing Eligible Investor Funding Deadline**" means 11:00 a.m. (Toronto Time) on the day which is seven Business Days prior to the Implementation Date.

"**Election Deadline**" means 5:00 p.m. on the second Business Day before the Meeting (or such other date as the Corporation and the Majority Consenting Noteholders may agree).

"**Election Form**" has the meaning ascribed to such term under "*Description of the Plan – Procedures*".

"**Eligible Investor**" means a Person that: (a) is a Noteholder as at the Subscription Record Date; and (b) has delivered an executed Rep Letter to Jaguar on or before the Election Deadline and the information set forth in such Rep Letter remains true and correct as of the Implementation Date.

"**Employee Priority Claims**" means the following claims of Jaguar's employees and former employees:

(a) claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(l)(d) of the *Bankruptcy and Insolvency Act* (Canada) if Jaguar had become bankrupt on the Filing Date; and

(b) claims for wages, salaries, commissions or compensation for services rendered by such employees and former employees after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about Jaguar's business during the same period.

"**Equity Claim**" has the meaning set forth in Section 2(1) of the CCAA.

"**Escrow Agent**" means an independent third party escrow agent agreed to by the Corporation and the Majority Backstoppers, in each case acting reasonably.

"**Escrow Agreement**" means the escrow agreement entered into by the Escrow Agent, Jaguar and the applicable Participating Eligible Investors and Funding Backstop Parties in connection with the Share Offering.

"**Exchange**" has the meaning ascribed to such term under "*Certain Regulatory And Other Matters Relating To The Plan – Issuance and Resale of Securities Received under the Plan*".

"**Excluded Claim**" has the meaning ascribed to such term in "*Description of the Plan – Excluded Claims*".

"**Excluded Creditor**" means a Person who has an Excluded Claim, but only in respect of and to the extent of such Excluded Claim.

"**Existing Equity Holders**" means, collectively, the Existing Shareholders and, as context requires, the Registered Holders or beneficial holders of Existing Share Options and the Registered Holders or beneficial holders of Rights, in their capacities as such.

"**Existing Shareholders**" means, as context requires, Registered Holders or beneficial holders of the Existing Shares, in their capacities as such.

"**Existing Share Options**" means all rights, Options, warrants and other securities (other than the Notes) convertible or exchangeable into equity securities of Jaguar.

"**Existing Shares**" means the common shares of Jaguar that are issued and outstanding at the applicable time prior to the Implementation Time.

"**Filing Date**" means the date of the Initial Order.

"**FTI**" means FTI Consulting Canada Inc. and any of its affiliates, partners, officer, directors, employees, agent and subcontractors.

"**Funding Backstop Party**" means (i) a Backstop Party in respect of whom the Backstop Agreement has not been terminated; and (ii) unless such Backstop Party's Backstop Commitment has been reduced to zero in accordance with the Backstop Agreement and the Plan, who has deposited in escrow with the Escrow Agent either (a) its Backstop Payment

Amount in full in cash; or (b) a qualified letter of credit in the full amount of its Backstop Payment Amount, in each case by the Backstop Funding Deadline and in accordance with the Backstop Agreement and the Plan.

"**General Unsecured Creditor**" means an Affected Unsecured Creditor, other than a Noteholder, in its capacity as such.

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**Implementation Date**" means the Business Day on which the Plan becomes effective, which shall be the Business Day on which the Monitor has filed with the Court the Monitor's Certificate, or such other date as Jaguar, the Monitor and the Majority Consenting Noteholders may agree.

"**Implementation Time**" means 12:01 a.m. on the Implementation Date (or such other time as Jaguar, the Monitor and the Majority Consenting Noteholders may agree).

"**Indentures**" means the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture.

"**Indenture Trustees**" means The Bank of New York Mellon, as trustee, and BNY Trust Company of Canada, as co-trustee, under each of the Indentures, as the case may be.

"**Initial Order**" means the initial order of Court granted on December 23, 2013, as amended, restated or varied from time to time and attached to this Circular as Schedule "C".

"**Intermediary**" means a bank, broker or other intermediary that holds Notes on behalf of a Beneficial Noteholder.

"**Itaú BBA**" means Banco Itaú BBA S.A.

"**IRS**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**Jaguar**" means Jaguar Mining Inc.

"**Jaguar Group**" means, collectively, Jaguar and the Subsidiaries.

"**Jaguar Stock Option Plan**" means the stock option plan of Jaguar that was last amended May 20, 2004.

"**Known Unsecured Creditor**" means an Affected Unsecured Creditor whose Claim against the Corporation is known to the Corporation as of the date of the Claims Procedure Order.

"**Laws**" means all statutes, codes, regulations, statutory rules, orders, decrees, published policies, published guidelines and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the TSX), and the term "applicable" with respect to such Laws, and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities (all references herein to a specific statute being deemed to include all applicable rules, regulations, rulings, orders and forms made of promulgated under such statute and the published policies and published guidelines of the Governmental Entities administering such statute).

"**Majority Backstop Parties**" means the Backstop Parties (other than Defaulting Backstop Parties) having at least 66⅔% of the aggregate Backstop Commitment of the Backstop Parties (other than Defaulting Backstop Parties) at the time that a consent, approval, waiver or agreement is sought pursuant to the terms of the Backstop Agreement or the Plan.

"**Majority Consenting Noteholders**" means the Consenting Noteholders holding at least a majority of the aggregate principal amount of all Notes held by the Consenting Noteholders at the time that a consent, approval, waiver or agreement is sought pursuant to the terms of the Support Agreement or the Plan.

"**Material Adverse Change**" means (i) if the 3-trading day trailing average spot gold price on the London AM fix falls below $1,200 per ounce seven days prior to the Implementation Date, or (ii) any change, development, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, developments, effects, events, circumstances, facts or occurrences, (x) is or would reasonably be expected to be material and adverse to the

business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of the Corporation and the Subsidiaries, taken as a whole, or (y) prevents or materially adversely affects the ability of the Corporation to timely perform its obligations under the Support Agreement or the Backstop Agreement, as applicable, except, any change, development, effect, event, circumstance, fact or occurrence resulting from or relating to: (a) any change in GAAP; (b) any change in currency exchange rates; (c) any adoption, proposal, implementation or change in applicable laws or any interpretation thereof by any Governmental Entity; (provided that in the case of (b) and (c) above, such conditions do not have a materially disproportionate effect on the Corporation or the Subsidiaries relative to other companies in their industry); (d) the execution, announcement or performance of this Agreement, the Term Sheet, the Plan or any other related agreement and the completion of the transactions contemplated thereby; (e) the failure, in and of itself, of the Corporation or its Subsidiaries to meet any internal or public projections, forecasts or estimates of revenues or earnings; (f) any action taken by the Corporation which is contemplated in this Agreement or is consented to by the Initial Consenting Noteholders, the Consenting Noteholders or Goodmans, as the case may be; or (g) any change in the market price or trading volume of any securities of Jaguar (it being understood that the causes underlying such change in market price or trading volume (other than those in items (a) to (f) above) may be taken into account in determining whether a Material Adverse Change has occurred).

"**Master Proxy**" means the form of master proxy to be used by the Intermediaries in connection with voting for or against the Plan Resolution and is a summary of all the voting instructions received via VIFs, sent by Beneficial Noteholders to the Intermediary.

"**MCT**" means Mineração MCT Ltda., a corporation formed under the laws of Brazil.

"**Meeting**" means a meeting of the Affected Unsecured Creditors held pursuant to the Meeting Order and includes any meeting resulting from any adjournment thereof.

"**Meeting Materials**" means the Notice of Meeting, this Circular, the Proxy and the VIF (if applicable) provided to the Affected Unsecured Creditors in accordance with the Meeting Order.

"**Meeting Order**" means the Meeting Order granted by the Court on December 23, 2013.

"**Monitor**" means FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of Jaguar in the CCAA Proceedings.

"**Monitor's Certificate**" means the certificate to be delivered by the Monitor substantially in the form of Schedule "A" to the Plan.

"**MSOL**" means Mineração Serras do Oeste Ltda., a corporation formed under the laws of Brazil.

"**MTL**" means Mineração Turmalina Ltda., a corporation formed under the laws of Brazil.

"**Named Directors and Officers**" means the current directors and officers of Jaguar and such other directors and officers as agreed to by the Majority Consenting Noteholders on or before four days prior to the Meeting.

"**New Board**" means the board of directors of Jaguar as named in the Sanction Order, the composition and size of which shall be satisfactory to the Majority Backstop Parties, subject to applicable Laws.

"**New Common Shares**" means, collectively, the 110,111,111 Common Shares to be issued on the Implementation Date in accordance with the steps of the Plan.

"**Non-Breaching/Non-Delivering Backstop Parties**" means those Backstop Parties that are neither Breaching Backstop Parties nor Non-Delivering Backstop Parties.

"**Non-Defaulting Backstop Parties**" means those Backstop Parties that are not Defaulting Backstop Parties.

"**Non-Delivering Backstop Party**" means a Backstop Party (who is not otherwise an Objecting Backstop Party) who has not delivered an executed Rep Letter to Jaguar by the Election Deadline or for whom a representation or warranty made in such Rep Letter becomes untrue.

"**Non-Objecting Backstop Parties**" means those Backstop Parties that are not Objecting Backstop Parties.

"**Non-Released Director/Officer Claims**" means Director/Officer Claims against the Directors and Officers of Jaguar in respect of which such Director or Officer has been adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

"**Non-Resident Holder**" has the meaning ascribed to such term under "*Income Tax Considerations – Securityholders Not Resident in Canada*".

"**Noteholder Voting Record Date**" means December 19, 2013.

"**Noteholders Allowed Claim**" means all principal amounts outstanding and all accrued interest under the Notes as at the applicable record date under the Plan as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, the Plan.

"**Noteholder's Allowed Claim**" means, in respect of a particular Noteholder, all principal amounts outstanding and accrued interest under the Notes owing to such Noteholder as at the applicable record date under the Plan as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, the Plan.

"**Noteholders**" means all holders of Notes.

"**Notes**" means, collectively, the 4.5% Convertible Notes and the 5.5% Convertible Notes.

"**Notice of Meeting**" means the notice of the Meeting.

"**NYSE**" means the New York Stock Exchange.

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Implementation Date.

"**Objecting Backstop Party**" means a Backstop Party that has terminated its obligations under the Backstop Agreement in accordance with Section 8(c) thereof.

"**Offering Shares**" means the 70,955,797 New Common Shares, subject to adjustment, to be issued by Jaguar pursuant to the Share Offering.

"**Officer**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of Jaguar.

"**Options**" means any option to purchase Common Shares granted under the Jaguar Stock Option Plan or otherwise.

"**Order**" means any order of the Court in the CCAA Proceedings.

"**Outside Date**" means February 28, 2014 (or such other date as the Corporation and the Majority Consenting Noteholders may agree).

"**Participant Holder**" has the meaning ascribed thereto in the Meeting Order.

"**Participating Eligible Investor**" means an Electing Eligible Investor who complies with Section 4.1(e) of the Plan.

"**Participating Eligible Investor Shares**" means the shares issued to Participating Eligible Investors who participate in the Share Offering.

"**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government Entity or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status.

"**PFIC**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**Plan**" means the plan of compromise and arrangement filed by the Corporation pursuant to the CCAA, including the Schedules thereto, as may be amended, varied or supplemented hereafter in accordance with the terms thereof or made at the direction of the Court in the Sanction Order with the consent of the Majority Consenting Noteholders, acting reasonably.

"**Plan Resolution**" means the resolution of the Affected Unsecured Creditors to approve the Plan, a copy of which is attached as Appendix "A" to the Circular, as it may be amended from time to time in accordance with the terms of the Plan and Meeting Order.

"Post-Filing Claim" means any claims against the Corporation that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business, but specifically excluding any Restructuring Period Claim.

"**Pre-filing Claim**" means (i) any right or claim, including any Tax Claim, of any Person that may be asserted or made in whole or in part against the Corporation, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Corporation, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim arising from or caused by the termination, disclaimer, resiliation, assignment or repudiation by the Corporation of any contract, lease or other agreement, whether written or oral, any claim made or asserted against the Corporation through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, and including any other claims that would have been claims provable in bankruptcy had the Corporation become bankrupt on the Filing Date, including for greater certainty any Equity Claim and any claim against Jaguar for indemnification by any Director or Officer in respect of a Director/Officer Claim but excluding any such indemnification claims covered by the Directors' Charge.

"**Pro Rata Share**" means:

(c) in respect of Unsecured Creditor Common Shares, the percentage that an Affected Unsecured Creditor's Affected Allowed Unsecured Claim calculated as at the Record Date bears to the aggregate of all Allowed Affected Unsecured Claims calculated as at the Record Date and all Disputed Distribution Claims calculated as at the Record Date;

(d) in respect of the Early Consent Shares, the percentage that an Early Consenting Noteholder's Noteholder's Allowed Claim calculated as at the Record Date bears to the aggregate of all Early Consenting Noteholders' Noteholder's Allowed Claims calculated as at the Record Date;

(e) in respect of the Subscription Privilege, the percentage that an Eligible Investor's Noteholder's Allowed Claim calculated as at the Record Date bears to the Noteholders Allowed Claim calculated as at the Record Date, subject to adjustment pursuant to the Plan;

(f) in respect of the Accrued Interest Offering Shares, the percentage that a Participating Eligible Investor's Accrued Interest Claim or a Funding Backstop Party's Accrued Interest Claim (without duplication), as applicable, bears to the aggregate of all Accrued Interest Claims;

(g) in respect of the Backstop Commitment Shares, the percentage that a Funding Backstop Party's Backstop Consideration Commitment bears to the aggregate of all Funding Backstop Parties' Backstop Consideration Commitments; and

(h) in respect of the Backstopped Shares, the percentage that a Backstop Party's Backstop Commitment bears to the aggregate of all Backstop Commitments.

"**Proof of Claim**" means the form to be completed and filed by Affected Unsecured Creditors in accordance with the Claims Procedure Order setting forth its proposed Claim.

"**Proxy**" means the Master Proxy or the Affected Creditor Proxy, as the context so requires.

"**Q3 MD&A**" means the management's discussion and analysis of operating results and financial condition, as amended, for the quarter ended September 30, 2013.

"**Qualified Dividends**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**Record Date**" means December 31, 2013.

"**Registered Holder**" means (i) in respect of the Notes, a Registered Noteholder; (ii) in respect of the Existing Shares, the Registered Shareholder; and (iii) in respect of the Existing Share Options, a holder of such Existing Share Options as recorded on the books and records of Jaguar.

"**Registered Noteholder**" means a Noteholder as shown from time to time on the register maintained by or on behalf of Jaguar for the Notes.

"**Registered Shareholder**" means a Shareholder as shown from time to time on the register maintained by or on behalf of Jaguar for the Existing Shares.

"**Registration Rights Agreement**" has the meaning ascribed to such term under "*Certain Regulatory And Other Matters Relating To The Plan – Issuance and Resale of Securities Received under the Plan*".

"**Regulations**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**Released Claims**" means the matters that are subject to release and discharge pursuant to the Plan.

"**Released Parties**" means, collectively, the Corporation, the Subsidiaries, and each of their financial advisors, legal counsel and agents, the Monitor, legal counsel to the Monitor, and legal counsel to the Special Committee.

"**Renvest Claim**" means any claim for amounts owing by the Corporation to Global Resource Fund, pursuant to the Credit Agreement or pursuant to any Credit Document (as such term is defined in the Credit Agreement).

"**Renvest Facility**" means the credit facility provided pursuant to the Credit Agreement.

"**Rep Letter**" means a letter from a Noteholder, or an Assuming Backstop Party or a General Unsecured Creditor with an Allowed Affected Unsecured Claim, as applicable, to Jaguar containing representations and warranties relating to such Person's eligibility to acquire the Offering Shares (including the Backstopped Shares), Accrued Interest Offering Shares, or Backstop Commitment Shares under US Securities Laws in either form attached to the Election Form or in such other form acceptable to such Person and Jaguar, each acting reasonably.

"**Required Majority**" means a majority in number of Affected Unsecured Creditors representing at least two-thirds in value of the Voting Claims of Affected Unsecured Creditors who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the Plan Resolution at the Meeting.

"**Restructuring Period Claim**" means any right or claim of any Person against the Corporation in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Corporation to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by the Corporation on or after the Filing Date of any contract, lease or other agreement whether written or oral.

"**Restructuring Period Claims Bar Date**" means seven (7) calendar days after termination, repudiation or resiliation of the applicable agreement or other event giving rise to the applicable Restructuring Period Claim.

"**Rights**" means the rights issued pursuant to the Shareholder Rights Plan.

"**RRIF**" has the meaning ascribed to such term under "*Income Tax Considerations – Securityholders Resident in Canada – Eligibility for Investment*".

"**RRSP**" has the meaning ascribed to such term under "*Income Tax Considerations –Securityholders Resident in Canada – Eligibility for Investment*".

"**RSU Plan**" means the restricted share unit plan for senior officers, employees and consultants adopted in November of 2008 by Jaguar, as amended from time to time.

"**Safra**" means Banco Safra S.A.

"**Sanction Order**" means the Order of the Court sanctioning and approving the Plan pursuant to Subsection 6(1) of the CCAA, which shall include such terms as may be necessary or appropriate to (i) give effect to the Plan, in form and substance satisfactory to the Corporation and the Majority Consenting Noteholders, each acting reasonably, and (ii) allow Jaguar to rely on the exemption from registration set forth in Section 3(a)(10) of the 1933 Act.

"**Scrutineer**" means the scrutineer appointed by the Monitor for the supervision and tabulation of attendance, quorum and votes cast at the Meeting.

"**SEC**" means the United States Securities and Exchange Commission.

"**Secretary**" means the person designated by the Monitor to act as secretary of the Meeting.

"**Secured Claims**" means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Corporation (including statutory and possessory liens that create security interests) up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date.

"**Section 5.1(2) Director/Officer Claim**" means any Director/Officer Claim that is not permitted to be compromised pursuant to section 5.1(2) of the CCAA, but only to the extent not so permitted, provided that any Director/Officer Claim that qualifies as a Non-Released Director/Officer Claim shall not constitute a Section 5.1(2) Director/Officer Claim for the purposes of Section 11.1(a) of the Plan.

"**Secured Claims**" means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Corporation (including statutory and possessory liens that create security interests) but only up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date.

"**Securityholders**" means the Noteholders and the Existing Shareholders.

"**Service List**" means the list of parties maintained by the Monitor and available at http://cfcanada.fticonsulting.com/jaguar.

"**Share Offering**" means the offering by Jaguar of the Offering Shares at the Subscription Price in accordance with the Plan.

"**Shareholder Rights Plan**" means the shareholder rights plan agreement dated May 2, 2013 between the Corporation and Computershare Investor Services Inc. as rights agent.

"Solicitation/Election Agent" means Globic Advisors, Inc.

"**Special Committee**" means the special committee created by the Board of Directors to consider and advise the Board on matters relating to Jaguar's financial difficulties.

"**Stay Period**" means the period from the date of the Initial Order until and including January 22, 2014, or such later date as the Court may order.

"**Subscription Price**" means $0.7047 per Offering Share.

"**Subscription Privilege**" means the right of an Eligible Investor to participate in the Share Offering by electing, in accordance with the provisions of the Plan, to subscribe for and purchase from Jaguar up to its Pro Rata Share of Offering Shares under the Share Offering.

"**Subscription Record Date**" means the date of the Initial Order.

"**Subsidiaries**" means, collectively, MTL, MSOL and MCT, and "**Subsidiary**" means any one of the Subsidiaries.

"**Support Agreement**" means the Support Agreement made as of November 13, 2013 (as amended from time to time) between Jaguar, the Subsidiaries and the Noteholders party thereto, together with any consent agreements executed by other Noteholders from time to time, substantially in the form of Schedule C thereto.

"Tax" or **"Taxes"** means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, and

including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

"**Tax Act**" means the Income Tax Act, R.S.C., 1985, c.1 (5th Supplement) and the regulations thereunder.

"**Tax Claim**" means any Claim against the Corporation for any Taxes in respect of any taxation year or period.

"**Tax Proposals**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**Taxable Capital Gain**" has the meaning ascribed to such term under "*Income Tax Considerations – Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**TFSA**" has the meaning ascribed to such term under "*Income Tax Considerations – Securityholders Resident in Canada – Eligibility for Investment*".

"**Titcomb Complaint**" has the meaning ascribed to such term under "*Legal Proceedings*".

"**Transfer Agent**" means Computershare Investor Services Inc., the registrar and transfer agent of the Common Shares.

"**TSX**" means the Toronto Stock Exchange.

"**TSX-V**" means the TSX Venture Exchange.

"**Unknown Unsecured Creditor**" means an Affected Unsecured Creditor other than a Known Unsecured Creditor.

"**Unsecured Creditor Common Shares**" means 14,000,000 of New Common Shares.

"**U.S. dollars**", "**US$**" or "**$**" means United States dollars.

"**U.S. Holder**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**US Securities Laws**" means, collectively, the *Sarbanes-Oxley Act of 2002* ("**Sarbanes-Oxley**"), the 1933 Act, the 1934 Act, the rules and regulations of the SEC, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange.

"**VIF**" means the voting instruction form used by Beneficial Noteholders to instruct the Intermediaries with respect to voting for or against the Plan Resolution.

"**Voting Creditor**" means an Affected Unsecured Creditor who is entitled to vote on the Plan pursuant to the Plan and the Meeting Order.

"**Voting Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against the Corporation as finally accepted and determined for purposes of voting at the Meeting, in accordance with the provisions of the Claims Procedure Order and the CCAA.

"**Voting Deadline**" means 10:00 a.m. on the Business Day prior to the Meeting or any adjournment or postponement thereof.

SUMMARY

This summary highlights selected information from this Circular to help Affected Unsecured Creditors understand the Plan. Affected Unsecured Creditors should read this Circular carefully in its entirety to understand the terms of the Plan as well as tax and other considerations that may be important to them in deciding whether to approve the Plan. Affected Unsecured Creditors should pay special attention to the "Risk Factors" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained or incorporated by reference in this Circular. Capitalized terms used herein, and not otherwise defined, have the meanings ascribed to them in the Glossary of Terms which begins on page 7.

JAGUAR MINING INC.

Jaguar and the Subsidiaries currently engage in gold production and in the acquisition, exploration, development and operation of gold mineral properties in Brazil. The Jaguar Group's three mining complexes, Turmalina, Caeté and Paciência, are located in or adjacent to the Iron Quadrangle region of Brazil, a greenstone belt located east of the city of Belo Horizonte in the state of Minas Gerais. The Jaguar Group's portfolio also includes the Gurupi Project in the state of Maranhão and the Pedra Branca Project in the state of Ceará. The Jaguar Group is continued under the OBCA and the Existing Shares are listed on the TSX. The registered office of the Corporation is located at 67 Yonge Street, Suite 1203, Toronto, Ontario, Canada M5E 1J8.

BACKGROUND TO AND REASONS FOR THE PLAN

Jaguar believes that filing for Court protection under the CCAA and pursuing the implementation of the Plan is the best way to reduce Jaguar's debt levels, increase liquidity for the Jaguar Group's operations and allow the Corporation to make certain necessary capital investments and accelerate operational improvements.

Jaguar believes that it must deleverage its balance sheet to reduce the amount of debt that it has and to reduce the debt service payments that it must make to the extent possible in the current circumstances. The Jaguar Group cannot continue to operate with its existing capital structure that requires significant and fixed periodic interest payments given the volatility in gold prices.

In addition, the Jaguar Group is in need of additional capital to sustain operations at the Turmalina and Caeté mines complexes and to make payments required for the care and maintenance of the Paciência mine until such time as that property can be brought back into production. The Jaguar Group also needs capital to update and stabilize its operations and to develop its exploration properties.

Jaguar has considered a broad range of strategic alternatives to address its capital structure and enhance liquidity with the assistance of its financial advisor, Canaccord Genuity, and its legal counsel, Norton Rose Fulbright Canada LLP. The Plan is the result of Jaguar's review of strategic alternatives and negotiations conducted by representatives of the Jaguar Group, its legal and financial advisors and a number of stakeholders with an economic interest in Jaguar who are at arm's length of the Jaguar Group.

Absent the approval of a transaction such as the Plan, Jaguar will be unable to continue to make payments when due under the Notes and under the Renvest Facility and an expedited liquidation appears to be the likely alternative.

DESCRIPTION OF THE PLAN

The Circular describes the proposed Plan. The Plan will be considered by the Affected Unsecured Creditors at the Meeting called for this purpose. If completed as contemplated, the Plan will effect a number of significant changes to the capital structure of the Corporation, as more particularly described below and elsewhere in this Circular.

As described in further detail in the Circular, the Plan involves:

i. an exchange of approximately $268.5 million in principal amount of Notes, as well as other Allowed Affected Unsecured Claims, if any, for equity of Jaguar;

ii. a reduction of Jaguar's total pro forma debt from approximately $323 million as at September 30, 2013 to approximately $54.5 million upon the implementation of the Plan;

iii. a reduction of Jaguar's projected annual cash interest payments by approximately $13.1 million;

iv. an investment of approximately $50 million of new equity raised by way of the backstopped Share Offering to current holders of Notes (subject to the participating Noteholders satisfying certain eligibility requirements described herein), the net proceeds of which will be available for use in the Jaguar Group's operations; and

v. the retention of Existing Shares by Existing Shareholders, subject to dilution to approximately 0.9% of outstanding equity upon completion of the Share Offering.

See "*Description of the Plan*".

EFFECT OF THE PLAN

Effect on Affected Unsecured Creditors

Under the Plan, Affected Unsecured Creditors will receive approximately 35.2% of the equity of Jaguar in full settlement of the Notes and the Indentures and any other Affected Unsecured Claims, allocated as follows:

i. approximately 12.6% of New Common Shares allocated to the Noteholders and General Unsecured Creditors with Allowed Affected Unsecured Claims, if any, in proportion to their Pro Rata Share in respect of Unsecured Creditor Common Shares;

ii. an additional approximately 4.5% of New Common Shares allocated to Early Consenting Noteholders in proportion to their Pro Rata Share in respect of Early Consent Shares;

iii. an additional approximately 8% of New Common Shares allocated to Participating Eligible Investors and Funding Backstop Parties in proportion to their Pro Rata Share in respect of Accrued Interest Offering Shares; and

iv. an additional approximately 10% of New Common Shares allocated to Funding Backstop Parties in proportion to their Pro Rata Share in respect of Backstop Commitment Shares.

Noteholders and, if applicable pursuant to the terms of the Plan, any General Unsecured Creditors (if applicable) who participate in the backstopped Share Offering will be entitled to acquire approximately 63.9% of the equity of Jaguar. In certain circumstances, requiring the consent of the Monitor and the Majority Backstop Parties, General Unsecured Creditors may be eligible, if they satisfy certain requirements to participate in the Share Offering.

Pursuant to the Plan, the Notes and the Indentures shall be irrevocably and finally cancelled and all Affected Unsecured Claims shall be fully and finally released.

Effect on Existing Shareholders

Pursuant to the Plan, Existing Shareholders will retain their Existing Shares (subject to the Consolidation) which, following the implementation of the Plan, will represent approximately 0.9% of the equity of Jaguar in the aggregate. For every Consolidation Number of Existing Shares, an Existing Shareholder will hold one Common Share following the Consolidation. Any fractional Common Shares resulting from the Consolidation will be rounded down to the next whole share without any additional compensation therefor. See "*Description of the Plan - Treatment of Claims*".

Effect on Holders of Equity Claims

All Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under this Plan and shall not be entitled to vote on the Plan at the Meeting. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with the terms of the Plan, subject to the Consolidation described therein.

Effect on Jaguar

In connection with the Plan, Jaguar will effect the Consolidation and issue up to 110,111,111 New Common Shares to the Noteholders and General Unsecured Creditors with Allowed Affected Unsecured Claims, if any. It is a condition to Plan implementation that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or other approval of the Existing Shareholders, subject only to receipt of customary final documentation, as of the Implementation Date. The Board of Directors of Jaguar will be replaced, pursuant to the Plan, with a board of directors satisfactory to the Majority Backstop Parties and the Auditors of Jaguar will continue to be the auditors of Jaguar. The Plan provides for certain releases in favour of: (a) the Released Parties (including the Applicant, the Subisdiaries, and the Monitor; (b) the Directors and Officers; and (c) the Noteholder Released Parties (including the Noteholders, the Ad Hoc Committee and the Indenture Trustees). These releases are set out in detail in Section 11.1 of the Plan.

SUPPORT AGREEMENT

As of November 26, 2013, Noteholders holding approximately 93% of the aggregate principal amount outstanding under the Notes have entered into the Support Agreement pursuant to which they have agreed to support the Plan and to vote their Notes (including accrued and unpaid interest) in favour of the Plan Resolution at the Meeting subject to the terms and conditions of the Support Agreement.

For a summary of the terms of the Support Agreement, see "*Support Agreement*".

BACKSTOP AGREEMENT

As of the date of this Circular, Jaguar has received Backstop Commitments from certain Consenting Noteholders for the complete amount of the Share Offering, subject to certain conditions.

For a summary of the terms of the Backstop Agreement, see "*Description of the Plan – Backstop Agreement*".

THE MEETING

Pursuant to the Meeting Order, Jaguar is authorized to call the Meeting to consider and, if deemed advisable, to pass the Plan Resolution. The Meeting will be held at 10:00 a.m. (Toronto time) on January 28, 2014 at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada.

Subject to the Meeting Order, the Court has set the quorum for the Meeting as one Creditor with a Voting Claim present at such Meeting in person or by proxy.

Procedures for Voting at the Meeting

The only Persons entitled to notice of, to attend or to speak at the Meeting are the eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Corporation, the Consenting Noteholders, the Indenture Trustees such parties' financial and legal advisors, the Chair, the Secretary and the Scrutineers. Any other person may be admitted to the Meeting only by invitation of the Corporation or the Chair.

For purposes of voting at the Meeting, each Affected Unsecured Creditor (including a Beneficial Noteholder with respect to its Noteholder's Allowed Claim) shall be entitled to one vote as a member of the Affected Creditors Class.

For purposes of voting at the Meeting, the Voting Claim of any Beneficial Noteholder (or a Participant Holder that holds such Notes on its own behalf and not on behalf of any Beneficial Noteholder) shall be deemed to be equal to its Noteholder's Allowed Claim as at the Noteholder Voting Record Date. Registered Holders of Notes, in their capacities as such, will not be entitled to vote at the Meeting.

Beneficial Noteholders who hold their Notes in the name of an intermediary or in the name of a depositary such as DTC or CDS will receive a VIF. Such Beneficial Noteholder must complete and sign the VIF and return it in accordance with the directions set out on such form. If a Beneficial Noteholder desires to attend a Meeting in person, it must follow the procedures set out in "*Entitlement to Vote and Receive Distributions – Appointment of Proxyholders, Voting and Revocation*".

Noteholders who have questions or require further information on how to submit their vote at the Meeting are encouraged to speak with their brokers and intermediaries, or to contact Globic Advisors Inc. at One Liberty Plaza, 23rd Floor, New York, New York, USA 10006, Attention: Robert Stevens.

Procedures Relating to the Plan

Noteholders

Noteholders will be entitled to receive their Pro Rata Share of the Unsecured Creditor Common Shares on the Implementation Date in exchange for their Notes. It is anticipated that such New Common Shares will be delivered to Noteholders through the facilities of DTC to DTC participants who in turn will deliver such Common Shares to the Noteholders pursuant to standing instructions and customary practices.

All other New Common Shares to be issued to any Noteholder (or their assigns), including the Early Consent Shares, Offering Shares, the Accrued Interest Offering Shares, the Backstopped Shares and the Backstop Commitment Shares will be, at Jaguar's election, either certificated Common Shares which will be issued and delivered in accordance with the instructions provided by the Noteholder in the Election Form or Rep Letter, as applicable, or Direct Registration System Advices representing Common Shares.

Noteholders should contact their broker or other intermediary for further information on how to obtain their Common Shares. See "*Description of the Plan — Procedures*".

Electing Eligible Investors

In order to elect to participate in the Share Offering, an Eligible Investor must return, or cause to be returned, the duly executed Election Form to the Solicitation/Election Agent on or before the Election Deadline. The Election Form includes (a) a confirmation by the Eligible Investor of its interest in participating in the Share Offering up to its maximum Pro Rata Share; (b) representations and warranties, or other satisfactory evidence as determined by the Corporation and its representatives in their sole discretion, that the Eligible Investor meets the requirements of an Eligible Investor for purposes of such participation, including, without limitation, the Rep Letter; and (c) directions as to the registration and delivery of Offering Shares to be received by the Eligible Investor in connection with the Share Offering (assuming such Eligible Investor is a Participating Eligible Investor). Completed Election Forms should be returned to the Solicitation/Election Agent at One Liberty Plaza, 23rd Floor, New York, NY 10006, in the enclosed envelope on or prior to the Election Deadline. The requirements regarding completion and execution of the Election Form must be strictly adhered to and close attention should be made to the instructions provided on the Election Form and the description of the procedures set forth in this Circular under "*Description of the Plan — Procedures*".

Please see "*Description of the Plan — Procedures*" for specific and important details regarding the procedures for the Plan, including how to receive New Common Shares and how to participate in the Share Offering.

Existing Shareholders

Holders of Existing Shares will, on the Implementation Date, be entitled to keep the Common Shares representing their equity holdings following the Consolidation.

Affected Unsecured Creditor Approval

The Meeting Order specifies that all Affected Unsecured Creditors shall vote as one class for the purposes of voting on the Plan Resolution (the full text of which is set out in Appendix "A" to this Circular). In order for the Plan Resolution to be passed by the Affected Creditors Class at the Meeting, a majority in number of Affected Unsecured Creditors representing at least two-thirds in value of the Voting Claims of Affected Unsecured Creditors who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the Plan Resolution at the Meeting must vote in favour of the Plan Resolution.

Court Approval of Plan

The implementation of the Plan is subject to, among other things, approval of the Court.

Prior to the mailing of this Circular, Jaguar obtained the Meeting Order. Following the Meeting, Jaguar intends to apply for the Sanction Order. The hearing in respect of the Sanction Order is currently scheduled to take place on January 30, 2014 at 10:00 a.m. (Toronto time) at the Court. At the hearing, any Affected Unsecured Creditor of Jaguar or other interested party who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the

Court and serving upon the solicitors for Jaguar and the Ad Hoc Committee a Notice of Appearance within the timelines specified in the Meeting Order and satisfying any other requirements of the Court as provided in the Meeting Order or otherwise. At the hearing for the Sanction Order, the Court will consider, among other things, the fairness and reasonableness of the Plan and the approval of the Plan Resolution by Affected Creditors Class at the Meeting.

CONDITIONS TO THE PLAN BECOMING EFFECTIVE

The conditions to the Plan being effective include the following:

(a) the Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(b) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of the Plan illegal or otherwise prohibited;

(c) all necessary judicial consents and any other necessary or desirable third party consents, if any, to deliver and implement all matters related to the Plan shall have been obtained;

(d) all documents necessary to give effect to all material provisions of the Plan (including the Sanction Order, the Plan, the Share Offering and the Consolidation and all documents related thereto) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to Jaguar and the Majority Consenting Noteholders;

(e) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Majority Consenting Noteholders and Jaguar, each acting reasonably and in good faith;

(f) all senior officer and employee employment agreements shall have been modified to reflect the revised capital structure of Jaguar following implementation of the Plan, including, without limitation, to provide that the implementation of the Plan does not constitute a change of control under such employment agreements, and no change of control payments shall be owing or payable to Jaguar's officers or employees in connection with the implementation of the Plan;

(g) the DSU Plan and the RSU Plan shall have been addressed in a manner acceptable to Jaguar and the Majority Consenting Noteholders;

(h) the Articles of Reorganization shall have been filed under the OBCA;

(i) all material filings under applicable Laws shall have been made and any material regulatory consents or approvals that are required on connection with the Plan shall have been obtained and in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(j) the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation;

(k) all conditions to implementation of the Plan set out in each of the Support Agreement and the Backstop Agreement shall have been satisfied or waived in accordance with the provisions thereof and neither the Backstop Agreement nor the Support Agreement shall have been terminated; and

(l) the issuance of the Unsecured Creditor Common Shares and Early Consent Shares in the Exchange shall be exempt from registration under the US Securities Act pursuant to the provisions of Section 3(a)(10) of the 1933 Act.

See "*Support Agreement*" for a complete description of the conditions to the Consenting Noteholders' support of the Plan. See "*Backstop Agreement*" for a complete description of the conditions to the Backstop Parties' Backstop Commitments under the Share Offering. See also "*Description of the Plan – Conditions to the Plan Becoming Effective*".

RECOMMENDATION OF THE SPECIAL COMMITTEE

The Board of Directors created a Special Committee to consider and advise the Board on matters of strategic importance relating to Jaguar's financial difficulties. This Special Committee met to consider the matters involved in, and the discussions leading to, the proposed Plan. It received legal advice from its independent counsel, from Jaguar's counsel and from the Corporation's financial advisor. As a result of its detailed discussions and careful consideration of these matters, the Special Committee unanimously recommended to the Board of Directors that the Board of Directors approve the Plan.

RECOMMENDATION OF THE BOARD OF DIRECTORS

After careful consideration of, among other things, the recommendation of the Special Committee, and upon consultation with its financial advisors and Jaguar's counsel, the Board of Directors of Jaguar has unanimously approved the Plan and authorized its submission to the Affected Unsecured Creditors and the Court for their respective approvals. The Board of Directors also considered various factors discussed in the foregoing section entitled "*Background to and Reasons for the Plan*", including challenges in servicing and repaying the existing debt and the necessity to rationalize the capital structure and the need to raise additional funds to maintain the Jaguar Group's business. Further, the Board of Directors took note of the fact that the Corporation had received support for the Plan from Consenting Noteholders holding approximately 93% of the aggregate principal amount outstanding under the Notes as of November 26, 2013 who have executed the Support Agreement. The Board of Directors unanimously recommends that Affected Unsecured Creditors vote in favour of the Plan at the Meeting.

See "*Background to and Reasons for the Plan – Recommendation of the Special Committee and Board of Directors*".

INCOME TAX CONSIDERATIONS

Canadian Income Tax Considerations

For a detailed description of the Canadian income tax consequences resulting from the Plan, please refer to "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

United States Income Tax Considerations

For a detailed description of the United States federal income tax consequences resulting from the Plan, please refer to "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

RISK FACTORS

Affected Unsecured Creditors should carefully consider the risk factors concerning implementation and non-implementation, respectively, of the Plan and the business of Jaguar described under "*Risk Factors*".

INFORMATION CONCERNING THE MEETING

General

No person has been authorized to give any information or to make any representations in connection with the Plan other than those contained in this Circular and, if given or made, any such other information or representation should be considered as not having been authorized.

Meeting

Pursuant to the Meeting Order, the Corporation has called the Meeting to consider and, if deemed advisable, to pass the Plan Resolution approving the Plan and all matters ancillary thereto. The Meeting will be held at 10:00 a.m. (Toronto Time) on January 28, 2014 at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada M5J 2Z4

Solicitation of Proxies

Proxies are being solicited for use at the Meeting. If no name is inserted in the blank space provided in the forms of Proxy, the person named in the enclosed form of Proxy who is a representative of the Monitor shall be designated as proxyholder. A Voting Creditor has the right to appoint as his or her proxy a person other than those whose names are printed on the accompanying form of Proxy, and who need not be a Voting Creditor. A Voting Creditor who wishes to appoint some other person to represent him or her at the Meeting may do so by inserting such other person's name in the blank space provided in the applicable form of Proxy and signing the form of Proxy. Where the Voting Creditor is a corporation, the form of Proxy must be executed by an individual duly authorized to represent the corporation and may be required to provide documentation evidencing such power and authority to sign the Proxy.

If no name has been inserted in the space provided, the Voting Creditor will be deemed to have appointed the person named in the enclosed form of Proxy who is a representative of the Monitor as proxyholder.

The Corporation is paying for this solicitation, which is being made by mail, with possible supplemental telephone or other personal solicitations by employees or agents of the Corporation. In addition, the Corporation has retained Globic Advisors, Inc. to act as Solicitation/Election Agent for the Meeting for a fee of approximately $30,000 in connection with the identification of, and communication to, Noteholders, and the tabulation of the Master Proxies and the Elections Forms.

The Corporation has requested brokers and nominees who hold Claims in their names to furnish the Circular and accompanying materials to the beneficial holders of the Claims and to request authority to deliver a Proxy.

In order to be effective, Master Proxies must be received by no later than 5:00 p.m. (New York City time) on January 24, 2014 at Globic Advisors, Inc., One Liberty Plaza, 23rd Floor, New York, New York, USA 10006 (Attention: Robert Stevens), facsimile number: (212) 271-3252 or email: rstevens@globic.com, or in the event that the Meeting is adjourned, prior to 5:00 p.m. (New York City time) two Business Days prior to the commencement of such adjourned meeting.

In order to be effective, Affected Creditor Proxies must be received by the Monitor by no later than 10:00 a.m. (Toronto time) on January 27, 2014 at TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, Ontario M5K 1G8 (Attention: Jodi Porepa), or in the event that the Meeting is adjourned, prior to 10:00 a.m. (Toronto time) one Business Day prior to the commencement of such adjourned Meeting, or presented to the Chair of the Meeting prior to the start of such meeting. After the commencement of the Meeting no Affected Creditor Proxies will be accepted by the Chair of the Meeting.

ENTITLEMENT TO VOTE AND RECEIVE DISTRIBUTIONS

Classification of Affected Unsecured Creditors

For the purposes of considering and voting on the Plan Resolution and receiving distributions under the Plan, there will be one class of Affected Unsecured Creditors consisting of the Noteholders and the General Unsecured Creditors.

Claims Procedure Order

The procedure for determining the validity and value of the Claims of Affected Unsecured Creditors for voting and distribution purposes will be as set forth in the Claims Procedure Order, a copy of which is attached as Appendix "E" to this Circular, the Meeting Order, a copy of which is attached as Appendix "D" to this Circular, the CCAA and the Plan. The

Corporation and the Monitor will have the right to seek the assistance of the Court in valuing any Disputed Claim in accordance with the Claims Procedure Order, the Meeting Order, the CCAA and the Plan, if required, to ascertain the result of any vote on the Plan Resolution.

The Claims Procedure Order provides for, among other things: (a) a Claims Bar Date (or in the case of Affected Unsecured Creditors holding Restructuring Period Claims, a Restructuring Period Claims Bar Date) prior to which Affected Unsecured Creditors are required to file their Proofs of Claim; (b) the procedures pursuant to which the validity and value of Affected Unsecured Claims are quantified and determined for voting and distribution purposes, including the procedures by which any Affected Unsecured Claims that were disputed would be adjudicated and resolved for voting and distribution purposes; and (c) the conversion of Claims denominated in a foreign currency into Canadian dollars. Pursuant to the Claims Procedure Order, any General Unsecured Creditor that does not file its Proof of Claim before the Claims Bar Date will be forever barred from making or enforcing any Claim against the Corporation and/or the Directors or Officers thereof and its Claim will be forever extinguished. The Claims Procedure Order also provides that the Corporation will deal exclusively with the Monitor, or a claims officer if, with the consent of the Majority Consenting Noteholders, the Corporation applies to the Court for an Order appointing a claims officer to resolve Disputed Claims and/or Disputed Director/Officer Claims. All Affected Unsecured Creditors should refer to the Claims Procedure Order and the Meeting Order for a complete description of these procedures.

Any Claims denominated in a currency other than Canadian dollars shall be converted to Canadian dollars at the Bank of Canada noon spot rate in effect on the Filing Date. See "*Exchange Rates*".

Entitlement to Vote and Voting

The validity and value of Affected Unsecured Claims will be determined for voting purposes in accordance with the procedures set forth in the Claims Procedure Order, the Meeting Order and the Plan.

The only Persons entitled to notice of, to attend or to speak at the Meeting are eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Corporation, the Consenting Noteholders, the Indenture Trustees, such parties' financial and legal advisors, the Chair, the Secretary and the Scrutineers. Any other person may be admitted to the Meeting only by invitation of the Corporation or the Chair. The quorum for the Meeting has been set by the Meeting Order as one Creditor with a Voting Claim present at such Meeting in person or by proxy.

Only the Beneficial Noteholders as of the Noteholder Voting Record Date will be entitled to provide instructions relating to voting their Notes and attending the Meeting as Noteholders. The solicitation of votes from and the procedures for voting by the Beneficial Noteholders will be conducted in accordance with the Meeting Order. Each Beneficial Noteholder will be entitled to one vote, which vote will have a value equal to its Noteholder's Allowed Claim as at the Noteholder Voting Record Date.

Each Affected Unsecured Creditor that is a General Unsecured Creditor with a Voting Claim will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim.

Each Affected Unsecured Creditor holding a Disputed Voting Claim will be entitled to attend the Meeting and will be entitled to one vote at such Meeting. The value of such vote will be determined in accordance with the Claims Procedure Order and the Meeting Order. The Monitor will keep a separate record of votes cast by Affected Unsecured Creditors with Disputed Voting Claims and will report to the Court with respect thereto at the motion in respect of the Sanction Order. The votes cast in respect of any Disputed Voting Claims will not be counted toward the Required Majority unless otherwise ordered by the Court.

Any Person having an Excluded Claim will not be entitled to vote at the Meeting in respect of such Excluded Claim.

Holders of Equity Claims will not be entitled to vote at the Meeting in respect of such Equity Claims.

Entitlement to Receive Distributions

The validity and value of Affected Unsecured Claims will be determined for distribution purposes in accordance with the Claims Procedure Order, the Meeting Order, the CCAA and the Plan. For Disputed Claims, Affected Unsecured Creditors should refer to the Claims Procedure Order in order to ascertain the treatment of such Disputed Distribution Claim under the Plan.

An Affected Unsecured Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Disputed Distribution Claim becomes an Allowed Affected

Unsecured Claim. Pursuant to the Claims Procedure Order, the acceptance, admission, settlement, resolution, valuation (for any purpose) or revision of any Disputed Distribution Claim with an Affected Unsecured Creditor exceeds $250,000 by the Monitor or the Corporation shall be subject to the consent of the Majority Consenting Noteholders or a further Order.

The Plan does not affect Excluded Claims. Persons with Excluded Claims will not be entitled or receive any distributions under the Plan in respect of such claims. Nothing in the Plan will affect any of the Corporation's rights and defenses, both legal and equitable, with respect to any Excluded Claims, including all rights with respect to legal and equitable defenses or entitlements to set-off or recoupment against such claims.

Transfer or Assignment of Claims

If an Affected Unsecured Creditor (other than a Noteholder) transfers or assigns the whole of its Affected Unsecured Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Claim at the Meeting unless sufficient prior notice of and proof of transfer or assignment has been delivered to the Monitor in accordance with the Claims Procedure Order. Notwithstanding the foregoing, Noteholders who have beneficial ownership of a Claim in respect of the Notes shall not be restricted from transferring or assigning such Claim in whole or in part, and any such transfer or assignment shall be governed by the Claims Procedure Order and subject to the provisions of the Support Agreement and the Election Form, as applicable.

Solicitation of Voting Instruments

Solicitation of proxies will be primarily by mail, and may be supplemented by telephone or other personal contact by the current Directors, Officers, employees or agents of the Corporation, and the costs of such solicitation will be borne by the Corporation as a cost of the CCAA Proceedings. In addition, the Corporation has retained Globic Advisors, Inc. to act as Solicitation/Election Agent for the Meeting for a fee of approximately $30,000 in connection with the identification of, and communication to, Noteholders, and the tabulation of the Master Proxies and the Elections Forms.

Appointment of Proxyholders, Voting and Revocation

Appointment of Proxyholders and Voting

Beneficial Noteholders who wish to vote for or against the Plan Resolution must either complete and return to their Intermediary a VIF or attend the Meeting and vote in person. If voting in person, Beneficial Noteholders must contact their Intermediary immediately and make such alternative arrangements. Intermediaries will compile all instructions send through VIFs and complete and return Master Proxies to the Solicitation/Election Agent.

General Unsecured Creditors must use the Affected Creditor Proxy to vote on the Plan Resolution. The General Unsecured Creditor may appoint another person as proxyholder by inserting the name of such person in the space provided in the form of Affected Creditor Proxy or may attend the Meeting and vote in person.

In order to be effective:

- Master Proxies must be received by the Solicitation/Election Agent at Globic Advisors, Inc., One Liberty Plaza, 23rd Floor, New York, New York, USA 10006 (Attention: Robert Stevens), facsimile number: (212) 271-3252 or email: rstevens@globic.com, prior to 5:00 p.m. (New York City time) on January 24, 2014 or two Business Days prior to the time of any adjournment or postponement of the Meeting; and

- Affected Creditor Proxies must be received by the Monitor at TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, Ontario M5K 1G8 (Attention: Jodi Porepa), facsimile number: (416) 649-8101 or e-mail: jaguarmining@fticonsulting.com, prior to 10:00 a.m. (Toronto time) on January 27, 2014 or one Business Day prior to the time of any adjournment or postponement of the Meeting.

If a Beneficial Noteholder or General Unsecured Creditor specifies a choice with respect to voting on the Plan Resolution on a VIF or Affected Creditor Proxy (in the case of a General Unsecured Creditor), the VIF or Affected Creditor Proxy (in the case of a General Unsecured Creditor) will be voted in accordance with the specification so made. In the absence of such specification, all VIFs and Affected Creditors Proxies (in the case of a General Unsecured Creditors) will be voted **FOR** the Plan Resolution.

Beneficial Noteholders should receive a VIF with this Circular. If no such VIF is enclosed, contact your Intermediary immediately. A Beneficial Noteholder may indicate its instructions with respect to voting for or against the Plan Resolution on the VIF, which must be returned to its Intermediary in accordance with the instructions set out in such VIF. A Beneficial

Noteholder's Intermediary will relay the instructions on the VIF to the Solicitation/Election Agent by completing a Proxy. Instead of completing and returning a VIF, a Beneficial Noteholder that wishes to attend and vote in person at the Meeting should immediately contact the Intermediary that holds their Notes, as applicable, to make alternate arrangements to enable such Beneficial Noteholder to vote in person at the Meeting. If making such alternate arrangements, the Beneficial Noteholder should advise the Solicitation/Election Agent as soon as possible in advance of the Meeting.

The Proxy provides the Affected Unsecured Creditors with the option to grant (or provide instructions in respect of the grant of) discretionary authority to the individuals designated in it with respect to amendments or variations to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting. As of the date hereof, the Corporation knows of no such amendment, variation or other matters to come before the Meeting.

Advice to Noteholders

The information set forth in this section is of significant importance to Beneficial Noteholders, as the Beneficial Noteholders do not hold Notes registered in their own names on the records of the Corporation, but rather, hold notes that are registered in the name of DTC's nominee, Cede & Co. and beneficially held through intermediaries such as investment dealers, brokers, banks, trust companies, trustees, custodians or other nominees, or a clearing agency in which an intermediary participates. It is anticipated that DTC will deliver to the Solicitation/Election Agent the Omnibus Consent of Cede & Co., whereby DTC will assign its voting authority (by virtue of being the registered holder of the Notes) to each of its participating banks, in proportion to such nominee's Notes, as applicable, as of the Record Date. Without specific instructions from the Beneficial Noteholders, brokers and other nominees are prohibited from voting the Notes, as applicable, on behalf of their clients. The management of the Corporation does not know for whose benefit the Notes, as applicable, that are registered in the name of DTC are held.

Pursuant to the Meeting Order, the Corporation has distributed copies of the Meeting Materials to DTC and intermediaries (or their agents) for onward distribution to Beneficial Noteholders. Applicable regulatory policy requires brokers and other nominees to seek voting instructions from Beneficial Noteholders in advance of the Meeting. Every broker or other nominee or agent has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Noteholders in order to ensure that their Notes are voted at the Meeting.

In some cases, a Beneficial Noteholder may receive, as part of the Meeting Materials, a VIF that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of notes beneficially owned by the Beneficial Noteholder but which is otherwise blank. In order to vote, a Beneficial Noteholder must complete the VIF and return it to its Intermediary in accordance with the directions on the VIF. If a Beneficial Noteholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Noteholder's behalf), the Beneficial Noteholder should contact the Intermediary that holds their Notes and the Intermediary should advise the Solicitation/Election Agent as soon as possible in advance of the Meeting. Beneficial Noteholders should follow the instructions on the VIF they receive and contact their broker or intermediaries promptly if they need assistance.

Revocation of Voting Instruments

In addition to any other manner permitted by law, a Proxy may be revoked by an instrument in writing executed by a Voting Creditor that has given a form of Proxy or such Voting Creditor's attorney duly authorized in writing or, in the case of a Voting Creditor that is not an individual, by an instrument in writing executed by a duly authorized officer or attorney thereof, and delivered to the Monitor prior to the commencement of the Meeting (or any adjournment or postponement thereof).

DOCUMENTS INCORPORATED BY REFERENCE

Any material change reports (excluding confidential material change reports) and any news release issued by the Corporation that specifically states that it is intended to be incorporated by reference in this Circular and subsequently filed by the Corporation with a securities commission or similar authority in any province or territory of Canada subsequent to the date of this Circular shall be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Circular to the extent that a statement contained herein or any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when

made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

BACKGROUND TO AND REASONS FOR THE PLAN

Events Prior to the Filing for Protection under the CCAA

The Plan is the result of Jaguar's review of strategic alternatives and negotiations conducted by representatives of the Jaguar Group, its legal and financial advisors and a number of stakeholders with an economic interest in Jaguar. The process ultimately led to the negotiations of the Support Agreement with certain Early Consenting Noteholders, the Backstop Agreement with the Backstop Parties and the resulting terms of the Plan. In developing the Plan, Jaguar has sought to achieve a fair and reasonable balance between all of their stakeholders while providing for the financial stability and future economic viability of the Jaguar Group's business.

As is typical for companies engaged in the operation and development of gold producing properties, the price of gold is the largest single factor in determining profitability and cash flow from operations. The financial performance of the Corporation has therefore been, and is expected to continue to be, closely linked to the price of gold. Historically, the price of gold has been subject to volatile price movements over short periods of time and is affected by numerous macroeconomic and industry factors that are beyond the Corporation's control. Major influences on the gold price include currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold and macroeconomic factors such as the level of interest rates and inflation expectations. The Jaguar Group's mines (including the Paciência mine, which is now on care and maintenance) are not low-cost gold producers, despite recent cost reductions. For this reason, the operations of the Jaguar Group are particularly sensitive to gold prices. The average price of gold has declined substantially since September of 2011, from nearly $2,000 per ounce at that time to $1,231 per ounce as of December 17, 2013, which has impacted the Jaguar Group significantly and Jaguar forecasts that it will face a liquidity crisis in the very near future and additional liquidity is required to preserve operations in a lower gold price environment. Moreover, Jaguar's mining operations and exploration activities are located in Brazil and a portion of operating costs and capital expenditures are denominated in Brazilian reais which has weakened significantly against the U.S. dollar over the past year.

In addition, continued investment in the Jaguar Group's mines and exploration properties is needed. Capital investment is required to: (i) continue operations in the normal course; (ii) continue the care and maintenance of the Paciência mine; (iii) update mine plans and ensure appropriate mine development; and (iv) continue stabilization of operations. Further, if the Jaguar Group's operations are to be optimized, capital is also required to increase production at existing operating mines, invest in equipment, and to allow the Corporation to obtain technical reports and commercial feasibility studies with respect to its development assets. Due to liquidity issues and cost-reduction efforts, the Jaguar Group's capital investments have been postponed.

In May 2012, Jaguar announced the implementation of a comprehensive restructuring and turnaround plan to improve costs and efficiency at its operations. The plan incorporated objectives and initiatives identified by Jaguar's management and a number of expert industry consultants who were retained to assist with operational and cost improvements. Key elements of the plan were administrative cost reductions, improved safety, optimization of the workforce, converting to properly scaled mining methodology, advanced development and definition drilling, and the continuation of the Paciência operations of MSOL on care and maintenance. Current activities at each of the operating mining complexes demonstrate that those operations are on their way to meeting cost and production targets.

Despite these cost reductions, Jaguar was not able to generate sufficient net revenues to optimally fund its operations, or generate sufficient net revenues to service its substantial debts going forward. The Jaguar Group currently has outstanding funded debt obligations of approximately $323 million in principal value. Jaguar will incur interest obligations of approximately $18 million in 2013. Jaguar has deferred payment of approximately $3.7 million of interest on the 4.5% Convertible Notes and the deferral has now resulted in an event of default under the 4.5% Convertible Notes Indenture. Excluding the consideration of any events of default or acceleration obligations, Jaguar would be obligated to repay or refinance approximately $195 million in principal value of debt under the Renvest Facility and the 4.5% Convertible Notes in the year ended December 31, 2014. A review of other gold producers of a similar size to Jaguar shows that these competitors typically have significantly less leverage and significantly lower fixed financing costs than Jaguar. Jaguar's higher leverage and higher fixed financing costs place it at an insurmountable disadvantage in a lower gold price environment and impose unmanageable repayment and refinancing obligations.

Strategic Review

For the reasons outlined above, Jaguar concluded that more fundamental changes would be required to meet Jaguar's financial needs. Canaccord Genuity was engaged as Jaguar's financial advisor in May 2013 in connection with the design and implementation of a recapitalization strategy for Jaguar. The scope of Canaccord Genuity's assignment was to:

- review Jaguar's business plans, budgets and financial projections and conduct appropriate sensitivity analyses;
- assess the capital structure of Jaguar with a view to determining an appropriate debt load and debt structure for Jaguar;
- advise Jaguar on the design and execution of potential transactions to improve Jaguar's capital structure;
- conduct a process to raise new money capital; and
- advise Jaguar on the implementation of a recapitalization plan, and conduct negotiations with Jaguar's respective stakeholders.

With the assistance of Canaccord Genuity, Jaguar analyzed the possibility of divesting certain of its assets in order to provide increased liquidity to sustain the company during a period of unfavourable gold prices and to allow continued investment in cost reduction options.[1] However, Jaguar and its Board of Directors did not believe that such a transaction was feasible.

Canaccord Genuity had discussions with nine potential sources of third party financing. Those parties who expressed interest in potentially providing financing were not willing to provide financing in the amount, of the type or on the timeline required by Jaguar.

Reasons

This review of potential alternatives showed that a comprehensive restructuring involving a debt to equity exchange and an investment of new money is the best available alternative to address Jaguar's financial issues. The Plan is the best such restructuring plan available. The Corporation concluded that it must deleverage its balance sheet to reduce the amount of debt that it has and to reduce the debt service payments that it must make to the extent possible in the current circumstances. Jaguar believes that the Plan is the best way to reduce Jaguar's debt levels, increase liquidity for the Jaguar Group's operations and allow the Jaguar Group to operate in the normal course and make certain necessary capital investments and accelerate operational improvements.

Absent the approval and implementation of a transaction such as the Plan, Jaguar will be unable to continue to make payments when due under the Notes and under the Renvest Facility and is expected to cease to have sufficient liquidity to continue operations in the first quarter of 2014. In such circumstances, an expedited liquidation appears to be the likely alternative.

A summary of the CCAA Proceeding is contained under "*CCAA Proceeding*".

Recommendations of the Special Committee and Board of Directors

The Board of Directors created a Special Committee on October 30, 2013 to consider and advise the Board on matters of strategic importance relating to Jaguar's financial difficulties. This Special Committee met to consider the matters involved in, and the discussions leading to, the filing for Court protection under the CCAA. It received legal advice from its independent counsel, from Jaguar's counsel and financial advisor. As a result of its detailed discussions and careful consideration of these matters, the Special Committee unanimously recommended to the Board of Directors that the Board of Directors approve the Plan.

After careful consideration of the recommendation of the Special Committee, and upon consultation with its financial advisors and Jaguar's counsel, the Board of Directors has unanimously approved the Plan and authorized its submission to

[1] Canaccord Genuity was initially engaged on May 21, 2012 to review and advise on a potential sale of assets related to the Gurupi project, which mandate was subsequently consolidated with this comprehensive strategic review mandate.

the Affected Unsecured Creditors and the Court for their respective approvals. The Board of Directors also considered various factors discussed in this section, including challenges in servicing and repaying the existing debt and the necessity to rationalize the capital structure and the need to raise additional funds to maintain its business. Further, the Board of Directors took note of the fact that they had received support from Noteholders holding approximately 93% of the aggregate principal amount outstanding under the Notes as at November 26, 2013. The Board of Directors unanimously recommends that Affected Unsecured Creditors vote in favour of the Plan Resolution at the Meeting.

CCAA PROCEEDING

Initial Order

On December 23, 2013, the Corporation filed for protection under the CCAA and the Initial Order was granted by the Court. A copy of the Initial Order is attached to this Circular as Appendix "C" and can also be obtained at the Monitor's website at: http://cfcanada.fticonsulting.com/jaguar.

Among other things, the Initial Order:

- imposed a general stay of proceedings against Jaguar, and its Subsidiaries with respect to any liabilities or claims that relate to agreements involving Jaguar or its business or any obligations, liabilities or claims affecting Jaguar or its business;
- authorized Jaguar to pay certain amounts arising prior to the date of the Initial Order;
- authorized Jaguar to take all steps and actions in respect of, and to comply with all of its obligations pursuant to, the Support Agreement and the Backstop Agreement;
- authorized the Corporation, subject to the CCAA and the terms of the Support Agreement, to cease or downsize operations; and
- appointed the Monitor to, among other things, monitor the receipts and disbursements of Jaguar, to report to the Court from time to time on matters that may be relevant to the CCAA Proceedings and to assist Jaguar in various matters relating to the CCAA Proceedings.

In addition, the Initial Order created certain charges against all of the current and future assets of Jaguar that rank in priority to certain security interests, trusts, liens, charges and encumbrances. These charges, include (i) the Administration Charge to secure amounts owing to the Monitor, its counsel, Jaguar's counsel and financial advisor, counsel to the Special Committee and the Ad Hoc Committee's counsel and financial advisor, up to a maximum of $5,000,000 (a $500,000 first ranking charge (the "**Primary Administration Charge**") and a $4,500,000 fourth ranking charge (the "**Subordinated Administration Charge**")); and (ii) the Directors' Charge to secure the indemnity created under the Initial Order in favour of the directors and officers of Jaguar, up to a maximum of $150,000 which charge ranks second to the Primary Administration Charge. These new charges rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, including (except with respect to the Subordinated Administration Charge) any security granted by the Corporation to secure the obligations under the Renvest Facility prior to the date of the Initial Order (the "**Renvest Security**") or the Encumbrances, if any, ranking in priority to the Renvest Security.

Listing of the Common Shares

The Existing Shares are listed on the TSX. It is a condition to the implementation of the Plan that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation, as of the Implementation Date.

Claims Procedure Order

On December 23, 2013, the Corporation obtained the Claims Procedure Order, which provides for, among other things, the establishment of a claims procedure for the identification, quantification and determination of certain claims against the Corporation. The Claims Procedure Order is attached as Appendix "E" to this Circular.

Under the terms of the Claims Procedure Order, January 22, 2014 at 5:00 p.m. is the applicable Claims Bar Date for filing Claims (other than Restructuring Period Claims) for voting purposes and distribution purposes in connection with the Plan. The Monitor will assist the Corporation in the conduct of the claims process pursuant to the Claims Procedure Order.

Neither the Noteholders nor the Indenture Trustees shall be required to file proofs of claim in respect of any Claims pertaining to the Notes. The Claims Procedure Order establishes a separate procedure for the identification, quantification and determination of the Noteholders Allowed Claim, which will be undertaken by the Indenture Trustees, the Corporation, the Monitor and the Ad Hoc Committee.

Meeting Order

On December 23, 2013, the Court also granted the Meeting Order authorizing and directing the Corporation to call the Meeting and establishing procedures for the vote in respect of the Plan. The Meeting Order authorizes and directs the Corporation to call a meeting of the Affected Unsecured Creditors on January 28, 2014. The Meeting Order also establishes, among other things, procedures for proxies and voting and certain procedures related to subscription in the Share Offering. The Meeting Order is attached as Appendix "D" to this Circular.

Court Approval and Implementation of the Plan

Following the Meeting, and provided that the Plan is approved by the Required Majority at the Meeting, the Corporation intends to apply to the Court for the Sanction Order. The hearing in respect of the Sanction Order is scheduled to take place on January 30, 2014 at 10:00 a.m. (Toronto time) or soon thereafter as the motion can be heard at the courthouse at 330 University Avenue, Toronto, Ontario, Canada. At the hearing, any person who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the Court and serving upon the solicitors for the parties prescribed in the Meeting Order at the times prescribed in the Meeting Order, a notice of appearance and satisfying any other requirements of the Court as provided in, and on the timelines required by, the Meeting Order or otherwise. At the hearing for the Sanction Order, the Court will consider, among other things, the fairness of the terms and conditions of the Plan and the approval of the Plan by the Affected Unsecured Creditors. See "*Description of the Plan – Sanction Order and Implementation of the Plan*" below for a summary of the proposed Sanction Order.

Prior to the hearing on the Sanction Order, the Court will be informed that certain New Common Shares to be issued pursuant to the Plan will be issued in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereunder and applicable Canadian securities law exemptions, upon the Court's approval of the Plan and the Court's approval of the fairness of the Exchange after a fairness hearing, in each case, in accordance with the provisions of Section 3(a)(10) of the 1933 Act. The Court may approve the Plan in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Sanction Order is granted and the other conditions set forth in "*Description of the Plan – Conditions to the Plan Becoming Effective*" are satisfied or waived, it is anticipated that the following will occur substantially simultaneously: (a) the various documents necessary to consummate the Plan (including the Monitor's Certificate) will be executed and delivered; (b) Articles of Reorganization will be filed under the OBCA; and (c) the transactions provided for in the Plan will occur in the order indicated. See "*Description of the Plan – Implementation Date Transactions*".

IMPACT OF THE PLAN

The Plan is expected to substantially improve the capital structure of Jaguar by reducing the amount of outstanding net debt by approximately $268.5 million (plus accrued interest) on a consolidated basis and providing up to $50 million of additional liquidity through the Share Offering. With a normalized capital structure, Jaguar will benefit from a reduction in its annual interest cost of approximately $13.1 million. Management of Jaguar believes that the Plan will enable Jaguar to continue to pursue its business plan.

Management of the Corporation and the Board believe that the Plan will provide financial stability and improve the future economic viability of the Jaguar Group's business in the current economic environment. The successful implementation of the Plan is expected to be a significant positive step in assisting the Corporation in stabilizing its operations. See "*Note Regarding Forward-Looking Statements*", "*Description of the Plan*" and "*Risk Factors*".

Based on the current price of gold and the current level of expenditures (before debt service), Jaguar and its Subsidiaries anticipate, based on its forecasts, that Jaguar will, absent the implementation of the Plan, cease to have sufficient cash resources to continue operations during the first quarter of the financial year beginning on January 1, 2014.

The following table shows the effect of the Plan on Jaguar's consolidated capital structure:

Pre-Plan & Pro Forma Capital Structure

	As at September 30, 2013	Adjustment	Pro Forma
Bank Indebtedness	15.9	-	15.9
Renvest Facility (Drawn)	30.0	-	30.0
Vale Note	8.2	-	8.2
4.5% Convertible Notes	165	(165.0)	-
5.5% Convertible Notes	103.5	(103.5)	-
Total Debt	**322.7**	**(268.5)**	**54.2**
Less: Cash and Cash Equivalents[(1)]	(18.2)	(50.0)	(68.2)
Total Net Debt	**304.5**	**(318.5)**	**(14.0)**
Number of Common Shares Outstanding[(2)]	86.4	24.7	111.1

Notes:

(1) Pro forma gross proceeds from Share Offering prior to any transaction fees and expenses.

(2) Pro forma Common Shares outstanding based on extinguishment of Notes (including accrued interest) into Common Shares.

SUPPORT AGREEMENT

As of the date of this Circular, Noteholders holding approximately 95% of the 4.5% Convertible Notes and 89% of the 5.5% Convertible Notes in the aggregate have signed the Support Agreement thereby agreeing to support the Plan and vote their Notes (including accrued and unpaid interest) in favour of the Plan Resolution at the Meeting.

Each Consenting Noteholder has entered into the Support Agreement pursuant to which, among other things, each such Consenting Noteholder committed that:

- such Consenting Noteholder will support the Plan by, among other things: (a) voting or causing to be voted all of the Notes legally or beneficially owned or controlled by it and indicated on its signature page to the Support Agreement or any Notes acquired after the date of the Support Agreement in favour of the Plan (and against any matter or transaction that, if approved, could reasonably be expected to delay, challenge, hinder or frustrate the consummation of the Plan); (b) supporting the approval of the Plan by the Court on terms consistent with the Support Agreement as promptly as practicable; (c) executing any and all documents and performing any and all commercially reasonable acts required by the Support Agreement to satisfy its obligations thereunder; (d) consenting to a stay of existing and potential defaults under the Notes; (e) agreeing that any interest coming due under the Notes before the Implementation Date shall not be paid in cash to the Noteholders by the Corporation but shall instead comprise part of the Noteholder Claims as at the Implementation Date and treated as set out in the term sheet attached to the Support Agreement; and (f) not supporting any other Noteholder in takmg any enforcement action in respect of the Notes;
- such Consenting Noteholder, subject to certain exceptions, will not sell, transfer, assign or loan its Notes; and
- such Consenting Noteholder will not, except with the consent of the Corporation, solicit, discuss or negotiate, directly or indirectly, any alternative transaction to the Plan and Share Offering with any person other than the Corporation.

The Support Agreement provides that Jaguar may solicit inquiries or proposals regarding a transaction that is alternative to the Plan (an "**Alternative Transaction**") provided that the Corporation may not, without the knowledge and consent of the Consenting Noteholders: (i) participate in any substantive discussions or negotiations with any person regarding any Alternative Transaction; (ii) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend any Alternative Transaction; or (iii) enter into or publicly propose to enter into any agreement in respect of any Alternative Transaction; provided, however that Jaguar's Board of Directors retains the right to support an Alternative

Transaction if, after receiving advice from its advisors and consulting with counsel to the Ad Hoc Committee, it determines that: (A) such Alternative Transaction would result in: (1) the payment of all amounts due in respect of the Notes in full in cash on or in connection with implementation of such Alternative Transaction; or (2) another transaction more favourable to Jaguar and its stakeholders (including the Noteholders) than the Plan; and (B) the support of such Alternative Transaction would be necessary for compliance with the fiduciary duties of the Jaguar Board.

The support obligations of the Consenting Noteholders under the Support Agreement are subject to, among other things, certain conditions having been satisfied or waived, if applicable, prior to the Voting Deadline (which conditions may be waived by the Majority Consenting Noteholders), including:

- the Initial Order, the Plan and the proposed Sanction Order, and all other material filings by or on behalf of the Corporation in court proceedings in respect of the Plan, shall have been filed in a form agreed to by the Corporation and counsel to the Ad Hoc Committee, acting reasonably;

- each of the Credit Agreement (and the other Credit Documents) and the Brazilian Credit Agreements shall have been amended (including, without limitation, by extending the applicable maturity dates) on terms acceptable to the Majority Backstop Parties;

- the Majority Consenting Noteholders shall be satisfied, in their sole discretion, with the results of due diligence concerning the Corporation, the Subsidiaries and their businesses;

- the Corporation and the Subsidiaries shall have complied in all material respects with each covenant in the Support Agreements that is to be performed on or before the date that is three business days before the Voting Deadline; and

- there shall not exist as of that date any Material Adverse Change, including a circumstance in which the 3-trading day trailing average spot gold price on the London AM fix falls below $1,200 per ounce 7 days prior to the Implementation Date.

The consummation of the Plan under the Support Agreement is subject to, among other things, certain conditions having been satisfied, or waived, if applicable, prior to the Implementation Date (which conditions may be waived, in whole or in part, jointly by the Majority Consenting Noteholders and the Corporation), including:

- (i) the Plan shall have been approved by the applicable stakeholders as and to the extent required by the Court or otherwise; (ii) the Plan shall have been approved by the Court and the Sanction Order shall have been entered by the Court in a form consistent with the Support Agreement on or prior to January 30, 2014; (iii) by January 22, 2014, the Corporation, after consulting with its legal and financial advisors shall have been satisfied that the Plan will proceed to completion before the Outside Date; and (iv) the Implementation Date shall have occurred no later than the Outside Date;

- all required approvals and filings shall have been obtained or made, as applicable, on terms satisfactory to the Majority Consenting Noteholders and the Corporation, each acting reasonably and in good faith which approvals shall include approvals and consents of certain stakeholders to Jaguar and the Subsidiaries; and

- the Backstop Agreement shall be in full force and effect and shall not have been terminated.

The obligations of the Consenting Noteholders to complete the Plan are subject to, among other things, certain conditions having been satisfied prior to the Implementation Time (which conditions may be waived, in whole or in part, by the Majority Consenting Noteholders), including:

- there shall not have occurred any Material Adverse Change;

- the Corporation and the Subsidiaries shall have complied in all material respects with each covenant in the Support Agreement (including, among others, the covenant that the New Common Shares (including the Offered Shares) shall be conditionally approved for trading on the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders, subject only to receipt of customary final documentation) and the representations and warranties of each of the Corporation and the Subsidiaries shall be true and correct (except

to the extent given as of a specified date or as they may be affected by the occurrence of events or transactions contemplated and permitted by the Support Agreement);

- the composition and size of the Board of Directors of Jaguar as of the Implementation Date shall be satisfactory to the Majority Backstop Parties;
- all existing options, warrants or other rights to purchase Common Shares, and the Shareholder Rights Plan, shall have been extinguished and cancelled;
- the terms of any management incentive plan shall be acceptable to the Majority Backstop Parties; and
- all senior officer and employee employment agreements shall have been modified to reflect the revised capital structure of Jaguar, including, without limitation, to provide that the Plan does not constitute a change of control under such agreements and no change of control payments are owing or payable in connection with the Plan.

The Support Agreement and the obligations of Jaguar and the Consenting Noteholders set out in the Support Agreement shall terminate upon, among other things, any of the following events:

- the Majority Consenting Noteholders can terminate where, among other things: (i) the milestones set out in the Support Agreement have not been met or waived or the Implementation Date has not occurred on or before the Outside Date; (ii) the Corporation or any of the Subsidiaries enter into an agreement with respect to an Alternative Transaction; (iii) the breach by Jaguar of any material representation, warranty, covenant or other material obligation provided for in the Support Agreement; or (iv) the Backstop Agreement has been terminated;
- the Corporation can terminate where, among other things: (i) the Implementation Date has not occurred on or before the Outside Date; (ii) if at any given time the Consenting Noteholders represent less than 66⅔% of the aggregate principal amount of outstanding Notes; (iii) the Backstop Agreement has been terminated; (iv) the Corporation or any of the Subsidiaries enter into an agreement with respect to an Alternative Transaction; or (v) the Corporation, after consultation with its legal and financial advisors is not satisfied by January 22, 2014 that the Plan will proceed to completion on or before the Outside Date; or
- the mutual agreement of the Corporation and the Majority Consenting Noteholders.

If the Support Agreement is amended, modified or supplemented or any matter therein is approved, consented to or waived such that the Outside Date is extended, or the effect of any such amendment materially adversely changes the fundamental terms of the transaction described therein as they relate to Noteholders, then any Consenting Noteholder that objects to any such amendment, modification, supplement, approval, consent or waiver may in certain circumstances terminate its obligations under the Support Agreement upon compliance with certain notice requirements described in the Support Agreement.

Under the Support Agreement, the Corporation has agreed to pay the reasonable fees and expenses of the advisors to the Ad Hoc Committee and the reasonable accrued expenses of any of the Consenting Noteholders up to an amount agreed to by the Majority Backstop Parties on a date agreed to by the Majority Backstop Parties and the Corporation.

For a summary of the terms of the Backstop Agreement, see "*Description of the Plan – Backstop Agreement*".

DESCRIPTION OF THE PLAN

The following is a summary only of the Plan. This summary is qualified in its entirety by the full text of the Plan. For complete details, reference should be made to the Plan, which is attached as Appendix "B" to this Circular.

Purpose of the Plan

The purpose of the Plan is to facilitate the continuation of the business of the Jaguar Group as a going concern, address certain liabilities of the Corporation, and effect a recapitalization and financing transaction on an expedited basis to provide a stronger financial foundation for the Jaguar Group going forward and additional liquidity to allow the Jaguar Group to continue to work towards its operational and financial goals from and after the Implementation Date in the expectation that

all Persons with an economic interest in the Jaguar Group will derive a greater benefit from the implementation of the Plan than would otherwise result. See "*Background to and Reasons for the Plan*".

Plan Steps

The Plan contemplates a series of steps leading to an overall capital reorganization of Jaguar. These steps include, among other things:

(a) the Consolidation of the Existing Shares;

(b) in full settlement of the Notes and Indentures, the issuance to Noteholders of their Pro Rata Share of:

(i) Unsecured Creditor Common Shares (representing approximately 12.6% of the post-Consolidation Common Shares outstanding following implementation of the Plan);

(ii) Early Consent Shares, if such Noteholder is an Early Consenting Noteholder (representing approximately 4.5% of the post-Consolidation Common Shares outstanding following implementation of the Plan);

(iii) Accrued Interest Offering Shares, if such Noteholder is a Participating Eligible Investor or a Funding Backstop Party, (representing approximately 8.14% of the post-Consolidation Common Shares outstanding following implementation of the Plan), provided that in no event shall a Participating Eligible Investor or a Funding Backstop Party receive a greater number of Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable) received by such Person. Any Accrued Interest Offering Shares remaining after the allocation of the Accrued Interest Offering Shares to Participating Eligible Investors and Funding Backstop Parties pursuant to the immediately preceding sentence shall be reallocated among those Participating Eligible Investors and/or Funding Backstop Parties who have received less Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable) on a *pro rata* basis based on Accrued Interest Claims (calculated as at the Record Date); and

(iv) Backstop Commitment Shares, if such Noteholder is a Funding Backstop Party (representing approximately 10.0% of the post-Consolidation Common Shares outstanding following implementation of the Plan);

(c) the issuance to General Unsecured Creditors of their Pro Rata Share of Unsecured Creditor Common Shares (which shares issued to all Affected Unsecured Creditors pursuant to the Plan, represent, in the aggregate, approximately 12.6% of the post-Consolidation Common Shares outstanding following implementation of the Plan);

(d) the issuance of the Offering Shares to be issued as part of the Share Offering to Participating Eligible Investors and Funding Backstop Parties and, with the consent of the Monitor and the Majority Backstop Parities, General Unsecured Creditors with Allowed Affected Unsecured Claims, if any, who, subject to satisfying certain requirements, may be eligible to participate in the Share Offering pursuant to the terms of the Plan (representing approximately 63.9% of the post-Consolidation Common Shares outstanding following implementation of the Plan); and

(e) Existing Shareholders will hold approximately 0.9% of the post-Consolidation Common Shares outstanding following implementation of the Plan.

Conditions to the Plan Becoming Effective

The conditions to the Plan being effective include the following:

(a) the Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(b) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of the Plan illegal or otherwise prohibited;

(c) all necessary judicial consents and any other necessary or desirable third party consents, if any, to deliver and implement all matters related to the Plan shall have been obtained;

(d) all documents necessary to give effect to all material provisions of the Plan (including the Sanction Order, the Plan, the Share Offering and the Consolidation and all documents related thereto) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to Jaguar and the Majority Consenting Noteholders;

(e) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Majority Consenting Noteholders and Jaguar, each acting reasonably and in good faith;

(f) all senior officer and employee employment agreements shall have been modified to reflect the revised capital structure of Jaguar following implementation of the Plan, including, without limitation, to provide that the implementation of the Plan does not constitute a change of control under such employment agreements, and no change of control payments shall be owing or payable to Jaguar's officers or employees in connection with the implementation of the Plan;

(g) the DSU Plan and the RSU Plan shall have been addressed in a manner acceptable to Jaguar and the Majority Consenting Noteholders;

(h) the Articles of Reorganization shall have been filed under the OBCA;

(i) all material filings under applicable Laws shall have been made and any material regulatory consents or approvals that are required on connection with the Plan shall have been obtained and in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(j) the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation;

(k) all conditions to implementation of the Plan set out in each of the Support Agreement and the Backstop Agreement shall have been satisfied or waived in accordance with the provisions thereof and neither the Backstop Agreement nor the Support Agreement shall have been terminated; and

(l) the issuance of the Unsecured Creditor Common Shares and Early Consent Shares in the Exchange shall be exempt from registration under the US Securities Act pursuant to the provisions of Section 3(a)(10) of the 1933 Act.

See "*Support Agreement*" for a complete description of the conditions to the Consenting Noteholders' support of the Plan. See "*Backstop Agreement*" for a complete description of the conditions to the Backstop Parties' Backstop Commitments under the Share Offering.

Implementation Date Transactions

Commencing at the Implementation Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments and at the times set out below (or in such other manner or order or at such time or times as Jaguar and the Majority Consenting Noteholders may agree, acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided in the Plan:

(a) Articles of Reorganization shall be filed under the OBCA to amend the articles of Jaguar to effect the Consolidation of the issued and outstanding Common Shares on the basis of one post-consolidation Common Share for each Consolidation Number of Common Shares outstanding immediately prior to the Consolidation. Any fractional interests in the consolidated Common Shares will, without any further act or formality, be cancelled without payment of any consideration therefor. Following the completion of such consolidation, the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to consolidation.

(b) The following shall occur concurrently:

(i) the Rights and the Shareholder Rights Plan shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any further force or effect;

(ii) any and all Existing Share Options and the Stock Option Plan shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any further force or effect; and

(iii) if the DSU/RSU Notice is delivered, the DSU Plan and/or the RSU Plan as set out in the DSU/RSU Notice shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any further force or effect; and

(iv) all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any consideration or distributions therefor.

(c) In exchange for, and in full and final settlement of, the Noteholders Allowed Claims as at the Implementation Date, Jaguar shall issue:

(i) to each Noteholder, its Pro Rata Share of Unsecured Creditor Common Shares;

(ii) to each Early Consenting Noteholder, its Pro Rata Share of the Early Consent Shares;

(iii) to each Participating Eligible Investor and Funding Backstop Party, the number of Accrued Interest Offering Shares such Participating Eligible Investor or Funding Backstop Party is entitled to receive in accordance with the Plan; and

(iv) to each Funding Backstop Party, its Pro Rata Share of the Backstop Commitment Shares,

which New Common Shares shall be distributed in the manner described in the Plan. Upon issuance of these New Common Shares, the Noteholders Allowed Claims shall and shall be deemed to be irrevocably and finally extinguished and such Noteholder shall have no further right, title or interest in and to the Notes or its Noteholders Allowed Claim.

(d) The Notes and the Indentures will not entitle any Noteholder to any compensation or participation other than as expressly provided for in the Plan and shall be cancelled and will thereupon be null and void, and the obligations of the Corporation thereunder or in any way related thereto shall be satisfied and discharged, except to the extent expressly set forth in Section 6.07 of the Indentures which shall remain in effect until two months following the Implementation Date or such later date agreed to by the Corporation, the Monitor, the Indenture Trustees and the Majority Consenting Noteholders.

(e) In exchange for, and in full and final settlement of, its Affected Unsecured Claim, Jaguar shall issue to each General Unsecured Creditor its Pro Rata Share of the Unsecured Creditor Common Shares which Unsecured Creditor Common Shares shall be distributed in the manner described in the Plan.

(f) The following shall occur concurrently:

(i) Jaguar shall issue to each Participating Eligible Investor its Participating Eligible Investor Shares in consideration for its Electing Eligible Investor Funding Amount; and

(ii) Jaguar shall issue to each Funding Backstop Party the number of Backstopped Shares such Funding Backstop Party is entitled to receive in consideration for such Funding Backstop Party's Backstop Payment Amount.

(g) The releases and injunctions referred to in Section 11 of the Plan shall become effective.

(h) The directors of Jaguar immediately prior to the Implementation Time shall be deemed to have resigned and the New Board shall be deemed to have been appointed.

(i) The Escrow Agent shall be deemed to be holding the Electing Eligible Investor Funding Amounts and the Backstop Payment Amounts for Jaguar and shall release from escrow such amounts to Jaguar in accordance with the Escrow Agreement.

(j) Jaguar shall pay: (i) all of the reasonable fees and expenses of the Advisors for services rendered to the Ad Hoc Committee up to and including the Implementation Date, (ii) the reasonable accrued and unpaid third party expenses of any of the Consenting Noteholders up to an amount agreed to by the Majority Backstop Parties; (iii) the fees and expenses of Jaguar's financial advisors in connection with the transactions contemplated under the Plan pursuant to their engagement letter, as amended, with Jaguar, subject to a maximum amount agreed to by the Majority Backstop Parties; (iv) the reasonable fees and expenses of Jaguar's Canadian and U.S. legal advisors and legal advisor to the Special Committee; and (v) amounts owing to the Trustees under Section 6.07 of the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture.

Treatment of Claims

Classification of Affected Unsecured Claims

Affected Unsecured Creditors will vote as one class of creditors at the Meeting.

Noteholders

Under the Plan, Noteholders will receive their Pro Rata Share of the Unsecured Creditor Common Shares (representing 12.6% of the Common Shares outstanding following the implementation of the Plan) and each Noteholder that is an Early Consenting Noteholder will receive its Pro Rata Share of the Early Consent Shares (representing 4.5% of the Common Shares outstanding following completion of the Plan).

General Unsecured Creditors

Under the Plan, General Unsecured Creditors will receive their Pro Rata Share of the Unsecured Creditor Common Shares (which shares issued to all Affected Unsecured Creditors pursuant to the Plan, represent, in the aggregate, approximately 12.6% of the Common Shares outstanding following implementation of the Plan). In certain circumstances requiring the consent of the Monitor and the Majority Backstop Parties, General Unsecured Creditors that satisfy certain requirements (including delivery of a Rep Letter) may be eligible to participate in the Share Offering, in which case, such General Unsecured Creditor will be treated as an Eligible Investor under the Plan for the purposes of Offering Shares and each Eligible Investor's Subscription Privilege will be adjusted accordingly.

Electing Eligible Investors

Under the Plan, Eligible Investors shall have the right, but not the obligation, to irrevocably elect to participate in the Share Offering by electing, in accordance with the provisions of the Plan, to subscribe for and purchase from Jaguar up to its Pro Rata Share of the Offering Shares (the "**Subscription Privilege**"), in the aggregate, representing 63.8% of the issued and outstanding Common Shares after giving effect to the Plan, with such subscription to be conditioned upon the implementation of the Plan and effective on the Implementation Date.[2]

Each Participating Eligible Investor and/or Funding Backstop Party will also receive its Pro Rata Share of Accrued Interest Offering Shares (representing 8.1% of the Common Shares outstanding following completion of the Plan). No Participating Eligible Investor and/or Funding Backstop Party will in any event receive a greater number of Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable), provided that any Accrued Interest Offering Shares remaining after the allocation of the Accrued Interest Offering Shares to Participating Eligible Investors and Funding Backstop Parities shall be reallocated among Participating Eligible Investors and/or Funding Backstop Parties who have recovered less Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable) on *a pro rata* basis based on Accrued Interest Claims (calculated as at the Record Date).

An Electing Eligible Investor that is also a Backstop Party may elect, in accordance with the Election Form, to have its Backstop Commitment reduced by the total funds that such Electing Eligible Investor deposits into escrow on or before the Electing Eligible Investor Funding Deadline in respect of Offering Shares that such Electing Eligible Investor subscribes

[2] The Plan also contemplates that in certain circumstances, with the consent of the Monitor and the Majority Backstop Parties, General Unsecured Creditors who hold Allowed Affected Unsecured Claims may be eligible to participate in the Share Offering.

for pursuant to the exercise of all or part of its Subscription Privilege, provided that such Backstop Commitment shall not be reduced below zero (the "**Backstop Commitment Reduction Election**", with a Backstopper so electing being a "**Commitment Reduction Electing Backstopper**").

Following the issuance of the Sanction Order, but in any event by 11:00 a.m. on the tenth Business Day prior to the expected Implementation Date, Jaguar will inform each Electing Eligible Investor of (i) the expected Implementation Date, (ii) the number of Offering Shares that, subject to compliance with the Plan, will be acquired by such Electing Eligible Investor; and (iii) the amount of funds (in cash) required to be deposited in escrow with the Escrow Agent by such Electing Eligible Investor (the "**Electing Eligible Investor Funding Amount**") by the Electing Eligible Investor Funding Deadline.

Each Electing Eligible Investor must deposit its Electing Eligible Investor Funding Amount in escrow with the Escrow Agent so that it is received by the Escrow Agent by no later than Electing Eligible Investor Funding Deadline. Failure to deposit Electing Eligible Investor Funding Amount by the Electing Eligible Investor Funding Deadline will result in the return of any funds deposited and such Eligible Investor being deemed to have ceased to be an Electing Eligible Investor and such former Electing Eligible Investor's subscription for Offering Shares pursuant to the Subscription Privilege and right to receive Accrued Interest Offering Shares shall be null and void. Electing Eligible Investor that complies with the procedures set out in the Plan will participate in the Share Offering and will be deemed to have subscribed for Offering Shares in an amount equal to the Electing Eligible Investor Funding Amount deposited in escrow with the Escrow Agent by such Participating Eligible Investor.

Backstop Parties

As soon as practicable and in any event no later than 5:00 p.m. (Toronto time) one Business Day following the Electing Eligible Investor Funding Deadline, Jaguar shall inform each Backstop Party (other than a Backstop Party in respect of whom the Backstop Agreement has been terminated) of (i) the total number of Offering Shares not validly subscribed for pursuant to the Subscription Privilege (the "**Backstopped Shares**"), (ii) the number of Backstopped Shares to be acquired by such Backstop Party pursuant to its Backstop Commitment, based upon its Pro Rata Share of the Backstopped Shares, and (iii) the amount of funds (by way of cash or a letter of credit) required to be deposited in escrow with the Escrow Agent by such Backstop Party to purchase such Backstopped Shares (the "**Backstop Payment Amount**") by no later than 2:00 p.m. (Toronto time) on the day which is five Business Days prior to the expected Implementation Date (the "**Backstop Funding Deadline**").

Each Backstop Party (other than a Backstop Party in respect of whom the Backstop Agreement has been terminated) shall deliver to the Escrow Agent, not later than 2:00 p.m. (Toronto time) on the Backstop Funding Deadline, either:

(a) cash in an amount equal to the full amount of such Backstop Party's Backstop Payment Amount; or

(b) a letter of credit, in form and substance reasonably satisfactory to Jaguar, having a face amount equal to such Backstop Party's Backstop Payment Amount, and issued by a financial institution having an equity market capitalization of at least $10,000,000,000 and a credit rating of at least A+ from Standard & Poor's or A1 from Moody's,

in each case: (1) to be held in escrow in accordance with the Escrow Agreement until all conditions to the Share Offering have been satisfied or waived in accordance with the Backstop Agreement and with irrevocable instructions to use such cash or letter of credit, as applicable, to the extent required to enable such Backstop Party to comply with its Backstop Purchase Obligation; and (2) provided for greater certainty that, if a Backstop Party (A) has exercised all or part of its Subscription Privilege and has paid its Electing Eligible Investor Funding Amount on or before the Electing Eligible Investor Funding Deadline, and (B) is a Commitment Reduction Electing Backstopper whose Backstop Commitment has been reduced to zero, such Backstop Party shall not be required to deliver cash or a letter of credit to the Escrow Agent.

Each Funding Backstop Party shall be deemed to have subscribed for its Pro Rata Share of the Backstopped Shares.

In the event of a Backstop Default/Termination, Jaguar shall, in accordance with the Backstop Agreement, provide the applicable Backstop Parties or such other parties acceptable to the Backstop Parties and Jaguar under the Backstop Agreement that execute a Backstop Consent Agreement with an opportunity to assume the obligations (and rights) of a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party, as applicable, in each case in accordance with and subject to the terms and conditions of the Plan and the Backstop Agreement. Any Assuming Backstop Party shall comply with its obligations in connection with its Assumed Backstop Commitment and shall be entitled to receive the applicable Offered Shares under the Plan in connection with such Assumed

Backstop Commitment, subject to such Assuming Backstop Party having complied with its obligations under the Plan and the Backstop Agreement and such other terms and conditions under the Plan and the Backstop Agreement.

Under the Plan, each Funding Backstop Party will also receive its Pro Rata Share of the Backstop Commitment Shares (representing 10.0% of the Common Shares outstanding following completion of the Plan). As part of the Plan, all of the outstanding Common Shares (including the Backstop Commitment Shares) will be consolidated on the basis of one post-Consolidation Common Share for each Consolidation Number of pre-Consolidation Common Shares outstanding. The Existing Shares will also be consolidated on the same basis.

Application of Plan Distributions

All amounts paid or payable under the Plan on account of the Affected Unsecured Claims (including, for greater certainty, any securities received under the Plan) will be applied (i) first, in respect of the principal amount of the obligations to which such Affected Unsecured Claims relate, and (ii) second, if such principal amounts have been fully repaid, in respect of any accrued but unpaid interest on such obligations. In the event that a Funding Backstop Party is not a Noteholder, such Funding Backstop Party shall receive its Backstop Commitment Shares as a fee.

Backstop Agreement

The obligations of the Backstop Parties under the Backstop Agreement are subject to, among other things, certain conditions having been satisfied prior to the Implementation Date (which conditions may be waived by the Majority Backstop Parties), including:

- the Backstop Parties shall have completed their due diligence with respect to the Share Offering on or before the date that is seven Business Days prior to the Implementation Date and such due diligence shall be satisfactory to the Backstop Parties in their sole discretion;

- the Corporation and the Subsidiaries shall have performed all of their material obligations under the Backstop Agreement and the Support Agreement;

- there shall not exist as of that date any Material Adverse Change; and

- giving effect to the Plan will not give rise to any material default or event of default under any material contract of the Corporation or the Subsidiaries.

The Backstop Agreement and the obligations of Jaguar and the Backstop Parties set out in the Backstop Agreement shall terminate upon, among other things, certain events, including:

- the Majority Backstop Parties can terminate where, among other things: (i) the Support Agreement has been terminated for any reason; (ii) the form of Rep Letter has not been agreed between the Backstop Parties and Jaguar by eight Business Days before the Election Deadline; (iii) the Share Offering is not complete on or before the Outside Date (or such other date as the Corporation and the Backstop Parties may agree in writing); (iv) the breach by Jaguar of any material representation, warranty, covenant or other material obligation provided for in the Backstop Agreement that, if capable of being cured, remains uncured for five Business Days after receipt of written notice from the Backstop Parties; (v) the occurrence of a Material Adverse Change; or (vi) if there are one or more Defaulting Backstoppers, Objecting Backstoppers or Breaching/Non-Delivering Backstoppers, and the Backstop Shortfall remaining after assumption of all or a part of the Backstop Commitment(s) of such Backstop Parties in accordance with the Plan is material; and

- the Corporation can terminate where among other things: (i) the Support Agreement has been terminated for any reason; (ii) if there are one or more Defaulting Backstoppers, Objecting Backstoppers or Breaching/Non-Delivering Backstoppers, and the Backstop Shortfall remaining after assumption of all or a part of the Backstop Commitment(s) of such Backstop Parties in accordance with the Plan is material; or (iii) with respect to a particular Backstop Party where such Backstop Party has breached any material representation, warranty, covenant or other material obligation provided for in the Backstop Agreement or has not delivered an executed Rep Letter to Jaguar by the Election Deadline or a representation or warranty made in the Rep Letter becomes untrue.

- Pursuant to the Backstop Agreement, a Backstop Party may, under certain circumstances, including where (1) the Backstop Agreement is amended or modified in a manner that: (x) materially adversely changes the fundamental

terms of the Share Offering as they relate to the Backstop Parties (including, without limitation, (i) with respect to the number of Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Commitment Shares to be provided to Participating Eligible Investors on the Implementation Date as a percentage of such shares to be issued; (ii) increases in the amount of the Backstop Commitment of an individual Backstop Party); or (iii) would have the effect of the Offered Shares not being conditionally approved for listing from the Implementation Date on the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders; or (y) extends the Outside Date, or (2) if a Backstop Party determines, acting reasonably, that it is unable to execute a Rep Letter, terminate its obligations under the Backstop Agreement upon written notice to the other parties thereto.

Use of Proceeds

The proceeds of the Share Offering will be approximately $50.0 million, of which approximately $42 million, after paying certain fees and expenses relating to the Plan, will be available to Jaguar to use in operations. Fees and expenses reducing the gross proceeds of the Share Offering relate to financial advisory fees, and legal, accounting and regulatory filing fees.

Existing Shareholders

As at the date of this Circular, there were 86,396,356 Common Shares issued and outstanding. Pursuant to the Plan, following the issuance of the New Common Shares, all of the then outstanding Common Shares will be consolidated on the basis of one post-Consolidation Common Share for each Consolidation Number of Existing Shares outstanding. The New Common Shares will also be consolidated on the same basis. Following the consolidation, Existing Shareholders will hold, in the aggregate, approximately 1,000,000 Common Shares, representing approximately 0.9% of the Common Shares outstanding following the implementation of the Plan.

Option Holders

Upon implementation of the Plan, all Existing Share Options will be cancelled for no consideration.

Rights Holders

Upon implementation of the Plan, the Shareholder Rights Plan and all Rights granted and existing thereunder will be cancelled for no consideration. If the DSU/RSU Notice is delivered, the DSU Plan and/or the RSU Plan as set out in the DSU/RSU Notice shall be cancelled for no consideration.

Excluded Claims

The Plan provides for a class of excluded claims (the "**Excluded Claims**"), which, subject to Sections 12.2(c) and 13.1 of the Plan are not affected by the Plan. Excluded Claims consist of:

(a) any claims secured by any of the Charges;

(b) any Section 5.1(2) Director/Officer Claims;

(c) any claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;

(d) any claims of the Subsidiaries against the Corporation;

(e) any Secured Claims;

(f) any Employee Priority Claims against the Corporation;

(g) any Crown Claims against the Corporation;

(h) the Indenture Trustees' claims under Section 6.07 of the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture, if any;

(i) any Post-Filing Claims; and

(j) the Renvest Claim.

Extinguishment of Claims

As of and from the Implementation Time and in accordance with the provisions of the Sanction Order, the treatment of Affected Unsecured Claims under the Plan (including Allowed Affected Unsecured Claims and Disputed Claims) shall be final and binding on the Corporation and all Affected Unsecured Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and all Affected Unsecured Claims shall be released and discharged as against the Corporation and the Corporation shall thereupon be released from all Affected Unsecured Claims, other than the obligations of the Corporation to make payments in the manner and to the extent provided for in the Plan; provided, however, that such discharge and release shall be without prejudice to the right of a holder of a Disputed Claim to prove such Disputed Claim so that such Disputed Claim becomes an Allowed Affected Unsecured Claim entitled to receive consideration pursuant to the terms of the Plan.

Calculations

All cash payment amounts will be calculated to the nearest 1¢ ($0.01). Calculations and determinations made in accordance with the Plan and the Claims Procedure Order are final and binding.

Fractional Interests

No certificates representing fractional Common Shares will be allocated under the Plan, and fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Jaguar. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Common Shares pursuant to the Plan will be rounded down to the nearest whole number without compensation therefor.

Description of the Share Capital of Jaguar after Giving Effect to the Plan

The authorized share capital of Jaguar following the implementation of the Plan will consist of an unlimited number of Common Shares. The holders of Common Shares will be entitled to receive dividends if, as and when declared by the Board, to one vote per Common Share at meetings of shareholders and, upon liquidation, to share equally in the remaining assets of Jaguar.

Allocation

New Common Shares issued in exchange for the Notes will be allocated first towards the repayment of the principal amount of the Notes and the balance, if any, towards the accrued and unpaid interest in respect of the Notes.

Waiver of Conditions

Any condition precedent set forth in Section 12.3, other than any statutory requirements regarding the voting, approval and sanctioning of the Plan pursuant to the provisions of the CCAA may only be waived by the Corporation with the written consent of the Majority Consenting Noteholders or the Majority Backstop Parties, as applicable.

Monitor's Certificate

Upon being advised in writing by counsel for the Corporation and counsel for the Ad Hoc Committee that the conditions precedent set forth in Section 12 of the Plan have been satisfied or waived in accordance with the terms of the Plan, the Monitor shall file with the Court a certificate stating that all conditions precedent of the Plan have been satisfied or waived in accordance with the Plan and that the Plan has been implemented.

Sanction Order and Implementation of the Plan

The Plan requires approval by the Court. Prior to the delivery of this Circular, Jaguar obtained the Meeting Order and Claims Procedure Order providing for the calling and holding of the Meeting and other procedural matters. Following the Meeting, the Corporation intends to apply to the Court for the Sanction Order. The hearing in respect of the Sanction Order is scheduled to take place on January 30, 2014 at 10:00 a.m. (Toronto time) or soon thereafter at the courthouse at 330 University Avenue, Toronto, Ontario, Canada. See "*CCAA Proceeding - Court Approval and Implementation of the Plan*".

The Sanction Order shall, among other things, provide that:

- the Plan has been approved by the Required Majority entitled to vote at the Meeting in conformity with the CCAA; (ii) the Corporation acted in good faith and has complied with the provisions of the CCAA and the Orders

made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Corporation has not done nor purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated by it are fair and reasonable;

- the Plan (including the arrangements and releases set out therein) has been sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Corporation, all Affected Unsecured Creditors, all holders of Equity Claims and all other Persons as provided for in the Plan or in the Sanction Order;

- subject to the performance by the Corporation of its obligations under the Plan, and except to the extent expressly contemplated by the Plan or the Sanction Order, all obligations or agreements to which the Corporation is a party immediately prior to the Implementation Time, will remain in full force and effect as at the Implementation Date, unamended except as they may have been amended by agreement of the parties subsequent to the Filing Date, and no Person who is a party to any such obligations or agreements shall, following the Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of: (i) any defaults or events of default arising as a result of the insolvency of Jaguar prior to the Implementation Date; (ii) any change of control of Jaguar arising from implementation of the Plan (except in respect of existing, written senior officer and employee employment agreements of Persons who remain senior officers and employees of Jaguar as of the Implementation Date and any payments due under such agreements, which may only be waived by the senior officers and employees who are parties to such agreements); (iii) the fact that Jaguar has sought or obtained relief under the CCAA or that the Plan has been implemented by Jaguar; (iv) the effect on Jaguar of the completion of any of the transactions contemplated by the Plan; (v) any compromises or arrangements effected pursuant to the Plan; or (vi) any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with Jaguar after the Filing Date;

- the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment or other remedy or recovery as described in the Plan shall be permanently enjoined;

- the releases effected by the Plan are approved, and declared to be binding and effective as of the Implementation Date upon all Affected Unsecured Creditors, holders of Equity Claims, the Monitor and all other Persons affected by the Plan; and

- from and after the Implementation Date, all Persons with an Affected Unsecured Claim shall be deemed to (i) have consented and agreed to all of the provisions of the Plan as an entirety; and (ii) each Affected Unsecured Creditor shall be deemed to have granted, and executed and delivered to the Corporation all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

Assuming the Sanction Order is granted and the other conditions to closing contained in the Plan are satisfied or waived, it is anticipated that the following will occur substantially simultaneously: (a) the various documents necessary to consummate the Plan (including the Monitor's Certificate) will be executed and delivered; (b) Articles of Reorganization will be filed under the OBCA; and (c) the transactions provided for in the Plan will occur in the order indicated. See "*Description of the Plan – Implementation Date Transactions*".

Subject to the foregoing, it is expected that the Implementation Date will occur as soon as practicable after the requisite approvals have been obtained.

Procedures

Noteholders

DTC, as sole registered holder of the Notes, will surrender for cancellation certificates, if any, representing the Notes to the Indenture Trustees in exchange for New Common Shares as contemplated by the Plan. It is anticipated that delivery of the Unsecured Creditor Common Shares to the holders of Notes in exchange for the Notes will be effected through the facilities

of DTC to Participant Holders who in turn will deliver the such Unsecured Creditor Common Shares to the Noteholders pursuant to standing instructions and customary practices.

All other New Common Shares to be issued to any Person, including;

- to the Early Consenting Noteholders in proportion to their Pro Rata Share in respect of Early Consent Shares,
- the New Common Shares to be allocated to Participating Eligible Investors and Funding Backstop Parties in proportion to their Pro Rata Share in respect of Accrued Interest Offering Shares,
- the New Common Shares to be allocated to Funding Backstop Parties in proportion to their Pro Rata Share in respect of Backstop Commitment Shares, and
- the New Common Shares to be allocated as part of the Share Offering,

will be delivered (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either (i) by delivery of certificated Common Shares which will be issued and delivered in accordance with the instructions provided by the Noteholder in the Election Form or Rep Letter, as applicable, or (ii) by delivery of Direct Registration System Advices representing the Common Shares.

DRS is a system that will allow new holders of Common Shares to hold Common Shares in "book-entry" form without having a physical share certificate issued as evidence of ownership. Instead, Common Shares will be held in the name of such shareholders and registered electronically in Jaguar's records, which will be maintained by the Transfer Agent. The first time Common Shares are recorded under DRS (upon completion of the Plan), shareholders will receive an initial Direct Registration System Advice acknowledging the number of Common Shares held in their DRS account and any required legends applicable thereto. Anytime that there is movement of Common Shares into or out of Jaguar shareholder's DRS account, an updated Direct Registration System Advice will be mailed. Shareholders may request a statement at any time by contacting the Transfer Agent or by accessing their account online at www.computershare.com/investorcentrecanada. There is no fee to participate in DRS and dividends, if any, will not be affected by DRS.

Noteholders should contact their broker or other intermediary for further information on how to obtain their New Common Shares.

Upon receipt of and in accordance with written instructions from the Monitor, the Indenture Trustees shall instruct DTC to, and DTC shall: (i) establish an escrow position representing the respective positions of the Noteholders as of the Implementation Date for the purpose of making distributions to the Noteholders on and after the Implementation Date; and (ii) block any further trading in the Notes, effective as of the close of business on the Distribution Record Date immediately prior to the Implementation Date, all in accordance with the customary practices and procedures of DTC.

Unless a securities law legend is not required by the 1933 Act, the Direct Registration System Advices and share certificates delivered pursuant to the Plan shall have legends affixed thereon in the form set out in the applicable Rep Letter.

General Unsecured Creditors

The delivery of New Common Shares to General Unsecured Creditors in consideration for their Affected Unsecured Claims will be made (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either: (i) by delivery of a Direct Registration System Advice to each of the General Unsecured Creditors; or (ii) by delivery of a share certificate to each of the General Unsecured Creditors, in either case based on registration and delivery instructions received by the Monitor pursuant to the Claims Procedure Order and the Meeting Order.

Electing Eligible Investors

Enclosed with this Circular, for use by Eligible Investors, is a Share Offering election form (the "**Election Form**"), which form includes (a) a confirmation by the Eligible Investor of its interest in participating in the Share Offering up to its Pro Rata Share of Offering Shares; (b) representations and warranties, or other satisfactory evidence as determined by the Corporation and its representatives in their sole discretion, that the Eligible Investor meets the requirements of an Eligible Investor for purposes of such participation, including, without limitation, the Rep Letter; (c) directions as to the registration and delivery of Offering Shares to be received by the Eligible Investor in connection with the Share Offering (assuming

such Eligible Investor is a Participating Eligible Investor); and (d) and election to make the Backstop Commitment Reduction Election.

Registered Holders of the Notes as of the Noteholder Voting Record Date who wish to participate in the Share Offering are instructed to deliver such Election Form (or copies thereof) to the applicable Beneficial Noteholders to the extent such Registered Holder is not also the beneficial holder of such Notes.

In order to elect to participate in the Share Offering, an Eligible Investor must return, or cause to be returned, the duly executed Election Form (including the applicable Rep Letter) to Jaguar, or as Jaguar may direct, on or before the Election Deadline. Completed Election Forms should be returned to the Solicitation/Election Agent at One Liberty Plaza, 23rd Floor, New York, New York, USA 10006, in the enclosed envelope on or prior to the Election Deadline. The requirements regarding completion and execution of the Election Form must be strictly adhered to and close attention should be made to the instructions provided on the Election Form and the description provided herein.

CERTAIN REGULATORY AND OTHER MATTERS RELATING TO THE PLAN

Issuance and Resale of Securities Received under the Plan

United States

Status under U.S. securities laws

At the time of the implementation of the Plan, Jaguar will be a "foreign private issuer" as defined in Rule 3b-4 under the 1934 Act. It is a condition to implementation of the Plan that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders. Jaguar does not currently intend to seek a listing for any securities on any stock exchange or quotation system in the United States.

Issuance and resale of Securities under U.S. securities laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Securityholders in the United States. All Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued to them under the Plan complies with applicable securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issuance to or the resale by Securityholders within Canada of securities of Jaguar. Securityholders reselling their securities in Canada must comply with Canadian securities laws, as outlined below under "*Certain Regulatory and Other Matters Relating to the Plan - Canada*".

Exemption from the registration requirements of the 1933 Act

The New Common Shares to be issued under the Plan will not be registered under the 1933 Act or the securities laws of any state of the United States.

The Unsecured Creditor Common Shares and Early Consent Shares to be issued to (i) Noteholders pursuant to the exchange of the Notes under the Plan and (ii) Affected Unsecured Creditors in exchange for Allowed Affected Unsecured Claims (together, the "**Exchange**") will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Plan to the persons affected, and exemptions provided under the securities laws of each state of the United States in which Persons reside. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities and/or claims where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Sanction Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the Unsecured Creditor Common Shares and Early Consent Shares issued pursuant to the Exchange under the Plan.

Persons who are not affiliates of Jaguar after the Plan may resell the Unsecured Creditor Common Shares and Early Consent Shares that they receive in the Exchange in the United States without restriction under the 1933 Act. A Person who will be an "affiliate" of Jaguar after the Plan will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that, directly or indirectly through one or

more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of Jaguar after the implementation of the Plan may not resell the Unsecured Creditor Common Shares and Early Consent Shares that they receive in the Exchange in the absence of registration under the 1933 Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the 1933 Act.

All other New Common Shares (including the Offering Shares, Accrued Interest Offering Shares, and Backstop Commitment Shares) to be issued under the Plan will be subject to restrictions on transfer and such New Common Shares may be offered, sold or otherwise transferred only (a) to Jaguar; (b) outside the United States in accordance with Rule 904 of Regulation S under the 1933 Act; or (c) inside the United States in accordance with an exemption from registration under the 1933 Act, if available. Such New Common Shares will bear a legend to the following effect:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE U.S. SECURITIES ACT, (B) IN A SALE ON OR THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE OR ANOTHER DESIGNATED OFFSHORE SECURITIES MARKET (AS DEFINED IN RULE 902 OF REGULATION S PROMULGATED UNDER THE U.S. SECURITIES ACT ("REGULATION S")) PURSUANT TO RULE 904 OF REGULATION S, SUBJECT TO EXECUTION AND DELIVERY BY THE SUBSCRIBER OF A DECLARATION IN THE FORM ATTACHED AS TO THE INFORMATION CIRCULAR OF JAGUAR MINING INC. DATED [_____, 2013] PREPARED IN CONNECTION WITH A PLAN, (C) THROUGH OTHER OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S, OR (D) IN ANY OTHER TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS (IT BEING UNDERSTOOD THAT THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE COMPANY IN CONNECTION WITH ANY SALE OR OTHER TRANSFER OF SHARES MADE PURSUANT TO CLAUSE (C) OR (D) OF THIS SENTENCE)."

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the New Common Shares received upon completion of the Plan. Holders of Common Shares may be subject to additional restrictions, including, but not limited to, restrictions under written contracts, agreements or instruments to which they are parties or are otherwise subject, and restrictions under applicable United States state securities laws. All holders of Common Shares are urged to consult with their counsel to ensure that the resale of Common Shares complies with applicable securities legislation.

Registration Rights Agreement

The Offering Shares, Accrued Interest Offering Shares, and Backstop Commitment Shares, in each case only to the extent issued to Noteholders, the Backstop Parties and any General Unsecured Creditors who may be eligible to participate in the Share Offering pursuant to the terms of the Plan subject to the consent of the Monitor and the Majority Backstop Parties, may be registered for resale pursuant to a registration rights agreement to be executed and delivered by Jaguar on the Implementation Date (the "**Registration Rights Agreement**"). Under the Registration Rights Agreement, Jaguar shall promptly prepare and file with the SEC, and use commercially reasonable efforts to cause to become effective within 120 days after the Implementation Date a "shelf" registration statement under the 1933 Act in order to permit resales of such Offering Shares by such Noteholders or Backstop Parties on a non-underwritten basis and to maintain the effectiveness of such registration statement for resales by such parties until such time as the shares covered by such registration statement become freely tradable under the SEC's Rule 144 or otherwise (but in either case, no longer than one year from the effective date of such registration statement). In addition, pursuant to the Registration Rights Agreement, Jaguar shall grant such holders "piggyback" rights to include such securities in a registration statement filed by Jaguar with the SEC under the 1933 Act, subject to the customary restrictions, cutback provisions and other limitations contained in the Registration Rights Agreement.

Canada

The New Common Shares to be issued pursuant to the Plan will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws. Consequently, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of the New Common Shares issued pursuant to the Plan. The New Common Shares so issued will generally be "freely tradable" (other than as a result of usual resale restrictions under applicable securities laws, including, without limitation, any "control person" restrictions which may arise by virtue of ownership thereof) under applicable Canadian securities laws. All prospective holders of Common Shares are urged to consult their legal advisors to ensure that the resale of their Common Shares complies with applicable securities legislation. Holders of Common Shares residing elsewhere than in Canada are urged to consult their legal advisors to determine the extent of all applicable resale provisions in their jurisdiction of residency.

Listing of the Common Shares

The Existing Shares are listed on the TSX. It is a condition to the implementation of the Plan that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation, as of the Implementation Date.

Expenses

The estimated fees, costs and expenses payable by Jaguar in connection with the completion of the Plan including, without limitation, financial advisory fees, filing fees, legal and accounting fees and printing and mailing costs are anticipated to be approximately $7.5 million.

JAGUAR BEFORE THE PLAN

Corporate Structure

Jaguar is a public company with its common shares listed on the TSX under the symbol "JAG". It was incorporated on March 1, 2002 pursuant to the *Business Corporations Act* (New Brunswick). On March 30, 2002, Jaguar issued initial common shares to Brazilian Resources, Inc. ("**BZI**") and IMS Empreendimentos Ltda. ("**IMS**") in exchange for property. In that transaction, BZI contributed to Jaguar all of the issued and outstanding shares in MSOL, a Brazilian mining company that controlled the mineral rights, concessions and licenses to certain property located near the community of Sabará, east of Belo Horizonte in the state of Minas Gerais, Brazil, and IMS contributed to Jaguar a 1,000-tonne per day production facility also located east of Belo Horizonte near the community of Caeté and the mineral rights to a nearby property related to National Department of Mineral Production Mineral ("**DNPM**") Exploration Request no. 831.264/87 and DNPM Mineral Exploration Request nos. 830.590/83 and 830.592/83. Jaguar was continued into Ontario in October 2003 pursuant to the OBCA and currently is a corporation existing under the laws of Ontario.

In connection with a reverse takeover involving Rainbow Gold Ltd., a New Brunswick corporation and a then inactive reporting issuer listed on the TSX-V, Jaguar was approved for listing on the TSX-V on October 14, 2003 and began trading on October 16, 2003. Jaguar subsequently graduated from the TSX-V to the TSX and began trading on the TSX on February 17, 2004.

Business of Jaguar

The Jaguar Group is engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The Jaguar Group controls 23,742 hectares in the Iron Quadrangle mining district of Brazil, a prolific greenstone belt located near the city of Belo Horizonte in the State of Minas Gerais, where the Jaguar Group owns operating assets. In addition, Jaguar holds mineral concessions totaling 138,548 hectares in the State of Maranhão, where the Jaguar Group owns the Gurupi Project and 41,204 hectares in the State of Ceará, where the Jaguar Group's Pedra Branca Project is located.

Capital Structure

Equity

Jaguar is authorized to issue an unlimited number of Common Shares of which there are 86,396,356 issued and outstanding. Holders of Jaguar's Existing Shares are entitled to receive notice of any meetings of shareholders, to attend and to cast one vote per Existing Share at all such meetings. Holders of Jaguar's Existing Shares do not have cumulative voting rights with respect to the election of directors, and holders of a majority of Jaguar's Existing Shares entitled to vote in any election of directors may therefore elect all directors standing for election. Holders of Jaguar's Existing Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of Jaguar are entitled to receive on a pro-rata basis the net assets of Jaguar after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Existing Shares with respect to dividends or liquidation. Jaguar's Existing Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

4.5% Convertible Notes

The 4.5% Convertible Notes were issued pursuant to the 4.5% Convertible Notes Indenture. The 4.5% Convertible Notes are unsecured, senior obligations of Jaguar. The 4.5% Convertible Notes bear interest at a rate of 4.5% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2010, and will mature on November 1, 2014. The 4.5% Convertible Notes have an initial conversion rate of 78.4314 Common Shares per $1,000 principal amount of converted notes, representing an initial conversion price of approximately $12.75 per Common Share, which represented a premium of approximately 26.2% to the closing price of the Common Shares on the NYSE on September 10, 2009 (the Common Shares ceased to be listed on the NYSE in June 2013). The conversion rate is subject to certain anti-dilution adjustments and adjustments in connection with specified corporate events. The 4.5% Convertible Notes are convertible at any time prior to maturity. Upon conversion, Jaguar may, in lieu of delivering Common Shares, elect to pay or deliver, as the case may be, cash or a combination of cash and Common Shares, in respect of the converted notes.

5.5% Convertible Notes

The 5.5% Convertible Notes were issued pursuant to the 5.5% Convertibles Notes Indenture. The 5.5% Convertibles Notes are unsecured, senior obligations of Jaguar. The 5.5% Convertibles Notes bear interest at a rate of 5.5% per annum, payable semi-annually in arrears on March 31 and September 30 each year, beginning on September 30, 2011 and will mature on March 31, 2016. The 5.5% Convertibles Notes have an initial conversion rate of 132.4723 Common Shares per $1,000 principal amount of converted notes, representing an initial conversion price of approximately $7.55 per Common Share, which was approximately 137.5% of the closing price of Jaguar common shares on the NYSE on February 3, 2011. The conversion rate is subject to certain anti-dilution adjustments and adjustments in connection with specified corporate events. The 5.5% Convertibles Notes are convertible any time prior to maturity. Upon conversion, Jaguar may, in lieu of delivering Common Shares, elect to pay or deliver, as the case may be, cash or a combination of cash and Common Shares, in respect of the converted notes.

Renvest Credit Facility

On October 29, 2012, the Corporation announced that it had arranged the Renvest Facility, a $30.0 million standby credit facility with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the "**Lender**").

On January 25, 2013, the Corporation made an initial drawdown of $5.0 million on the Renvest Facility and concurrently issued 570,919 Common Shares of the Corporation to the Lender pursuant to the terms of the Renvest Facility. On June 26, 2013, the Corporation drew down the remaining $25.0 million on the Renvest Facility and issued another 1,315,789 Common Shares of the Corporation to the Lender. The initial drawdown and the subsequent drawdown under the Renvest Facility mature in July 2014.

Interest applies to the outstanding balance of all amounts drawn down from the Renvest Facility at a fixed rate of 11.0% per annum, payable monthly in arrears.

The proceeds from the draw down were available, among other things, for working capital related to the Jaguar Group's Turmalina, Caeté and Paciência mining properties in Brazil. The Renvest Facility includes a general security agreement over all of the Corporation's and its subsidiaries' present and future assets, pledge of the shares of the Corporation's subsidiaries and loan guarantees by the Corporation's subsidiaries.

The Renvest Facility limits, among other things, the Corporation's ability to permit the creation of certain liens, make investments, dispose of material assets or, in certain circumstances, pay dividends. In addition, the Renvest Facility limits the Corporation's ability to incur additional indebtedness. If an event of default under the Renvest Facility occurs, the Lender could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due. The terms of the loan require the Corporation to use commercially reasonable efforts to maintain the listing of its Common Shares on the TSX during the term of the loan. An event of default under the Renvest Facility may also give rise to an event of default under existing and future debt agreements and, in such event, the Corporation may not have sufficient funds to repay amounts owing under such agreements.

Vale Note

The Vale note, a debt of MSOL relates to the purchase of mineral rights for the Roça Grande property for $13.3 million. The timing of payments under the Vale note is dependent upon the lender's registration of the mineral rights transfer with the DNPM. It is expected that the outstanding balance will be reduced to approximately $7 million and paid by installments commencing in 2014.

Bank Indebtedness

The Subsidiaries have bank indebtedness of $16.3 million (including accrued interest) as of November 30, 2013 which amount includes: (i) $384,000 of notes secured by certain equipment of the Subsidiaries bearing interest at 4.5% to 6.4% per annum with maturities ranging from February 2013 to August 2015; and (ii) $16 million of promissory notes secured by future gold sales payable at maturities ranging from December 2013 to March 2014, bearing interest at 5% to 7.2% per annum.

JAGUAR AFTER THE PLAN

After the Plan is implemented, the authorized capital of Jaguar will consist of an unlimited number of Common Shares. On the Implementation Date, assuming completion of the Share Offering and after giving effect to the Consolidation contemplated by the Plan, approximately 111,111,111 Common Shares will be outstanding, representing: (i) the Common Shares to be issued to former Noteholders in settlement of their Noteholder Claims as at the Implementation Date; (ii) the Offering Shares; and (iii) the Common Shares to be held by Existing Shareholders.

LEGAL PROCEEDINGS

In the ordinary course of business activities, Jaguar may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of Jaguar.

Brazilian labour law is a complex system of regulations, one with which the Corporation has historically not been in full compliance. As of September 30, 2013, there were 531 employee-initiated lawsuits against the Corporation, mostly with respect to wages or accidents. Although the aggregate face amount of those lawsuits approximates $17.0 million, based on management's assessment of the likelihood of loss related to these lawsuits, the Corporation has recognized $4.4 million as the estimated liability in its financial statements as at September 30, 2013. In 2013, court and settlement costs have averaged $1.0 million per quarter.

On July 30, 2013, Daniel R. Titcomb, the Corporation's former President and Chief Executive Officer, and a group of former officers, a former Director and BZI, a former related party of the Corporation, filed a complaint (the "**Titcomb Complaint**") in New Hampshire against the Corporation and selected current and former directors of the Corporation. The Corporation removed the suit to the federal court. Among other items, the Titcomb Complaint alleges wrongful termination of Mr. Titcomb and mismanagement of the strategic review process regarding the possible change of control of Jaguar which ended May 8, 2012. On November 1, 2013, the Corporation and the Named Directors filed their Defense which denies the allegations in the Titcomb Complaint and sets out counterclaims against Mr. Titcomb for breach of contract, and against Mr. Titcomb and the Corporation's former Corporate Secretary and General Counsel, Robert Lloyd, for breach of fiduciary duty and fraud. Jaguar and its Board of Directors believe the Titcomb Complaint to be without merit and are taking any steps necessary to vigorously defend the lawsuit and protect its interests. Effective September 19, 2013, the Board of Directors formed a special committee to oversee, review and evaluate various legacy issues, including the Titcomb Complaint, and to make recommendations to the Board thereon.

BZI failed to pay to the Corporation on December 31, 2012 an amount of $197,872 by way of a note payable. The Corporation is pursuing redress through court action in Brazil and currently has an attachment on real estate in Concord, New Hampshire to ensure the protection of its interests. BZI also has yet to pay R$387,839 in respect of a Brazilian labour court settlement, which amount bears interest at U.S. LIBOR payable quarterly. No payment of interest, accrued interest or principal has been made to date, nor has BZI confirmed a date when it intends to pay its debt outstanding. The Corporation is pursuing court action in the Merrimack Superior Court of New Hampshire, United States, to obtain repayment in full.

All phases of the Jaguar Group's operations are subject to environmental regulation in Brazil. The Jaguar Group has not been in full compliance with all environmental laws and regulations or held, or been in full compliance with, all required environmental and health and safety permits at all times. The Jaguar Group is currently subject to a number of reclamation and remediation liabilities and may have civil or criminal fines or penalties imposed for alleged violations of applicable laws or regulations in Brazil. The Jaguar Group has implemented and prioritized control structures and monitory programs to address each environmental infraction and a reclamation plan for each of its mining/project sites is being prepared.

INCOME TAX CONSIDERATIONS

This Circular does not address any tax considerations of the Plan other than the Canadian and United States federal income tax considerations described below. Affected Unsecured Creditors who are resident in jurisdictions other than Canada or the United States should consult their tax advisors with respect to the tax implications of the Plan.

The following summaries are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular Noteholder or General Unsecured Creditor. Consequently, Noteholders and General Unsecured Creditors are urged to consult their own tax advisors for advice as to the tax considerations in respect of the Plan having regard to their particular circumstances.

Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax consequences of the recapitalization of the Corporation as set forth in the Plan to Securityholders who, for the purposes of the Tax Act, deal at arm's length with and are not affiliated with the Corporation and, at all relevant times, hold their Notes and Common Shares as capital property and will hold their New Common Shares as capital property. The Notes, Common Shares and New Common Shares will generally be considered to be capital property of a Securityholder unless either the Securityholder holds (or will hold) such Notes, Common Shares or New Common Shares in the course of carrying on a business or the Securityholder has acquired such Notes, Common Shares or New Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian resident Securityholders whose Notes, Common Shares or New Common Shares might not otherwise qualify as capital property may, in certain circumstances, treat such Notes, Common Shares, or New Common Shares as capital property by making an irrevocable election pursuant to Subsection 39(4) of the Tax Act.

This summary is not applicable to a Securityholder: (i) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market rules"; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has entered into or will enter into, in respect of the Notes, Common Shares or New Common Shares, as the case may be, a "synthetic disposition arrangement" or a "derivative forward agreement" for purposes of the Tax Act. Such Securityholders should consult their own tax advisors having regard to their particular circumstances.

This summary does not describe the income tax consequences under the Plan to Affected Unsecured Creditors (other than Noteholders) or to holders of Options in respect of the cancellation of their Options. Affected Unsecured Creditors (other than Noteholders) and holders of Options should consult their own tax advisors in this regard.

Additional considerations, not discussed herein, may be applicable to a Securityholder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. Such Securityholders should consult their own tax advisors with respect to the Canadian income tax consequences to them of the transactions under the Plan.

This summary is based upon the current provisions of the Tax Act, the current regulations thereto (the "**Regulations**") and counsel's understanding of the current published administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted as proposed. This summary does not otherwise take into account or anticipate

any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Securityholder. Securityholders are urged to consult with their own tax advisors concerning the tax consequences to them of the transactions described in this Circular.

For purposes of the Tax Act, all amounts relevant in computing the income, taxable income and taxes payable by a Securityholder, including the cost and adjusted cost base of Notes, Common Shares and New Common Shares, must be determined in Canadian dollars based on the exchange rate quoted by the Bank of Canada for noon on the relevant date (or, if there is no such rate quoted for the relevant date, the closest preceding date for which such a rate is quoted) or such other rate of exchange that is acceptable to the Minister of National Revenue.

Securityholders Resident in Canada

The following discussion applies to a Securityholder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be a resident of Canada (a "**Canadian Holder**").

Note Exchange

A Canadian Holder of Notes will be considered to have disposed of its Notes upon the exchange of Notes for New Common Shares on the Effective Date.

Under the Plan, New Common Shares issued in exchange for Notes will be allocated first to the principal amount of the Notes and the balance, if any, to the accrued interest on the Notes. While it is a question of fact based on the fair market value of New Common Shares at the time they are issued, it is not expected that the issuance of New Common Shares will satisfy any of the interest accrued on the Notes.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in income the amount of interest accrued or deemed to accrue on Notes up to the Effective Date or that became receivable or was received on or before the Effective Date, to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest on Notes received or receivable by such Canadian Holder in the year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for the year or a preceding taxation year. Where a Canadian Holder is required to include an amount in income on account of interest on Notes that accrues in respect of the period prior to the date of acquisition of such Notes by such Canadian Holder, the Canadian Holder should be entitled to a deduction of an equivalent amount in computing income. Where a Canadian Holder is required to include an amount in income on account of interest on the Notes, the Canadian Holder should be entitled to a deduction of an equivalent amount in computing income to the extent that such amount was not received and did not become receivable.

In general, a Canadian Holder will realize a capital gain (or capital loss) on the exchange of Notes for New Common Shares equal to the amount by which the proceeds of disposition, net of any amount included in the Canadian Holder's income as interest and any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such Notes. A Canadian Holder's proceeds of disposition of Notes upon their exchange for New Common Shares will be an amount equal to the aggregate of the fair market value (at the time of the exchange) of the New Common Shares received on the exchange.

The income tax treatment of any such capital gain (or capital loss) is described below under "*Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

A Canadian Holder will be considered to have acquired any New Common Shares at a cost equal to the fair market value of such New Common Shares at the time of the exchange.

Consolidation of Common Shares

A Canadian Holder will not realize a capital gain or a capital loss as a result of the consolidation of the Common Shares held by such Canadian Holder.

Dividends on New Common Shares

Dividends and deemed dividends paid on New Common Shares will be included in a Canadian Holder's income for purposes of the Tax Act. Dividends received by an individual Canadian Holder will be subject to the gross-up and dividend tax credit rules provided for under the Tax Act including with respect to "eligible dividends", which entitle their recipient to the enhanced dividend tax credit. A Canadian Holder that is a corporation will include such dividends in computing its income and will generally be entitled to deduct the amount of such dividends in computing its taxable income. A Canadian Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of $33^{1}/_{3}\%$ on dividends received or deemed to be received on the New Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

Disposition of New Common Shares

A Canadian Holder will realize a capital gain (or capital loss) on a disposition or deemed disposition of New Common Shares equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such New Common Shares, plus any reasonable costs of disposition. The adjusted cost base to a holder of Common Shares at a particular time will generally be the average cost of all of the New Common Shares held by such holder as capital property at that time.

The tax treatment of any such capital gain (or capital loss) is described below under "*Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year will be included in the Canadian Holder's income in the year and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year is required to be deducted from taxable capital gains realized by the Canadian Holder in the year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back three years or forward indefinitely, subject to the rules in the Tax Act. The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a share may be reduced by the amount of dividends previously received or deemed to have been received by it on such share (or on a share for which the share has been substituted) subject to the rules in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust.

Additional Refundable Tax

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of $6\frac{2}{3}\%$ on certain investment income including amounts in respect of interest and taxable capital gains.

Alternative Minimum Tax

A Canadian Holder that is an individual (other than certain trusts) may be subject to alternative minimum tax under the Tax Act if the Canadian Holder realizes capital gains or receives dividends on Common Shares.

Eligibility for Investment

Provided that the Common Shares are listed on a designated stock exchange (which includes Tier 1 and Tier 2 of the TSX) at the relevant time, the New Common Shares issued pursuant to the Plan of Arrangement will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered disability savings plan, registered education savings plan and tax-free savings account ("**TFSA**").

Notwithstanding that the New Common Shares may be a qualified investment for a trust governed by a RRSP, RRIF or TFSA, the holder of or annuitant under such plan will be subject to a penalty tax if such New Common Shares are a "prohibited investment" under the Tax Act for such TFSA, RRSP or RRIF. The New Common Shares will generally not be a "prohibited investment" for a TFSA, RRSP or RRIF unless the holder of or annuitant under such plan (i) does not deal at arm's length with Jaguar for the purposes of the Tax Act, or (ii) has a "significant interest" (as defined in the Tax Act) in Jaguar. In addition, the New Common Shares will generally not be a "prohibited investment" if they are "excluded property" as defined in the Tax Act.

Securityholders Not Resident in Canada

The following discussion applies to a Securityholder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, (i) is a non-resident of Canada, (ii) does not use or hold any Notes or Common Shares and will not use or hold any New Common Shares in carrying on a business in Canada, (iii) is not a foreign affiliate of a taxpayer resident in Canada, and (iv) is not an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business (a "**Non-Resident Holder**").

The following discussion is not applicable to a Non-Resident Holder that is an Affected Unsecured Creditor (other than a Noteholder) or that is a "specified shareholder" (as defined in Subsection 18(5) the Tax Act) of the Corporation or that does not deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Corporation. Generally, for this purpose, a "specified shareholder" is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, shares of the capital stock of the Corporation that either (i) give such holders 25% or more of the votes that could be cast at an annual meeting of the shareholders or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the Corporation's capital stock. Such Non-Resident Holders should consult their own tax advisors.

Note Exchange

Under the Plan, New Common Shares issued in exchange for Notes will be allocated first to the principal amount of the Notes and the balance, if any, to the accrued interest on the Notes. While it is a question of fact based on the fair market value of New Common Shares at the time they are issued, it is not expected that the issuance of New Common Shares will satisfy any of the interest accrued on the Notes.

Amounts paid or credited, or deemed to be paid or credited, as, on account or in lieu of payment of, or in satisfaction of, interest on Notes to a Non-Resident Holder will not be subject to Canadian withholding tax provided that such amount does not represent "participating debt interest" (as such term is defined in the Tax Act). If the fair market value of the consideration received on the exchange of a Note exceeds, generally, the issue price of such Note, the excess may, in certain circumstances, be deemed to be interest and may, together with interest that has accrued on the Note to that time, be subject to non-resident withholding tax if any such interest is "participating debt interest" as defined in the Tax Act. If applicable, the rate of Canadian non-resident withholding tax on participating debt interest is 25%, unless such rate is reduced under the terms of an applicable income tax treaty or convention between Canada and a country in which the Non-Resident Holder is resident.

Subject to the comments above on interest, a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the exchange of Notes for New Common Shares provided that the Notes disposed of by such Non-Resident Holder are not "taxable Canadian property" for purposes of the Tax Act. Notes should generally not constitute "taxable Canadian property" of a Non-Resident Holder.

Dividends on New Common Shares

Dividends paid or credited or deemed to be paid or credited on New Common Shares will be subject to non-resident withholding tax under the Tax Act in the amount of 25% unless such rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and a country in which the Non-Resident Holder is resident.

Disposition of New Common Shares

A disposition by a Non-Resident Holder of New Common Shares will not be subject to tax under the Tax Act unless such New Common Shares constitute taxable Canadian property to the Non-Resident Holder at the time of the disposition and relief from taxation is not available under an applicable income tax treaty or convention.

Provided that they are listed on a designated stock exchange (which includes Tier 1 and Tier 2 of the TSX) at the time of such disposition, New Common Shares generally will not constitute taxable Canadian property to a Non-Resident Holder at that time unless at any time during the 60-month period immediately preceding that time: (i) 25% or more of the issued shares of any class of the capital stock of the Corporation were owned by or belonged to one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length, and (C) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the New Common Shares was derived directly or indirectly from one or any combination of (A) real or immovable property situated in Canada, (B) Canadian resource properties, (C) timber resource properties, or (D) options in respect of,

interests in, or for civil law rights in, any of the foregoing properties whether or not such property exists. The New Common Shares should generally not constitute taxable Canadian property as the Corporation's resource properties are all located outside of Canada. However, a Non-Resident Holder's New Common Shares may be deemed to be taxable Canadian property in certain circumstances set out in the Tax Act.

Consolidation of Common Shares

A Non-Resident Holder will not realize a capital gain or a capital loss as a result of the consolidation of the Common Shares held by such Non-Resident Holder.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax consequences to a U.S. Holder (as defined below) that is a Shareholder or Noteholder of the receipt of Common Shares pursuant to the Plan, the ownership and disposition of the Common Shares and the lapse of the Rights. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations promulgated under the Code, administrative pronouncements, judicial decisions, and the Income Tax Convention between the United States and Canada, all as of the date hereof. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal income tax consequences significantly different from those discussed herein. This discussion is not binding on the U.S. Internal Revenue Service (the "**IRS**"). No ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal income tax consequences discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions described herein or that a U.S. court will not sustain such a challenge.

This summary applies only to U.S. Holders that hold Notes and Common Shares as capital assets within the meaning of the Code. This discussion does not address the tax considerations arising as a result of a Noteholder having entered into a Backstop Agreement, or receiving consideration in respect of its commitments under the Backstop Agreement, or the U.S. federal income tax consequences to U.S. Holders subject to special rules, including, without limitation, U.S. Holders that (i) are banks, financial institutions, or insurance companies, (ii) are regulated investment companies or real estate investment trusts, (iii) are brokers, dealers or traders in securities or currencies, (iv) are tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax-deferred accounts, (v) hold the Common Shares or Notes as part of a hedge, straddle, constructive sale, conversion transaction, or other integrated investment, (vi) have a functional currency other than the U.S. dollar, (vii) are subject to the alternative minimum tax, (viii) own directly, indirectly or constructively 10 percent or more of the voting power of Jaguar; or (ix) are U.S. expatriates. In addition, this discussion does not address any U.S. federal estate, gift, or other non-income tax, or any state, local, or non-U.S. tax.

As used herein, "**U.S. Holder**" means a beneficial owner of Common Shares or Notes that is (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any U.S. state or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership holds the Common Shares or Notes, then the U.S. federal income tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them of the Plan.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF EXISTING COMMON SHARES OR NOTES ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS CIRCULAR IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY SUCH HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY US IN CONNECTION WITH OUR PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS CONTEMPLATED HEREIN; AND (C) HOLDERS OF EXISTING COMMON SHARES OR NOTES SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR REGARDING THE APPLICATION OF U.S. FEDERAL TAX LAWS TO THEIR PARTICULAR SITUATIONS AND ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S., OR OTHER TAXING JURISDICTION.

Tax Consequences to Existing Shareholders

A U.S. Holder who surrenders Existing Common Shares for Common Shares will not recognize any gain or loss for federal income tax purposes. A U.S. Holder's holding period for the Common Shares received will include the holding period of the Existing Shares surrendered therefor. In addition, the aggregate tax basis of the Common Shares received in the Plan will equal the aggregate tax basis of the Existing Shares surrendered therefor.

Tax Consequences to Noteholders

Receipt of Common Shares

The federal income tax treatment of the exchange of Notes for Common Shares by U.S. Holders pursuant to the Plan depends on whether the Notes constitute "securities" for purposes of the provisions in the Code that deal with tax-free reorganizations. Whether the Notes constitute "securities" for such purposes depends on a variety of factors, including the term of the Notes (meaning the length of time between the issue dates of the Notes and their maturity dates). A debt instrument with a term of less than five (5) years generally does not qualify as a security while a debt instrument with a term of ten (10) years or more generally does qualify as a security. The treatment as a security of a debt instrument with a term between five (5) and ten (10) years is unclear. Although not free from doubt, it is likely that both the 4.5% Convertible Notes and the 5.5% Convertible Notes will be treated as securities.

If the Notes are properly treated as securities for federal income tax purposes, then U.S. Holders will not recognize any gain or loss with respect to the exchange of Notes for Common Shares in the Plan except that U.S. Holders will recognize taxable income to the extent that any such Common Shares are deemed to have been received in respect of accrued and unpaid interest on the Notes. The aggregate tax basis of the Common Shares received by a U.S. Holder in exchange for Notes in the Plan will be the same as such U.S. Holder's aggregate tax basis in such Notes immediately before the exchange. In addition, such U.S. Holder's holding period for the Common Shares should include the period such U.S. Holder held the Notes exchanged for the Common Shares. To the extent that any Notes exchanged by a U.S. Holder for Common Shares were acquired with market discount, any market discount accrued on such Notes but not recognized by such holder may cause any gain recognized on the subsequent sale, exchange, redemption or other disposition of New Common Shares to be treated as ordinary income.

If either the 4.5% Convertible Notes, the 5.5% Convertible Notes, or both, are not properly treated as securities for federal income tax purposes, then the exchange of those Notes in the Plan would be fully taxable and the U.S. Holder would recognize gain or loss for U.S. federal income tax purposes. The amount of gain (or loss) recognized by a U.S. Holder would be equal to the amount by which (i) the aggregate fair market value of the Common Shares received by such U.S. Holder exceeds (or is less than) (ii) such U.S. Holder's adjusted tax basis in the Notes surrendered in the exchange. The U.S. Holder's adjusted tax basis in the Notes surrendered in the exchange will be equal to the amount paid therefor, increased by any accrued original issue discount ("**OID**") and any market discount previously included in income and reduced by payments other than payments of qualified stated interest and by any amortizable bond premium previously taken into account. The U.S. Holder's adjusted tax basis in the Common Shares would equal their fair market values. The U.S. Holder's holding period in the Common Shares would begin on the day after the day of the exchange. Subject to the treatment of a portion of any gain as ordinary income to the extent of any market discount accrued on the Notes and not previously included in income by the U.S. Holder, any gain or loss would be capital gain or loss and would be long-term capital gain or loss if the U.S. Holder held the Notes for more than one year as of the date of the exchange. The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations.

Cash received by a U.S. Holder in lieu of a fractional New Common Share or Right should be treated as a payment in exchange for the fractional share or Right, and a U.S. Holder generally will recognize taxable gain or loss on the receipt of cash in lieu of a fractional New Common Share or Right in an amount equal to the difference, if any, between the amount of cash received and the U.S. Holder's tax basis in the fractional New Common Share or Right. No cash is to be paid in lieu.

Tax Consequences to U.S. Holders of New Common Shares

Distributions of New Common Shares

The following discussion assumes that Jaguar is not and will not become a "Passive Foreign Investment Company" ("**PFIC**") for U.S. federal income tax purposes. Jaguar does not believe that it is now a PFIC and does not expect to become a PFIC. There can be no assurance, though, that Jaguar will not become a PFIC as that determination is factual in

nature and will depend in part on future events. If Jaguar is now or becomes a PFIC, the tax consequences set forth below would generally not apply.

In general, the gross amount of any distribution made on the Common Shares by Jaguar will generally be subject to U.S. federal income tax as dividend income to the extent paid out of Jaguar's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such amount will be includable in gross income by a U.S. Holder as ordinary income on the date such U.S. Holder actually or constructively receives the distribution. Dividends paid by Jaguar will not be eligible for the dividends-received deduction generally allowed to corporations.

Subject to applicable exceptions with respect to short-term and hedged positions, certain dividends received by non-corporate U.S. Holders from a "qualified foreign corporation" are eligible for reduced rates of taxation ("**qualified dividends**"). A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory for these purposes and that includes an exchange of information provision. The U.S. Treasury has determined that the Income Tax Convention between the United States and Canada meets these requirements, and Jaguar believes it is eligible for the benefits of the Income Tax Convention between the United States and Canada.

To the extent that a distribution on the Common Shares exceeds the amount of Jaguar's current or accumulated earnings and profits, as determined under U.S. federal income tax principles, it would be treated first as a tax-free return of capital, causing a reduction in the U.S. Holder's adjusted basis in the Common Shares held by such U.S. Holder (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by such U.S. Holder upon a subsequent disposition of the Common Shares), with any amount that exceeds the adjusted basis being taxed as a capital gain recognized on a sale or exchange (as discussed under "*Sale, Exchange, or Other Taxable Disposition of Common Shares*" below). However, Jaguar does not intend to maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by Jaguar with respect to the Common Shares will constitute ordinary dividend income.

The gross amount of distributions paid in any currency other than the U.S. dollar will be included by each U.S. Holder in gross income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the distributions are actually or constructively received, regardless of whether the payment is in fact converted into U.S. dollars. If such currency is converted into U.S. dollars on the date of receipt, the U.S. Holder should not be required to recognize any foreign currency gain or loss with respect to the receipt of the foreign currency distributions. If the foreign currency received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the currency equal to the U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of such currency will be treated as U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale, Exchange, or Other Taxable Disposition of the Common Shares

A U.S. Holder generally will recognize a U.S. source capital gain or loss on the sale, exchange or other disposition of Common Shares in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the Common Shares. Such gain or loss would be a long-term capital gain or loss if the U.S. Holder's holding period for the Common Shares (determined under the rules discussed above) was longer than one year as of the date of the sale, exchange or other disposition. A long-term capital gain recognized by certain non-corporate U.S. Holders, including individuals, generally is subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

With respect to the sale, exchange or other taxable disposition of Common Shares, the amount realized generally will be the U.S. dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder and (2) the date of disposition in the case of an accrual basis U.S. Holder. If the Common Shares are treated as traded on an "established securities market," a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale. Additionally, if a U.S. Holder receives any foreign currency on the sale of Common Shares, such U.S. Holder may recognize ordinary income or loss as a result of currency fluctuations between the date of the sale of Common Shares and the date the sale proceeds are converted into U.S. dollars.

Foreign Tax Credit Considerations

For purposes of the U.S. foreign tax credit limitations, dividends received by a U.S. Holder with respect to Common Shares will be foreign source income and generally will be "passive category income" but could, in the case of certain U.S.

Holders, constitute "general category income." In general, gain or loss realized upon sale or exchange of the Common Shares by a U.S. Holder will be U.S. source income or loss, as the case may be.

Subject to certain limitations, any Canadian tax withheld with respect to distributions made on the Common Shares may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. Alternatively, a U.S. Holder may, subject to applicable limitations, elect to deduct the otherwise creditable Canadian withholding taxes for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex and their application depends on each taxpayer's particular circumstances. Accordingly, U.S. Holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Medicare Tax on Net Investment Income

U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% Medicare tax on their net investment income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, the Common Shares, subject to certain limitations and exceptions.

U.S. Information Reporting and Backup Withholding Tax

Under U.S. federal income tax law and regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. Penalties for failure to file certain of these information returns are substantial. New U.S. return disclosure obligations (and related penalties for failure to disclose) have also been imposed on U.S. individuals that hold certain specified foreign financial assets in excess of $50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also may include the Common Shares. U.S. Holders of the Common Shares should consult with their own tax advisors regarding the requirements of filing information returns.

Dividends on the Common Shares and proceeds from the sale or other disposition of Common Shares that are paid in the United States or by a U.S.-related financial intermediary will be subject to U.S. information reporting rules, unless a U.S. Holder is a corporation or other exempt recipient. In addition, payments that are subject to information reporting may be subject to backup withholding (currently at a 28.0% rate) if a U.S. Holder fails to provide its taxpayer identification number, fails to certify that such number is correct, fails to certify that such U.S. Holder is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is provided to the IRS in a timely manner.

RISK FACTORS

The following information describes certain significant risks and uncertainties inherent in the Plan and the business of Jaguar. Affected Unsecured Creditors should take these risks into account in evaluating the Plan. This section does not describe all risks applicable to the Plan or Jaguar, and it is intended only as a summary of certain material risks. Additional risks and uncertainties that are not presently known or that management currently believes are immaterial may also adversely impact the implementation of the Plan and the operation of the business of Jaguar. Affected Unsecured Creditors should carefully consider such risks and uncertainties together with the other information contained in this Circular. If any of such risks or uncertainties actually occur, the business, financial condition or operating results of the Corporation and/or implementation of the Plan could be negatively impacted and could differ materially from the proposed transactions and other forward-looking statements included in this Circular. Discussion regarding risks applicable to Jaguar is also found, among other places, in the "*General Development of the Business*", "*Description of the Business*" and "*Risk Factors*" sections in the AIF, the Q3 MD&A and the financial statements of the Corporation.

Risks Relating to the Plan

The Plan may not be implemented

We will not complete the Plan unless and until all conditions precedent to the Plan, some of which are not under the control of the Corporation, are satisfied or waived. See "*Description of the Plan – Conditions to the Plan Becoming Effective.*" Even if the Plan is completed, it may not be completed on the schedule described in this Circular. Accordingly, Affected Unsecured Creditors participating in the Plan may have to wait longer than expected to receive their New Common Shares. In addition, if the Plan is not completed on the schedule described in this Circular, we may incur additional expenses.

Consummation of the Plan is subject to Affected Unsecured Creditors' acceptance and Court approval

Before the Plan can be consummated, it must have been approved by the Required Majority and sanctioned, after notice and a hearing on any objection, by the Court. There can be no assurance that the Plan will be approved by the Required Majority, and that even if approved, the Court will sanction the Plan. The failure of any of these conditions will delay or prevent the consummation of the Plan. There can be no assurance that other creditors, securityholders or third parties will not seek to challenge, oppose or delay the implementation of the Plan.

Adverse publicity related to the CCAA Proceeding may affect the Corporation's business

Adverse publicity or news coverage relating to the CCAA Proceeding could have an adverse effect on the Corporation business. Following the implementation of the Plan, there can be no assurance that negative publicity will not have a long-term negative effect on the business.

In addition, there can be no assurance as to the effect of the announcement of the Plan on Jaguar's relationships with its suppliers, customers or contractors, nor can there be any assurance as to the effect on such relationships of any delay in the completion of the Plan. To the extent that any of these events result in the tightening of payment or credit terms, or the loss of a major supplier, customer, contractor, or of multiple other suppliers, customers, purchasers, or contractors, this could have a material adverse effect on the Jaguar's business, financial condition, liquidity and results of operations.

The Plan may not improve the financial condition of Jaguar

Management believes that the Plan will enhance Jaguar's liquidity and provide it with continued operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that Jaguar's financial condition will not be materially adversely affected while the Plan is underway and that it will be stable or will improve following the completion of the Plan in the increasingly competitive marketplace in which Jaguar operates, that general economic conditions and the market price of gold will remain stable or improve, as well as Jaguar's continued ability to manage costs. Should any of those assumptions prove false, the financial position of Jaguar may be materially adversely affected and Jaguar may not be able to pay its debts as they become due. Additional financing will likely be required to operate the Corporation's business on a long-term basis.

The New Common Shares will be junior to all of our other securities, including our existing and future indebtedness

By exchanging the Notes for New Common Shares and the rights to participate in the Share Offering, Noteholders will be changing the nature of their investment from debt to equity. Equity carries certain risks that do not apply to debt. The Indentures and Notes provide a variety of contractual rights and remedies to the Noteholders, including the right to receive interest and repayment upon maturity. These rights will not be available to Noteholders in respect of their New Common Shares. Claims of holders of Common Shares will be subordinated in priority to the claims of creditors in the event of an insolvency, winding up, or other distribution of the assets of Jaguar.

After the Plan, the Common Shares may be concentrated in a few holders

Following the completion of the Plan, the former Noteholders will hold, in aggregate, a significant percentage of the issued and outstanding Common Shares, being Jaguar's only voting shares, and, as a whole, the former Noteholders will have significant influence in any matter coming before a vote of securityholders of the Corporation. The interests of the former Noteholders in the business, operations and financial condition of the Corporation from time to time may not be aligned with, or may conflict with, the interests of other securityholders.

Risks Relating to Non-Implementation of the Plan

Failure to implement the Plan could create liquidity risks

If the Plan is not implemented and business operations of the Corporation continue at their current levels, we expect, in the foreseeable future, to cease to have sufficient liquidity to carry on business in the ordinary course or to service, repay or refinance our outstanding indebtedness. In the current market conditions and Jaguar's financial condition, and given our existing contractual covenants, Jaguar can give no assurance that additional capital will be available on favourable terms, or at all. Further, if the Corporation defaults under the terms of certain of its indebtedness, the debtholders thereunder may accelerate the maturity of their obligations, and these defaults could cause cross-defaults or cross-acceleration under our obligations. Jaguar has committed an event of default under the 4.5% Convertible Notes as a result of its failure to make an interest payment due thereunder on December 2, 2013. Jaguar's inability to obtain additional capital, if and when needed, could have a material adverse effect on its business, results from operations and financial condition.

Jaguar may not generate sufficient cash flow to service all of its obligations

In the event that the Plan is not implemented, the business is not expected to generate cash flow in an amount sufficient to enable us to repay our indebtedness, or to fund our other liquidity needs. It seems unlikely that this will be feasible. As stated above, Jaguar has incurred significant net losses in the past and expects to incur a net loss in fiscal 2013 and, in the current business environment, Jaguar's operations have generated insufficient cash flows to fund capital expenditures, interest payments and increases in working capital and as a result, Jaguar has had to borrow to meet these obligations. Jaguar's ability to make payments on its indebtedness, and to fund its operations, working capital and capital expenditures, depends on its ability to generate cash in the future. The Corporation's cash flow is subject to general economic, industry, financial, competitive, operating, regulatory and other factors that are beyond our control. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things:

- the financial condition of the Corporation at the time;
- restrictions in our other credit documents; and
- other factors, including the condition of the financial markets or the market price of gold.

In the event that the Plan is not implemented then:

- Jaguar's net indebtedness will not be reduced by approximately $268.5 million and the associated net reduction in debt service costs will not be achieved;
- the US$50 million of new liquidity that is to be provided as part of the Share Offering would not be available to Jaguar and replacement financing may not be available;
- Jaguar may have increased vulnerability to current and future adverse economic and industry conditions;
- Jaguar may have limited flexibility in planning for, or reacting to, changes and opportunities in its business and its industry;
- Jaguar may have increased employee turnover and uncertainty, diverting management's attention from routine business and hindering its ability to recruit qualified employees;
- Jaguar may be placed at a competitive disadvantage compared to its competitors; and
- Jaguar's cash flow from operations and available liquidity are expected to be insufficient to provide adequate funds to finance its operations and it is expected that a liquidation would result.

Risks Relating to Jaguar's Equity Securities

After implementation of the Plan, the Common Shares may not be listed

The Existing Shares are listed on the TSX and it is a condition to the implementation of the Plan that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders as of the Implementation Date. Such condition precedent may be waived, however, and, accordingly, the liquidity of the New Common Shares may be limited and the value of the New Common Shares may be significantly negatively affected.

Sales or issuances of a significant number of equity securities in the public markets, or the perception of such sales, could depress the market price of the Common Shares

The New Common Shares to be issued pursuant to the Plan represent approximately 99.1% of the issued and outstanding Existing Shares prior to giving effect to the Plan. The Offering Shares are being issued at the Subscription Price and the other 39,155,314 New Common Shares, subject to adjustment, being issued as part of the Plan are being issued in exchange for all outstanding obligations owed to the Noteholders, including, without limitation, outstanding principal and all accrued and unpaid interest on the Notes. With any sale or issuance of equity securities by Jaguar, investors will suffer dilution of their voting power and Jaguar may experience dilution in its earnings per share. We cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares. The price of the Common Shares could be affected by possible sales of Common Shares or by hedging or arbitrage trading activity.

The trading price for the Common Shares may be volatile

The trading price of the Common Shares may be subject to large fluctuations, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including:

- the price of gold;
- Jaguar's financial condition, financial performance and future prospects;
- the public's reaction to Jaguar's news releases, other public announcements and Jaguar's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track Jaguar's equity securities or the securities of other companies in the gold sector;
- changes in general economic conditions and the overall condition of the financial markets;
- the number of Common Shares to be publicly traded, including upon issuance of convertible equity securities by the Corporation;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving Jaguar or its competitors; and
- the factors listed under the heading "*Note Regarding Forward-Looking Information and Statements*".

Exemptions Under the 1934 Act as a Foreign Private Issuer

The Corporation is a foreign private issuer within the meaning of rules promulgated under the 1934 Act. As such, it is exempt from certain provisions of the 1934 Act applicable to United States public companies including: the rules under the 1934 Act requiring the filing with the United States Securities and Exchange Commission of quarterly reports on Form 10-Q or current reports on Form 8-K; the sections of the 1934 Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under the 1934 Act; the sections of the 1934 Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer's equity securities within six months or less), and the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information. In addition, certain provisions of the Sarbanes-Oxley Act of 2002 either do not apply to the Corporation. Because of the exemptions under the 1934 Act and Sarbanes-Oxley Act applicable to foreign private issuers, shareholders of the Corporation are not afforded the same protections or information generally available to investors in public companies organized in the United States.

Tax Risks

Canadian Federal Income Tax Considerations

The Plan has not been the subject of an advance income tax ruling from the CRA and there is no guarantee that the CRA will treat the Plan and the Plan in the same manner for income tax purposes as is described under "*Certain Canadian Federal Income Tax Consideration*". In particular, there is no guarantee that the CRA will not treat certain transactions occurring as part of the Plan as taxable transactions to a Shareholder or Noteholder. Nor is there any guarantee that the Plan, including the exchange of the Notes, will not result in any adverse income tax consequences for the Corporation.

Noteholders may not be permitted to recognize loss realized as a result of the Plan for United States Federal Income Taxes purposes

The receipt of New Common Shares by Noteholders in exchange for the Notes may constitute a tax-deferred exchange for U.S. federal income tax purposes. If the exchange qualifies as a tax-deferred exchange, a U.S. Holder generally will not be permitted to recognize loss, but may be required to recognize gain unless certain other conditions are met by such U.S. Holder. Whether the exchange qualifies as a tax-deferred exchange will depend on the percentage of Common Shares held by Noteholders immediately after the consummation of the Plan, which will not be determined with certainty until the subscriptions under the Share Offering are received.

U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them of the Plan. See "Income Tax Considerations - *Certain United States Federal Income Tax Considerations – Tax Consequences to Noteholders.*"

Risks Related to Jaguar's Business and Industry

In addition to the other information set forth and incorporated by reference in this Circular, you should carefully review the following factors before deciding whether to approve the Plan. Additional risks and uncertainties, including those generally affecting the industry in which we operate, or risks and uncertainties that we currently deem immaterial, may also impact our business, the Corporation generally or our securities.

The Corporation's business, results of operations and financial condition are influenced by a variety of factors, including, but not limited to, general economic conditions, risks relating to the gold industry, risks relating to the volatility of gold prices, risks relating to the calculation of mineral reserves, resources and metal recovery, risks relating to exploration and development activities, fluctuations in currency rates, reliance of management and key personnel, fluctuating capital and operating costs, production and economic rates, increases in energy costs or interruption of energy supply, risks relating to defects in Jaguar's title to properties; foreign political stability and government regulation, and risks relating obtaining and renewing government permits. You should also give careful consideration to the "Risk Factors" section contained in the AIF. Any of the risks and uncertainties set forth therein could materially and adversely affect the Corporation's business, results of operations and financial condition.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Jaguar are KPMG LLP, Chartered Accountants, Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. through its offices in Toronto, Ontario.

The trustee for the Notes is the Indenture Trustee.

LEGAL AND FINANCIAL MATTERS

Certain legal matters in connection with the Plan will be passed upon on behalf of Jaguar by Norton Rose Fulbright Canada LLP, as to matters of Canadian law, and by Shulte Roth Zabel LLP as to matters of United States law.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in this Circular from documents filed with the securities commissions or similar authorities in Canada and with the SEC. Copies of this Circular and the documents incorporated herein by reference may be obtained on request without charge from our General Counsel and Corporate Secretary at our registered office located at 67 Yonge Street, Suite 1203, Toronto, Ontario M5E 1J8 (Telephone: (647) 494-5524).

In addition to the continuous disclosure obligations under the securities laws of the provinces of Canada, we are subject to the information reporting requirements of the 1934 Act, and in accordance therewith file reports with, and furnish other information to, the SEC. Under a multi-jurisdictional disclosure system adopted by the United States and Canada, these reports and other information (including financial information) may be prepared in accordance with the disclosure requirements of Canada, which differ in certain respects from those in the United States. As a foreign private issuer, we are exempt from the rules under the 1934 Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the 1934 Act. In addition, we are not required to publish financial statements as promptly as U.S. companies.

You may read any document we file with or furnish to the securities commissions and authorities of the provinces of Canada through SEDAR and any document we file with or furnish to the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Prospective investors may call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities. The SEC also maintains a website, at www.sec.gov, that contains reports and other information we file with the SEC.

APPROVAL OF INFORMATION CIRCULAR AND PROXY STATEMENT BY THE BOARD OF DIRECTORS

The contents of this Circular and its sending to the Affected Unsecured Creditors have been approved by the Board of Directors.

DATED at Toronto, Ontario this December 23, 2013.

Richard D. Falconer
Richard D. Falconer
Chairman of the Board of Directors

APPENDIX A
FORM OF RESOLUTION
FOR AFFECTED UNSECURED CREDITORS OF JAGUAR MINING INC.

Capitalized terms used and not defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement dated as of December 23, 2013 filed by the Corporation under the *Companies' Creditors Arrangement Act*, as may be amended, restated or supplemented (the "**Plan**").

BE IT RESOLVED THAT:

1 The Plan presented to Affected Unsecured Creditors at the Meeting be and hereby is authorized and approved.

2 Notwithstanding that this resolution has been passed and the Plan has been approved by the Affected Unsecured Creditors and the Court, the directors of the Corporation be and hereby are authorized and empowered to amend or not proceed with this resolution subject to and in accordance with the terms of the Plan.

3 Any directors or officers of the Corporation are hereby authorized, empowered and instructed, acting for, and in the name of and on behalf of the Corporation (but not the creditors), to execute, or cause to be executed under the seal of the Corporation or otherwise, and to deliver or cause to be delivered for, on behalf of and in the name of such Corporation, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer determines to be necessary or desirable in order to carry out the Plan, such determination to be conclusively evidenced by the execution and delivery by such director or officer of such documents, agreements or instruments or the doing of any such act or thing.

APPENDIX B
PLAN OF COMPROMISE AND ARRANGEMENT

Draft

Court File No. ●

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 AND ARRANGEMENT OF JAGUAR MINING INC. (the "Applicant")

PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

OF JAGUAR MINING INC.

DECEMBER ●, 2013

RECITALS

(A) Jaguar Mining Inc. (the "**Applicant**" or "**Jaguar**") is a debtor company (as such term is defined in the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

(B) On ●, 2013, the Honourable Justice ● of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted the following Orders pursuant to the CCAA:

(i) an Initial Order in respect of the Applicant (as such Order may be amended, restated or varied from time to time, the "**Initial Order**");

(ii) a Plan Filing and Meeting Order (as such Order may be amended, restated or varied from time to time, the "**Meeting Order**") pursuant to which, among other things, the Applicant was authorized to file this plan of compromise and arrangement and to convene a meeting of affected creditors to consider and vote on this plan of compromise and arrangement; and

(iii) a Claims Procedure Order (as such Order may be amended, restated or varied from time to time, the "**Claims Procedure Order**"), which, among other things,

established the procedures by which claims of affected creditors shall be filed in these proceedings.

(C) Mineração Serras Do Oeste Ltda. ("**MSOL**"), Mineração Turmalina Ltda. ("**MTL**"), and MCT Mineração Ltda. ("**MCT**"), each incorporated under the laws of Brazil, are wholly-owned subsidiaries of Jaguar and are not applicants in the CCAA Proceedings.

(D) The purpose of this Plan is to facilitate the continuation of the business of the Jaguar Group (as hereinafter defined) as a going concern, address certain liabilities of the Applicant, and effect a recapitalization and financing transaction on an expedited basis to provide a stronger financial foundation for the Jaguar Group going forward and additional liquidity to allow the Jaguar Group to continue to work towards its operational and financial goals from and after the Implementation Date in the expectation that all Persons (as hereinafter defined) with an economic interest in the Jaguar Group will derive a greater benefit from the implementation of this Plan than would otherwise result.

NOW THEREFORE the Applicant hereby proposes and presents this Plan under the CCAA.

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In this Plan and the Recitals, unless otherwise stated or unless the subject matter or context otherwise requires:

"**4.5% Convertible Note Indenture**" means the Indenture dated as of September 15, 2009 among Jaguar, as issuer, The Bank of New York Mellon as trustee and BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 4.5% convertible notes;

"**5.5% Convertible Note Indenture**" means the Indenture dated as of February 9, 2011 among Jaguar as issuer, The Bank of New York Mellon as trustee and BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 5.5% convertible notes;

"**Accrued Interest Claim**" means, with respect to a particular Participating Eligible Investor or Funding Backstop Party, all unpaid interest accrued under the Notes at the applicable rate under the Indentures owing as at the Record Date to such Participating Eligible Investor or Funding Backstop Party;

"**Accrued Interest Claims**" means the aggregate of all unpaid interest accrued under the Notes at the applicable rate under the Indentures owing as at the Record Date to the Participating Eligible Investors and Funding Backstop Parties;

"**Accrued Interest Offering Shares**" means 9,044,203 New Common Shares;

"**Ad Hoc Committee**" means the ad hoc committee of Noteholders represented by the Advisors;

"**Administration Charge**" has the meaning given to that term in the Initial Order;

"**Advisors**" means Goodmans LLP, Houlihan Lokey Capital, Inc., Dias Carneiro Advogados, Behre Dolbear & Company (USA), Inc. and Stroock & Stroock & Lavan LLP;

"**Affected Creditor Class**" has the meaning given to that term in Section 3.1;

"**Affected Unsecured Claims**" means all Claims against the Applicant that are not Equity Claims;

"**Affected Unsecured Creditor**" means the holder of an Affected Unsecured Claim in respect of and to the extent of such Affected Unsecured Claim;

"**Allowed**" means, with respect to a Claim, any Claim or any portion thereof that has been finally allowed as a Distribution Claim (as defined in the Claims Procedure Order) for purposes of receiving distributions under this Plan in accordance with the Claims Procedure Order and the CCAA;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the Law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Applicant**" has the meaning given to that term in Recital A;

"**Articles of Reorganization**" means the Articles of Reorganization of Jaguar to be filed pursuant to Section 186 of the OBCA and in accordance with Section 7.4(a) hereof, in form and substance satisfactory to Jaguar and the Majority Consenting Noteholders.

"**Assumed Backstop Commitment**" means, in the event of a Backstop Default/Termination, if any, a Backstop Commitment, or a portion thereof, assumed by an Assuming Backstop Party from a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party, as applicable, in accordance with the terms and conditions of this Plan and the Backstop Agreement;

"**Assuming Backstop Party**" means, in the event of a Backstop Default/Termination, if any, a Non-Defaulting Backstop Party, Non-Objecting Backstop Party, Non-Breaching/Non-Delivering Backstop Party, or such other party acceptable to the Backstop Parties and Jaguar in each case in accordance with the Backstop Agreement, that executes a Backstop Consent Agreement and that has assumed the obligations (and rights), or a portion thereof, of a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party, as applicable, under the Backstop Agreement, in accordance with the terms and conditions of this Plan and the Backstop Agreement. For greater certainty, any Assuming Backstop Party that has complied with its obligations under this Plan and the Backstop Agreement shall constitute and be treated as a Funding Backstop Party for purposes of this Plan;

"**Backstop Agreement**" means the backstop agreement dated November 13, 2013 (as amended from time to time) between certain Noteholders, Jaguar, MCT, MSOL and MTL, together with any Backstop Consent Agreements executed by other parties from time to time;

"**Backstop Commitment**" means, in respect of each Backstop Party, the commitment set forth on such Backstop Party's signature page to the Backstop Agreement or a Backstop Consent Agreement, as applicable, which commitment may be reduced in accordance with and subject to the terms and conditions of the Backstop Agreement and this Plan;

"**Backstop Commitment Reduction Election**" has the meaning given to such term in Section 4.1(c);

"**Backstop Commitment Shares**" means 11,111,111 New Common Shares;

"**Backstop Consent Agreement**" means an agreement substantially in the form of Schedule B to the Backstop Agreement;

"**Backstop Consideration Commitment**" means, in respect of each Backstop Party, the commitment set forth on such Backstop Party's signature page to the Backstop Agreement or a Backstop Consent Agreement, as applicable, which commitment, for greater certainty, shall not be reduced as a result of a Backstop Commitment Reduction Election;

"**Backstop Default/Termination**" means any of the following: (a) a breach by a Breaching Backstop Party under section 10(b)(i) or (ii) of the Backstop Agreement in respect of which the Backstop Agreement has been terminated with respect to such Breaching Backstop Party in accordance with its terms; (b) a failure by a Defaulting Backstop Party to meet its obligations in respect of its Backstop Commitment on or before the Backstop Funding Deadline; (c) a failure by a Non-Delivering Backstop Party to deliver an executed Rep Letter to Jaguar by the Election Deadline or if a representation or warranty made in such Rep Letter becomes untrue; and (d) the termination by an Objecting Backstop Party of its obligations under the Backstop Agreement in accordance with section 8(c) thereof;

"**Backstop Funding Deadline**" has the meaning given to such term in Section 4.1(g);

"**Backstop Parties**" means those Noteholders that have entered into the Backstop Agreement (including a Backstop Consent Agreement), and a "**Backstop Party**" means any one of the Backstop Parties, and their permitted assignees;

"**Backstop Payment Amount**" has the meaning given to such term in Section 4.1(f);

"**Backstop Purchase Obligation**" means the obligation of a Backstop Party to purchase Backstopped Shares in accordance with the terms and conditions of the Backstop Agreement and this Plan;

"**Backstopped Shares**" has the meaning given to such term in Section 4.1(f);

"**Beneficial Noteholder**" means a beneficial or entitlement holder of Notes holding such Notes in a securities account with a depository, a depository participant or other securities intermediary including, for greater certainty, such depository participant or other securities intermediary only if and to the extent such depository participant or other securities intermediary holds the Notes as a principal for its own account;

"**Bradesco**" means Banco Bradesco S.A.;

"**Breaching Backstop Party**" means a Backstop Party that has breached the Backstop Agreement under section 10(b)(i) or (ii) thereof and in respect of whom the Backstop Agreement has been terminated in accordance with its terms;

"**Business Day**" means any day, other than a Saturday, or a Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario and New York, New York;

"**CCAA Proceedings**" means the proceedings commenced by the Applicant under the CCAA as contemplated by the Initial Order;

"**Charges**" has the meaning ascribed thereto in the Initial Order;

"**Claim**" means:

i. any right or claim, including any Tax Claim, of any Person that may be asserted or made in whole or in part against the Applicant, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Applicant, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and

whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim arising from or caused by the termination, disclaimer, resiliation, assignment or repudiation by the Applicant of any contract, lease or other agreement, whether written or oral, any claim made or asserted against the Applicant through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, and including any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date, including for greater certainty any Equity Claim and any claim against the Applicant for indemnification by Director or Officer in respect of a Director/Officer Claim but excluding any such indemnification claims covered by the Directors' Charge (each, a "**Pre-filing Claim**", and collectively, the "**Pre-filing Claims**");

ii. any right or claim of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by the Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral (each, a "**Restructuring Period Claim**", and collectively, the "**Restructuring Period Claims**"); and

iii. any right or claim of any Person against one or more of the Directors or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director or Officer is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer (each a "**Director/Officer Claim**", and collectively, the "**Director/Officer Claims**"),

in each case other than any Excluded Claim;

"**Commitment Reduction Electing Backstopper**" has the meaning given to such term in Section 4.1(c);

"**Common Share Consolidation**" has the meaning given to such term in Section 7.4(a);

"**Common Shares**" means the common shares in the capital of Jaguar that are duly issued and outstanding at any time;

"**Consenting Noteholder**" means any Noteholder that has executed the Support Agreement (including a consent agreement substantially in the form of Schedule C thereto), in respect of whom the Support Agreement has not been terminated;

"**Consolidation Number**" means the quotient (to five decimal places) determined by dividing the number of Existing Shares by 1,000,000, which as of the date of this Plan is 86.39636.

"**Continuing Other Director/Officer Claims**" means Director/Officer Claims against the Other Directors

and/or Officers;

"**Court**" has the meaning given to that term in Recital B;

"**Credit Agreement**" means the credit agreement made as of December 17, 2012 between Jaguar, as borrower, the Subsidiaries, as guarantors, and Global Resource Fund, as lender.

"**Creditor**" means any Person having a Claim and includes without limitation the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

"**Crown**" means Her Majesty in right of Canada or a province of Canada;

"**Crown Claim**" means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

i. subsection 224(1.2) of the ITA;

ii. any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts;

iii. any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

a. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or

b. is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

"**Defaulting Backstop Party**" means a Backstop Party that has failed to meet its obligations in respect of its Backstop Commitment on or before the Backstop Funding Deadline;

"Designated Offshore Securities Market" has the meaning given to that term in Rule 902 of Regulation S.

"**Direct Registration System Advice**" means, if applicable, a statement delivered by the Transfer Agent or any such Person's agent to any Person entitled to receive New Common Shares pursuant to the Plan indicating the number of New Common Shares registered in the name of or as directed by the applicable Person in a direct registration account administered by the Transfer Agent in which those Persons entitled to receive New Common Shares pursuant to the Plan will hold such New Common Shares in registered form and including, if applicable, a securities law legend;

"**Director**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of Jaguar;

"**Director/Officer Claim**" has the meaning given to that term in the definition of Claim;

"**Director/Officer Indemnity Claim**" means any existing or future right of any Director or Officer of Jaguar against Jaguar that arose or arises as a result of any Person filing a Proof of Claim (as defined in the Claims Procedure Order) in respect of a Director/Officer Claim in respect of such Director or Officer of Jaguar for which such Director or Officer of Jaguar is entitled to be indemnified by Jaguar;

"**Directors' Charge**" has the meaning given to that term in the Initial Order;

"**Disputed Distribution Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Distribution Claim (as defined in the Claims Procedure Order), which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order;

"**Disputed Distribution Claims Reserve**" means the reserve, if any, to be established by the Applicant on the Implementation Date, which shall be comprised of the Unsecured Creditor Common Shares that would have been delivered in respect of Disputed Distribution Claims if such Disputed Distribution Claims had been Allowed Claims as of such date;

"**Disputed Voting Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Voting Claim, which is validly disputed for voting purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for voting purposes in accordance with the Claims Procedure Order;

"**Distribution Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against the Applicant as finally accepted and determined for distribution purposes in accordance with this Claims Procedure Order and the CCAA;

"**Distribution Record Date**" means the Business Day immediately before the Implementation Date;

"DSU Plan" means the Deferred Share Unit Plan for non-executive directors adopted in November of 2008 by Jaguar, as amended from time to time;

"**DSU/RSU Notice**" means a notice delivered by Goodmans to Jaguar prior to the date scheduled for the hearing of the motion for the Sanction Order, if, in satisfaction of Section 12.3(g) hereof, Jaguar and the Majority Consenting Noteholders have agreed to terminate the DSU Plan and/or the RSU Plan;

"DTC" means The Depository Trust Company, or any successor thereof;

"**Early Consent Deadline**" means November 26, 2013 (or such other date as the Applicant, the Monitor and the Majority Consenting Noteholders may agree);

"**Early Consent Shares**" means 5,000,000 New Common Shares;

"**Early Consenting Noteholder**" means any Noteholder that has executed the Support Agreement (including a consent agreement substantially in the form of Schedule C thereto) on or before the Early Consent Deadline and in respect of whom the Support Agreement has not been terminated;

"**Election Deadline**" means 5:00 p.m. on the second Business Day before the Meeting (or such other time or date as the Applicant and the Majority Consenting Noteholders may agree);

"**Election Form**" has the meaning given to that term in Section 4.1(b);

"**Electing Eligible Investor**" means an Eligible Investor who has completed and submitted an Election Form on or prior to the Election Deadline to participate in the Share Offering in accordance with the Meeting Order, provided that an Electing Eligible Investor that irrevocably elects under Section 4.1(b) to participate in the Share Offering and subscribes for such number of Offering Shares that is less than such Eligible Investor's Pro Rata Share of all Offering Shares offered pursuant to the Share Offering shall be deemed to be an Electing Eligible Investor only in respect of such lesser amount, and shall not be treated as an Electing Eligible Investor in respect of the balance;

"**Electing Eligible Investor Funding Amount**" has the meaning given to that term in Section 4.1(d);

"**Electing Eligible Investor Funding Deadline**" has the meaning given to that term in Section 4.1(e);

"**Eligible Investor**" means a person that: (i) is a Noteholder as at the Subscription Record Date; and (ii) has delivered an executed Rep Letter to Jaguar on or before the Election Deadline and the information set forth in such Rep Letter is true and correct as of the Implementation Date, and such person's permitted assignees;

"**Eligible Voting Creditors**" means Affected Unsecured Creditors holding Voting Claims or Disputed Voting Claims;

"**Employee Priority Claims**" means the following claims of Jaguar's employees and former employees:

i. claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(l)(d) of the *Bankruptcy and Insolvency Act* (Canada) if Jaguar had become bankrupt on the Filing Date; and

ii. claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about Jaguar's business during the same period.

"**Equity Claim**" has the meaning set forth in section 2(1) of the CCAA;

"**Escrow Agent**" means an independent third party escrow agent agreed to by Jaguar and the Majority Backstop Parties, in each case acting reasonably;

"**Escrow Agreement**" means the escrow agreement entered into by the Escrow Agent, Jaguar and the applicable Participating Eligible Investors and Funding Backstop Parties in connection with the Share Offering;

"**Excluded Claim**" means

i. any claims secured by any of the Charges;

ii. any Section 5.1(2) Director/Officer Claims;

iii. any claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;

iv. any claims of the Subsidiaries against the Applicant;

v. any Secured Claims;

vi. any Employee Priority Claims against the Applicant;

vii. any Crown Claims against the Applicant;

viii. the Trustees' claims under Section 6.07 of the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture, if any;

ix. any Post-Filing Claims;

x. any claims of Persons who, at the Filing Date, are senior officers or employees of the Applicant, in respect of their employment arrangements or any termination of such arrangements; and

xi. the Renvest Claim.

"**Excluded Creditor**" means a Person who has an Excluded Claim, but only in respect of and to the extent of such Excluded Claim;

"**Existing Equity Holders**" means, collectively, the Existing Shareholders and, as context requires, the Registered Holders or beneficial holders of Existing Share Options and the Registered Holders or beneficial holders of Rights, in their capacities as such;

"**Existing Shareholders**" means, as context requires, Registered Holders or beneficial holders of the Existing Shares, in their capacities as such;

"**Existing Share Options**" means all rights, options, warrants and other securities (other than the Notes) convertible or exchangeable into equity securities of Jaguar;

"**Existing Shares**" means all common shares of Jaguar that are issued and outstanding at the applicable time prior to the Implementation Time;

"**Filing Date**" means December 23, 2013;

"**Funding Backstop Party**" means a Backstop Party (i) in respect of whom the Backstop Agreement has not been terminated and (ii) unless such Backstop Party's Backstop Commitment has been reduced to zero in accordance with the Backstop Agreement and this Plan, who has deposited in escrow with the Escrow Agent either (a) its Backstop Payment Amount in full in cash; or (b) a qualified letter of credit in the full amount of its Backstop Payment Amount, in each case by the Backstop Funding Deadline and in accordance with the Backstop Agreement and Section 4.1(g) of this Plan;

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Implementation Date**" means the Business Day on which this Plan becomes effective, which shall be the Business Day on which the Monitor has filed with the Court the certificate contemplated in Section 12.6 hereof, or such other date as the Applicant, the Monitor and the Majority Consenting Noteholders may agree;

"**Implementation Time**" means 12:01 a.m. on the Implementation Date (or such other time as the

Applicant, the Monitor and the Majority Consenting Noteholders may agree);

"**Indentures**" means the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture;

"**Initial Order**" has the meaning given to that term in Recital B;

"**Insurance Policies**" means any insurance policy pursuant to which any Director or Officer is insured, in his or her capacity as a Director or Officer;

"**ITA**" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.);

"**Itaú BBA**" means Banco Itaú BBA S.A.;

"**Jaguar Group**" means, collectively, Jaguar, MSOL, MCT, MTL.;

"**Law**" means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States, Brazil or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;

"**Letter of Transmittal**" means a letter of transmittal to be used by Registered Holders of Existing Shares to obtain replacement share certificates reflecting the Common Share Consolidation;

"**Majority Backstop Parties**" means the Backstop Parties (other than Defaulting Backstop Parties) having at least 66 $^{2/3}$ % of the aggregate Backstop Commitment of the Backstop Parties (other than Defaulting Backstop Parties) at the time that a consent, approval, waiver or agreement is sought pursuant to the terms of this Plan;

"**Majority Consenting Noteholders**" means Consenting Noteholders holding at least a majority of the aggregate principal amount of all Notes held by all Consenting Noteholders at the time that a consent, approval, waiver or agreement is sought pursuant to the terms of this Plan;

"**MCT**" has the meaning given to that term in Recital C;

"**MSOL**" has the meaning given to that term in Recital C;

"**MTL**" has the meaning given to that term in Recital C;

"**Meeting**" means a meeting of the Affected Unsecured Creditors called for the purpose of considering and voting in respect of this Plan;

"**Monitor**" means FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of Jaguar in the CCAA Proceedings;

"**Named Directors and Officers**" means the current directors and officers of Jaguar and such other directors and officers as agreed to by the Majority Consenting Noteholders on or before 4 days prior to the Meeting;

"**New Board**" means the board of directors of Jaguar as named in the Sanction Order, the composition and size of which shall be satisfactory to the Majority Backstop Parties, subject to applicable Law;

"**New Common Shares**" means the 110,111,111 Common Shares to be issued by Jaguar on the Implementation Date in accordance with the steps set out in Section 7.4;

"**Non-Breaching/Non-Delivering Backstop Parties**" means those Backstop Parties that are neither Breaching Backstop Parties nor Non-Delivering Backstop Parties;

"**Non-Defaulting Backstop Parties**" means those Backstop Parties that are not Defaulting Backstop Parties;

"**Non-Delivering Backstop Party**" means a Backstop Party (who is not otherwise an Objecting Backstop Party) that has not delivered an executed Rep Letter to Jaguar by the Election Deadline or for whom a representation or warranty made in such Rep Letter becomes untrue;

"**Non-Objecting Backstop Parties**" means those Backstop Parties that are not Objecting Backstop Parties;

"**Non-Released Director/Officer Claims**" means Director/Officer Claims against the Directors and Officers of Jaguar in respect of which such Director or Officer has been adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct;

"**Noteholder Released Claim**" means the matters that are subject to release and discharge pursuant to Section 10.1(b);

"**Noteholder Released Party**" has the meaning given to that term in Section 11.1(b);

"**Noteholder Voting Record Date**" means December 19, 2013;

"**Noteholders**" means, as the context requires, the Registered Holders or beneficial holders of the Notes, in their capacities as such;

"**Noteholders Allowed Claim**" means all principal amounts outstanding and all accrued interest under the Notes as at the applicable record date under this Plan as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, this Plan;

"**Noteholder's Allowed Claim**" means, in respect of a particular Noteholder, all principal amounts outstanding and accrued interest under the Notes owing to such Noteholder as at the applicable record date under this Plan as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, this Plan;

"**Notes**" means, collectively, the notes issued by Jaguar under and pursuant to the Indentures;

"**Objecting Backstop Party**" means a Backstop Party that has terminated its obligations under the Backstop Agreement in accordance with section 8(c) thereof;

"**Offering Shares**" means the 70,955,797 New Common Shares to be issued by Jaguar pursuant to the Share Offering;

"**Offered Shares**" means, collectively, the Offering Shares (including the Backstopped Shares), the Accrued Interest Offering Shares, and the Backstop Commitment Shares;

"**Officer**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of Jaguar;

"**Order**" means any order of the Court in the CCAA Proceedings;

"**Other Directors and/or Officers**" means any Directors and/or Officers other than the Named Directors

and Officers;

"**Outside Date**" means February 28, 2014 (or such other date as the Applicant and the Majority Consenting Noteholders may agree);

"**Participant Holder**" has the meaning ascribed thereto in the Meeting Order;

"**Participating Eligible Investor**" has the meaning given to that term in Section 4.1(h);

"**Participating Eligible Investor Shares**" has the meaning given to that term in Section 4.1(h);

"**Party**" means a party to the Support Agreement and/or to the Backstop Agreement, and any reference to a Party includes its successors and permitted assigns; and "**Parties**" means every Party;

"**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government Entity or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

"**Plan**" means this plan of compromise and arrangement and any amendments, modifications or supplements hereto made in accordance with the terms hereof or made at the direction of the Court in the Sanction Order or otherwise with the consent of Jaguar and the Majority Consenting Noteholders, each acting reasonably;

"**Plan Resolution**" means the resolution of the Affected Unsecured Creditors relating to this Plan considered at the Meeting;

"**Post-Filing Claim**" means any claims against the Applicant that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business, but specifically excluding any Restructuring Period Claim;

"**Pre-filing Claim**" has the meaning given to that term in the definition of Claim;

"**Pro Rata Share**" means:

(a) in respect of Unsecured Creditor Common Shares, the percentage that an Affected Unsecured Creditor's Allowed Affected Unsecured Claim calculated as at the Record Date bears to the aggregate of all Allowed Affected Unsecured Claims calculated as at the Record Date and all Disputed Distribution Claims calculated as at the Record Date;

(b) in respect of the Early Consent Shares, the percentage that an Early Consenting Noteholder's Noteholder's Allowed Claim calculated as at the Record Date bears to the aggregate of all Early Consenting Noteholders' Noteholder's Allowed Claims calculated as at the Record Date;

(c) in respect of the Subscription Privilege, the percentage that an Eligible Investor's Noteholder's Allowed Claim calculated as at the Record Date bears to the Noteholders Allowed Claim calculated as at the Record Date, subject to adjustment pursuant to Section 5.2(c) hereof;

(d) in respect of the Accrued Interest Offering Shares, the percentage that a Participating Eligible Investor's Accrued Interest Claim or a Funding Backstop Party's Accrued Interest Claim (without duplication), as applicable, bears to the aggregate of all Accrued Interest

Claims;

(e) in respect of the Backstop Commitment Shares, the percentage that a Funding Backstop Party's Backstop Consideration Commitment bears to the aggregate of all Funding Backstop Parties' Backstop Consideration Commitments; and

(f) in respect of the Backstopped Shares, the percentage that a Backstop Party's Backstop Commitment bears to the aggregate of all Backstop Commitments.

"**Record Date**" means December 31, 2013;

"**Registered Holder**" means (i) in respect of the Notes, the holder of such Notes as recorded on the books and records of the Trustees, (ii) in respect of the Existing Shares, the holder of such Existing Shares as recorded on the share register maintained by the Transfer Agent, and (iii) in respect of the Existing Share Options, the holder of such Existing Share Options as recorded on the books and records of Jaguar;

"**Regulation S**" means Regulation S as promulgated by the US Securities Commission under the US Securities Act;

"**Released Claims**" means the matters that are subject to release and discharge pursuant to Section 11.1(a);

"**Released Party**" has the meaning given to that term in Section 11.1(b);

"**Renvest Claim**" means any claim for amounts owing by the Applicant to Global Resource Fund, pursuant to the Credit Agreement or pursuant to any Credit Document (as such term is defined in the Credit Agreement).

"**Rep Letter**" means a letter from a Noteholder, or an Assuming Backstop Party who is not a Noteholder, or an Affected Unsecured Creditor with an Allowed Affected Unsecured Claim who is not a Noteholder, if applicable in accordance with Section 5.2(c) hereof, to Jaguar containing representations and warranties relating to such Person's eligibility to acquire the Offering Shares (including the Backstopped Shares), Accrued Interest Offering Shares, or Backstop Commitment Shares under US Securities Laws, in a form acceptable to such Person and Jaguar, each acting reasonably;

"**Required Majority**" means a majority in number of Affected Unsecured Creditors representing at least two thirds in value of the Voting Claims of Affected Unsecured Creditors who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the Plan Resolution at the Meeting;

"**Restructuring Period Claim**" has the meaning given to that term in the definition of Claim;

"**Rights**" means the rights issued pursuant to the Shareholder Rights Plan;

"**RSU Plan**" means the restricted share unit plan for senior officers, employees and consultants adopted in November of 2008 by Jaguar, as amended from time to time;

"**Sanction Order**" means the Order of the Court sanctioning and approving this Plan pursuant to section 6(1) of the CCAA, which shall include such terms as may be necessary or appropriate to (i) give effect to this Plan, in form and substance satisfactory to the Applicant and the Majority Consenting Noteholders, each acting reasonably, and (ii) allow Jaguar to rely on the exemption from registration set forth in section 3(a)(10) of the US Securities Act;

"**Section 5.1(2) Director/Officer Claim**" means any Director/Officer Claim that is not permitted to be compromised pursuant to section 5.1(2) of the CCAA, but only to the extent not so permitted, provided that any Director/Officer Claim that qualifies as a Non-Released Director/Officer Claim shall not constitute a Section 5.1(2) Director/Officer Claim for the purposes of Section 11.1(a) hereof;

"**Secured Claims**" means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Applicant (including statutory and possessory liens that create security interests) but only up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date;

"**Share Offering"** means the offering by Jaguar of Offering Shares at the Subscription Price in accordance with this Plan;

"**Shareholder Rights Plan**" means the Shareholder Rights Plan Agreement dated May 2, 2013 between Jaguar Mining Inc. and Computershare Investor Services Inc. as Rights Agent;

"**Solicitation/Election Agent**" means Globic Advisors Inc,, or any successor solicitation or election agent;

"**Stock Option Plan**" means the stock option plan of Jaguar in effect as of the Filing Date;

"**Subscription Price**" means $0.7047 per Offering Share;

"**Subscription Privilege**" means the right of an Eligible Investor to participate in the Share Offering by electing, in accordance with the provisions of this Plan, to subscribe for and purchase from Jaguar up to its Pro Rata Share of Offering Shares under the Share Offering;

"**Subscription Record Date**" means the date of the Initial Order;

"**Subsidiaries**" means, collectively, MTL, MSOL and MCT, and "**Subsidiary**" means any one of the Subsidiaries;

"**Support Agreement**" means the Support Agreement made November 13, 2013 (as amended from time to time) between Jaguar, the Subsidiaries and the Noteholders party thereto, together with any consent agreements executed by other Noteholders from time to time, substantially in the form of Schedule C thereto;

"**Tax**" or "**Taxes**" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums or contributions;

"**Tax Claim**" means any Claim against the Applicant for any Taxes in respect of any taxation year or period;

"**Transfer Agent**" means Computershare Investor Services Inc.;

"**Trustees**" means The Bank of New York Mellon, as trustee, and BNY Trust Company of Canada, as co-trustee, under each of the Indentures;

"**TSX**" means Toronto Stock Exchange;

"**TSXV**" means TSX Venture Exchange;

"**Undeliverable Distribution**" has the meaning given to that term in Section 8.3;

"**Unsecured Creditor Common Shares**" means 14,000,000 New Common Shares;

"**US Dollars**" or "**US$**" means the lawful currency of the United States of America;

"**US Securities Act**" means the *United States Securities Act of 1933*, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute;

"**US Securities Commission**" means the United States Securities and Exchange Commission;

"**US Securities Laws**" means, collectively, the *Sarbanes-Oxley Act of 2002* ("Sarbanes-Oxley"), the US Securities Act, as amended, the *United States Securities Exchange Act of 1934*, as amended, the rules and regulations of the US Securities Commission, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange;

"**Voting Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against the Applicant as finally accepted and determined for purposes of voting at the Meeting, in accordance with the provisions of the Claims Procedure Order and the CCAA; and

"**Voting Deadline**" means 10 a.m. on the Business Day prior to the Meeting.

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

(a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms;

(b) The division of this Plan into articles and sections are for convenience of reference only and do not affect the construction or interpretation of this Plan, nor are the descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;

(c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;

(d) The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) Unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event

occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;

(f) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;

(g) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Governmental Entity includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(h) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and

(i) The word "or" is not exclusive.

1.3 Governing Law

This Plan shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the jurisdiction of the Court.

1.4 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, US Dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Time

Time shall be of the essence in this Plan.

ARTICLE 2– PURPOSE AND EFFECT OF THIS PLAN

2.1 Purpose

The purpose of this Plan is to facilitate the continuation of the business of the Jaguar Group as a going concern, address certain liabilities of the Applicant, and effect a recapitalization and financing transaction on an expedited basis to provide a stronger financial foundation for the Jaguar Group going forward and additional liquidity to allow the Jaguar Group to continue to work towards its operational and financial goals from and after the Implementation Date in the expectation that all Persons with an economic interest in the Jaguar Group will derive a greater benefit from the implementation of this Plan than would otherwise result.

2.2 Effectiveness

Subject to the satisfaction, completion or waiver (to the extent permitted pursuant to Section 12.4) of the conditions precedent set out herein, this Plan will become effective in the sequence described in Section 7.4 from and after the Implementation Time and shall be binding on and enure to the benefit of the Jaguar Group, the Affected Unsecured Creditors, all Existing Equity Holders, all holders of Equity Claims, the Released Parties, the Noteholder Released Parties and all other Persons as provided for herein, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

2.3 Persons Not Affected

For greater certainty, except as provided in Sections 12.2(c) and 13.1, this Plan does not affect the holders of Excluded Claims to the extent of those Excluded Claims. Nothing in this Plan shall affect the Jaguar Group's rights and defences, both legal and equitable, with respect to any Excluded Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims. Nothing herein shall constitute a waiver of any right of either the Monitor or the Applicant to dispute the quantum of an Excluded Claim.

ARTICLE 3– CLASSIFICATION, VOTING CLAIMS AND RELATED MATTERS

3.1 Classes

For the purposes of considering and voting on the Plan Resolution, there shall be one class of stakeholders, consisting of Affected Unsecured Creditors (the "**Affected Creditor Class**").

3.2 Meeting

(a) The Meeting shall be held in accordance with this Plan, the Meeting Order and any further Order in the CCAA Proceedings. Subject to the terms of any further Order in the CCAA Proceedings, the only Persons entitled to notice of, to attend or to speak at the Meeting are the Eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Applicant, the Consenting Noteholders, all such parties' financial and legal advisors, the Chair (as defined in the Meeting Order), the Secretary (as defined in the Meeting Order) and the Scrutineers (as defined in the Meeting Order). Any other person may be admitted to the Meeting only by invitation of the Applicant or the Chair.

(b) For the purposes of voting at the Meeting, each Affected Unsecured Creditor (including a Beneficial Noteholder with respect to its Noteholder's Allowed Claim) shall be entitled to one vote as a member of the Affected Creditor Class.

(c) For the purposes of voting at the Meeting, the Voting Claim of any Beneficial Noteholder shall be deemed to be equal to its Noteholder's Allowed Claim as at the Noteholder Voting Record Date. Registered Holders of Notes, in their capacities as such, will not be entitled to vote at the Meeting.

3.3 Required Majority

In order to be approved, this Plan must receive the affirmative vote of the Required Majority of the Affected Creditor Class.

3.4 Excluded Claims

Excluded Creditors shall not be entitled to vote or (except as otherwise expressly stated in the Meeting Order) attend in respect of their Excluded Claims at any meeting to consider and approve this Plan.

3.5 Existing Equity Holders and Holders of Equity Claims

Existing Equity Holders and holders of Equity Claims shall not be entitled to attend or vote in respect of their Equity Claims at any meeting to consider and approve this Plan.

3.6 Crown Claims

All Crown Claims in respect of all amounts that were outstanding at the Filing Date shall be paid in full to the Crown within six months of the Sanction Order, as required by subsection 6(3) of the CCAA.

3.7 Payments to Employees

Immediately after the date of the Sanction Order, the Applicant will pay in full all Employee Priority Claims, if any, to its employees and former employees.

ARTICLE 4 – ELECTIONS AND SHARE OFFERING

4.1 Participation In Share Offering

(a) Each Noteholder that is an Eligible Investor shall be entitled to participate in the Share Offering.

(b) Pursuant to and in accordance with the Meeting Order, there shall be delivered an election form (an "**Election Form**") to each Participant Holder of the Notes, as of the Subscription Record Date, together with instructions to deliver such Election Form (or copies thereof) to the applicable Beneficial Noteholders to the extent such Participant Holder is not also the Beneficial Noteholder of such Notes. Each Eligible Investor shall have the right, but not the obligation, to irrevocably elect to exercise its Subscription Privilege, with such subscription to be conditioned upon the implementation of this Plan and effective on the Implementation Date in accordance with Section 7.4. In order to exercise its Subscription Privilege, such Eligible Investor shall return, or cause to be returned, the duly executed Election Form (including a Rep Letter) in accordance with the Meeting Order, so that it is received by the Solicitation/Election Agent on or before the Election Deadline.

(c) An Electing Eligible Investor that is also a Backstop Party may elect, in accordance with the Election Form, to have its Backstop Commitment reduced by the total funds that such Electing Eligible Investor deposits into escrow on or before the Electing Eligible Investor Funding Deadline in respect of Offering Shares that such Electing Eligible Investor subscribes for pursuant to the exercise of all or part of its Subscription Privilege, provided that such Backstop Commitment shall not be reduced below zero (the "**Backstop Commitment Reduction Election**", with a Backstop Party so electing being a "**Commitment Reduction Electing Backstopper**").

(d) Following the issuance of the Sanction Order, but in any event by 5:00 p.m. on the tenth Business Day prior to the expected Implementation Date, Jaguar shall inform each Electing Eligible Investor of (i) the expected Implementation Date, (ii) the number of Offering Shares that, subject to compliance with the procedures described in this Plan, will be acquired by such Electing Eligible Investor on the Implementation Date pursuant

to the Subscription Privilege; and (iii) the amount of funds (in cash) required to be deposited in escrow with the Escrow Agent by such Electing Eligible Investor to purchase such Offering Shares pursuant to the Share Offering (the "**Electing Eligible Investor Funding Amount**") by the Electing Eligible Investor Funding Deadline.

(e) Each Electing Eligible Investor must deposit its Electing Eligible Investor Funding Amount in escrow with the Escrow Agent so that it is received by the Escrow Agent by no later than 11:00 a.m. on the seventh Business Day prior to the expected Implementation Date (the "**Electing Eligible Investor Funding Deadline**"). If an Electing Eligible Investor deposits less than the full amount of its Electing Eligible Investor Funding Amount by the Electing Eligible Investor Funding Deadline, then (i) the funds so deposited by such Electing Eligible Investor shall be returned to such Electing Eligible Investor within five Business Days following the Electing Eligible Investor Funding Deadline; and (ii) such Eligible Investor shall be deemed to have ceased, as of the Electing Eligible Investor Funding Deadline, to be an Electing Eligible Investor and its subscription for Offering Shares pursuant to the Subscription Privilege and right to receive Accrued Interest Offering Shares shall be null and void.

(f) As soon as practicable but in any event no later than 11:00 a.m. one Business Day after the Electing Eligible Investor Funding Deadline, Jaguar shall inform each Backstop Party (other than a Backstop Party in respect of whom the Backstop Agreement has been terminated) of (i) the total number of Offering Shares not validly subscribed for pursuant to the Subscription Privilege (the "**Backstopped Shares**"), (ii) the number of Backstopped Shares to be acquired by such Backstop Party pursuant to its Backstop Commitment, based upon its Pro Rata Share of the Backstopped Shares, and (iii) the amount of funds (by way of cash or a letter of credit) required to be deposited in escrow with the Escrow Agent by such party to purchase such Backstopped Shares (the "**Backstop Payment Amount**") by the Backstop Funding Deadline.

(g) Each Backstop Party (other than a Backstop Party in respect of whom the Backstop Agreement has been terminated) shall deliver to the Escrow Agent and the Escrow Agent shall have received, not later than 2:00 p.m. (Toronto time) on the day that is five Business Days prior to the expected Implementation Date (the "**Backstop Funding Deadline**"), either:

(i) cash in an amount equal to the full amount of such Backstop Party's Backstop Payment Amount; or

(ii) a letter of credit, in form and substance reasonably satisfactory to Jaguar, having a face amount equal to such Backstop Party's Backstop Payment Amount, and issued by a financial institution having an equity market capitalization of at least $10,000,000,000 and a credit rating of at least A+ from Standard & Poor's or A1 from Moody's,

in each case: (1) to be held in escrow in accordance with the Escrow Agreement until all conditions to the Share Offering have been satisfied or waived in accordance with the Backstop Agreement and with irrevocable instructions to use such cash or letter of credit, as applicable, to the extent required to enable such Backstop Party to comply with its Backstop Purchase Obligation; and (2) provided for greater certainty that, if a Backstop Party (A) has exercised all or part of its Subscription Privilege and has paid its Electing Eligible Investor Funding Amount on or before the Electing Eligible Investor Funding Deadline, and (B) is a Commitment Reduction Electing Backstopper whose Backstop Commitment has been reduced to zero, such Backstop Party shall not be required to deliver cash or a letter of credit to the Escrow Agent.

(h) An Electing Eligible Investor who complies with Section 4.1(e) (the "**Participating Eligible Investor**") shall participate in the Share Offering and shall be deemed to have subscribed for Offering Shares in an amount equal to the Electing Eligible Investor Funding Amount deposited in escrow with the Escrow Agent by that Participating Eligible Investor in accordance with Section 4.1(e) divided by the Subscription Price (the "**Participating Eligible Investor Shares**").

(i) Each Funding Backstop Party shall be deemed to have subscribed for its Pro Rata Share of the Backstopped Shares.

(j) On or prior to the Implementation Date, Jaguar shall inform: (i) each Participating Eligible Investor of the number of Accrued Interest Offering Shares to be allocated to such Participating Eligible Investor in accordance with section 5.1(c); and (ii) each Funding Backstop Party of the number of Accrued Interest Offering Shares and the number of Backstop Commitment Shares to be allocated to such Funding Backstop Party in accordance with section 5.1(c).

(k) In the event of a Backstop Default/Termination, provided that the Backstop Agreement remains in full force and effect with respect to other Backstop Parties thereafter, Jaguar shall, in accordance with the Backstop Agreement, provide the applicable Backstop Parties, or such other parties acceptable to the Backstop Parties and Jaguar in accordance with the Backstop Agreement that will execute a Backstop Consent Agreement, with an opportunity to assume the obligations (and rights) of a Defaulting Backstop Party, Objecting Backstop Party, Breaching Backstop Party or Non-Delivering Backstop Party, as applicable, in each case in accordance with and subject to the terms and conditions of this Plan and the Backstop Agreement. Any Assuming Backstop Party shall comply with its obligations in connection with its Assumed Backstop Commitment and shall be entitled to receive the applicable Offered Shares under this Plan in connection with such Assumed Backstop Commitment, subject to such Assuming Backstop Party having complied with its obligations under this Plan and the Backstop Agreement and such other terms and conditions under this Plan and the Backstop Agreement. For greater certainty, any Assuming Backstop Party that has complied with its obligations under this Plan and the Backstop Agreement shall constitute and be treated as a Funding Backstop Party for purposes of this Plan.

ARTICLE 5 – TREATMENT OF CLAIMS

5.1 Treatment of Noteholders

(a) For the purposes of distributions under this Plan, the Distribution Claim of any Beneficial Noteholder shall be deemed to be equal to its Noteholder's Allowed Claim.

(b) On the Implementation Date and in accordance with the steps and sequence as set forth in this Plan, each Noteholder shall and shall be deemed to irrevocably and finally exchange its Notes for the following consideration which shall and shall be deemed to be received in full and final settlement of its Notes and its Noteholder's Allowed Claim:

(i) its Pro Rata Share of the Unsecured Creditor Common Shares;

(ii) its Pro Rata Share of the Early Consent Shares, if such Noteholder is an Early Consenting Noteholder;

(iii) its Pro Rata Share of Accrued Interest Offering Shares if such Noteholder is a Participating Eligible Investor and/or a Funding Backstop Party, provided that in no event shall a Participating Eligible Investor or a Funding Backstop Party

receive a greater number of Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable) received by such person. Any Accrued Interest Offering Shares remaining after the allocation of the Accrued Interest Offering Shares to Participating Eligible Investors and Funding Backstop Parties pursuant to the immediately preceding sentence shall be reallocated among those Participating Eligible Investors and/or Funding Backstop Parties who have received less Accrued Interest Offering Shares than Offering Shares (including Backstopped Shares, as applicable) on a *pro rata* basis based on Accrued Interest Claims of such Participating Eligible Investors and/or Funding Backstop Parties (calculated as at the Record Date); and

(iv) its Pro Rata Share of the Backstop Commitment Shares, if such Noteholder is a Funding Backstop Party.

(c) On the Implementation Date and in accordance with the steps and sequence as set forth in this Plan, each Participating Eligible Investor shall receive its Participating Eligible Investor Shares and each Funding Backstop Party shall receive its Pro Rata Share of the Backstopped Shares.

(d) After giving effect to the terms of this Section 5.1, the obligations of Jaguar with respect to the Notes of each Noteholder shall, and shall be deemed to, have been irrevocably and finally extinguished and each Noteholder shall have no further right, title or interest in or to the Notes or its Noteholder's Allowed Claim.

5.2 Treatment of Affected Unsecured Creditors Other Than Noteholders

(a) On the Implementation Date and in accordance with the steps and sequence as set forth in this Plan, each Affected Unsecured Creditor (except for a Noteholder in respect of its Noteholder's Allowed Claim, which shall be dealt with in accordance with Section 5.1) shall receive its Pro Rata Share of the Unsecured Creditor Common Shares and shall be deemed to irrevocably and finally exchange its Affected Unsecured Claim for its Pro Rata Share of the Unsecured Creditor Common Shares, which shall and shall be deemed to be received in full and final settlement of its Affected Unsecured Claim.

(b) After giving effect to the terms of this Section 5.3, the obligations of Jaguar with respect to such Affected Unsecured Creditor's Affected Unsecured Claim shall, and shall be deemed to, have been irrevocably and finally extinguished and such Affected Unsecured Creditor shall have no further right, title or interest in or to the Affected Unsecured Claim.

(c) With the consent of the Monitor and the Majority Backstop Parties, an Affected Unsecured Creditor with an Allowed Affected Unsecured Claim who is not a Noteholder may be entitled to participate in the Share Offering for its Pro Rata Share of the Offering Shares (calculated as if the Affected Unsecured Creditor's Allowed Affected Unsecured Claim was a Noteholder's Allowed Claim); provided that any such Affected Unsecured Creditor completes and submits an Election Form and Rep Letter on or prior to the Election Deadline and complies with all of the obligations of a Participating Eligible Investor in accordance with the terms and conditions of the Plan, including without limitation Section 4.1(e) hereof, in which case, such Affected Unsecured Creditor shall be treated as an Eligible Investor for the purpose of the Offering Shares and each Eligible Investor's Subscription Privilege will be adjusted accordingly.

5.3 Treatment of Existing Equity Holders

(a) Each Existing Shareholder shall retain its Existing Shares subject to the Common Share Consolidation pursuant to Section 7.4(a) and in accordance with the steps and

sequences set forth herein.

(b) Pursuant to this Plan and in accordance with the steps and sequences set forth herein, all Existing Share Options, Rights and the Shareholder Rights Plan shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other liability, payment or compensation therefor and for greater certainty, no holders of Existing Share Options or Rights shall be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.4 Equity Claims

All Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under this Plan and shall not be entitled to vote on this Plan at the Meeting. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with the terms of this Plan, subject to the Common Share Consolidation.

5.5 Claims of the Trustees

The Trustees' claims under Section 6.07 of the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture shall be unaffected by this Plan.

5.6 Application of Plan Distributions

(a) All amounts paid or payable hereunder on account of the Noteholders Allowed Claim (including, for greater certainty, any securities received hereunder) shall be applied as follows: (i) first, in respect of the principal amount of the obligations to which such Noteholders Allowed Claim relate, and (ii) second, if such principal amounts have been fully repaid, in respect of any accrued but unpaid interest on such obligations.

(b) In the event that a Funding Backstop Party is not a Noteholder, such Funding Backstop Party shall receive its Backstop Commitment Shares as a fee.

ARTICLE 6 – MEETING

6.1 Meeting

The Meeting to consider and vote on this Plan shall be conducted in accordance with the terms of the Claims Procedure Order and the Meeting Order.

6.2 Acceptance of Plan

If this Plan is approved by the Required Majority entitled to vote at the Meeting, then this Plan shall be deemed to have been agreed to, accepted and approved by the Affected Unsecured Creditors and shall be binding upon all Affected Unsecured Creditors, if the Sanction Order is granted and the conditions described in Section 12.3 hereof have been satisfied or waived, as applicable.

ARTICLE 7 - IMPLEMENTATION

7.1 Administration Charge

On the Implementation Date, all outstanding, invoiced obligations, liabilities, fees and disbursements secured by the Administration Charge shall be fully paid by the Applicant. Upon receipt by the Monitor of confirmation from each of the beneficiaries of the Administration Charge that payments of the amounts

secured by the Administration Charge have been made, the Monitor shall file a certificate with the Court confirming same and thereafter, the Administration Charge shall be and be deemed to be discharged from the assets of the Applicant, without the need for any other formality.

7.2 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any members of the Jaguar Group will occur and be effective as of the Implementation Date (or such other date as Jaguar and the Majority Consenting Noteholders may agree), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Jaguar Group. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Jaguar Group, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and no such agreement shall have any force or effect.

7.3 Fractional Interests

No certificates representing fractional Common Shares shall be allocated under this Plan, and fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of Jaguar. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Common Shares pursuant to this Plan shall be rounded down to the nearest whole number without compensation therefor.

7.4 Implementation Date Transactions

Commencing at the Implementation Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments and at the times set out in this Section 7.4 (or in such other manner or order or at such other time or times as Jaguar and the Majority Consenting Noteholders may agree, acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) Articles of Reorganization shall be filed under the OBCA to amend the articles of Jaguar to effect a consolidation (the "**Common Share Consolidation**") of the issued and outstanding Common Shares on the basis of one post-consolidation Common Share for each Consolidation Number of Common Shares outstanding immediately prior to the Common Share Consolidation. Any fractional interests in the consolidated Common Shares will, without any further act or formality, be cancelled without payment of any consideration therefor. Following the completion of such consolidation, the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to consolidation.

(b) The following shall occur concurrently:

(i) the Rights and the Shareholder Rights Plan shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any further force or effect;

(ii) any and all Existing Share Options and the Stock Option Plan shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any

further force or effect;

(iii) if the DSU/RSU Notice is delivered, the DSU Plan and/or the RSU Plan as set out in the DSU/RSU Notice shall be cancelled and shall be deemed to be cancelled without the need for any repayment of capital thereof or any other compensation therefor and shall cease to be of any further force or effect; and

(iv) all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any consideration or distributions therefor.

(c) In exchange for, and in full and final settlement of, the Noteholders Allowed Claim as at the Implementation Date, Jaguar shall issue:

(i) to each Noteholder its Pro Rata Share of Unsecured Creditor Common Shares;

(ii) to each Early Consenting Noteholder its Pro Rata Share of the Early Consent Shares;

(iii) to each Participating Eligible Investor and Funding Backstop Party the number of Accrued Interest Offering Shares such Participating Eligible Investor or Funding Backstop Party is entitled to receive in accordance with Section 5.1(c); and

(iv) to each Funding Backstop Party, its Pro Rata Share of the Backstop Commitment Shares,

which New Common Shares shall be distributed in the manner described in Section 8.2 hereof. Upon issuance of these New Common Shares, the Noteholders Allowed Claim shall and shall be deemed to be irrevocably and finally extinguished and such Noteholder shall have no further right, title or interest in and to the Notes or its Noteholder's Allowed Claim.

(d) The Notes and the Indentures will not entitle any Noteholder to any compensation or participation other than as expressly provided for in this Plan and shall be cancelled and will thereupon be null and void, and the obligations of the Applicant thereunder or in any way related thereto shall be satisfied and discharged, except to the extent expressly set forth in section 6.07 of the Indentures, which section shall remain in effect until two months following the Implementation Date or such later date agreed to by the Applicant, the Monitor, the Trustees and the Majority Consenting Noteholders.

(e) In exchange for, and in full and final settlement of, its Affected Unsecured Claim, Jaguar shall issue to each Affected Unsecured Creditor, other than the Noteholders, its Pro Rata Share of the Unsecured Creditor Common Shares;

(f) The following shall occur concurrently:

(i) Jaguar shall issue to each Participating Eligible Investor its Participating Eligible Investor Shares in accordance with Section 5.1(b) hereof in consideration for its Electing Eligible Investor Funding Amount, which Participating Eligible Investor Shares shall be distributed in the manner described in Section 8.2 hereof; and

(ii) Jaguar shall issue to each Funding Backstop Party the number of Backstopped Shares such Funding Backstop Party is entitled to receive in accordance with Section 5.1(b) hereof in consideration for such Funding Backstop Party's Backstop Payment Amount, which Backstopped Shares shall be distributed in

the manner described in Section 8.2 hereof.

(g) The releases and injunctions referred to in Section 11 shall become effective.

(h) The directors of Jaguar immediately prior to the Implementation Time shall be deemed to have resigned and the New Board shall be deemed to have been appointed.

(i) The Escrow Agent shall be deemed to be holding the Electing Eligible Investor Funding Amounts and the Backstop Payment Amounts for Jaguar and shall release from escrow such amounts to Jaguar in accordance with the Escrow Agreement.

(j) Jaguar shall pay: (i) all of the reasonable fees and expenses of the Advisors for services rendered to the Ad Hoc Committee up to and including the Implementation Date, (ii) the reasonable accrued and unpaid third party expenses of any of the Consenting Noteholders up to an amount agreed to by the Majority Backstop Parties; (iii) the fees and expenses of Jaguar's financial advisors in connection with the transactions contemplated under this Plan pursuant to their engagement letter, as amended, with Jaguar, subject to a maximum amount agreed to by the Majority Backstop Parties, (iv) the reasonable fees and expenses of Jaguar's Canadian and U.S. legal advisors and legal advisor to the special committee of the board of directors of Jaguar, and (v) amounts owing to the Trustees under Section 6.07 of the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture

ARTICLE 8 – ISSUANCE AND DISTRIBUTION OF NEW COMMON SHARES

8.1 Issuance of New Common Shares

All New Common Shares issued and outstanding as part of the implementation of this Plan shall be deemed to be issued and outstanding as fully-paid and non-assessable. The amount added to the stated capital of the Common Shares as a result of the issuance of New Common Shares in accordance with this Plan shall be equal to the fair market value of the consideration received by Jaguar for the issuance of such New Common Shares.

8.2 Delivery of New Common Shares

(a) Jaguar shall use its commercially reasonable best efforts to cause the delivery of the New Common Shares to be distributed under this Plan no later than the second Business Day following the Implementation Date (or such other date as Jaguar and the Majority Consenting Noteholders may agree).

(b) The Notes are held by DTC (as sole Registered Holder) through its nominee company CEDE & Co. DTC will surrender, or will cause the surrender of, the certificates, if any, representing the Notes to the Trustees in exchange for New Common Shares as contemplated in this Plan.

(c) The delivery of Unsecured Creditor Common Shares to Noteholders in exchange for the Notes will be made through the facilities of DTC to Participant Holders who, in turn will make delivery of the Unsecured Creditor Common Shares to the Beneficial Noteholders pursuant to standing instructions and customary practices of DTC. If for any reason the New Common Shares are not DTC eligible, then the delivery of the Unsecured Creditor Common Shares shall be made (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either (i) by delivery of a Direct Registration System Advice to each Noteholder or (ii) by delivery of a share certificate to each Noteholder, in either case based on registration instructions received by, or on behalf of, the Monitor from Participant Holders in such manner as the Monitor determines

reasonable in the circumstances.

(d) The delivery of Early Consent Shares to Early Consenting Noteholders will be made (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either: (i) by delivery of a Direct Registration System Advice to each Early Consenting Noteholder; or (ii) by delivery of a share certificate to each Early Consenting Noteholder, in any case based on registration and delivery instructions contained in the Rep Letter.

(e) The delivery of Offering Shares, Backstopped Shares, Backstop Commitment Shares and Accrued Interest Offering Shares to the Participating Eligible Investors and the Funding Backstop Parties will be made (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either (i) by delivery of a Direct Registration System Advice to each Participating Eligible Investor and Funding Backstop Party or (ii) by delivery of a share certificate to each Participating Eligible Investor and Funding Backstop Party, in either case based on registration and delivery instructions contained in the Election Forms in the case of Participating Eligible Investors and in the Rep Letter in the case of Funding Backstop Parties.

(f) The delivery of New Common Shares to Affected Unsecured Creditors (other than Noteholders) in consideration for their Affected Unsecured Claims will be made (at the election of Jaguar with the consent of the Monitor and the Majority Consenting Noteholders) either (i) by delivery of a Direct Registration System Advice to each of the Affected Unsecured Creditors (other than Noteholders) or (ii) by delivery of a share certificate to each of the Affected Unsecured Creditors (other than Noteholders), in either case based on registration and delivery instructions received by the Monitor pursuant to the Claims Procedure Order and the Meeting Order.

(g) Jaguar, the Monitor and the Trustees will have no liability or obligation in respect of all deliveries from DTC, or its nominee, to Participant Holders or from Participant Holders to Beneficial Noteholders.

(h) Upon receipt of and in accordance with written instructions from the Monitor, the Trustees shall instruct DTC to, and DTC shall: (i) establish an escrow position representing the respective positions of the Noteholders as of the Implementation Date for the purpose of making distributions to the Noteholders on and after the Implementation Date; and (ii) block any further trading in the Notes, effective as of the close of business on the Distribution Record Date, all in accordance with the customary practices and procedures of DTC.

(i) Unless a securities law legend is not required by US Securities Laws, the Direct Registration System Advices and share certificates delivered pursuant to this Section 8.2 shall have legends affixed thereon in substantially the form provided for in the Rep Letter.

8.3 Undeliverable Distributions

If any distribution of New Common Shares is undeliverable (that is for greater certainty that cannot be properly registered or delivered to the intended recipient because of inadequate or incorrect registration or delivery information or otherwise) (an "**Undeliverable Distribution**") it shall be delivered to the Escrow Agent, which shall hold such Undeliverable Distribution in escrow, and administered in accordance with this Section 8.3. No further distributions in respect of an Undeliverable Distribution shall be made unless and until the Escrow Agent is notified by the applicable Person of its current address and/or registration information, as applicable, at which time the Escrow Agent shall make such distributions to such Person. All claims for Undeliverable Distributions must be made on or before the date that is the 365th day following the Implementation Date, after which the right to receive distributions under this Plan in respect

of such an Undeliverable Distribution shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any compensation therefor, notwithstanding any federal, provincial, or state laws to the contrary, and any New Common Shares that are the subject of such Undeliverable Distribution shall be cancelled.

ARTICLE 9 – RELEASE OF FUNDS FROM ESCROW

9.1 Release of Funds from Escrow

The Escrow Agent shall release any Electing Eligible Investor Funding Amounts and Backstop Payment Amounts, or portions thereof, as follows and in accordance with the terms of the Escrow Agreement:

(a) If an Electing Eligible Investor deposits less than the full amount of its Electing Eligible Investor Funding Amount by the Electing Eligible Investor Funding Deadline, such party shall cease to be an Electing Eligible Investor and the Escrow Agent shall return such funds so deposited by such Electing Eligible Investor to such Electing Eligible Investor in accordance with Section 4.1(e) hereof.

(b) On the Implementation Date, the Escrow Agent shall release from escrow to Jaguar, at the applicable time, the applicable Electing Eligible Investor Funding Amounts and Backstop Payment Amounts pursuant to and in accordance with Section 7.4 hereof.

(c) If this Plan is terminated for any reason or not implemented in accordance with the terms hereof by the Outside Date, the Escrow Agent shall as soon as practicable return all Electing Eligible Investor Funding Amounts and Backstop Payment Amounts to the applicable Participating Eligible Investors and Funding Backstop Parties.

(d) If any Electing Eligible Investor or Funding Backstop Party provides to the Escrow Agent more than its applicable Electing Eligible Investor Funding Amount or Backstop Payment Amount under this Plan, the Escrow Agent shall as soon as practicable return any excess funds to such Electing Eligible Investor or Funding Backstop Party.

ARTICLE 10 – PROCEDURE FOR DISTRIBUTIONS REGARDING DISPUTED DISTRIBUTION CLAIMS

10.1 No Distribution Pending Allowance

An Affected Unsecured Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under the Plan in respect of such Disputed Distribution Claim or any portion thereof unless and until, and then only to the extent that, such Disputed Distribution Claim becomes an Allowed Affected Unsecured Claim.

10.2 Distributions After Disputed Distribution Claims Resolved

(a) Distributions of Unsecured Creditor Common Shares in relation to a Disputed Distribution Claim of an Affected Unsecured Creditor will be held by the Applicant, in a segregated account constituting the Disputed Distribution Claims Reserve, for the benefit of the Affected Unsecured Creditors with Allowed Affected Unsecured Claims until the final determination of the Disputed Distribution Claim in accordance with the Claims Procedure Order and this Plan.

(b) To the extent that any Disputed Distribution Claim becomes an Allowed Affected Unsecured Claim in accordance with this Plan, the Applicant shall distribute to the holder of such Allowed Affected Unsecured Claim, that number of Unsecured Creditor Common

Shares from the Disputed Distribution Claims Reserve equal to such Affected Unsecured Creditor's Pro Rata Share of Unsecured Creditor Common Shares.

(c) On the date that all Disputed Distribution Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions contemplated in section (b) have been made, if (i) the aggregate number of Unsecured Creditor Common Shares remaining in the Disputed Distribution Claims Reserve is less than 14,000, the Applicant shall cancel those Unsecured Creditor Common Shares; or (ii) the aggregate number of Unsecured Creditor Common Shares remaining in the Disputed Distribution Claims Reserve is equal to or greater than 14,000, the Applicant shall distribute such Unsecured Creditor Common Shares to the Affected Unsecured Creditors with Allowed Affected Unsecured Claims such that after giving effect to such distributions each such Affected Unsecured Creditor has received its applicable Pro Rata Share of such Unsecured Creditor Common Shares.

ARTICLE 11– RELEASES

11.1 Release

(a) On the Implementation Date, the following shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred:

(i) all Affected Unsecured Claims;

(ii) all Equity Claims;

(iii) all Director/Officer Claims other than Continuing Other Director/Officer Claims and Non-Released Director/Officer Claims and also (for greater certainty) excluding Section 5.1(2) Director/Officer Claims; provided that any Section 5.1(2) Director/Officer Claims against any Named Directors and Officers shall be limited to recovery from any insurance proceeds payable in respect of such Section 5.1(2) Director/Officer Claims pursuant to the Insurance Policies, and any Persons with any such Section 5.1(2) Director/Officer Claims against Named Directors and Officers shall have no right to, and shall not, make any claim or seek any recoveries from any Person (including Jaguar or any of its Subsidiaries), other than enforcing such Person's rights to be paid from the proceeds of an Insurance Policy by the applicable insurer(s); and

(iv) all Director/Officer Indemnity Claims.

(b) On the Implementation Date, the Applicant, the Subsidiaries, and each of their respective financial advisors, legal counsel and agents, the Monitor, legal counsel to the Monitor, and legal counsel to the special committee of the board of directors of Jaguar (collectively, the "**Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date that are in any way relating to, arising out of or in connection with (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral; (ii) the business and

affairs of the Applicant or the Subsidiaries; (iii) the Notes; (iv) the Indentures; (v) the Existing Shares; (vi) the Existing Share Options; (vii) the Shareholder Rights Plan; (viii) Equity Claims; (ix)the Support Agreement; (x) the Backstop Agreement; (xi) this Plan; or (xii) the CCAA Proceedings; provided, however, that nothing in this Section 11.1 will release or discharge:

(i) the Applicant or any of the Subsidiaries from or in respect of (x) any Excluded Claim, (y) its obligation to Affected Unsecured Creditors under this Plan or under any Order, or (z) its obligations under the Backstop Agreement or the Support Agreement;

(ii) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

(c) At the Implementation Time, each of the Noteholders, the Ad Hoc Committee, the Trustees, and each of their respective present and former shareholders, officers, directors, and the Advisors and the Trustees' counsel (collectively, the "**Noteholder Released Parties**") will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date that are in any way relating to, arising out of or in connection with: (i) the Notes; (ii) the Indentures; (iii) the Existing Shares; (iv) the Existing Share Options; (v) the Shareholder Rights Plan; (vi) Equity Claims; (vii) the Support Agreement; (viii) the Backstop Agreement; (ix) this Plan; or (x) the CCAA Proceedings, and any other matters or actions related directly or indirectly to the foregoing; provided that nothing in this Section 11.1(c) will release or discharge a Noteholder Released Party in respect of their obligations under this Plan, the Backstop Agreement, the Support Agreement, any Election Form and provided further that nothing in this Section 11.1(c) will release or discharge a Noteholder Released Party if the Noteholder Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

11.2 Injunctions

All Persons (regardless of whether or not such Persons are Affected Unsecured Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Implementation Time, with respect to any and all Released Claims or Noteholder Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties and the Noteholder Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties and Noteholder Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or for breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person

who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Released Parties and Noteholder Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties and Noteholder Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of this Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Plan.

11.3 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article 11 shall become effective on the Implementation Date at the time or times and in the manner set forth in Section 7.4 hereof.

11.4 Knowledge of Claims

Each Person to which Section 11.1 hereof applies shall be deemed to have granted the releases set forth in Section 10.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 12 – COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

12.1 Application for Sanction Order

If this Plan is approved by the Required Majority, the Applicant shall apply for the Sanction Order on the date set for the hearing for the Sanction Order or such later date as the Court may set.

12.2 Sanction Order

The Sanction Order shall, among other things, declare that:

(a) (i) this Plan has been approved by the Required Majority entitled to vote at the Meeting in conformity with the CCAA; (ii) the Applicant acted in good faith and has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Applicant has not done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated by it are fair and reasonable;

(b) this Plan (including the arrangements and releases set out herein) has been sanctioned and approved pursuant to section 6 of the CCAA and will be binding and effective as herein set out on the Applicant, all Affected Unsecured Creditors, all holders of Equity Claims and all other Persons as provided for in this Plan or in the Sanction Order;

(c) subject to the performance by the Applicant of its obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all obligations or agreements to which the Applicant is a party immediately prior to the Implementation Time, will be and shall remain in full force and effect as at the Implementation Date, unamended except as they may have been amended by agreement of the parties subsequent to the Filing Date, and no Person who is a party to any such obligations or agreements shall, following this Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make

any demand under or in respect of any such obligation or agreement, by reason of:

(i) any defaults or events of default arising as a result of the insolvency of the Applicants prior to the Implementation Date;

(ii) any change of control of the Applicant arising from implementation of this Plan (except in respect of existing, written senior officer and employee employment agreements of Persons who remain senior officers and employees of Jaguar as of the Implementation Date and any payments due under such agreements, which may only be waived by the senior officers and employees who are parties to such agreements);

(iii) the fact that the Applicant has sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicant;

(iv) the effect on the Applicant of the completion of any of the transactions contemplated by this Plan;

(v) any compromises or arrangements effected pursuant to this Plan; or

(vi) any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicant after the Filing Date.

For greater certainty, nothing in this paragraph 12.2(c) shall waive, compromise or discharge any obligations of the Applicant in respect of any Excluded Claim;

(d) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 11.2 hereof shall be permanently enjoined;

(e) the releases effected by this Plan shall be approved, and declared to be binding and effective as of the Implementation Date upon all Affected Unsecured Creditors, holders of Equity Claims, the Monitor and all other Persons affected by this Plan and shall enure to the benefit of all such Persons;

(f) from and after the Implementation Date, all Persons with an Affected Unsecured Claim shall be deemed to (i) have consented and agreed to all of the provisions of this Plan as an entirety; and (ii) each Affected Unsecured Creditor shall be deemed to have granted, and executed and delivered to the Applicant all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

12.3 Conditions to Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by Section 12.4 hereof) of the following conditions:

(a) The Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(b) No Applicable Law shall have been passed and become effective, the effect of which

makes the consummation of this Plan illegal or otherwise prohibited;

(c) All necessary judicial consents and any other necessary or desirable third party consents, if any, to deliver and implement all matters related to this Plan shall have been obtained;

(d) All documents necessary to give effect to all material provisions of this Plan (including the Sanction Order, this Plan, the Share Offering and the Common Share Consolidation and all documents related thereto) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to the Applicant and the Majority Consenting Noteholders;

(e) All required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Majority Consenting Noteholders and the Company, each acting reasonably and in good faith;

(f) All senior officer and employee employment agreements shall have been modified to reflect the revised capital structure of Jaguar following implementation of the Plan, including, without limitation, to provide that the implementation of the Plan does not constitute a change of control under such employment agreements, and no change of control payments shall be owing or payable to Jaguar's officers or employees in connection with the implementation of the Plan;

(g) The DSU Plan and the RSU Plan shall have been addressed in a manner acceptable to Jaguar and the Majority Consenting Noteholders;

(h) The Articles of Reorganization shall have been filed under the OBCA;

(i) All material filings under applicable Laws shall have been made and any material regulatory consents or approvals that are required in connection with this Plan shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(j) The New Common Shares shall have been conditionally approved for listing on the TSX, the TSXV or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation;

(k) All conditions to implementation of this Plan set out in the Support Agreement shall have been satisfied or waived in accordance with their terms and the Support Agreement shall not have been terminated;

(l) All conditions to implementation of this Plan set out in the Backstop Agreement shall have been satisfied or waived in accordance with their terms, and the Backstop Agreement shall not have been terminated; and

(m) The issuance of the Unsecured Creditor Common Shares and Early Consent Shares shall be exempt from registration under the US Securities Act pursuant to the provisions of section 3(a)(10) of the US Securities Act.

12.4 Waiver of Conditions

The Applicant and the Majority Consenting Noteholders may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such parties may agree to provided however that the conditions set out in Section 12.3(a) cannot be waived and that the conditions set out in Section 12.3(l) can only be waived by the Applicant

and the Majority Backstop Parties.

12.5 Implementation Provisions

If the conditions contained in Section 12.3 are not satisfied or waived (to the extent permitted under Section 12.4) by the Outside Date, unless the Applicant and the Majority Consenting Noteholders agree in writing to extend such period, this Plan and the Sanction Order shall cease to have any further force or effect and will not be binding on any Person.

12.6 Monitor's Certificate of Plan Implementation

Upon written notice from the Applicants (or counsel on their behalf) to the Monitor that the conditions to Plan implementation set out in Section 12.3, have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Applicants, and file with the Court, a certificate which states that all conditions precedent set out in Section 12.3 have been satisfied or waived and that the Implementation Date has occurred.

ARTICLE 13 – GENERAL

13.1 Waiver of Defaults

Subject to the performance by the Applicant of its obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, no Person who is a party to any obligations or agreements with the Applicant or any Subsidiary shall, following the Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:

(a) any defaults or events of default arising as a result of the insolvency of the Applicant prior to the Implementation Date;

(b) any change of control of the Applicant or any Subsidiary arising from implementation of this Plan (except in respect of existing, written senior officer and employee employment agreements of Persons who remain senior officers and employees of Jaguar as of the Implementation Date and any payments due under such agreements, which may only be waived by the senior officers and employees who are parties to such agreements);

(c) the fact that the Applicant has sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicant;

(d) the effect on the Applicant or any Subsidiary of the completion of any of the transactions contemplated by this Plan;

(e) any compromises or arrangements effected pursuant to this Plan; or

(f) any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicant after the Filing Date.

For greater certainty, nothing in this paragraph 13.1 shall waive, compromise or discharge any obligations of the Applicant in respect of any Excluded Claim.

13.2 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

13.3 Non-Consummation

The Applicant reserves the right to revoke or withdraw this Plan at any time prior to the Implementation Date, with the consent of the Monitor and the Majority Consenting Noteholders.

If the Implementation Date does not occur on or before the Outside Date (as the same may be extended in accordance with the terms hereof and of the Support Agreement), or if this Plan is otherwise withdrawn in accordance with its terms: (a) this Plan shall be null and void in all respects, and (b) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Jaguar Group, their respective successors or any other Person; (ii) prejudice in any manner the rights of the Jaguar Group, their respective successors or any other Person in any further proceedings involving the Jaguar Group or their respective successors; or (iii) constitute an admission of any sort by the Jaguar Group, their respective successors or any other Person.

13.4 Modification of Plan

(a) The Applicant may, at any time and from time to time, amend, restate, modify and/or supplement this Plan with the consent of the Monitor and the Majority Consenting Noteholders, provided that: any such amendment, restatement, modification or supplement must be contained in a written document that is filed with the Court and:

(i) if made prior to or at the Meeting: (A) the Monitor, the Applicant or the Chair (as defined in the Meeting Order) shall communicate the details of any such amendment, restatement, modification and/or supplement to Affected Unsecured Creditors and other Persons present at the Meeting prior to any vote being taken at the Meeting; (B) the Applicant shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and (C) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and

(ii) if made following the Meeting: (A) the Applicant shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court; (B) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website; and (C) such amendment, restatement, modification and/or supplement shall require the approval of the Court following notice to the Affected Unsecured Creditors.

(b) Notwithstanding Section 13.4(a) hereof, any amendment, restatement, modification or supplement may be made by the Applicant: (i) if prior to the date of the Sanction Order, with the consent of the Monitor and the Majority Consenting Noteholders; and (ii) if after the date of the Sanction Order, with the consent of the Monitor and the Majority Consenting Noteholders and upon approval by the Court, provided in each case that it concerns a matter that, in the opinion of the Applicant, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Unsecured Creditors.

(c) Any amended, restated, modified or supplementary plan or plans of compromise filed with the Court and, if required by this section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

13.5 Severability of Plan Provisions

If, prior to the Implementation Time, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, at the request of the Applicant, made with the consent of the Majority Consenting Noteholders (acting reasonably), the Court shall have the power to either (a) sever such term or provision from the balance of this Plan and provide the Applicant and the Majority Consenting Noteholders with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Implementation Time, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted, provided that the Majority Consenting Noteholders have approved such alteration or interpretation, acting reasonably. Notwithstanding any such holding, alteration or interpretation, and provided that this Plan is implemented, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

13.6 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with this Plan, following the Implementation Date, the Applicant will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Applicant may hold against any Person or entity without further approval of the Court.

13.7 Responsibilities of Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings and this Plan with respect to the Applicant and will not be responsible or liable for any obligations of the Applicant.

13.8 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail, email or by facsimile addressed to the respective Parties as follows:

If to Jaguar or the Subsidiaries, at:

(a) c/o Jaguar Mining Inc.
67 Yonge Street, Suite 1203
Toronto, Ontario M5E 1J8

Attention: David Petroff
Email: david.petroff@jaguarmining.com

with a required copy (which shall not be deemed notice) to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Walied Soliman and Evan Cobb
Fax: (416) 216-3930
Email: walied.soliman@nortonrosefulbright.com
evan.cobb@nortonrosefulbright.com

(b) If to the Ad Hoc Committee of Noteholders:

Goodmans LLP
Suite 3400
333 Bay Street
Bay Adelaide Centre
Toronto, Ontario M5H 2S7

Attention: Rob Chadwick and Melaney Wagner
Fax: (416) 979-1234
Email rchadwick@goodmans.ca
mwagner@goodmans.ca

(c) If to the Monitor, at:

FTI Consulting Canada Inc.
TD Waterhouse Tower
Suite 2010
79 Wellington Street
Toronto, Ontario M5K 1G8

Attention: Greg Watson and Jodi Porepa
Fax: (416) 649-8101
Email: Greg.Watson@fticonsulting.com
Jodi.Porepa@fticonsulting.com

With a required copy (which shall not be deemed notice) to:

Osler, Hoskin & Harcourt LLP
Box 50
1 First Canadian Place
Toronto, Ontario M5X 1B8

Attention: Marc Wasserman
Fax: (416) 862-6666
Email: mwasserman@osler.com

or to such other address as any Party may from time to time notify the others in accordance with this Section 13.8. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or emailing, provided that such day in either event is a Business Day and the communication is so delivered, faxed or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and

made and to have been received on the next following Business Day.

13.9 Consent of Majority Consenting Noteholders or Majority Backstop Parties

For the purposes of this Plan, any matter requiring the agreement, waiver, consent or approval of the Majority Consenting Noteholders or the Majority Backstop Parties shall be deemed to have been agreed to, waived, consented to or approved by such Majority Consenting Noteholders or Majority Backstop Parties if such matter is agreed to, waived, consented to or approved in writing by Goodmans LLP, provided that Goodmans LLP expressly confirms in writing (which can be by way of e-mail) that it is providing such agreement, consent, waiver or approval on behalf of the Majority Consenting Noteholders or the Majority Backstop Parties, as applicable.

13.10 Paramountcy

From and after the Implementation Time on the Implementation Date, any conflict between:

(a) this Plan; and

(b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Applicant and/or the Subsidiaries as at the Implementation Date,

will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

13.11 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, each of the Persons named or referred to in, or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

APPENDIX C
INITIAL ORDER

APPENDIX D
MEETING ORDER

APPENDIX E
CLAIMS PROCEDURE ORDER

Exhibit "B"

This is Exhibit B referred to in the affidavit of DAVID DETROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "C"

JAGUAR MINING INC.

as Issuer

AND

THE BANK OF NEW YORK MELLON

as Trustee

AND

BNY TRUST COMPANY OF CANADA

as Co-Trustee

This is Exhibit C referred to in the affidavit of DAVID PETROFF sworn before me, this 13RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Indenture

Dated as of September 15, 2009

4.50% Senior Convertible Notes due 2014

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CONVERSION

INDENTURE, dated as of September 15, 2009, between JAGUAR MINING INC., a corporation amalgamated under the laws of the Province of Ontario, as Issuer (herein called the "**Company**"), having its principal office at 125 North State Street, Concord, New Hampshire 03301 (Facsimile No. 603-228-8045), Attention: Secretary, and THE BANK OF NEW YORK MELLON, a New York banking corporation, as Trustee (herein called the "**Trustee**"), and BNY TRUST COMPANY OF CANADA, a Canadian trust corporation, as Co-Trustee (herein called the "**Co-Trustee**").

The Company has duly authorized the creation of an issue of 4.50% Senior Convertible Notes due 2014 (each a "**Security**" and collectively, the "**Securities**") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

All things necessary to make this Indenture a valid and binding agreement of the Company have been done and all things necessary to make the Securities, when executed by the Company and authenticated and delivered hereunder, the valid and binding obligations of the Company, have been done.

The Company, the Trustee and the Co-Trustee agree, for the benefit of each other and for the equal and ratable benefit of all Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular;

(b) all other terms used herein that are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(d) unless otherwise noted, references to "**U.S. Dollars**" or "$" shall mean the currency of the United States of America; and

(e) the words "**herein,**" "**hereof**" and "**hereunder**" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"**Act,**" when used with respect to any Holder, has the meaning specified in Section 1.04.

"**Additional Amounts**" has the meaning specified in Section 10.10.

"**Additional Interest Amount**" means a payment of 25 basis points made by the Company to the Holders (or, with respect to any Securities that have been previously converted, to the Holders of such converted Securities at the time of such conversion) for each 90-day period (or any portion thereof) during which a Missed Filing Default is in effect following the applicable Cure Period, in the circumstances described in Section 10.11. The amount of the payment to any Holder (or previous Holder in the case of previously converted Securities) shall be determined by applying 25 basis points to the current principal amount of such Holder's Securities then outstanding (or to the principal amount of such previous Holder's converted Securities immediately prior to their conversion in the case of previously converted Securities).

"**Additional Interest Notice**" has the meaning specified in Section 10.11.

"**Additional Securities**" means additional Securities which may be issued after the Issue Date pursuant to this Indenture (other than in exchange for, or in replacement of, Outstanding Securities). All references herein to "Securities" shall be deemed to include Additional Securities to the extent any have been issued.

"**Additional Shares**" has the meaning specified in Section 13.05.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agent Members**" has the meaning specified in Section 2.15.

"**Applicable Procedures**" has the meaning specified in Section 2.12.

"**Board of Directors**" means, with respect to any Person, either the board of directors of such Person or any duly authorized committee of that board.

"**Board Resolution**" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee and the Co-Trustee.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in either the City of New York or in the City of Toronto are authorized or obligated by law, or executive order or governmental decree to be closed.

"**Canadian Private Placement Legend**" has the meaning specified in Section 2.05.

"**Canadian Securities Laws**" means the securities laws, rules, regulations and written policy statements of any province or territory of Canada, as the same may be amended from time to time.

"**Canadian Taxes**" has the meaning specified in Section 10.10.

"**Capital Stock**" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"**Closing Sale Price**" of a Common Share on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the Common Shares are traded.

"**Commission**" means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"**Common Equity**" of any Person means capital stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or (ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Common Shares**" means the common shares without par value of the Company as it exists on the date of this Indenture.

"**Company**" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"**Company Request**" or "**Company Order**" means a written request or order signed in the name of the Company (i) by its Chairman of the Board, its Vice Chairman of the Board, its Chief Executive Officer, its Chief Operating Officer, its Chief Financial Officer or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary or (ii) by an authorized signatory (by virtue of a power of attorney, Board Resolution or other similar instrument), and delivered to the Trustee.

"**Continuing Director**" means, at any date, a member of the Company's Board of Directors (i) who was a member of such board on the date of this Indenture or (ii) who was nominated or elected by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or such lesser number comprising a majority of a nominating committee comprised of independent directors if authority for such nominations or elections has been delegated to a nominating committee whose authority and composition have been approved by at least a majority of the directors who were Continuing Directors at the time such committee was formed. (Under this definition, if the Board of Directors of the Company as

of the date of this Indenture were to approve a new director or directors and then resign, no Fundamental Change would occur even though the current Board of Directors would thereafter cease to be in office.)

"**Conversion Agent**" means the Trustee or such other office or agency designated by the Company where Securities may be presented for conversion.

"**Conversion Date**" has the meaning specified in Section 13.02.

"**Conversion Notice**" has the meaning specified in Section 13.02.

"**Conversion Price**" means, at any time, $1,000 divided by the Conversion Rate in effect at such time, rounded to three decimal places (rounded up if the fourth decimal place thereof is 5 or more and otherwise rounded down).

"**Conversion Rate**" has the meaning specified in the Securities.

"**Corporate Trust Office**" means (i) with respect to the Trustee, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at 101 Barclay Street, New York, NY 10286, 4-East, Attention: Global Trust Services (Facsimile No.: (212) 815-5366) or at any other time at such other address as the Trustee may designate from time to time by notice to the Company, and (ii) with respect to the Co-Trustee, the principal office of the Co-Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at Suite 1101, 4 King Street West, Toronto, Ontario, Canada M5H 1B6 or at any other time at such other address as the Co-Trustee may designate from time to time by notice to the Company.

"**corporation**" means a corporation, association, company, joint-stock company or business trust.

"**Co-Trustee**" means the Person named as the "**Co-Trustee**" in the first paragraph of this Indenture until a successor Co-Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Co-Trustee**" shall mean such successor Co-Trustee.

"**Cure Period**" has the meaning specified in Section 10.11.

"**Current Market Price**" has the meaning specified in Section 13.04.

"**Daily VWAP**" means the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "JAG <equity> VAP" in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one Common Share on such Trading Day on the Toronto Stock Exchange (such price to be converted into U.S. dollars based on the Bank of Canada noon exchange rate as reported for conversion into U.S. dollars on such date) or otherwise as the Company's Board of Directors determines in good faith using a volume-weighted method); *provided* that after the consummation of a Fundamental Change in which the

consideration is comprised entirely of cash, "Daily VWAP" means the cash price per Common Share received by holders of the Company's Common Shares in such Fundamental Change.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would become, an Event of Default.

"**Defaulted Interest**" has the meaning specified in Section 2.17.

"**Depositary**" means The Depository Trust Company until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean such successor Depositary.

"**Effective Date**" has the meaning specified in Section 13.05.

"**Event of Default**" has the meaning specified in Section 5.01.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Excluded Holder**" has the meaning specified in Section 10.10.

"**Excluded Taxes**" has the meaning specified in Section 10.10.

"**Ex-Dividend Date**" means, with respect to any dividend or distribution, the first date on which the Common Shares trade in the regular way without the right to receive such dividend or distribution on the New York Stock Exchange, the Toronto Stock Exchange or such other national or regional exchange or market on which the Common Shares are then listed or quoted.

"**fair market value**" has the meaning specified in Section 13.04.

"**Fundamental Change**" has the meaning specified in Section 12.01.

"**Fundamental Change Notice**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Date**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Notice**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Offer**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Price**" has the meaning specified in Section 12.01.

"**GAAP**" means generally accepted accounting principles in the United States, as in effect from time to time.

"**Global Security**" means a Security in global form registered in the Security Register in the name of a Depositary or a nominee thereof.

"**Global Security Legend**" has the meaning specified in Section 2.05.

"**Holder**" or "**Securityholder**" means a Person in whose name a Security is registered in the Security Register.

"**Indenture**" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"**Ineligible Consideration**" has the meaning set forth in Section 13.06.

"**Interest Payment Date**" means each May 1 and November 1 of each year.

"**Issue Date**" means the date the Securities are originally executed and authenticated as set forth in the applicable Security issued under this Indenture.

"**Judgment Currency**" has the meaning specified in Section 1.19.

"**Market Disruption Event**" means (i) a failure by the primary United States national securities exchange on which the Common Shares are listed (or the Toronto Stock Exchange if the Common Shares are not then listed on a United States national securities exchange) or admitted to trading to open during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m. on any Trading Day for the Common Shares for an aggregate one half hour period of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares.

"**Maturity**" means, when used with respect to any Security, the date on which the Principal Amount, Redemption Price or Fundamental Change Purchase Price of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity, Redemption Date or Fundamental Change Purchase Date, or by declaration of acceleration or otherwise.

"**Missed Filing Default**" has the meaning specified in Section 10.11.

"**Notice of Default**" has the meaning specified in Section 5.01.

"**Notice of Election**" has the meaning specified in Section 11.01.

"**Notice of Redemption**" has the meaning specified in Section 11.02.

"**Offering**" means the initial offering of the Securities by the Company.

"**Offering Memorandum**" means the confidential offering memorandum, dated September 10, 2009, pursuant to which the Securities were offered and sold in the Offering.

"**Officers' Certificate**" means a certificate signed by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee and the Co-Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 10.04 shall be the principal executive, financial or accounting officer of the Company.

"**Opinion of Counsel**" means a written opinion of counsel, who may be external or in-house counsel for the Company.

"**Outstanding**," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee or the Co-Trustee for cancellation;

(ii) Securities, or portions thereof, for which payment in the necessary amount has been theretofore deposited with the Trustee, the Co-Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; and

(iii) Securities which have been paid, or Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee or the Co-Trustee proof satisfactory to it that such Securities are held by a protected purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that, in determining whether the Holders of the requisite Principal Amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee and the Co-Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee or the Co-Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee or the Co-Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"**Paying Agent**" means any Person authorized by the Company to pay the principal of, or interest (including Additional Interest Amounts or Additional Amounts, if any)

on, or the Redemption Price or Fundamental Change Purchase Price of, any Securities on behalf of the Company. The Trustee shall initially be the Paying Agent.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Physical Securities**" means permanent certificated Securities in registered form issued in denominations of $1,000 Principal Amount and integral multiples thereof.

"**Principal Amount**" of a Security means the principal amount as set forth on the face of the Security.

"**Private Placement Legend**" has the meaning specified in Section 2.05.

"**Rate(s) of Exchange**" has the meaning specified in Section 1.19.

"**Record Date**" has the meaning specified in Section 13.04.

"**Redemption Date**" means, when used with respect to any Security to be redeemed, the date fixed for redemption pursuant to this Indenture.

"**Redemption Price**" means, when used with respect to any Security to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

"**Reference Property**" has the meaning set forth in Section 13.06.

"**Regular Record Date**" for the payment of interest on the Securities (including Additional Interest Amounts or Additional Amounts, if any), means April 15 (whether or not a Business Day) next preceding an Interest Payment Date on May 1 and October 15 (whether or not a Business Day) next preceding an Interest Payment Date on November 1.

"**Required Currency**" has the meaning set forth in Section 1.19.

"**Responsible Officer**" means any officer of the Trustee or the Co-Trustee within the Corporate Trust Office of the Trustee or the Co-Trustee, as applicable, with direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer of the Trustee or the Co-Trustee to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject.

"**Restricted Global Security**" means a Global Security that bears the Private Placement Legend.

"**Restricted Physical Security**" means a Physical Security that bears the Private Placement Legend.

"**Rule 144**" means Rule 144 under the Securities Act, as the same may be amended from time to time.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Security**" or "**Securities**" have the respective meanings specified in the first paragraph of this Indenture.

"**Security Register**" has the meaning specified in Section 2.10.

"**Security Registrar**" has the meaning specified in Section 2.10.

"**Share Price**" has the meaning specified in Section 13.05.

"**Significant Subsidiary**" has the meaning set forth in Rule 1-02(w) of Regulation S-X under the Exchange Act.

"**Special Interest Payment Date**" has the meaning specified in Section 2.17.

"**Special Record Date**" has the meaning specified in Section 2.17.

"**Spin-Off**" has the meaning specified in Section 13.04.

"**Stated Maturity**" when used with respect to any Security, means November 1, 2014.

"**Stock Transfer Agent**" means Computershare Investor Services Inc. at its offices in Toronto, Ontario, Canada and Computershare Trust Company, N.A. at its offices in Golden, Colorado, or such other Person or Persons designated by the Company as a transfer agent for the Common Shares.

"**Subsidiary**" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "**voting stock**" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"**Successor Company**" has the meaning specified in Section 8.01.

"**Trading Day**" means a day during which (i) trading in the Common Shares generally occurs, (ii) there is no Market Disruption Event and (iii) a Closing Sale Price for the Common Shares may be obtained for that day.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and any reference thereto includes a reference to an equivalent provision of a Canadian, provincial or territorial income tax statute, as amended.

"**Tax Redemption**" has the meaning set forth in Section 11.01.

"**Trigger Event**" has the meaning specified in Section 13.04.

"**Trust Indenture Act**" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; *provided, however*, that in the event the Trust Indenture Act of 1939 is amended after such date, "**Trust Indenture Act**" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean such successor Trustee.

"**Unrestricted Global Security**" means a Global Security that does not bear the Private Placement Legend.

"**Unrestricted Physical Security**" means a Physical Security that does not bear the Private Placement Legend.

"**Vice President**" when used with respect to the Company, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

Section 1.02 Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee or the Co-Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee and the Co-Trustee, as applicable, such certificates and opinions as may be required under the Trust Indenture Act and as may otherwise be required hereunder. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirement set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, such individual has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03 Form of Documents Delivered to Trustee and Co-Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified

Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may contain customary assumptions, limitations and qualifications and be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04 Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in, and evidenced by, one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and the Co-Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Trustee, the Co-Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee or the Co-Trustee reasonably deems sufficient.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to

vote on any action, authorized or permitted to be given or taken by Holders. If not set by the Company prior to the first solicitation of a Holder made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 10.08) prior to such first solicitation or vote, as the case may be. With regard to any record date, only the Holders on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The ownership of Securities shall be proved by the Security Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Co-Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 1.05 Notices, Etc., to Trustee, Co-Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or other Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (which may be via facsimile) and sent to the Trustee at its Corporate Trust Office, with a copy to the Co-Trustee at its Corporate Trust Office; or

(b) the Company by the Trustee, the Co-Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company, addressed to it at the address of its principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee or the Co-Trustee by the Company, Attention: Senior Vice-President and Associate General Counsel. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification via facsimile shall constitute a sufficient notification for every purpose hereunder.

Section 1.06 Notice to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee and the Co-Trustee, but such filing shall not be a condition precedent to the validity of any action

taken in reliance upon such waiver. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee and the Co-Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 1.07 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 1.08 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.09 Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 1.10 Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11 Benefits of Indenture. Except as provided in Section 1.14, nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their respective successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law. This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

Section 1.13 Legal Holiday. If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, and no interest on such payment will accrue for the period from the Interest Payment Date to such next succeeding Business Day. If the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date would fall on a day that is not a Business Day, the required payment of interest, if any (including Additional Interest Amounts and Additional Amounts, if any), and principal will be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date to such next succeeding Business Day. If any other specified date (including a date for giving notice) falls on a day that is not a Business Day, the action required to be taken on such specified date shall be taken on the next succeeding Business Day.

Section 1.14 No Recourse Against Others. No director, officer, employee, shareholder or Affiliate, as such, of the Company from time to time shall have any liability for any obligations of the Company under the Securities or this Indenture. Each Holder by accepting a Security waives and

releases all such liability. This waiver and release are part of the consideration for the Securities. Each of such directors, officers, employers, shareholders and Affiliates of the Company is a third party beneficiary of this Section 1.14.

Section 1.15 Force Majeure. In no event shall the Trustee or the Co-Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee and the Co-Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 1.16 Counterparts. This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 1.17 Waiver of Jury Trial. EACH OF THE COMPANY, THE TRUSTEE AND THE CO-TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Section 1.18 Consent to Service of Process. The Company irrevocably submits to the nonexclusive jurisdiction of any New York State or Federal court sitting in The City of New York over any suit, action or proceeding arising out of or relating to this Indenture or any Security. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. The Company agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company and may be enforced in the courts of Canada (or any other courts to the jurisdiction of which the Company is subject) by a suit upon such judgment, *provided* that service of process is effected upon the Company in the manner specified in the following paragraph or as otherwise permitted by law; *provided, however*, that the Company does not waive, and the foregoing provisions of this sentence shall not constitute or be deemed to constitute a waiver of, (i) any right to appeal any such judgment, to seek any stay or otherwise to seek reconsideration or review of any such judgment or (ii) any stay of execution or levy pending an appeal from, or a suit, action or proceeding for reconsideration or review of, any such judgment.

As long as any of the Securities remain outstanding, the Company will at all times have an authorized agent in The Borough of Manhattan, The City of New York upon whom process may be served in any legal action or proceeding arising out of or relating to the Indenture or any Security. Service of process upon such agent together with the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of the Company set forth in the first paragraph of this Indenture or to any other address of which the Company shall have given written notice to the Trustee or the Co-Trustee shall to the extent permitted by law be deemed in every respect effective service of process upon the Company in

any such legal action or proceeding. The Company hereby appoints CT Corporation System as its agent for such purpose, and covenants and agrees that service of process in any such legal action or proceeding may be made upon it at the office of such agent at 111 Eighth Avenue, New York, New York 10011 (or at such other address in The Borough of Manhattan, The City of New York, as the Company may designate by written notice to the Trustee). The Company irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service (but does not waive any right to assert lack of subject matter jurisdiction) and agrees that such service (i) shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to the Company.

Nothing in this Section shall affect the right of the Trustee, the Co-Trustee or any Holder to serve process in any manner permitted by law or limit the right of the Trustee or the Co-Trustee to bring proceedings against the Company in the courts of any jurisdiction or jurisdictions.

Section 1.19 Conversion of Currency.

(a) The Company covenants and agrees that the following provisions shall apply to conversion of currency in the case of the Securities and this Indenture:

(i) If for the purposes of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into any other currency (the "**Judgment Currency**") an amount due or contingently due under the Securities and this Indenture (the "**Required Currency**"), then the conversion shall be made at the Rate of Exchange prevailing on the Business Day before the day on which a final judgment which is not appealable or is not appealed is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(ii) If there is a change in the Rate of Exchange prevailing between the Business Day before the day on which the judgment referred to in (i) above is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Company shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the Judgment Currency, when converted at the Rate of Exchange prevailing on the date of receipt, will produce the amount in the Required Currency originally due.

(b) In the event of the winding-up of the Company at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Company shall indemnify and hold the Holders, the Trustee and the Co-Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in the Required Currency (other than under this Section 1.19(b)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Section 1.19(b) the final date for the filing of proofs of claim in the winding-up of the Company shall be the date fixed by the liquidator or otherwise in accordance with the

relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Company may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(c) The obligations contained in Sections 1.19(a)(ii) and 1.19(b) shall constitute separate and independent obligations of the Company from its other obligations under the Securities and this Indenture, shall give rise to separate and independent causes of action against the Company, shall apply irrespective of any waiver or extension granted by any Holder, the Trustee or the Co-Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Company for a liquidated sum in respect of amounts due hereunder (other than under Section 1.19(b) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders, the Trustee or the Co-Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Company or the applicable liquidator. In the case of Section 1.19(b) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

(d) The term **"Rate(s) of Exchange"** shall mean the Bank of Canada noon rate for purchases on the relevant date of the Required Currency with the Judgment Currency, as reported by Telerate on screen 3194 (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and includes any premiums and costs of exchange payable.

Section 1.20 Calculations in Respect of the Securities. Except as otherwise expressly provided in this Indenture, the Company will be responsible for making all calculations called for in respect of the Securities. These calculations include, but are not limited to, determinations of the Closing Sale Price of the Common Shares, accrued interest payable on the Securities and the Conversion Rate of the Securities and any adjustments to the Conversion Rate, the Conversion Price or otherwise. The Company shall make all such calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on the Holders, the Conversion Agent, the Trustee and the Co-Trustee. The Company shall provide a schedule of its calculations to each of the Trustee, the Co-Trustee and the Conversion Agent, and each of the Trustee, the Co-Trustee and the Conversion Agent is entitled to rely conclusively upon the accuracy of the Company's calculations without independent verification. The Trustee and the Co-Trustee shall forward the Company's calculations to any Holder upon the written request of such Holder.

ARTICLE II

THE SECURITIES

Section 2.01 Forms Generally. The Securities and the Trustee's certificate of authentication shall be substantially in the respective forms set forth in Exhibit A hereto. The terms and provisions contained in the form of Security shall constitute, and are hereby expressly made, a part of this Indenture and to the extent applicable, the Company, the Trustee, the Co-Trustee and the Conversion Agent, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. Any of the Securities, including any Global Securities, may have

such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends (including those set forth in Section 2.05) or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor, the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and the Tax Act, or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof.

The Securities shall be initially issued in the form of one or more permanent Global Securities in registered form in substantially the form set forth in Exhibit A hereto. The aggregate Principal Amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as hereinafter provided.

Section 2.02 [Reserved]

Section 2.03 [Reserved]

Section 2.04 [Reserved]

Section 2.05 Legends.

(a) Subject to Section 2.12, all Securities originally issued hereunder (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend set forth below (the "**Private Placement Legend**"):

> THIS SECURITY AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY PRIOR TO THE DATE PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO (THE "RESALE RESTRICTION TERMINATION DATE"), EXCEPT (A) TO JAGUAR MINING INC. OR ANY SUBSIDIARY THEREOF, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT,

SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (B) OR (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE REGISTRATION TERMINATION DATE. THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(b) Until January 18, 2010, all Securities originally issued hereunder (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend set forth below (the "**Canadian Private Placement Legend**"):

UNLESS PERMITTED BY APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MAY NOT TRADE THIS SECURITY IN CANADA BEFORE JANUARY 18, 2010.

(c) Each Global Security shall bear a legend in substantially the following form (the "**Global Security Legend**"):

THIS SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE II OF THE INDENTURE, (II) THIS SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO ARTICLE II OF THE INDENTURE, (III) THIS SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO ARTICLE II OF THE INDENTURE AND (IV) THIS SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

Section 2.06 Title; Amount and Issue of Securities; Principal and Interest. The Securities shall be known and designated as the "4.50% Senior Convertible Notes due 2014" of the Company. The aggregate Principal Amount of Securities that may be authenticated and delivered under this Indenture is initially limited to $165,000,000, except for Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of other Securities pursuant to Section 2.08, Section 2.09, Section 2.11, Section 2.13, Section 11.05, Section 12.04 and Section 13.02, *provided* that Additional Securities with the same terms and with the same CUSIP numbers as the Securities issued on the date of this Indenture may be issued in an unlimited aggregate principal amount from time to time thereafter pursuant to Section 2.08; *provided* that such Additional Securities must be part of the same issue as the Securities issued on the date of this Indenture for U.S. federal income tax purposes. The Principal Amount shall be payable on November 1, 2014, unless earlier converted, redeemed or purchased. Notwithstanding any other provision of this Indenture, the Company shall not be obligated under any circumstance to pay any amount of principal on or prior to the date which is five years and one day from the Issue Date, otherwise than on a conversion or an Event of Default or following the acceptance of a Fundamental Change Purchase Offer. The Securities and the Additional Securities, if any, will be treated as a single class for purposes of this Indenture.

. The Securities shall bear interest at a rate of 4.50% per year. Interest on the Securities shall accrue from the Issue Date. Interest shall be payable semiannually in arrears on May 1 and November 1, beginning May 1, 2010. Interest (including any Additional Interest Amounts) on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months. Each rate of interest which is calculated with reference to a period that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to the yearly rate of interest payable on the Securities multiplied by the actual number of days in the year and divided by 360. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed in the period.

Payments in respect of Securities represented by a Global Security (including principal and interest (including Additional Interest Amounts and Additional Amounts, if any)) will be made by wire transfer of immediately available funds to the accounts specified by the Depositary. The Company will pay principal of Physical Securities at the office or agency designated by the Company in The Borough of Manhattan, The City of New York. Interest (including Additional Interest Amounts and Additional Amounts, if any) on Physical Securities will be payable (i) to Holders having an aggregate Principal Amount of $5,000,000 or less, by check mailed to the Holders of these Securities and (ii) to Holders having an aggregate Principal Amount of more than $5,000,000, either by check mailed to each Holder or, upon application by a Holder to the Security Registrar not later than two days prior to the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies the Security Registrar, in writing, to the contrary.

A Holder of any Security at 5:00 p.m., New York City time, on a Regular Record Date shall be entitled to receive interest (including Additional Interest Amounts or Additional Amounts, if any), on such Security on the corresponding Interest Payment Date. Holders of Securities at 5:00 p.m., New York City time, on a Regular Record Date will receive payment of

interest (including Additional Interest Amounts or Additional Amounts, if any) payable on the corresponding Interest Payment Date notwithstanding the conversion of such Securities at any time after the close of business on such Regular Record Date. Securities surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date to 9:00 a.m., New York City time, on the immediately following Interest Payment Date must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts and Additional Amounts, if any) payable on the Securities so converted on the corresponding Interest Payment Date, subject to exceptions as set forth in Section 13.03(b). Except where Securities are surrendered for conversion and must be accompanied by payment as described in the immediately preceding sentence, no interest, Additional Interest Amounts or Additional Amounts, if any, thereon will be payable by the Company on any Interest Payment Date subsequent to the date of conversion, and delivery of the cash and Common Shares, if applicable, pursuant to Article XIII hereunder, together with any cash payment for any fractional shares, upon conversion will be deemed to satisfy the Company's obligation to pay the principal amount of the Securities and accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the related Conversion Date.

Section 2.07 Denominations. The Securities shall be issuable only in registered form without coupons and in denominations of $1,000 and any integral multiple of $1,000 above that amount.

Section 2.08 Execution, Authentication, Delivery and Dating. The Securities shall be executed on behalf of the Company by any of its Chairman of the Board, its Chief Executive Officer, its Chief Operating Officer, its Chief Financial Officer, one of its Vice Presidents, its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities. The Company Order shall specify the amount of Securities to be authenticated, and shall further specify the amount of such Securities to be issued as a Global Security or as Physical Securities. The Trustee, in accordance with such Company Order, shall authenticate and deliver such Securities as is in this Indenture provided and not otherwise.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for in Exhibit A hereto executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

Section 2.09 Temporary Securities. Pending the preparation of Physical Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the Physical Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause Physical Securities to be prepared without unreasonable delay. After the preparation of Physical Securities, the temporary Securities shall be exchangeable for Physical Securities upon surrender of the temporary Securities at any office or agency of the Company designated pursuant to Section 10.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like Principal Amount of Physical Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Physical Securities.

Section 2.10 Paying Agent; Registrar. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "**Security Registrar**") and an office or agency where Securities may be presented to the Paying Agent for payment. The Company shall cause each of the Registrar and the Paying Agent to maintain an office or agency in The Borough of Manhattan, The City of New York. The Security Registrar shall keep a register of the Securities and of their transfer and exchange (the "**Security Register**"). The Company may have one or more co-registrars and one or more additional paying agents. The term "**Paying Agent**" includes any additional paying agent and the term "**Security Registrar**" includes any co-registrar.

The Company initially appoints the Trustee as the Paying Agent and the Security Registrar. The Company may, however, change the Paying Agent or Security Registrar without prior notice to the Holders, and the Company may act as the Paying Agent and Security Registrar.

Section 2.11 Transfer and Exchange of Securities Generally.

(a) Upon surrender for registration of transfer of any Security at an office or agency of the Company designated pursuant to Section 10.02 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denominations and of a like aggregate Principal Amount and tenor, each such Security bearing such legends as may be required by Section 2.12 and Section 2.15 of this Indenture.

(b) All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

(c) Subject to Section 2.12, every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee or the Co-Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

(d) No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 2.09 and Section 9.06 not involving any transfer.

(e) The Company shall not be required to exchange or register a transfer of any Security (i) during the 15 day period immediately preceding the mailing of any Notice of Redemption of any Security, (ii) after any Notice of Redemption has been given to Holders, except where such Notice of Redemption provides that such Security is to be redeemed only in part, the Company shall be required to exchange or register a transfer of the portion thereof not to be redeemed, (iii) that has been surrendered for conversion or (iv) as to which a Fundamental Change Purchase Notice has been delivered and not withdrawn, except where such Fundamental Change Purchase Notice provides that such Security is to be purchased only in part, the Company shall be required to exchange or register a transfer of the portion thereof not to be purchased.

(f) Neither the Trustee, the Co-Trustee nor any of their respective agents shall (i) have any duty to monitor compliance with or with respect to any federal or state or other securities or tax laws or (ii) have any duty to obtain documentation on any transfers or exchanges other than as specifically required hereunder.

Section 2.12 Special Transfer and Exchange Provisions.

(a) Transfer and Exchange of Beneficial Interests in the Global Securities. So long as the Global Securities remain outstanding and are held by or on behalf of the Depositary, transfers and exchanges of beneficial interests in the Global Securities shall be made in accordance with the provisions of this Section 2.12(a) and in accordance with the rules and procedures of the Depositary to the extent applicable (the "**Applicable Procedures**").

(i) No restrictions shall apply with respect to the transfer or registration of transfer of (A) a beneficial interest in a Restricted Global Security to a transferee that takes delivery in the form of a beneficial interest in an Unrestricted Global Security or (B) a beneficial interest in an Unrestricted Global Security to a transferee that takes delivery in the form of a beneficial interest in an Unrestricted Global Security; *provided* that any transfer described in this clause (i) shall be made in accordance with the Applicable Procedures. Neither the Trustee nor the Co-Trustee shall be deemed to have knowledge of such transfers.

(ii) Any transfer or exchange of a beneficial interest in a Restricted Global Security to a transferee that will take delivery in the form of a beneficial interest in an

Unrestricted Global Security shall be registered, subject to the Applicable Procedures, only in accordance with this clause (ii). Upon (A) receipt by the Security Registrar of (w) instructions given in accordance with the Applicable Procedures from the Depositary or its nominee on behalf of an owner of a beneficial interest in a Restricted Global Security to transfer such beneficial interest to a Person that will take delivery in the form of a beneficial interest in an Unrestricted Global Security or to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, (x) a written order of the Depositary or its nominee given in accordance with the Applicable Procedures containing account and other information with respect to such transfer or exchange, (y) a certificate of the transferor of the beneficial interest in the Restricted Global Security substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and (z) if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to January 18, 2010, applicable Canadian Securities Laws, and (B) satisfaction of all other applicable conditions imposed by this Indenture and the Applicable Procedures, the Security Registrar shall (1) reflect in the Security Register a decrease in the principal amount of such Restricted Global Security and an increase in the principal amount of such Unrestricted Global Security, each such adjustment to be equal to the beneficial interest transferred pursuant to this clause (ii), and (2) instruct the Depositary to make the corresponding adjustment to its records and debit and credit the accounts of the appropriate Agent Members in accordance with the Applicable Procedures.

(iii) Any transfer or exchange of a beneficial interest in an Unrestricted Global Security to a transferee that will take delivery in the form of a beneficial interest in a Restricted Global Security shall be registered, subject to the Applicable Procedures, only in accordance with this clause (iii). Upon (A) receipt by the Security Registrar of (w) instructions given in accordance with the Applicable Procedures from the Depositary or its nominee on behalf of an owner of a beneficial interest in an Unrestricted Global Security to transfer such beneficial interest to a Person that will take delivery in the form of a beneficial interest in a Restricted Global Security or to exchange such beneficial interest for a beneficial interest in a Restricted Global Security, (x) a written order of the Depositary or its nominee given in accordance with the Applicable Procedures containing account and other information with respect to such transfer or exchange, and (y) a certificate of the transferor of the beneficial interest in the Unrestricted Global Security substantially in the form of Exhibit B hereto, including the applicable certifications in item (1) thereof, and (B) satisfaction of all other applicable conditions imposed by this Indenture and the Applicable Procedures, the Security Registrar shall (1) reflect in the Security Register a decrease in the principal amount of such Unrestricted Global Security and an increase in the principal amount of such Restricted Global Security, each such adjustment to be equal to the beneficial interest transferred pursuant to this clause (iii), and (2) instruct the Depositary to make the corresponding adjustment to its records and debit and credit the accounts of the appropriate Agent Members in accordance with the Applicable Procedures.

(b) Transfer and Exchange of Beneficial Interests in the Global Securities for

Physical Securities. A holder of a beneficial interest in a Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of a Physical Security and may exchange such beneficial interest for a Physical Security only upon the occurrence of any of the events set forth in clauses (A), (B) and (C) of Section 2.15(b) and satisfaction of the conditions set forth in this Section 2.12(b). Upon the occurrence of any such preceding event and receipt by the Security Registrar of the documentation referred to in the appropriate subparagraph of this Section 2.12(b), the Trustee shall cause the aggregate Principal Amount of the applicable Global Security to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Physical Security in the appropriate Principal Amount. Any Physical Security issued in exchange for a beneficial interest pursuant to this Section 2.12(b) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Agent Members. The foregoing requirements shall apply to all transfers and exchanges pursuant to this Section 2.12(b).

(i) A holder of a beneficial interest in a Restricted Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Physical Security upon the receipt by the Security Registrar of a certificate from such holder substantially in the form of Exhibit B hereto, including the applicable certifications in item (1) thereof. Any Physical Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.12(b)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) A holder of a beneficial interest in a Restricted Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Physical Security or may exchange such beneficial interest for Unrestricted Physical Securities upon the receipt by the Security Registrar of a certificate from such holder substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and, if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to January 18, 2010, applicable Canadian Securities Laws. Any Unrestricted Physical Securities issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.12(b)(ii) shall not bear the Private Placement Legend.

(iii) Other than the restrictions on transfer set forth in the Canadian Private Placement Legend, if applicable, no restrictions shall apply with respect to the transfer or exchange of a beneficial interest in an Unrestricted Global Security.

(c) Transfer and Exchange of Physical Securities for Physical Securities. Upon request by a Holder of Physical Securities and such Holder's compliance with the provisions of this Section 2.12(c), the Security Registrar shall register the transfer or exchange of Physical Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Security Registrar the Physical Securities duly endorsed or accompanied by a

written instruction of transfer in form satisfactory to the Security Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.12(c).

(i) Any Restricted Physical Security may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Security if the Security Registrar receives a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof.

(ii) Any Restricted Physical Security may be transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Security or exchanged for Unrestricted Physical Securities if the Security Registrar receives a certificate substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and, if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to January 18, 2010, applicable Canadian Securities Laws. Any Unrestricted Physical Security issued in exchange for a Restricted Physical Security pursuant to this Section 2.12(c)(ii) shall not bear the Private Placement Legend.

(iii) Other than the restrictions on transfer set forth in the Canadian Private Placement Legend, if applicable, no restrictions shall apply with respect to the transfer of an Unrestricted Physical Security.

(d) General. By its acceptance of any Security bearing the Private Placement Legend, the Canadian Private Placement Legend and/or the Global Security Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in such legends and agrees that it will transfer such Security only as provided in this Indenture. The Security Registrar shall retain, in accordance with its customary procedures, copies of all letters, notices and other written communications received pursuant to this Section 2.12. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Security Registrar.

Section 2.13 Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security is surrendered to the Trustee or the Co-Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of like tenor and Principal Amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section 2.12, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section 2.12 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.14 Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee, the Co-Trustee and any agent of the Company, the Trustee or the Co-Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee, the Co-Trustee nor any agent of the Company, the Trustee or the Co-Trustee shall be affected by notice to the contrary.

Section 2.15 Book-Entry Provisions for Global Securities.

(a) Any Global Securities shall (i) be registered in the name of the Depositary or the nominee of such Depositary, (ii) be deposited with the Trustee as custodian for the Depositary, at its Corporate Trust Office, and (iii) bear the Global Note Legend. Members of, or participants in, the Depositary ("**Agent Members**") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, and the Depositary may be treated by the Company, the Trustee, the Co-Trustee and any agent of the Company, the Trustee or the Co-Trustee as the absolute owner of any Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Co-Trustee or any agent of the Company, the Trustee or the Co-Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and the Agent Members, the operation of customary practices governing the exercise of the rights of any Holder.

(b) Transfers of the Global Securities shall be limited to transfers in whole, but not in part, to the Depositary, its successors or their respective nominees. Physical Securities shall be transferred to beneficial owners in exchange for their beneficial interests in the Global Securities only if (A) the Depositary has notified the Company (or in the case of clause (ii) below the Company becomes aware) that the Depositary (i) is unwilling or unable to continue as

Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act when the Depositary is required to be so registered and, in both such cases, no successor Depositary shall have been appointed within 90 days of such notification or of the Company becoming aware of such event, as applicable (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security and the Outstanding Securities shall have become due and payable pursuant to Section 5.02 and any Holder requests that Physical Securities be issued or (C) the Company has determined in its sole discretion that the Securities shall no longer be represented by Global Securities. Any such transfer or exchange of interests of beneficial owners in a Global Security, in whole or in part, for Physical Securities shall be in accordance with the rules and procedures of the Depositary and the provisions of Section 2.12.

(c) The Holder of the Global Securities may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

Section 2.16 Cancellation. The Company at any time may deliver to the Trustee or the Co-Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee or the Co-Trustee for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold. The Trustee or the Co-Trustee shall cancel and dispose of all Securities surrendered for registration of transfer, exchange, payment, purchase, redemption, conversion (pursuant to Article XIII hereof) or cancellation in accordance with their customary practices. If the Company shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee or the Co-Trustee for cancellation. The Company may not issue new Securities to replace Securities it has paid in full or delivered to the Trustee or the Co-Trustee for cancellation.

Section 2.17 Defaulted Interest. Any interest (including Additional Interest Amounts and Additional Amounts, if any) on any Security which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days, shall forthwith cease to be payable to the Holder on the Regular Record Date, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate set forth in Section 10.01 (such defaulted interest and interest thereon herein collectively called "**Defaulted Interest**") shall be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee and the Co-Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date (not less than 30 days after such notice) of the proposed payment (the "**Special Interest Payment Date**"), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons

entitled to such Defaulted Interest as in this Section 2.16(a) provided. Thereupon the Trustee shall fix a record date (the "**Special Record Date**") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the Special Interest Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date, and in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 12.02, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to Section 2.16(b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.17, each Security delivered under this Indenture upon registration of, transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest (including Additional Interest Amounts and Additional Amounts, if any) accrued and unpaid, and to accrue, which were carried by such other Security.

Section 2.18 CUSIP Numbers. The Company, in issuing the Securities, may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee and the Co-Trustee shall use "CUSIP" numbers in notices as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee and the Co-Trustee of any change in the "CUSIP" numbers.

Section 2.19 Ranking. The indebtedness of the Company arising under or in connection with this Indenture and every outstanding Security issued under this Indenture from time to time constitutes and will constitute a senior unsecured general obligation of the Company, ranking equally with other existing and future unsecured senior and unsubordinated Indebtedness of the Company and ranking senior in right of payment to any future Indebtedness of the Company that is expressly made subordinate to the Securities by the terms of such Indebtedness. For purposes of this Section 2.19 only, "**Indebtedness**" means, without duplication, the principal or face amount of (a) all obligations for borrowed money, (b) all obligations evidenced by debentures, notes or other similar instruments, (c) all obligations in respect of letters of credit or bankers acceptances or similar instruments (or reimbursement obligations with respect thereto), (d) all obligations to pay the deferred purchase price of property or services, (e) all obligations as lessee which are capitalized in accordance with generally accepted accounting principles and (f) all Indebtedness of others guaranteed by the

Company or any of its Subsidiaries or for which the Company or any of its Subsidiaries is legally responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds or to invest in, others).

Section 2.20 Sinking Fund. The Securities shall not have the benefit of a sinking fund.

ARTICLE III

[RESERVED]

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee and Co-Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either:

(i) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.13 and (B) Securities for whose payment money has theretofore been deposited with the Trustee or the Co-Trustee in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided in Section 10.03) have been delivered to the Trustee or the Co-Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee or Co-Trustee for cancellation have become due and payable, and the Company has deposited or caused to be deposited with the Trustee or the Co-Trustee as trust funds in trust for this purpose an amount sufficient to pay and discharge the entire indebtedness evidenced by such Securities not theretofore delivered to the Trustee or the Co-Trustee for cancellation;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee and the Co-Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and the Co-Trustee under Section 6.07 and, if money shall have

been deposited with the Trustee and the Co-Trustee pursuant to Section 4.01(a)(ii), the obligations of the Trustee and the Co-Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive such satisfaction and discharge.

Section 4.02 Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.03, all money deposited with the Trustee and the Co-Trustee pursuant to Section 4.01 shall be held in trust and applied by them, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee and Co-Trustee may determine, to the Persons entitled thereto, of the principal and interest (including Additional Interest Amounts or Additional Amounts, if any), for whose payment such money has been deposited with the Trustee or the Co-Trustee.

ARTICLE V

REMEDIES

Section 5.01 Events of Default. "**Event of Default,**" wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the Principal Amount, Redemption Price or Fundamental Change Purchase Price on any Security when it becomes due and payable;

(b) default in the payment of interest or Additional Interest Amounts or Additional Amounts, if any, upon any Security when such amounts become due and payable and continuance of such default for a period of 30 days;

(c) default in the performance of any covenant, agreement or condition of the Company in this Indenture or the Securities (other than a default specified in Sections 5.01(a) or 5.01 (b)), and continuance of such default for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or the Co-Trustee, or to the Company, the Trustee and the Co-Trustee by the Holders of at least 25% in aggregate Principal Amount of the Outstanding Securities a written notice specifying such default and requiring it to be remedied and stating that such notice is a "**Notice of Default**" hereunder;

(d) failure by the Company to convert Securities into cash, Common Shares or a combination of cash and Common Shares, at the Company's election, upon exercise of a Holder's conversion right and such failure continues for five Business Days or more;

(e) default in the payment of any indebtedness (other than indebtedness that is non-recourse to the Company or its Subsidiaries) for borrowed money by the Company or any of its Subsidiaries (all or substantially all of the outstanding voting securities of which are owned, directly or indirectly, by the Company) in an outstanding principal amount in excess of $15,000,000 (or the equivalent thereof in any other currency or currency unit) when such amounts become due at final maturity or upon acceleration, and

such indebtedness is not discharged or such default in payment or acceleration is not cured, rescinded or annulled within 10 days after written notice, by registered or certified mail, to the Company by the Trustee or the Co-Trustee specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(f) the rendering of a final judgment or judgments (not subject to appeal and not covered by insurance) against the Company or any of its Subsidiaries in excess of $15,000,000 (or the equivalent thereof in any other currency or currency unit) which remains unstayed, undischarged or unbonded for a period of 60 days;

(g) failure by the Company to give notice of a Fundamental Change as set forth in Section 12.01(b) or notice of certain transactions as set forth under Section 13.05(a);

(h) failure by the Company to comply with its obligations under Article VIII;

(i) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Company or any of its Significant Subsidiaries of a voluntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law, (ii) a decree or order adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any of its Significant Subsidiaries under any applicable U.S. or Canadian federal, state or provincial law or (iii) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any of its Significant Subsidiaries or of any substantial part of its or their property, or ordering the winding up or liquidation of its or their affairs, and the continuance of any such decree or order for relief or any such other appointment, decree or order unstayed and in effect for a period of 60 consecutive days; or

(j) the commencement by the Company or any of its Significant Subsidiaries of a voluntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by any of them to the entry of a decree or order for relief in respect of the Company or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it or any of them, or the filing by it or any of them of a petition or answer or consent seeking reorganization or relief under any applicable U.S. or Canadian federal, state or provincial law, or the consent by it or any of them to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any of its Significant Subsidiaries or of any substantial part of its or their property, or the making by it or any of them of an assignment for the benefit of creditors.

Section 5.02 Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default (other than those specified in Section 5.01(i) and Section 5.01(j) with respect to the Company or any of its Significant Subsidiaries) occurs and is continuing, then and in every such case the Trustee and the Co-Trustee or the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities may declare the Principal Amount plus accrued and unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on all the Outstanding Securities to be immediately due and payable, by a notice in writing to the Company (and to the Trustee and the Co-Trustee if given by Holders), and upon any such declaration such Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, shall become immediately due and payable.

Notwithstanding the foregoing, in the case of an Event of Default specified in Section 5.01(i) and Section 5.01(j) with respect to the Company or any of its Significant Subsidiaries, the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on all Outstanding Securities will *ipso facto* become due and payable without any declaration or other Act on the part of any Holder, the Trustee or the Co-Trustee.

(b) At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee or the Co-Trustee as hereinafter in this Article V provided, the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, by written notice to the Company and the Trustee and the Co-Trustee, may rescind and annul such declaration and its consequences if:

(i) the Company has paid or deposited with the Trustee or the Co-Trustee a sum sufficient to pay:

(A) the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, or Redemption Price or Fundamental Change Purchase Price, as applicable, on any Securities which have become due otherwise than by such declaration of acceleration, and interest on any such amounts that are overdue at the rate of 1.00% per annum from the required payment date, and

(B) all sums paid or advanced by the Trustee or Co-Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and the Co-Trustee, their respective agents and counsel, and any other amounts due the Trustee and the Co-Trustee under Section 6.07; and

(ii) all Events of Default, other than the non-payment of the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 5.03 Other Remedies. If an Event of Default occurs and is continuing, the

Trustee may, but shall not be obligated to, pursue any available remedy to collect the payment of the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on the Securities or to enforce the performance of any provision of the Securities or this Indenture. The Trustee or the Co-Trustee may maintain a proceeding even if the Trustee or the Co-Trustee, as applicable, does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee, the Co-Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 5.04 Collection of Indebtedness and Suits for Enforcement by Trustee or Co-Trustee. The Company covenants that if:

(a) default is made in the payment of any interest, including Additional Interest Amounts, on any Security when such amounts become due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the Principal Amount plus accrued but unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) at the Stated Maturity thereof or in the payment of the Redemption Price or Fundamental Change Purchase Price in respect of any Security,

the Company will, upon demand of the Trustee or the Co-Trustee, pay to the Trustee or the Co-Trustee, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, the Co-Trustee and their respective agents and counsel.

Section 5.05 Trustee and Co-Trustee May File Proofs of Claim. In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee and the Co-Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders, the Trustee and the Co-Trustee allowed in any such proceeding. In particular, the Trustee and the Co-Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and the Co-Trustee and, in the event that the Trustee and the Co-Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee and the Co-Trustee any amount due to them for the reasonable compensation, expenses, disbursements and advances of the Trustee, the Co-Trustee, their respective agents and counsel and any other amounts due the Trustee and Co-Trustee under Section 6.07.

No provision of this Indenture shall be deemed to authorize the Trustee or the Co-Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of

any Holder thereof or to authorize the Trustee or the Co-trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 5.06 Application of Money Collected. Any money collected by the Trustee or the Co-Trustee pursuant to this Article V shall be applied in the following order, at the date or dates fixed by the Trustee and the Co-Trustee and, in case of the distribution of such money to Holders, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and the Co-Trustee under Section 6.07;

SECOND: To the payment of the amounts then due and unpaid on the Securities for the Principal Amount, Redemption Price, Fundamental Change Purchase Price or interest, including Additional Interest Amounts or Additional Amounts, if any, as the case may be, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities; and

THIRD: To the Company.

Section 5.07 Limitation on Suits. No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder (other than in the case of an Event of Default specified in Section 5.01(a) or Section 5.01(b)), unless:

(a) such Holder has previously given written notice to the Trustee and the Co-Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities shall have made written request to the Trustee and the Co-Trustee to institute proceedings in respect of such Event of Default in their own names as Trustee and Co-Trustee, respectively, hereunder;

(c) such Holder or Holders have offered to the Trustee and the Co-Trustee indemnity reasonably satisfactory to them against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee and the Co-Trustee for 60 days after their receipt of such notice, request and offer of indemnity have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request (in the opinion of the Trustee and the Co-Trustee) has been given to the Trustee or the Co-Trustee during such 60-day period by the Holders of a majority in aggregate Principal Amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or

prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

Section 5.08 Unconditional Right of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the Principal Amount, Redemption Price, Fundamental Change Purchase Price or interest, including Additional Interest Amounts or Additional Amounts, if any, in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities or on or after any Redemption Date or Fundamental Change Purchase Date, as applicable, and to convert the Securities in accordance with Article XIII hereof, or to bring suit for the enforcement of any such payment on or after such respective dates or the right to convert, shall not be impaired or affected adversely without the consent of such Holder. For purposes of clarification, prior to the occurrence of a Fundamental Change, the provisions relating to the right to receive payment upon a Fundamental Change Purchase Date may be modified in the manner set forth in Section 9.02.

Section 5.09 Restoration of Rights and Remedies. If the Trustee, the Co-Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee, the Co-Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee, the Co-Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee, the Co-Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 5.10 Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.13, no right or remedy herein conferred upon or reserved to the Trustee, the Co-Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder or otherwise shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver. No delay or omission of the Trustee, the Co-Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee, the Co-Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Co-Trustee or by the Holders, as the case may be.

Section 5.12 Control by Holders. The Holders of a majority in aggregate Principal Amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee and the Co-Trustee or exercising any trust or power conferred on the Trustee and the Co-Trustee, *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this

Indenture; and

(b) the Trustee or the Co-Trustee may take any other action deemed proper by the Trustee or the Co-Trustee, respectively, which is not inconsistent with such direction.

Section 5.13 Waiver of Past Defaults. The Holders of a majority in aggregate Principal Amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past Default hereunder and its consequences, except a Default:

(a) described in Section 5.01(a) or Section 5.01(b); or

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 5.14 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee or the Co-Trustee for any action taken or omitted by it as Trustee or Co-Trustee, respectively, in either case in respect of the Securities, a court may require any party litigant in such suit to file an undertaking to pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorney's fees and expenses, against any party litigant in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant; but the provisions of this Section 5.14 shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee or the Co-Trustee, to any suit instituted by any Holder or group of Holders holding in the aggregate more than 10% in Principal Amount of the Outstanding Securities or to any suit instituted by any Holder for the enforcement of the payment of the Principal Amount or accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on any Security on or after the Stated Maturity of such Security or the Redemption Price or Fundamental Change Purchase Price.

Section 5.15 Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay, or impede the execution of any power herein granted to the Trustee or the Co-Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

THE TRUSTEE AND THE CO-TRUSTEE

Section 6.01 Certain Duties and Responsibilities. The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act and as set forth herein. For purposes of this

Article VI, unless expressly stated otherwise, provisions applicable to the Trustee shall be applicable to the Co-Trustee. In case an Event of Default with respect to the Securities has occurred (which has not been cured or waived), the Trustee shall exercise the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers. Except during the continuance of an Event of Default, the Trustee need perform only those duties as are specifically set forth in this Indenture, and no duties, covenants or obligations of the Trustee shall be implied in this Indenture. Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 6.01.

Section 6.02 Notice of Defaults. The Trustee shall give the Holders notice of any Default hereunder within 90 days after the occurrence thereof or, if later, within 15 days after it is known to the Trustee, unless such Default shall have been cured or waived before the giving of such notice; *provided* that (except in the case of any Default in the payment of Principal Amount, interest, including Additional Interest Amounts or Additional Amounts, if any, on any of the Securities or the Redemption Price or Fundamental Change Purchase Price), the Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities.

Section 6.03 Certain Rights of Trustee. Subject to the provisions of Section 6.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any written request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to

this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any willful misconduct or gross negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be charged with knowledge of any Default or Event of Default (other than a payment Default under Section 5.01(a) or Section 5.01(b)) with respect to the Securities unless a Responsible Officer of the Trustee shall have received written notice of such Default or Event of Default from the Company or any other obligor on such Securities or by any Holder of such Securities;

(i) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(j) the rights, disclaimers, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee, the Co-Trustee and The Bank of New York Mellon in each of its capacities hereunder (including as Conversion Agent), and each agent, custodian and other Person employed to act hereunder;

(k) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(l) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(m) the Trustee, Co-Trustee and the Conversion Agent, respectively, shall not be liable and shall be held harmless with respect to information received from the Company and any

Holder and information received from other third parties that would be reasonable to rely upon.

Section 6.04 Not Responsible for Recitals. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 6.05 May Hold Securities. The Trustee, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Section 6.08 and Section 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

Section 6.06 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by applicable law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

Section 6.07 Compensation and Reimbursement. The Company agrees.

(a) to pay to the Trustee (which for purposes of this Section 6.07(a) shall include its officers, directors, employees and agents as well as the officers, directors, employees and agents of the Co-Trustee) from time to time such compensation for all services rendered by it hereunder as the Company and the Trustee shall from time to time agree in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and in-house and outside counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith;

(c) to indemnify the Trustee, the Co-Trustee and The Bank of New York Mellon in any other role hereunder (including when acting as Conversion Agent) and any predecessor Trustee for, and to hold it harmless against, any loss, liability, claim, damage or expense including taxes (other than taxes based upon, measured by or determined by the income or capital of the Trustee) incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim (whether assessed by the Company, by any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(d) the Trustee shall notify the Company promptly of any claim asserted against it. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations under this Section 6.07. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may at its option have separate counsel of its own

choosing, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its written consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 6.07 shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. To secure the Company's payment obligations in this Section 6.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except such money or property held in trust to pay principal and interest on the Securities. Such lien shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. When the Trustee incurs expenses or renders services after a Default or an Event of Default specified in Section 5.01(i) and Section 5.01(j) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and in-house and outside counsel) are intended to constitute expenses of administration under United States Code, Title 11 or any other similar foreign, federal or state law for the relief of debtors.

Section 6.08 Disqualification; Conflicting Interests. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 6.09 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000 and a Co-Trustee authorized to conduct business in Ontario and Canada. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section 6.09, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.09, it shall resign immediately in the manner and with the effect hereinafter specified in this Article VI.

Section 6.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article VI shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction at the expense of the Trustee for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, delivered to the Trustee and to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the notice of removal, the Trustee being removed may petition,

at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 6.08 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or

(iv) a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company by a Company Order may remove the Trustee or (B) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Company, by a Company Order, shall promptly appoint a successor Trustee. If no successor Trustee shall have been so appointed by the Company and accepted appointment in the manner hereinafter provided within 90 days following such resignation, removal, incapability or vacancy, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders in the manner provided in Section 1.06. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) If a Trustee is removed with or without cause, all fees and expenses (including the fees and expenses of counsel) of the Trustee incurred in the administration of the trust or in the performance of the duties hereunder prior to such removal shall be paid to the Trustee.

Section 6.11 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee;

but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article VI.

Section 6.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, *provided* such corporation shall be otherwise qualified and eligible under this Article VI, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated but not delivered by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.13 Preferential Collection of Claims Against. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

ARTICLE VII

REPORTS BY TRUSTEE

Section 7.01 Preservation of Information; Communications to Holders.

(a) The Trustee and the Co-Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee and the Co-Trustee as provided in Section 10.08 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee and the Co-Trustee may destroy any list furnished to them as provided in Section 10.08 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities and the corresponding rights and duties of the Trustee and the Co-Trustee shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company, the Trustee and the Co-Trustee that neither the Company, the Trustee nor the Co-Trustee nor any agent of any of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

Section 7.02 Reports by Trustee and Co-Trustee.

(a) The Trustee and the Co-Trustee shall transmit to Holders such reports concerning the Trustee and the Co-Trustee and their actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted no later than January 15 in each calendar year, commencing on January 15, 2010. Each such report shall be dated as of a date not more than 60 days prior to the date of transmission.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee or the Co-Trustee with each stock exchange upon which the Securities are listed, if any, with the Commission, if applicable, and with the Company. The Company shall notify the Trustee and the Co-Trustee promptly (and in any event within 10 days) whenever the Securities become listed on any stock exchange or of any delisting thereof.

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 8.01 Company May Consolidate, etc., Only on Certain Terms. The Company shall not, without the consent of any Holder of Securities, amalgamate, consolidate or combine with or merge with or into any other Person or sell, transfer or lease all or substantially all of its properties and assets, substantially as an entirety to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**") shall be a corporation, partnership, limited liability company or trust organized and existing under the laws of the United States of America, any State thereof, the District of Columbia or the laws of Canada or any province or territory thereunder, and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, executed and delivered to the Trustee and the Co-Trustee, in form reasonably satisfactory to the Trustee and the Co-Trustee, all the obligations of the Company under the Securities and this Indenture;

(b) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(c) the Company or the Successor Company shall have delivered to the Trustee and the Co-Trustee an Officers' Certificate and an Opinion of Counsel, each stating that (i) such amalgamation, consolidation, merger or transfer, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the provisions of this Indenture, including this Article VIII and Article IX, and (ii) the transaction will not result in the Successor Company being required to pay any Additional Amounts in respect of any payments in respect of the Securities in accordance with Section 10.10.

Section 8.02 Successor Substituted. The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture, other than in the case of a lease of all or substantially all of the Company's consolidated assets.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures Without Consent Of Holders. Without the consent of any Holder, the Company, when authorized by a Board Resolution, and the Trustee and the Co-Trustee, at any time and from time to time, may amend, modify or supplement this Indenture or the Securities, in form satisfactory to the Trustee and the Co-Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(b) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(c) to provide for a successor Trustee or successor Co-Trustee with respect to the Securities; or

(d) to add any additional Events of Default with respect to the Securities; or

(e) to cure any ambiguity or defect, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture; or

(f) to reduce the Conversion Price; *provided, however*, that such reduction in the Conversion Price is in accordance with the terms of this Indenture or shall not adversely affect the interests of the Holders of Securities (after taking into account tax and other consequences of such reduction) in any material respect; or

(g) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the discharge of the Securities; *provided, however,* that such change or modification does not adversely affect the interests of the Holders of the Securities in any material respect; or

(h) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company; or

(i) to add guarantees with respect to, or to secure, the Securities; or

(j) to make any change that does not materially adversely affect the rights of any Holder; or

(k) to add or modify any other provisions herein with respect to matters or questions arising hereunder which the Company, the Trustee and the Co-Trustee may deem necessary or desirable and which would not reasonably be expected to adversely affect the

interests of the Holders of Securities in any material respect; or

(l) to conform this Indenture or the Securities to the description thereof under the caption "Description of notes" in the Offering Memorandum; or

(m) to comply with any requirements of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act or any applicable requirements of the *Canada Business Corporations Act.*

Section 9.02 Supplemental Indentures with Consent of Holders.

(a) With the consent of the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, by Act of said Holders delivered to the Company, the Trustee and the Co-Trustee, the Company, when authorized by a Board Resolution, and the Trustee and Co-Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(i) extend the Stated Maturity of any Security; or

(ii) reduce the Principal Amount of, or reduce the interest rate on, or extend the stated time for payment of interest on, any Security, excluding in each case Additional Interest Amounts and Additional Amounts if any, or

(iii) reduce the Redemption Price or Fundamental Change Purchase Price of any Security; or

(iv) after the occurrence of a Fundamental Change, make any change that adversely affects the right of Holders of the Securities to require the Company to purchase such Securities in accordance with the terms thereof and this Indenture; or

(v) make any change that impairs the right of Holders of Securities to convert any Security; or

(vi) change the currency of any payment amount of any Security from U.S. Dollars or Common Shares as provided herein; or

(vii) make any change that impairs the right of Holders to institute suit for payment of the Securities; or

(viii) reduce the percentage in aggregate Principal Amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(ix) modify the obligation of the Company to maintain an agency in The City of New York as required under this Indenture; or

(x) change the ranking of the Securities in any manner that adversely affects the rights of Holders under this Indenture; or

(xi) modify any of the provisions of this Section 9.02 or Section 5.13, except to increase the percentage in aggregate Principal Amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

(b) The Holders of not less than a majority in aggregate Principal Amount of the Outstanding Securities may, on behalf of the Holders of all of the Securities, waive any past default and its consequences under this Indenture, except a default (i) in the payment of the Principal Amount of or any interest, including Additional Interest Amounts and Additional Amounts, if any, on or with respect to the Securities or (ii) in respect of a covenant or provision that cannot be modified without the consent of the Holder of each Security affected thereby as set forth in Section 9.02(a).

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee and the Co-Trustee shall be provided with, and (subject to Section 6.01) shall be fully protected in relying upon, in addition to the documents required by Section 1.02, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and such other conclusions as the Trustee and the Co-Trustee may require. Subject to the preceding sentence, the Trustee and the Co-Trustee shall sign such supplemental indenture if the same does not affect the Trustee's and the Co-Trustee's own rights, duties or immunities under this Indenture or otherwise or subject either of them to undue risk. The Trustee and the Co-Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's and the Co-Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article IX, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.05 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act and

any applicable requirements of the *Canada Business Corporations Act*.

Section 9.06 Reference in Securities to Supplemental Indentures. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX shall bear a notation in a form approved by the Trustee and the Co-Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee, the Co-Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee and the Co-Trustee in exchange for Outstanding Securities.

ARTICLE X

COVENANTS

Section 10.01 Payments. The Company shall duly and punctually make all payments in respect of the Securities and this Indenture in accordance with the terms of the Securities and this Indenture. The Company shall, to the fullest extent permitted by law, pay interest on overdue payments of Principal Amount, plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, Redemption Price and Fundamental Change Purchase Price at the rate of 1% per annum from the required payment date of such overdue payment.

Any payments made or due pursuant to this Indenture shall be considered paid on the applicable date due if by 10:00 a.m., New York City time, on such date the Paying Agent holds, in accordance with this Indenture, cash sufficient to pay all such amounts then due. Payment of the principal of and interest, including Additional Interest Amounts or Additional Amounts, if any, on the Securities shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Section 10.02 Maintenance of Office or Agency. The Company shall maintain in The Borough of Manhattan, The City of New York, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, repurchase or conversion and where notices and demands pursuant to this Section 10.02 to or upon the Company in respect of the Securities and this Indenture may be served, which shall initially be the Corporate Trust Office of the Trustee. The Company shall give prompt written notice to the Trustee and the Co-Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee or the Co-Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside The Borough of Manhattan, The City of New York) where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The Borough of Manhattan, The City of New York, for such purposes. The Company shall give prompt written

notice to the Trustee and the Co-Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 10.03 Money for Security Payments to be Held in Trust. If the Company shall at any time act as its own Paying Agent, it shall, on or before each due date of any payment in respect of any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to make the payment so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and shall promptly notify the Trustee and the Co-Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, it will, on or prior to each due date of any payment in respect of any Securities, deposit with any one or more Paying Agents a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee or the Co-Trustee) the Company will promptly notify the Trustee and the Co-Trustee of its action or failure so to act.

The Company shall cause each Paying Agent other than the Trustee or the Co-Trustee to execute and deliver to the Trustee and the Co-Trustee an instrument in which such Paying Agent shall agree with the Trustee and the Co-Trustee, subject to the provisions of this Section 10.03, that such Paying Agent will (a) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (b) during the continuance of any Default by the Company (or any other obligor upon the Securities) in the making of any payment in respect of the Securities, upon the written request of the Trustee or the Co-Trustee, forthwith pay to the Trustee or the Co-Trustee all sums held in trust by such Paying Agent as such.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee or the Co-Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee or the Co-Trustee, as applicable, upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee or the Co-Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee, the Co-Trustee or any Paying Agent, or then held by the Company, in trust for the making of payments in respect of any Security and remaining unclaimed for two years after such payment has become due shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee, the Co-Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee, the Co-Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 10.04 Statement by Officers as to Default. The Company shall deliver to the Trustee and the Co-Trustee, within 90 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the knowledge of the signers thereof the Company is in Default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in Default, specifying all such Defaults and the nature and status thereof of which they may have knowledge.

The Company shall deliver to the Trustee and the Co-Trustee, as soon as possible and in any event within five days after the Company becomes aware of the occurrence of any Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate setting forth the details of such Event of Default or default and the action which the Company proposes to take with respect thereto.

Section 10.05 Existence. Subject to Article VIII hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; *provided, however*, that the Company shall not be required to preserve any such right or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 10.06 Resale of Certain Securities. During the period beginning on the Issue Date and ending on the date that is one year from the Issue Date, the Company shall not and shall not permit any of its subsidiaries to, and will instruct its other affiliates (as defined in Rule 144) not to, resell any Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them, except for Securities purchased by the Company or any of its affiliates and resold in transactions registered under the Securities Act. The Trustee and the Co-Trustee shall have no responsibility in respect of the Company's performance of its agreement in the preceding sentence.

Section 10.07 Book-Entry System. If the Securities cease to trade in the Depositary's book-entry settlement system, the Company covenants and agrees that it shall use reasonable efforts to make such other book entry arrangements that it determines are reasonable for the Securities.

Section 10.08 Company to Furnish Trustee and Co-Trustee Names and Addresses of Holders. The Company will furnish or cause to be furnished to the Trustee and the Co-Trustee:

(a) semi-annually, not later than 10 days after each Regular Record Date, a list, in such form as the Trustee and the Co-Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee or the Co-Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that no such list need be furnished so long as the Trustee or the Co-Trustee is acting as Security Registrar.

Section 10.09 Reports by Company and Delivery of Certain Information. The Company shall file with the Trustee and the Co-Trustee, (A) such information, documents and other reports, and such summaries thereof, as the Company may be required to file or furnish pursuant to the Trust Indenture Act (at the times and in the manner provided in the Trust Indenture Act) and (B) within 15 days after the Company files or furnishes the same with the Commission, such information, documents and other reports, and such summaries thereof, as the Company may be required to file or furnish with the Commission pursuant to Section 13 or 15(d) of the Exchange Act; *provided* that (a) delivery of materials to the Trustee and the Co-Trustee by electronic means shall be deemed to be "filed" with the Trustee and the Co-Trustee for purposes of this Section 10.09; (b) so long as such filings by the Company are available on the Commission's Electronic Data Gathering, Analysis and Retrieval system (EDGAR), the Ontario Securities Commission's System for Electronic Document Analysis and Retrieval (SEDAR) or any other website maintained by the securities regulatory authorities in the United States or Canada, such materials shall be deemed to be "filed" with the Trustee and the Co-Trustee for purposes of this Section 10.09; and (c) the Company need not furnish to the Trustee or the Co-Trustee confidential portions of any information, documents or reports filed or furnished with the Commission, the Ontario Securities Commission or any other securities regulatory authority on a confidential basis. Notwithstanding the foregoing, it shall not be the responsibility of the Trustee or Co-Trustee to monitor postings of the Company on EDGAR, SEDAR or any other website referred to in this Section 10.09, it being understood that, due to the public availability of the information contained on such websites, any Person, including without limitation any Holder, may obtain such information directly from such website.

In the event that, while Securities remain Outstanding, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will continue to file with the Trustee and the Co-Trustee, within 15 days after the time periods required for the filing or furnishing of such forms by the Commission, (a) annual reports on Form 40-F or Form 20-F, as applicable, or any successor form, and (b) current reports on Form 6-K, or any successor form, which, regardless of applicable requirements shall, at a minimum, contain such information required to be provided in quarterly reports under the laws of Canada or any province thereof to securityholders of a corporation with securities listed on the Toronto Stock Exchange, whether or not the Company has securities listed on such exchange; and such reports will be prepared in accordance with Canadian disclosure requirements.

Delivery of reports, information and documents to the Trustee and the Co-Trustee under this Section 10.09 is for informational purposes only, and the receipt by the Trustee and Co-Trustee of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee and the Co-Trustee are entitled to rely exclusively on Officers' Certificates).

If (a) the Securities and the Common Shares issuable upon conversion of the Securities are Outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, as applicable, and (b) the Company is not subject to Section 13 or 15(d) of the Exchange Act or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, then the Company shall make available to any Holder, beneficial owner of such Common Shares or prospective purchaser of the Securities or such Common Shares designated by such Holder or beneficial owner, upon the request of such Holder, owner or prospective

purchaser, at or prior to the time of resale by such Holder, the information required by Rule 144A(d)(4) under the Securities Act, *provided* that such information is necessary to permit such Holders or beneficial owners of Common Shares issuable upon conversion of the Securities, as applicable, to effect resales under Rule 144A.

Section 10.10 Payment of Additional Amounts. All payments made by or on behalf of the Company under or with respect to the Securities (including, without limitation, any Additional Interest Amount) will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax, including without limitation any taxes imposed under Part XIII of the Tax Act ("**Canadian Taxes**"), unless the Company is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of, Canadian Taxes. If the Company is so required to withhold or deduct any amount for, or on account of, Canadian Taxes from any payment made under or with respect to the Securities, the Company will make such withholding or deduction and pay as additional interest such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by each Holder (other than an Excluded Holder) after such withholding or deduction (including any withholding or deduction required to be made in respect of any Additional Amounts) will not be less than the amount the Holder (other than an Excluded Holder) would have received if such Canadian Taxes had not been withheld or deducted and similar payment (the term "Additional Amounts" shall also include any such similar payments) will also be made by the Company to Holders (other than Excluded Holders) of Securities that are exempt from withholding but are required to pay Canadian Taxes directly on amounts otherwise subject to withholding; *provided, however*, that no Additional Amounts will be payable with respect to:

(a) a payment made to a Holder or former Holder of Securities (an "**Excluded Holder**") in respect of the beneficial owner thereof:

(i) with which the Company does not deal at arm's length (within the meaning of the Tax Act) at the time of making such payment; or

(ii) that is subject to such Canadian Taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes (*provided* that in the case of any imposition or change in any such certification, identification, information, documentation or other reporting requirement which applies generally to Holders of Securities who are not residents of Canada, at least 60 days prior to the effective date of any such imposition or change, the Company shall give written notice, in the manner provided in this Indenture, to the Trustee, the Co-Trustee and the Holders of the Securities then outstanding of such imposition or change, as the case may be, and provide the Trustee, the Co-Trustee and such Holders with such forms or documentation, if any, as may be required to comply with such certification, identification, information, documentation, or other reporting requirement); or

(iii) that is subject to such Canadian Taxes by reason of its carrying on a trade or business in Canada or any province or territory thereof, having a permanent establishment in any such jurisdiction, being organized under the laws of any such jurisdiction, being or being deemed to be resident in any such jurisdiction or otherwise being connected with any such jurisdiction otherwise than by the mere holding of such Securities or the receipt of payments or exercise of any enforcement rights, thereunder; or

(b) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or governmental charge ("**Excluded Taxes**").

The Company will (A) make such withholding or deduction for Canadian Taxes (other than Excluded Taxes in respect of payments made to a Holder (other than an Excluded Holder) under or with respect to the Securities) and (B) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Company will furnish to the Trustee and the Co-Trustee, within 30 days after the date the payment of any Canadian Taxes is due pursuant to applicable law in respect of such Securities, certified copies of tax receipts evidencing such payment by the Company.

The Company will indemnify and hold harmless each Holder of any Securities (other than an Excluded Holder) from any Canadian Taxes (other than Excluded Taxes) in respect of which any Additional Amounts are payable by but not paid by the Company, including any Canadian Taxes (other than Excluded Taxes) levied or imposed on the Holder with respect to any indemnity payment.

Additional Amounts will be paid, as applicable, in cash semi-annually on the applicable May 1 or November 1, at Maturity, on any Redemption Date, on a Conversion Date or on any Fundamental Change Purchase Date.

Whenever in this Indenture there is mentioned, in any context, the payment of principal and interest or any other amount payable under, or with respect to, any Security, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Anything in this Indenture to the contrary notwithstanding, the covenants and provisions of this Section 10.10 shall survive any termination or discharge of this Indenture, and the repayment of all or any of the Securities, and shall remain in full force and effect.

Section 10.11 Additional Interest Amount. The Additional Interest Amounts shall be payable to Holders of the Securities (or, with respect to any Securities that have been previously converted, to the Holders of such converted Securities at the time of such conversion) if at any time during the six month period commencing on March 16, 2010 and ending on September 15, 2010, the Company fails to timely file any document or report that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (which, for greater certainty, does not include any report on Form 6-K or any other document that the Company is required to furnish to, rather than file with, the Commission) (a "**Missed Filing Default**"); *provided* that the Company will have until the later of any grace period provided under Rule 12b-25 under the

Exchange Act (which the Company shall inform the Trustee and Co-Trustee of) or 14 calendar days in the aggregate (the "**Cure Period**") to cure all such missed filings. In the event the Company has not so cured a missed filing within the Cure Period, the Additional Interest Amount will be payable on the Interest Payment Date following the expiration of the Cure Period with respect to the first 90-day period (or any portion thereof) following the expiration of the Cure Period. Another Additional Interest Amount will be payable with respect to the subsequent 90-day period (or any portion thereof) while a Missed Filing Default is in effect and continuing until all such Missed Filing Defaults have been cured. The maximum interest payable pursuant to Additional Interest Amounts shall be 50 basis points. In the event that the Company is required to pay Additional Interest Amounts to Holders, the Company will provide written notice in the form of an Officers' Certificate (the "**Additional Interest Notice**") to the Trustee and the Co-Trustee of its obligation to pay Additional Interest Amounts no later than 10 calendar days prior to the proposed Interest Payment Date for Additional Interest Amounts (or, in the event the expiration of the Cure Period occurs within 10 days prior to the proposed Interest Payment Date for Additional Amounts, promptly following expiration of the Cure Period), and the Additional Interest Notice shall set forth the amount of Additional Interest Amounts to be paid by the Company on such Interest Payment Date. Neither the Trustee nor the Co-Trustee shall at any time be under any duty or responsibility to any Holder to determine the Additional Interest Amounts, or with respect to the nature, extent or calculation of the amount of Additional Interest Amounts when made, or with respect to the method employed in such calculation of the Additional Interest Amounts.

Section 10.12 Information for IRS Filings. The Company shall provide to the Trustee and the Co-Trustee on a timely basis such information and documentation as the Trustee, the Co-Trustee or the Holders may require with respect to the Internal Revenue Service and the Holders.

Section 10.13 Further Instruments and Acts. Upon reasonable request of the Trustee or the Co-Trustee, or as otherwise necessary, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE XI

REDEMPTION

Section 11.01 Redemption for Tax Reasons; Notices to Trustee and Co-Trustee; Notice of Election.

(a) The Company may, at its option, redeem the Securities, in whole but not in part, at a Redemption Price equal to 100% of the Principal Amount of the Securities, plus accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any), to, but excluding, the Redemption Date, if the Company has become or would become obligated to pay to the Holders Additional Amounts (which are more than a *de minimis* amount) as determined by the Company as a result of any amendment or change occurring after September 10, 2009 in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change occurring after September 10, 2009 onwards in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any

legislation and the publication of any judicial decision or regulatory or administrative determination) (such redemption, a "**Tax Redemption**"); *provided,* the Company cannot avoid these obligations by taking reasonable measures available to it and that it delivers to the Trustee and the Co-Trustee an opinion of Canadian legal counsel specializing in taxation and an Officers' Certificate attesting to such change and obligation to pay Additional Amounts. In such event, the Company will give the Trustee, the Co-Trustee and the Holders of the Securities notice of this redemption pursuant to Section 11.02.

(b) If the Company elects to redeem Securities pursuant to a Tax Redemption, it shall notify the Trustee and the Co-Trustee in writing of the Redemption Date and the Redemption Price payable on such Redemption Date. The Company shall give such notice to the Trustee and Co-Trustee at least 45 days but no more than 60 days before the Redemption Date (unless shorter notice shall be satisfactory to the Trustee or Co-Trustee, as applicable); *provided* that (a) in no event will the Company be obligated to give notice of redemption earlier than 60 days prior to the earliest date on or from which it would be obligated to pay any such Additional Amounts and (b) at the time the Company gives the notice, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

(c) Upon receiving a Notice of Redemption, each Holder who does not wish to have the Company redeem its Securities pursuant to this Section 11.01 can elect to (A) convert its Securities pursuant to Article XIII or (B) not have its Securities redeemed, *provided* that after such Redemption Date, such Holders shall be deemed to be Excluded Holders in respect of any payment of interest or principal with respect to the Securities after such Redemption Date and no Additional Amounts will be payable by the Company in respect of any such payment after such Redemption Date. Securities and portions of Securities that are to be redeemed are convertible by the Holder until 5:00 p.m., New York City time, on the Business Day immediately preceding the Redemption Date. All future payments will be subject to the deduction or withholding of any Canadian Taxes required by law to be deducted or withheld.

Where no such election is made, the Holder will have its Securities redeemed without any further action. If a Holder does not elect to convert its Securities pursuant to Article XIII but wishes to elect to not have its Securities redeemed pursuant to clause (B) of the preceding paragraph, such Holder must deliver to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the notice of redemption, a written Notice of Election upon Tax Redemption (the "**Notice of Election**") on the back of the Securities, or any other form of written notice substantially similar to the Notice of Election, in each case, duly completed and signed, so as to be received by the Paying Agent no later than the Close of Business on a Business Day at least five Business Days prior to the Redemption Date.

A Holder may withdraw any Notice of Election by delivering to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company in the notice of redemption, a written notice of withdrawal prior to the Close of Business on the Business Day prior to the Redemption Date.

Section 11.02 Notice of Redemption.

At least 30 days but not more than 60 days before a Redemption Date in connection with a Tax Redemption, the Company shall provide a notice of redemption to each Holder of Securities to be redeemed at such Holder's address kept by the Security Registrar (a "**Notice of Redemption**"); *provided* that (a) in no event will the Company be obligated to give any Notice of Redemption earlier than 60 days prior to the earliest date on or from which it would be obligated to pay any such Additional Amounts and (b) at the time the Company gives the Notice of Redemption, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

The notice of redemption shall identify the Securities to be redeemed and shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the then current Conversion Rate;

(iv) the name and address of the Paying Agent and Conversion Agent;

(v) that Securities called for redemption may be converted at any time prior to 5:00 p.m., New York City time, on the Business Day preceding the Redemption Date;

(vi) that Holders who want to convert their Securities must satisfy the requirements set forth in Article XIII;

(vii) that Securities called for redemption must be surrendered to the Paying Agent for cancellation to collect the Redemption Price;

(viii) that, unless the Company defaults in making payment of such Redemption Price, any interest (including Additional Interest Amounts or Additional Amounts, if any) on Securities called for redemption will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the Redemption Price upon presentation and surrender to the Paying Agent of the Securities;

(ix) the CUSIP number(s) of the Securities;

(x) that Holders may elect not to have their Securities redeemed or converted and the procedures for delivering a Notice of Election; and

(xi) any other information the Company wants to present.

At the Company's request, the Trustee or the Co-Trustee shall give the Notice of Redemption in the Company's name and at the Company's expense; *provided, however*, that the Company makes such request at least five Business Days (unless a shorter period shall be satisfactory to the Trustee or the Co-Trustee, as applicable) prior to the date by which such Notice of Redemption must be given to Holders in accordance with this Section 11.02; *provided, further*, that the text of the Notice of Redemption shall be prepared by the Company.

Section 11.03 Effect of Notice of Redemption. Once Notice of Redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice, except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such redeemed Securities shall be paid at the Redemption Price stated in the notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

If a Redemption Date is after a Regular Record Date for the payment of interest but on or prior to the corresponding Interest Payment Date, then the interest payable on such Interest Payment Date will be paid to the Holder of record of such Security on the relevant Regular Record Date, and the amount paid to the Holder who presents the Security for redemption shall be 100% of the Principal Amount of such Security.

Section 11.04 Deposit of Redemption Price. Prior to 10:00 a.m., New York City time on the Redemption Date, the Company shall deposit with the Paying Agent an amount of cash (in immediately available funds if deposited on the Redemption Date) sufficient to pay the aggregate Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date, other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee or the Co-Trustee for cancellation or have been converted.

If, on the Redemption Date, the Paying Agent holds, in accordance with the terms of this Indenture, cash sufficient to pay the Redemption Price of any Securities for which Notice of Redemption has been given, then on and after the applicable Redemption Date, such Securities will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent), and the rights of the Holders in respect thereof shall terminate (other than the right to receive the Redemption Price upon delivery of such Securities). Nothing herein shall preclude the withholding of any taxes required by law to be withheld or deducted.

Section 11.05 Securities Redeemed in Part. Any Security which is to be redeemed only in part shall be surrendered at the office of the Paying Agent and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to the unredeemed portion of the Security surrendered.

Section 11.06 Repayment to the Company. To the extent that the aggregate amount of cash deposited by the Company pursuant to Section 11.04 exceeds the aggregate Redemption Price of the Securities or portions thereof which the Company is redeeming as of the Redemption Date, then, promptly after the Redemption Date, the Paying Agent shall return any such excess to the Company. If such money is then held by the Company or an Affiliate of the Company in trust and is not required for such purpose, it shall be discharged from such trust.

Section 11.07 Other Repurchases. The Company may, from time to time, at its option (and nothing contained in this Indenture shall limit the Company's right to), repurchase the Securities in open market purchases or negotiated transactions, without any prior notice to any Holders, *provided* that in exercising its right under this Section 11.07, the Company complies with all applicable federal

and state securities laws.

ARTICLE XII

OFFER TO PURCHASE UPON A FUNDAMENTAL CHANGE

Section 12.01 Offer to Purchase Upon a Fundamental Change.

(a) General. In the event of a Fundamental Change with respect to the Company at any time prior to November 1, 2014, the Company will be required to make an offer to purchase for cash (a "**Fundamental Change Purchase Offer**") on the Fundamental Change Purchase Date all outstanding Securities in integral multiples of $1,000 Principal Amount at a price equal to the Principal Amount of the Securities to be purchased plus accrued but unpaid interest, including Additional Interest Amounts and Additional Amounts, if any (the "**Fundamental Change Purchase Price**"), up to but excluding the Fundamental Change Purchase Date, subject to satisfaction by or on behalf of any Holder of the requirements set forth in Section 12.01(c). The "**Fundamental Change Purchase Date**" shall be a date specified by the Company that is no later than the 30th Business Day following the date of the Fundamental Change Notice.

If the Fundamental Change Purchase Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, however, then the interest payable on such date will be paid to the Holder of record of the Securities on the relevant Regular Record Date and the Fundamental Change Purchase Price payable to the Holder who presents the Securities for repurchase shall be 100% of the Principal Amount of such Securities.

The Company shall mail to the Trustee, the Co-Trustee and each Holder of the Securities at their addresses shown in the Security Register (and to beneficial owners of the Securities as may be required by applicable law) a notice (the "**Fundamental Change Notice**") of the occurrence of such Fundamental Change and the Fundamental Change Purchase Offer arising as a result thereof in accordance with Section 12.01(b).

A "**Fundamental Change**" shall be deemed to have occurred at the time after the Securities are originally issued that any of the following occurs:

(i) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, any Subsidiary of the Company or any employee benefit plan of the Company or any such Subsidiary, files a Schedule 13D, Schedule TO or any other schedule, form or report under the Exchange Act or applicable Canadian Securities Laws disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act or applicable Canadian Securities Laws, of Common Equity of the Company representing more than 50% of the voting power of the Company's Common Equity;

(ii) consummation of any share exchange, consolidation, amalgamation, merger, statutory arrangement or other similar combination involving the Company pursuant to which the Common Shares will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of related

transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any Person; *provided, however*, that a transaction where the holders of more than 50% of all classes of the Company's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such event shall not be a Fundamental Change;

(iii) Continuing Directors cease to constitute at least a majority of the Company's Board of Directors; or

(iv) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

A Fundamental Change will not be deemed to have occurred, however, if at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions otherwise constituting the Fundamental Change consists of common shares or American Depositary Shares that are traded or listed on, or immediately after the transaction or event will be traded or listed on a U.S. national or regional securities exchange or the Toronto Stock Exchange.

(b) Notice of Fundamental Change. Within 30 calendar days after the occurrence of a Fundamental Change, the Company shall mail the Fundamental Change Notice by first-class mail to the Trustee, the Co-Trustee and each Holder of Securities at its address shown in the Security Register (and to beneficial owners as required by applicable law). The Fundamental Change Notice shall include a form of Fundamental Change purchase notice (the "**Fundamental Change Purchase Notice**") to be completed by the Holder and shall state:

(i) the events causing a Fundamental Change and the expected date of such Fundamental Change;

(ii) that a Fundamental Change Purchase Offer is being made pursuant to Article XII and that all Securities validly tendered and not withdrawn will be purchased pursuant to the terms of such Article XII;

(iii) the date by which the Fundamental Change Purchase Notice pursuant to this Section 12.01 must be delivered to the Paying Agent in order for a Holder to accept the Fundamental Change Purchase Offer;

(iv) the Fundamental Change Purchase Date;

(v) the Fundamental Change Purchase Price;

(vi) the name and address of the Paying Agent and the Conversion Agent;

(vii) the conversion rights, if any, of the Securities;

(viii) the Conversion Rate for conversion of the Securities applicable on the Fundamental Change Purchase Date;

(ix) (A) that Securities as to which a Fundamental Change Purchase Notice has been given may be converted pursuant to Article XIII hereof only if the Fundamental Change Purchase Notice has been withdrawn in accordance with the provisions of Section 12.02 and (B) the procedures for withdrawing a Fundamental Change Purchase Notice;

(x) that Securities must be surrendered to the Paying Agent for cancellation to collect payment of the Fundamental Change Purchase Price;

(xi) that the Fundamental Change Purchase Price for any Security as to which a Fundamental Change Purchase Notice has been duly given and not withdrawn will be paid promptly following the later of the Fundamental Change Purchase Date and the time of surrender of such Security as described in clause (x) of this Section 12.01;

(xii) the procedures the Holder must follow to exercise rights under this Section 12.01;

(xiii) the CUSIP number or numbers of the Securities; and

(xiv) any other information the Company wants to present.

At the Company's request, the Trustee or the Co-Trustee shall give such Fundamental Change Company Notice in the Company's name and at the Company's expense; *provided, however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company.

(c) Fundamental Change Purchase Notice. To accept the Fundamental Change Purchase Offer, a Holder of Securities must deliver to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the Fundamental Change Notice and the Trustee and the Co-Trustee, at least two Business Days prior to the Fundamental Change Purchase Date, (i) written notice of acceptance of the Fundamental Change Purchase Offer in the form set forth in the Fundamental Change Purchase Notice or any other form of written notice substantially similar to the Fundamental Change Purchase Notice, in each case, duly completed and signed, with appropriate signature guarantee and (ii) such Securities that the Holder wishes to tender for purchase by the Company pursuant to the Fundamental Change Purchase Offer, together with the necessary endorsements for transfer to the Company on the back of the Securities.

Such notice shall state, among other things (A) that if certificated Securities have been issued, the certificate numbers (or, if the Securities are not certificated, the notice must comply with the Depositary's procedures), (B) the portion of the principal amount of Securities to be purchased, which must be in $1,000 multiples, and (C) that the Securities are to be purchased by the Company pursuant to the applicable provisions of the Securities and the Indenture.

The delivery of such Security to the Paying Agent with, or at any time after delivery of, the Fundamental Change Purchase Notice (together with all necessary endorsements) at the offices of the Paying Agent shall be a condition to the receipt by the Holder of the

Fundamental Change Purchase Price therefor; *provided, however*, that such purchase price shall be so paid pursuant to this Section 12.01 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof set forth in the related Fundamental Change Purchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Section 12.01, a portion of a Security, so long as the Principal Amount of such portion is $1,000 or an integral multiple thereof. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 12.01 shall be consummated by the delivery of the Fundamental Change Purchase Price to be received by the Holder promptly following the later of the Fundamental Change Purchase Date and the time of delivery of the Security; *provided, however*, that if the Fundamental Change Purchase Notice is delivered after a date which is two Business Days prior to the Fundamental Change Purchase Date, such payment may be made as promptly after such Fundamental Change Purchase Date as is practicable.

Notwithstanding anything contained herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Purchase Notice contemplated by this Section 12.01(c) shall have the right to withdraw such Fundamental Change Purchase Notice at any time prior to the close of business on the Fundamental Change Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 12.02.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Purchase Notice or written notice of withdrawal thereof.

Section 12.02 Effect of Fundamental Change Purchase Notice. Upon receipt by the Paying Agent of the Fundamental Change Purchase Notice specified in Section 12.01(c), the Holder of the Security in respect of which such Fundamental Change Purchase Notice was given shall (unless such Fundamental Change Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Fundamental Change Purchase Price with respect to such Security. Such Fundamental Change Purchase Price shall be paid to such Holder, subject to receipt of funds and/or Securities by the Paying Agent, promptly following the later of (a) the Fundamental Change Purchase Date with respect to such Security (*provided,* the conditions in Section 12.01(c) have been satisfied) and (b) the time of book-entry transfer or delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 12.01(c). Securities in respect of which a Fundamental Change Purchase Notice has been given by the Holder thereof may not be converted pursuant to Article XIII hereof on or after the date of the delivery of such Fundamental Change Purchase Notice unless such Fundamental Change Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Fundamental Change Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the procedures set forth in the Fundamental Change Company Notice at any time prior to the close of business on the Fundamental Change Purchase Date specifying:

(i) the Principal Amount of the Security with respect to which such notice of withdrawal is being submitted;

(ii) the certificate number, if any, of the Physical Security in respect of which such notice of withdrawal is being submitted (if the Security is a Global Security, the withdrawal notice must comply with the Applicable Procedures); and

(iii) the Principal Amount, if any, of such Security which remains subject to the original Fundamental Change Purchase Notice and which has been or will be delivered for repurchase by the Company.

There shall be no purchase of any Securities pursuant to Section 12.01 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Fundamental Change Purchase Notice) and is continuing an Event of Default (other than an Event of Default that is cured by the payment of the Fundamental Change Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders any Securities (A) with respect to which a Fundamental Change Purchase Notice has been withdrawn in compliance with this Indenture, or (B) held by it during the continuance of an Event of Default (other than a default in the payment of the Fundamental Change Purchase Price with respect to such Securities) in which case, upon such return, the Fundamental Change Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 12.03 Deposit of Fundamental Change Purchase Price. Prior to 10:00 a.m., New York City time, on the Business Day following the Fundamental Change Purchase Date, the Company shall deposit with the Paying Agent an amount of cash (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Fundamental Change Purchase Price of all Securities (or portions thereof) to be redeemed on the Fundamental Change Purchase Date, other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee or the Co-Trustee for cancellation or have been converted.

If, on the Business Day following the Fundamental Change Purchase Date, the Paying Agent holds, in accordance with the terms of this Indenture, cash sufficient to pay the Fundamental Change Purchase Price of any Securities for which a Fundamental Change Purchase Notice has been tendered and not withdrawn pursuant to Section 12.02, then, effective as of the Fundamental Change Purchase Date, such Securities will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent), and the rights of the Holders in respect thereof shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery of such Securities). Nothing herein shall preclude the withholding of any taxes required by law to be withheld or deducted.

Section 12.04 Security Purchased in Part. Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal

Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered which is not purchased.

Section 12.05 Covenant to Comply with Securities Laws upon Repurchase of Securities. In connection with any offer to repurchase Securities under Section 12.01 (*provided* that such offer or repurchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), and subject to any exemptions under applicable law, the Company shall (a) comply with Rule 13e-4 and Rule 14e-1 (or any successor provision) under the Exchange Act, (b) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, (c) otherwise comply with all U.S. federal and state securities laws so as to permit the rights and obligations under Section 12.02 to be exercised in the time and in the manner specified in Section 12.02 and (d) comply with any applicable Canadian Securities Laws which may then be applicable in the event of a fundamental change.

To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Article XII, the Company's compliance with such laws and regulations including the extension of the payment or notice periods contemplated by this Article XII, shall not in and of itself cause a breach of their obligations under this Article XII.

Section 12.06 Repayment to the Company. To the extent that the aggregate amount of cash deposited by the Company pursuant to Section 12.03 exceeds the aggregate Fundamental Change Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Fundamental Change Purchase Date, then, promptly after the Fundamental Change Purchase Date, the Paying Agent shall return any such excess to the Company. If such money is then held by the Company or an Affiliate of the Company in trust and is not required for such purpose, it shall be discharged from such trust.

ARTICLE XIII

CONVERSION

Section 13.01 Right to Convert. Subject to, and upon compliance with, the provisions of this Indenture, each Holder shall have the right, at such Holder's option, at any time following the Issue Date of the Securities hereunder through prior to the close of business on the Business Day immediately preceding the Stated Maturity (or such earlier Fundamental Change Purchase Date or Redemption Date as may be applicable) to convert the Principal Amount of any such Securities, or any portion of such Principal Amount which is in a denomination of $1,000 or an integral multiple thereof, into Common Shares at the Conversion Rate then in effect, subject to prior repurchase or redemption of the Securities.

Section 13.02 Conversion Procedure.

(a) Each Security shall be convertible at the office of the Conversion Agent.

(b) In order to exercise the conversion privilege with respect to any Securities in certificated form, the Holder of any such Securities to be converted, in whole or in part, shall:

(i) complete and manually sign the conversion notice provided on the back of the Security (the "**Conversion Notice**") or facsimile of the Conversion Notice and deliver such Conversion Notice, which shall be irrevocable, to the Conversion Agent;

(ii) surrender the Security to the Conversion Agent;

(iii) furnish appropriate endorsements and transfer documents, if required;

(iv) pay any transfer or similar tax, if required pursuant to Section 13.07 or otherwise; and

(v) pay funds equal to interest, including Additional Interest Amounts and Additional Amounts, if any, payable on the next Interest Payment Date to which such Holder is not entitled.

The date on which the Holder satisfies all of the requirements set forth in clauses (i) through (v) above is the "**Conversion Date.**" Such Conversion Notice shall also state the name or names (with address or addresses) in which any certificate or certificates for Common Shares which shall be issuable on such conversion shall be issued. All such Securities surrendered for conversion shall, unless the Common Shares issuable on conversion are to be issued in the same name as the registration of such Securities, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the Holder or its duly authorized attorney.

In order to exercise the conversion privilege with respect to any interest in Securities in global form, the Holder must complete the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program, furnish appropriate endorsements and transfer documents if required by the Company, the Trustee, the Co-Trustee or Conversion Agent, and pay the funds, if any, required to be paid under Section 13.02(b)(v) and any transfer or similar taxes required pursuant to Section 13.07 or otherwise.

(c) As promptly as practicable after the later of (i) the Conversion Date (but in no event later than five Business Days after the Conversion Date) or (ii) the date all the calculations necessary to make such payment and delivery have been made (but in no event later than as specified in Section 13.03), subject to compliance with any restrictions on transfer if Common Shares issuable on conversion are to be issued in a name other than that of the Holder (as if such transfer were a transfer of the Securities (or portion thereof) so converted), the Company shall issue and shall deliver to such Holder at the office of the Conversion Agent, a check or cash and a certificate or certificates for the number of full Common Shares issuable in accordance with the provisions of this Article XIII, if applicable. In case any Securities of a denomination greater than $1,000 shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of the Securities so surrendered, without charge to him, new Securities in authorized denominations in an aggregate Principal Amount equal to the unconverted portion of the surrendered Securities.

Each conversion shall be deemed to have been effected as to any such Securities (or portion thereof) on the date on which the requirements set forth above in this Section 13.02 have been satisfied as to such Securities (or portion thereof), and the person in whose name any

certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed to have become on said date the Holder of record of the Common Shares represented thereby; *provided, however*, that in case of any such surrender on any date when the stock transfer books of the Company shall be closed, the person or persons in whose name the certificate or certificates for such Common Shares are to be issued shall be deemed to have become the record holder thereof for all purposes on the next day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Securities shall be surrendered.

(d) Upon the conversion of an interest in Global Securities, the Trustee or the Co-Trustee (or any other Conversion Agent appointed by the Company) shall make a notation on such Global Securities as to the reduction in the Principal Amount represented thereby. The Company shall notify the Trustee and the Co-Trustee in writing of any conversions of Securities effected through any Conversion Agent other than the Trustee or the Co-Trustee.

(e) Unless the Company shall provide otherwise, each share certificate representing Common Shares issued upon conversion of the Securities that contain the Private Placement Legend or the Canadian Private Placement Legend shall bear the applicable legends in substantially the form of Exhibit C hereto.

Section 13.03 Company to Deliver Common Shares, Cash or Combination Thereof.

(a) Upon conversion of a Security, the Company will have the right to elect to deliver cash or a combination of cash and Common Shares for the Securities surrendered as set forth below in lieu of delivering only Common Shares. The Trustee will initially act as Conversion Agent. A Holder may convert fewer than all of such Holder's Securities so long as the Securities converted are an integral multiple of $1,000 principal amount.

The Company will give notice of its election to deliver part or all of the conversion consideration in cash to the Holder converting the Securities within two Business Days following the Company's receipt of the Holder's notice of conversion. To the extent such election differs from the most recent election previously provided to the Trustee, the Co-Trustee or the Conversion Agent, the Company shall also notify the Trustee, the Co-Trustee or the Conversion Agent, as applicable, of such election. The amount of cash to be delivered per Security will be equal to the number of Common Shares in respect of which the cash payment is being made multiplied by the average of the Daily VWAP prices of the Common Shares for the 20 trading days commencing one day after (i) the date of the Company's notice of election to deliver all or part of the conversion consideration in cash if it has not given a Redemption Notice, (ii) the conversion date, in the case of conversion following a Notice of Redemption by the Company specifying the Company's intention to deliver cash upon conversion for conversions following the Redemption Notice or (iii) the 22nd scheduled Trading Day prior to the Stated Maturity, in the case of conversion during the period beginning 25 Trading Days before the Stated Maturity.

If the Company elects to deliver cash in lieu of some or all of the Common Shares issuable upon conversion, it will make the payment, including delivery of the Common Shares, through the Conversion Agent, to Holders surrendering Securities no later than the 14th Business

Day following the Conversion Date. Otherwise, the Company will deliver the Common Shares, together with any cash payment for fractional shares, as described below, through the Conversion Agent no later than the fifth business day following the Conversion Date.

The Company may not deliver cash in lieu of any Common Shares issuable upon a Conversion Date (other than in lieu of fractional shares) if there has occurred and is continuing an Event of Default under the Indenture, other than an Event of Default that is cured by the payment of the conversion consideration.

If the Company calls Securities for redemption, a Holder may convert the Securities only until 5:00 p.m., New York City time, on the Business Day immediately preceding the Redemption Date unless the Company fails to pay the Redemption Price. Subject to Section 13.02, if a Holder has submitted Securities for purchase upon a Fundamental Change, such Holder may convert such Securities only if such Holder withdraws the purchase election made by such Holder prior to conversion.

Upon conversion, a Holder will not receive any separate cash payment for accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, unless such conversion occurs between a Regular Record Date and the Interest Payment Date to which it relates. The Company will not issue fractional Common Shares upon conversion of Securities. Instead, the Company will pay cash in lieu of fractional shares based on the Closing Sale Price of the Common Shares on the Trading Day immediately prior to the Conversion Date.

The Company's delivery to the Holder of Common Shares, cash, or a combination of cash and Common Shares, as applicable, together with any cash payment for any fractional share, into which a Security is convertible, will be deemed to satisfy the Company's obligation to pay:

(i) the principal amount of the Security; and

(ii) accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the Conversion Date.

Accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the Conversion Date will be deemed to be paid in full rather than cancelled, extinguished or forfeited. The consideration payable by the Company to the Holder of a Security upon conversion (whether by the delivery to the Holder of Common Shares, cash, or a combination of cash and Common Shares) shall be applied in the following order: (A) sequentially in full payment of (i) any accrued and unpaid interest, (ii) any Additional Interest Amounts and (iii) any Additional Amounts, and (B) in satisfaction of the principal amount of the Security. Where Common Shares are being issued for the payment of any amounts provided under clause (A) above, the number of Common Shares to be issued pursuant to the Conversion Rate in satisfaction of the principal of the Securities shall be reduced by the number of such Common Shares, if any, issued under clause (A) above.

(b) Notwithstanding anything to the contrary in this Article XIII, if Securities are converted after 5:00 p.m., New York City time, on a Regular Record Date, Holders of such Securities at 5:00 p.m., New York City time, on such Regular Record Date will receive the

interest and Additional Interest Amounts or Additional Amounts, if any, payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion. Securities surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date to 9:00 a.m., New York City time, on the immediately following Interest Payment Date must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts or Additional Amounts, if any) payable on the Securities so converted on such corresponding Interest Payment Date; *provided* that no such payment need be made:

(i) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(ii) if the Company has specified a Fundamental Change Purchase Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date; or

(iii) to the extent of any overdue interest, if any overdue interest exists at the time of Conversion with respect to such Security.

If a Holder converts Securities, the Company will pay any documentary, stamp or similar issue or transfer tax due on the issue of any of its Common Shares upon the conversion, unless the tax is due because the Holder requests any shares to be issued in a name other than the Holder's name, in which case the Holder will pay such tax.

(c) [Reserved.]

(d) The Company will not issue fractional Common Shares upon conversion of Securities. If multiple Securities shall be surrendered for conversion at one time by the same Holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate Principal Amount of the Securities (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional Common Share would be issuable upon the conversion of any Securities, the Company shall make payment therefor in cash equal to the fraction of a Common Share otherwise issuable multiplied by the Current Market Price to the Holder of such Securities.

Section 13.04 Conversion Rate Adjustments. The Conversion Rate shall be adjusted from time to time by the Company as follows, except that the Company shall not make any adjustment to the Conversion Rate if Holders may participate, as a result of holding the Securities, in the transaction described below without having to convert their Securities.

(a) If the Company, at any time or from time to time while any of the Securities are outstanding, pays a dividend or makes a distribution in Common Shares to all holders of its outstanding Common Shares, or if the Company subdivides or combines its Common Shares, then the Conversion Rate will be adjusted based on the following formula:

$$CR' = CR_0 x \frac{OS'}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Ex-Dividend Date of such dividend or distribution or the effective date of such subdivision or combination, as applicable

CR' = the Conversion Rate in effect immediately after such Ex-Dividend Date or effective date, as applicable

OS_0 = the number of Common Shares outstanding immediately prior to such Ex-Dividend Date or effective date, as applicable

OS' = the number of Common Shares outstanding immediately prior to such Ex-Dividend Date or effective date, as applicable, after giving pro forma effect to such dividend, distribution, subdivision or combination

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the Record Date for such dividend or distribution, or the date fixed for determination for such Common Share subdivision or combination. If any dividend or distribution of the type described in this Section 13.04(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) If the Company, at any time or from time to time while any of the Securities are outstanding, distributes to holders of all or substantially all of its outstanding Common Shares certain rights or warrants to purchase Common Shares at a price per Common Share less than the Closing Sale Price of the Common Shares on the Record Date for shareholders entitled to receive such rights and warrants, which rights or warrants are exercisable for not more than 60 days, the Conversion Rate shall be adjusted based on the following formula (*provided* that the Conversion Rate shall be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR' = CR_0 x \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Ex-Dividend Date of such distribution

CR' = the Conversion Rate in effect immediately after such Ex-Dividend Date

OS_0 = the number of Common Shares outstanding at the open of business on the next Business Day following such Ex-Dividend Date

X = the total number of Common Shares issuable pursuant to such rights or warrants

Y = the number of Common Shares equal to the quotient of (a) the aggregate price payable to exercise all such rights or warrants and (b) the average of the Closing Sale Price of the Common Shares for the 10 consecutive Trading Days ending on the Trading Day immediately preceding the date of announcement for the issuance of such rights or warrants

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the date of announcement of the issuance of such rights or warrants.

To the extent that Common Shares are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if the date fixed for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase Common Shares at less than such Closing Sale Price, and in determining the aggregate offering price of such Common Shares, there shall be taken into account any consideration received for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors of the Company.

For the purposes of this Section 13.04(c), rights or warrants distributed by the Company to all holders of the Common Shares entitling them to subscribe for or purchase shares of the Company's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events (**"Trigger Event"**): (i) are deemed to be transferred with such Common Shares; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Shares, shall be deemed not to have been distributed for purposes of this Section 13.04(c) (and no adjustment to the Conversion Price under this Section 13.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 13.04(c). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution

and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 13.04(c) was made, (A) in the case of any such rights or warrants which shall all have been redeemed or purchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder of Common Shares with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all applicable holders of Common Shares as of the date of such redemption or repurchase, and (B) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights and warrants had not been issued.

(c) If the Company, at any time or from time to time while the Securities are outstanding, distributes to holders of all or substantially of the Common Shares, Common Shares, evidences of indebtedness or assets or property, including securities, but excluding:

(i) dividends or distributions referred to in Section 13.04(a);

(ii) rights or warrants referred to in Section 13.04(c); and

(iii) dividends or distributions paid exclusively in cash;

then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 x \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Ex-Dividend Date for such distribution

CR' = the Conversion Rate in effect immediately after such Ex-Dividend Date

SP_0 = the Current Market Price of the Common Shares on the Trading Day immediately preceding such Ex-Dividend Date

FMV = the fair market value (as determined by the Board of Directors of the Company) of the Common Shares, evidences of indebtedness, assets or property distributed with respect to each outstanding Common Share on the Record Date for such distribution

Such adjustment shall become effective immediately prior to 9:00 a.m., New York City time, on the Business Day following the Record Date for such distribution. If the Board of Directors of the Company determines the fair market value of any distribution for purposes of this Section 13.04(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Shares.

To the extent that the Company has a rights plan in effect upon conversion of the Securities into Common Shares, a Holder shall receive the rights under the rights plan attached to the Common Shares unless such rights are in respect of Ineligible Consideration or such rights have separated from the Common Shares at the time of conversion, in which case the Conversion Rate will be adjusted as if the Company distributed to all holders of Common Shares, Common Shares, evidences of indebtedness or assets or property as described in this Section 13.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights. For greater certainty, any rights under the rights plan received by a Holder on conversion of the Securities will be received by the Holder by reason of the Holder becoming an owner of Common Shares and not as consideration for the conversion of the Securities.

With respect to an adjustment pursuant to this Section 13.04(c) where there has been a payment of a dividend or other distribution on the Common Shares or common shares of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit (a "**Spin-Off**"), the Conversion Rate in effect immediately before 5:00 p.m., New York City time, on the effective date of the Spin-Off shall be increased based on the following formula in lieu of the formula above:

$$CR' = CR_0 x \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the effective date of the Spin-Off

CR' = the Conversion Rate in effect immediately after the effective date of the Spin-Off

FMV_0 = the average of the Closing Sale Prices of the Common Shares or similar equity interest distributed to holders of Common Shares applicable to one Common Share over the 10 consecutive Trading-Day period commencing on, and including, the effective date of the Spin-Off

MP_0 = the average of the Closing Sale Prices of the Common Shares over the 10 consecutive Trading-Day period commencing on, and including, the effective date of the Spin-Off

The adjustment to the Conversion Rate under the preceding paragraph will occur on the 10th Trading Day from, and including, the effective date of the Spin-Off and shall be applied on a retroactive basis from, and including, the effective date of the Spin-Off; *provided* that in respect of any conversion occurring prior to the effective date of the Spin-Off with respect to which the settlement date would occur during the 10 Trading Days from, and including, the effective date of any Spin-Off, references with respect to the Spin-Off to the 10 consecutive Trading-Day period shall be deemed replaced with such lesser number of Trading Days as have elapsed between the effective date of such Spin-Off and the settlement date in determining the applicable Conversion Rate; *provided, further*, that in respect of any conversion occurring prior the effective date of the Spin-Off with respect to which the settlement date would occur during the three Trading Days from, and including, the effective date of such Spin-Off, references to the 10 consecutive Trading-Day period shall be deemed replaced with a three consecutive Trading-Day period with such adjustment to the Conversion Rate being applied on a retroactive basis from, and including, the effective date of the Spin-Off.

(d) If any cash dividend or other distribution is paid to all or substantially all holders of Common Shares, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 x \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Ex-Dividend Date for such dividend or distribution

CR' = the Conversion Rate in effect immediately after such Ex-Dividend Date

SP_0 = the Current Market Price of the Common Shares on the Trading Day immediately preceding such Ex-Dividend Date

C = the amount in cash per share the Company distributes to holders of Common Shares

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender or exchange offer (as such terms are defined under applicable U.S. securities laws) for the Common Shares, to the extent that the cash and value of any other consideration included in the payment per Common Share exceeds the Closing Sale Price of the Common Shares on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant

to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the effective date of the adjustment

CR' = the Conversion Rate in effect immediately after the effective date of the adjustment

AC = the fair market value (as determined by the Board of Directors) of the aggregate consideration paid or payable for shares accepted for purchase or exchange in such tender or exchange offer

OS_0 = the number of Common Shares outstanding on the Trading Day immediately preceding the date such tender or exchange offer expires (prior to giving effect to such tender or exchange offer)

OS' = the number of Common Shares outstanding less any Common Shares accepted for purchase or exchange in the tender or exchange offer at the time such tender or exchange offer expires

SP' = the Current Market Price of the Common Shares on the Trading Day next succeeding the date such tender or exchange offer expires

The adjustment to the Conversion Rate under this Section 13.04(e) shall occur on the 10th Trading Day from, and including, the Trading Day next succeeding the date such tender or exchange offer expires and shall be applied on a retroactive basis from, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that in respect of any conversion occurring prior to the date such tender or exchange offer expires with respect to which the settlement date would occur during the 10 Trading Days from, and including, the Trading Day next succeeding the date such tender or exchange offer expires, references with respect to the tender or exchange offer to the 10 consecutive Trading-Day period shall be deemed replaced with such lesser number of Trading Days as have elapsed between the Trading Day next succeeding the date such tender or exchange offer expires and the settlement date in determining the applicable Conversion Rate.

If the Company is obligated to repurchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange had not been made.

(f) For purposes of this Section 13.04, the following terms shall have the meaning indicated:

(i) "**Current Market Price**" on any date means the average of the Closing Sale Prices per Common Share for the 10 consecutive Trading Days ending on the date of determination.

(ii) "**fair market value**" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(iii) "**Record Date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(g) Notwithstanding the foregoing provisions of this Section 13.04, the applicable Conversion Rate need not be adjusted:

(i) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the securities of the Company and the investment of additional optional amounts in Common Shares under any plan;

(ii) upon the issuance of any Common Shares or options or rights to purchase Common Shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, the Company or any of its Subsidiaries;

(iii) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the Issue Date;

(iv) for a change in the par value of the Common Shares; or

(v) for accrued and unpaid interest (including Additional Interest Amounts and Additional Amounts, if any).

(h) Subject to subsection (i) below, the Company may make such increases in the Conversion Rate, in addition to any adjustments required by Section 13.04(a), Section 13.04(b), Section 13.04(c), Section 13.04(d) or Section 13.04(e) as the Company's Board of Directors

considers to be advisable to avoid or diminish any income tax to holders of Common Shares or rights to purchase Common Shares resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

(i) The Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days and the Company's Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to Holders a notice of the increase at least 15 days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect. Any such increase in the Conversion Rate by the Company's Board of Directors shall not, without the approval of the Company's shareholders, if required by the rules of the New York Stock Exchange or the Toronto Stock Exchange, result in the sale or issuance of 20% (25% in the case of the Toronto Stock Exchange) or more of the Common Shares, or 20% (25% in the case of the Toronto Stock Exchange) or more of the voting power, outstanding as of September 10, 2009.

(j) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in such rate; *provided, however*, that any adjustments which by reason of this Section 13.04(j) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article XIII shall be made by the Company and shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be. No adjustment need be made for rights to purchase Common Shares pursuant to a Company plan for reinvestment of dividends or interest. To the extent the Securities become convertible into cash, assets, property or securities (other than Common Shares) of the Company, no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on the cash.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee, the Co-Trustee and any Conversion Agent an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of each of the Trustee and the Co-Trustee shall have received such Officers' Certificate, neither the Trustee nor the Co-Trustee shall be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which each had knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to each Holder at such Holder's last address appearing on the Security Register, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 13.04 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Securities converted after such Record Date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common

Shares issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction pursuant to Section 13.03.

(m) For purposes of this Section 13.04, the number of Common Shares at any time outstanding shall not include Common Shares held in the treasury of the Company so long as the Company does not pay any dividend or make any distribution on Common Shares held in the treasury of the Company, but shall include Common Shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares.

(n) No adjustment to the Conversion Rate shall be made pursuant to this Section 13.04 if the Holders of the Securities may participate in the transaction that would otherwise give rise to an adjustment pursuant to this Section 13.04; subject to the prior written consent of the Toronto Stock Exchange.

(o) Whenever any provision of this Indenture requires a calculation of an average of Closing Sale Prices or Daily VWAP over a span of multiple days, the Company shall make appropriate adjustments (determined in good faith by the Board of Directors) to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date of the event occurs at any time during the period from which the average is to be calculated.

Section 13.05 Adjustments Upon Certain Fundamental Changes.

(a) If a Holder elects to convert Securities in connection with a Fundamental Change (as determined after giving effect to any exceptions or exclusions to such definition, including, without limitation, the last paragraph in Section 12.01(a)), the Conversion Rate for such Securities shall be increased by an additional number of Common Shares (the "**Additional Shares**") as described below. Any conversion will be deemed to have occurred in connection with such Fundamental Change only if: (A) in the case of a Fundamental Change described in clause (ii) of the definition of Fundamental Change, such Securities are surrendered for conversion from and after the date that is 30 calendar days prior to the anticipated Effective Date of such Fundamental Change through and including the Business Day immediately preceding the related Fundamental Change Purchase Date, or (B) in the case of a Fundamental Change described in clauses (i), (iii) and (iv) of the definition of Fundamental Change, such Securities are surrendered for conversion from and after the Effective Date of such Fundamental Change through and including the Business Day immediately proceeding the related Fundamental Change Purchase Date. The Company shall notify Holders at least 30 calendar days prior to the anticipated Effective Date of any Fundamental Change described in clause (ii) of the definition of Fundamental Change.

(b) The number of Additional Shares will be determined by reference to the table attached as Schedule A hereto, based on the date on which the Fundamental Change occurs or becomes effective (the "**Effective Date**") and the price (the "**Share Price**") paid per Common Share in the Fundamental Change. If the Fundamental Change is a transaction described in clause (ii) of the definition of Fundamental Change, and holders of Common Shares receive only cash in that Fundamental Change, the Share Price shall be the cash amount paid per Common Share. Otherwise, the Share Price shall be the average of the Closing Sale Prices of Common

Shares over the five Trading-Day period ending on the Trading Day preceding the Effective Date of the Fundamental Change.

(c) The Share Prices set forth in the first row of the table in Schedule A hereto shall be adjusted as of any date on which the Conversion Rate of the Securities is otherwise adjusted. The adjusted Share Prices shall equal the Share Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Share Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional Shares will be adjusted in the same manner as the Conversion Rate as set forth in Section 13.04.

(d) The table in Schedule A hereto sets forth the hypothetical Share Price and the number of Additional Shares to be received per $1,000 Principal Amount of Securities. The exact Share Prices and Effective Dates may not be set forth in the table in Schedule A, in which case:

(i) If the Share Price is between two Share Price amounts in the table or the Effective Date is between two Effective Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Share Price amounts and the two dates, as applicable, based on a 365-day year.

(ii) If the Share Price is greater than $45.00 per Common Share (subject to adjustment), no Additional Shares will be issued upon conversion.

(iii) If the Share Price is less than $10.10 per Common Share (subject to adjustment), no Additional Shares will be issued upon conversion.

Notwithstanding the foregoing, in no event will the total number of Common Shares issuable upon conversion exceed 99.0099 Common Shares per $1,000 Principal Amount of Securities, subject to adjustments in the same manner as the Conversion Rate as set forth in Section 13.04.

(e) If the Company is a party to any reclassification of the Common Shares (other than changes resulting from a subdivision or combination) or a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance of all or substantially all of the Company's consolidated assets to another person or entity or other similar combination involving the Company, in each case pursuant to which the Common Shares are convertible into Reference Property, then, pursuant to Section 13.06, at the effective time of such transaction, the Securities will be convertible only into the Reference Property, if applicable (provided such Reference Property is not Ineligible Consideration). If the Company is required to increase the Conversion Rate for Securities converted in connection with such Fundamental Change by Additional Shares as a result of such Fundamental Change, Securities so surrendered for conversion shall be settled as follows:

(i) if the date on which the Securities are surrendered for conversion is prior to the third Trading Day immediately preceding the Effective Date of the Fundamental Change, the Company shall (A) deliver the amount of Common Shares, based on the

Conversion Rate then in effect without regard to the number of Additional Shares to be added to the Conversion Rate as described above in this Section 13.05, on the third Trading Day immediately following the applicable Conversion Date; and (B) as soon as practicable following the Effective Date of the Fundamental Change, deliver an amount of Reference Property equal to the amount of Reference Property that would have been issuable in respect of the Additional Shares pursuant to such Fundamental Change; *provided,* such Reference Property is not Ineligible Consideration; and

(ii) if the date on which the Securities are surrendered for conversion is on or after the third Trading Day immediately preceding the Effective Date of the Fundamental Change, the Company shall deliver an amount of Reference Property equal to the amount of Reference Property that would have been issuable upon conversion of the Securities immediately after giving effect to the Fundamental Change based on the Conversion Rate as increased by the Additional Shares; *provided,* such Reference Property is not Ineligible Consideration.

Section 13.06 Effect of Reclassification, Consolidation, Merger or Sale. If the Company is a party to any reclassification of the Common Shares (other than changes resulting from a subdivision or combination) or a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance of all or substantially all of the Company's consolidated assets to another person or entity or other similar combination involving the Company, in each case pursuant to which the Common Shares are converted into cash, securities or other property, then at the effective time of such transaction the Company or the successor or purchasing person, as the case may be, shall execute with the Trustee and the Co-Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that the Securities shall be convertible into the securities or other property (other than Ineligible Consideration (as defined below)) receivable upon such transaction by a Holder had such Holder converted its Securities immediately prior to such transaction solely for Common Shares (the "**Reference Property**"). If such transaction causes the Common Shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the Reference Property into which the Securities will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares that affirmatively make such an election. If Holders would otherwise be entitled to receive, upon conversion of the Securities, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied to the 2007 taxation year (referred to herein as "**Ineligible Consideration**"), such Holders shall not be entitled to receive such Ineligible Consideration but the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver either such Ineligible Consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied to the 2007 taxation year with a market value (as conclusively determined by the Company's Board of Directors) equal to the market value of such Ineligible Consideration. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article XIII. If, in the case of any such reclassification, consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance or other similar combination, the cash, securities or other property receivable thereupon by a holder of Common Shares includes cash, securities or other property of a corporation other than

the successor or purchasing corporation, as the case may be, in such transaction, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders as the Board of Directors of the Company shall reasonably consider necessary by reason of the foregoing.

The Company shall give notice to the Holders at least 30 days prior to the effective date of any transaction set forth in this Section 13.06 in writing and by release to a business newswire stating the consideration into which the Securities will be convertible after the effective date of such transaction. After such notice, the Company or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the Security except in accordance with any other provision of this Indenture.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder, at the address of such Holder as it appears on the Security Register maintained by the Security Registrar, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture. The above provisions of this Section 13.06 shall similarly apply to successive reclassifications, consolidations, amalgamations, mergers, binding share exchanges, statutory arrangements, sales or conveyances or other similar combinations. If this Section 13.06 applies to any event or occurrence, Section 13.04 shall not apply.

Section 13.07 Taxes on Shares Issued. Any issue of share certificates on conversions of Securities shall be made without charge to the converting Holder for any documentary, transfer, stamp or any similar tax in respect of the issue thereof, and the Company shall pay any and all documentary, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of Common Shares on conversion of Securities pursuant hereto. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of Common Shares in any name other than that of the Holder of any Securities converted, and the Company shall not be required to issue or deliver any such share certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 13.08 Reservation of Shares; Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Shares. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient Common Shares to provide for the conversion of the Securities from time to time as such Securities are presented for conversion (assuming that, at the time of the computation of such number of shares or Securities, all such Securities would be held by a single Holder).

Before taking any action that would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the Common Shares issuable upon conversion of the Securities, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue Common Shares at such adjusted Conversion Price.

The Company covenants that all Common Shares that may be issued upon conversion of Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and non-assessable and shall be free from preemptive rights and free from any lien or adverse claim.

The Company shall use its reasonable efforts to list or cause to have quoted any Common Shares to be issued upon conversion of Securities on each national Securities exchange or over-the-counter or other domestic market on which the Common Shares are then listed or quoted.

Section 13.09 Responsibility of Conversion Agent, Trustee and Co-Trustee. The Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder to solicit bids to determine the Conversion Rate, any adjustment to the Conversion Rate, or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares, or of any securities, cash or property, which may at any time be issued or delivered upon the conversion of any Securities; and the Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent make no representations and shall be held harmless with respect thereto. Neither the Trustee, the Co-Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any Common Shares or share certificates or other securities or property or cash upon the surrender of any Securities for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article XIII. Without limiting the generality of the foregoing, neither the Trustee, the Co-Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 13.06 relating either to the kind or amount of cash, securities or property receivable by Holders upon the conversion of their Securities after any event referred to in such Section 13.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 6.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee and the Co-Trustee prior to the execution of any such supplemental indenture) with respect thereto. Nothing herein shall require the Trustee, Co-Trustee or any Conversion Agent to monitor whether conditions exist under which a conversion can be done or a Fundamental Change is occurring.

Section 13.10 Notice to Holders Prior to Certain Actions. In case,

(a) the Company shall declare a dividend (or any other distribution) on its Common Shares that would require an adjustment in the Conversion Rate pursuant to Section 13.04; or

(b) the Company shall authorize the granting to the holders of all or substantially all of its Common Shares of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Shares of the Company (other than a subdivision or combination of its outstanding Common Shares, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company or any of its Significant Subsidiaries; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company or any of its Significant Subsidiaries;

then, in each case, the Company shall cause to be filed with the Trustee, the Co-Trustee and the Conversion Agent and to be mailed to each Holder of Securities at such Holder's address appearing on the Security Register, as promptly as practicable but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution or rights are to be determined, or (ii) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

Section 13.11 Company Determination Final. Any determination that the Company or its Board of Directors must make pursuant to this Article XIII shall be conclusive if made in good faith and in accordance with the provisions of this Article XIII, absent manifest error, and set forth in a Board Resolution.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

JAGUAR MINING INC.

By: (signed) *James M. Roller*
Title: Chief Financial Officer

THE BANK OF NEW YORK MELLON,
as Trustee

By: (signed) *Arlene Thelwell*
Title: Assistant Vice President

BNY TRUST COMPANY OF CANADA,
as Co-Trustee

By: (signed) *Marcia Redway*
Title: Authorized Officer

THE BANK OF NEW YORK MELLON,
as Conversion Agent

By: (signed) *Arlene Thelwell*
Title: Assistant Vice President

SCHEDULE A

The following table sets forth the hypothetical Share Price and the number of Additional Shares to be received per $1,000 Principal Amount of Securities pursuant to Section 13.05 of this Indenture:

	Share Price														
Effective date	**$10.10**	**$12.50**	**$15.00**	**$17.50**	**$20.00**	**$22.50**	**$25.00**	**$27.50**	**$30.00**	**$32.50**	**$35.00**	**$37.50**	**$40.00**	**$42.50**	**$45.00**
9/15/2009	20.5785	15.4915	10.8665	7.9681	6.0324	4.6739	3.6828	2.9368	2.3612	1.9080	1.5453	1.2515	1.0109	0.8125	0.6480
11/1/2010	20.5785	15.0916	10.2678	7.3417	5.4465	4.1523	3.2298	2.5487	2.0311	1.6285	1.3095	1.0528	0.8440	0.6725	0.5308
11/1/2011	20.5785	14.2627	9.2419	6.3409	4.5509	3.3818	2.5800	2.0062	1.5806	1.2554	1.0009	0.7980	0.6337	0.4994	0.3886
11/1/2012	20.5785	12.7794	7.5563	4.7802	3.2152	2.2786	1.6837	1.2833	0.9990	0.7878	0.6248	0.4954	0.3904	0.3041	0.2323
11/1/2013	20.5785	9.8689	4.5524	2.2426	1.2296	0.7658	0.5346	0.4037	0.3187	0.2564	0.2070	0.1657	0.1302	0.0991	0.0716
11/1/2014	20.5785	1.5686	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT A

[FORM OF GLOBAL NOTE]

[Insert Global Security Legend, if required pursuant to the Indenture]

[Insert Private Placement Legend, if required pursuant to the Indenture]

[Insert Canadian Private Placement Legend, if required pursuant to the Indenture]

JAGUAR MINING INC.

4.50% Senior Convertible Notes due 2014

No. [•] CUSIP NO. 47009M AG8
ISIN US47009MAG87 US$[•]

Jaguar Mining Inc., a corporation duly organized and validly existing under the laws of Canada (herein called the "**Company**", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [Cede & Co.], or registered assigns, the principal sum of [•] United States Dollars ($•) [**INCLUDE IF SECURITY IS A GLOBAL SECURITY** — (which amount may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, in accordance with the rules and procedures of the Depositary)] on November 1, 2014.

Reference is made to the further provisions of this Security set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Security the right to convert this Security in certain circumstances and the ability and the obligation of the Company to make an offer to repurchase this Security upon certain events on the terms and subject to the limitations referred to on the reverse hereof and as are more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Security shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

JAGUAR MINING INC.

By: _____
Authorized Signatory

Attest:

By: _____
Authorized Signatory

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

[Reverse of Security]

JAGUAR MINING INC.

4.50% Senior Convertible Notes due 2014

This Security is one of a duly authorized issue of Securities of the Company, designated as its 4.50% Senior Convertible Notes due 2014 (herein called the "**Securities**"), all issued or to be issued under and pursuant to an Indenture dated as of September 15, 2009 (herein called the "**Indenture**"), between the Company and The Bank of New York Mellon (herein called the "**Trustee**") and BNY Trust Company of Canada (herein called the "**Co-Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Company, the Trustee, the Co-Trustee and the Holders of the Securities. Terms used herein which are defined in the Indenture have the meanings assigned to them in the Indenture.

The indebtedness evidenced by the Securities is senior unsecured indebtedness of the Company and ranks equally with the Company's other senior unsecured indebtedness.

(a) Interest. The Company will pay interest on the principal amount of this Security at the rate of 4.50% per annum. The Company will pay interest semiannually in arrears on May 1 and November 1 of each year, commencing on May 1, 2010.

Interest will be paid to the person in whose name a Security is registered at the close of business on or, as the case may be, immediately preceding the relevant Interest Payment Date. Interest (including any Additional Interest Amounts) on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months. Each rate of interest which is calculated with reference to a period that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to the yearly rate of interest payable on the Securities multiplied by the actual number of days in the year and divided by 360. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed in the period.

The Holder of this Security at 5:00 p.m., New York City time, on a Regular Record Date shall be entitled to receive interest (including Additional Interest Amounts and Additional Amounts, if any), on this Security on the corresponding Interest Payment Date. The Holder of this Security at 5:00 p.m., New York City time, on a Regular Record Date will receive payment of interest (including Additional Interest Amounts and Additional Amounts, if any) payable on the corresponding Interest Payment Date notwithstanding the conversion of this Security at any time after 5:00 p.m., New York City time, on such Regular Record Date. If this Security is surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date to 9:00 a.m., New York City time, on the immediately following Interest Payment Date, it must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts and Additional Amounts, if any) that the Holder is to receive on the Securities on the corresponding Interest Payment Date, subject to the exceptions set forth in Section 13.03(b) of the Indenture. Except where this Security is surrendered for

conversion and must be accompanied by payment as described above, no interest (including Additional Interest Amounts or Additional Amounts, if any) thereon will be payable by the Company on any Interest Payment Date subsequent to the date of conversion, and delivery of the cash and Common Shares, if applicable, pursuant to Article XIII of the Indenture, together with any cash payment for any fractional shares, upon conversion will be deemed to satisfy the Company's obligation to pay the principal amount of the Securities and accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) to, but not including, the related Conversion Date.

(b) Method of Payment. By no later than 10:00 a.m., New York City time, on the date on which any principal of or interest (including Additional Interest Amounts or Additional Amounts, if any) on any Security is due and payable, the Company shall deposit with the Paying Agent money sufficient to pay such amount. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Securities represented by a Global Security (including principal and interest (including Additional Interest Amounts and Additional Amounts, if any)) will be made by wire transfer of immediately available funds to the accounts specified by the Depositary. The Company will pay principal of Physical Securities at the office or agency designated by the Company in The Borough of Manhattan, The City of New York. Interest (including Additional Interest Amounts and Additional Amounts, if any) on Physical Securities will be payable (i) to Holders having an aggregate principal amount of $5,000,000 or less, by check mailed to the Holders of these Securities and (ii) to Holders having an aggregate principal amount of more than $5,000,000, either by check mailed to each Holder or, upon application by a Holder to the Security Registrar not later than two days prior to the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies the Security Registrar, in writing, to the contrary.

(c) Additional Amounts. The Company shall pay to the Holders such Additional Amounts as may become payable under Section 10.10 of the Indenture.

(d) Redemption For Tax Reasons; Notice of Election by Holder. Subject to the terms of the Indenture, the Company may, at its option, redeem the Securities, in whole but not in part, for an amount equal to 100% of the Principal Amount of the Securities, plus accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) to, but excluding, the Redemption Date (the **"Redemption Price"**), if the Company has become or would become obligated to pay to the Holders Additional Amounts (which are more than a *de minimis* amount) as a result of any amendment or change occurring after September 10, 2009 in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change occurring after September 10, 2009 in the interpretation or application of any such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination); *provided,* the Company cannot avoid these obligations by taking reasonable measures available to it and that it delivers to the Trustee and the Co-Trustee an opinion of Canadian legal counsel specializing in taxation and an Officers' Certificate attesting to such change and obligation to pay Additional Amounts (such a redemption, referred to herein as a **"Tax Redemption"**).

Upon receiving a Notice of Redemption with respect to a Tax Redemption, each Holder who does not wish to have the Company redeem its Securities pursuant to Article XI of the Indenture can elect to (i) convert its Securities pursuant to Article XIII of the Indenture or (ii) not have its Securities redeemed, provided that no Additional Amounts will be payable on any payment of interest or principal with respect to the Securities after such Redemption Date. All future payments will be subject to the deduction or withholding of any Canadian Taxes required by law to be deducted or withheld.

Where no such election is made, the Holder will have its Securities redeemed without any further action. If a Holder does not elect to convert its Securities pursuant to Article XIII of the Indenture but wishes to elect to not have its Securities redeemed, such Holder must deliver to the Paying Agent designated by the Company for such purpose in the Notice of Redemption, a written Notice of Election (the "**Notice of Election**") in the form provided on the back of this Security (or a facsimile thereof), or any other form of written notice substantially similar to the Notice of Election, in each case, duly completed and signed, so as to be received by the Paying Agent no later than the close of business on the fifth Business Day prior to the Redemption Date.

A Holder may withdraw any Notice of Election by delivering to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company in the Notice of Redemption, a written notice of withdrawal prior to the close of business on the Business Day prior to the Redemption Date.

(e) Others Matters Relating to Redemption. Written notice of any Tax Redemption will be provided at least 30 days but not more than 60 days prior to the Redemption Date to each Holder of Securities to be redeemed; provided that, (i) in no event will the Company be obligated to give notice of redemption earlier than 60 days prior to the earliest date on or from which it would be obligated to pay any Additional Amounts, and (ii) at the time the Company gives the notice, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

If cash sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date, such Securities (or portions thereof) will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent).

If a Redemption Date is after a Regular Record Date for the payment of interest but on or prior to the corresponding Interest Payment Date, then the interest payable on such Interest Payment Date will be paid to the Holder of record of such Securities on the relevant Regular Record Date, and the amount paid to the Holder who presents the Securities for redemption shall be 100% of the Principal Amount of such Securities.

(f) Offer to Purchase By the Company upon a Fundamental Change. Subject to the terms and conditions of the Indenture, in the event of a Fundamental Change with respect to

the Company at any time prior to November 1, 2014, the Company will be required to make an offer to purchase for cash (the "**Fundamental Change Purchase Offer**") all outstanding Securities at a purchase price equal to the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any (the "**Fundamental Change Purchase Price**"), up to, but excluding, the Fundamental Change Purchase Date. The "**Fundamental Change Purchase Date**" will be a date specified by the Company that is no later than the 30th Business Day following the date of the Fundamental Change Notice (as defined below).

Within 30 calendar days after the occurrence of a Fundamental Change with respect to the Company, the Company shall mail to the Trustee, the Co-Trustee and all Holders of the Securities at their addresses shown in the Security Register, and to beneficial owners of the Securities as may be required by applicable law, a notice (the "**Fundamental Change Notice**") of the occurrence of such Fundamental Change and the Fundamental Change Purchase Offer arising as a result thereof.

To accept the Fundamental Change Purchase Offer, a Holder of Securities must deliver to the Paying Agent designated by the Company for such purpose in the Fundamental Change Purchase Notice, on or before the Business Day immediately preceding the Fundamental Change Purchase Date, (i) written notice of acceptance of the Fundamental Change Purchase Offer in the form set forth in the Fundamental Change Purchase Offer Acceptance Notice on the back of this Security (the "**Fundamental Change Purchase Notice**"), or any other form of written notice substantially similar to the Fundamental Change Purchase Notice, in each case, duly completed and signed, with appropriate signature guarantee, and (ii) such Securities that the Holder wishes to tender for purchase by the Company pursuant to the Fundamental Change Purchase Offer, together with the necessary endorsements for transfer to the Company.

Holders have the right to withdraw any Fundamental Change Purchase Notice by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If the Fundamental Change Purchase Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, then the interest payable on such date will be paid to the Holder of record of the Security on the relevant Regular Record Date and the Fundamental Change Purchase Price payable to the Holder who presents the Security for repurchase shall be 100% of the Principal Amount of such Security.

(g) Conversion. Subject to and in compliance with the provisions of the Indenture (including without limitation the conditions of conversion of this Security set forth in Section 13.01 thereof), the Holder hereof has the right, at its option, to convert the Principal Amount hereof or any portion of such principal which is $1,000 or an integral multiple thereof, into, subject to Section 13.02 of the Indenture, Common Shares at the initial conversion rate of 78.4314 Common Shares per $1,000 Principal Amount of Securities (the "**Conversion Rate**") (equivalent to a Conversion Price of $12.75), subject to adjustment. Upon conversion of a Security, the Company will have the right to elect to deliver cash or a combination of cash and Common Shares for the Securities surrendered instead of delivering only Common Shares (plus cash in lieu of fractional Common Shares), as set forth in the Indenture. No fractional shares

will be issued upon any conversion, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a Common Share which would otherwise be issuable upon the surrender of any Securities for conversion. The Trustee will initially act as Conversion Agent. A Holder may convert fewer than all of such Holder's Securities so long as the Securities converted are an integral multiple of $1,000 Principal Amount.

(h) Amendment and Waiver. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company, the Trustee and the Co-Trustee with the consent of the Holders of not less than a majority in aggregate Principal Amount of the Outstanding Securities. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate Principal Amount of the Outstanding Securities, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past Defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

(i) Defaults and Remedies. If an Event of Default shall occur and be continuing, the Principal Amount plus accrued but unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless (i) such Holder shall have previously given the Trustee and the Co-Trustee written notice of a continuing Event of Default with respect to the Securities, (ii) the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities shall have made written request to the Trustee and Co-Trustee to institute proceedings in respect of such Event of Default and offered the Trustee and Co-Trustee reasonable indemnity satisfactory to them, (iii) the Trustee and Co-Trustee shall not have received from the Holders of a majority in Principal Amount of Outstanding Securities a direction inconsistent (in their opinion) with such request, and (iv) the Trustee and the Co-Trustee shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity referred to above. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any Default in the payment of the Redemption Price or Fundamental Change Purchase Price or payment of said principal hereof and interest (including Additional Interest Amounts, if any) hereon after the respective due dates expressed herein or for the enforcement of any conversion right.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the Principal Amount, Redemption Price or Fundamental Change Purchase Price of, and interest, including Additional Interest Amounts or Additional Amounts, if any, on, this Security at the times, place and rate, and in the coin, currency or shares, herein prescribed.

Notwithstanding the foregoing, prior to the occurrence of a Fundamental Change, the Company may, with the consent of the holders of not less than a majority in aggregate Principal Amount of the Securities, amend the obligation of the Company to repurchase Securities upon a Fundamental Change.

(j) Transfers; Denomination Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate Principal Amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form in denominations of $1,000 and any integral multiple of $1,000 above that amount, as provided in the Indenture and subject to certain limitations therein set forth. Securities are exchangeable for a like aggregate Principal Amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, the Co-Trustee and any agent of the Company, the Trustee or the Co-Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee, the Co-Trustee nor any such agent shall be affected by notice to the contrary.

(k) No Recourse Against Others. No director, officer, employee, shareholder or Affiliate, as such, of the Company from time to time shall have any liability for any obligations of the Company under the Securities or the Indenture. Each Holder by accepting a Security waives and releases all such liability.

(l) Authentication. No Security shall be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication executed by the Trustee.

(m) Governing Law; Indenture to Control. This Security shall be governed by and construed in accordance with the laws of the State of New York.

In the case of any conflict between the provisions of this Security and the Indenture, the provisions of the Indenture shall control. All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Jaguar Mining Inc.

4.50% Senior Convertible Notes Due 2014

CUSIP No.: _____

ASSIGNMENT FORM

Principal Amount Being Assigned: $_____

If you want to assign this Security, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Security to:

_____

_____

_____

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint _____ (**"agent"**) to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (**"STAMP"**) or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Jaguar Mining Inc.

4.50% Senior Convertible Notes due 2014

CUSIP No.: _____

CONVERSION NOTICE

Principal Amount of this Security: $_____

If you want to convert this Security into Common Shares of the Company and, if applicable, cash or a combination of Common Shares and cash (at the Company's election), check the box: ☐

To convert only part of this Security, state the Principal Amount to be converted (which must be $1,000 or an integral multiple of $1,000):

$ _____

Fill in the form below with the social security or tax ID no., name, address and zip code of the person to whom you want the Common Shares certificate(s) and Securities (if any) to be delivered:

_____

(Insert social security or tax ID no.)

_____

_____

(Print or type name, address and zip code)

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security, if applicable)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

Jaguar Mining Inc.

4.50% Senior Convertible Notes due 2014

CUSIP No.: _____

FUNDAMENTAL CHANGE PURCHASE OFFER ACCEPTANCE NOTICE

Principal Amount of this Security: $_____

If you elect to have this Security purchased by the Company pursuant to the applicable provisions of the Indenture, check the box: ☐

If you elect to have only part of this Security purchased by the Company, state the Principal Amount to be purchased (which must be $1,000 or an integral multiple of $1,000):

$ _____

The undersigned hereby accepts the Fundamental Change Purchase Offer pursuant to the applicable provisions of the Securities.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security, if applicable)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (**"STAMP"**) or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

Jaguar Mining Inc.

4.50% Senior Convertible Notes due 2014

CUSIP No.: _____

NOTICE OF ELECTION UPON TAX REDEMPTION

Principal Amount of this Security: $_____

If you elect not to have this Security redeemed by the Company, check the box: ☐

If you elect to have only part of this Security redeemed by the Company, state the Principal Amount to be redeemed (which must be $1,000 or an integral multiple of $1,000):

$ _____

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

EXHIBIT B

[FORM OF CERTIFICATE OF TRANSFER]

_____, ____

The Bank of New York Mellon
101 Barclay Street
Floor 4E
New York, NY 10286
Attention: Global Trust Services
Fax: (212) 815-5802 or (212) 815-5366

Re: Jaguar Mining Inc. – 4.50% Senior Convertible Notes due 2014

Reference is hereby made to the Indenture, dated as of September 15, 2009 (the "**Indenture**"), between Jaguar Mining Inc., a corporation amalgamated under the laws of the Province of Ontario, as Issuer (the "**Company**"), and The Bank of New York Mellon, as Trustee, and BNY Trust Company of Canada, as Co-Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "**Transferor**") owns and proposes to exchange or transfer the Securities or interest in such Securities specified in Annex A hereto, in the principal amount of US$_____ (the "**Transfer**"), to _____ (the "**Transferee**"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

1. ☐ **Check if Transferee will take delivery of a beneficial interest in a Restricted Global Security or a Restricted Physical Security**. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Physical Security is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Physical Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any applicable state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Physical Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend and in the Indenture.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or an Unrestricted Physical Security.**

(a) ☐ **Check if Transfer is Pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 904 under the Securities Act and the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 904(a) of Regulation S under the Securities Act, and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Physical Security will not be subject to the restrictions on transfer enumerated in the Private Placement Legend and in the Indenture. The Transferee is in Canada ☐ Yes ☐ No.

(b) ☐ **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Physical Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

By: _____
Name:
Title:

Dated: _____

Signature guarantee*: _____

* Participant is a recognized Signature guarantee Medallion Program (or other signature guarantor acceptable to the Security Registrar).

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE]

(a) ☐ a beneficial interest in:

(i) ☐ a Restricted Global Security, or

(ii) ☐ an Unrestricted Global Security, or

(b) ☐ a Restricted Physical Security

(c) ☐ an Unrestricted Physical Security

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) ☐ a beneficial interest in:

(i) ☐ a Restricted Global Security, or

(ii) ☐ an Unrestricted Global Security, or

(b) ☐ a Restricted Physical Security

(c) ☐ an Unrestricted Physical Security

EXHIBIT C

[COMMON SHARE LEGENDS]

THE COMMON SHARES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER HEREOF AGREES THAT UNTIL THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITY EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE COMMON SHARES EVIDENCED HEREBY EXCEPT (A) TO JAGUAR MINING INC. OR TO ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); (2) PRIOR TO SUCH TRANSFER, IT WILL FURNISH TO CIBC MELLON TRUST COMPANY, AS STOCK TRANSFER AGENT (OR ANY SUCCESSOR STOCK TRANSFER AGENT, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) IT WILL DELIVER TO EACH PERSON TO WHOM THE COMMON SHARES EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(E) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERM "UNITED STATES" HAS THE MEANING GIVEN TO IT BY REGULATION S UNDER THE SECURITIES ACT.

[**CANADIAN PRIVATE PLACEMENT LEGEND - INCLUDE IF SECURITY IS ISSUED BEFORE JANUARY 18, 2010** — UNLESS PERMITTED BY APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MAY NOT TRADE THIS SECURITY IN CANADA BEFORE JANUARY 18, 2010.]

Certain Sections of this Indenture relating to Sections 310 through 318 of the Trust Indenture Act of 1939:

Trust Indenture Act Section		Indenture Section
§ 310	(a)(1)	6.09
	(a)(2)	6.09
	(a)(3)	Not Applicable
	(a)(4)	Not Applicable
	(b)	6.08
		6.10
§ 311	(a)	6.13
	(b)	6.13
§ 312	(a)	10.08
		7.01(a)
	(b)	7.01(b)
	(c)	7.01(c)
§ 313	(a)	7.02(a)
	(b)	7.02(a)
	(c)	7.02(a)
	(d)	7.02(b)
§ 314	(a)	10.09
	(b)	Not Applicable
	(c)(1)	1.02
	(c)(2)	1.02
	(c)(3)	Not Applicable
	(d)	Not Applicable
	(e)	1.02
§ 315	(a)	6.01
	(b)	6.02
	(c)	6.01
	(d)	6.01
	(e)	5.14
§ 316	(a)(last sentence)	1.01
	(a)(1)(A)	5.12
	(a)(1)(B)	5.13
	(a)(2)	Not Applicable
	(b)	5.08
	(c)	1.04(c)
§ 317	(a)(1)	5.03
	(a)(2)	5.05
	(b)	10.03
§ 318	(a)	1.07

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of this Indenture.

Exhibit "D"

This is Exhibit D 275 referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

PRESS RELEASE

September 10, 2009
Concord, New Hampshire

2009-17
JAG - TSX/NYSE

Jaguar Announces Pricing of US$150 Million Offering of Convertible Senior Notes

Jaguar Mining Inc. ("Jaguar" or the "Company") (JAG: TSX/NYSE, JAG.NT: TSX) announced today that it has entered into an agreement with a group of initial purchasers to issue and sell US$150 million aggregate principal amount of 4.50% senior convertible notes due 2014 (the "notes"). Jaguar has granted the initial purchasers a 30-day option to purchase up to an additional US$15 million aggregate principal amount of notes to cover over-allotments, if any. The size of the offering was increased from the initial US$110 million to US$150 million. The closing of the offering of the notes is expected to occur on or about September 15, 2009, subject to the satisfaction of customary closing conditions, including approval of the Toronto Stock Exchange and the New York Stock Exchange.

Jaguar expects to receive net proceeds of approximately US$144.6 million from the offering of the notes (or approximately US$159.1 million if the initial purchasers' over-allotment option is exercised in full). Jaguar intends to use the net proceeds from the sale of the notes to repurchase its outstanding 10.5% secured notes and to fund the exploration and pre-development of a gold property that has yet to commercially produce gold for which Jaguar is in exclusive negotiations, with the balance to be used for working capital and general corporate purposes, which may include funding operations, development, acquisitions and capital expenditures.

Any purchase of the 10.5% secured notes may be made in the open market, through an offer to purchase, by redemption once permitted on or after March 22, 2010 or in any other manner permitted by law. While the terms of the acquisition referred to above have not been settled, the parties have agreed that, if completed, the purchase price would be between US$39 million and US$43 million, all payable in Jaguar common shares. The shares would be subject to a four-month hold period under applicable Canadian law. The proposed acquisition will be subject to, among other things, the completion of due diligence satisfactory to Jaguar, the settlement of a definitive agreement as well as regulatory consents and approvals. The acquisition, if consummated, would not constitute a "significant acquisition" under applicable Canadian or U.S. securities laws.

The notes will be unsecured, senior obligations of the Company. The notes will bear interest at a rate of 4.5% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2010, and will mature on November 1, 2014. The notes will have an initial conversion rate of 78.4314 Jaguar common shares per US$1,000 principal amount of converted notes, representing an initial conversion price of approximately US$12.75 per common share, which is approximately 26.24% of the closing price of Jaguar common shares on the New York Stock Exchange on September 10, 2009. The conversion rate is subject to certain anti-dilution adjustments and adjustments in connection with specified corporate events. The notes will be convertible at any time prior to maturity. Upon conversion, Jaguar may, in lieu of delivering its common shares, elect to pay or deliver, as the case may be, cash or a

combination of cash and common shares, in respect of the converted notes. Jaguar will be required to make an offer to repurchase the notes for cash upon the occurrence of certain fundamental changes.

The notes and the common shares issuable upon conversion of the notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933, as amended. Offers and sales of the notes in Canada will be made only pursuant to exemptions from the prospectus requirements of applicable Canadian provincial or territorial securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security.

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Forward Looking Statements
This press release contains forward-looking statements regarding the terms of the notes, the use of proceeds, the closing date, the over-allotment option and a potential acquisition. These forward-looking statements can be identified by the use of words "expected," "intends" and "will". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the use of proceeds, the terms of the notes, the anticipated closing date and the ability of Jaguar to complete the acquisition to be materially different from those expressed by the forward-looking statements. Such statements are only predictions and the assumptions upon which they are based may not materialize as a result of those risks and uncertainties, including risks related to completion of the proposed offering, the use of proceeds from the offering and the ability of Jaguar to complete the proposed acquisition.

These forward-looking statements represent our views as of the date of this press release. Subsequent events and developments could cause the Company's views to change. The Company does not undertake to update any forward-looking statements, either written or oral, that may be made from time to time by or on behalf of the Company subsequent to the date of this press release, unless required by law.

[###]

Exhibit "E"

Execution Version

This is Exhibit E referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

JAGUAR MINING INC.

as Issuer

AND

THE BANK OF NEW YORK MELLON

as Trustee

AND

BNY TRUST COMPANY OF CANADA

as Co-Trustee

Indenture

Dated as of February 9, 2011

5.5% Senior Convertible Notes due 2016

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INDENTURE, dated as of February 9, 2011, between JAGUAR MINING INC., a corporation amalgamated under the laws of the Province of Ontario, as Issuer (herein called the "**Company**"), having its principal office at 125 North State Street, Concord, New Hampshire 03301 (Facsimile No. 603-228-8045), Attention: Secretary, and THE BANK OF NEW YORK MELLON, a New York banking corporation, as Trustee (herein called the "**Trustee**"), and BNY TRUST COMPANY OF CANADA, a Canadian trust corporation, as Co-Trustee (herein called the "**Co-Trustee**").

The Company has duly authorized the creation of an issue of 5.5% Senior Convertible Notes due 2016 (each a "**Security**" and collectively, the "**Securities**") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

All things necessary to make this Indenture a valid and binding agreement of the Company have been done and all things necessary to make the Securities, when executed by the Company and authenticated and delivered hereunder, the valid and binding obligations of the Company, have been done.

The Company, the Trustee and the Co-Trustee agree, for the benefit of each other and for the equal and ratable benefit of all Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular;

(b) all other terms used herein that are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(d) unless otherwise noted, references to "**U.S. Dollars**" or "**$**" shall mean the currency of the United States of America; and

(e) the words "**herein**," "**hereof**" and "**hereunder**" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"**Act**," when used with respect to any Holder, has the meaning specified in Section 1.04.

"**Additional Amounts**" has the meaning specified in Section 10.10.

"**Additional Interest Amount**" means Missed Filing Interest and Trade Restriction Interest payable pursuant to Section 10.11.

"**Additional Interest Notice**" has the meaning specified in Section 10.11.

"**Additional Securities**" means additional Securities which may be issued after the Issue Date pursuant to this Indenture (other than in exchange for, or in replacement of, Outstanding Securities). All references herein to "Securities" shall be deemed to include Additional Securities to the extent any have been issued.

"**Additional Shares**" has the meaning specified in Section 13.05.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agent Members**" has the meaning specified in Section 2.15.

"**Applicable Procedures**" has the meaning specified in Section 2.12.

"**Board of Directors**" means, with respect to any Person, either the board of directors of such Person or any duly authorized committee of that board.

"**Board Resolution**" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee and the Co-Trustee.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in either the City of New York or in the City of Toronto are authorized or obligated by law, or executive order or governmental decree to be closed.

"**Canadian Private Placement Legend**" has the meaning specified in Section 2.05.

"**Canadian Securities Laws**" means the securities laws, rules, regulations and written policy statements of any province or territory of Canada, as the same may be amended from time to time.

"**Canadian Taxes**" has the meaning specified in Section 10.10.

"**Capital Stock**" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or

participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"**Closing Sale Price**" of a Common Share on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the Common Shares are traded.

"**Commission**" means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"**Common Equity**" of any Person means capital stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or (ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Common Shares**" means the common shares without par value of the Company as it exists on the date of this Indenture.

"**Company**" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"**Company Request**" or "**Company Order**" means a written request or order signed in the name of the Company (i) by its Chairman of the Board, its Vice Chairman of the Board, its Chief Executive Officer, its Chief Operating Officer, its Chief Financial Officer or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary or (ii) by an authorized signatory (by virtue of a power of attorney, Board Resolution or other similar instrument), and delivered to the Trustee.

"**Continuing Director**" means, at any date, a member of the Company's Board of Directors (i) who was a member of such board on the date of this Indenture or (ii) who was nominated or elected by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or such lesser number comprising a majority of a nominating committee comprised of independent directors if authority for such nominations or elections has been delegated to a nominating committee whose authority and composition have been approved by at least a majority of the directors who were Continuing Directors at the time such committee was formed. (Under this definition, if the Board of Directors of the Company as of the date of this Indenture were to approve a new director or directors and then resign, no Fundamental Change would occur even though the current Board of Directors would thereafter cease to be in office.)

"**Conversion Agent**" means the The Bank of New York Mellon or such other office or agency designated by the Company where Securities may be presented for conversion.

"**Conversion Date**" has the meaning specified in Section 13.02.

"**Conversion Notice**" has the meaning specified in Section 13.02.

"**Conversion Price**" means, at any time, $1,000 divided by the Conversion Rate in effect at such time, rounded to four decimal places (rounded up if the fifth decimal place thereof is 5 or more and otherwise rounded down).

"**Conversion Rate**" has the meaning specified in the Securities.

"**Corporate Trust Office**" means (i) with respect to the Trustee, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at 101 Barclay Street, New York, NY 10286, 4-East, Attention: Global Trust Services (Facsimile No.: (212) 815-5366) or at any other time at such other address as the Trustee may designate from time to time by notice to the Company, and (ii) with respect to the Co-Trustee, the principal office of the Co-Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at Suite 1101, 4 King Street West, Toronto, Ontario, Canada M5H 1B6 or at any other time at such other address as the Co-Trustee may designate from time to time by notice to the Company.

"**corporation**" means a corporation, association, company, joint-stock company or business trust.

"**Co-Trustee**" means the Person named as the "**Co-Trustee**" in the first paragraph of this Indenture until a successor Co-Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Co-Trustee**" shall mean such successor Co-Trustee.

"**Cure Period**" has the meaning specified in Section 10.11.

"**Current Market Price**" has the meaning specified in Section 13.04.

"**Daily VWAP**" means, in respect of any Trading Day, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "JAG <equity> VAP" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading to the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one Common Share on such Trading Day on the Toronto Stock Exchange (such price to be converted into U.S. dollars based on the Bank of Canada noon exchange rate as reported for conversion into U.S. dollars on such date) or otherwise as the Company's Board of Directors determines in good faith using a volume-weighted method), and will be determined without regard to after-hours trading or any other trading outside of the regular trading session; *provided* that, after the consummation of a Fundamental Change in which the consideration is comprised entirely of cash, "Daily VWAP" means the cash price per Common Share received by Holders of the Company's Common Shares in such Fundamental Change.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would become, an Event of Default.

"**Defaulted Interest**" has the meaning specified in Section 2.17.

"**Depositary**" means The Depository Trust Company until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean such successor Depositary.

"**Effective Date**" has the meaning specified in Section 13.05.

"**Event of Default**" has the meaning specified in Section 5.01.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Excluded Holder**" has the meaning specified in Section 10.10.

"**Excluded Taxes**" has the meaning specified in Section 10.10.

"**Ex-Dividend Date**" means, with respect to any dividend or distribution, the first date on which the Common Shares trade in the regular way without the right to receive such dividend or distribution on the New York Stock Exchange, the Toronto Stock Exchange or such other national or regional exchange or market on which the Common Shares are then listed or quoted.

"**fair market value**" has the meaning specified in Section 13.04.

"**Fundamental Change**" has the meaning specified in Section 12.01.

"**Fundamental Change Notice**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Date**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Notice**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Offer**" has the meaning specified in Section 12.01.

"**Fundamental Change Purchase Price**" has the meaning specified in Section 12.01.

"**GAAP**" means generally accepted accounting principles in the United States, as in effect from time to time.

"**Global Security**" means a Security in global form registered in the Security Register in the name of a Depositary or a nominee thereof.

"**Global Security Legend**" has the meaning specified in Section 2.05.

"**Holder**" or "**Securityholder**" means a Person in whose name a Security is registered in the Security Register.

"**Indenture**" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"**Ineligible Consideration**" has the meaning set forth in Section 13.06.

"**Interest Payment Date**" means each March 31 and September 30 of each year.

"**Issue Date**" means the date the Securities are originally executed and authenticated as set forth in the applicable Security issued under this Indenture.

"**Judgment Currency**" has the meaning specified in Section 1.19.

"**Market Disruption Event**" means (i) a failure by the primary securities exchange or quotation system on which the Common Shares trade or are quoted to open for trading during its regular trading session or (ii) the occurrence or existence, prior to 1:00 p.m., New York City time, on any Trading Day for the Common Shares, of an aggregate one half-hour period of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares.

"**Maturity**" means, when used with respect to any Security, the date on which the Principal Amount, Redemption Price or Fundamental Change Purchase Price of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity, Redemption Date or Fundamental Change Purchase Date, or by declaration of acceleration or otherwise.

"**Missed Filing Default**" has the meaning specified in Section 10.11.

"**Missed Filing Interest**" means a payment of 25 basis points made by the Company to the Holders (or, with respect to any Securities that have been previously converted, to the Holders of such converted Securities at the time of such conversion) for each 90-day period (or any portion thereof) during which a Missed Filing Default is in effect following the applicable Cure Period, in the circumstances described in Section 10.11(a). The amount of the payment to any Holder (or previous Holder in the case of previously converted Securities) shall be determined by the Company by applying 25 basis points to the current principal amount of such Holder's Securities then outstanding (or to the principal amount of such previous Holder's converted Securities immediately prior to their conversion in the case of previously converted Securities).

"**Notice of Default**" has the meaning specified in Section 5.01.

"**Notice of Election**" has the meaning specified in Section 11.01.

"**Notice of Redemption**" has the meaning specified in Section 11.02.

"**Offering**" means the initial offering of the Securities by the Company.

"**Offering Memorandum**" means the confidential offering memorandum, dated February 3, 2011, pursuant to which the Securities were offered and sold in the Offering.

"**Officers' Certificate**" means a certificate signed by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee and the Co-Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 10.04 shall be the principal executive, financial or accounting officer of the Company.

"**Opinion of Counsel**" means a written opinion of counsel, who may be external or in-house counsel for the Company.

"**Outstanding**," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee or the Co-Trustee for cancellation;

(ii) Securities, or portions thereof, for which payment in the necessary amount has been theretofore deposited with the Trustee, the Co-Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; and

(iii) Securities which have been paid, or Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee or the Co-Trustee proof satisfactory to it that such Securities are held by a protected purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that, in determining whether the Holders of the requisite Principal Amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee and the Co-Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee or the Co-Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee or the Co-Trustee the pledgee's right so to act with respect to such

Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"**Paying Agent**" means any Person authorized by the Company to pay the principal of, or interest (including Additional Interest Amounts or Additional Amounts, if any) on, or the Redemption Price or Fundamental Change Purchase Price of, any Securities on behalf of the Company. The Trustee shall initially be the Paying Agent.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Physical Securities**" means permanent certificated Securities in registered form issued in denominations of $2,000 Principal Amount and integral multiples of $1,000.

"**Principal Amount**" of a Security means the principal amount as set forth on the face of the Security.

"**Private Placement Legend**" has the meaning specified in Section 2.05.

"**Rate(s) of Exchange**" has the meaning specified in Section 1.19.

"**Record Date**" has the meaning specified in Section 13.04.

"**Redemption Date**" means, when used with respect to any Security to be redeemed, the date fixed for redemption pursuant to this Indenture.

"**Redemption Price**" means, when used with respect to any Security to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

"**Reference Property**" has the meaning set forth in Section 13.06.

"**Regular Record Date**" for the payment of interest on the Securities (including Additional Interest Amounts or Additional Amounts, if any), means March 15 (whether or not a Business Day) next preceding an Interest Payment Date on March 31 and September 15 (whether or not a Business Day) next preceding an Interest Payment Date on September 30.

"**Required Currency**" has the meaning set forth in Section 1.19.

"**Responsible Officer**" means any officer of the Trustee or the Co-Trustee within the Corporate Trust Office of the Trustee or the Co-Trustee, as applicable, with direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer of the Trustee or the Co-Trustee to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject.

"**Restricted Global Security**" means a Global Security that bears the Private Placement Legend.

"**Restricted Physical Security**" means a Physical Security that bears the Private Placement Legend.

"**Rule 144**" means Rule 144 under the Securities Act, as the same may be amended from time to time.

"**Scheduled Trading Day**" means any day that is scheduled to be a Trading Day.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Security**" or "**Securities**" have the respective meanings specified in the first paragraph of this Indenture.

"**Security Register**" has the meaning specified in Section 2.10.

"**Security Registrar**" has the meaning specified in Section 2.10.

"**Share Price**" has the meaning specified in Section 13.05.

"**Significant Subsidiary**" has the meaning set forth in Rule 1-02(w) of Regulation S-X under the Exchange Act.

"**Special Interest Payment Date**" has the meaning specified in Section 2.17.

"**Special Record Date**" has the meaning specified in Section 2.17.

"**Spin-Off**" has the meaning specified in Section 13.04.

"**Stated Maturity**" when used with respect to any Security, means March 31, 2016.

"**Stock Transfer Agent**" means Computershare Investor Services Inc. at its offices in Toronto, Ontario, Canada and Computershare Trust Company, N.A. at its offices in Golden, Colorado, or such other Person or Persons designated by the Company as a transfer agent for the Common Shares.

"**Subsidiary**" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "**voting stock**" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"**Successor Company**" has the meaning specified in Section 8.01.

"**Trade Restriction Interest**" has the meaning specified in Section 10.11(b).

"**Trading Day**" means a day during which (i) trading in the Common Shares generally occurs on the New York Stock Exchange or, if the Common Shares are not traded on the New York Stock Exchange, on the primary exchange or quotation system on which the Common Shares then trade or are quoted, and (ii) there is no Market Disruption Event.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and any reference thereto includes a reference to an equivalent provision of a Canadian, provincial or territorial income tax statute, as amended.

"**Tax Redemption**" has the meaning set forth in Section 11.01.

"**Termination of Trading**" occurs if the Common Shares (or other reference property into which the Securities are then convertible (subject to the Company's right to deliver cash in respect of all or a portion of the Company's conversion obligation)) are delisted and cease to be traded on at least one of the NYSE Amex, the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the Toronto Stock Exchange (or any of their respective successors) (such event, a "delisting event") and are not subsequently listed within 30 days of delisting, for trading on the NYSE Amex, the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the Toronto Stock Exchange (or any of their respective successors); *provided, however*, that no Termination of Trading will occur if the event or events that give rise to the Termination of Trading require the Company to offer to purchase all of the outstanding Securities.

"**Trigger Event**" has the meaning specified in Section 13.04.

"**Trust Indenture Act**" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; *provided, however*, that in the event the Trust Indenture Act of 1939 is amended after such date, "**Trust Indenture Act**" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean such successor Trustee.

"**Unrestricted Global Security**" means a Global Security that does not bear the Private Placement Legend.

"**Unrestricted Physical Security**" means a Physical Security that does not bear the Private Placement Legend.

"**Vice President**" when used with respect to the Company, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"**VWAP Averaging Period**" has the meaning specified in Section 13.03.

Section 1.02 Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee or the Co-Trustee to take any action under any provision of this

Indenture, the Company shall furnish to the Trustee and the Co-Trustee, as applicable, such certificates and opinions as may be required under the Trust Indenture Act and as may otherwise be required hereunder. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirement set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, such individual has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03 Form of Documents Delivered to Trustee and Co-Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may contain customary assumptions, limitations and qualifications and be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04 Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in, and evidenced by, one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and the Co-Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Trustee, the Co-Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee or the Co-Trustee reasonably deems sufficient.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders. If not set by the Company prior to the first solicitation of a Holder made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 10.08) prior to such first solicitation or vote, as the case may be. With regard to any record date, only the Holders on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The ownership of Securities shall be proved by the Security Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Co-Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 1.05 Notices, Etc., to Trustee, Co-Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or other Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (which may be via facsimile) and sent to the Trustee at its Corporate Trust Office, with a copy to the Co-Trustee at its Corporate Trust Office; or

(b) the Company by the Trustee, the Co-Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company, addressed to it at the address of its principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee or the Co-Trustee by the Company, Attention: Senior Vice-President and Associate General Counsel. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification via facsimile shall constitute a sufficient notification for every purpose hereunder.

Section 1.06 Notice to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee and the Co-Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee and the Co-Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 1.07 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 1.08 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.09 Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 1.10 Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the

remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11 Benefits of Indenture. Except as provided in Section 1.14, nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their respective successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law. This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

Section 1.13 Legal Holiday. If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, and no interest on such payment will accrue for the period from the Interest Payment Date to such next succeeding Business Day. If the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date would fall on a day that is not a Business Day, the required payment of interest, if any (including Additional Interest Amounts and Additional Amounts, if any), and principal will be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the Stated Maturity or earlier required Fundamental Change Purchase Date or Redemption Date to such next succeeding Business Day. If any other specified date (including a date for giving notice) falls on a day that is not a Business Day, the action required to be taken on such specified date shall be taken on the next succeeding Business Day.

Section 1.14 No Recourse Against Others. No director, officer, employee, shareholder or Affiliate, as such, of the Company from time to time shall have any liability for any obligations of the Company under the Securities or this Indenture. Each Holder by accepting a Security waives and releases all such liability. This waiver and release are part of the consideration for the Securities. Each of such directors, officers, employers, shareholders and Affiliates of the Company is a third party beneficiary of this Section 1.14.

Section 1.15 Force Majeure. In no event shall the Trustee or the Co-Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee and the Co-Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 1.16 Counterparts. This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 1.17 Waiver of Jury Trial. EACH OF THE COMPANY, THE TRUSTEE AND THE CO-TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY

LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Section 1.18 Consent to Service of Process. The Company irrevocably submits to the nonexclusive jurisdiction of any New York State or Federal court sitting in The Borough of Manhattan, The City of New York over any suit, action or proceeding arising out of or relating to this Indenture or any Security. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. The Company agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company and may be enforced in the courts of Canada (or any other courts to the jurisdiction of which the Company is subject) by a suit upon such judgment, *provided* that service of process is effected upon the Company in the manner specified in the following paragraph or as otherwise permitted by law; *provided, however*, that the Company does not waive, and the foregoing provisions of this sentence shall not constitute or be deemed to constitute a waiver of, (i) any right to appeal any such judgment, to seek any stay or otherwise to seek reconsideration or review of any such judgment or (ii) any stay of execution or levy pending an appeal from, or a suit, action or proceeding for reconsideration or review of, any such judgment.

As long as any of the Securities remain outstanding, the Company will at all times have an authorized agent in The Borough of Manhattan, The City of New York upon whom process may be served in any legal action or proceeding arising out of or relating to the Indenture or any Security. Service of process upon such agent together with the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of the Company set forth in the first paragraph of this Indenture or to any other address of which the Company shall have given written notice to the Trustee or the Co-Trustee shall to the extent permitted by law be deemed in every respect effective service of process upon the Company in any such legal action or proceeding. The Company hereby appoints CT Corporation System as its agent for such purpose, and covenants and agrees that service of process in any such legal action or proceeding may be made upon it at the office of such agent at 111 Eighth Avenue, New York, New York 10011 (or at such other address in The Borough of Manhattan, The City of New York, as the Company may designate by written notice to the Trustee). The Company irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service (but does not waive any right to assert lack of subject matter jurisdiction) and agrees that such service (i) shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to the Company.

Nothing in this Section shall affect the right of the Trustee, the Co-Trustee or any Holder to serve process in any manner permitted by law or limit the right of the Trustee or the Co-Trustee to bring proceedings against the Company in the courts of any jurisdiction or jurisdictions.

Section 1.19 Conversion of Currency.

(a) The Company covenants and agrees that the following provisions shall

apply to conversion of currency in the case of the Securities and this Indenture:

(i) If for the purposes of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into any other currency (the "**Judgment Currency**") an amount due or contingently due under the Securities and this Indenture (the "**Required Currency**"), then the conversion shall be made at the Rate of Exchange prevailing on the Business Day before the day on which a final judgment which is not appealable or is not appealed is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(ii) If there is a change in the Rate of Exchange prevailing between the Business Day before the day on which the judgment referred to in (i) above is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Company shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the Judgment Currency, when converted at the Rate of Exchange prevailing on the date of receipt, will produce the amount in the Required Currency originally due.

(b) In the event of the winding-up of the Company at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Company shall indemnify and hold the Holders, the Trustee and the Co-Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in the Required Currency (other than under this Section 1.19(b)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Section 1.19(b) the final date for the filing of proofs of claim in the winding-up of the Company shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Company may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(c) The obligations contained in Sections 1.19(a)(ii) and 1.19(b) shall constitute separate and independent obligations of the Company from its other obligations under the Securities and this Indenture, shall give rise to separate and independent causes of action against the Company, shall apply irrespective of any waiver or extension granted by any Holder, the Trustee or the Co-Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Company for a liquidated sum in respect of amounts due hereunder (other than under Section 1.19(b) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders, the Trustee or the Co-Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Company or the applicable liquidator. In the case of Section 1.19(b) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

(d) The term "**Rate(s) of Exchange**" shall mean the Bank of Canada noon rate for purchases on the relevant date of the Required Currency with the Judgment Currency, as

reported by Telerate on screen 3194 (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and includes any premiums and costs of exchange payable.

Section 1.20 Calculations in Respect of the Securities. Except as otherwise expressly provided in this Indenture, the Company will be responsible for making all calculations called for in respect of the Securities. These calculations include, but are not limited to, determinations of any Additional Interest Amount, the Closing Sale Price of the Common Shares, accrued interest payable on the Securities and the Conversion Rate of the Securities and any adjustments to the Conversion Rate, the Conversion Price or otherwise. The Company shall make all such calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on the Holders, the Conversion Agent, the Trustee and the Co-Trustee. The Company shall provide a schedule of its calculations to each of the Trustee, the Co-Trustee and the Conversion Agent, and each of the Trustee, the Co-Trustee and the Conversion Agent is entitled to rely conclusively upon the accuracy of the Company's calculations without independent verification. The Trustee and the Co-Trustee shall forward the Company's calculations to any Holder upon the written request of such Holder.

ARTICLE II

THE SECURITIES

Section 2.01 Forms Generally. The Securities and the Trustee's certificate of authentication shall be substantially in the respective forms set forth in Exhibit A hereto. The terms and provisions contained in the form of Security shall constitute, and are hereby expressly made, a part of this Indenture and to the extent applicable, the Company, the Trustee, the Co-Trustee and the Conversion Agent, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. Any of the Securities, including any Global Securities, may have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends (including those set forth in Section 2.05) or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor, the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and the Tax Act, or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof.

The Securities shall be initially issued in the form of one or more permanent Global Securities in registered form in substantially the form set forth in Exhibit A hereto. The aggregate Principal Amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as hereinafter provided.

Section 2.02 [Reserved]

Section 2.03 [Reserved]

Section 2.04 [Reserved]

Section 2.05 Legends.

(a) Subject to Section 2.12, all Securities originally issued hereunder (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend set forth below (the "**Private Placement Legend**"):

> THIS SECURITY AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY PRIOR TO THE DATE PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO (THE "RESALE RESTRICTION TERMINATION DATE"), EXCEPT (A) TO JAGUAR MINING INC. (THE "COMPANY") OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE REGISTRATION TERMINATION DATE PROVIDED THAT SUCH DATE IS AT LEAST ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF AND ON WHICH THE COMPANY INSTRUCTS THE TRUSTEE THAT THIS LEGEND SHALL BE DEEMED REMOVED FROM THIS SECURITY. THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(b) Until June 10, 2011, all Securities originally issued hereunder (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend set forth below (the "**Canadian Private Placement Legend**"):

> UNLESS PERMITTED BY APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MAY NOT TRADE THIS SECURITY IN CANADA BEFORE JUNE 10, 2011.

(c) Each Global Security shall bear a legend in substantially the following form (the "**Global Security Legend**"):

> THIS SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE II OF THE INDENTURE, (II) THIS SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO ARTICLE II OF THE INDENTURE, (III) THIS SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO ARTICLE II OF THE INDENTURE AND (IV) THIS SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

Section 2.06 Title; Amount and Issue of Securities; Principal and Interest. The Securities shall be known and designated as the "5.5% Senior Convertible Notes due 2016" of the Company. The aggregate Principal Amount of Securities that may be authenticated and delivered under this Indenture is initially limited to $103,500,000, except for Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of other Securities pursuant to Section 2.08, Section 2.09, Section 2.11, Section 2.13, Section 11.05, Section 12.04 and Section 13.02, *provided* that Additional Securities with the same terms and with the same CUSIP numbers as the Securities issued on the date of this Indenture may be issued in an unlimited aggregate principal amount from time to time thereafter pursuant to Section 2.08; *provided* that no such Additional Securities may be issued unless they will be fungible with the Securities issued on the date of this Indenture for U.S. federal income tax, Canadian federal income tax and securities law purposes. The Principal Amount shall be payable on March 31, 2016, unless earlier converted, redeemed or purchased. Notwithstanding any other provision of this Indenture, the Company shall not be obligated under any circumstance to pay any amount of principal on or prior to the date which is five years and one day from the Issue Date, otherwise than on a conversion or an Event of Default or following the acceptance of a Fundamental Change Purchase Offer. The Securities and the Additional Securities, if any, will be treated as a single class for purposes of this Indenture.

The Securities shall bear interest at a rate of 5.5% per year. Interest on the Securities shall accrue from the Issue Date. Interest shall be payable semiannually in arrears on

March 31 and September 30, beginning September 30, 2011. Interest (including any Additional Interest Amounts) on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months. Each rate of interest which is calculated with reference to a period that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to the yearly rate of interest payable on the Securities multiplied by the actual number of days in the year and divided by 360. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed in the period.

Payments in respect of Securities represented by a Global Security (including principal and interest (including Additional Interest Amounts and Additional Amounts, if any)) will be made by wire transfer of immediately available funds to the accounts specified by the Depositary. The Company will pay principal of Physical Securities at the office or agency designated by the Company in The Borough of Manhattan, The City of New York. Interest (including Additional Interest Amounts and Additional Amounts, if any) on Physical Securities will be payable (i) to Holders having an aggregate Principal Amount of $5,000,000 or less, by check mailed to the Holders of these Securities and (ii) to Holders having an aggregate Principal Amount of more than $5,000,000, either by check mailed to each Holder or, upon application by a Holder to the Security Registrar not later than two days prior to the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies the Security Registrar, in writing, to the contrary.

A Holder of any Security at 5:00 p.m., New York City time, on a Regular Record Date shall be entitled to receive interest (including Additional Interest Amounts or Additional Amounts, if any), on such Security on the corresponding Interest Payment Date. Holders of Securities at 5:00 p.m., New York City time, on a Regular Record Date will receive payment of interest (including Additional Interest Amounts or Additional Amounts, if any) payable on the corresponding Interest Payment Date notwithstanding the conversion of such Securities at any time after 5:00 p.m., New York City time, on a Regular Record Date but prior to 9:00 a.m., New York City time, on the immediately following interest payment date. Any Securities surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date to 9:00 a.m., New York City time, on the immediately following Interest Payment Date must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts and Additional Amounts, if any) payable on the Securities so converted on the corresponding Interest Payment Date, subject to exceptions as set forth in Section 13.03(b). Except where Securities are surrendered for conversion and must be accompanied by payment as described in the immediately preceding sentence, no interest, Additional Interest Amounts or Additional Amounts, if any, thereon will be payable by the Company on any Interest Payment Date subsequent to the date of conversion, and delivery of the cash and Common Shares, if applicable, pursuant to Article XIII hereunder, together with any cash payment for any fractional shares, upon conversion will be deemed to satisfy the Company's obligation to pay the principal amount of the Securities and accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the related Conversion Date.

Section 2.07 Denominations. The Securities shall be issuable only in registered form without coupons and in denominations of $2,000 and any integral multiple of $1,000 above that

amount.

Section 2.08 Execution, Authentication, Delivery and Dating. The Securities shall be executed on behalf of the Company by any of its Chairman of the Board, its Chief Executive Officer, its Chief Operating Officer, its Chief Financial Officer, one of its Vice Presidents, its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities. The Company Order shall specify the amount of Securities to be authenticated, and shall further specify the amount of such Securities to be issued as a Global Security or as Physical Securities. The Trustee, in accordance with such Company Order, shall authenticate and deliver such Securities as is in this Indenture provided and not otherwise.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for in Exhibit A hereto executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

Section 2.09 Temporary Securities. Pending the preparation of Physical Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the Physical Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause Physical Securities to be prepared without unreasonable delay. After the preparation of Physical Securities, the temporary Securities shall be exchangeable for Physical Securities upon surrender of the temporary Securities at any office or agency of the Company designated pursuant to Section 10.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like Principal Amount of Physical Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Physical Securities.

Section 2.10 Paying Agent; Registrar. The Company shall maintain an office or

agency where Securities may be presented for registration of transfer or for exchange (the "**Security Registrar**") and an office or agency where Securities may be presented to the Paying Agent for payment. The Company shall cause each of the Registrar and the Paying Agent to maintain an office or agency in The Borough of Manhattan, The City of New York. The Security Registrar shall keep a register of the Securities and of their transfer and exchange (the "**Security Register**"). The Company may have one or more co-registrars and one or more additional paying agents. The term "**Paying Agent**" includes any additional paying agent and the term "**Security Registrar**" includes any co-registrar.

The Company initially appoints the Trustee as the Paying Agent and the Security Registrar. The Company may, however, change the Paying Agent or Security Registrar without prior notice to the Holders, and the Company may act as the Paying Agent and Security Registrar.

Section 2.11 Transfer and Exchange of Securities Generally.

(a) Upon surrender for registration of transfer of any Security at an office or agency of the Company designated pursuant to Section 10.02 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denominations and of a like aggregate Principal Amount and tenor, each such Security bearing such legends as may be required by Section 2.12 and Section 2.15 of this Indenture.

(b) All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

(c) Subject to Section 2.12, every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee or the Co-Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

(d) No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 2.09 and Section 9.06 not involving any transfer.

(e) The Company shall not be required to exchange or register a transfer of any Security (i) during the 15 day period immediately preceding the mailing of any Notice of Redemption of any Security, (ii) after any Notice of Redemption has been given to Holders, except where such Notice of Redemption provides that such Security is to be redeemed only in part, the Company shall be required to exchange or register a transfer of the portion thereof not to be redeemed, (iii) that has been surrendered for conversion or (iv) as to which a Fundamental Change Purchase Notice has been delivered and not withdrawn, except where

such Fundamental Change Purchase Notice provides that such Security is to be purchased only in part, the Company shall be required to exchange or register a transfer of the portion thereof not to be purchased.

(f) Neither the Trustee, the Co-Trustee nor any of their respective agents shall (i) have any duty to monitor compliance with or with respect to any federal or state or other securities or tax laws or (ii) have any duty to obtain documentation on any transfers or exchanges other than as specifically required hereunder.

Section 2.12 Special Transfer and Exchange Provisions.

(a) Transfer and Exchange of Beneficial Interests in the Global Securities. So long as the Global Securities remain outstanding and are held by or on behalf of the Depositary, transfers and exchanges of beneficial interests in the Global Securities shall be made in accordance with the provisions of this Section 2.12(a) and in accordance with the rules and procedures of the Depositary to the extent applicable (the "**Applicable Procedures**").

(i) No restrictions shall apply with respect to the transfer or registration of transfer of (A) a beneficial interest in a Restricted Global Security to a transferee that takes delivery in the form of a beneficial interest in an Unrestricted Global Security or (B) a beneficial interest in an Unrestricted Global Security to a transferee that takes delivery in the form of a beneficial interest in an Unrestricted Global Security; *provided* that any transfer described in this clause (i) shall be made in accordance with the Applicable Procedures. Neither the Trustee nor the Co-Trustee shall be deemed to have knowledge of such transfers.

(ii) Any transfer or exchange of a beneficial interest in a Restricted Global Security to a transferee that will take delivery in the form of a beneficial interest in an Unrestricted Global Security shall be registered, subject to the Applicable Procedures, only in accordance with this clause (ii). Upon (A) receipt by the Security Registrar of (w) instructions given in accordance with the Applicable Procedures from the Depositary or its nominee on behalf of an owner of a beneficial interest in a Restricted Global Security to transfer such beneficial interest to a Person that will take delivery in the form of a beneficial interest in an Unrestricted Global Security or to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, (x) a written order of the Depositary or its nominee given in accordance with the Applicable Procedures containing account and other information with respect to such transfer or exchange, (y) a certificate of the transferor of the beneficial interest in the Restricted Global Security substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and (z) if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to June 10, 2011, applicable Canadian Securities Laws, and (B) satisfaction of all other applicable conditions imposed by this Indenture and the Applicable Procedures, the Security Registrar shall (1) reflect in the Security Register a decrease in the principal amount of such Restricted Global Security and an increase in the principal amount of such Unrestricted Global Security, each such adjustment to be equal to the beneficial interest transferred pursuant to this clause (ii),

and (2) instruct the Depositary to make the corresponding adjustment to its records and debit and credit the accounts of the appropriate Agent Members in accordance with the Applicable Procedures.

(iii) Any transfer or exchange of a beneficial interest in an Unrestricted Global Security to a transferee that will take delivery in the form of a beneficial interest in a Restricted Global Security shall be registered, subject to the Applicable Procedures, only in accordance with this clause (iii). Upon (A) receipt by the Security Registrar of (w) instructions given in accordance with the Applicable Procedures from the Depositary or its nominee on behalf of an owner of a beneficial interest in an Unrestricted Global Security to transfer such beneficial interest to a Person that will take delivery in the form of a beneficial interest in a Restricted Global Security or to exchange such beneficial interest for a beneficial interest in a Restricted Global Security, (x) a written order of the Depositary or its nominee given in accordance with the Applicable Procedures containing account and other information with respect to such transfer or exchange, and (y) a certificate of the transferor of the beneficial interest in the Unrestricted Global Security substantially in the form of Exhibit B hereto, including the applicable certifications in item (1) thereof, and (B) satisfaction of all other applicable conditions imposed by this Indenture and the Applicable Procedures, the Security Registrar shall (1) reflect in the Security Register a decrease in the principal amount of such Unrestricted Global Security and an increase in the principal amount of such Restricted Global Security, each such adjustment to be equal to the beneficial interest transferred pursuant to this clause (iii), and (2) instruct the Depositary to make the corresponding adjustment to its records and debit and credit the accounts of the appropriate Agent Members in accordance with the Applicable Procedures.

(b) Transfer and Exchange of Beneficial Interests in the Global Securities for Physical Securities. A holder of a beneficial interest in a Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of a Physical Security and may exchange such beneficial interest for a Physical Security only upon the occurrence of any of the events set forth in clauses (A), (B) and (C) of Section 2.15(b) and satisfaction of the conditions set forth in this Section 2.12(b). Upon the occurrence of any such preceding event and receipt by the Security Registrar of the documentation referred to in the appropriate subparagraph of this Section 2.12(b), the Trustee shall cause the aggregate Principal Amount of the applicable Global Security to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Physical Security in the appropriate Principal Amount. Any Physical Security issued in exchange for a beneficial interest pursuant to this Section 2.12(b) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Agent Members. The foregoing requirements shall apply to all transfers and exchanges pursuant to this Section 2.12(b).

(i) A holder of a beneficial interest in a Restricted Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Physical Security upon the receipt by the Security Registrar of a certificate from such holder substantially in the form of Exhibit B hereto, including the applicable certifications in item (1) thereof. Any Physical Security issued in exchange for a beneficial interest in a

Restricted Global Security pursuant to this Section 2.12(b)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) A holder of a beneficial interest in a Restricted Global Security may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Physical Security or may exchange such beneficial interest for Unrestricted Physical Securities upon the receipt by the Security Registrar of a certificate from such holder substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and, if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to June 10, 2011, applicable Canadian Securities Laws. Any Unrestricted Physical Securities issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.12(b)(ii) shall not bear the Private Placement Legend.

(iii) Other than the restrictions on transfer set forth in the Canadian Private Placement Legend, if applicable, no restrictions shall apply with respect to the transfer or exchange of a beneficial interest in an Unrestricted Global Security.

(c) Transfer and Exchange of Physical Securities for Physical Securities. Upon request by a Holder of Physical Securities and such Holder's compliance with the provisions of this Section 2.12(c), the Security Registrar shall register the transfer or exchange of Physical Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Security Registrar the Physical Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Security Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.12(c).

(i) Any Restricted Physical Security may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Security if the Security Registrar receives a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof.

(ii) Any Restricted Physical Security may be transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Security or exchanged for Unrestricted Physical Securities if the Security Registrar receives a certificate substantially in the form of Exhibit B hereto, including the applicable certifications in item (2) thereof, and, if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such transfer or exchange is in compliance with the Securities Act and, if such transfer or exchange is being effected prior to June 10, 2011, applicable Canadian Securities Laws. Any Unrestricted Physical Security issued in exchange for a Restricted Physical Security pursuant to this Section 2.12(c)(ii) shall not bear the Private Placement Legend.

(iii) Other than the restrictions on transfer set forth in the Canadian Private Placement Legend, if applicable, no restrictions shall apply with respect to the transfer of an Unrestricted Physical Security.

(d) General. By its acceptance of any Security bearing the Private Placement Legend, the Canadian Private Placement Legend and/or the Global Security Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in such legends and agrees that it will transfer such Security only as provided in this Indenture. The Security Registrar shall retain, in accordance with its customary procedures, copies of all letters, notices and other written communications received pursuant to this Section 2.12. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Security Registrar.

Section 2.13 Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security is surrendered to the Trustee or the Co-Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of like tenor and Principal Amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section 2.12, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section 2.12 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.14 Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee, the Co-Trustee and any agent of the Company, the

Trustee or the Co-Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee, the Co-Trustee nor any agent of the Company, the Trustee or the Co-Trustee shall be affected by notice to the contrary.

Section 2.15 Book-Entry Provisions for Global Securities.

(a) Any Global Securities shall (i) be registered in the name of the Depositary or the nominee of such Depositary, (ii) be deposited with the Trustee as custodian for the Depositary, at its Corporate Trust Office, and (iii) bear the Global Note Legend. Members of, or participants in, the Depositary ("**Agent Members**") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, and the Depositary may be treated by the Company, the Trustee, the Co-Trustee and any agent of the Company, the Trustee or the Co-Trustee as the absolute owner of any Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Co-Trustee or any agent of the Company, the Trustee or the Co-Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and the Agent Members, the operation of customary practices governing the exercise of the rights of any Holder.

(b) Transfers of the Global Securities shall be limited to transfers in whole, but not in part, to the Depositary, its successors or their respective nominees. Physical Securities shall be transferred to beneficial owners in exchange for their beneficial interests in the Global Securities only if (A) the Depositary has notified the Company (or in the case of clause (ii) below the Company becomes aware) that the Depositary (i) is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act when the Depositary is required to be so registered and, in both such cases, no successor Depositary shall have been appointed within 90 days of such notification or of the Company becoming aware of such event, as applicable (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security and the Outstanding Securities shall have become due and payable pursuant to Section 5.02 and any Holder requests that Physical Securities be issued or (C) the Company has determined in its sole discretion that the Securities shall no longer be represented by Global Securities. Any such transfer or exchange of interests of beneficial owners in a Global Security, in whole or in part, for Physical Securities shall be in accordance with the rules and procedures of the Depositary and the provisions of Section 2.12.

(c) The Holder of the Global Securities may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

Section 2.16 Cancellation. The Company at any time may deliver to the Trustee or the Co-Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee or the Co-Trustee for cancellation any Securities previously authenticated hereunder which the Company has not

issued and sold. The Trustee or the Co-Trustee shall cancel and dispose of all Securities surrendered for registration of transfer, exchange, payment, purchase, redemption, conversion (pursuant to Article XIII hereof) or cancellation in accordance with their customary practices. If the Company shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee or the Co-Trustee for cancellation. The Company may not issue new Securities to replace Securities it has paid in full or delivered to the Trustee or the Co-Trustee for cancellation.

Section 2.17 Defaulted Interest. Any interest (including Additional Interest Amounts and Additional Amounts, if any) on any Security which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days, shall forthwith cease to be payable to the Holder on the Regular Record Date, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate set forth in Section 10.01 (such defaulted interest and interest thereon herein collectively called "**Defaulted Interest**") shall be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee and the Co-Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date (not less than 30 days after such notice) of the proposed payment (the "**Special Interest Payment Date**"), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Section 2.16(a) provided. Thereupon the Trustee shall fix a record date (the "**Special Record Date**") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the Special Interest Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date, and in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 12.02, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to Section 2.16(b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.17, each Security delivered under this Indenture upon registration of, transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest (including Additional Interest Amounts and Additional Amounts, if any) accrued and unpaid, and to accrue, which were carried by such other Security.

Section 2.18 CUSIP Numbers. The Securities will be issued with a restrictive CUSIP number. Until such time as the Company notifies the Trustee and the Co-Trustee to remove the Private Placement Legend, Canadian Private Placement Legend or Global Security Legend from the Securities, the restricted CUSIP will be the CUSIP number for the Securities. At such time as the Company notifies the Trustee and the Co-Trustee to remove the Private Placement Legend, Canadian Private Placement Legend or Global Security Legend from the Securities, such Private Placement Legend, Canadian Private Placement Legend or Global Security Legend will be deemed removed from any Global Security and an unrestricted CUSIP number will be deemed to be the CUSIP number for the Securities.

The Trustee and the Co-Trustee shall use CUSIP numbers in notices as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee and the Co-Trustee of any change in the CUSIP numbers.

Section 2.19 Ranking. The indebtedness of the Company arising under or in connection with this Indenture and every outstanding Security issued under this Indenture from time to time constitutes and will constitute a senior unsecured general obligation of the Company, ranking equally with other existing and future unsecured senior and unsubordinated Indebtedness of the Company and ranking senior in right of payment to any future Indebtedness of the Company that is expressly made subordinate to the Securities by the terms of such Indebtedness. For purposes of this Section 2.19 only, "**Indebtedness**" means, without duplication, the principal or face amount of (a) all obligations for borrowed money, (b) all obligations evidenced by debentures, notes or other similar instruments, (c) all obligations in respect of letters of credit or bankers acceptances or similar instruments (or reimbursement obligations with respect thereto), (d) all obligations to pay the deferred purchase price of property or services, (e) all obligations as lessee which are capitalized in accordance with generally accepted accounting principles and (f) all Indebtedness of others guaranteed by the Company or any of its Subsidiaries or for which the Company or any of its Subsidiaries is legally responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds or to invest in, others).

Section 2.20 Sinking Fund. The Securities shall not have the benefit of a sinking fund.

ARTICLE III

[RESERVED]

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee and Co-Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either:

(i) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.13 and (B) Securities for whose payment money has theretofore been deposited with the Trustee or the Co-Trustee in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided in Section 10.03) have been delivered to the Trustee or the Co-Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee or Co-Trustee for cancellation have become due and payable, and the Company has deposited or caused to be deposited with the Trustee or the Co-Trustee as trust funds in trust for this purpose an amount sufficient to pay and discharge the entire indebtedness evidenced by such Securities not theretofore delivered to the Trustee or the Co-Trustee for cancellation;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee and the Co-Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and the Co-Trustee under Section 6.07 and, if money shall have been deposited with the Trustee and the Co-Trustee pursuant to Section 4.01(a)(ii), the obligations of the Trustee and the Co-Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive such satisfaction and discharge.

Section 4.02 Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.03, all money deposited with the Trustee and the Co-Trustee pursuant to Section 4.01 shall be held in trust and applied by them, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee and Co-Trustee may determine, to the Persons entitled thereto, of the principal and interest (including Additional Interest Amounts or Additional Amounts, if any), for whose payment such money has been deposited with the Trustee or the Co-Trustee.

ARTICLE V

REMEDIES

Section 5.01 Events of Default. "**Event of Default,**" wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the Principal Amount, Redemption Price or Fundamental Change Purchase Price on any Security when it becomes due and payable;

(b) default in the payment of interest or Additional Interest Amounts or Additional Amounts, if any, upon any Security when such amounts become due and payable and continuance of such default for a period of 30 days;

(c) default in the performance of any covenant, agreement or condition of the Company in this Indenture or the Securities (other than a default specified in Sections 5.01(a) or 5.01 (b)), and continuance of such default for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or the Co-Trustee, or to the Company, the Trustee and the Co-Trustee by the Holders of at least 25% in aggregate Principal Amount of the Outstanding Securities a written notice specifying such default and requiring it to be remedied and stating that such notice is a "**Notice of Default**" hereunder;

(d) failure by the Company to convert Securities into cash, Common Shares or a combination of cash and Common Shares, at the Company's election, upon exercise of a Holder's conversion right and such failure continues for five Business Days or more;

(e) default in the payment of any indebtedness (other than indebtedness that is non-recourse to the Company or its Subsidiaries) for borrowed money by the Company or any of its Subsidiaries (all or substantially all of the outstanding voting securities of which are owned, directly or indirectly, by the Company) in an outstanding principal amount in excess of $15,000,000 (or the equivalent thereof in any other currency or currency unit) when such amounts become due at final maturity or upon acceleration, and such indebtedness is not discharged or such default in payment or acceleration is not cured, rescinded or annulled within 10 days after written notice, by registered or certified mail, to the Company by the Trustee or the Co-Trustee specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(f) the rendering of a final judgment or judgments (not subject to appeal and not covered by insurance) against the Company or any of its Subsidiaries in excess of $15,000,000 (or the equivalent thereof in any other currency or currency unit) which remains unstayed, undischarged or unbonded for a period of 60 days;

(g) failure by the Company to give notice of a Fundamental Change as set forth in Section 12.01(b) or notice of certain transactions as set forth under Section 13.05(a);

(h) failure by the Company to comply with its obligations under Article VIII;

(i) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Company or any of its Significant Subsidiaries of a voluntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law, (ii) a decree or order adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any of its Significant Subsidiaries under any applicable U.S. or Canadian federal, state or provincial law or (iii) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any of its Significant Subsidiaries or of any substantial part of its or their property, or ordering the winding up or liquidation of its or their affairs, and the continuance of any such decree or order for relief or any such other appointment, decree or order unstayed and in effect for a period of 60 consecutive days;

(j) the commencement by the Company or any of its Significant Subsidiaries of a voluntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by any of them to the entry of a decree or order for relief in respect of the Company or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it or any of them, or the filing by it or any of them of a petition or answer or consent seeking reorganization or relief under any applicable U.S. or Canadian federal, state or provincial law, or the consent by it or any of them to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any of its Significant Subsidiaries or of any substantial part of its or their property, or the making by it or any of them of an assignment for the benefit of creditors; or

(k) a Termination of Trading occurs.

Section 5.02 Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default (other than those specified in Section 5.01(i) and Section 5.01(j) with respect to the Company or any of its Significant Subsidiaries) occurs and is continuing, then and in every such case the Trustee and the Co-Trustee or the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities may declare the Principal Amount plus accrued and unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on all the Outstanding Securities to be immediately due and payable, by a notice in writing to the Company (and to the Trustee and the Co-Trustee if given by Holders), and upon any such declaration such Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, shall become immediately due and payable.

Notwithstanding the foregoing, in the case of an Event of Default specified in Section 5.01(i) and Section 5.01(j) with respect to the Company or any of its Significant Subsidiaries, the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on all Outstanding Securities will *ipso facto* become due and payable without any declaration or other Act on the part of any Holder, the Trustee or the Co-Trustee.

(b) At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee or the Co-Trustee as hereinafter in this Article V provided, the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, by written notice to the Company and the Trustee and the Co-Trustee, may rescind and annul such declaration and its consequences if:

(i) the Company has paid or deposited with the Trustee or the Co-Trustee a sum sufficient to pay:

(A) the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, or Redemption Price or Fundamental Change Purchase Price, as applicable, on any Securities which have become due otherwise than by such declaration of acceleration, and interest on any such amounts that are overdue at the rate of 1.00% per annum from the required payment date, and

(B) all sums paid or advanced by the Trustee or Co-Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and the Co-Trustee, their respective agents and counsel, and any other amounts due the Trustee and the Co-Trustee under Section 6.07; and

(ii) all Events of Default, other than the non-payment of the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 5.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may, but shall not be obligated to, pursue any available remedy to collect the payment of the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on the Securities or to enforce the performance of any provision of the Securities or this Indenture. The Trustee or the Co-Trustee may maintain a proceeding even if the Trustee or the Co-Trustee, as applicable, does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee, the Co-Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 5.04 Collection of Indebtedness and Suits for Enforcement by Trustee or Co-

Trustee. The Company covenants that if:

(a) default is made in the payment of any interest, including Additional Interest Amounts, on any Security when such amounts become due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the Principal Amount plus accrued but unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) at the Stated Maturity thereof or in the payment of the Redemption Price or Fundamental Change Purchase Price in respect of any Security,

the Company will, upon demand of the Trustee or the Co-Trustee, pay to the Trustee or the Co-Trustee, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, the Co-Trustee and their respective agents and counsel.

Section 5.05 Trustee and Co-Trustee May File Proofs of Claim. In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee and the Co-Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders, the Trustee and the Co-Trustee allowed in any such proceeding. In particular, the Trustee and the Co-Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and the Co-Trustee and, in the event that the Trustee and the Co-Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee and the Co-Trustee any amount due to them for the reasonable compensation, expenses, disbursements and advances of the Trustee, the Co-Trustee, their respective agents and counsel and any other amounts due the Trustee and Co-Trustee under Section 6.07.

No provision of this Indenture shall be deemed to authorize the Trustee or the Co-Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee or the Co-trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 5.06 Application of Money Collected. Any money collected by the Trustee or the Co-Trustee pursuant to this Article V shall be applied in the following order, at the date or dates fixed by the Trustee and the Co-Trustee and, in case of the distribution of such money to Holders, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and the Co-Trustee under Section 6.07;

SECOND: To the payment of the amounts then due and unpaid on the Securities for the Principal Amount, Redemption Price, Fundamental Change Purchase Price or interest, including Additional Interest Amounts or Additional Amounts, if any, as the case may be, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities; and

THIRD: To the Company.

Section 5.07 Limitation on Suits. No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder (other than in the case of an Event of Default specified in Section 5.01(a) or Section 5.01(b)), unless:

(a) such Holder has previously given written notice to the Trustee and the Co-Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities shall have made written request to the Trustee and the Co-Trustee to institute proceedings in respect of such Event of Default in their own names as Trustee and Co-Trustee, respectively, hereunder;

(c) such Holder or Holders have offered to the Trustee and the Co-Trustee indemnity reasonably satisfactory to them against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee and the Co-Trustee for 60 days after their receipt of such notice, request and offer of indemnity have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request (in the opinion of the Trustee and the Co-Trustee) has been given to the Trustee or the Co-Trustee during such 60-day period by the Holders of a majority in aggregate Principal Amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

Section 5.08 Unconditional Right of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the Principal Amount, Redemption Price, Fundamental Change Purchase Price or interest, including Additional Interest Amounts or Additional Amounts, if any, in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities or on or after any Redemption Date or Fundamental Change Purchase Date, as applicable, and to convert the Securities in accordance with Article XIII hereof, or to bring suit for the enforcement of any such payment on or after such

respective dates or the right to convert, shall not be impaired or affected adversely without the consent of such Holder. For purposes of clarification, prior to the occurrence of a Fundamental Change, the provisions relating to the right to receive payment upon a Fundamental Change Purchase Date may be modified in the manner set forth in Section 9.02.

Section 5.09 Restoration of Rights and Remedies. If the Trustee, the Co-Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee, the Co-Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee, the Co-Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee, the Co-Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 5.10 Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.13, no right or remedy herein conferred upon or reserved to the Trustee, the Co-Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder or otherwise shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver. No delay or omission of the Trustee, the Co-Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee, the Co-Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Co-Trustee or by the Holders, as the case may be.

Section 5.12 Control by Holders. The Holders of a majority in aggregate Principal Amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee and the Co-Trustee or exercising any trust or power conferred on the Trustee and the Co-Trustee, *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture; and

(b) the Trustee or the Co-Trustee may take any other action deemed proper by the Trustee or the Co-Trustee, respectively, which is not inconsistent with such direction.

Section 5.13 Waiver of Past Defaults. The Holders of a majority in aggregate Principal Amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past Default hereunder and its consequences, except a Default:

(a) described in Section 5.01(a) or Section 5.01(b); or

(b) in respect of a covenant or provision hereof which under Article IX cannot

be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 5.14 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee or the Co-Trustee for any action taken or omitted by it as Trustee or Co-Trustee, respectively, in either case in respect of the Securities, a court may require any party litigant in such suit to file an undertaking to pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorney's fees and expenses, against any party litigant in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant; but the provisions of this Section 5.14 shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee or the Co-Trustee, to any suit instituted by any Holder or group of Holders holding in the aggregate more than 10% in Principal Amount of the Outstanding Securities or to any suit instituted by any Holder for the enforcement of the payment of the Principal Amount or accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, on any Security on or after the Stated Maturity of such Security or the Redemption Price or Fundamental Change Purchase Price.

Section 5.15 Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay, or impede the execution of any power herein granted to the Trustee or the Co-Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

THE TRUSTEE AND THE CO-TRUSTEE

Section 6.01 Certain Duties and Responsibilities. The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act and as set forth herein. For purposes of this Article VI, unless expressly stated otherwise, provisions applicable to the Trustee shall be applicable to the Co-Trustee. In case an Event of Default with respect to the Securities has occurred (which has not been cured or waived), the Trustee shall exercise the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers. Except during the continuance of an Event of Default, the Trustee need perform only those duties as are specifically set forth in this Indenture, and no duties, covenants or obligations of the Trustee shall be implied in this Indenture. Whether or not herein

expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 6.01.

Section 6.02 Notice of Defaults. The Trustee shall give the Holders notice of any Default hereunder within 90 days after the occurrence thereof or, if later, within 15 days after it is known to the Trustee, unless such Default shall have been cured or waived before the giving of such notice; *provided* that (except in the case of any Default in the payment of Principal Amount, interest, including Additional Interest Amounts or Additional Amounts, if any, on any of the Securities or the Redemption Price or Fundamental Change Purchase Price), the Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities.

Section 6.03 Certain Rights of Trustee. Subject to the provisions of Section 6.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any written request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, at the sole cost of the

Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any willful misconduct or gross negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be charged with knowledge of any Default or Event of Default (other than a payment Default under Section 5.01(a) or Section 5.01(b)) with respect to the Securities unless a Responsible Officer of the Trustee shall have received written notice of such Default or Event of Default from the Company or any other obligor on such Securities or by any Holder of such Securities;

(i) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(j) the rights, disclaimers, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee, the Co-Trustee and The Bank of New York Mellon in each of its capacities hereunder (including as Conversion Agent), and each agent, custodian and other Person employed to act hereunder;

(k) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(l) in no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(m) the Trustee, Co-Trustee and the Conversion Agent, respectively, shall not be liable and shall be held harmless with respect to information received from the Company and any Holder and information received from other third parties that would be reasonable to rely upon; and

(n) neither the Trustee, Co-Trustee, the Conversion Agent nor the Paying Agent, respectively, shall be required to risk or expend its own funds in performing its respective obligations.

Section 6.04 Not Responsible for Recitals. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall

not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 6.05 May Hold Securities. The Trustee, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Section 6.08 and Section 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

Section 6.06 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by applicable law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

Section 6.07 Compensation and Reimbursement. The Company agrees.

(a) to pay to the Trustee (which for purposes of this Section 6.07(a) shall include its officers, directors, employees and agents as well as the officers, directors, employees and agents of the Co-Trustee) from time to time such compensation for all services rendered by it hereunder as the Company and the Trustee shall from time to time agree in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and in-house and outside counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith;

(c) to indemnify the Trustee, the Co-Trustee and The Bank of New York Mellon in any other role hereunder (including when acting as Conversion Agent and Paying Agent (which for purposes of this Section 6.07(c) shall include its officers, directors, employees and agents and those of the Co-Trustee, the Conversion Agent and the Paying Agent)) and any predecessor Trustee for, and to hold it harmless against, any loss, liability, claim, damage or expense including taxes (other than taxes based upon, measured by or determined by the income or capital of the Trustee) incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim (whether assessed by the Company, by any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(d) the Trustee shall notify the Company promptly of any claim asserted against it. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations under this Section 6.07. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may at its option have separate counsel of its own choosing, and the Company shall pay the reasonable fees and expenses of such counsel. The

Company need not pay for any settlement made without its written consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 6.07 shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. To secure the Company's payment obligations in this Section 6.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except such money or property held in trust to pay principal and interest on the Securities. Such lien shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. When the Trustee incurs expenses or renders services after a Default or an Event of Default specified in Section 5.01(i) and Section 5.01(j) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and in-house and outside counsel) are intended to constitute expenses of administration under United States Code, Title 11 or any other similar foreign, federal or state law for the relief of debtors.

Section 6.08 Disqualification; Conflicting Interests. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 6.09 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000 and a Co-Trustee authorized to conduct business in Ontario and Canada. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section 6.09, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.09, it shall resign immediately in the manner and with the effect hereinafter specified in this Article VI.

Section 6.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article VI shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction at the expense of the Trustee for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, delivered to the Trustee and to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the notice of removal, the Trustee being removed may petition, at the expense of the Company, any court of competent jurisdiction for the

appointment of a successor Trustee with respect to the Securities.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 6.08 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or

(iv) a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company by a Company Order may remove the Trustee or (B) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Company, by a Company Order, shall promptly appoint a successor Trustee. If no successor Trustee shall have been so appointed by the Company and accepted appointment in the manner hereinafter provided within 90 days following such resignation, removal, incapability or vacancy, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders in the manner provided in Section 1.06. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) If a Trustee is removed with or without cause, all fees and expenses (including the fees and expenses of counsel) of the Trustee incurred in the administration of the trust or in the performance of the duties hereunder prior to such removal shall be paid to the Trustee.

Section 6.11 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of

its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article VI.

Section 6.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, *provided* such corporation shall be otherwise qualified and eligible under this Article VI, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated but not delivered by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.13 Preferential Collection of Claims Against. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

ARTICLE VII

REPORTS BY TRUSTEE

Section 7.01 Preservation of Information; Communications to Holders.

(a) The Trustee and the Co-Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee and the Co-Trustee as provided in Section 10.08 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee and the Co-Trustee may destroy any list furnished to them as provided in Section 10.08 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities and the corresponding rights and duties of the Trustee and the Co-Trustee shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company, the Trustee and the Co-Trustee that neither the Company, the Trustee nor the Co-Trustee nor any agent of any of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

Section 7.02 Reports by Trustee and Co-Trustee.

(a) The Trustee and the Co-Trustee shall transmit to Holders such reports concerning the Trustee and the Co-Trustee and their actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted no later than January 15 in each calendar year, commencing on January 15, 2012. Each such report shall be dated as of a date not more than 60 days prior to the date of transmission.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee or the Co-Trustee with each stock exchange upon which the Securities are listed, if any, with the Commission, if applicable, and with the Company. The Company shall notify the Trustee and the Co-Trustee promptly (and in any event within 10 days) whenever the Securities become listed on any stock exchange or of any delisting thereof.

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 8.01 Company May Consolidate, etc., Only on Certain Terms. The Company shall not, without the consent of each Holder of Securities, amalgamate, consolidate or combine with or merge with or into any other Person or sell, transfer or lease all or substantially all of its properties and assets, substantially as an entirety to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**") shall be a corporation, partnership, limited liability company or trust organized and existing under the laws of the United States of America, any State thereof, the District of Columbia or the laws of Canada or any province or territory thereunder, and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, executed and delivered to the Trustee and the Co-Trustee, in form reasonably satisfactory to the Trustee and the Co-Trustee, all the obligations of the Company under the Securities and this Indenture;

(b) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(c) the Company or the Successor Company shall have delivered to the Trustee and the Co-Trustee an Officers' Certificate and an Opinion of Counsel, each stating that (i) such amalgamation, consolidation, merger or transfer, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the provisions of this Indenture, including this Article VIII and Article IX, and (ii) the transaction will not result in the Successor Company being required to pay any Additional Amounts in respect of any payments in respect of the Securities in accordance with Section 10.10.

Section 8.02 Successor Substituted. The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture, other than in the case of a lease of all or substantially all of the Company's consolidated assets.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures Without Consent Of Holders. Without the consent of any Holder, the Company, when authorized by a Board Resolution, and the Trustee and the Co-Trustee, at any time and from time to time, may amend, modify or supplement this Indenture or the Securities, in form satisfactory to the Trustee and the Co-Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(b) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(c) to provide for a successor Trustee or successor Co-Trustee with respect to the Securities; or

(d) to add any additional Events of Default with respect to the Securities; or

(e) to cure any ambiguity or defect, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture; or

(f) to reduce the Conversion Price; *provided, however*, that such reduction in the Conversion Price is in accordance with the terms of this Indenture or shall not adversely affect the interests of the Holders of Securities (after taking into account tax and other consequences of such reduction) in any material respect; or

(g) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the discharge of the Securities; *provided, however,* that such change or modification does not adversely affect the interests of the Holders of the Securities in any material respect; or

(h) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company; or

(i) to add guarantees with respect to, or to secure, the Securities; or

(j) to make any change that does not materially adversely affect the rights of any Holder; or

(k) to add or modify any other provisions herein with respect to matters or questions arising hereunder which the Company, the Trustee and the Co-Trustee may deem necessary or desirable and which would not reasonably be expected to adversely affect the

interests of the Holders of Securities in any material respect; or

(l) to conform this Indenture or the Securities to the description thereof under the caption "Description of Notes" in the Offering Memorandum; or

(m) to comply with any requirements of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act or any applicable requirements of the *Canada Business Corporations Act*.

Section 9.02 Supplemental Indentures with Consent of Holders.

(a) With the consent of the Holders of a majority in aggregate Principal Amount of the Outstanding Securities, by Act of said Holders delivered to the Company, the Trustee and the Co-Trustee, the Company, when authorized by a Board Resolution, and the Trustee and Co-Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(i) extend the Stated Maturity of any Security; or

(ii) reduce the Principal Amount of, or reduce the interest rate on, or extend the stated time for payment of interest on, any Security, excluding in each case Additional Interest Amounts and Additional Amounts if any, or

(iii) reduce the Redemption Price or Fundamental Change Purchase Price of any Security; or

(iv) after the occurrence of a Fundamental Change, make any change that adversely affects the right of Holders of the Securities to require the Company to purchase such Securities in accordance with the terms thereof and this Indenture; or

(v) make any change that impairs or otherwise adversely affects the right of a Holder of Securities to convert any Security; or

(vi) change the currency of any payment amount of any Security from U.S. Dollars or Common Shares as provided herein; or

(vii) make any change that impairs the right of Holders to institute suit for payment of the Securities or that impairs the right of Holders to receive payment of principal of and interest, including Additional Interest Amounts and Additional Amounts, on Holders' Securities on or after the due dates therefor; or

(viii) reduce the percentage in aggregate Principal Amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain

provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(ix) modify the obligation of the Company to maintain an agency in The City of New York as required under this Indenture; or

(x) change the ranking of the Securities in any manner that adversely affects the rights of Holders under this Indenture; or

(xi) modify any of the provisions of this Section 9.02 or Section 5.13, except to increase the percentage in aggregate Principal Amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

(b) The Holders of not less than a majority in aggregate Principal Amount of the Outstanding Securities may, on behalf of the Holders of all of the Securities, waive any past default and its consequences under this Indenture, except a default (i) in the payment of the Principal Amount of or any interest, including Additional Interest Amounts and Additional Amounts, if any, on or with respect to the Securities or (ii) in respect of a covenant or provision that cannot be modified without the consent of the Holder of each Security affected thereby as set forth in Section 9.02(a).

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

After any supplemental indenture under this Section 9.01 and Section 9.02 becomes effective, the Company shall mail to each Holder, at the address of such Holder as it appears on the Security Register maintained by the Security Registrar, within 20 days after execution thereof a notice briefly describing the supplemental indenture and must make such notice available on the Company's website. However, the failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of a supplemental indenture under this Section 9.01 and Section 9.02.

Section 9.03 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee and the Co-Trustee shall be provided with, and (subject to Section 6.01) shall be fully protected in relying upon, in addition to the documents required by Section 1.02, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and such other conclusions as the Trustee and the Co-Trustee may require. Subject to the preceding sentence, the Trustee and the Co-Trustee shall sign such supplemental indenture if the same does not affect the Trustee's and the Co-Trustee's own rights, duties or immunities under this Indenture or otherwise or subject either of them to undue risk. The Trustee and the Co-Trustee may, but shall not be obligated

to, enter into any such supplemental indenture which affects the Trustee's and the Co-Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article IX, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.05 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act and any applicable requirements of the *Canada Business Corporations Act*.

Section 9.06 Reference in Securities to Supplemental Indentures. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX shall bear a notation in a form approved by the Trustee and the Co-Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee, the Co-Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee and the Co-Trustee in exchange for Outstanding Securities.

ARTICLE X

COVENANTS

Section 10.01 Payments. The Company shall duly and punctually make all payments in respect of the Securities and this Indenture in accordance with the terms of the Securities and this Indenture. The Company shall, to the fullest extent permitted by law, pay interest on overdue payments of Principal Amount, plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any, Redemption Price and Fundamental Change Purchase Price at the rate of 1% per annum from the required payment date of such overdue payment.

Any payments made or due pursuant to this Indenture shall be considered paid on the applicable date due if by 12:00 p.m., New York City time, one Business Day prior to such date the Paying Agent holds, in accordance with this Indenture, cash sufficient to pay all such amounts then due. Payment of the principal of and interest, including Additional Interest Amounts or Additional Amounts, if any, on the Securities shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Section 10.02 Maintenance of Office or Agency. The Company shall maintain in The Borough of Manhattan, The City of New York, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, repurchase or conversion and where notices and demands pursuant to this Section 10.02 to or upon the Company in respect of the Securities and this Indenture may be served, which shall initially be the Corporate Trust Office of the Trustee. The Company shall give prompt written notice to the Trustee and the Co-Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall

fail to furnish the Trustee or the Co-Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside The Borough of Manhattan, The City of New York) where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The Borough of Manhattan, The City of New York, for such purposes. The Company shall give prompt written notice to the Trustee and the Co-Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 10.03 Money for Security Payments to be Held in Trust. If the Company shall at any time act as its own Paying Agent, it shall, on or before each due date of any payment in respect of any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to make the payment so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and shall promptly notify the Trustee and the Co-Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, it will by 12:00 p.m., New York City time, one Business Day prior to each due date of any payment in respect of any Securities, deposit with any one or more Paying Agents a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee or the Co-Trustee) the Company will promptly notify the Trustee and the Co-Trustee of its action or failure so to act.

The Company shall cause each Paying Agent other than the Trustee or the Co-Trustee to execute and deliver to the Trustee and the Co-Trustee an instrument in which such Paying Agent shall agree with the Trustee and the Co-Trustee, subject to the provisions of this Section 10.03, that such Paying Agent will (a) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (b) during the continuance of any Default by the Company (or any other obligor upon the Securities) in the making of any payment in respect of the Securities, upon the written request of the Trustee or the Co-Trustee, forthwith pay to the Trustee or the Co-Trustee all sums held in trust by such Paying Agent as such.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee or the Co-Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee or the Co-Trustee, as applicable, upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee or the Co-Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee, the Co-Trustee or any Paying Agent, or then held by the Company, in trust for the making of payments in respect of any Security and

remaining unclaimed for two years after such payment has become due shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee, the Co-Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee, the Co-Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 10.04 Statement by Officers as to Default. The Company shall deliver to the Trustee and the Co-Trustee, within 90 days after the end of each fiscal year (currently ending on December 31) of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the knowledge of the signers thereof the Company is in Default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in Default, specifying all such Defaults and the nature and status thereof of which they may have knowledge.

The Company shall deliver to the Trustee and the Co-Trustee, as soon as possible and in any event within five days after the Company becomes aware of the occurrence of any Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate setting forth the details of such Event of Default or default and the action which the Company proposes to take with respect thereto.

Section 10.05 Existence. Subject to Article VIII hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; *provided, however*, that the Company shall not be required to preserve any such right or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 10.06 Resale of Certain Securities. During the period beginning on the Issue Date and ending on the date that is one year from the Issue Date, the Company shall not and shall not permit any of its subsidiaries to, and will instruct its other affiliates (as defined in Rule 144) not to, resell any Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them, except for Securities purchased by the Company or any of its affiliates and resold in transactions registered under the Securities Act. The Trustee and the Co-Trustee shall have no responsibility in respect of the Company's performance of its agreement in the preceding sentence.

Section 10.07 Book-Entry System. If the Securities cease to trade in the Depositary's book-entry settlement system, the Company covenants and agrees that it shall use reasonable efforts to make such other book entry arrangements that it determines are reasonable for the Securities.

Section 10.08 Company to Furnish Trustee and Co-Trustee Names and Addresses of

Holders. The Company will furnish or cause to be furnished to the Trustee and the Co-Trustee:

(a) semi-annually, not later than 10 days after each Regular Record Date, a list, in such form as the Trustee and the Co-Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee or the Co-Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that no such list need be furnished so long as the Trustee or the Co-Trustee is acting as Security Registrar.

Section 10.09 Reports by Company and Delivery of Certain Information. The Company shall file with the Trustee and the Co-Trustee, (A) such information, documents and other reports, and such summaries thereof, as the Company may be required to file or furnish pursuant to the Trust Indenture Act (at the times and in the manner provided in the Trust Indenture Act) and (B) within 15 days after the Company files or furnishes the same with the Commission, such information, documents and other reports, and such summaries thereof, as the Company may be required to file or furnish with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act); *provided* that (a) delivery of materials to the Trustee and the Co-Trustee by electronic means shall be deemed to be "filed" with the Trustee and the Co-Trustee for purposes of this Section 10.09; (b) so long as such filings by the Company are available on the Commission's Electronic Data Gathering, Analysis and Retrieval system (EDGAR), the Ontario Securities Commission's System for Electronic Document Analysis and Retrieval (SEDAR) or any other website maintained by the securities regulatory authorities in the United States or Canada, such materials shall be deemed to be "filed" with the Trustee and the Co-Trustee for purposes of this Section 10.09 as of the time such documents are "filed" via EDGAR or SEDAR; and (c) the Company need not furnish to the Trustee or the Co-Trustee confidential portions of any information, documents or reports filed or furnished with the Commission, the Ontario Securities Commission or any other securities regulatory authority on a confidential basis. Notwithstanding the foregoing, it shall not be the responsibility of the Trustee or Co-Trustee to monitor postings of the Company on EDGAR, SEDAR or any other website referred to in this Section 10.09, it being understood that, due to the public availability of the information contained on such websites, any Person, including without limitation any Holder, may obtain such information directly from such website.

In the event that, while Securities remain Outstanding, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will continue to file with the Trustee and the Co-Trustee, within 15 days after the time periods required for the filing or furnishing of such forms by the Commission, (a) annual reports on Form 40-F or Form 20-F, as applicable, or any successor form, and (b) current reports on Form 6-K, or any successor form, which, regardless of applicable requirements shall, at a minimum, contain such information required to be provided in quarterly reports under the laws of Canada or any province thereof to securityholders of a corporation with securities listed on the Toronto Stock

Exchange, whether or not the Company has securities listed on such exchange; and such reports will be prepared in accordance with Canadian disclosure requirements.

Delivery of reports, information and documents to the Trustee and the Co-Trustee under this Section 10.09 is for informational purposes only, and the receipt by the Trustee and Co-Trustee of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee and the Co-Trustee are entitled to rely exclusively on Officers' Certificates).

If (a) the Securities and the Common Shares issuable upon conversion of the Securities are Outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, as applicable, and (b) the Company is not subject to Section 13 or 15(d) of the Exchange Act or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, then the Company shall make available to any Holder, beneficial owner of such Common Shares or prospective purchaser of the Securities or such Common Shares designated by such Holder or beneficial owner, upon the request of such Holder, owner or prospective purchaser, at or prior to the time of resale by such Holder, the information required by Rule 144A(d)(4) under the Securities Act, *provided* that such information is necessary to permit such Holders or beneficial owners of Common Shares issuable upon conversion of the Securities, as applicable, to effect resales under Rule 144A.

Section 10.10 Payment of Additional Amounts. All payments made by or on behalf of the Company under or with respect to the Securities (including, without limitation, any Additional Interest Amount) will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax, including without limitation any taxes imposed under Part XIII of the Tax Act ("**Canadian Taxes**"), unless the Company is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of, Canadian Taxes. If the Company is so required to withhold or deduct any amount for, or on account of, Canadian Taxes from any payment made under or with respect to the Securities, the Company will make such withholding or deduction and pay as additional interest such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by each Holder (other than an Excluded Holder) after such withholding or deduction (including any withholding or deduction required to be made in respect of any Additional Amounts) will not be less than the amount the Holder (other than an Excluded Holder) would have received if such Canadian Taxes had not been withheld or deducted and similar payment (the term "Additional Amounts" shall also include any such similar payments) will also be made by the Company to Holders (other than Excluded Holders) of Securities that are exempt from withholding but are required to pay Canadian Taxes directly on amounts otherwise subject to withholding; *provided, however*, that no Additional Amounts will be payable with respect to:

(a) a payment made to a Holder or former Holder of Securities (an "**Excluded Holder**") in respect of the beneficial owner thereof:

(i) with which the Company does not deal at arm's length (within the meaning of the Tax Act) at the time of making such payment; or

(ii) that is subject to such Canadian Taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes (*provided* that in the case of any imposition or change in any such certification, identification, information, documentation or other reporting requirement which applies generally to Holders of Securities who are not residents of Canada, at least 60 days prior to the effective date of any such imposition or change, the Company shall give written notice, in the manner provided in this Indenture, to the Trustee, the Co-Trustee and the Holders of the Securities then outstanding of such imposition or change, as the case may be, and provide the Trustee, the Co-Trustee and such Holders with such forms or documentation, if any, as may be required to comply with such certification, identification, information, documentation, or other reporting requirement); or

(iii) that is subject to such Canadian Taxes by reason of its carrying on a trade or business in Canada or any province or territory thereof, having a permanent establishment in any such jurisdiction, being organized under the laws of any such jurisdiction, being or being deemed to be resident in any such jurisdiction or otherwise being connected with any such jurisdiction otherwise than by the mere holding of such Securities or the receipt of payments or exercise of any enforcement rights, thereunder; or

(b) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or governmental charge ("**Excluded Taxes**").

The Company will (A) make such withholding or deduction for Canadian Taxes (other than Excluded Taxes in respect of payments made to a Holder (other than an Excluded Holder) under or with respect to the Securities) and (B) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Company will furnish to the Trustee and the Co-Trustee, within 30 days after the date the payment of any Canadian Taxes is due pursuant to applicable law in respect of such Securities, certified copies of tax receipts evidencing such payment by the Company.

The Company will indemnify and hold harmless each Holder of any Securities (other than an Excluded Holder) from any Canadian Taxes (other than Excluded Taxes) in respect of which any Additional Amounts are payable by but not paid by the Company, including any Canadian Taxes (other than Excluded Taxes) levied or imposed on the Holder with respect to any indemnity payment.

Additional Amounts will be paid, as applicable, in cash semi-annually on the applicable March 31 or September 30, at Maturity, on any Redemption Date, on a Conversion Date or on any Fundamental Change Purchase Date.

Whenever in this Indenture there is mentioned, in any context, the payment of principal and interest or any other amount payable under, or with respect to, any Security, such

mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Anything in this Indenture to the contrary notwithstanding, the covenants and provisions of this Section 10.10 shall survive any termination or discharge of this Indenture, and the repayment of all or any of the Securities, and shall remain in full force and effect.

Section 10.11 Additional Interest Amount. The Additional Interest Amounts shall be payable to Holders of the Securities (or, with respect to any Securities that have been previously converted, to the Holders of such Securities at the time of such conversion, *provided* that such Additional Interest Amounts, if any, shall be payable only for such Securities, or the portion of such Securities, that have been converted into Common Shares) if:

(a) at any time during the six month period commencing on the last original issuance date of the Securities and ending on the date that is one year after the last original issuance date of the Securities, the Company fails to timely file any document or report that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (which, for greater certainty, does not include any report on Form 6-K or any other document that the Company is required to furnish to, rather than file with, the Commission) (a "**Missed Filing Default**"); *provided* that the Company will have until the later of any grace period provided under Rule 12b-25 under the Exchange Act (which the Company shall inform the Trustee and Co-Trustee of) or 14 calendar days in the aggregate (the "**Cure Period**") to cure all such missed filings. In the event the Company has not so cured a missed filing within the Cure Period, the Missed Filing Interest will be payable on the Interest Payment Date following the expiration of the Cure Period with respect to the first 90-day period (or any portion thereof) following the expiration of the Cure Period. Another Missed Filing Interest will be payable with respect to the subsequent 90-day period (or any portion thereof) while a Missed Filing Default is in effect and continuing until all such Missed Filing Defaults have been cured. The maximum interest payable pursuant to Missed Filing Interest shall be 50 basis points; or

(b) unless:

(i) the Private Placement Legend, Canadian Private Placement Legend or Global Security Legend on the Securities has been removed, and

(ii) the Securities are freely tradable pursuant to Rule 144 under the Securities Act without volume restrictions by Holders other than Affiliates of the Company or any Person that has been an Affiliate of the Company at any time during the three months preceding the applicable date (as a result of restrictions pursuant to U.S. securities law or the terms of this Indenture),

as of the 365th day (or such longer period as provided pursuant to Rule 144 or any successor rule thereto to permit unrestricted resales by non-affiliates) after the last original issuance date, the interest rate on the Securities will increase at an annual rate equal to 0.50% of the aggregate principal amount of the Securities (such increase, the "**Trade Restriction Interest**"). So long as a condition described in either clause (i) or (ii)

of this Section 10.11(b) continues to fail to be satisfied, the Company shall pay such Trade Restriction Interest in cash on each Interest Payment Date to Holders of Securities. When such condition is satisfied, accrued and unpaid Trade Restriction Interest through the date of satisfaction will be paid in cash on the subsequent Interest Payment Date to Holders of Securities.

In the event that the Company is required to pay Additional Interest Amounts to Holders, the Company will provide written notice in the form of an Officers' Certificate (the "**Additional Interest Notice**") to the Trustee and the Co-Trustee of its obligation to pay Additional Interest Amounts no later than 10 Business Days prior to the proposed Interest Payment Date for Additional Interest Amounts (or, in the event the expiration of the Cure Period occurs within 10 days prior to the proposed Interest Payment Date for Additional Amounts, promptly following expiration of the Cure Period), and the Additional Interest Notice shall set forth the amount of Additional Interest Amounts to be paid by the Company on such Interest Payment Date. Neither the Trustee, the Conversion Agent, the Paying Agent nor the Co-Trustee shall at any time be under any duty or responsibility to any Holder to determine the Additional Interest Amounts, or with respect to the nature, extent or calculation of the amount of Additional Interest Amounts when made, or with respect to the method employed in such calculation of the Additional Interest Amounts. The Company agrees to include in the Additional Interest Notice to the Trustee and the Co-Trustee the date such Additional Interest Amounts are payable, and for each Holder, the amount payable, wire instructions, DTC participant number and its W-8 or W-9, as applicable, *provided* that such Holder has provided such information to the Company in its Conversion Notice. If no W-8 or W-9 is provided for such Holder, the Trustee and the Co-Trustee may withhold from payment such amount as may be required under applicable tax law.

Section 10.12 Information for IRS Filings. The Company shall provide to the Trustee and the Co-Trustee on a timely basis such information and documentation as the Trustee, the Co-Trustee or the Holders may require with respect to the Internal Revenue Service and the Holders.

Section 10.13 Further Instruments and Acts. Upon reasonable request of the Trustee or the Co-Trustee, or as otherwise necessary, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE XI

REDEMPTION

Section 11.01 Redemption for Tax Reasons; Notices to Trustee and Co-Trustee; Notice of Election.

(a) The Company may, at its option, redeem the Securities, in whole but not in part, at a Redemption Price equal to 100% of the Principal Amount of the Securities, plus accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any), to, but excluding, the Redemption Date, if the Company has become or would become obligated to pay to the Holders Additional Amounts (which are more than a *de minimis* amount) as determined by the Company as a result of any amendment or change occurring

after February 3, 2011 in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change occurring after February 3, 2011 onwards in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination) (such redemption, a "**Tax Redemption**"); *provided,* the Company cannot avoid these obligations by taking reasonable measures available to it and that it delivers to the Trustee and the Co-Trustee an opinion of Canadian legal counsel specializing in taxation and an Officers' Certificate attesting to such change and obligation to pay Additional Amounts. In such event, the Company will give the Trustee, the Co-Trustee and the Holders of the Securities notice of this redemption pursuant to Section 11.02.

(b) If the Company elects to redeem Securities pursuant to a Tax Redemption, it shall notify the Trustee and the Co-Trustee in writing of the Redemption Date and the Redemption Price payable on such Redemption Date. The Company shall give such notice to the Trustee and Co-Trustee at least 45 calendar days but no more than 60 calendar days before the Redemption Date (unless shorter notice shall be satisfactory to the Trustee or Co-Trustee, as applicable); *provided* that (a) in no event will the Company be obligated to give notice of redemption earlier than 60 calendar days prior to the earliest date on or from which it would be obligated to pay any such Additional Amounts and (b) at the time the Company gives the notice, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

(c) Upon receiving a Notice of Redemption, each Holder who does not wish to have the Company redeem its Securities pursuant to this Section 11.01 can elect to (A) convert its Securities pursuant to Article XIII or (B) not have its Securities redeemed, *provided* that after such Redemption Date, such Holders shall be deemed to be Excluded Holders in respect of any payment of interest or principal with respect to the Securities after such Redemption Date and no Additional Amounts will be payable by the Company in respect of any such payment after such Redemption Date. Securities and portions of Securities that are to be redeemed are convertible by the Holder until 5:00 p.m., New York City time, on the second Business Day immediately preceding the Redemption Date. All future payments will be subject to the deduction or withholding of any Canadian Taxes required by law to be deducted or withheld.

Where no such election is made, the Holder will have its Securities redeemed without any further action. If a Holder does not elect to convert its Securities pursuant to Article XIII but wishes to elect to not have its Securities redeemed pursuant to clause (B) of the preceding paragraph, such Holder must deliver to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the notice of redemption, a written Notice of Election upon Tax Redemption (the "**Notice of Election**") on the back of the Securities, or any other form of written notice substantially similar to the Notice of Election, in each case, duly completed and signed, so as to be received by the Paying Agent no later than the Close of Business on a Business Day at least five Business Days prior to the Redemption Date.

A Holder may withdraw any Notice of Election by delivering to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company in the notice of redemption, a written notice of withdrawal prior to the Close of Business on the second Business Day prior to the Redemption Date.

Section 11.02 Notice of Redemption.

At least 30 calendar days but not more than 60 calendar days before a Redemption Date in connection with a Tax Redemption, the Company shall provide a notice of redemption to each Holder of Securities to be redeemed at such Holder's address kept by the Security Registrar (a "**Notice of Redemption**"); *provided* that (a) in no event will the Company be obligated to give any Notice of Redemption earlier than 60 calendar days prior to the earliest date on or from which it would be obligated to pay any such Additional Amounts and (b) at the time the Company gives the Notice of Redemption, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

The notice of redemption shall identify the Securities to be redeemed and shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the then current Conversion Rate;

(iv) the name and address of the Paying Agent and Conversion Agent;

(v) that Securities called for redemption may be converted at any time prior to 5:00 p.m., New York City time, on the second Business Day preceding the Redemption Date;

(vi) that Holders who want to convert their Securities must satisfy the requirements set forth in Article XIII;

(vii) that Securities called for redemption must be surrendered to the Paying Agent for cancellation to collect the Redemption Price;

(viii) that, unless the Company defaults in making payment of such Redemption Price, any interest (including Additional Interest Amounts or Additional Amounts, if any) on Securities called for redemption will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the Redemption Price upon presentation and surrender to the Paying Agent of the Securities;

(ix) the CUSIP number(s) of the Securities;

(x) that Holders may elect not to have their Securities redeemed or converted and the procedures for delivering a Notice of Election; and

(xi) any other information the Company wants to present.

At the Company's request, the Trustee or the Co-Trustee shall give the Notice of Redemption in the Company's name and at the Company's expense; *provided, however*, that the Company makes such request at least five Business Days (unless a shorter period shall be satisfactory to the Trustee or the Co-Trustee, as applicable) prior to the date by which such Notice of Redemption must be given to Holders in accordance with this Section 11.02; *provided, further*, that the text of the Notice of Redemption shall be prepared by the Company.

Section 11.03 Effect of Notice of Redemption. Once Notice of Redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice, except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such redeemed Securities shall be paid at the Redemption Price stated in the notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

If a Redemption Date is after a Regular Record Date for the payment of interest but on or prior to the corresponding Interest Payment Date, then the interest payable on such Interest Payment Date will be paid to the Holder of record of such Security on the relevant Regular Record Date, and the amount paid to the Holder who presents the Security for redemption shall be 100% of the Principal Amount of such Security.

Section 11.04 Deposit of Redemption Price. By 12:00 p.m., New York City time, one Business Day prior to the Redemption Date, the Company shall deposit with the Paying Agent an amount of cash (in immediately available funds if deposited on the Redemption Date) sufficient to pay the aggregate Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date, other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee or the Co-Trustee for cancellation or have been converted.

If, on the Redemption Date, the Paying Agent holds, in accordance with the terms of this Indenture, cash sufficient to pay the Redemption Price of any Securities for which Notice of Redemption has been given, then on and after the applicable Redemption Date, such Securities will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent), and the rights of the Holders in respect thereof shall terminate (other than the right to receive the Redemption Price upon delivery of such Securities). Nothing herein shall preclude the withholding of any taxes required by law to be withheld or deducted.

Section 11.05 Securities Redeemed in Part. Any Security which is to be redeemed only in part shall be surrendered at the office of the Paying Agent and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to the unredeemed portion of the Security surrendered.

Section 11.06 Repayment to the Company. To the extent that the aggregate amount of

cash deposited by the Company pursuant to Section 11.04 exceeds the aggregate Redemption Price of the Securities or portions thereof which the Company is redeeming as of the Redemption Date, then, promptly after the Redemption Date, the Paying Agent shall return any such excess to the Company. If such money is then held by the Company or an Affiliate of the Company in trust and is not required for such purpose, it shall be discharged from such trust.

Section 11.07 Other Repurchases. The Company may, from time to time, at its option (and nothing contained in this Indenture shall limit the Company's right to), repurchase the Securities in open market purchases or negotiated transactions, without any prior notice to any Holders, *provided* that in exercising its right under this Section 11.07, the Company complies with all applicable federal and state securities laws.

ARTICLE XII

OFFER TO PURCHASE UPON A FUNDAMENTAL CHANGE

Section 12.01 Offer to Purchase Upon a Fundamental Change.

(a) General. In the event of a Fundamental Change with respect to the Company at any time prior to March 31, 2016, the Company will be required to make an offer to purchase for cash (a "**Fundamental Change Purchase Offer**") on the Fundamental Change Purchase Date all outstanding Securities in integral multiples of $1,000 Principal Amount at a price equal to the Principal Amount of the Securities to be purchased plus accrued but unpaid interest, including Additional Interest Amounts and Additional Amounts, if any (the "**Fundamental Change Purchase Price**"), up to but excluding the Fundamental Change Purchase Date, subject to satisfaction by or on behalf of any Holder of the requirements set forth in Section 12.01(c). The "**Fundamental Change Purchase Date**" shall be a date specified by the Company that is no later than the 30th Business Day following the date of the Fundamental Change Notice.

If the Fundamental Change Purchase Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, however, then the interest payable on such date will be paid to the Holder of record of the Securities on the relevant Regular Record Date and the Fundamental Change Purchase Price payable to the Holder who presents the Securities for repurchase shall be 100% of the Principal Amount of such Securities (and will not include any accrued and unpaid interest (including Additional Interest Amounts and Additional Amounts)).

The Company shall mail to the Trustee, the Co-Trustee and each Holder of the Securities at their addresses shown in the Security Register (and to beneficial owners of the Securities as may be required by applicable law) a notice (the "**Fundamental Change Notice**") of the occurrence of such Fundamental Change and the Fundamental Change Purchase Offer arising as a result thereof in accordance with Section 12.01(b).

A "**Fundamental Change**" shall be deemed to have occurred at the time after the Securities are originally issued that any of the following occurs:

(i) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, any Subsidiary of the Company or any employee benefit plan of the Company or any such Subsidiary, files a Schedule 13D, Schedule TO or any other schedule, form or report under the Exchange Act or applicable Canadian Securities Laws disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act or applicable Canadian Securities Laws, of Common Equity of the Company representing more than 50% of the voting power of the Company's Common Equity;

(ii) consummation of any share exchange, consolidation, amalgamation, merger, statutory arrangement or other similar combination involving the Company pursuant to which the Common Shares will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any Person, other than one or more of the Company's subsidiaries; *provided, however*, that a transaction where the holders of more than 50% of all classes of the Company's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such event shall not be a Fundamental Change;

(iii) the first day on which Continuing Directors cease to constitute at least a majority of the Company's Board of Directors; or

(iv) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

A Fundamental Change will not be deemed to have occurred, however, if at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions otherwise constituting the Fundamental Change consists of common shares or American Depositary Shares that are traded or listed on, or immediately after the transaction or event will be traded or listed on the NYSE Amex, the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the Toronto Stock Exchange, and as a result of such transaction or transactions the Securities become convertible into such publicly traded securities, excluding cash payments for fractional shares..

(b) Notice of Fundamental Change. Within 30 calendar days after the occurrence of a Fundamental Change, the Company shall mail the Fundamental Change Notice by first-class mail to the Trustee, the Co-Trustee and each Holder of Securities at its address shown in the Security Register (and to beneficial owners as required by applicable law). The Fundamental Change Notice shall include a form of Fundamental Change purchase notice (the "**Fundamental Change Purchase Notice**") to be completed by the Holder and shall state:

(i) the events causing a Fundamental Change and the expected date of such Fundamental Change;

(ii) that a Fundamental Change Purchase Offer is being made pursuant to Article XII and that all Securities validly tendered and not withdrawn will be purchased pursuant to the terms of such Article XII;

(iii) the date by which the Fundamental Change Purchase Notice pursuant to this Section 12.01 must be delivered to the Paying Agent in order for a Holder to accept the Fundamental Change Purchase Offer;

(iv) the Fundamental Change Purchase Date;

(v) the Fundamental Change Purchase Price;

(vi) the name and address of the Paying Agent and the Conversion Agent;

(vii) the conversion rights, if any, of the Securities;

(viii) the Conversion Rate for conversion of the Securities applicable on the Fundamental Change Purchase Date;

(ix) (A) that Securities as to which a Fundamental Change Purchase Notice has been given may be converted pursuant to Article XIII hereof only if the Fundamental Change Purchase Notice has been withdrawn in accordance with the provisions of Section 12.02 and (B) the procedures for withdrawing a Fundamental Change Purchase Notice;

(x) that Securities must be surrendered to the Paying Agent for cancellation to collect payment of the Fundamental Change Purchase Price;

(xi) that the Fundamental Change Purchase Price for any Security as to which a Fundamental Change Purchase Notice has been duly given and not withdrawn will be paid promptly following the later of the Fundamental Change Purchase Date and the time of surrender of such Security as described in clause (x) of this Section 12.01;

(xii) the procedures the Holder must follow to exercise rights under this Section 12.01;

(xiii) the CUSIP number or numbers of the Securities; and

(xiv) any other information the Company wants to present.

At the Company's request, the Trustee or the Co-Trustee shall give such Fundamental Change Company Notice in the Company's name and at the Company's expense; *provided, however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company.

(c) Fundamental Change Purchase Notice. To accept the Fundamental Change Purchase Offer, a Holder of Securities must deliver to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in

the Fundamental Change Notice and the Trustee and the Co-Trustee, at least two Trading Days prior to the Fundamental Change Purchase Date, (i) written notice of acceptance of the Fundamental Change Purchase Offer in the form set forth in the Fundamental Change Purchase Notice or any other form of written notice substantially similar to the Fundamental Change Purchase Notice, in each case, duly completed and signed, with appropriate signature guarantee and (ii) such Securities that the Holder wishes to tender for purchase by the Company pursuant to the Fundamental Change Purchase Offer, together with the necessary endorsements for transfer to the Company on the back of the Securities.

Such notice shall state, among other things (A) that if certificated Securities have been issued, the certificate numbers (or, if the Securities are not certificated, the notice must comply with the Depositary's procedures), (B) the portion of the principal amount of Securities to be purchased, which must be in $1,000 multiples, and (C) that the Securities are to be purchased by the Company pursuant to the applicable provisions of the Securities and the Indenture.

The delivery of such Security to the Paying Agent with, or at any time after delivery of, the Fundamental Change Purchase Notice (together with all necessary endorsements) at the offices of the Paying Agent shall be a condition to the receipt by the Holder of the Fundamental Change Purchase Price therefor; *provided, however*, that such purchase price shall be so paid pursuant to this Section 12.01 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof set forth in the related Fundamental Change Purchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Section 12.01, a portion of a Security, so long as the Principal Amount of such portion is $1,000 or an integral multiple thereof. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 12.01 shall be consummated by the delivery of the Fundamental Change Purchase Price to be received by the Holder promptly following the later of the Fundamental Change Purchase Date and the time of delivery of the Security; *provided, however*, that if the Fundamental Change Purchase Notice is delivered after a date which is two Trading Days prior to the Fundamental Change Purchase Date, such payment may be made as promptly after such Fundamental Change Purchase Date as is practicable.

Notwithstanding anything contained herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Purchase Notice contemplated by this Section 12.01(c) shall have the right to withdraw such Fundamental Change Purchase Notice at any time prior to the close of business on the Fundamental Change Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 12.02.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Purchase Notice or written notice of withdrawal thereof.

(d) The Company will not be required to make a Fundamental Change Purchase Offer if a third party makes a Fundamental Change Purchase Offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Fundamental Change Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Fundamental Change Purchase Offer.

Section 12.02 Effect of Fundamental Change Purchase Notice. Upon receipt by the Paying Agent of the Fundamental Change Purchase Notice specified in Section 12.01(c), the Holder of the Security in respect of which such Fundamental Change Purchase Notice was given shall (unless such Fundamental Change Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Fundamental Change Purchase Price with respect to such Security. Such Fundamental Change Purchase Price shall be paid to such Holder, subject to receipt of funds and/or Securities by the Paying Agent, promptly following the later of (a) the Fundamental Change Purchase Date with respect to such Security (*provided,* the conditions in Section 12.01(c) have been satisfied) and (b) the time of book-entry transfer or delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 12.01(c). Securities in respect of which a Fundamental Change Purchase Notice has been given by the Holder thereof may not be converted pursuant to Article XIII hereof on or after the date of the delivery of such Fundamental Change Purchase Notice unless such Fundamental Change Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Fundamental Change Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the procedures set forth in the Fundamental Change Company Notice at any time prior to the close of business on the Fundamental Change Purchase Date specifying:

(i) the Principal Amount of the Security with respect to which such notice of withdrawal is being submitted;

(ii) the certificate number, if any, of the Physical Security in respect of which such notice of withdrawal is being submitted (if the Security is a Global Security, the withdrawal notice must comply with the Applicable Procedures); and

(iii) the Principal Amount, if any, of such Security which remains subject to the original Fundamental Change Purchase Notice and which has been or will be delivered for repurchase by the Company.

There shall be no purchase of any Securities pursuant to Section 12.01 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Fundamental Change Purchase Notice) and is continuing an Event of Default (other than an Event of Default that is cured by the payment of the Fundamental Change Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders any Securities (A) with respect to which a Fundamental Change Purchase Notice has been withdrawn in compliance with this Indenture, or (B) held by it during the continuance of an Event of Default (other than a default in the payment of the Fundamental Change Purchase Price with respect to such Securities) in which case, upon such return, the

Fundamental Change Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 12.03 Deposit of Fundamental Change Purchase Price. By 12:00 p.m., New York City time, one Business Day prior to the Fundamental Change Purchase Date, the Company shall deposit with the Paying Agent an amount of cash or securities (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Fundamental Change Purchase Price of all Securities (or portions thereof) to be redeemed on the Fundamental Change Purchase Date, other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee or the Co-Trustee for cancellation or have been converted.

If, on the Business Day following the Fundamental Change Purchase Date, the Paying Agent holds, in accordance with the terms of this Indenture, cash or securities sufficient to pay the Fundamental Change Purchase Price of any Securities for which a Fundamental Change Purchase Notice has been tendered and not withdrawn pursuant to Section 12.02, then, effective as of the Fundamental Change Purchase Date, such Securities will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent), and all other rights of the Holders in respect thereof shall terminate (other than the right to receive the Fundamental Change Purchase Price upon book-entry transfer or delivery of such Securities). Nothing herein shall preclude the withholding of any taxes required by law to be withheld or deducted.

Section 12.04 Security Purchased in Part. Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered which is not purchased.

Section 12.05 Covenant to Comply with Securities Laws upon Repurchase of Securities. In connection with any offer to repurchase Securities under Section 12.01 (*provided* that such offer or repurchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), and subject to any exemptions under applicable law, the Company shall (a) comply with Rule 13e-4 and Rule 14e-1 (or any successor provision) under the Exchange Act, (b) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, (c) otherwise comply with all U.S. federal and state securities laws so as to permit the rights and obligations under Section 12.02 to be exercised in the time and in the manner specified in Section 12.02 and (d) comply with any applicable Canadian Securities Laws which may then be applicable in the event of a fundamental change.

To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Article XII, the Company's compliance with such laws and regulations including the extension of the payment or notice periods contemplated by this Article XII, shall not in and of itself cause a breach of their obligations under this Article XII.

Section 12.06 Repayment to the Company. To the extent that the aggregate amount of cash deposited by the Company pursuant to Section 12.03 exceeds the aggregate Fundamental Change Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Fundamental Change Purchase Date, then, promptly after the Fundamental Change Purchase Date, the Paying Agent shall return any such excess to the Company. If such money is then held by the Company or an Affiliate of the Company in trust and is not required for such purpose, it shall be discharged from such trust.

ARTICLE XIII

CONVERSION

Section 13.01 Right to Convert. Subject to, and upon compliance with, the provisions of this Indenture, each Holder shall have the right, at such Holder's option, at any time following the Issue Date of the Securities hereunder through prior to the close of business on the second Trading Day immediately preceding the Stated Maturity (or such earlier Fundamental Change Purchase Date or Redemption Date as may be applicable) to convert the Principal Amount of any such Securities, or any portion of such Principal Amount which is in a denomination of $1,000 or an integral multiple thereof, into Common Shares at the Conversion Rate then in effect, subject to prior repurchase or redemption of the Securities.

Section 13.02 Conversion Procedure.

(a) Each Security shall be convertible at the office of the Conversion Agent.

(b) In order to exercise the conversion privilege with respect to any Securities in certificated form, the Holder of any such Securities to be converted, in whole or in part, shall:

(i) complete and manually sign the conversion notice provided on the back of the Security (the "**Conversion Notice**") or facsimile of the Conversion Notice;

(ii) deliver such Conversion Notice, which shall be irrevocable, to the Conversion Agent with a copy delivered to the Company;

(iii) surrender the Security to the Conversion Agent in accordance with the procedures of DTC;

(iv) furnish appropriate endorsements and transfer documents, if required;

(v) pay any transfer or similar tax, if required pursuant to Section 13.07 or otherwise; and

(vi) if required, pay funds to the Company equal to interest, including Additional Interest Amounts and Additional Amounts, if any, payable on the next Interest Payment Date.

The date on which the Holder satisfies all of the requirements set forth in clauses (i) through (vi) above is the "**Conversion Date.**" Such Conversion Notice shall also state the name or names (with address or addresses) in which any certificate or certificates for Common Shares which shall be issuable on such conversion shall be issued. All such Securities surrendered for conversion shall, unless the Common Shares issuable on conversion are to be issued in the same name as the registration of such Securities, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the Holder or its duly authorized attorney.

In order to exercise the conversion privilege with respect to any interest in Securities in global form, the Holder must complete the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program, furnish appropriate endorsements and transfer documents if required by the Company, the Trustee, the Co-Trustee or Conversion Agent, and pay the funds, if any, required to be paid under Section 13.02(b)(vi) and any transfer or similar taxes required pursuant to Section 13.07 or otherwise.

(c) As promptly as practicable after the later of (i) the Conversion Date (but in no event later than five Business Days after the Conversion Date) or (ii) the date all the calculations necessary to make such payment and delivery have been made (but in no event later than as specified in Section 13.03), subject to compliance with any restrictions on transfer if Common Shares issuable on conversion are to be issued in a name other than that of the Holder (as if such transfer were a transfer of the Securities (or portion thereof) so converted), the Company shall issue and shall deliver to such Holder at the office of the Conversion Agent, a check or cash and a certificate or certificates for the number of full Common Shares issuable in accordance with the provisions of this Article XIII, if applicable. In case any Securities of a denomination greater than $1,000 shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of the Securities so surrendered, without charge to him, new Securities in authorized denominations in an aggregate Principal Amount equal to the unconverted portion of the surrendered Securities.

Each conversion shall be deemed to have been effected as to any such Securities (or portion thereof) immediately prior to the close of business on the date on which the requirements set forth above in this Section 13.02 have been satisfied as to such Securities (or portion thereof), and the person in whose name any certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed to have become on said date the Holder of record of the Common Shares represented thereby; *provided, however*, that in case of any such surrender on any date when the stock transfer books of the Company shall be closed, the person or persons in whose name the certificate or certificates for such Common Shares are to be issued shall be deemed to have become the record holder thereof for all purposes on the next day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Securities shall be surrendered.

(d) Upon the conversion of an interest in Global Securities, the Trustee or the Co-Trustee (or any other Conversion Agent appointed by the Company) shall make a notation on such Global Securities as to the reduction in the Principal Amount represented thereby. The Company shall notify the Trustee and the Co-Trustee in writing of any conversions of Securities effected through any Conversion Agent other than the Trustee or the Co-Trustee.

(e) Unless the Company shall provide otherwise, each share certificate representing Common Shares issued upon conversion of the Securities that contain the Private Placement Legend or the Canadian Private Placement Legend shall bear the applicable legends in substantially the form of Exhibit C hereto.

Section 13.03 Company to Deliver Common Shares, Cash or Combination Thereof.

(a) Upon conversion of a Security, the Company will have the right to elect to deliver or cause to be delivered the requisite number of Common Shares or, at the Company's election, pay cash in lieu of delivering only Common Shares or deliver a combination of cash and Common Shares, for the Securities surrendered (plus, in each case, cash in lieu of fractional shares). The Bank of New York Mellon will initially act as Conversion Agent. A Holder may convert fewer than all of such Holder's Securities so long as the Securities converted are an integral multiple of $1,000 principal amount.

The Company will give notice of its election to deliver part or all of the conversion consideration in cash to the Holder converting the Securities within two Business Days following the Company's receipt of the Holder's notice of conversion. The Company shall also notify the Trustee, the Co-Trustee and the Conversion Agent, as applicable, of such election. The amount of cash to be delivered per Security will be equal to the number of Common Shares in respect of which the cash payment is being made multiplied by the average of the Daily VWAP prices of the Common Shares for the 20 consecutive Trading-Day period commencing on the third Trading Day immediately following the related conversion date (the "VWAP Averaging Period"), except that the VWAP Averaging Period shall be (a) in the case of conversion following a Notice of Redemption by the Company specifying the Company's intention to deliver cash upon conversion for conversions following the Redemption Notice, the 20 consecutive Trading-Day period beginning on, and including, the 22nd Scheduled Trading Day prior to the Stated Maturity, or (b) in the case of any conversion during the period beginning 25 Trading Days before the Stated Maturity, the 20 consecutive Trading-Day period beginning on, and including, the 22nd Scheduled Trading Day prior to the Stated Maturity.

If the Company elects to deliver cash in lieu of some or all of the Common Shares issuable upon conversion, it will make the payment, including delivery of the Common Shares, through the Conversion Agent, to Holders surrendering Securities no later than the fifth Business Day following the last day of the VWAP Averaging Period. Otherwise, the Company will deliver the Common Shares, together with any cash payment for fractional shares, as described below, through the Conversion Agent no later than the fifth Business Day following the Conversion Date. Notwithstanding the foregoing, if any information required to calculate the consideration deliverable upon conversion will not be available as of the applicable settlement date, the Company will deliver the additional Common Shares resulting from that adjustment on the third Trading Day after the earliest Trading Day on which such calculation can be made.

The Company may not deliver cash in lieu of any Common Shares issuable upon a Conversion Date (other than in lieu of fractional shares) if there has occurred and is continuing an Event of Default under the Indenture, other than an Event of Default that is cured by the payment of the conversion consideration.

If the Company calls Securities for redemption, a Holder may convert the Securities only until 5:00 p.m., New York City time, on the second Trading Day immediately preceding the Redemption Date unless the Company fails to pay the Redemption Price. Subject to Section 13.02, if a Holder has submitted Securities for purchase upon a Fundamental Change, such Holder may convert such Securities only if such Holder withdraws the purchase election made by such Holder prior to conversion.

The Company will not issue fractional Common Shares upon conversion of Securities. Instead, the Company will pay cash in lieu of fractional shares based on the Daily VWAP of its Common Shares on the relevant Conversion Date.

The Company's delivery to the Holder of Common Shares, cash, or a combination of cash and Common Shares, as applicable, together with any cash payment for any fractional share, into which a Security is convertible, will be deemed to satisfy the Company's obligation to pay:

(i) the principal amount of the Security; and

(ii) accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the Conversion Date.

Accrued and unpaid interest and Additional Interest Amounts or Additional Amounts, if any, to, but not including, the Conversion Date will be deemed to be paid in full rather than cancelled, extinguished or forfeited. The consideration payable by the Company to the Holder of a Security upon conversion (whether by the delivery to the Holder of Common Shares, cash, or a combination of cash and Common Shares) shall be applied in the following order: (A) sequentially in full payment of (i) any accrued and unpaid interest, (ii) any Additional Interest Amounts and (iii) any Additional Amounts, and (B) in satisfaction of the principal amount of the Security. Where Common Shares are being issued for the payment of any amounts provided under clause (A) above, the number of Common Shares to be issued pursuant to the Conversion Rate in satisfaction of the principal of the Securities shall be reduced by the number of such Common Shares, if any, issued under clause (A) above.

(b) Notwithstanding anything to the contrary in this Article XIII, if Securities are converted after 5:00 p.m., New York City time, on a Regular Record Date, but prior to 9:00 a.m., New York City time, on the immediately following interest payment date, Holders of such Securities at 5:00 p.m., New York City time, on such Regular Record Date will receive the interest and Additional Interest Amounts or Additional Amounts, if any, payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion. Any Securities surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date but prior to 9:00 a.m., New York City time, on the immediately following Interest Payment Date must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts or Additional Amounts, if any) payable on the Securities so converted on such corresponding Interest Payment Date; *provided* that no such payment need be made:

(i) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(ii) if the Company has specified a Fundamental Change Purchase Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(iii) to the extent of any overdue interest, if any overdue interest exists at the time of Conversion with respect to such Security; or

(iv) if the Securities are surrendered for conversion after 5:00 p.m., New York City time, on the regular Record Date immediately preceding the Stated Maturity.

If a Holder converts Securities, the Company will pay any documentary, stamp or similar issue or transfer tax due on the issue of any of its Common Shares upon the conversion, unless the tax is due because the Holder requests any shares to be issued in a name other than the Holder's name, in which case the Holder will pay such tax.

(c) [Reserved.]

(d) The Company will not issue fractional Common Shares upon conversion of Securities. If multiple Securities shall be surrendered for conversion at one time by the same Holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate Principal Amount of the Securities (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional Common Share would be issuable upon the conversion of any Securities, the Company shall make payment therefor in cash equal to the fraction of a Common Share otherwise issuable multiplied by the Current Market Price to the Holder of such Securities.

Section 13.04 Conversion Rate Adjustments. The Conversion Rate shall be adjusted from time to time by the Company as follows, except that the Company shall not make any adjustment to the Conversion Rate if Holders may participate, as a result of holding the Securities (and at the same time the holders of Common Shares participate), in the transaction described below as if such Holders of Securities held a number of Common Shares equal to the then-applicable Conversion Rate, *multiplied by* the principal amount (expressed in thousands) of Securities held by such Holder, without having to convert their Securities.

(a) If the Company, at any time or from time to time while any of the Securities are outstanding, pays a dividend or makes a distribution in Common Shares to all holders of its outstanding Common Shares, or if the Company subdivides or combines its Common Shares, then the Conversion Rate will be adjusted based on the following formula:

$$CR' = CR_0 x \frac{OS'}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the open of business on the Business Day immediately following distribution or the effective date of such subdivision or combination, as applicable

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date or the Business Day immediately following such effective date, as applicable

OS_0 = the number of Common Shares outstanding immediately prior to such Ex-Dividend Date or effective date, as applicable

OS' = the number of Common Shares outstanding immediately after giving effect to such dividend, distribution, subdivision or combination, as applicable

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the Record Date for such dividend or distribution, or the date fixed for determination for such Common Share subdivision or combination. If any dividend or distribution of the type described in this Section 13.04(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) If the Company, at any time or from time to time while any of the Securities are outstanding, distributes to holders of all or substantially all of its outstanding Common Shares certain rights, warrants or options to subscribe for or to purchase Common Shares at a price per Common Share less than the average of the last reported Closing Sale Prices of the Common Shares for the 10 consecutive Trading-Day period ending on, and including, the Trading Day immediately preceding the declaration date for such distribution, which rights, warrants or options are exercisable for not more than 60 calendar days from the Record Date for such distribution, the Conversion Rate shall be adjusted based on the following formula (*provided* that the Conversion Rate shall be readjusted to the extent that such rights, warrants or options are not exercised prior to their expiration):

$$CR' = CR_0 x \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such distribution

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date

OS_0 = the number of Common Shares outstanding immediately prior to the open of business on the Ex-Dividend Date

X = the total number of Common Shares issuable pursuant to such rights, warrants, or options

Y = the number of Common Shares equal to the quotient of (a) the aggregate price payable to exercise all such rights or warrants and (b) the average of the Closing Sale Price of the Common Shares for the 10 consecutive Trading Days ending on the Trading Day immediately preceding the Ex-Dividend Date for such distribution

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the date of announcement of the issuance of such rights, warrants or options.

To the extent that Common Shares are not delivered pursuant to such rights, warrants or options upon the expiration or termination of such rights, warrants or options the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights, warrants or options been made on the basis of the delivery of only the number of Common Shares actually delivered. In the event that such rights, warrants or options are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if the date fixed for the determination of shareholders entitled to receive such rights, warrants or options had not been fixed. In determining whether any rights, warrants or options entitle the holders to subscribe for or purchase Common Shares at less than such Closing Sale Price, and in determining the aggregate offering price of such Common Shares, there shall be taken into account any consideration received for such rights, warrants or options and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors of the Company.

For the purposes of this Section 13.04(c), rights, warrants or options distributed by the Company to all holders of the Common Shares entitling them to subscribe for or purchase shares of the Company's Capital Stock (either initially or under certain circumstances), which rights, warrants or options, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such Common Shares; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Shares, shall be deemed not to have been distributed for purposes of this Section 13.04(c) (and no adjustment to the Conversion Price under this Section 13.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, warrants or options shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 13.04(c). If any such right, warrant or option, including any such existing rights, warrants or options distributed prior to the date of this Indenture, are subject to events, upon the

occurrence of which such rights, warrants or options become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights, warrants or options with such rights (and a termination or expiration of the existing rights, warrants or options without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, warrants or options, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 13.04(c) was made, (A) in the case of any such rights, warrants or options which shall all have been redeemed or purchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder of Common Shares with respect to such rights, warrants or options (assuming such holder had retained such rights or warrants), made to all applicable holders of Common Shares as of the date of such redemption or repurchase, and (B) in the case of such rights, warrants or options which shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, warrants or options had not been issued.

(c) If the Company, at any time or from time to time while the Securities are outstanding, distributes to holders of all or substantially all of its outstanding Common Shares, Common Shares, evidences of indebtedness or assets or property, including securities, but excluding:

(i) dividends or distributions referred to in Section 13.04(a);

(ii) rights, warrants or options referred to in Section 13.04(b); and

(iii) dividends or distributions paid exclusively in cash;

then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 x \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date

SP_0 = the Current Market Price of the Common Shares on the Trading Day immediately preceding such Ex-Dividend Date

FMV = the fair market value (as determined by the Board of Directors of the Company) of the Common Shares, evidences of indebtedness, assets or property distributed with respect to each outstanding Common Share as of the open of business on the Ex-Dividend Date for such distribution

Such adjustment shall become effective immediately prior to 9:00 a.m., New York City time, on the Business Day following the Record Date for such distribution. If the Board of Directors of the Company determines the fair market value of any distribution for purposes of this Section 13.04(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Shares.

To the extent that the Company has a rights plan in effect upon conversion of the Securities into Common Shares, a Holder shall receive the rights under the rights plan attached to the Common Shares unless such rights are in respect of Ineligible Consideration or such rights have separated from the Common Shares at the time of conversion, in which case the Conversion Rate will be adjusted as if the Company distributed to all holders of Common Shares, Common Shares, evidences of indebtedness or assets or property as described in this Section 13.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights. For greater certainty, any rights under the rights plan received by a Holder on conversion of the Securities will be received by the Holder by reason of the Holder becoming an owner of Common Shares and not as consideration for the conversion of the Securities.

If the then fair market value of the portion of the Common Shares, evidences of indebtedness or assets or property so distributed applicable to one Common Share is equal to or greater than the Current Market Price on the Trading Day immediately preceding the Ex-Dividend Date for such distribution, in lieu of the foregoing adjustment, adequate provisions shall be made so that each Holder of a Security shall have the right to receive on conversion in respect of each Security held by such Holder, in addition to the number of Common Shares which such Holder is entitled to receive, the amount and kind of securities and assets such Holder would have received had such Holder already owned a number of Common Shares equal to the then-applicable Conversion Rate immediately prior to the Record Date for the distribution of the securities or assets; provided that no Holder shall be entitled to receive "Ineligible Consideration," as defined below in Section 13.06, but the Company shall have the right (at its sole option) to deliver either such Ineligible Consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied on December 31, 2007 with a market value (as conclusively determined by the Company's Board of Directors) equal to the market value of such ineligible consideration).

With respect to an adjustment pursuant to this Section 13.04(c) where there has been a payment of a dividend or other distribution on the Common Shares or shares of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit (a "**Spin-**

Off"), the Conversion Rate in effect immediately before 5:00 p.m., New York City time, on the effective date of the Spin-Off shall be increased based on the following formula in lieu of the formula above:

$$CR' = CR_0 x \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the effective date of the Spin-Off

CR' = the Conversion Rate in effect immediately after the effective date of the Spin-Off

FMV_0 = the average of the Closing Sale Prices of the Common Shares or similar equity interest distributed to holders of Common Shares applicable to one Common Share over the 10 consecutive Trading-Day period commencing on, and including, the Ex-Dividend Date of the Spin-Off

MP_0 = the average of the Closing Sale Prices of the Common Shares over the 10 consecutive Trading-Day period commencing on, and including, the Ex-Dividend Date of the Spin-Off

The adjustment to the Conversion Rate under the preceding paragraph will occur on the 10th Trading Day from, and including, the Ex-Dividend Date of the Spin-Off and shall be applied on a retroactive basis from, and including, the Ex-Dividend Date of the Spin-Off; *provided* that in respect of any conversion occurring prior to the effective date of the Spin-Off with respect to which the settlement date would occur during the 10 Trading Days from, and including, the Ex-Dividend Date of any Spin-Off, references with respect to the Spin-Off to the 10 consecutive Trading-Day period shall be deemed replaced with such lesser number of Trading Days as have elapsed between the Ex-Dividend Date of such Spin-Off and the settlement date in determining the applicable Conversion Rate; *provided, further*, that in respect of any conversion occurring prior the Ex-Dividend Date of the Spin-Off with respect to which the settlement date would occur during the three Trading Days from, and including, the Ex-Dividend Date of such Spin-Off, references to the 10 consecutive Trading-Day period shall be deemed replaced with a three consecutive Trading-Day period with such adjustment to the Conversion Rate being applied on a retroactive basis from, and including, the Ex-Dividend Date of the Spin-Off.

(d) If any cash dividend or other distribution is paid to all or substantially all holders of Common Shares, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date

SP_0 = the Current Market Price of the Common Shares on the Trading Day immediately preceding such Ex-Dividend Date

C = the amount in cash per share the Company distributes to holders of Common Shares

If any dividend or distribution described in this clause (d) is declared but not so paid or made, the new Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect if such dividend or other distribution had not been declared.

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender or exchange offer (as such terms are defined under applicable U.S. securities laws) for the Common Shares, to the extent that the cash and value of any other consideration included in the payment per Common Share exceeds the average of the last reported Closing Sale Prices of the Common Shares over the 10 consecutive Trading-Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR = CR_0 \times \frac{AC + (SP \times OS)}{OS_0 \times SP}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Trading Day next succeeding the date on which such tender or exchange offer expires

CR' = the Conversion Rate in effect immediately after open of business on the Trading Day next succeeding the date on which such tender or exchange offer expires

AC = the fair market value (as determined by the Board of Directors) of the aggregate consideration paid or payable for shares accepted for purchase or exchange in such tender or exchange offer

OS_0 = the number of Common Shares outstanding on the Trading Day immediately preceding the date on which such tender or exchange offer expires (prior to giving effect to such tender or exchange offer)

OS' = the number of Common Shares outstanding less any Common Shares accepted for purchase or exchange in the tender or exchange offer at the time such tender or exchange offer expires

SP' = the average of the last reported Closing Sale Prices of the Common Shares over the 10 consecutive Trading-Day period commencing on, and including, the Trading Day next succeeding the date on which such tender or exchange offer expires

The adjustment to the Conversion Rate under this Section 13.04(e) shall occur on the 10th Trading Day from, and including, the Trading Day next succeeding the date such tender or exchange offer expires and shall be applied on a retroactive basis from, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that in respect of any conversion occurring prior to the date such tender or exchange offer expires with respect to which the settlement date would occur during the 10 Trading Days from, and including, the Trading Day next succeeding the date such tender or exchange offer expires, references with respect to the tender or exchange offer to the 10 consecutive Trading-Day period shall be deemed replaced with such lesser number of Trading Days as have elapsed between the Trading Day next succeeding the date such tender or exchange offer expires and the settlement date in determining the applicable Conversion Rate.

If the Company is obligated to repurchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange had not been made.

(f) For purposes of this Section 13.04, the following terms shall have the meaning indicated:

(i) "**Current Market Price**" on any date means the average of the Closing Sale Prices per Common Share for the 10 consecutive Trading Days ending on the date of determination.

(ii) "**fair market value**" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(iii) "**Record Date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(g) Notwithstanding the foregoing provisions of this Section 13.04, the applicable Conversion Rate need not be adjusted:

(i) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the securities of the Company and the investment of additional optional amounts in Common Shares under any plan;

(ii) upon the issuance of any Common Shares or options or rights to purchase Common Shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, the Company or any of its Subsidiaries;

(iii) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the Issue Date;

(iv) for a change in the par value of the Common Shares; or

(v) for accrued and unpaid interest (including Additional Interest Amounts and Additional Amounts, if any).

(h) Subject to subsection (i) below, the Company may make such increases in the Conversion Rate, in addition to any adjustments required by Section 13.04(a), Section 13.04(b), Section 13.04(c), Section 13.04(d) or Section 13.04(e) as the Company's Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Shares or rights to purchase Common Shares resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

(i) The Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 Business Days and the Company's Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to Holders, the Trustee, the Co-Trustee and the Conversion Agent a notice of the increase at least 15 days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect. Any such increase in the Conversion Rate by the Company's Board of Directors shall not, without the approval of the Company's shareholders, if required by the rules of the New York Stock Exchange or the Toronto Stock Exchange, result in the sale or issuance of 20% (25% in the case of the Toronto Stock Exchange) or more of the Common Shares, or 20% (25% in the case of the Toronto

Stock Exchange) or more of the voting power, outstanding as of February 3, 2011.

(j) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in such rate; *provided, however*, that any adjustments which by reason of this Section 13.04(j) are not required to be made shall be carried forward and make such carried forward adjustment immediately after the aggregate adjustment is equal or greater than 1%. All calculations under this Article XIII shall be made by the Company and shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be. No adjustment need be made for rights to purchase Common Shares pursuant to a Company plan for reinvestment of dividends or interest. To the extent the Securities become convertible into cash, assets, property or securities (other than Common Shares) of the Company, no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on the cash.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee, the Co-Trustee and any Conversion Agent an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of each of the Trustee, the Co-Trustee and any Conversion Agent shall have received such Officers' Certificate, neither the Trustee, the Co-Trustee nor any Conversion Agent shall be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which each had knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to each Holder (with a copy to the Trustee, the Co-Trustee and the Conversion Agent) at such Holder's last address appearing on the Security Register, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 13.04 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Securities converted after such Record Date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction pursuant to Section 13.03.

(m) For purposes of this Section 13.04, the number of Common Shares at any time outstanding shall not include Common Shares held in the treasury of the Company so long as the Company does not pay any dividend or make any distribution on Common Shares held in the treasury of the Company, but shall include Common Shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares.

(n) No adjustment to the Conversion Rate shall be made pursuant to this Section 13.04 if the Holders of the Securities may participate in the transaction that would otherwise give rise to an adjustment pursuant to this Section 13.04; subject to the prior written

consent of the Toronto Stock Exchange.

(o) Whenever any provision of this Indenture requires a calculation of an average of Closing Sale Prices or Daily VWAP over a span of multiple days, or if any distribution or transaction described in clauses (a) to (e) has occurred after the Company has elected the means by which the Company will satisfy a conversion obligation but where such transaction has not yet resulted in an adjustment to the applicable Conversion Rate on the Conversion Date and any Common Shares a converting Holder will receive on settlement are not entitled to participate in the relevant distribution or transaction (because they were not held on a related Record Date or otherwise), then the Company shall make appropriate adjustments to reflect the relevant distribution or transaction (determined in good faith by the Board of Directors) to account for any and all adjustments to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date of the event occurs at any time during the period from which the average is to be calculated, based on the adjustment provision set forth in clauses (a) to (e) above.

Section 13.05 Adjustments Upon Certain Fundamental Changes.

(a) If a Holder elects to convert Securities in connection with either (i) a Fundamental Change (as determined after giving effect to any exceptions or exclusions to such definition, including, without limitation, the last paragraph in Section 12.01(a)), or (ii) following a Termination of Trading, then the Conversion Rate for such Securities shall be increased by an additional number of Common Shares (the "**Additional Shares**") as described below. Any conversion will be deemed to have occurred in connection with such Fundamental Change or Termination of Trading, as the case may be only if: (A) in the case of a Fundamental Change described in clause (ii) of the definition of Fundamental Change, such Securities are surrendered for conversion from and after the date that is 30 calendar days prior to the anticipated Effective Date of such Fundamental Change through and including the second Trading Day immediately preceding the related Fundamental Change Purchase Date, or (B) in the case of a Fundamental Change described in clauses (i), (iii) and (iv) of the definition of Fundamental Change, such Securities are surrendered for conversion from and after the Effective Date of such Fundamental Change through and including the second Trading Day immediately preceding the related Fundamental Change Purchase Date, or (C) in the case of a Termination of Trading, such Securities are surrendered for conversion from and after the date of the Termination of Trading through and including the 30th day following such date unless the Company has relisted the Common Shares on a U.S. national securities exchange or the Toronto Stock Exchange prior to the date that the Securities are surrendered for conversion. The Company shall notify Holders at least 30 calendar days prior to the anticipated Effective Date of any Fundamental Change described in clause (ii) of the definition of Fundamental Change or as soon as reasonably practicable after the Company has been notified that the Common Shares have been delisted by the relevant stock exchange, and it will update its notice promptly if the anticipated effective date subsequently changes.

(b) The number of Additional Shares will be determined by reference to the table attached as Schedule A hereto, based on the date on which the Fundamental Change occurs or becomes effective (the "**Effective Date**") and the price (the "**Share Price**") paid per Common Share in the Fundamental Change. If the Fundamental Change is a transaction

described in clause (ii) of the definition of Fundamental Change, and holders of Common Shares receive only cash in that Fundamental Change, the Share Price shall be the cash amount paid per Common Share. Otherwise, the Share Price shall be the average of the Closing Sale Prices of Common Shares over the five Trading-Day period ending on the Trading Day preceding the Effective Date of the Fundamental Change or the delisting event related to the Termination of Trading, as the case may be.

(c) The Share Prices set forth in the first row of the table in Schedule A hereto shall be adjusted as of any date on which the Conversion Rate of the Securities is otherwise adjusted. The adjusted Share Prices shall equal the Share Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Share Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional Shares will be adjusted in the same manner as the Conversion Rate as set forth in Section 13.04.

(d) The table in Schedule A hereto sets forth the hypothetical Share Price and the number of Additional Shares to be received per $1,000 Principal Amount of Securities. The exact Share Prices and Effective Dates may not be set forth in the table in Schedule A, in which case:

(i) If the Share Price is between two Share Prices in the table or the Effective Date is between two Effective Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Share Prices and the two dates, as applicable, based on a 365-day year.

(ii) If the Share Price is greater than $22.50 per Common Share (subject to adjustment), no Additional Shares will be issued upon conversion.

(iii) If the Share Price is less than $5.49 per Common Share (subject to adjustment), no Additional Shares will be issued upon conversion.

Notwithstanding the foregoing, in no event will the total number of Common Shares issuable upon conversion exceed 182.1493 Common Shares per $1,000 Principal Amount of Securities, subject to adjustments in the same manner as the Conversion Rate as set forth in Section 13.04.

(e) If the Company is a party to any reclassification of the Common Shares (other than changes resulting from a subdivision or combination) or a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance of all or substantially all of the Company's consolidated assets to another person or entity or other similar combination involving the Company, in each case pursuant to which the Common Shares are convertible into Reference Property, then, pursuant to Section 13.06, at the effective time of such transaction, the Securities will be convertible only into the Reference Property, if applicable (provided such Reference Property is not Ineligible Consideration). If the Company is required to increase the Conversion Rate for Securities converted in connection with such Fundamental Change by Additional Shares as a result of such Fundamental Change, Securities

so surrendered for conversion shall be settled as follows:

(i) if the date on which the Securities are surrendered for conversion is prior to the third Trading Day immediately preceding the Effective Date of the Fundamental Change, the Company shall (A) deliver the amount of Common Shares, based on the Conversion Rate then in effect without regard to the number of Additional Shares to be added to the Conversion Rate as described above in this Section 13.05, on the third Trading Day immediately following the applicable Conversion Date; and (B) as soon as practicable following the Effective Date of the Fundamental Change, deliver an amount of Reference Property equal to the amount of Reference Property that would have been issuable in respect of the Additional Shares pursuant to such Fundamental Change; *provided,* such Reference Property is not Ineligible Consideration; and

(ii) if the date on which the Securities are surrendered for conversion is on or after the third Trading Day immediately preceding the Effective Date of the Fundamental Change, the Company shall deliver an amount of Reference Property equal to the amount of Reference Property that would have been issuable upon conversion of the Securities immediately after giving effect to the Fundamental Change based on the Conversion Rate as increased by the Additional Shares; *provided,* such Reference Property is not Ineligible Consideration.

Section 13.06 Effect of Reclassification, Consolidation, Merger or Sale. If the Company is a party to any reclassification of the Common Shares (other than changes resulting from a subdivision or combination) or a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance of all or substantially all of the Company's consolidated assets to another person or entity or other similar combination involving the Company, in each case pursuant to which the Common Shares are converted into cash, securities or other property, then at the effective time of such transaction the Company or the successor or purchasing person, as the case may be, shall execute with the Trustee and the Co-Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that the Securities shall be convertible into the securities or other property (other than Ineligible Consideration (as defined below)) receivable upon such transaction by a Holder had such Holder converted its Securities immediately prior to such transaction solely for Common Shares (the "**Reference Property**"). If such transaction causes the Common Shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the Reference Property into which the Securities will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares that affirmatively make such an election. Notwithstanding the foregoing, if Holders would otherwise be entitled to receive, upon conversion of the Securities, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied to the 2007 taxation year (referred to herein as "**Ineligible Consideration**"), such Holders shall not be entitled to receive such Ineligible Consideration but the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver either such Ineligible Consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied to the 2007 taxation year with a market value (as conclusively determined by the Company's Board of Directors) equal to the market value of

such Ineligible Consideration. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article XIII. If, in the case of any such reclassification, consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale or conveyance or other similar combination, the cash, securities or other property receivable thereupon by a holder of Common Shares includes cash, securities or other property of a corporation other than the successor or purchasing corporation, as the case may be, in such transaction, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders as the Board of Directors of the Company shall reasonably consider necessary by reason of the foregoing.

The Company shall give notice to the Holders, the Trustee, the Co-Trustee and the Conversion Agent at least 30 days prior to the effective date of any transaction set forth in this Section 13.06 in writing and by release to a business newswire stating the consideration into which the Securities will be convertible after the effective date of such transaction. After such notice, the Company or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the Security except in accordance with any other provision of this Indenture.

The above provisions of this Section 13.06 shall similarly apply to successive reclassifications, consolidations, amalgamations, mergers, binding share exchanges, statutory arrangements, sales or conveyances or other similar combinations. If this Section 13.06 applies to any event or occurrence, Section 13.04 shall not apply.

Section 13.07 Taxes on Shares Issued. Any issue of share certificates on conversions of Securities shall be made without charge to the converting Holder for any documentary, transfer, stamp or any similar tax in respect of the issue thereof, and the Company shall pay any and all documentary, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of Common Shares on conversion of Securities pursuant hereto. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of Common Shares in any name other than that of the Holder of any Securities converted, and the Company shall not be required to issue or deliver any such share certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 13.08 Reservation of Shares; Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Shares. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient Common Shares to provide for the conversion of the Securities from time to time as such Securities are presented for conversion (assuming that, at the time of the computation of such number of shares or Securities, all such Securities would be held by a single Holder).

Before taking any action that would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the Common Shares issuable upon conversion of the Securities, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue Common Shares at such adjusted Conversion Price.

The Company covenants that all Common Shares that may be issued upon conversion of Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and non-assessable and shall be free from preemptive rights and free from any lien or adverse claim.

The Company shall use its reasonable efforts to list or cause to have quoted any Common Shares to be issued upon conversion of Securities on each national Securities exchange or over-the-counter or other domestic market on which the Common Shares are then listed or quoted.

Section 13.09 Responsibility of Conversion Agent, Trustee and Co-Trustee. The Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder, to monitor the performance of the Company or its share price, to solicit bids to determine the Conversion Rate, any adjustment to the Conversion Rate, or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares, or of any securities, cash or property, which may at any time be issued or delivered upon the conversion of any Securities; and the Trustee, the Co-Trustee and The Bank of New York Mellon, as Conversion Agent, or any other Conversion Agent make no representations and shall be held harmless with respect thereto. Neither the Trustee, the Co-Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any Common Shares or share certificates or other securities or property or cash upon the surrender of any Securities for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article XIII. Without limiting the generality of the foregoing, neither the Trustee, the Co-Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 13.06 relating either to the kind or amount of cash, securities or property receivable by Holders upon the conversion of their Securities after any event referred to in such Section 13.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 6.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee and the Co-Trustee prior to the execution of any such supplemental indenture) with respect thereto. Nothing herein shall require the Trustee, Co-Trustee or any Conversion Agent to monitor whether conditions exist under which a conversion can be done or a Fundamental Change is occurring.

Section 13.10 Notice to Holders Prior to Certain Actions. In case,

(a) the Company shall declare a dividend (or any other distribution) on its Common Shares that would require an adjustment in the Conversion Rate pursuant to Section 13.04; or

(b) the Company shall authorize the granting to the holders of all or substantially all of its Common Shares of rights or warrants to subscribe for or purchase any

share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Shares of the Company (other than a subdivision or combination of its outstanding Common Shares, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company or any of its Significant Subsidiaries; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company or any of its Significant Subsidiaries;

then, in each case, the Company shall cause to be filed with the Trustee, the Co-Trustee and the Conversion Agent and to be mailed to each Holder of Securities at such Holder's address appearing on the Security Register, as promptly as practicable but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution or rights are to be determined, or (ii) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

Section 13.11 Company Determination Final. Any determination that the Company or its Board of Directors must make pursuant to this Article XIII shall be conclusive if made in good faith and in accordance with the provisions of this Article XIII, absent manifest error, and set forth in a Board Resolution.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

JAGUAR MINING INC.

By: /s/
Title: Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/
Title:

BNY TRUST COMPANY OF CANADA,
as Co-Trustee

By: /s/
Title:

THE BANK OF NEW YORK MELLON,
as Conversion Agent

By: /s/
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

JAGUAR MINING INC.

By: _____
Title:

THE BANK OF NEW YORK MELLON,
as Trustee

By: Catherine F. Donohue
Title: Vice President

BNY TRUST COMPANY OF CANADA,
as Co-Trustee

By: _____
Title:

THE BANK OF NEW YORK MELLON,
as Conversion Agent

By: Catherine F. Donohue
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

JAGUAR MINING INC.

By: _____
Title:

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Title:

BNY TRUST COMPANY OF CANADA,
as Co-Trustee

By: _____
Title: Authorized Signatory

THE BANK OF NEW YORK MELLON,
as Conversion Agent

By: _____
Title:

SCHEDULE A

The following table sets forth the hypothetical Share Price and the number of Additional Shares to be received per $1,000 Principal Amount of Securities pursuant to Section 13.05 of this Indenture:

	Share Price										
Effective date	**$5.49**	**$6.00**	**$7.00**	**$8.00**	**$9.00**	**$10.00**	**$12.50**	**$15.00**	**$17.50**	**$20.00**	**$22.50**
2/9/2011	49.6770	41.4006	29.7764	22.0350	16.6540	12.7790	6.8295	3.6562	1.8583	0.8353	0.2501
3/31/2012	49.6770	41.1206	28.7270	21.0647	15.6219	11.7931	6.1067	3.1841	1.5813	0.6753	0.1668
3/31/2013	49.6770	40.8312	27.6728	19.3645	13.9250	10.2380	5.0436	2.5253	1.2105	0.4756	0.0727
3/31/2014	49.6770	39.3219	25.0755	16.4875	11.1975	7.8409	3.5559	1.7082	0.7788	0.2565	0.0018
3/31/2015	49.6770	35.9765	20.1052	11.3615	6.6817	4.1797	1.6887	0.8298	0.3592	0.0689	0.0000
3/31/2016	49.6770	34.1944	10.3848	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT A

[FORM OF GLOBAL NOTE]

[Insert Global Security Legend, if required pursuant to the Indenture]

[Insert Private Placement Legend, if required pursuant to the Indenture]

[Insert Canadian Private Placement Legend, if required pursuant to the Indenture]

JAGUAR MINING INC.

5.5% Senior Convertible Notes due 2016

No. [•] CUSIP NO.: 47009M AH6
ISIN: CA47009MAH66 US$103,500,000

Jaguar Mining Inc., a corporation duly organized and validly existing under the laws of Canada (herein called the "**Company**", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to Cede & Co., or registered assigns, the principal sum of one hundred and three million and five hundred thousand United States Dollars ($103,500,000) [**INCLUDE IF SECURITY IS A GLOBAL SECURITY** — (which amount may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, in accordance with the rules and procedures of the Depositary)] on March 31, 2016.

Reference is made to the further provisions of this Security set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Security the right to convert this Security in certain circumstances and the ability and the obligation of the Company to make an offer to repurchase this Security upon certain events on the terms and subject to the limitations referred to on the reverse hereof and as are more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Security shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

JAGUAR MINING INC.

By: _____
Authorized Signatory

Attest:

By: _____
Authorized Signatory

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

[Reverse of Security]

JAGUAR MINING INC.

5.5% Senior Convertible Notes due 2016

This Security is one of a duly authorized issue of Securities of the Company, designated as its 5.5% Senior Convertible Notes due 2016 (herein called the "**Securities**"), all issued or to be issued under and pursuant to an Indenture dated as of February 9, 2011 (herein called the "**Indenture**"), between the Company and The Bank of New York Mellon (herein called the "**Trustee**") and BNY Trust Company of Canada (herein called the "**Co-Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Company, the Trustee, the Co-Trustee and the Holders of the Securities. Terms used herein which are defined in the Indenture have the meanings assigned to them in the Indenture.

The indebtedness evidenced by the Securities is senior unsecured indebtedness of the Company and ranks equally with the Company's other senior unsecured indebtedness and prior to all of the Company's subordinated debt.

(a) Interest. The Company will pay interest on the principal amount of this Security at the rate of 5.5% per annum. The Company will pay interest semiannually in arrears on March 31 and September 30 of each year, commencing on September 30, 2011.

Interest will be paid to the person in whose name a Security is registered at the close of business on or, as the case may be, immediately preceding the relevant Interest Payment Date. Interest (including any Additional Interest Amounts) on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months. Each rate of interest which is calculated with reference to a period that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to the yearly rate of interest payable on the Securities multiplied by the actual number of days in the year and divided by 360. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed in the period.

The Holder of this Security at 5:00 p.m., New York City time, on a Regular Record Date shall be entitled to receive interest (including Additional Interest Amounts and Additional Amounts, if any), on this Security on the corresponding Interest Payment Date. The Holder of this Security at 5:00 p.m., New York City time, on a Regular Record Date will receive payment of interest (including Additional Interest Amounts and Additional Amounts, if any) payable on the corresponding Interest Payment Date notwithstanding the conversion of this Security at any time after 5:00 p.m., New York City time, on such Regular Record Date but prior to 9:00 a.m., New York City time, on the immediately following interest payment date. If this Security is surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date but prior to 9:00 a.m., New York City time, on the immediately following Interest Payment Date, it must be accompanied by payment of an amount equal to the interest (including Additional Interest Amounts and Additional Amounts, if any) that the Holder

is to receive on the Securities on the corresponding Interest Payment Date, subject to the exceptions set forth in Section 13.03(b) of the Indenture. Except where this Security is surrendered for conversion and must be accompanied by payment as described above, no interest (including Additional Interest Amounts or Additional Amounts, if any) thereon will be payable by the Company on any Interest Payment Date subsequent to the date of conversion, and delivery of the cash and Common Shares, if applicable, pursuant to Article XIII of the Indenture, together with any cash payment for any fractional shares, upon conversion will be deemed to satisfy the Company's obligation to pay the principal amount of the Securities and accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) to, but not including, the related Conversion Date.

(b) Method of Payment. By no later than 12:00 p.m., New York City time, one Business Day prior to the date on which any principal of or interest (including Additional Interest Amounts or Additional Amounts, if any) on any Security is due and payable, the Company shall deposit with the Paying Agent money sufficient to pay such amount. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Securities represented by a Global Security (including principal and interest (including Additional Interest Amounts and Additional Amounts, if any)) will be made by wire transfer of immediately available funds to the accounts specified by the Depositary. The Company will pay principal of Physical Securities at the office or agency designated by the Company in The Borough of Manhattan, The City of New York. Interest (including Additional Interest Amounts and Additional Amounts, if any) on Physical Securities will be payable (i) to Holders having an aggregate principal amount of $5,000,000 or less, by check mailed to the Holders of these Securities and (ii) to Holders having an aggregate principal amount of more than $5,000,000, either by check mailed to each Holder or, upon application by a Holder to the Security Registrar not later than two days prior to the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies the Security Registrar, in writing, to the contrary.

(c) Additional Amounts. The Company shall pay to the Holders such Additional Amounts as may become payable under Section 10.10 of the Indenture.

(d) Redemption For Tax Reasons; Notice of Election by Holder. Subject to the terms of the Indenture, the Company may, at its option, redeem the Securities, in whole but not in part, for an amount equal to 100% of the Principal Amount of the Securities, plus accrued and unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) to, but excluding, the Redemption Date (the "**Redemption Price**"), if the Company has become or would become obligated to pay to the Holders Additional Amounts (which are more than a *de minimis* amount) as a result of any amendment or change occurring after February 3, 2011 in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change occurring after February 3, 2011 in the interpretation or application of any such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination); *provided,* the Company cannot avoid these obligations by taking reasonable measures available to it and that it delivers to the

Trustee and the Co-Trustee an opinion of Canadian legal counsel specializing in taxation and an Officers' Certificate attesting to such change and obligation to pay Additional Amounts (such a redemption, referred to herein as a "**Tax Redemption**").

Upon receiving a Notice of Redemption with respect to a Tax Redemption, each Holder who does not wish to have the Company redeem its Securities pursuant to Article XI of the Indenture can elect to (i) convert its Securities pursuant to Article XIII of the Indenture or (ii) not have its Securities redeemed, provided that no Additional Amounts will be payable on any payment of interest or principal with respect to the Securities after such Redemption Date. All future payments will be subject to the deduction or withholding of any Canadian Taxes required by law to be deducted or withheld.

Where no such election is made, the Holder will have its Securities redeemed without any further action. If a Holder does not elect to convert its Securities pursuant to Article XIII of the Indenture but wishes to elect to not have its Securities redeemed, such Holder must deliver to the Paying Agent designated by the Company for such purpose in the Notice of Redemption, a written Notice of Election (the "**Notice of Election**") in the form provided on the back of this Security (or a facsimile thereof), or any other form of written notice substantially similar to the Notice of Election, in each case, duly completed and signed, so as to be received by the Paying Agent no later than the close of business on the fifth Business Day prior to the Redemption Date.

A Holder may withdraw any Notice of Election by delivering to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company in the Notice of Redemption, a written notice of withdrawal prior to the close of business on the second Business Day prior to the Redemption Date.

(e) Others Matters Relating to Redemption. Written notice of any Tax Redemption will be provided at least 30 calendar days but not more than 60 calendar days prior to the Redemption Date to each Holder of Securities to be redeemed; provided that, (i) in no event will the Company be obligated to give notice of redemption earlier than 60 calendar days prior to the earliest date on or from which it would be obligated to pay any Additional Amounts, and (ii) at the time the Company gives the notice, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

If cash sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date, such Securities (or portions thereof) will cease to be outstanding and interest (including Additional Interest Amounts or Additional Amounts, if any) on such Securities will cease to accrue (whether or not book-entry transfer of such Securities is made or whether or not such Securities are delivered to the Paying Agent).

If a Redemption Date is after a Regular Record Date for the payment of interest but on or prior to the corresponding Interest Payment Date, then the interest payable on such Interest Payment Date will be paid to the Holder of record of such Securities on the relevant

Regular Record Date, and the amount paid to the Holder who presents the Securities for redemption shall be 100% of the Principal Amount of such Securities.

(f) Offer to Purchase By the Company upon a Fundamental Change. Subject to the terms and conditions of the Indenture, in the event of a Fundamental Change with respect to the Company at any time prior to March 31, 2016, the Company will be required to make an offer to purchase for cash (the "**Fundamental Change Purchase Offer**") all outstanding Securities at a purchase price equal to the Principal Amount plus accrued but unpaid interest, including Additional Interest Amounts or Additional Amounts, if any (the "**Fundamental Change Purchase Price**"), up to, but excluding, the Fundamental Change Purchase Date. The "**Fundamental Change Purchase Date**" will be a date specified by the Company that is no later than the 30th Business Day following the date of the Fundamental Change Notice (as defined below).

Within 30 calendar days after the occurrence of a Fundamental Change with respect to the Company, the Company shall mail to the Trustee, the Co-Trustee and all Holders of the Securities at their addresses shown in the Security Register, and to beneficial owners of the Securities as may be required by applicable law, a notice (the "**Fundamental Change Notice**") of the occurrence of such Fundamental Change and the Fundamental Change Purchase Offer arising as a result thereof.

To accept the Fundamental Change Purchase Offer, a Holder of Securities must deliver to the Paying Agent designated by the Company for such purpose in the Fundamental Change Purchase Notice, on or before the Business Day immediately preceding the Fundamental Change Purchase Date, (i) written notice of acceptance of the Fundamental Change Purchase Offer in the form set forth in the Fundamental Change Purchase Offer Acceptance Notice on the back of this Security (the "**Fundamental Change Purchase Notice**"), or any other form of written notice substantially similar to the Fundamental Change Purchase Notice, in each case, duly completed and signed, with appropriate signature guarantee, and (ii) such Securities that the Holder wishes to tender for purchase by the Company pursuant to the Fundamental Change Purchase Offer, together with the necessary endorsements for transfer to the Company.

Holders have the right to withdraw any Fundamental Change Purchase Notice by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If the Fundamental Change Purchase Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, then the interest payable on such date will be paid to the Holder of record of the Security on the relevant Regular Record Date and the Fundamental Change Purchase Price payable to the Holder who presents the Security for repurchase shall be 100% of the Principal Amount of such Security.

(g) Conversion. Subject to and in compliance with the provisions of the Indenture (including without limitation the conditions of conversion of this Security set forth in Section 13.01 thereof), the Holder hereof has the right, at its option, to convert the Principal Amount hereof or any portion of such principal which is $1,000 or an integral multiple thereof, into, subject to Section 13.02 of the Indenture, Common Shares at the initial conversion rate of

132.4723 Common Shares per $1,000 Principal Amount of Securities (the "**Conversion Rate**") (equivalent to a Conversion Price of approximately $7.55), subject to adjustment. Upon conversion of a Security, the Company will have the right to elect to deliver cash or a combination of cash and Common Shares for the Securities surrendered instead of delivering only Common Shares (plus cash in lieu of fractional Common Shares), as set forth in the Indenture. No fractional shares will be issued upon any conversion, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a Common Share which would otherwise be issuable upon the surrender of any Securities for conversion. The Trustee will initially act as Conversion Agent. A Holder may convert fewer than all of such Holder's Securities so long as the Securities converted are an integral multiple of $1,000 Principal Amount.

(h) Amendment and Waiver. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company, the Trustee and the Co-Trustee with the consent of the Holders of not less than a majority in aggregate Principal Amount of the Outstanding Securities. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate Principal Amount of the Outstanding Securities, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past Defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

(i) Defaults and Remedies. If an Event of Default shall occur and be continuing, the Principal Amount plus accrued but unpaid interest (including Additional Interest Amounts or Additional Amounts, if any) may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless (i) such Holder shall have previously given the Trustee and the Co-Trustee written notice of a continuing Event of Default with respect to the Securities, (ii) the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities shall have made written request to the Trustee and Co-Trustee to institute proceedings in respect of such Event of Default and offered the Trustee and Co-Trustee reasonable indemnity satisfactory to them, (iii) the Trustee and Co-Trustee shall not have received from the Holders of a majority in Principal Amount of Outstanding Securities a direction inconsistent (in their opinion) with such request, and (iv) the Trustee and the Co-Trustee shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity referred to above. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any Default in the payment of the Redemption Price or Fundamental Change Purchase Price or payment of said principal hereof and interest (including Additional Interest Amounts, if any) hereon after the respective due dates expressed herein or for the enforcement of any conversion right.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the Principal Amount, Redemption Price or Fundamental Change Purchase Price of, and interest, including Additional Interest Amounts or Additional Amounts, if any, on, this Security at the times, place and rate, and in the coin, currency or shares, herein prescribed. Notwithstanding the foregoing, prior to the occurrence of a Fundamental Change, the Company may, with the consent of the holders of not less than a majority in aggregate Principal Amount of the Securities, amend the obligation of the Company to repurchase Securities upon a Fundamental Change.

(j) Transfers; Denomination Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate Principal Amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form in denominations of $2,000 and any integral multiple of $1,000 above that amount, as provided in the Indenture and subject to certain limitations therein set forth. Securities are exchangeable for a like aggregate Principal Amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, the Co-Trustee and any agent of the Company, the Trustee or the Co-Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee, the Co-Trustee nor any such agent shall be affected by notice to the contrary.

(k) No Recourse Against Others. No director, officer, employee, shareholder or Affiliate, as such, of the Company from time to time shall have any liability for any obligations of the Company under the Securities or the Indenture. Each Holder by accepting a Security waives and releases all such liability.

(l) Authentication. No Security shall be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication executed by the Trustee.

(m) Governing Law; Indenture to Control. This Security shall be governed by and construed in accordance with the laws of the State of New York.

In the case of any conflict between the provisions of this Security and the Indenture, the provisions of the Indenture shall control. All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Jaguar Mining Inc.

5.5% Senior Convertible Notes Due 2016

CUSIP No.: 47009M AH6

ASSIGNMENT FORM

Principal Amount Being Assigned: $_____

If you want to assign this Security, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Security to:

_____

_____

_____

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint _____ ("**agent**") to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Jaguar Mining Inc.

5.5% Senior Convertible Notes due 2016

CUSIP No.: 47009M AH6

CONVERSION NOTICE

Principal Amount of this Security: $_____

If you want to convert this Security into Common Shares of the Company and, if applicable, cash or a combination of Common Shares and cash (at the Company's election), check the box: ☐

To convert only part of this Security, state the Principal Amount to be converted (which must be $1,000 or an integral multiple of $1,000):

$ _____

Fill in the form below with the social security or tax ID no., name, address and zip code of the person to whom you want the Common Shares certificate(s) and Securities (if any) to be delivered:

_____

(Insert social security or tax ID no.)

_____

_____

(Print or type name, address, zip code and telephone number)

Fill in the form below with the wire transfer information to be used for any Additional Interest Amount payable to you pursuant to Section 10.11 of the Indenture:

_____

(Insert Bank Name)

_____

(Insert Bank Account Name and Bank Account Number)

_____

(Insert Transit Routing Number)

The Paying Agent reserves the right to request the W-8 or W-9 or any other information deemed necessary to make the payment at the time of the payment of the Additional Interest Amount. Please attach a fully completed and signed W-8 or W-9 (as applicable) in order to receive any Additional Interest Amount. If no fully completed and signed W-8 or W-9 is

provided, the Trustee, the Co-Trustee and/or the Paying Agent may withhold from payment such amount as may be required under applicable tax law.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security, if applicable)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

This Conversion Notice must be delivered to the Conversion Agent at:

The Bank of New York Mellon
International Corporate Trust
101 Barclay Street, Floor 4-E
New York, New York 10286
Fax No: (212) 815-5366

with a copy to:

Jaguar Mining Inc.
125 North State Street
Concord, New Hampshire 03301
Attention: Corporate Secretary
Fax No: (603) 228-8045

Jaguar Mining Inc.

5.5% Senior Convertible Notes due 2016

CUSIP No.: 47009M AH6

FUNDAMENTAL CHANGE PURCHASE OFFER ACCEPTANCE NOTICE

Principal Amount of this Security: $_____

If you elect to have this Security purchased by the Company pursuant to the applicable provisions of the Indenture, check the box: ☐

If you elect to have only part of this Security purchased by the Company, state the Principal Amount to be purchased (which must be $1,000 or an integral multiple of $1,000):

$ _____

The undersigned hereby accepts the Fundamental Change Purchase Offer pursuant to the applicable provisions of the Securities.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security, if applicable)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

Jaguar Mining Inc.

5.5% Senior Convertible Notes due 2016

CUSIP No.: 47009M AH6

NOTICE OF ELECTION UPON TAX REDEMPTION

Principal Amount of this Security: $_____

If you elect not to have this Security redeemed by the Company, check the box: ☐

If you elect to have only part of this Security redeemed by the Company, state the Principal Amount to be redeemed (which must be $1,000 or an integral multiple of $1,000):

$ _____

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Physical Securities have been issued, the certificate numbers shall be stated in this notice.

EXHIBIT B

[FORM OF CERTIFICATE OF TRANSFER]

_____, ____

The Bank of New York Mellon
101 Barclay Street
Floor 4E
New York, NY 10286
Attention: Global Trust Services
Fax: (212) 815-5802 or (212) 815-5366

Re: Jaguar Mining Inc. – 5.5% Senior Convertible Notes due 2016

CUSIP No.: 47009M AH6

Reference is hereby made to the Indenture, dated as of February 9, 2011 (the "**Indenture**"), between Jaguar Mining Inc., a corporation amalgamated under the laws of the Province of Ontario, as Issuer (the "**Company**"), and The Bank of New York Mellon, as Trustee, and BNY Trust Company of Canada, as Co-Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "**Transferor**") owns and proposes to exchange or transfer the Securities or interest in such Securities specified in Annex A hereto, in the principal amount of US$_____ (the "**Transfer**"), to _____ (the "**Transferee**"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

1. ☐ **Check if Transferee will take delivery of a beneficial interest in a Restricted Global Security or a Restricted Physical Security**. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Physical Security is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Physical Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any applicable state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Physical Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend and in the Indenture.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or an Unrestricted Physical Security**. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Physical Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend and in the Indenture.

3. ☐ **Check if the Transfer will take place before June 10, 2011**. The Transfer is not being made to a Person in Canada.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

By: _____
Name:
Title:

Dated: _____

Signature guarantee*: _____

* Participant is a recognized Signature guarantee Medallion Program (or other signature guarantor acceptable to the Security Registrar).

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE]

(a) ☐ a beneficial interest in:

(i) ☐ a Restricted Global Security, or

(ii) ☐ an Unrestricted Global Security, or

(b) ☐ a Restricted Physical Security

(c) ☐ an Unrestricted Physical Security

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) ☐ a beneficial interest in:

(i) ☐ a Restricted Global Security, or

(ii) ☐ an Unrestricted Global Security, or

(b) ☐ a Restricted Physical Security

(c) ☐ an Unrestricted Physical Security

EXHIBIT C

[COMMON SHARE LEGENDS]

THE COMMON SHARES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER HEREOF AGREES THAT UNTIL THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITY EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE COMMON SHARES EVIDENCED HEREBY EXCEPT (A) TO JAGUAR MINING INC. OR TO ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); (2) PRIOR TO SUCH TRANSFER, IT WILL FURNISH TO CIBC MELLON TRUST COMPANY, AS STOCK TRANSFER AGENT (OR ANY SUCCESSOR STOCK TRANSFER AGENT, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) IT WILL DELIVER TO EACH PERSON TO WHOM THE COMMON SHARES EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(E) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERM "UNITED STATES" HAS THE MEANING GIVEN TO IT BY REGULATION S UNDER THE SECURITIES ACT.

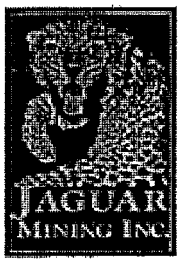
[CANADIAN PRIVATE PLACEMENT LEGEND - INCLUDE IF SECURITY IS ISSUED BEFORE JUNE 10, 2011 — UNLESS PERMITTED BY APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MAY NOT TRADE THIS SECURITY IN CANADA BEFORE JUNE 10, 2011.]

Certain Sections of this Indenture relating to Sections 310 through 318 of the Trust Indenture Act of 1939:

Trust Indenture Act Section		Indenture Section
§ 310	(a)(1)	6.09
	(a)(2)	6.09
	(a)(3)	Not Applicable
	(a)(4)	Not Applicable
	(b)	6.08
		6.10
§ 311	(a)	6.13
	(b)	6.13
§ 312	(a)	10.08
		7.01(a)
	(b)	7.01(b)
	(c)	7.01(c)
§ 313	(a)	7.02(a)
	(b)	7.02(a)
	(c)	7.02(a)
	(d)	7.02(b)
§ 314	(a)	10.09
	(b)	Not Applicable
	(c)(1)	1.02
	(c)(2)	1.02
	(c)(3)	Not Applicable
	(d)	Not Applicable
	(e)	1.02
§ 315	(a)	6.01
	(b)	6.02
	(c)	6.01
	(d)	6.01
	(e)	5.14
§ 316	(a)(last sentence)	1.01
	(a)(1)(A)	5.12
	(a)(1)(B)	5.13
	(a)(2)	Not Applicable
	(b)	5.08
	(c)	1.04(c)
§ 317	(a)(1)	5.03
	(a)(2)	5.05
	(b)	10.03
§ 318	(a)	1.07

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of this Indenture.

Exhibit "F"



This is Exhibit F referred to in the affidavit of DAVID PETROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

February 9, 2011
Concord, New Hampshire

2011-04
JAG - TSX/NYSE

Jaguar Mining Closes Previously Announced Offering of Senior Convertible Notes Including an Additional US$13,500,000 of Notes Following Exercise of Over-Allotment Option

Jaguar Mining Inc. ("Jaguar" or the "Company") (JAG: TSX/NYSE) announced today that it has successfully closed the previously announced offering of US$103.5 million aggregate principal amount of its 5.5% senior convertible notes due 2016 (the "notes"), which includes the issuance of US$13.5 million aggregate principal amount of notes following the exercise in full of the over-allotment option granted by Jaguar to the initial purchasers. The net proceeds of the offering, including the over-allotment, is approximately US$99.3 million.

Commenting on the transaction, Mr. Daniel R. Titcomb, Jaguar's President and CEO stated, "We are very pleased by the strong demand we received for these senior convertible notes, which we expect will principally fund our new Gurupi Project. We believe this new project has the potential to significantly increase Jaguar's production and cash flow profile when completed, which is expected to occur in early-2013."

In addition to funding the Gurupi Project, the balance of the net proceeds will be used for working capital and general corporate purposes.

Bank of America-Merrill Lynch acted as Sole Book-Running Manager and RBC Capital Markets acted as Co-manager for the offering.

The notes and the common shares issuable upon conversion of the notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933, as amended. Offers and sales of the notes in Canada will be made only pursuant to exemptions from the prospectus requirements of applicable Canadian provincial or territorial securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security.

About Jaguar
Jaguar is a junior gold producer in Brazil with operations in a prolific greenstone belt in the state of Minas Gerais and is developing the Gurupi Project in northern Brazil in the state of Maranhão. Based on its development plans, Jaguar is one of the fastest growing gold producers in Brazil. The Company is actively exploring and developing additional mineral resources at its approximate 575,000-acre land base in Brazil. Additional information is available on the Company's website at www.jaguarmining.com.

For Information:
Investors and analysts:
Bob Zwerneman
Vice President Corporate Development
and Director of Investor Relations
603-224-4800
bobz@jaguarmining.com

Media inquiries:
Valéria Rezende DioDato
Director of Communication
603-224-4800
valeria@jaguarmining.com

Forward Looking Statements

This press release contains forward-looking statements regarding the use of proceeds, funding needed for the Gurupi Project and the completion date for the Gurupi Project. These forward-looking statements can be identified by the use of words such as "will," believe," "expect" and "expected." These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the use of proceeds, and the cost and timing to advance the Gurupi Project to be materially different from those expressed by the forward-looking statements. Such statements are only predictions and the assumptions upon which they are based may not materialize as a result of those risks and uncertainties, including risks related to the use of proceeds from the offering and the ability of Jaguar to advance the Gurupi Project.

These forward-looking statements represent our views as of the date of this press release. Subsequent events and developments could cause the Company's views to change. The Company does not undertake to update any forward-looking statements, either written or oral, that may be made from time to time by or on behalf of the Company subsequent to the date of this press release, unless required by law.

[###]

Exhibit "G"

Execution Version

CREDIT AGREEMENT

This is Exhibit G referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

BETWEEN

JAGUAR MINING INC.
(as "**Borrower**")

- and -

MINERAÇÃO SERRAS DO OESTE LTDA., MINERAÇÃO TURMALINA LTDA. and **MCT MINERAÇÃO LTDA.**
(as "**Guarantors**")

- and -

GLOBAL RESOURCE FUND
(as "**Lender**")

December 17, 2012

CASSELS BROCK
LAWYERS

2100 Scotia Plaza
40 King Street West, Toronto, Ontario M5H 3C2

Tor#: 2943539.1

Execution Version

TABLE OF CONTENTS

Execution Version

CREDIT AGREEMENT

THIS AGREEMENT is made as of December 17, 2012,

B E T W E E N:

Jaguar Mining Inc., a corporation incorporated under the laws of Ontario (the "**Borrower**")

- and -

Mineração Serras do Oeste Ltda., a corporation incorporated under the laws of Brazil ("**MSOL**")

- and -

Mineração Turmalina Ltda., a corporation incorporated under the laws of Brazil ("**MTL**")

- and -

MCT Mineração Ltda., a corporation incorporated under the laws of Brazil ("**MCT**" and collectively with MSOL and MTL, the "**Guarantors**")

- and -

Global Resource Fund, domiciled in the Cayman Islands (the "**Lender**").

The Parties agree as follows:

Article 1
INTERPRETATION

1.01 Definitions

In this Agreement unless something in the subject matter or context is inconsistent therewith:

"**Accounts Receivable**" means any right of a Person to payment for services rendered by it or goods sold by it, that is classified as an account receivable on such Person's financial statements in accordance with Applicable Accounting Standards;

"**Additional Compensation**" has the meaning ascribed to that term in Section 12.01(a);

"**Additional Equity Financing**" means any transaction or series of transactions pursuant to which any Person or group of Persons (other than another Obligor)

acquires or purchases any Equity Interest or investment in any one or more of the Obligors, or any Subsidiary of any of the Obligors, or enters into or is granted any right, option or agreement with respect to any such transaction;

"**Advance**" means a borrowing hereunder by the Borrower;

"**Advance Date**" means any date an Advance is to be made hereunder;

"**Affiliate**" of a Person means any other Person which, directly or indirectly, Controls or is Controlled by or is under common Control with the first Person and for greater certainty includes a directly or indirectly held Subsidiary of any of the Obligors;

"**Agreement**" means this Agreement, including all exhibits hereto, as amended, revised, replaced, supplemented or restated from time to time;

"**Annual Business Plan**" means the annual business plan of the Borrower, prepared on a consolidated and unconsolidated basis, with detailed financial projections and budgets on a month to month basis for the following Fiscal Year, in each case consisting of a statement of cash flow and proposed Capital Expenditures for such year;

"**Applicable Accounting Standards**" means those accounting standards that the Borrower is required to comply with pursuant to the CICA Handbook which, at this time is International Financial Reporting Standards;

"**Applicable Law**" means, in respect of a Person, property, transaction or event, as applicable, any Law relating or applicable to that Person, property, transaction or event, including any interpretation of Law by any Governmental Authority applicable to and binding on such Person or its Property;

"**Applicable Order**" means any applicable domestic or foreign order, judgment, award or decree of any Governmental Authority applicable to and binding on such Person and its Property;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Reporting Provinces, their respective regulations, rulings, rules, orders and prescribed forms thereunder, the applicable published policy statements issued by the securities commissions in such Reporting Provinces, and the applicable rules and policies of the TSX and the NYSE;

"**Arm's Length**" has the meaning ascribed to that term in the definition of "Non-Arm's Length";

"**Associate**" means an "associate" as defined in the *Business Corporations Act* (Ontario);

"**Borrower**" has the meaning ascribed to that term in the first paragraph of this Agreement, and includes it successors and assigns;

"**Borrower's Counsel**" means the firm of Davies Ward Phillips & Vineberg LLP, Ontario counsel to the Obligors, Azevedo Sette Advogados, Brazilian counsel to the Obligors, or such other firm of legal counsel as the Borrower may from time to time designate;

"**Bradesco Loans**" means indebtedness, obligations and liabilities arising under:

(a) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #000107044864 dated August 20, 2012 between Banco Bradesco S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(b) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #000101172414 dated November 25, 2011 between Banco Bradesco S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(c) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #000101172415 dated November 25, 2011 between Banco Bradesco S.A. and MTL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(d) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #000103559853 dated March 14, 2012 between Banco Bradesco S.A. and MTL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(e) the Export Financing Note (Nota de Crédito à Exportação) #081001795 issued by MSOL in favour of Banco Bradesco S.A. on August 26, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time;

(f) the Financing Agreement (Cédula de Crédito Bancário - Finame) #0758455-5 dated June 2, 2010 between Banco Bradesco S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(g) the Financing Agreement (Cédula de Crédito Bancário - Finame) #0759536-0 dated June 11, 2010 between Banco Bradesco S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time; and

(h) the Derivatives Management Agreement (Instrumento Particular de Gerência de Derivativos) dated October 2, 2012 between Banco Bradesco

S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

"**Brazilian Bank Loans**" means, collectively, the Bradesco Loans, Itaú Loans and the Safra Loan;

"**Business**" means the business of a mining company engaged in the production, and in the acquisition, exploration, development and operation of properties, in Brazil that produce gold and other mineral by-products, and all business or activities in any way related or ancillary thereto or necessary or desirable to permit any Obligor to engage in the above described activities;

"**Business Day**" means any day excluding Saturday, Sunday and any other day which is a statutory holiday in Toronto, Ontario, Concord, New Hampshire or the State of Minas Gerais, Brazil. Unless otherwise expressly provided for in this Agreement, if any payment or calculation is to be made under, or any other action is to be taken in accordance with, this Agreement on or as of a day that is not a Business Day, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a Business Day;

"**Capital Expenditures**" means, for any period, any expenditure made by any Person, on a consolidated basis, for the purchase, acquisition, erection, development, improvement, construction, repair or replacement of capital assets, and any expenditure related to a Capital Lease, all as determined in accordance with Applicable Accounting Standards;

"**Capital Lease**" means any lease which should be treated as a capital lease under Applicable Accounting Standards;

"**Capital Reorganization**" means any change in the issued and outstanding Equity Interests of a Person involving the reclassification of such Equity Interests or the conversion of such Equity Interests into, or exchange of such Equity Interests for, cash, securities or other Property;

"**Change of Control**" means the acquisition, directly or indirectly, by any means whatsoever, by any Person, or group of Persons acting jointly or in concert (collectively, an "**offeror**"), of beneficial ownership of, or the power to exercise control or direction over, or securities convertible or exchangeable into, any securities of the Borrower carrying in the aggregate (assuming the exercise of all such conversion or exchange rights in favour of the offeror) more than 50% of the aggregate votes represented by the voting stock then issued and outstanding or otherwise entitling the offeror to elect a majority of the board of directors of the Borrower;

"**Closing Date**" means the date of the Initial Advance;

"**Commodity Hedging Agreement**" means any agreement constituting an Eligible Financial Contract under the regulations issued under the *Bankruptcy and Insolvency Act* (Canada) for the making or taking of delivery of any commodity, any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower where the subject matter of the same is any commodity or price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity;

"**Contingent Obligation**" means, in respect of any Person, any obligation, whether secured or unsecured, of that Person guaranteeing, or in effect guaranteeing, any Debt (the "**primary obligations**") of any other Person;

"**Control**" (including with correlative meanings the terms "**controlled by**" and "**under common control with**") in respect of a corporation has the meaning given thereto in the *Business Corporations Act* (Ontario) and in respect of any other Person means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of shares or voting interests or by contract or otherwise;

"**Control Person**" has the meaning given thereto in the *Securities Act* (Ontario);

"**Credit Documents**" means this Agreement, the Security, and all other documents, certificates and instruments at any time during the term of this Agreement executed and delivered by an Obligor to the Lender pursuant hereto, as the same may be modified, amended, extended, restated or supplemented from time to time and "**Credit Document**" shall mean any one of the Credit Documents;

"**Credit Facility**" has the meaning given thereto in Section 2.01;

"**Currency Hedging Agreement**" means any currency swap agreement, cross currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower where the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time;

"**Debt**" means, with respect to any Person, at any time, without duplication:

(a) indebtedness in respect of borrowed money, including, for greater certainty, principal, interest, fees and expenses relating thereto, or for the deferred purchase price of Property or services, or an indebtedness which is evidenced by a note, bond, debenture or any other similar instrument;

(b) a transfer of Property with recourse or with an obligation to repurchase, to the extent of that Person's liability;

(c) indebtedness secured by any Encumbrance on any of that Person's Property to the extent attributable to that Person's respective interest in such Property, even though it has not assumed or become liable for its payment;

(d) the principal component of a Capital Lease obligation;

(e) reimbursement obligations arising in connection with bankers' acceptances, letters of credit or letters of guarantee;

(f) a Contingent Obligation to the extent that the primary obligation guaranteed is not otherwise classified as a liability on that Person's consolidated balance sheet; or

(g) the aggregate amount at which any shares in that Person's capital which are redeemable or retractable at the option of the holder of such shares (except where the holder is that Person) may be redeemed or retracted;

provided, however, that there shall not be included for the purpose of this definition any item which is on account of:

(h) reserves for deferred taxes or general contingencies; or

(i) any trade account payable and accrued liability (including deferred revenues and taxes payable) incurred in the ordinary course of business, except to the extent any such trade account payable or accrued liability remains unpaid and undisputed for more than the greater of 120 days after the date of the invoice received in relation thereto and the time period within which an Obligor has customarily paid such trade account payable and accrued liability or a responsible person in the jurisdiction in which such Obligor carries on business customary would pay such trade account payable and accrued liability;

"**Disclosure Letter**" means the letter provided to the Lender by the Obligors on the Closing Date containing the disclosure contemplated by this Agreement;

"**Disposition**" means any sale, assignment, transfer, conveyance, lease, license or other disposition of any right, title or interest in or to any Property, other than Recoverable Taxes, and the verb "**Dispose**" shall have a correlative meaning;

"**Distribution**" means, with respect to any Person, any payment, directly or indirectly, by that Person:

(a) of any dividends on any of its Equity Interests;

(b) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any of its Equity Interests;

(c) of any other distribution in respect of any of its Equity Interests of, or on account of, profit participating notes or similar instruments; or

(d) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of gift or other gratuity, to any Affiliate of such Person or to any director or officer of such Person or Affiliate of such Person, or to any Person not dealing at Arm's Length with such first Person, Affiliate of such Person, or any director or officer of the foregoing;

"**Encumbrance**" means, in respect of any Person, any mortgage, debenture, pledge, hypothec, lien, charge, encumbrance, assignment by way of security, hypothecation or security interest granted by that Person or arising by operation of law, in respect of any of that Person's Property, or any consignment or Capital Lease of Property by that Person as consignee or lessee or any other security agreement, trust or arrangement intended by such Person to have the effect of granting security for the payment of any debt, liability or obligation, and "**Encumbrances**", "**Encumbrancer**", "**Encumber**" and "**Encumbered**" shall have corresponding meanings;

"**Event of Default**" has the meaning ascribed to that term in Section 10.01;

"Equity Interests" means, with respect to any Person, all shares, interests, units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated, whether voting or non-voting, whether now outstanding or issued after the date of this Agreement, together with warrants, options or other rights to acquire any such equity interests of such Person and securities convertible into or exchangeable for any such equity interests of such Person;

"**Excluded Taxes**" means with respect to the Lender (i) Taxes imposed on or measured by its net income or capital, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized or in which its principal office is located or in which its applicable lending office is located, (ii) any branch profits Taxes or any similar Tax imposed by any jurisdiction in which the Lender is located, (iii) any withholding Tax that is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Credit Documents to the Lender because of the Lender's failure or inability to comply with Section 12.02(b), and (iv) any Taxes imposed as a result of the Lender not dealing at arm's length with an Obligor for the purposes of the ITA or the Lender being a "specified shareholder" (as defined in subsection 18(5) of the ITA) of an Obligor or a person that does not deal at arm's length with any such specified shareholder;

"**Financial Assistance**" means, without duplication and with respect to any Person, all loans granted by that Person and Contingent Obligations incurred by that Person for the purpose of, or having the intended effect of, providing financial assistance to another Person or Persons, including, without limitation, letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection with them, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery of those assets and obligations to make advances or otherwise provide financial assistance to any other entity, and for greater certainty "Financial Assistance" shall include any guarantee of any third party lease obligations;

"**Financial Instrument**" means any Interest Hedging Agreement, Currency Hedging Agreement or Commodity Hedging Agreement;

"**Fiscal Quarter**" means each quarterly accounting period of the Borrower ending respectively on March 31, June 30, September 30 or December 31 in each Fiscal Year;

"**Fiscal Year**" means the fiscal year of the Borrower ending on December 31st in each calendar year;

"**Governmental Authority**" means the government of Canada or Brazil or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, the Superintendent of Financial Institutions, the Brazilian Department of Mineral Production (DNPM), the Brazilian Central Bank, Brazilian public registries, or other comparable authority or agency;

"**Guarantors**" means MSOL, MTL, and MCT, and "Guarantor" means any one of them and their successors and assigns;

"**Hazardous Substance**" means any substance, product, waste, pollutant, chemical, contaminant, dangerous good, ozone-depleting substance, or other material, including any constituent of any of them, which is or becomes listed, regulated, or addressed under any Requirements of Environmental Law, including, without limitation, asbestos, petroleum and polychlorinated biphenyls;

"**Indemnified Taxes**" means Taxes other than Excluded Taxes;

"**Information**" has the meaning ascribed to that term in Section 14.01(a);

"**Initial Advance**" means the first Advance made by the Lender hereunder;

"**Insolvency Legislation**" means the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the United States Bankruptcy Code, Brazilian Federal Act (*Lei Federal*) No. 11101/2005, or any other applicable bankruptcy, insolvency or analogous laws in any jurisdiction;

"**Intellectual Property**" means, in whatever format, all registered and unregistered domestic and foreign patents, patent applications, inventions upon which patent applications have not yet been filed, service marks, trade names, trademarks, trade mark registrations and applications, logos, copyright works, copyright registrations and applications, trade secrets, formulae, technology, designs, processes, software, software applications, franchises, know-how, domain names, uniform resource locators (URLs) and other intellectual property rights;

"**Inter-Corporate Debt**" means all Debt owed by any Obligor to another Obligor;

"**Inter-Corporate Security**" means all security held from time to time by an Obligor securing or intended to secure directly or indirectly repayment of Inter-Corporate Debt owed to such Obligor;

"**Interest Hedging Agreement**" means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower where the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt);

"**Interest Payment Date**" means the 28th day of each calendar month and the Maturity Date, provided that when the 28th day of a calendar month is not a Business Day, the Interest Payment Date shall be the Business Day preceding the 28th day of such calendar month;

"**International Financial Reporting Standards**" means the rules and guidelines established by the International Accounting Standards Board for standardizing the preparation of financial statements;

"**Investment**" in any Person means any direct or indirect

(a) acquisition of any Equity Interests of such Person; or

(b) acquisition, by purchase or otherwise, of all or substantially all of the business, assets or stock or other evidence of beneficial ownership of that Person;

"**Issued Shares**" means those common shares of the Borrower issued to the Lender from time to time pursuant hereto;

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder;

"**Itaú Loans**" means indebtedness, obligations or liabilities arising under:

(a) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #109826269 dated December 14, 2012 between Itaú BBA S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(b) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #103546478 dated March 14, 2012 between Itaú BBA S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(c) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #107271320 dated August 29, 2012 between Itaú BBA S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(d) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #105306243 dated June 5, 2012 between Itaú BBA S.A. and MSOL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(e) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #107272078 dated August 29, 2012 between Itaú BBA S.A. and MTL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(f) the Advance Against Exchange Agreement (Adiantamento Contra Câmbio) #109826333 dated December 14, 2012 between Itaú BBA S.A. and MTL, as such agreement may be amended, revised, replaced, supplemented or restated from time to time;

(g) the Export Financing Certificate (Cédula de Crédito à Exportação) #5709100 issued by MSOL in favour of Itaú S.A. on May 6, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time;

(h) the Export Financing Certificate (Cédula de Crédito à Exportação) #6603104 issued by MSOL in favour of Itaú S.A. on July 22, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time;

(i) the Export Financing Certificate (Cédula de Crédito à Exportação) #5707104 issued by MTL in favour of Itaú S.A. on May 6, 2010, as such

certificate may be amended, revised, replaced, supplemented or restated from time to time;

(j) the Export Financing Certificate (Cédula de Crédito à Exportação) #8089104 issued by MSOL in favour of Itaú S.A. on November 22, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time;

(k) the Export Financing Certificate (Cédula de Crédito à Exportação) #7221104 issued by MSOL in favour of Itaú S.A. on September 8, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time; and

(l) the Agreement for Execution of Derivatives Operations (Convênio para Celebração de Operações de Derivativos) #5023 between Itaú BBA S.A. and MSOL dated October 9, 2012, as such convention may be amended, revised, replaced, supplemented or restated from time to time;

"**Law**" means all laws, (including the common law), by-laws, ordinances, rules, statutes, regulations, treaties, orders, rules, judgments and decrees, and all official directives, guidelines and other requirements of any Governmental Authority having the force of law or which are nonetheless binding on a Person and its Property;

"**Lender**" has the meaning ascribed to that term in the first paragraph of this Agreement, and includes its successors and assigns;

"**Lender's Counsel**" means the firm of Cassels Brock & Blackwell LLP or any other firm of legal counsel that the Lender may from time to time designate;

"**Material Adverse Effect**" means a material adverse effect on:

(a) the business, operations, properties, assets and condition (financial or otherwise) of the Obligors, taken as a whole;

(b) the legality, validity or enforceability of any of this Agreement or the Security, including the validity, enforceability, perfection or priority of any Encumbrance created or intended to be created under any of the Security; or

(c) the right, entitlement or ability of any Obligor to pay or perform any of its Obligations under any of the Credit Documents which would reasonably be considered material having regard to the Obligors as a whole;

provided, however, that the acceleration of, or the requirement to repay, or any actual repayment of, any of the Brazilian Bank Loans, where any Advance remains outstanding, or the exercise of any of the rights or remedies that may be

available in connection therewith, shall not be considered to have a material adverse effect with respect to any of the aforesaid;

"**Material Contract**" means any written agreement, which provides for annual expenditures or annual receipts by that Obligor of an amount greater than $1,000,000 (or the equivalent in Brazilian reais), which has a term of more than one year (or a lesser term with rights of renewal that, if renewed, would result in a term of more than one year), which materially affects the business, operations or assets of an Obligor, including without limitation, the Business and which cannot be readily replaced on more favourable or like terms within a reasonable period of time;

"**Material Licence**" means (i) any licence, franchise, permit or approval issued by any Governmental Authority to an Obligor, and for which the breach, non-performance or cancellation of which would reasonably be expected to have a Material Adverse Effect, and (ii) all Mineral Rights of an Obligor;

"**Maturity Date**" means the date that is 18 months following the Closing Date;

"**MCT**" has the meaning ascribed to that term in the first paragraph of this Agreement, and includes it successors and assigns;

"**Mineral Rights**" means mineral rights, including mining concessions, exploration rights and other related rights;

"**MSOL**" has the meaning ascribed to that term in the first paragraph of this Agreement, and includes it successors and assigns;

"**MTL**" has the meaning ascribed to that term in the first paragraph of this Agreement, and includes it successors and assigns;

"**Net Proceeds**" means, with respect to any Disposition, the aggregate fair market value of proceeds of that Disposition (whether such proceeds are in the form of cash or other Property or part cash and part other Property) net of liabilities for Taxes accruing in connection with such Disposition and bona fide out-of-pocket transaction costs and expenses incurred in connection with such Disposition;

"**Non-Arm's Length**" and similar phrases have the meaning attributed thereto for the purposes of the ITA, and "**Arm's Length**" shall have the opposite meaning;

"**Notice of Request for Advance**" means a notice in the form attached hereto as 0;

"**NYSE**" means the New York Stock Exchange;

"**Obligations**" means, with respect to an Obligor, all of that Obligor's present and future indebtedness, liabilities and obligations of any and every kind, nature or

description whatsoever (whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency and whether as principal debtor, guarantor, surety or otherwise, including without limitation any interest that accrues thereon or would accrue thereon but for the commencement of any case, proceeding or other action, whether voluntary or involuntary, relating to the bankruptcy, insolvency or reorganization whether or not allowed or allowable as a claim in any such case, proceeding or other action) to the Lender under the Credit Documents;

"**Obligors**" means, collectively, the Borrower and Guarantors and their respective successors and assigns and "**Obligor**" means any one of them;

"**Operating Projects**" means the mineral projects at the Turmalina, Paciência and Caeté mining complexes;

"**Organizational Documents**" means, with respect to any Person, that Person's articles of incorporation, articles of association or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, and any and all other similar formative agreements, documents and instruments integral to that Person's existence;

"**Parties**" means the Borrower, the Guarantors, the Lender and any other Person that may become a party to this Agreement;

"**Pending Event of Default**" means an event which, but for the giving of notice, lapse of time, the failure to cure, or any combination of the foregoing, would constitute an "**Event of Default**";

"**Pension Plan**" means:

(a) a "**pension plan**" or "**plan**" which is subject to the *Pension Benefits Act* (Ontario), the ITA, or applicable pension benefits legislation in any other Canadian jurisdiction which is applicable to an Obligor's employees working in Canada; or

(b) any foreign employer sponsored or established pension plan or similar arrangement applicable to an Obligor's employees in countries other than Canada, but

(c) excluding all such plans mandated and administered by a Government Authority;

"**Permitted Debt**" means:

(a) Debt under this Agreement;

(b) Debt secured by PMSIs created, incurred or assumed after the date of this Agreement to finance the acquisition of Property;

(c) the Debt listed in Schedule 1 of the Disclosure Letter, or the renewal, extension or replacement thereof provided any such renewal does not increase the principal amount owing thereunder beyond that listed in Schedule 1 of the Disclosure Letter;

(d) the Permitted Inter-Corporate Debt;

(e) Debt not exceeding $100,000 (or the equivalent in Brazilian reais) in any individual instance or $500,000 (or the equivalent in Brazilian reais) in the aggregate for all Obligors provided there are no Encumbrances in support of such Debt;

(f) Debt comprised of Financial Assistance permitted by this Agreement; and

(g) Debt consented to in writing by the Lender from time to time;

"**Permitted Distributions**" means:

(a) all cash amounts, equity distributions and dividends paid by an Obligor to another Obligor;

(b) salaries, fees and bonuses payable in cash or Equity Interests of the Borrower for senior management, employees and consultants paid either (1) in the ordinary course of business; (2) paid pursuant to an employment agreement; or (3) as the same may have been approved by the Borrower's board of directors or any compensation policy adopted by the Borrower's board of directors;

(c) routine employee benefits consistent with past practice;

(d) director fees and expenses payable in cash or Equity Interests of the Borrower;

(e) fees and expenses, determined on an Arm's Length basis, for services provided by an Affiliate of an Obligor to an Obligor in the ordinary course of business; and

(f) Distributions not exceeding $100,000 (or the equivalent in Brazilian reais) in any individual instance and $500,000 (or the equivalent in Brazilian reais) in the aggregate for all Obligors;

"**Permitted Encumbrances**" means, with respect to any Person:

(a) Encumbrances for taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;

(b) (i) deemed Encumbrances and trusts arising by operation of Law (ii) or pledges of deposits in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or delinquent, the validity of which is being contested diligently and in good faith by the appropriate proceedings by that Person;

(c) Encumbrances under or pursuant to any judgment or award rendered, or claim filed, against that Person, the time for the appeal or petition for rehearing of which shall not have expired, or which is being contested diligently and in good faith by the appropriate proceedings by that Person or which such Person shall diligently and in good faith be prosecuting an appeal or proceeding for review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured;

(d) undetermined or inchoate Encumbrances, charges, rights of distress, privileges, statutory Encumbrances, adverse claims or Encumbrances of any nature whatsoever incidental to construction or current operations which have not at such time been filed or exercised, or which relate to obligations not due or payable, or if due or payable, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;

(e) licences, easements, rights-of-way, servitudes or other similar rights in land (including, without limitation, licences, easements, rights-of-way, servitudes and other similar rights in land for railways, sidewalks, public ways, sewers, drains, gas and oil and other pipelines, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) which individually or in the aggregate do not materially impair the use of the affected land for the purpose for which such land is held by that Person, taken as a whole;

(f) the right reserved to, or vested in, any Governmental Authority under the terms of any lease, licence, concession, franchise, grant or permit acquired by that Person, or under any statutory provision, to terminate any such lease, licence, concession, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(g) Encumbrances or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; provided, however, such liens or covenants do not materially impair the use of the lands in the operations of that Person;

(h) any carrier's, warehouseman's, builder's, mechanic's, garageman's, labourer's or materialman's Encumbrances or other similar Encumbrances

arising in the ordinary course of business or out of the construction or improvement of any land or arising out of the furnishing of materials or supplies, provided that such Encumbrances secure monies not at the time due or delinquent or, if due or delinquent, the validity of which is being contested diligently and in good faith by the appropriate proceedings by that Person;

(i) in respect of any land, any defects or irregularities in the title to such land which are of a minor nature and which, individually or in the aggregate, will not materially impair the use of such land for the purposes for which such land is held by that Person;

(j) security given by that Person to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in connection with the operations of such Person, all in the ordinary course of its business which individually or in the aggregate do not materially impair its use in the operation of the business of that Person, taken as a whole;

(k) the Security;

(l) the Inter-Corporate Security provided the same has been assigned to the Lender pursuant to the Security;

(m) any operating lease entered into in the ordinary course of business;

(n) Encumbrances on cash or securities and bankers' liens, rights of set off and other similar Encumbrances existing solely with respect to such cash and securities on deposit in one or more accounts maintained by that Person, or delivered by that Person to a secured party, granted in the ordinary course of business securing amounts with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements or securing Permitted Hedging Arrangements;

(o) PMSIs that secure Permitted Debt;

(p) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such lien does not attach generally to all or substantially all of the Property of that Person;

(q) Encumbrances on cash deposits or securities (other than Equity Interests of an Obligor) provided in the ordinary course of business to secure performance of (i) contracts related to the development or operation of a mine, mining concessions and environmental reclamation obligations, (ii) surety bonds, performance bonds related to the development or operation

of a mine and other obligations of a like nature or (iii) leases of real property to which that Person is a party;

(r) rights and interests created by notice by any department of highways or similar authorities with respect to proposed highways and which do not materially impair the operation of the business of that Person;

(s) *lis pendens* that may be registered against any real property or interest therein of that Person in respect of any action or proceeding against that Person or in which it is a defendant but with respect to which action or proceeding, no judgment, award or attachment against that Person has been grated or made and which that Person is defending diligently and in good faith;

(t) the Encumbrances described in Schedule 2 of the Disclosure Letter;

(u) any other Encumbrances as agreed to in writing by the Lender; and

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any security interest referred to in the preceding subparagraphs (a) to (t) inclusive of this definition, so long as any such extension, renewal or replacement of such security interest is limited to all or any part of the same Property that secured the security interest extended, renewed or replaced (plus improvements on such Property) and the indebtedness or obligation secured thereby is not increased;

"**Permitted Hedging Arrangement**" means a Financial Instrument entered into by an Obligor which is entered into in the ordinary course of business and exclusively for the purpose of mitigating risk and not for speculative purposes (without regard to whether such Financial Instrument satisfies the requirement of Applicable Accounting Standards to plan, allocate or document such arrangements in order to qualify for hedge accounting treatment); provided that entering into such Financial Instrument has been approved by the Borrower's board of directors or is consistent with the Borrower's board of directors approved hedging policy;

"**Permitted Inter-Corporate Debt**" means the Inter-Corporate Debt owed between the Obligors as of the date of this Agreement, as set out in Schedule 3 of the Disclosure Letter, together with any additional Inter-Corporate Debt as may be incurred from time to time on and after the Closing Date, provided that in all cases such Debt has been assigned to the Lender as Security;

"**Person**" is to be broadly interpreted and includes an individual, a corporation, an incorporated association, an incorporated syndicate, any other incorporated organization; a partnership, a trust, an unincorporated association, an unincorporated syndicate, an unincorporated organization, a trustee, an

executor, an administrator, any other legal representative, a joint venture, and any other Governmental Authority;

"**Priority Encumbrances**" means the following:

(a) security provided in respect of Permitted Debt described on Schedule 1 of the Disclosure Letter as "**Priority Debt**" and in the form described therein; and

(b) those Encumbrances specified in paragraphs (a), (b), (c), (d), (e), (f), (g), (i), (j), (n), (o), (p), (q) and (t) of the definition of Permitted Encumbrances;

"**Property**" means, with respect to any Person, all or any portion of that Person's undertaking, property and assets, both real and personal, including, for greater certainty, Equity Interests;

"**PMSI**" means an Encumbrance created by the Borrower securing Debt incurred to finance the acquisition of Property, provided that:

(a) it is created in connection with or for the purpose of the acquisition of such Property;

(b) it does not at any time encumber any Property other than the Property financed by such Debt and proceeds thereof;

(c) the amount of Debt secured by it is not increased subsequent to that acquisition; and

(d) the principal amount of Debt secured by it at no time exceeds (i) 100% of the original purchase price of that Property at the time it was acquired, and for the purposes of this definition the term "**acquisition**" shall include a Capital Lease, and the term "**acquire**" shall have a corresponding meaning;

"**Rate of Exchange**" means the Bank of Canada noon spot rate of exchange available to Canadian chartered banks for the relevant date.

"**Real Property Rights**" has the meaning given thereto in Section 6.15;

"**Recoverable Taxes**" means all taxes, fees or contributions (*tributos*) that. once paid by a taxpayer as a result of any transaction, generate tax credits (*créditos fiscais*) that can be offset against other taxes, refunded in cash, sold to third parties, used to purchase any type of Property or recovered by any other means provided by Law, including, but not limited to, tax credits related to Imposto de Renda (IRPJ – income tax), Imposto sobre a Circulação de Mercadorias e Serviços (ICMS - VAT) and Programa de Integração Social and Contribuição para o Financiamento da Seguridade Social (PIS/COFINS – gross revenue tax);

"**Relevant Jurisdiction**" means, from time to time, with respect to any Person that is granting Security, any province or territory of Canada, any state of the United States, Brazil and its respective states and municipalities, as applicable, or any other country or political subdivision thereof, in which such Person is incorporated or exists under, has its chief executive office or chief place of business, or has Property;

"**Repayment Notice**" means a notice substantially in the form attached as Exhibit 1;

"**Reporting Provinces**" means each province of Canada;

"**Requirements of Environmental Law**" means all Applicable Laws in any jurisdiction in which any Obligor has operations or Property, which relate to environmental or occupational health and safety matters relevant to the Property of any Obligor and the intended uses thereof, including, without limitation, all Law relating to:

(a) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater);

(b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation;

(c) occupational or public safety and health; and

(d) Hazardous Substances;

"**Safra Loan**" means indebtedness, obligations and liabilities arising under the Export Financing Certificate (Cédula de Crédito à Exportação) #1544260 issued by MTL in favour of Banco Safra S.A. on March 5, 2010, as such certificate may be amended, revised, replaced, supplemented or restated from time to time;

"**STA**" means the *Securities Transfer Act*, 2006 (Ontario);

"**Security**" means all security, evidenced by the documents referred to in Article 9 held from time to time by or on behalf of the Lender, securing or intended to secure repayment of the Obligations;

"**Senior Officer**" means, in respect of any Person, the chairperson, the chief executive officer, the chief operating officer, the chief financial officer, the president, or any vice-president of such Person or any person holding a similar office;

"**Subsidiary**" means, with respect to a corporation, a subsidiary body corporate as defined in the *Business Corporations Act* (Ontario) as in effect on the date of this Agreement, and any partnership, joint venture or other organization which is Controlled by the corporation or any Subsidiary of the corporation;

"**Tax**" or "**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments or reassessments, including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans or similar charges in the nature of a tax, together with any instalments, and any interest, fines and penalties, additions to tax or other additional amounts, imposed, assessed, reassessed or collected by any Governmental Authority, whether disputed or not;

"**Tax Returns**" means all returns (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed with any Governmental Authority by Applicable Law in respect of Taxes;

"**Title Security**" means the due registration of the mineral rights pledge agreement with the Brazilian Department of Mineral Production;

"**Triggering Disposition**" means a singular Disposition by an Obligor that exceeds $500,000 (or the equivalent in Brazilian reais), or a Disposition by an Obligor that, together with all other Dispositions by the Obligors taken as a whole in any 30 day period exceeds $1,000,000 (or the equivalent in Brazilian reais), provided that the following will not be considered a Triggering Disposition: (i) a Disposition of equipment that is replaced with similar equipment of equal or greater value within 90 days of the Disposition, (ii) a Disposition of equipment if such equipment is sold after similar equipment is purchased by an Obligor in Brazil if such purchased equipment enables such Obligor to monetize or use Recoverable Taxes, (iii) a Disposition of Equity Interests of a Guarantor where all or substantially all of the Property of such Guarantor, other than Recoverable Taxes, has been transferred to another Obligor or (iv) the sale of the "raise bore machine" provided that an Obligor contracts for the continued use of such machine;

"**TSX**" means the Toronto Stock Exchange;

"**U.S. Dollars**" and "**U.S. $**" means the lawful money of the United States of America; and

"**Welfare Plan**" means any medical, health, hospitalization, disability or insurance, or other employee benefit or welfare plan, agreement, or arrangement applicable to employees of an Obligor that is purchased or sponsored by such Obligor, and excluding all such plans mandated and administered by a Government Authority.

1.02 References to Specific Terms

(a) **Accounting Principles**. Unless otherwise specified, where the character or amount of any asset or liability, item of revenue, or expense is required to be determined, or any consolidation or other accounting computation is required to be made, that determination or calculation will be made in accordance with Applicable Accounting Standards. Unless otherwise provided herein, all financial terms used in this Agreement shall be determined in accordance with Applicable Accounting Standards in effect at the date of such determination. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with Applicable Accounting Standards applied on a consistent basis, unless otherwise indicated.

(b) **Currency**. Unless specified otherwise, all dollar amounts expressed in this Agreement refer to U.S. Dollars, and the equivalent of all such dollar amounts in Brazilian reais, where applicable, shall be based on a fixed exchange rate of US$1 to R$2.0840.

(c) **"Including."** Where this Agreement uses the word "including," it means "including without limitation," and where it uses the word "includes," it means "includes without limitation."

(d) **"Knowledge."** Where any representation, warranty, or other statement in this Agreement, or in any other document delivered under this Agreement, is expressed by an Obligor to be "to its knowledge," or is otherwise expressed to be limited in scope to facts or matters known to an Obligor or of which an Obligor is aware, it means (a) the current, actual knowledge of directors and officers of such Obligor and (b) the knowledge that would have come to the attention of any of those directors or officers had they duly investigated the facts related to that statement with, and made reasonable inquiries of, those individuals employed by the Obligors which would reasonably be expected to have knowledge of facts related to that statement.

(e) **Statutes, etc.** Unless specified otherwise, any reference in this Agreement to a statute includes the regulations, rules, and policies made under that statute and any provision that amends, supplements, supersedes, or replaces that statute or those regulations, rules, or policies.

(f) **"Permitted Encumbrances."** The inclusion of any reference to "Permitted Encumbrances" in any Credit Document should not be interpreted as an intention on the part of the Lender to subordinate any

Encumbrance created by any of the Security to any Permitted Encumbrance.

1.03 Headings

The headings used in this Agreement and its division into articles, sections, exhibits, and other subdivisions do not affect its interpretation.

1.04 Internal References

References in this Agreement to articles, sections, exhibits, and other subdivisions are to those parts of this Agreement.

1.05 Number and Gender

Unless the context requires otherwise, words importing the singular number include the plural and vice versa; words importing gender include all genders.

1.06 Calculation of Time

In this Agreement, a period of days begins at 12:00 am on the first day after the event that began the period and ends at 11:59 p.m. (Toronto, Ontario time) on the last day of the period. If any period of time is to expire, or any action or event is to occur, on a day that is not a Business Day, the period expires, or the action or event is considered to occur, at 11:59 p.m. (Toronto, Ontario time) on the next Business Day.

1.07 Construction of Terms

The Parties have each participated in settling the terms of this Agreement. Any rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting party will not apply in interpreting this Agreement.

1.08 English Language Version Governs

In the event of any inconsistency between the English language version of this Agreement and its Portuguese translation, the English language version shall govern.

1.09 Exhibits

The following are the Exhibits annexed hereto and incorporated by reference and deemed to be part hereof:

Exhibit 1	-	Repayment Notice
Exhibit 2	-	Wire Instructions
Exhibit 3	-	Notice of Request for Advance
Exhibit 4	-	Security Not Required for the Initial Advance

Article 2
THE CREDIT FACILITIES

2.01 Credit Facility

Subject to the terms and conditions, and during the term, of this Agreement, the Lender establishes in favour of the Borrower a non-revolving bridge loan facility (the "**Credit Facility**") in the principal amount of $30,000,000, which Credit Facility will be made available from and after the date of this Agreement. The Credit Facility shall terminate in the event the Closing Date does not occur on or before February 15, 2013.

2.02 Purpose of Credit Facility

Advances under the Credit Facility shall only be used for (i) working capital related to the Obligors' Operating Projects, (ii) day-to-day operations of the Business of the Obligors and (iii) the repayment of the Brazilian Bank Loans as permitted by Section 8.38.

2.03 Non-Revolving Nature of the Credit Facility

The Credit Facility is non-revolving and, accordingly, no principal amounts repaid under the Credit Facility may be re-borrowed and the limit of the Credit Facility will be automatically and permanently reduced by the amount of any principal repayment thereunder.

2.04 Advances

Subject to the terms of this Agreement, the Borrower may request Advances by giving the Lender a Notice of Request for Advance requesting an Advance at least 5 Business Days prior to the proposed Advance Date, except that only one Business Day's notice shall be required in connection with the Initial Advance. Each Advance, except the Initial Advance, will be in a minimum principal amount of $2,500,000. The Initial Advance will be in a principal amount equal to $5,000,000. There shall be no Advances following the first anniversary following the Closing Date.

2.05 Lender's Obligations for Advances

Subject to the terms of this Agreement, prior to 1:00 p.m. (Toronto, Ontario time) on the Advance Date specified by the Borrower in a Notice of Request for Advance, the Lender shall make available to the Borrower the full amount so specified in that Notice of Request for Advance.

2.06 Irrevocability

Except as permitted by the Lender in writing, each Notice of Request for Advance given by the Borrower in respect of an Advance is irrevocable and shall oblige the Borrower to complete the Advance on the date specified in that Notice of Request for Advance.

Article 3
DISBURSEMENT CONDITIONS

3.01 Conditions Precedent to the Initial Advance

The obligation of the Lender under this Agreement to make the Initial Advance is subject to, and conditional upon, all of the following conditions precedent being satisfied as at the Closing Date in form and substance satisfactory to the Lender in its sole discretion:

(a) receipt by the Lender of the following:

(i) a duly executed copy of this Agreement;

(ii) a Notice of Request for Advance delivered in accordance with Section 2.04;

(iii) certified true copies of the Organizational Documents of each Obligor, the resolutions authorizing the execution, delivery and performance of each Obligor's respective obligations under the Credit Documents and the transactions contemplated by this Agreement and the Credit Documents (with such documents being in the English language in respect of the Borrower and in the Portuguese language in respect of each other Obligor);

(iv) certificates of status or good standing, as applicable, for the jurisdiction in which each Obligor is incorporated or exists (with such certificates being in the English language in respect of the Borrower and in the Portuguese language in respect of each other Obligor);

(v) copies, if any, of all required shareholder, regulatory, governmental, and other approvals, necessary in connection with the execution and delivery of the Credit Documents and the consummation of the transactions contemplated by the Credit Documents, certified by a Senior Officer of each of the Obligors to be true and correct and in full force and effect (with such documents being in the English language in respect of the Borrower and in the Portuguese language in respect of each other Obligor);

(vi) copies of debt instruments evidencing the Permitted Inter-Corporate Debt (with such instruments subject to Ontario law being in the English language and such instruments subject to Brazilian law being in the Portuguese language);

(vii) copies of any releases, discharges, subordinations and postponements (in registerable form where appropriate) of all Encumbrances affecting the collateral encumbered by the Security

which are not Permitted Encumbrances (with such documents subject to Ontario law being in the English language and such instruments subject to Brazilian law being in the Portuguese language);

(viii) (x) copies of the duly executed Security (along with, where applicable, certificates representing all certificated shares or other securities pledged, together with an endorsement on the certificates or separate stock powers duly executed in blank in accordance with the requirements of the STA) (with such documents subject to Ontario law being in the English language and such documents subject to Brazilian law being in the Portuguese language), (y) evidence of submission for registration, filing and recording of the Security, and (z) evidence of the due registration, filing and recording of the Security in all applicable offices or places of registration in all Relevant Jurisdictions, save and except for confirmation of registration of the Title Security and the Security listed in Exhibit 4 (with such evidence being in the English language in respect of the Borrower and in the Portuguese language in respect of each other Obligor);

(ix) currently-dated letters of opinion of Borrower's Counsel that, collectively, encompass all Obligors, in form and substance satisfactory to Lender, acting reasonably;

(x) if available, copies of certificates of insurance of the Obligors evidencing insurance, all in accordance with Section 8.06;

(xi) copies of the Obligors' latest audited and interim financial statements, pro forma models and capitalization tables;

(xii) executed copies of all other Credit Documents not specifically referenced in this Section 3.01;

(xiii) evidence that all required permits in respect of the Operating Projects are in effect; and

(xiv) copies of the Obligors' latest updated mining plans, reserve reports and operating budgets for the Operating Projects;

(b) a currently dated certificate of each of the Obligors certifying that the representations and warranties contained in Article 6 (Representations and Warranties) are true and correct as at the Closing Date;

(c) the Disclosure Letter;

(d) payment in full of all amounts of reasonable documented out-of-pocket fees and expenses required, under this Agreement, to be paid on or prior

to the Closing Date, with such amounts to be deducted on the Closing Date from the amount held in escrow (the "**Escrow Amount**") pursuant to an escrow agreement dated November 1, 2012 between the Lender, the Borrower and Cassels Brock & Blackwell LLP (the "**Escrow Agreement**"); and

(e) the non-existence of any continuing Event of Default or Pending Event of Default on the Advance Date, including any Event of Default or Pending Event of Default that would result from making the Advance, and delivery to the Lender of a certificate of a Senior Officer of the Borrower certifying that non-existence;

provided that all documents delivered pursuant to this Section 3.01 shall be in full force and effect.

3.02 Condition Precedent to Subsequent Advances

The Lender's obligation to make any Advance subsequent to the Initial Advance is subject to, and conditional upon, all of the following conditions precedent being satisfied by the Borrower in form and substance satisfactory to the Lender, in its sole discretion:

(a) confirmation of the due registration, filing and recording of the Title Security and the Security listed in Exhibit 4, in all applicable offices or places in all Relevant Jurisdictions together with confirmatory legal opinions of Borrower's Counsel in Brazil in respect thereof; provided that such confirmation by the Borrower and such confirmatory legal opinions of the Borrower's Counsel in Brazil have not already been provided in respect of a prior Advance.

(b) receipt by the Lender of a Notice of Request for Advance as required under Section 2.04 (Advances);

(c) the non-existence of any continuing Event of Default or Pending Event of Default on the Advance Date, including any Event of Default or Pending Event of Default that would result from making the Advance, and receipt by the Lender of a certificate of a Senior Officer of the Borrower certifying that non-existence; and

(d) payment of fees in accordance with Section 4.07.

3.03 Waiver

The conditions set forth in Section 3.01 and Section 3.02 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions) in respect of any Advance, without prejudicing the Lender's right at any time to assert such conditions in respect of any subsequent Advance.

3.04 Failure to Advance

If, on or before February 15, 2013, the Borrower, for any reason, has not received the proceeds of the Initial Advance, the Lender agrees that the Borrower shall be fully and finally released from its obligations under Section 4.06 to (x) pay to the Borrower an amount equal to $50,000, and (y) issue and deliver to the Lender 450,000 common shares in the capital of the Borrower. The foregoing release shall in no way limit any claim that the Borrower may have against the Lender on account of damages suffered by the Borrower in the event that the Borrower has (i) satisfied the conditions set out in Section 3.01 in accordance therewith and (ii) duly requested the Initial Advance in accordance with the terms of Article 2, but the Lender fails to fund the Initial Advance in accordance with its obligations hereunder.

Article 4
PAYMENTS OF INTEREST AND FEES

4.01 Interest on the Advance

(a) The Borrower shall pay interest on all Advances at a rate per annum equal to 11.0%.

(b) Interest shall be payable in arrears on each Interest Payment Date. All interest shall accrue day to day for the actual number of days elapsed for the period from and including the date of the Advance to and including the day preceding that Interest Payment Date, and shall be calculated on the principal amount outstanding during that period on the basis of the actual number of days in the relevant calendar year.

4.02 General Interest Rules

All interest payments to be made under this Agreement shall be paid both before and after maturity and before and after default and/or judgment, if any, until payment, and interest shall accrue on overdue interest, if any, compounded on each Interest Payment Date. In calculating interest or fees payable under this Agreement for any period, unless otherwise specifically stated, the first day of a period will be included and the last day of a period will be excluded.

4.03 Maximum Interest Rate

(a) In the event that any provision of this Agreement or any other Credit Document would oblige an Obligor to make any payment of interest or any other payment which is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate which would be prohibited by Law or would result in a receipt by the Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada) or other Applicable Law), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be

so prohibited by Law or so result in a receipt by the Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary as follows:

(i) firstly, by reducing the amount or rate of interest required to be paid under Section 4.01 of this Agreement; and

(ii) thereafter by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada) or other Applicable Law in such order as the Lender may decide.

(b) If, notwithstanding the provisions of clause (a) of this Section and after giving effect to all adjustments contemplated thereby, the Lender shall have received an amount in excess of the maximum permitted by such clause, then such excess shall be applied by the Lender to the reduction of the principal balance outstanding and not to the payment of interest, or if such excessive interest exceeds such principal balance, such excess shall be refunded to the Borrower.

4.04 Overdue Principal and Interest Obligations

If all or part of any of the Obligations is not paid when due and payable (whether at its stated maturity or following the occurrence of an Event of Default which is continuing), the overdue amount shall bear interest (before as well as after judgment), payable on demand, at a rate per annum equal to 18% calculated from the date of non-payment until it is paid in full.

4.05 Standby Fees

The Borrower shall pay to the Lender a standby fee (the "**Standby Fee**"), calculated at the rate of 0.2% per month, on the amount by which the daily average of the aggregate of all Advances outstanding under the Credit Facility during the applicable month is less than $30,000,000. The Standby Fee will be determined daily beginning on the date of this Agreement to but excluding the next following Interest Payment Date, and from and including an Interest Payment Date to but excluding the next following Interest Payment Date with the final such payment being due on the first anniversary of the date of this Agreement and will be calculated on the basis of a calendar year of 365 days and will be payable by the Borrower monthly in arrears on the Interest Payment Date.

4.06 Upfront Fees

(a) As consideration for entering into this Credit Agreement and agreeing to make the Advances, the Borrower will deliver to the Lender:

(i) payment of a fee in the amount of $50,000, and

(ii) 450,000 common shares in the capital of the Borrower, which shares shall be subject to a four month hold period from the date of issuance,

and such amount and shares shall be fully earned as of the date of this Agreement. On the Closing Date, the Borrower shall make such payment to the Lender and, subject to obtaining all required stock exchange approvals related to the issuance of such shares, deliver such shares to the Lender; provided that in the event that the Borrower is unable to obtain all required stock exchange approvals for the issuance of such shares on the Closing Date, the Borrower will pay to the Lender, in lieu of delivering such shares, a fee equal to the product of the ten-day volume weighted average price of the Borrower's common shares on the TSX, calculated on the last Business Day before the Closing Date, and 450,000.

(b) On the earlier of:

(i) the date on which the condition in Section 3.02(a) is satisfied, and

(ii) December 28, 2012,

the Borrower will pay to the Lender a fee in the amount of $250,000, provided that to the extent the Escrow Amount has not, as of such date, been fully released pursuant to the Escrow Agreement, such amount shall be deducted from the Escrow Amount, and such amount shall be fully earned as of such date.

4.07 Advance Fees

The Borrower will on each Advance Date (including the Closing Date):

(a) pay to the Lender a fee equal to 2% of the amount of the Advance in immediately available funds, and

(b) subject to obtaining all required stock exchange approvals related thereto, deliver to the Lender, common shares in the capital of the Borrower with an aggregate share price equal to 2% of the amount of the Advance. The price per share to be used for the purpose of calculating the number of shares to be issued hereunder shall be equal to the ten-day volume weighted average price of the Borrower's common shares on the TSX, calculated on the last Business Day before the applicable Advance Date. Such shares shall be subject to a four month hold period from the date of issuance. In the event that the Borrower is unable to obtain all required stock exchange approvals for the issuance of such shares, the Borrower will pay to the Lender, in lieu of delivering such shares to the Lender, a fee equal to 2% of the amount of the Advance to be made on the date such shares were to be issued in immediately available funds.

Article 5
REPAYMENTS

5.01 Mandatory Repayment of Principal

Unless the Obligations are required to be repaid at an earlier date pursuant to the terms hereof, the Borrower agrees to repay all Obligations on the Maturity Date.

5.02 Voluntary Repayments

Upon the Lender receiving from the Borrower an irrevocable Repayment Notice not less than 5 Business Days prior to the proposed repayment date, the Borrower may from time to time repay or prepay the Advances without premium, penalty or bonus provided each such repayment or prepayment is equal to or greater than $1,000,000.

5.03 Mandatory Repayments on Additional Equity Financings

If any permitted Additional Equity Financing occurs at any time, an amount equal to 20% of such Additional Equity Financing (net of bona fide direct out-of-pocket transaction costs and expenses incurred in connection with effecting such Additional Equity Financing including out-of-pocket legal fees and disbursements and underwriting fees in connection with such Additional Equity Financing) shall be paid by or on the Borrower's behalf to the Lender upon receipt of those proceeds and shall be applied by the Lender in permanent repayment of outstanding principal amount of the Obligations hereunder. Upon request by the Borrower, the Lender may, in its sole discretion, waive its right to receive the net proceeds as contemplated by this Section.

5.04 Mandatory Repayment on Dispositions

Subject to Section 8.18, on the closing date of any permitted Triggering Disposition by any Obligor, an amount equal to the Net Proceeds of such Disposition shall be paid by or on behalf of the Borrower to the Lender and shall be applied in permanent repayment of all outstanding principal amount of the Obligations. Upon request by the Borrower, the Lender may, in its sole discretion, waive its right to receive the Net Proceeds as contemplated by this Section.

5.05 Mandatory Repayments from Proceeds of Insurance

If an Obligor or the Lender receives any proceeds of insurance in relation to the Obligor, or any of the Property of the Obligors, then an amount equal to the entire net amount of those proceeds which is not within 180 days of the receipt of such proceeds applied or under contract for application to the repair or replacement of damaged property shall be paid by or on behalf of such Obligor to the Lender forthwith and shall be applied in permanent repayment of outstanding principal amount of the Obligations.

5.06 Place of Payment

All payments by the Borrower under any Credit Document, unless otherwise expressly provided, shall be made to the Lender by wire transfer to such account as set out in

Exhibit 2 or certified cheque or bank draft, provided the Lender has received same not later than 2:00 p.m. (Toronto, Ontario time) for value on the date when due, and shall be made in immediately available funds without any right of the Borrower to set-off or counterclaim.

5.07 Account of Record

The Lender shall open and maintain books of account evidencing all Advances and all other amounts owing by the Borrower to the Lender under this Agreement. The Lender shall enter in those books details of all amounts from time to time owing, paid or repaid by the Borrower, and this information shall constitute *prima facie* evidence of the Obligations of the Borrower to the Lender under this Agreement. After a request by the Borrower, the Lender shall promptly advise the Borrower of any entries made in the Lender's books of account.

Article 6
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

6.01 Representations and Warranties

Except as otherwise provided in this Article 6, each of the Obligors makes the following representations and warranties to the Lender with effect on and as of the Closing Date, and acknowledges and confirms that the Lender is relying upon such representations and warranties:

6.02 Existence and Qualification

It:

(a) has been duly incorporated, amalgamated, merged or continued, as the case may be, and is validly subsisting under the laws of its jurisdiction of formation, amalgamation, merger or continuance, as the case may be (or in the case of the Obligor which is not a corporation, has been duly created or established as a partnership or other applicable entity and validly exists under and is governed by the laws of the jurisdiction in which it has been created or established); and

(b) is duly qualified and has all required Material Licenses to carry on its business in each jurisdiction in which the nature of its business requires qualification except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

6.03 Power and Authority

It has the power and capacity,

(a) to enter into, and to exercise its rights and perform its obligations under, the Credit Documents to which it is a party; and

(b) to own its Property and carry on its business as currently conducted.

6.04 Execution, Delivery

The execution, delivery and performance of each of the Credit Documents to which it is a party has been duly authorized, and each of such documents has been duly executed and delivered.

6.05 Credit Documents Comply with Applicable Law, Organizational Documents and Contractual Obligations

None of the execution or delivery by it of, the performance by it of its obligations under, or compliance by it with the applicable terms, conditions and provisions of any of, the Credit Documents, conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under or contravention of, any Applicable Law (where such breach, default or contravention would reasonably be expected to have a Material Adverse Effect), Organizational Document, Material Contract (where such breach, default or contravention would reasonably be expected to have a Material Adverse Effect) or Material License, or results or will result in the creation or imposition of any Encumbrance upon any of its Property, other than Permitted Encumbrances.

6.06 Consent Respecting Credit Documents

It has obtained, made, or taken all consents, approvals, authorizations, declarations, registrations, filings and other actions whatsoever required in connection with the execution and delivery by it of each of the Credit Documents, to which it is a party, and the performance by it of its obligations under the Credit Documents.

6.07 Enforceable Obligations

The Credit Documents have been duly executed and delivered and constitute its legal, valid and binding obligations (with regard to each agreement or instrument to which it is a party) enforceable against it by the Lender in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, moratorium or insolvency laws or similar laws affecting creditors' rights generally and by general equitable principles and such other limitations as are set out in the opinions of Borrower's Counsel.

6.08 Taxes and Tax Returns

Except as set out in Schedule 4 of the Disclosure Letter, it has duly and timely filed, or caused to be duly and timely filed, all Tax Returns in respect of Taxes required to be filed by it with the appropriate Governmental Authority, except where any such failure to so timely file such Tax Returns or to pay such Taxes arises due to an act or omission caused by or affecting the Governmental Authority with or to whom such filing or payment must be made. Except as set out in Schedule 4 of the Disclosure Letter, to the knowledge of the Borrower, it has duly and timely paid all Taxes that are due and payable by it, except for Taxes which are being contested diligently and in good faith through appropriate proceedings, and has made adequate provision in its financial statements or its books and records, as applicable, for the payment of all Taxes owing

by it. Except as set out in Schedule 4 of the Disclosure Letter, there is no inquiry, action, suit, dispute, objection, appeal, investigation, audit, claim or other proceeding either in progress, pending, or to the knowledge of the Borrower threatened by any Governmental Authority regarding any Taxes or Tax Returns which if determined or conducted in a manner adverse to the Obligors, taken as a whole, would reasonably be expected to have a Material Adverse Effect.

6.09 Accounts

Except as set out in Schedule 5 of the Disclosure Letter, it has not established or maintained any:

(a) chequing, savings, or other accounts at any bank or other financial institution or any other account where money is or may be deposited or maintained with any Person; or

(b) securities accounts or have any securities entitlements (as those terms are defined in the STA).

6.10 Accounts Receivable

Its Accounts Receivable have resulted from actual bona fide commercial transactions, the goods and services being sold and the Accounts Receivable created are its exclusive property, and to its knowledge except as otherwise reported or reserved against on its books and records, its customers have accepted the goods or services, and owe and are obliged to pay the full amounts stated in the applicable invoices according to their terms without any dispute, defence or counterclaim.

6.11 Judgments, Etc.

It is not subject to any judgment, order, writ, injunction, decree or award for an amount in excess of $400,000 which has not been stayed, or of which enforcement has not been suspended and the aggregate amount of all such judgments, orders, writs, injunctions, decrees, or awards is nil (in each case, as adjusted for inflation and difference in the value of Brazilian real relative to the U.S. dollar).

6.12 Absence of Litigation

Except as set out in Schedule 6 of the Disclosure Letter, there are no actions, suits or proceedings pending or, to its knowledge, threatened against or affecting it or its Property for an amount in excess of $1,000,000 (as adjusted for inflation and difference in the value of Brazilian real relative to the U.S. Dollar). The aggregate amount of all actions, suits and proceedings pending or, to its knowledge, threatened against or affecting any Obligor or the Property of any Obligor is less than $20,000,000 (as adjusted for inflation and difference in the value of Brazilian real relative to the U.S. Dollar).

6.13 Debt

It has no Debt other than Permitted Debt and the amount of such Debt for each creditor is accurately set out in Schedule 1 of the Disclosure Letter.

6.14 Non Arm's Length Transactions

No agreement, arrangement or transactions between it, on the one hand, and any Associate of, Affiliate of or other Person not dealing at Arm's Length with it (other than agreements, arrangements and transactions between or amongst Obligors), on the other hand, is in existence at the date of this Agreement except as set forth in Schedule 7 of the Disclosure Letter.

6.15 Ownership

(a) Except as disclosed in Schedule 8 of the Disclosure Letter, it:

(i) has good and marketable title to, or valid leasehold interests in, all of its real property, surface leases, and other related rights (collectively, "**Real Property Rights**");

(ii) has good and valid title to all of its Mineral Rights; and

(iii) owns all of its other Property;

in each case subject to no Encumbrances other than Permitted Encumbrances.

(b) It enjoys peaceful and undisturbed possession of all its Real Property Rights and there is no pending or, to its knowledge, threatened condemnation or expropriation proceeding relating to any such Real Property Rights which would reasonably be expected to have a Material Adverse Effect. All of the Real Property Rights and the structures thereon and other tangible assets owned, leased or used by it in the conduct of its business are:

(i) insured to the extent, and in a manner customary, in the industry in which the Obligors are engaged;

(ii) structurally sound with no known material defects;

(iii) in good operating condition and repair, subject to ordinary wear and tear and casualty;

(iv) not in need of maintenance or repair except for ordinary, routine maintenance and repair the cost of which would not be material or as a result of casualty;

(v) sufficient for the operation of its business as presently conducted thereon; and

(vi) in conformity with all Applicable Law and other requirements (including applicable zoning, environmental, motor vehicle safety, occupational safety and health laws and regulations) relating thereto,

except, in each case, where the failure to so insure, maintain structural soundness, maintain the condition or repair of Property, or comply or conform with any of the foregoing would not reasonably be expected to have a Material Adverse Effect.

(c) Except as set out in Schedule 8 of the Disclosure Letter, no Person has any agreement or right to acquire an interest in any of its Property other than in the ordinary course of business.

(d) Schedule 8 of the Disclosure Letter contains a description of:

(i) with respect to all Real Property Rights owned by it, the municipal addresses, legal description, the name of the Person which owns such property and a brief description of such property and its use;

(ii) all Mineral Rights held by it (including the nature of such Mineral Rights);

(iii) with respect to all Real Property Rights leased by it, the municipal addresses, legal description, the name of the Person which leases such property, the name of the landlord, the term and any renewal rights under the applicable lease and a brief description of such property and its use; and

(iv) all Real Property not owned or leased by it where its Property may from time to time be stored or located.

6.16 Insurance

It maintains or has maintained on its behalf insurance which is in full force and effect and which complies with all of the requirements of this Agreement. The details of all existing insurance policies maintained by it are outlined as to carrier, policy number, expiration date, type and amount in Schedule 9 of the Disclosure Letter.

6.17 Licensors, Suppliers, Distributors and Customers

The relationships with its material licensors, suppliers, distributors, partners, joint venture partners and customers are satisfactory commercial working relationships and, during the immediately preceding 12-month period, none of such relationships has been modified, cancelled or otherwise terminated by such licensor, supplier, distributor,

partner, joint venture partner or customer in a manner which has had, or would reasonably be expected to have, a Material Adverse Effect. It is not aware of any intention of any such licensor, supplier, distributor, partner, joint venture partner or customer to take any action which would reasonably be expected to have a Material Adverse Effect.

6.18 No Employee Disputes

Except as disclosed in Schedule 10 of the Disclosure Letter, there are no claims or applications before any legislative body or administrative tribunal pending or, to the knowledge of the Borrower, threatened, with respect to any breach of its obligation to its employees, which would reasonably be expected to have a Material Adverse Effect.

6.19 Labour Relations

Except as disclosed in Schedule 11 of the Disclosure Letter, there is:

(a) no material illegal labour practice complaint pending against it or, to its knowledge, threatened against it, and no grievance or judicial proceeding or lawsuit (including collective lawsuits) arising out of or under collective bargaining agreements is so pending against it or, to its knowledge, threatened against it;

(b) no strike, labour dispute, slowdown or stoppage pending against it, or to its knowledge, threatened against it; and

(c) to its knowledge, no union organizing activities with respect to its employees,

except, in each case, which would not reasonably be expected to have a Material Adverse Effect

6.20 Compliance with Law

It has not violated or failed to comply with any Applicable Law, or any Applicable Order except where the aggregate of all such violations or failures to comply would not reasonably be expected to have a Material Adverse Effect. Except as set out on Schedule 12 of the Disclosure Letter, it has not received any notice to the effect that, or otherwise been advised that, it is not in compliance with any Applicable Law, and it does not know of any currently existing circumstances that are likely to result in the violation of any Applicable Law, in each case, which would reasonably be expected to have a Material Adverse Effect.

6.21 No Event of Default or Pending Event of Default

No Event of Default or Pending Event of Default has occurred. It is not in default under any agreement, guarantee, indenture or instrument to which it is a party or by which it is bound, the breach of which would reasonably be expected to have a Material Adverse Effect.

6.22 Corporate Structure

Its outstanding capital stock or other ownership interests, as applicable (other the Borrower) is validly issued and is fully paid and non-assessable, with the exception of 34,508,213 quotas of MSOL, and is owned as set forth in Schedule 13 of the Disclosure Letter, free and clear of all Encumbrances (other than Permitted Encumbrances). Except as provided for pursuant to this Agreement or disclosed in Schedule 13 of the Disclosure Letter, it does not have outstanding any securities convertible into or exchangeable for its capital stock nor does any Person have outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to its capital stock. The organizational structure of the Obligors and their Affiliates and Subsidiaries is as set out in Schedule 13 of the Disclosure Letter, which Schedule contains a complete and accurate list of:

(a) each such Person's full and correct name (including any French and English forms of name) and the jurisdiction in which it is incorporated or exists;

(b) each such Person's full address (including postal code or zip code) of its registered office, chief executive office and all places of business and, if different, the address at which its books and records are located, and

(c) details of the authorized and issued share capital, partnership interests, membership interest or other similar interest owned by, as well as issued by each such Person, with the exception of the Borrower, together with the name of the registered and beneficial owner of all of such issued and outstanding securities.

6.23 Relevant Jurisdictions

(a) Its Relevant Jurisdictions are set out in Schedule 14 of the Disclosure Letter.

(b) Set out in Schedule 14 of the Disclosure Letter is a true, correct and complete list in all material respects of the names and addresses of each warehouseman, processor, packer, or other place at which its Property is stored.

6.24 Computer Software

It owns or has licensed for use all of the software necessary to conduct its business, except where failure to do so would not be reasonably expected to have a Material Adverse Effect.

6.25 Intellectual Property Rights

(a) It owns, or has the legal right to use, all Intellectual Property necessary for it to conduct its business as currently conducted except for those that the failure to own or have such legal right to use would not reasonably be expected to have a Material Adverse Effect. Set out in Schedule 15 of the Disclosure Letter is a list of all material Intellectual Property owned by it, or that it has the right to use.

(b) Except as provided in Schedule 15 of the Disclosure Letter, no claim has been asserted or is pending by any Person challenging or questioning the use of any such Intellectual Property, or the validity or effectiveness of any such Intellectual Property, nor does it know of any such claim, and to its knowledge, the use of such Intellectual Property by it does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

6.26 Contracts and Licences

(a) Schedule 16 of the Disclosure Letter accurately sets out all of its Material Contracts and all of its Material Licences (other than Mineral Rights disclosed in Schedule 8 of the Disclosure Letter).

(b) A true and complete copy of each such Material Contract and Material Licence has been posted in the electronic data room made available to the Lender as at or prior to the Closing Date and to its knowledge, each such Material Contract and Material Licence to which it is a party or which it was issued is in full force and effect, unamended except as disclosed in Schedule 16 of the Disclosure Letter.

(c) To its knowledge, no event related to an act or omission of it has occurred and is continuing which would constitute a breach of, or a default under, any Material Contract or Material Licence, where such breach would reasonably be expected to have a Material Adverse Effect.

(d) It has not received notice from a lender under a Brazilian Bank Loan that such lender may demand repayment of such Brazilian Bank Loan prior to its stated maturity.

(e) Each Material Contract to which it is a party is binding upon it and, to its knowledge is a binding agreement of each other Person who is a party to the Material Contract.

6.27 Fiscal Year

Its Fiscal Year end is December 31.

6.28 Financial Information

All financial statements which have been furnished to the Lender in connection with this Agreement, in the opinion of the Obligor that furnished them, fairly present in all material respects the consolidated financial position of the Obligors as of the dates referred to therein and have been prepared in accordance with Applicable Accounting Standards. All other financial information (including, without limitation, budgets and projections) provided to the Lender is complete in all material respects and based on assumptions believed to be reasonable at the time such assumptions were made.

6.29 No Material Adverse Effect

Since September 30, 2012, being the date of the most recent consolidated quarterly financial statements of the Borrower which have been furnished to the Lender in connection with this Agreement, there has been no development or event relating to or affecting it which has had or would reasonably be expected to have a Material Adverse Effect.

6.30 Environmental

Except as disclosed in Schedule 17 of the Disclosure Letter:

(a) It is not subject to any administrative, civil or criminal proceeding or known investigation relating to Requirements of Environmental Law and to its knowledge, no such proceeding or investigation is threatened against it.

(b) All relevant approvals, permits, licenses, registrations and other authorizations required by the Requirements of Environmental Law have been obtained by it in relation to the operation of the Business and its Properties (whether owned, leased or otherwise occupied) and each is valid and in full force, except where the failure to have same would not reasonably be expected to have a Material Adverse Effect. It has complied with all conditions and requirements that have been imposed under such approvals, permits, licenses, registrations and other authorizations, except where the failure to so comply would not be reasonably expected to have a Material Adverse Effect.

(c) It currently operates the Business and its Properties (whether owned, leased or otherwise occupied) in compliance with the Requirements of Environmental Law, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(d) It is actively and diligently using commercially reasonable efforts to plan for future compliance with all Requirements of Environmental Law and all such steps are being completed in a manner consistent with a prudent and responsible operator engaged in a business of a similar nature.

(e) No Hazardous Substances are or have been stored, disposed of or otherwise used by it in violation of any applicable Requirements of Environmental Law except where any such violation would not reasonably be expected to have a Material Adverse Effect.

(f) All aboveground and underground storage tanks now or previously located in, on or under any real property now owned or leased by it have been operated, maintained and decommissioned or closed, as applicable, in compliance with applicable Requirements of Environmental Law except when the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(g) To its knowledge, no real property or groundwater in, on or under any property now or previously owned or leased by it (i) is or has been contaminated by any Hazardous Substance where the results of such contamination would reasonably be expected to have a Material Adverse Effect, or (ii) except as set out in Schedule 17 of the Disclosure Letter, is named in any list of hazardous waste or contaminated sites maintained under any Requirements of Environmental Law.

6.31 Employee Welfare and Pension Plans

Except as disclosed in Schedule 18 of the Disclosure Letter, it has not adopted any Pension Plans or Welfare Plans other than the social security (*Previdência Social*) as instituted by Brazilian Federal Act No. 8212/1991.

6.32 Powers-of-Attorney

Schedule 19 of the Disclosure Letter lists each power-of-attorney in force granted by it together with the name of the grantees, powers, date of issuance and expiry date.

6.33 Full Disclosure

All information other than financial information and projections furnished by it to the Lender for purposes of, or in connection with, any Credit Document is true and accurate in all material respects on the date as of which such information is dated or certified, and not incomplete by omitting to state any material fact necessary to make such information not misleading at such time in light of then-current circumstances.

6.34 Issued Shares

With respect to the Issued Shares, the Borrower represents and warrants that:

(a) the currently issued and outstanding common shares of the Borrower are listed and posted for trading on the TSX and the NYSE and no order ceasing or suspending trading in any securities of the Borrower or prohibiting the trading of any of the Borrower's issued securities has been issued and no proceedings for such purpose are pending or, to the knowledge of the Borrower, threatened;

(b) the Borrower has obtained all consents, approvals and authorizations (including the approval of the TSX and the NYSE) and has made all filings as may be required under applicable securities laws necessary for the issuance of the Issued Shares in accordance with this Agreement, provided that the total number of common shares issuable by the Borrower hereunder does not exceed 8,440,964 common shares;

(c) the Borrower has not taken any action which would be reasonably expected to result in the delisting, suspension or cancellation of admission of the Borrower's common shares on or from the TSX or NYSE;

(d) the Borrower has received the approval of the TSX and the NYSE for the listing of all Issued Shares on the TSX and the NYSE;

(e) the Borrower is not in default of any requirements of the TSX or the NYSE in any material respect;

(f) the Borrower is a "reporting issuer" in each of the Reporting Provinces within the meaning of Applicable Securities Laws and is not in default of any requirement of Applicable Securities Laws in any material respect; and

(g) to the knowledge of the Borrower, no agreement is in force or effect which affects the voting or control of the common shares of the Borrower.

Article 7
REPRESENTATIONS AND WARRANTIES OF THE LENDER

7.01 Representations and Warranties

The Lender makes the following representations and warranties to the Borrower, and acknowledges and confirms that the Borrower is relying upon such representations and warranties:

7.02 Accredited Investor

The Lender is entitled under Applicable Securities Laws to purchase the Issued Shares without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing, the Lender is an "accredited investor" as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**") by virtue of being a person, other than an individual or investment fund, that has net assets of at least Cdn.$5,000,000 as shown on its most recently prepared financial statements and that was not created or is not used solely to purchase or hold securities. The representations made by the Lender pursuant to this Section 7.02 shall be deemed to be made by the Lender on each Advance Date.

7.03 No Offering Document

The Lender has not received any offering document or disclosure document relating to the Issued Shares.

7.04 Not a Shareholder

The Lender is not the registered or beneficial owner of any Equity Interests of the Borrower.

Article 8
COVENANTS

POSITIVE COVENANTS

8.01 Covenants

While this Agreement is in effect and until the Obligations have been paid in full and the Credit Facilities have been terminated (with the exception of those Obligations and provisions of the Credit Documents that by their terms survive termination), except as otherwise permitted by the Lender's prior written consent or otherwise set out in this Article 8, each of the Obligors, for itself only, shall maintain or perform, and in the case of the Borrower, take such corporate actions as may be reasonably required to cause each other Obligor to maintain or perform, as applicable, the covenants contained in this Article 8.

8.02 Conduct of Business, Maintenance of Existence, Compliance with Law

It shall: (i) engage in business of the same general type as the Business; (ii) carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practice; (iii) preserve, renew and keep in full force and effect its existence; (iv) and take all commercially reasonable action to maintain all rights, privileges, Mineral Rights and franchises necessary in the normal conduct of its business and comply in all material respects with its obligations under and those limitations contained in or imposed by all Material Contracts, Material Licenses, Organizational Documents and Applicable Law, except where the failure to do same would not reasonably be expected to have a Material Adverse Effect.

8.03 Access to Information

It shall promptly provide the Lender with all information reasonably requested by the Lender from time to time concerning its financial condition and Property, and during normal business hours and from time to time upon reasonable notice, permit representatives of the Lender to inspect any of its Property (provided that such inspections shall not be conducted more frequently than one time per Fiscal Year except where there exists an Event of Default), and to request for purposes of examination, copies of extracts from its financial books, accounts and records, including but not limited to, accounts and records stored in computer data banks and computer

software systems, and to discuss its financial condition with its Senior Officers and (in the presence of such of its representatives as it may designate) its auditors.

8.04 Obligations and Taxes

(a) It shall pay or discharge, or cause to be paid or discharged, before they become delinquent all Taxes that are due and payable by it and all required payments under any of its Debt, in each case other than such Taxes and Debt, the payment of which is being contested in good faith by appropriate proceedings and for which adequate provision has been taken by it on its financial statements in accordance with applicable Accounting Standards.

(b) It shall prepare and file, or cause to be prepared and filed, all Tax Returns that are required to be prepared and filed by it with the appropriate Governmental Authority on a timely basis all in accordance with Applicable Law, except where its ability to file such Tax Returns is impeded by an act or omission caused by or affecting the Governmental Authority with whom such Tax Return must be filed.

8.05 Use of Credit Facilities

The Borrower shall use the proceeds of the Credit Facility as contemplated by Section 2.02 (Purpose of Credit Facilities).

8.06 Insurance

(a) The Borrower shall maintain or cause to be maintained with reputable insurers satisfactory to the Lender acting reasonably comprehensive general liability insurance and insurance coverage against risk of loss or damage to Property of each Obligor (including public liability and damage to property of third parties, business interruption insurance, fire and extended peril insurance, and boiler and machinery insurance) in such amounts and otherwise covering such risks as is reasonable and prudent for a business analogous to the business of the Obligors, and provide to the Lender, on an annual basis, evidence of such coverage. The Borrower shall, on an annual basis prior to the expiry or replacement of any insurance policy, send copies of all renewal or replacement notices relating to such policies to the Lender.

(b) The Lender shall be indicated in all property insurance policies as a loss payee as its interests may appear (except where any such policy is subject to Brazilian law) or additional insured on all general liability policies (except where any such policy is subject to Brazilian law), as applicable; provided that prior to the occurrence of an Event of Default which is continuing, the Lender shall direct or forward payment of any and all proceeds of such insurance policies to the Borrower and the Borrower shall use such proceeds to repair and restore the applicable Property.

8.07 Notices

The Borrower shall give notice to the Lender promptly of:

(a) any violation of any Applicable Law which, if not rectified promptly would reasonably be expected to have a Material Adverse Effect;

(b) any entering into, termination of, amendment of, or default by an Obligor under a Material Contract or Mineral Right;

(c) any damage to or destruction of any Property of an Obligor having a replacement cost in excess of $500,000 (or the equivalent in Brazilian reais);

(d) any Encumbrance registered against any Property of an Obligor, other than a Permitted Encumbrance;

(e) details of any Permitted Inter-Corporate Debt incurred subsequent to the Closing Date;

(f) any Event of Default or Pending Event of Default;

(g) any Material Adverse Effect;

(h) the occurrence or threatened occurrence of any litigation, dispute, arbitration, proceeding or other circumstance the result of which, if determined adversely, would be a judgment or award against any Obligor:

(i) in excess of $500,000 (or the equivalent in Brazilian reais); or

(ii) would result in a Material Adverse Effect; or

(i) the execution of any power-of-attorney, except in the ordinary course of business,

and from time to time provide the Lender with all information reasonably requested by the Lender concerning any such proceedings.

8.08 Environmental Compliance

It shall operate its business in compliance with applicable Requirements of Environmental Law, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and operate all Property owned, leased or otherwise used by it so as to prevent any obligation, including a clean-up or remedial obligation, from arising under any Requirements of Environmental Law (as a result of the operation of its business and all such Property) which would reasonably be expected to have a Material Adverse Effect, provided however, that if any claim is made or any obligation arises under Requirements of Environmental Law, it shall take such commercially

reasonable action as is necessary to satisfy or contest such claim or obligation at its own cost and expense. It shall promptly notify the Lender of:

(a) the existence of Hazardous Substance located on, above or below the surface of any land which it owns, leases, operates, occupies or controls (except those being stored, used or otherwise handled in substantial compliance with applicable Requirements of Environmental Law), or contained in the soil or water constituting such land, in each case to the extent that the existence of such Hazardous Materials would reasonably be expected to have a Material Adverse Effect; or

(b) the occurrence of any reportable release, spill, leak, emission, discharge, leaching, dumping or disposal of Hazardous Substances that has occurred on or from such land where such occurrence would reasonably be expected to have a Material Adverse Effect; or

(c) the occurrence of any environmental damage resulting directly or indirectly from its activities, which would reasonably be expected to have a Material Adverse Effect.

8.09 Maintenance of Property

It shall keep all Property useful and necessary in its business in good working order and condition, normal wear and tear excepted, and do and cause to be done all things necessary to preserve and keep in full force all Intellectual Property and registrations thereof necessary to carry on its business, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

8.10 Landlord Consents and Non-Disturbance Agreements

In respect of such Real Property Rights as the Lender may request in writing, it shall use commercially reasonable efforts to:

(a) obtain a consent agreement from each landlord of Real Property Rights or property that is leased by such landlord at any time and from time to time to it, in form and content satisfactory to the Lender acting reasonably;

(b) obtain a non-disturbance agreement from each mortgagee of any such leased Real Property Rights and an acknowledgement by each such mortgagee of any applicable landlord's consent in respect of such Real Property Rights; and

(c) register notice of each lease relating to leased Real Property Rights and any applicable landlord's consent and non-disturbance agreement against title to the applicable Real Property Rights or leasehold property.

8.11 Consents re Material Contracts

At the request of the Lender acting reasonably, it shall use commercially reasonable efforts to obtain the consent of each Person (other than another Obligor) which is party to a Material Contract to the assignment of its interest therein to the Lender pursuant to the Security.

8.12 Pension Plans

Except with respect to those Pension Plans described in Schedule 18 of the Disclosure Letter, it will not adopt, or become obligated to contribute to, maintain, or contribute to any Pension Plan or multiemployer Pension Plan which is subject to applicable pension and tax Law and provides for defined benefits, without the prior written consent of the Lender, other than the social security (*Previdência Social*) as instituted by Brazilian Federal Act No. 8212/1991.

8.13 Notification of Changes to Schedules of the Disclosure Letter

If requested by the Lender with respect to a particular Schedule of the Disclosure Letter, the Obligors shall, if any of the information or disclosures provided in any of the Schedules of the Disclosure Letter becomes outdated or incorrect in any material respect, deliver to the Lender at such time as is reasonably practicable any revisions or updates to such Schedule(s) of the Disclosure Letter and the information so provided shall be true as at the date of delivery; provided that the Obligors shall not be required to deliver any such revisions or updates more than once in any 6 calendar month period.

8.14 Quarterly Reports

The Borrower shall deliver to the Lender as soon as available, and in any event within 45 days of the end of each of its Fiscal Quarters (excluding the fourth Fiscal Quarter), as at the end of such Fiscal Quarter, the interim unaudited financial statements of the Borrower prepared on a consolidated and unconsolidated basis, including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position and a comparison to the budget set forth in the Annual Business Plan, which shall be prepared in accordance with Applicable Accounting Standards.

8.15 Annual Reports

The Borrower shall deliver to the Lender as soon as available, and in any event within 90 days after the end of each Fiscal Year, the annual audited financial statements of the Borrower prepared on a consolidated and unconsolidated basis including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position for such Fiscal Year and a comparison to the budget set forth in the Annual Business Plan, which financial statements (but not the Annual Business Plan) shall be audited by an internationally recognized accounting firm, and shall be prepared in accordance with Applicable Accounting Standards.

8.16 Annual Business Plan

The Borrower shall deliver to the Lender, as soon as available and in any event within 45 days following each Fiscal Year end, a final Annual Business Plan approved by the Borrower's board of directors.

8.17 Other Information

The Borrower shall provide the Lender promptly with such other information as it may reasonably request respecting the Obligors including monthly reports setting out any transfer of funds between Obligors.

NEGATIVE COVENANTS

8.18 Disposition of Property

It shall not enter into an agreement in respect of the Disposition of, or complete a Disposition of, Property in any Fiscal Year except for:

(a) Dispositions in the ordinary course of business of obsolete Property or of any inventory or other assets that are customarily sold by it on an on-going basis as part of the normal operation of its business;

(b) Dispositions of Property between the Obligors, where in each case, the receiving Obligor has granted Security to the Lender over or in respect of such Property subject only to Permitted Encumbrances;

(c) Dispositions of Property on Arm's Length terms and for fair market value which are not otherwise permitted under subparagraphs 8.18(a) and 8.18(b) above, provided that the Net Proceeds are used by the Borrower to repay principal outstanding in accordance with Section 5.04; and

(d) Dispositions of Equity Interests of a Guarantor where all or substantially all of the Property of such Guarantor has been transferred to another Obligor, other than Recoverable Taxes.

8.19 No Consolidation, Amalgamation, etc.

It shall not amalgamate with any other Person, enter into any merger, consolidation, corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing corporate structure, enter into any Capital Reorganization or liquidate, wind-up or dissolve itself, or permit any liquidation, winding-up or dissolution, except that:

(a) each Guarantor may enter into a Capital Reorganization provided that the Lender receives Security (subject only to Permitted Encumbrances) over its interest in all Equity Interests resulting from such Capital Reorganization that were not previously pledged by the Security;

(b) the Borrower may enter into a Capital Reorganization in which the holders of Equity Interests of the Borrower immediately prior to the Capital Reorganization continue to have, directly or indirectly, more than 50% of the Equity Interests of the Borrower or applicable Successor Entity immediately after such Capital Reorganization and no Event of Default would result from such Capital Reorganization; and

(c) it may amalgamate, enter into a merger, consolidation or other reorganization with, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution) into, another Obligor so long as no Event of Default is then existing and no Event of Default would result from the consummation of such merger, amalgamation or consolidation.

8.20 No Change of Name

It shall not change its name without providing the Lender with 30 days prior written notice thereof.

8.21 No Debt

It shall not shall create, incur, assume or permit any Debt to remain outstanding, other than Permitted Debt.

8.22 No Investments

It shall not make, directly or indirectly, any Investment, except for Investments in (i) other Obligors, or (ii) cash equivalents, which for greater certainty shall include money market funds.

8.23 No Financial Assistance

It shall not give any Financial Assistance exceeding $100,000 (or the equivalent in Brazilian reais) in any individual instance or $500,000 (or the equivalent in Brazilian reais) in the aggregate for all Obligors, other than (i) guarantees made by it in favour of the Lender as contemplated hereunder, (ii) Financial Assistance given by it to or on behalf of another Obligor provided such other Obligor is permitted by this Agreement to undertake the transaction for which such Financial Assistance is being provided and (iii) Financial Assistance given by it to an equipment supplier to enable such equipment supplier to obtain equipment on its behalf where such Financial Assistance was anticipated in the Annual Business Plan, or approved of by the board of directors of the Borrower.

8.24 No Distributions

It shall not make any Distribution except Permitted Distributions.

8.25 No Encumbrances

It shall not create, incur, assume or permit to exist any Encumbrance upon any of its Property, except Permitted Encumbrances.

8.26 No Change to Year End

It shall not make any change to its Fiscal Year.

8.27 No Continuance

It shall not continue into any other jurisdiction.

8.28 Location of Assets in Other Jurisdictions

It shall not, except in the case of Property being delivered to a customer in the ordinary course of business as part of the performance of its obligations, or the provision of its services, under a contract entered into with that customer, suffer or permit in any other manner any of its Property which is subject to the Encumbrance of the Security to not be subject to that Encumbrance or to be or become located in a jurisdiction in which that Encumbrance is not perfected, unless:

(a) it has first given 30 days prior written notice thereof to the Lender; and

(b) it has first executed and delivered to the Lender all Security and all financing or registration statements deemed necessary or admissible by, and in form and substance satisfactory to, the Lender or Lender's Counsel, to ensure that the Security at all times constitutes a perfected first priority Encumbrance (subject only to Permitted Encumbrances and Insolvency Legislation) over such Property in such jurisdiction, together with any supporting certificates, resolutions, opinions and other documents as the Lender or Lender's Counsel may deem necessary or desirable.

8.29 Restrictions on Business Activities

It shall not carry on business other than the Business.

8.30 Financial Instruments

It shall not enter into a Financial Instrument, except where such Financial Instrument constitutes a Permitted Hedging Arrangement.

8.31 Amendments to Organizational Documents

It shall not amend any of its Organizational Documents in a manner that would be reasonably expected to adversely affect the rights and remedies of the Lender under the Credit Documents.

8.32 Amendments to Other Material Contracts and Material Licences

It shall not amend, vary or alter, consent to any assignment or transfer of, or waive or surrender any of its rights or entitlements which would be considered material under, any Material Contracts or Material Licences, without the prior consent of the Lender, which consent shall not be unreasonably withheld or delayed.

8.33 No New Subsidiaries

It shall not create any Subsidiary after the date of this Agreement without providing the Lender with Security (subject only to Permitted Encumbrances) over its interests in the Equity Interests of such Subsidiary and such Subsidiary's Property.

8.34 Accounts

It shall not open, maintain or otherwise have:

(a) any chequing, savings, or other accounts at any bank or other financial institution or any other account where money is or may be deposited or maintained with any Person; or

(b) a securities account or have any securities entitlement (as those terms are defined in the STA);

in each case, without providing the Lender with Security (subject only to Permitted Encumbrances) over its interests in such accounts, with the exception of those accounts maintained at financial institutions with whom it has obligations in respect of Financial Instruments where it has granted an Encumbrance in favour of such financial institutions to secure its obligations with respect to such Financial Instruments.

8.35 Mineral Rights

At all times,

(a) each of the Mineral Rights that are commercially viable to it shall be maintained and defended in accordance with Applicable Laws;

(b) except as set out in Schedule 20 of the Disclosure Letter, there shall be no agreements, commitments, third party held options or third party rights to any of the Mineral Rights or unpaid taxes, debts or fees or overdue royalty payments pending in relation to any of its Mineral Rights, except where the payment of any of the foregoing is being diligently contested in good faith by appropriate proceedings; and

(c) it shall take such actions as are commercially reasonable to obtain or maintain free and unrestricted access to the land covered by its Mineral Rights as is necessary to permit it to exploit its Mineral Rights with respect to such land.

8.36 Issued Shares

(a) All consents, approvals, permits, authorizations or filings as may be required under applicable securities laws, including the approval of any stock exchange on which the Borrower's common shares are listed, necessary for the issuance and sale of the Issued Shares will be obtained by the Borrower prior to the date any Issued Shares are to be issued to the Lender hereunder in relation to Issued Shares actually issued in accordance with the terms hereof.

(b) The Borrower shall use commercially reasonable efforts to maintain the listing of its common shares on the TSX until the principal amount of Advances made hereunder has been satisfied in full and the Lender is under no obligation to make further Advances, provided this covenant shall not prevent the Borrower from (i) entering into a support agreement, arrangement agreement, amalgamation agreement or other similar agreement in respect of a take-over bid, merger, amalgamation, tender offer, recapitalization, scheme of arrangement or share exchange, or (ii) completing any transaction which would result in the Borrower ceasing to be listed on the TSX, in each case so long as the holders of common shares of the Borrower receive securities of an entity which is listed on a stock exchange in Canada or the holders of common shares of the Borrower have approved the transaction (by way of vote or by tender to a take-over bid of more than 50% of the outstanding common shares of the Borrower), in accordance with Applicable Securities Laws.

(c) The Borrower shall use commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the securities laws of the Reporting Provinces until the principal amount of Advances made hereunder has been satisfied in full and the Lender is under no obligation to make further Advances, provided this covenant shall not prevent the Borrower from (i) entering into a support agreement, arrangement agreement, amalgamation agreement or other similar agreement in respect of a take-over bid, merger, amalgamation, tender offer, recapitalization, scheme of arrangement or share exchange, or (ii) completing any transaction which would result in the Borrower ceasing to be a reporting issuer, in each case so long as the holders of common shares of the Borrower receive securities of an entity which is listed on a stock exchange or the holders of common shares of the Borrower have approved the transaction (by way of vote or by tender to a take-over bid of more than 50% of the outstanding common shares of the Borrower), in accordance with Applicable Securities Laws.

(d) All necessary corporate action has been taken by the Borrower to reserve and authorize for issuance a sufficient number of common shares to enable it to satisfy its obligations to issue the Issued Shares hereunder and such shares, when issued in accordance with the terms of this

Agreement, will be validly issued and outstanding as fully paid and non-assessable shares in the capital of the Borrower.

(e) The Borrower shall file a Form 45-106F1 within the time period prescribed by National Instrument 45-106 in connection with the issuance of all Issued Shares, as applicable.

8.37 Non-Arm's Length Transactions

It shall not enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate of any other Obligor other than upon terms and conditions that are not worse for it than would be obtainable in a comparable Arm's Length transaction and which are approved by its board of directors (or quotaholders, as applicable) and if the transaction or series of transactions has a value in excess of $500,000 (or the equivalent in Brazilian reais), the terms have been fully disclosed in writing to the Lender and, if outside of its ordinary course of business, previously approved by the Lender.

8.38 Prepayment of Other Debt

It will not purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking fund, defeasance or other analogous fund for the purchase, redemption, retirement or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Debt, other than:

(a) regularly scheduled payments, prepayments or redemptions of principal, interest and any other amount owing in respect thereof required pursuant to the instruments evidencing such Debt and as set out on Schedule 21 of the Disclosure Letter; and

(b) in connection with any Brazilian Bank Loan, (i) a payment demanded by the lender thereunder, (ii) a prepayment that in its reasonable opinion, based on communications from the lender thereunder, is necessary to avoid a demand for payment by such lender or (iii) a prepayment that in its reasonable opinion is necessary to avoid it being made subject by the lender thereunder to terms not commercially reasonable in the context of the Obligors' other financing commitments, taken as a whole; provided that it may not make any payment of the type contemplated by this Section 8.38(b) if any of the following exist: (x) at the time of such payment, the Obligors do not have sufficient resources by way of cash and availability under the Credit Facility to satisfy all of the Obligors' aggregate indebtedness, liabilities and obligations of any and every kind, nature or description whatsoever (whether direct or indirect, absolute or contingent, matured or unmatured) owing to the lender to whom such payment is to be made; and (y) there exists an Event of Default or Pending Event of Default that has not been cured or waived.

Article 9
SECURITY

9.01 Form of Security

(a) As general and continuing security for the due payment and performance of the Obligations, the following Security shall be granted to the Lender:

(i) a general security agreement from the Borrower in favour of the Lender, constituting a first priority Encumbrance (subject only to the Priority Encumbrances) on all present and after-acquired Property of the Borrower;

(ii) a pledge of machinery and equipment in respect of all present and after-acquired tangible assets with an original cost to a Guarantor equal to or greater than $75,000 (or the equivalent in Brazilian reais) from each Guarantor in favour of the Lender, constituting a first priority Encumbrance (subject only to the Priority Encumbrances);

(iii) an unlimited guarantee from each Subsidiary of the Borrower, guaranteeing the due payment and performance to the Lender of the all present and future Obligations of the Borrower;

(iv) mortgages or charges, as applicable, duly registered in first position (subject to Priority Encumbrances) against all present and after-acquired Real Property Rights owned by MSOL and MTL;

(v) a pledge of mineral rights from MTL and MSOL in favour of the Lender, constituting a first priority Encumbrance (subject only to the Priority Encumbrances) against all present and after-acquired mineral rights owned by MTL and MSOL;

(vi) a pledge of gold production from MTL and MSOL in favour of the Lender constituting a first priority Encumbrance (subject only to Priority Encumbrances) in respect of all gold production of MTL and MSOL;

(vii) a pledge of accounts and receivables from each Guarantor in favour of the Lender constituting a first priority Encumbrance (subject only the Priority Encumbrances) in respect of all present and after-acquired accounts and receivables; and

(viii) a conditional assignment to the Lender constituting a first priority Encumbrance (subject only the Priority Encumbrances) of the rights, entitlements, and benefits of each Guarantor under any Material Contract, the Inter-Corporate Debt and certain agreements relating to Real Property Rights and Mineral Rights.

(b) The documents referred to above shall be in form satisfactory to the Lender and Lender's Counsel, provided however that such documents subject to Brazilian law or registered in Brazil shall be in the Portuguese language.

(c) Except in the case of confirmation of registration of the pledges of mineral rights with the DNPM Brazilian Mines Department - Belo Horizonte, Minas Gerais and São Luiz, Maranhão, the Borrower shall deliver to the Lender, as soon as reasonably practicable, and in any event no later than 110 days following the Closing Date, confirmation of the due registration, filing and recording of the Title Security and the Security listed in Exhibit 4 in all applicable offices or places in all Relevant Jurisdictions together with confirmatory legal opinions of Borrower's Counsel in Brazil in respect thereof. The Borrower shall deliver to the Lender, as soon as reasonably practicable, confirmation of the due registration of the pledges of mineral rights with the DNPM Brazilian Mines Department - Belo Horizonte, Minas Gerais and São Luiz, Maranhão.

9.02 After Acquired Property and Further Assurances

The Borrower shall from time to time execute and deliver, and shall cause each of the other Obligors from time to time to execute and deliver, all such deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge in connection with all Property acquired by any Obligor after the date of this Agreement and intended to be subject to the Security, as may be reasonably requested by the Lender from time to time, provided that in respect of tangible property situate in Brazil, the Guarantors shall only be required to execute and deliver to the Lender a pledge of machinery and equipment on the first Business Day of each Fiscal Quarter in respect of each tangible asset acquired by a Guarantor with an original cost to the Guarantor equal to or greater than $75,000 (or the equivalent in Brazilian reais) during the preceding Fiscal Quarter.

The Borrower shall take, and cause each of the other Obligors to take, such actions as are necessary or as the Lender may reasonably request from time to time to ensure that the Obligations of each Obligor under the Credit Documents are secured by a first priority Encumbrance (subject only to Permitted Encumbrances or Priority Encumbrances, as the case may be and to Insolvency Legislation) in favour of the Lender over all of the Property of the Obligors, in each case as the Lender may determine, including (a) the execution and delivery of guarantees, security agreements, pledge agreements, mortgages, deeds of trust, financing statements and other documents, and the filing or recording of any of the foregoing and (b) the delivery of certificated securities and other collateral with respect to which perfection is obtained by possession and (c) entering into such agreements and taking such actions as are necessary so that the Lender has control (for purposes of the STA) of any collateral over which a security interest may be perfected by control.

9.03 Registration

The Borrower shall, at its expense, cause to be registered, filed or recorded the Security in all offices in each Relevant Jurisdiction where such registration, filing or recording is necessary to the creation, perfection and preserving of the Security applicable to it and/or any other Obligor. The Borrower shall renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect and shall, from time to time as reasonably required, provide to the Lender an opinion of counsel acceptable to the Lender that all such registrations, filings and recordings have been made and perfect the security interests created by the Security.

9.04 Release of Security

At such time as the Borrower has satisfied all of its respective indebtedness, liabilities and obligations in relation to this Agreement in full and shall have terminated the same (other than arising under any term of any Credit Document which by its terms survives the termination of this Agreement), the Lender shall, at the expense and request of the Borrower, without any representations, warranties or recourse of any kind whatsoever, enter into such agreements and other instruments and do such things as may be necessary to release, reassign, re-convey and discharge the Security; provided that any Property which is disposed of by any Obligor in accordance with the terms of this Agreement shall be released from the Security by the Lender following a written request by, and at the expense of, the Borrower.

Article 10
DEFAULT

10.01 Events of Default

The occurrence of any one or more of the following events (each an "**Event of Default**") shall constitute a default under this Agreement:

(a) the failure of an Obligor to pay any amount of principal hereunder, or to pay interest, fees or other Obligations when due and payable and such failure shall continue for a period of 5 Business Days following receipt by such Obligor from the Lender of notice of non-payment;

(b) the failure of an Obligor to observe or perform any covenant or obligation applicable to it under any Credit Document (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 10.01), if such default is capable of being cured within 90 days and that Obligor fails to cure such default within the earlier of 30 days from the date:

(i) it has knowledge of the default; and

(ii) the Lender delivers written notice of the default to the Borrower;

provided that where such failure to observe or perform a covenant cannot be cured within 30 days and such Obligor is working diligently to cure such breach, the Obligor shall have an additional 60 days to cure such breach prior to the same becoming an Event of Default;

(c) any representation or warranty made by any Obligor in any Credit Document or in any certificate or other document at any time delivered hereunder to the Lender was incorrect or misleading in any material respect;

(d) the cessation or threatened cessation by an Obligor of its business generally;

(e) the failure of an Obligor to observe or perform any agreement or condition in relation to any Debt (other than in connection with the Brazilian Bank Loans) in excess of $2,000,000 (or the equivalent in Brazilian reais) to any Person, or contained in any instrument or agreement evidencing, securing or relating thereto, or (other than in connection with the Brazilian Bank Loans) any other event shall occur or condition exist, the effect of which default or other condition is to cause, or to permit the holder of such Debt to cause such Debt to become due prior to its stated maturity date and the Obligor shall have failed to cure that breach or alleged breach, provided same is curable, within 30 days after the Obligor has knowledge thereof;

(f) the denial by any Obligor of its obligations under any Credit Document, or the claim by any Obligor that any of the Credit Documents is invalid or has been withdrawn in whole or in part, except to the extent set forth in the opinions of the Borrower's Counsel delivered pursuant to Section 3.01;

(g) a decree or order has been entered by a court of competent jurisdiction adjudging an Obligor bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any of them under any Insolvency Legislation or insolvency or appointing a receiver and/or a receiver and manager or decreeing or ordering a winding-up or liquidation of the affairs of any of them, unless such decree or order is being contested diligently and in good faith by appropriate proceedings by such Obligor and such decree or order is stayed cancelled or dismissed within 60 days;

(h) an Obligor files a proposal pursuant to Insolvency Legislation or shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy, or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under any applicable laws relating to bankruptcy or insolvency, or shall consent to the filing of any such petition or shall consent to the appointment of a receiver and/or a receiver and manager or shall have

made an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due;

(i) the taking of possession by an Encumbrancer, by appointment of a receiver, receiver and manager, or otherwise, of any material portion of the Property of any Obligor unless such appointment or possession is being contested diligently and in good faith by appropriate proceedings by such Obligor and such possession or appointment is stayed or revoked within 60 days;

(j) an Obligor incurs any further Debt or other liability to any Person holding a Priority Encumbrance beyond the amount of such Obligor's Debt and liabilities to such Persons as at the Closing Date;

(k) the entering or obtaining of a final judgment or decree for the payment of money due against an Obligor in an amount in excess of $2,000,000 (or the equivalent in Brazilian reais) if that judgment or decree is not vacated, discharged or stayed pending appeal within the applicable appeal period;

(l) the issuance of one or more orders by (i) one or more of the securities regulators in the Reporting Provinces or in a jurisdiction outside of Canada, (ii) the NYSE, (iii) the TSX, or (iv) the TSXV, ceasing, suspending or prohibiting trading in securities of the Borrower on all of the NYSE, the TSX and the TSXV, and such order or orders shall continue in effect for a period of 10 Business Days following its issuance;

(m) any of the Brazilian Bank Loans shall remain unsatisfied for a period of 30 days following demand or maturity thereof; or

(n) a Change of Control in respect of the Borrower.

10.02 Acceleration and Termination of Rights

If any Event of Default occurs and is continuing, (i) all Obligations shall, at the option of the Lender, become immediately due and payable with interest, at the rate or rates determined as provided in this Agreement, to the date of their actual payment, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by each Obligor, and (ii) the Lender will be under no further obligation to provide any further Advances. In that event, the Security shall become immediately enforceable and the Lender may, in its sole discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against any Obligor authorized or permitted by law for the recovery of all the Obligations of the Obligors to the Lender, and proceed to exercise any and all rights hereunder and under the Security, and no such remedy for the enforcement of the rights of the Lender shall be exclusive of, or dependent on, any other remedy, but any one or more of such remedies may from time to time be exercised independently or in combination.

10.03 Remedies Cumulative

For greater certainty, the rights and remedies of the Lender under any Credit Document are cumulative and are in addition to, and not in substitution for, any rights or remedies provided by Law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in any Credit Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach.

10.04 Saving

The Lender shall have no obligation to the Obligors or any other Person to realize any collateral or enforce the Security or any part thereof or to allow any of the collateral to be sold, dealt with or otherwise disposed of. The Lender shall not be responsible or liable to the Obligors or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the collateral or any part thereof or the failure to allow any of the collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that the Lender may be responsible or liable for any loss or damage arising from the wilful misconduct or gross negligence of the Lender.

10.05 Perform Obligations

If an Event of Default has occurred and is continuing, and if any Obligor has failed to perform any of its covenants or agreements in the Credit Documents at such time, the Lender may, but shall be under no obligation to, perform any such covenants or agreements in any manner deemed fit by the Lender without thereby waiving any rights to enforce the Credit Documents. The reasonable documented out-of-pocket fees and expenses (including any legal costs on a full indemnity basis) incurred by the Lender in respect of the foregoing shall be an Obligation and shall be secured by the Security.

10.06 Third Parties

No Person dealing with the Lender or any agent of the Lender shall be concerned to inquire whether the Security has become enforceable, or whether the powers which the Lender is or purporting to exercise have been exercisable, or whether any Obligations remain outstanding upon the Security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or other Disposition or any other dealing with the collateral charged by such Security or any part thereof.

10.07 Set-Off or Compensation

In addition to, and not in limitation of, any rights now or hereafter granted under Applicable Law, if repayment is accelerated pursuant to Section 10.02, the Lender may, at any time without notice to any Obligor or any other Person, the right to receive any notice being expressly waived by each Obligor, set off and compensate and apply any

and all indebtedness or obligation of any kind at any time owing by the Lender to or for the credit of or the account of an Obligor, against and on account of the Obligations, notwithstanding that any of them are contingent or un-matured.

10.08 Application of Payments

Notwithstanding any other provisions of this Agreement, after the occurrence and during the continuance of an Event of Default, all payments made by an Obligor under this Agreement, or from the proceeds of realization of any Security, or otherwise collected or received by the Lender on account of amounts outstanding with respect to any of the Obligations, shall be paid over or delivered to make the following payments (as the same become due at maturity, by acceleration or otherwise):

(a) first, to payment of any fees owed to the Lender hereunder or under any other Credit Document;

(b) second, to the payment of all reasonable documented out-of-pocket costs and expenses (including without limitation reasonable legal fees) of the Lender in connection with enforcing the rights of the Lender under the Credit Documents;

(c) third, to the payment of all Obligations consisting of interest payable to the Lender hereunder;

(d) fourth, to all other Obligations; and

(e) fifth, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

Article 11
COSTS, EXPENSES AND INDEMNIFICATION

11.01 Costs and Expenses

The Borrower shall pay promptly following (and in any event no later than 30 Business Days following) receipt of written notice together with copies of applicable invoices from the Lender all reasonable documented out-of-pocket costs and expenses in connection with the preparation, execution and delivery of the Credit Documents and the other instruments, registrations, certificates and documents to be delivered thereunder, whether or not a closing has occurred or any Advance has been made under this Agreement, including, without limitation, the reasonable documented out-of-pocket fees and expenses of Lender's Counsel with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Credit Documents to be delivered under this Agreement. The Borrower further agrees to pay all reasonable documented out-of-pocket fees and expenses in connection with the preparation or review of waivers, consents and amendments requested by the Borrower, questions of interpretation of this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation

or enforcement of rights of the Lender under this Agreement, and other documents to be delivered under this Agreement, including, without limitation, all reasonable documented out-of-pocket costs and expenses sustained by the Lender as a result of any failure by any of the Obligors to perform or observe any of their respective obligations under this Agreement, together with interest at 18% per annum from and after the 10th Business Day of having been given notice from the Lender, if payment is not made by that time. Such costs and expenses shall be payable whether or not an Advance is made under this Agreement.

11.02 Specific Third Party Claim Indemnification

In addition to any liability of the Borrower to the Lender under any other provision of this Agreement, the Borrower covenants to indemnify and hold harmless the Lender and its directors, officers, employees and representatives (collectively the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against any and all actions, proceedings, claims, assessments in respect of required withholding losses, damages, liabilities, expenses and obligations of any kind that may be incurred by, or asserted against, any of them by any third party, including any Governmental Authority, as a result of, or in connection with, the entering into of the Credit Documents or the transactions therein contemplated, including where related to or as a result of actions on the part of any Obligor related to, or as a consequence of, environmental matters or a failure to comply with Requirements of Environmental Law, other than any claim arising from the gross negligence or wilful misconduct of an Indemnified Party. Whenever any such claim arises, an Indemnified Party (if not the Lender) shall promptly notify the Lender, and the Lender shall in turn promptly notify the Borrower, of the claim and, when known, the facts constituting the basis for the claim, and if known, the amount or an estimate of the amount of the claim. The failure of an Indemnified Party to promptly give notice of a claim shall not adversely affect the Indemnified Party's rights to indemnity, except to the extent such failure adversely affects the right of the Borrower to assert any reasonable defence to the claim. An Indemnified Party shall not settle or compromise any claim by a third party for which it is entitled to indemnification under this Section 11.02 without the prior written consent of the Borrower (which consent shall not be unreasonably withheld). The Borrower shall have the sole right, at its expense, to control any such legal action or claim and to settle on terms and conditions approved by the Borrower and approved by the party named in such legal action or claim acting reasonably provided that if, in the opinion of the Lender the interests of the Lender are different from those of the Borrower in connection with such legal action or claim, the Lender shall have the right, at the Borrower's expense, to defend its own interests provided that any settlement of such legal action or claim shall be on terms and conditions approved by the Borrower, acting reasonably. The Borrower shall not settle or compromise any such claim or any legal proceeding resulting therefrom without the prior written consent of the applicable Indemnified Parties (which consent shall not be unreasonably withheld). The applicable Indemnified Parties shall be entitled to participate in (but not control) the defence of any action, with their own counsel and at their own expense. If the Borrower does not assume the defence of any claim or litigation resulting therefrom, the applicable Indemnified Parties may defend against that claim or litigation using one set of counsel for those Indemnified Parties, in the manner

as it deems appropriate and at the expense of Borrower, including, but not limited to, settling the claim or litigation, after giving notice of the proposed settlement to, and receiving the consent of, the Borrower (which consent shall not be unreasonably withheld). In that case the Borrower shall be entitled to participate in (but not control) the defence of the action, with its own counsel and at its own expense. The defense and indemnity obligations contained throughout this Agreement shall survive the termination of this Agreement and repayment of the Obligations.

Article 12
TAXES, CHANGE OF CIRCUMSTANCES

12.01 Change in Law

(a) In the event of any change after the date of this Agreement in any Applicable Law or in the interpretation or application thereof by any court or by any Governmental Authority which now or hereafter:

(i) subjects the Lender to any Tax or changes the basis of taxation, or increases any existing Tax, on payments of interest or fees payable by any Obligor to the Lender under any Credit Document (except for Excluded Taxes on the overall net income or capital of the Lender or any franchise, branch, or profits tax), other than in respect of which the Lender has claimed or received an Additional Amount pursuant to Section 12.02;

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirements against assets held by, or deposits in or for the account of or loans by or any other acquisition of funds by, the office of the Lender through which the Credit Facility is being provided and at which the Obligations are being maintained; or

(iii) imposes on the Lender or requires there to be maintained by the Lender any capital adequacy or additional capital requirements in respect of the Advance hereunder or any other condition with respect to any Credit Document;

with the result of an increase in the cost to, or a reduction in the amount of principal, interest or other amount received or receivable by, or the effective return of, the Lender under this Agreement in respect of making, maintaining or funding such Advance under the Credit Facility, the Lender shall determine that amount of money which shall compensate the Lender for such increase in cost or reduction in income (in this Agreement referred to as "**Additional Compensation**").

(b) Upon the Lender having determined that it is entitled to Additional Compensation the Lender shall promptly notify the Borrower. The Lender shall provide to the Borrower a photocopy of the relevant Applicable Law, and a certificate of a duly authorized officer of the Lender setting forth the

Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrower shall pay or shall cause the applicable Obligor to pay to the Lender within 10 Business Days of the giving of such notice the Lender's Additional Compensation calculated to the date of such notification. The Lender shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section 12.01 are then applicable, notwithstanding that the Lender has previously been paid Additional Compensation. The Lender shall endeavour to limit the incidence of any Additional Compensation, including seeking recovery for the account of the applicable Obligor, by appealing any assessment at the expense of the applicable Obligor upon the request of the Borrower and will not seek Additional Compensation from the applicable Obligor except to the extent it seeks Additional Compensation from all debtors to it, if any, similarly affected. The Lender shall transfer the Credit Facility to another of its existing offices if and to the extent doing so would reduce or eliminate the necessity of an Obligor paying present or future Additional Compensation.

12.02 Taxes

(a) All payments required to be made to the Lender pursuant to the Credit Documents shall be made free and clear of, and without deduction or withholding for, or on account of, any present or future Taxes unless such deduction or withholding is required by Applicable Law. If any Indemnified Taxes are required to be deducted or withheld by Applicable Law from any amounts payable under the Credit Documents to the Lender (other than in respect of which the Lender has claimed or received Additional Compensation pursuant to Section 12.01), the Obligor shall promptly pay an additional amount ("**Additional Amount**") to the Lender as may be necessary so that after making all required Tax deductions or withholdings (including deductions or withholdings applicable to Additional Amounts payable under this Section 12.02), the Lender receives an amount equal to the amount that it would have received had no such deductions or withholdings been required. The applicable Obligor shall pay the full amount of all Taxes deducted or withheld under this Section 12.02 to the relevant Governmental Authority on a timely basis all in accordance with Applicable Law. Each Obligor shall be fully liable and responsible for and shall, promptly following receipt of a request from the Lender, pay to the Lender on its behalf or on behalf of the other Obligors, any and all Taxes in the nature of sales, use, and goods and services, and harmonized sales Taxes payable under the laws of Canada or any Province of Canada, or payable under the laws of any other country or jurisdiction, with respect to any and all goods and services made available under the Credit Documents to any Obligor by the Lender. Whenever any Taxes are required to be paid by an Obligor to a Governmental Authority under this Section 12.02, the Obligor shall send or cause to be sent to the Lender, as

promptly as possible thereafter, a certified copy of an original official receipt showing payment of such Taxes or other satisfactory evidence of the payment of such Taxes. If an Obligor fails to pay any Taxes deducted or withheld as required under this Section 12.02 when due or if an Obligor fails to remit to the Lender the required documentary evidence of such payment, the Borrower shall indemnify and save harmless the Lender from any Taxes or other liabilities that may become payable by the Lender or to which the Lender may be subjected as a result of any such failure. A certificate of the Lender as to the amount of any such Taxes and containing reasonable details of the calculation of such Taxes shall be, absent manifest error, prima facie evidence of the amount of such Taxes.

(b) If the Lender is entitled to an exemption from or reduction of withholding tax under the laws of a jurisdiction in which an Obligor is resident or carries on business, or under any applicable tax treaty with such jurisdiction, the Lender shall, at the request of an Obligor, deliver to the Obligor, at the time or times reasonably requested by Obligor, such properly completed and executed documentation as will permit payments under the Credit Documents to be made without withholding or at a reduced rate of withholding.

(c) If the Lender receives a refund of any Taxes as to which it has been indemnified by an Obligor or with respect to which an Obligor has paid Additional Amounts or that, because of the payment of such Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Obligor, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or Additional Amounts paid, by the Obligors under this Section 12.02 with respect to the Taxes giving rise to such refund or reduction), net of all reasonable documented out-of-pocket expenses of the Lender.

Article 13
SUCCESSORS AND ASSIGNS AND ADDITIONAL LENDERS

13.01 Binding Effect

Each Credit Document enures to the benefit of and binds the Parties and their respective successors and permitted assigns.

13.02 Assignment

(a) No Obligor may assign any rights or obligations relating to this Agreement or any other Credit Document without the Lender's prior written consent.

(b) The Lender's rights and obligations under this Agreement are assignable and the Lender shall be entitled to assign its rights and obligations or to permit other Persons to participate in the Credit Facilities, all in accordance with the provisions of this section and the other terms of this

Agreement. The Borrower hereby consents to the disclosure of any Information to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the Information confidential and abide by the terms of Section 14.01 in a manner that is legally enforceable by the Borrower and other Obligors directly against such Person.

(c) Subject to this section and the other terms of this Agreement, the Lender may assign or transfer all (but not less than all) of its rights and obligations under this Agreement to such Persons, at such times, and upon such terms as it may determine provided that

(i) prior to the occurrence and continuance of a Pending Event of Default or Event of Default, no assignment shall be made to an assignee where that assignment would result in the Borrower being obliged to make additional payments to the Lender under Section 12.01 (Change in Law) or 12.02 (Taxes), and

(ii) until the occurrence of an Event of Default or a Pending Event of Default which is continuing, any such assignment requires the Borrower's prior written consent, which consent shall not to be unreasonably withheld or delayed.

(d) Following the occurrence of an Event of Default or a Pending Event of Default that is continuing, the Borrower's prior written consent to any such assignment will not be required.

(e) The assigning Lender shall obtain from the assignee an undertaking of the assignee, addressed to the Parties to this Agreement, whereby the assignee agrees to be bound by this Agreement and the other Credit Documents in the place and stead of the assignor Lender to the extent of the rights and obligations of the assignor so assigned.

(f) After the execution and delivery of the undertaking, and the Borrower's consent, to the extent required

(i) the assignee will be a party to this Agreement and, to the extent that rights and obligations under this Agreement have been assigned to it, have the Lender's rights and obligations under this Agreement, and

(ii) the assigning Lender will, to the extent that rights and obligations under this Agreement have been assigned by it under such assignment agreement, relinquish its rights and be released from its obligations under this Agreement (except for obligations in respect of which it is then in default and for greater certainty any liabilities for any act or omission which occurred prior to such

assignment) and that assigning Lender will cease to be a party to this Agreement.

13.03 Participations

The Lender may (subject to the provisions of Section 13.02) sell participations to one or more Persons in or to all or a portion of its rights and obligations under this Agreement. However, that participant will not become a Lender and

(a) the Lender's obligations under this Agreement will remain unchanged and the Lender will remain solely responsible to the other Parties to this Agreement for the performance of those obligations,

(b) the Obligors shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement,

(c) no participant will have any right to approve any amendment or waiver of any provision of this Agreement or any consent to any departure by any Person therefrom,

(d) any agreement or instrument pursuant to which the Lender sells such participations shall provide that the Lender shall retain the sole right to enforce the Credit Documents and to approve any amendment, modification or waiver of any provision of the Credit Documents; and

(e) a participation by the Lender of its interest (or a part thereof) under this Agreement or a payment by a participant to the Lender as a result of the participation will not constitute a payment under this Agreement to the Lender or an Advance to the Borrower.

Article 14
EXCHANGE AND CONFIDENTIALITY OF INFORMATION

14.01 Confidentiality and Disclosure of Information

(a) Notwithstanding Section 14.01(b) below, the Lender may provide any assignee or participant, or potential assignee or participant, under Article 13 (Successors and Assigns and Additional Lenders) with any financial, operational, and other information and data provided and to be provided to it by the Obligors or any one of them under this Agreement (the "**Information**") concerning the condition of the Obligors, provided that such assignee or participant or potential assignee or participant enters into a confidentiality agreement with the Borrower pursuant to which it agrees to prevent the disclosure of such information on such terms as are acceptable to the Borrower, acting reasonably;

(b) Subject to paragraph (i) below, the Lender acknowledges the confidential nature of the Information and shall prevent its disclosure provided, however, that it:

(i) may disclose all or any part of the Information if that disclosure is required by Law or process of a Governmental Authority in connection with any actual or threatened judicial, administrative, or governmental proceeding;

(ii) will incur no liability relating to any disclosure of Information to any, or under the requirements of any, judicial authority, law enforcement agency, or taxation authority where such disclosure is required by Law or process of a Governmental Authority; and

(iii) may disclose Information to any Person in connection with any enforcement action being taken or proposed to be taken by the Lender against an Obligor provided the recipient of the Information enters into a non-disclosure agreement with the Lender.

Article 15
GENERAL PROVISIONS

15.01 Entire Agreement

This Agreement together with the other Credit Documents constitutes the entire agreement between the Parties relating to its subject matter. This Agreement supersedes all previous agreements and discussions between the Parties (including the term sheet dated October 26, 2012 between the Borrower and Renvest Mercantile Bancorp Inc.). There are no representations, covenants, or other terms other than those set forth in this Agreement and the other Credit Documents.

15.02 Further Assurances

Each party, upon receipt of Notice by another party, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to the terms of this Agreement.

15.03 Amendment

This Agreement may only be amended by a written document signed by each of the Parties.

15.04 Conflict of Terms

If there is any inconsistency between the terms of this Agreement and those in any exhibit to this Agreement, any agreement entered into under this Agreement, or under any of the Credit Documents, the terms giving the Lender greater rights or remedies will govern (to the maximum extent permitted by Applicable Law), it being understood that

the purpose of this Agreement and any other Credit Document is to add to, and not detract from, the rights granted to the Lender under the Credit Documents.

15.05 No Partnership

Nothing contained in this Agreement will create a partnership, joint venture, principal-and-agent relationship, or any similar relationship between the Parties.

15.06 Notice

To be effective, a notice provided pursuant to this Agreement (a "**Notice**") must be in writing and delivered (a) personally, either to the individual designated below for that party or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, or (d) by electronic mail, to the address or electronic mail address set out opposite the party's name below or to any other address or electronic mail address for a party as that party from time to time designates to the other parties in the same manner:

in the case of the Borrower, to:

Rua Levindo Lopes, 323
CEP 30140 Belo Horizonte
Minas Gerais, Brazil

Attention: Chief Financial Officer
Facsimile:603-224-6143
Email: jroller@jaguarmining.com

and:

Attention: Legal Department
Facsimile: 031-3232-7371
E-mail: rodrigo.Andrade@jaguarmining.com.br and
luciana.borges@jaguarmining.com.br

with a copy to:

122 North Main Street, 2nd Floor,
Concord, New Hampshire 03301

in the case of the Lender, to:

Global Resource Fund c/o Renvest Mercantile Bancorp Inc.
80 Richmond Street West, Suite 1700
Toronto, Ontario M5H 2A4
Attention: David Lewis
Fax No.: 416-866-8793
Email: dlewis@renvestcapital.com
with a copy to dcohen@renvestcapital.com

Any Notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a Business Day and it was delivered before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (ii) if sent by fax, on the day of transmission, if that day is a Business Day and the fax transmission was made before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (iii) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then Notice must be given by means other than mail, or (iv) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a Business Day and if the sender received confirmation before 5:00 p.m. local time in the place of receipt, and otherwise on the next Business Day.

15.07 Remedies Cumulative

The rights, remedies, and powers provided in this Agreement or under any other Credit Document to a party are cumulative and in addition to, and are not exclusive of or in substitution for, any rights, remedies, and powers otherwise available to that party.

15.08 Non-Merger

The rights, obligations, and representations and warranties under this Agreement and each other Credit Document will not merge on the Closing Date.

15.09 Survival

Sections 15.07, 15.12, 15.13, 15.14, and all of Article 11 survive the termination of this Agreement.

15.10 Severability

The invalidity or unenforceability of any particular term of this Agreement will not affect or limit the validity or enforceability of the remaining terms.

15.11 Waiver

No waiver of satisfaction of a condition or non-performance of an obligation under any Credit Document is effective unless it is in writing and signed by the party granting the waiver. No waiver under this section affects the exercise of any other rights or remedies under this Agreement. Any failure or delay in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver of that right or remedy. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

15.12 Governing Law

The laws of Ontario and the laws of Canada applicable in Ontario, excluding any rule or principle of conflicts of law that may provide otherwise, govern this Agreement.

15.13 Submission to Jurisdiction

The Borrower irrevocably attorns to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this Agreement.

The Parties irrevocably consent to the service of any and all process in any action or proceeding by the delivery of such process to any Obligor at the Borrower's address under Section 15.06.

15.14 Judgment Currency

(a) If, for the purpose of obtaining or enforcing judgment against any party in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") an amount due in another currency (the "**Indebtedness Currency**") under any Credit Document, the conversion will be made at the Rate of Exchange prevailing on the Business Day immediately preceding

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any other jurisdiction that will give effect to the conversion being made on that date, or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (that date being the "**Judgment Conversion Date**").

(b) If, as a result of a change in the Rate of Exchange between the Judgment Conversion Date and the date of actual payment, the conversion of the Judgment Currency into Indebtedness Currency dollars results in the Lender receiving less than the full amount of Indebtedness Currency dollars payable to Lender, the Borrower agrees to pay the Lender any additional amount (and in any event not a lesser amount) as may be necessary to ensure that the amount received is not less than the full amount of Indebtedness Currency dollars payable by the Borrower on the date of payment. Any additional amount due under this section will be due as a separate debt, gives rise to a separate cause of action, and will not be affected by judgment obtained for any other sums due under this Agreement.

15.15 Waiver of Jury Trial

The Parties

(a) waive any rights that they may have to a trial by jury or relating to any litigation based on or arising out of, under, or in connection with this Agreement, any other Credit Document, or any course of conduct, course

of dealing, statements (whether oral or written), or actions of the Lender or of the Obligors; and

(b) acknowledge and agree that this provision is a material inducement for the Lender entering into this Agreement and each other Credit Document.

15.16 Counterparts

This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Counterparts may be transmitted by fax or in electronically scanned form. Parties transmitting by fax or electronically shall also deliver the original counterpart to each other party, but failure to do so does not invalidate this Agreement.

15.17 Effective Date

This Agreement is effective as of the date shown at the top of the first page, even if any signatures are made after that date.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement.

JAGUAR MINING INC.

By: *(signed) David Petroff*
Name: David Petroff
Title: CEO

By: *(signed) James M. Roller*
Name: James M. Roller
Title: CFO

I/We have authority to bind the Corporation

GLOBAL RESOURCE FUND

By: *(signed) Adriano D.C. Trindade*
Name: Adriano D.C. Trindade
Title: Attorney-in-Fact

I have authority to bind the Corporation

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *(signed) James M. Roller*
Name: James M. Roller
Title: Diretor
I have authority to bind the Corporation

MINERAÇÃO TURMALINA LTDA.

By: *(signed) James M. Roller*
Name: James M. Roller
Title: Diretor
I have authority to bind the Corporation

MCT MINERAÇÃO LTDA.

By: *(signed) James M. Roller*
Name: James M. Roller
Title: Diretor
I have authority to bind the Corporation

Exhibit 1
Repayment Notice

TO: Global Resource Fund ("Lender")

FROM: Jaguar Mining Inc. ("Borrower")

DATE: ●

1. This Repayment Notice is delivered to you pursuant to the credit agreement made as of December 17, 2012, between the Borrower, the Guarantors and the Lender, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All defined terms set forth, but not otherwise defined, in this notice shall have the respective meanings set forth in the Credit Agreement, unless the context requires otherwise.

2. The Borrower hereby gives you notice of a repayment as follows:

   (a) Date of Repayment:

   (b) Amount of Repayment:

JAGUAR MINING INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have authority to bind the Corporation

Exhibit 3
Notice of Request for Advance

TO: Global Resource Fund ("Lender")

FROM: Jaguar Mining Inc. ("Borrower")

DATE: ●

This Notice of Request for Advance is delivered to you pursuant to the credit agreement made as of December 17, 2012, between the Borrower, the Guarantors, and the Lender as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All defined terms set forth, but not otherwise defined, in this notice shall have the respective meanings set forth in the Credit Agreement, unless the context requires otherwise.

The Borrower hereby requests an Advance in the amount of US $● on ●.

All of the conditions precedent to the Advance hereby requested have been satisfied.

JAGUAR MINING INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have authority to bind the Corporation

Exhibit 4
Security Not Required for the Initial Advance

Security	**Office of Registration**
Gold Production Agreement	
MSOL	Real Estate Register Itabirito, Santa Bárbara, Caeté, Barão de Cocais, Sabará and Rio Acima, Minas Gerais
MTL	Real Estate Register Pitangui, Minas Gerais
Accounts Receivable Pledge	
MSOL	Registry of Deeds and Documents of Belo Horizonte, Minas Gerais
MTL	Registry of Deeds and Documents of Conceição do Pará, Minas Gerais
MCT	Registry of Deeds and Documents of Centro Novo do Maranhão, Maranhão
Conditional Agreement for Assignment of Contracts	
MSOL	Registry of Deeds and Documents of Belo Horizonte, Minas Gerais
MTL	Registry of Deeds and Documents of Conceição do Pará, Minas Gerais
MCT	Registry of Deeds and Documents of Centro Novo do Maranhão, Maranhão
Real Estate Mortgage Agreement	
MSOL	Real Estate Register Itabirito, Barão de Cocais and Caete, Minas Gerais
MTL	Real Estate Register Pitangui, Minas Gerais

Exhibit "H"

Jaguar Mining Inc

Outstanding accounts payable

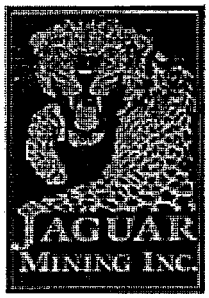
Wp in CAD dollars

1247798 Ontario Limited (rent)	7,552
DELOITTE & TOUCHE LLP	92,030
DIAS CARNEIRO ADVOGADOS	5,379
KPMG	319,592
KRAFT, BERGER	42,409
McLane, Graf, Raulerson & Middleton	45,177
Rogers Communications	1,542
Total	**513,682**

This is Exhibit H referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "I"



This is Exhibit I referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

JAGUAR MINING INC.

Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended

September 30, 2013 and 2012

(Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2013 and December 31, 2012
(Unaudited and expressed in thousands of US dollars)

		September 30, 2013	December 31, 2012
Assets			
Current assets:			
Cash and cash equivalents		$ 18,199	$ 13,856
Inventory	*Note 4*	24,358	26,342
Other accounts receivable	*Note 5 (ii)*	7,365	7,983
Recoverable taxes	*Note 5*	4,841	9,031
Prepaid expenses and sundry assets		2,971	3,055
Derivatives	*Note 6*	-	43
		57,734	60,310
Prepaid expenses and sundry assets		3,131	2,428
Restricted cash		109	609
Assets held for sale		1,347	612
Recoverable taxes	*Note 5*	52,424	54,458
Property, plant and equipment	*Note 7*	259,006	301,383
Mineral exploration projects	*Note 8*	67,908	84,075
		$ 441,659	$ 503,875
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*Note 9*	$ 23,508	$ 29,745
Notes payable	*Note 10*	46,184	27,388
Income taxes payable		16,646	15,451
Reclamation provisions		3,958	4,124
Other provisions	*Note 14*	7,349	4,796
Deferred compensation liabilities		37	105
Other liabilities		-	20
		97,682	81,629
Notes payable	*Note 10*	251,231	240,158
Option component of convertible notes	*Note 6*	81	4,458
Deferred income taxes		5,657	6,624
Reclamation provisions		14,533	16,927
Deferred compensation liabilities		56	216
Other liabilities		57	60
		369,297	350,072
Shareholders' equity:			
Share capital		371,077	370,043
Stock options		874	2,137
Contributed surplus		17,638	16,015
Deficit		(317,227)	(234,392)
		72,362	153,803
		$ 441,659	$ 503,875

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

Going concern basis of accounting (Note 2)
Subsequent event (Note 16)

On behalf of the Board:
(signed) "Richard Falconer" *(signed) "David Petroff"*

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30, 2013 and 2012
(Unaudited and expressed in thousands of US dollars)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	**2013**	2012
Gold sales		**$ 32,082**	$ 38,412	**$ 105,679**	$ 135,919
Production costs		**(20,456)**	(25,183)	**(67,245)**	(107,833)
Stock-based compensation		**5**	100	**14**	443
Depletion and amortization		**(8,135)**	(7,807)	**(24,235)**	(31,729)
Gross profit (loss)		**3,496**	5,522	**14,213**	(3,200)
Operating expenses:					
Exploration		**160**	730	**761**	801
Paciência care and maintenance		**487**	3,126	**1,940**	3,126
Stock-based compensation (recoveries)		**55**	427	**346**	(1,868)
Administration		**4,095**	5,885	**13,067**	14,831
Amortization		**281**	297	**861**	878
Other		**925**	795	**5,536**	1,786
Total operating expenses		**6,003**	11,260	**22,511**	19,554
Loss before the following		**(2,507)**	(5,738)	**(8,298)**	(22,754)
Gain on derivatives		**(57)**	(16)	**(536)**	(130)
Loss (gain) on conversion option embedded in convertible debt	*Note 6*	**(213)**	4,741	**(4,377)**	(67,011)
Foreign exchange (gain) loss		**304**	734	**3,017**	5,245
Accretion expense		**444**	527	**1,336**	1,660
Interest expense		**8,640**	7,177	**24,886**	21,377
Interest income		**(139)**	(617)	**(652)**	(3,039)
Loss (gain) on disposition of property		**829**	197	**3,120**	(171)
Impairment of properties	*Note 7*	**-**	-	**46,834**	47,692
Other non-operating expenses (recoveries)		**(174)**	2,439	**(497)**	2,973
Total other expenses		**9,634**	15,182	**73,131**	8,596
Loss before income taxes		**(12,141)**	(20,920)	**(81,429)**	(31,350)
Income taxes					
Current income taxes		**818**	303	**1,819**	924
Deferred income taxes (recovery)		**233**	402	**(413)**	2,892
Total income taxes		**1,051**	705	**1,406**	3,816
Comprehensive loss for the period		**$ (13,192)**	$ (21,625)	**$ (82,835)**	$ (35,166)
Basic and diluted loss per share	*Note 12*	**$ (0.15)**	$ (0.26)	**$ (0.97)**	$ (0.42)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2013 and 2012

(Unaudited and expressed in thousands of US dollars except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Cash provided by (used in):				
Operating activities:				
Net loss and comprehensive loss for the period	$ (13,192)	$ (21,625)	$ (82,835)	$ (35,166)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:				
Unrealized foreign exchange loss (gain)	(612)	(1,981)	(148)	(3,715)
Stock-based compensation expense (recovery)	50	327	331	(2,311)
Interest expense	8,640	7,177	24,886	21,377
Accretion expense	444	527	1,336	1,660
Deferred income taxes (recovery)	233	402	(413)	2,892
Depletion and amortization	8,416	8,104	25,096	32,607
Provision and loss on disposition of property, plant and equipment	710	2,586	2,934	3,133
Write-down of Paciência inventory	-	-	-	2,394
Impairment of properties	-	-	46,834	47,692
Unrealized loss (gain) on derivatives	-	23	43	(90)
Unrealized loss (gain) on option component of convertible note	(213)	4,741	(4,376)	(67,011)
Reclamation expenditure	(198)	(73)	(281)	(186)
	4,278	208	13,407	3,276
Change in non-cash operating working capital:				
Accounts receivable	1,025	-	-	-
Inventory	221	1,854	2,091	5,586
Other accounts receivable	1,601	569	619	(716)
Recoverable taxes	(200)	(2,754)	4,175	(6,781)
Prepaid expenses and sundry assets	(24)	(1,262)	(1,310)	(3,098)
Accounts payable and accrued liabilities	(1,808)	(1,732)	(6,639)	(3,973)
Income taxes payable	877	364	1,195	(961)
Other provisions	(896)	189	2,553	802
Deferred compensation liabilities	(2)	(36)	(79)	(2,304)
	5,072	(2,600)	16,012	(8,169)
Financing activities:				
Repayment of debt	(13,049)	(7,196)	(26,735)	(9,415)
Increase in debt	5,478	6,200	45,990	13,200
Decrease in restricted cash	-	500	500	499
Interest paid	(4,307)	(3,229)	(12,785)	(10,223)
Other liabilities	1	1	(23)	(1,707)
	(11,877)	(3,724)	6,947	(7,646)
Investing activities:				
Mineral exploration projects	(123)	(973)	(831)	(7,935)
Purchase of property, plant and equipment	(4,668)	(6,781)	(18,548)	(37,795)
Proceeds from disposition of property, plant and equipment	339	187	820	869
	(4,452)	(7,567)	(18,559)	(44,861)
Effect of foreign exchange on non-U.S. dollar denominated cash and cash equivalents	395	1,938	(57)	6,192
Increase (decrease) in cash and cash equivalents	(10,862)	(11,953)	4,343	(54,484)
Cash and cash equivalents, beginning of period	29,061	31,944	13,856	74,475
Cash and cash equivalents, end of period	$ 18,199	$ 19,991	$ 18,199	$ 19,991

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2013 and 2012

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Stock Options		Contributed Surplus	Deficit	Total
	Shares	Amount	Options	Amount			
Balance as at January 1, 2012	84,409,648	$ 370,043	4,005,000	$ 14,207	$ 3,414	$ (149,855)	$ 237,809
Stock options granted	-	-	1,326,250	319	-	-	319
Vested options expired	-	-	(195,000)	(688)	688	-	-
Vested options expired upon termination	-	-	(1,285,000)	(4,675)	4,675	-	-
Net loss	-	-	-	-	-	(35,166)	(35,166)
Balance as at September 30, 2012	84,409,648	$ 370,043	3,851,250	$ 9,163	$ 8,777	$ (185,021)	$ 202,962
Balance as at January 1, 2013	84,409,648	$ 370,043	1,836,250	$ 2,137	$ 16,015	$ (234,392)	$ 153,803
Shares issued (Note 11)	1,986,708	1,034	-	-	-	-	1,034
Stock options (Note 11)	-	-	277,778	360	-	-	360
Vested options forfeited	-	-	(70,000)	(231)	231	-	-
Vested options expired upon termination	-	-	(440,000)	(1,392)	1,392	-	-
Net loss	-	-	-	-	-	(82,835)	(82,835)
Balance as at September 30, 2013	**86,396,356**	**$ 371,077**	**1,604,028**	**$ 874**	**$ 17,638**	**$ (317,227)**	**$ 72,362**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2013 and 2012
(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

1. Nature of business and basis of preparation:

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporation Act* (Ontario) engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The address of the Company's registered office is 67 Yonge Street, Suite 1203, Toronto, Ontario, M5E 1J8, Canada.

These condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2013 and 2012 include the accounts of the Company and its wholly-owned subsidiaries: Mineração Serras do Oeste Ltda. ("MSOL"), Mineração Turmalina Ltda. ("MTL") and Mineração Chega Tudo Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

2. Going concern:

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. As at September 30, 2013, the Company had a working capital deficiency of $39.9 million and an accumulated deficit of $317.2 million. The Company incurred a loss for the three and nine month periods ended September 30, 2013 amounting to $13.2 million and $82.8 million, respectively.

The Company will need to refinance/restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. There is no assurance that the Company's financing initiatives, which include the Company's ability to restructure its Convertible Debentures of $165.0 million due in November 2014 and $103.5 million due in March 2016, will be successful or sufficient.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. There is no assurance that the Company's financing initiatives, which necessarily include the Company's ability to restructure its Convertible Debentures of $165.0 million due in November 2014 and $103.5 million due in March 2016, will be successful or sufficient and accordingly, this fact, along with the factors discussed in the preceding paragraph results in a material uncertainty that casts significant doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects beyond those write-downs.

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications, and such adjustments could be material.

The Company has been exploring and will continue to consider all of its options to maintain and raise capital when and as needed, including selling assets and/or issuing debt and/or equity securities subject to prevailing market conditions.

3. Statement of compliance:

These 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, 2012 audited annual financial statements.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following standards and interpretations adopted in 2013:

Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") introduces a new approach to determining which investees should be consolidated, and provides a single model to be applied in the control analysis for all investees. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 was effective for the annual period beginning on January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 10.

Joint Arrangements

IFRS 11 Joint Arrangements ("IFRS 11"), published in May 2011, replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 changes the accounting for joint ventures and removes the free choice between using the equity method and using proportionate consolidation. IFRS 11 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 11.

Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosures for entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 was effective for annual periods beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 12.

Fair Value Measurement

IFRS 13 Fair Value Measurement ("IFRS 13"), published in May 2011, provides a single source of guidance for defining fair value, measuring fair value, and disclosing fair value measurements. IFRS 13 was effective for annual periods beginning on or after January 1, 2013. This standard was adopted prospectively as of the beginning of the 2013 annual period. There was no impact on the Company's financial statements upon adoption of IFRS 13.

Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued by the IASB to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current "stripping activity asset". The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRIC 20.

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

These condensed interim consolidated financial statements were approved by the Board of Directors on the recommendation of the Audit Committee on November 7, 2013.

4. Inventory:

	September 30, 2013	December 31, 2012
Raw material	$ 2,963	$ 3,483
Mine operating supplies	8,636	9,221
Ore stockpiles	623	1,308
Gold in process	12,136	12,330
Total Inventory	$ 24,358	$ 26,342

5. Recoverable taxes:

	December 31, 2012	Additions	Sale of credits	Applied to payroll taxes	Foreign exchange	Septmber 30, 2013
Value added taxes and other (i)	$ 47,229	$ 4,325	$ -	$ (2,656)	$ (3,811)	$ 45,087
ICMS (ii)	19,182	2,730	(6,153)	-	(1,311)	14,448
Reserve for ICMS (ii)	(2,922)	34	618	-	-	(2,270)
	63,489	7,089	(5,535)	(2,656)	(5,122)	57,265
Less: current portion	9,031					4,841
Long-term portion	$ 54,458					$ 52,424

(i) The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods.

(ii) ICMS – *Imposto sobre circulação de mercadorias e prestação de servicos* is a type of value added tax which can either be sold to other companies (usually at a discount rate ranging from 10% to 15%) or be used to purchase specified machinery and equipment. The ICMS credits can only be realized in the State it was generated, in the case of Jaguar, in the State of Minas Gerais, Brazil.

Recorded as Other accounts receivable is $7.4 million related to receivable from sales of ICMS tax credits to other companies (December 31, 2012 - $8.0 million).

6. Financial risk management and financial instruments:

The Company's activities expose it to a variety of financial risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk and price risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at December 31, 2012.

Liquidity Risk

As at September 30, 2013, the Company had a working capital deficiency of $39.9 million and an accumulated deficit of $317.2 million. The Company incurred a loss for the three and nine month periods ended September 30,

2013 amounting to $13.2 million and $82.8 million respectively. The Company's financial liabilities and other commitments are listed in Note 13.

The Company will need to refinance/restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. There is no assurance that the Company's financing initiatives, which include the Company's ability to restructure its Convertible Debentures of $165.0 million due in November 2014 and $103.5 million due in March 2016, will be successful or sufficient.

Derivative financial instruments

i) Forward sales contract:

As of September 30, 2013, no forward sales contracts were outstanding.

ii) Forward foreign exchange contracts:

As at September 30, 2013, no forward foreign exchange contracts were outstanding. As at December 31, 2012, derivative assets included $43,000 of unrealized foreign exchange gains relating to the forward foreign exchange contracts outstanding at that time.

Financial instruments

i) The fair value of the following financial assets and liabilities approximate their carrying amount due to the limited term of these instruments:

a. Cash and cash equivalent
b. Restricted cash
c. Other accounts receivable
d. Accounts payable and accrued liabilities
e. Other provisions
f. Deferred compensation liabilities

The fair value of the Notes payable is based on their market price, if available, and it is disclosed in Note 10.

ii) Fair value estimation:

IFRS 7 Financial Instruments - Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of financial assets and liabilities:

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

c. Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

As at September 30, 2013, the option component of the convertible notes was measured at fair value as follows:

	September 30, 2013	December 31, 2012
Option component of convertible notes	$ 81	$ 4,458

The option components of the convertible notes are fair valued using the Crank-Nicolson valuation model which requires inputs, such as volatility and credit spread, that are both unobservable and significant, and therefore are categorized as Level 3 in the fair value hierarchy.

iii) Inter-relationship between key unobservable inputs and fair value measurements:

The table below summarizes a sensitivity analysis for the inputs of volatility and credit spread as at September 30, 2013 and December 31, 2012 with all other variables held constant. It shows how the option component of the convertible notes and income before taxes would have been affected by changes in these relevant risk variables that were reasonably possible at that date.

Impact to option component of convertible notes:

Assumption	Change for Sensitivity Analysis	Impact of Changes as at September 30, 2013	Impact of Changes as at December 31, 2012
Volatility	5% increase	$ 32	$ 457
	5% decrease	(26)	(456)
Credit spread	1% increase	$ 1	$ 40
	1% decrease	(1)	(42)

The carrying amount of the option components of the convertible notes was $81,000 as at September 30, 2013 (December 31, 2012 - $4.5 million). The change in fair value of $213,000 and $4.3 million for the three and nine months ended September 30, 2013 is shown as a gain on conversion option embedded in convertible debt in the statements of loss and comprehensive loss (three and nine months ended September 30, 2012 - $4.7 million loss and $67.0 million gain, respectively).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2013 and 2012
(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

7. Property, plant and equipment ("PPE"):

Property, Plant and Equipment	Processing plant	Vehicles	Equipment	Leasehold improvements	Assets under construction	Mining properties	Total
Cost							
Balance at January 1, 2012	$ 13,865	$ 14,442	$ 220,431	$ 2,744	$ 11,772	$ 283,709	$ 546,963
Additions	25	3,164	3,855	6	10,379	32,760	50,189
Interest capitalized	-	-	-	-	-	(229)	(229)
Disposals	-	(3,820)	(7,020)	(430)	-	-	(11,270)
Transfer to assets held for sale	-	(154)	(1,748)	-	(998)	-	(2,900)
Reclassify within PPE	1,790	2	16,924	44	(18,760)	-	-
Reclassify from MEP	-	-	-	-	-	2,230	2,230
Balance at December 31, 2012	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Balance at January 1, 2013	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Additions	-	25	1,385	18	3,670	11,316	16,414
Interest capitalized	-	-	-	-	-	409	409
Disposals	-	(131)	(5,280)	-	(397)	-	(5,808)
Transfer to assets held for sale	-	134	(951)	-	397	-	(420)
Reclassify within PPE	18	-	2,062	-	(2,080)	-	-
Balance at September 30, 2013	**$ 15,698**	**$ 13,662**	**$ 229,658**	**$ 2,382**	**$ 3,983**	**$ 330,195**	**$ 595,578**
Accumulated amortization and impairment							
Balance at January 1, 2012	$ 7,789	$ 7,041	$ 57,295	$ 963	$ -	$ 85,200	$ 158,288
Amortization for the year	868	2,226	18,563	461	-	19,158	41,276
Impairment loss	1,115	1,238	18,384	189	922	69,748	91,596
Transfer to assets held for sale	-	(96)	(982)	-	-	-	(1,078)
Disposals	-	(2,622)	(3,430)	(430)	-	-	(6,482)
Balance at December 31, 2012	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Balance at January 1, 2013	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Amortization for the period	806	1,458	12,031	349	-	11,003	25,647
Impairment loss	1,192	-	-	-	-	28,571	29,763
Disposals	(716)	(81)	(1,924)	-	-	-	(2,721)
Transfer to assets held for sale	-	90	193	-	-	-	283
Balance at September 30, 2013	**$ 11,054**	**$ 9,254**	**$ 100,130**	**$ 1,532**	**$ 922**	**$ 213,680**	**$ 336,572**
Carrying amounts							
At December 31, 2012	$ 5,908	$ 5,847	$ 142,612	$ 1,181	$ 1,471	$ 144,364	$ 301,383
At September 30, 2013	**$ 4,644**	**$ 4,408**	**$ 129,528**	**$ 850**	**$ 3,061**	**$ 116,515**	**$ 259,006**

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

During the year ended December 31, 2012, the Company recorded impairment charges in the amount of $90.1 million for the Paciência property and $12.9 million for the Turmalina property. The total impairment charge for the year ended December 31, 2012 was $103.0 million. During the quarter ended June 30, 2013, the Company updated its impairment test due to the decrease in gold price. This reassessment generated an increase of $46.8 million in the impairment charge, being $3.9 million related to the Paciência project, $17.8 million related to the Turmalina project and $25.1 million for the Caeté project.

The Paciência, Turmalina and Caeté projects are cash generating units ("CGUs") which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs.

The impairment loss of $46.8 million was allocated to the following balance sheet lines: $29.8 million was allocated to property, plant and equipment and $17.0 million of the loss was allocated to mineral exploration projects. The recoverable amount of the properties was determined using a fair value less cost to sell approach ("FVLCS"). FVLCS for the properties was determined by considering the net present value of future cash flows generated by the properties. Net future cash flows were derived from life of mine plans for the properties. The following significant assumptions were used to value the properties:

Discount rate:	9.63%
Gold price:	first year: $1,300
	thereafter: $1,400

Expected future cash flows used to determine the FVLCS used in the impairment testing of the Paciência, Turmalina and Caeté properties are inherently uncertain and could materially change over time. The cash flows are significantly affected by a number of factors including estimates of production levels; operating costs and capital expenditures reflected in the life of mine plans; as well as economic factors beyond management's control, such as gold prices and discount rates. Should management's estimate of the future not reflect actual events, further impairments may be identified or reversal of the existing impairment may occur.

8. Mineral exploration projects:

Mineral Exploration Projects	Paciência	Turmalina	Caeté	Gurupi	Pedra Branca	Total
Balance at January 1, 2012	$ 3,616	$ 8,865	$ 16,381	$ 60,076	$ -	$ 88,938
Additions	439	711	529	7,050	39	8,768
Impairment loss	(3,302)	(8,099)	-	-	-	(11,401)
Reclassify to PPE	(753)	(1,477)	-	-	-	(2,230)
Balance at December 31, 2012	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075
Balance at January 1, 2013	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075
Additions	-	78	4	349	352	783
Interest capitalized	-	-	121	-	-	121
Impairment loss (Note 7)	-	(76)	(16,995)	-	-	(17,071)
Balance at September 30, 2013	$ -	$ 2	$ 40	$ 67,475	$ 391	$ 67,908

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

9. Accounts payable and accrued liabilities:

	September 30, 2013	December 31, 2012
Accounts payable (suppliers)	$ 9,442	$ 17,582
Interest payable	3,617	3,217
Accrued payroll	9,674	7,793
Other	775	1,153
	$ 23,508	$ 29,745

10. Notes payable:

	September 30, 2013	December 31, 2012
Bank indebtedness	$ 15,769	$ 25,470
Vale note	2,050	1,918
Renvest credit facility (a)	28,365	-
Notes payable - current portion	46,184	27,388
Bank indebtedness	180	368
Vale note	6,152	5,754
4.5% convertible notes	153,368	145,818
5.5% convertible notes	91,531	88,218
Notes payable - long-term portion	251,231	240,158
Total notes payable	297,415	267,546
Fair value of notes payable	$ 101,480	$ 128,625

Principal repayments over the next four years:

2013	$ 17,820
2014	201,951
2015	190
2016	103,500
Total	323,461
Less: unamortized discounts	26,046
	$ 297,415

(a) On October 29, 2012, the Company announced that it had arranged a $30.0 million standby credit facility (the "Facility") with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the "Lender").

On January 25, 2013, the Company made an initial drawdown of $5.0 million on the Facility and concurrently issued 570,919 common shares of the Company (Note 11) to the Lender pursuant to the terms of the Facility. On June 26, 2013, the Company drew down the remaining $25.0 million on the Facility and issued another 1,315,789 common shares of the Company (Note 11) to the Lender. The initial drawdown and the subsequent drawdown under the Facility mature in July 2014.

Interest is applied to the outstanding balance of all amounts drawn down from the Facility at a fixed rate of eleven percent (11%) per annum, payable monthly in arrears. The proceeds from the draw down are available, among other things, for working capital related to its Turmalina, Caeté and Paciência mining properties in Brazil. The Facility includes a general security agreement over all of the Company's and its subsidiaries' present and future assets, delivery of the shares of the Company's subsidiaries and loan guarantees by the Company's subsidiaries. Loan covenants include restrictions on additional borrowing and granting of security and a requirement that the Company use commercially reasonable efforts to maintain the listing of its common shares on the TSX during the term of the loan.

The Facility is reduced by $1.6 million of transaction costs which are being be amortized using the effective interest method over the term of the Facility.

11. Capital stock:

a) Common Shares

On January 14, 2013, 100,000 inducement shares, valued at $69,000, were granted to the new Chief Operating Officer of the Company.

On January 25, 2013, 570,919 shares, valued at $491,000, were granted to the Renvest Mercantile Bancorp Inc. (the "Lender") upon the initial drawdown of $5.0 million of the Facility. On June 26, 2013, 1,315,789 shares, valued at $474,000, were granted to the Lender upon the subsequent drawdown of $25.0 million of the Facility (Note 10(a)).

b) Stock Options

The following table shows the stock options outstanding at September 30, 2013:

	Outstanding			Vested		
Exercise price (C$)	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average remaining contractual life	Weighted average exercise price
$0.25 to $2.20	1,604,028	4.05	$0.98	1,070,694	4.04	$1.00

The following table is a summary of stock options granted during the nine month period ended September 30, 2013, the fair values and the assumptions used in the Black-Scholes option pricing formula:

		Weighted Average						
	Number of options	Exercise price (CDN$)	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value
Granted in 2013	277,778	$ 0.55	-	1.09%	0.00%	2.9	82%	$ 0.27

12. 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,	
	2013	2012	**2013**	2012
Numerator				
Net loss for the period	**$ (13,192)**	$ (21,625)	**$ (82,835)**	$ (35,166)
Denominator				
Weighted average number of common shares outstanding - basic	**86,396**	84,410	**85,486**	84,410
Dilutive effect of options	**-**	-	**-**	-
Weighted average number of common shares outstanding - diluted	**86,396**	84,410	**85,486**	84,410
Basic and diluted earnings (loss) per share	**$ (0.15)**	$ (0.26)	**$ (0.97)**	$ (0.42)

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 convertible notes since they are anti-dilutive:

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Options	**1,674**	4,281	**1,720**	4,591
Convertible notes	**26,650**	26,650	**26,650**	26,650
	28,324	30,931	**28,370**	31,241

13. 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, 2013	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	$ 23,508	$ -	$ -	$ -	$ 23,508
Notes payable					
Principal	47,820	275,641	-	-	323,461
Interest	16,455	12,273	-	-	28,728
	$ 87,783	$ 287,914	$ -	$ -	$ 375,697
Other Commitments					
Income taxes payable	$ 16,646	$ -	$ -	$ -	$ 16,646
Other provisions	7,349	-	-	-	7,349
Operating lease agreements	187	-	-	-	187
Suppliers' agreements					
Mine operations (a)	1,264	-	-	-	1,264
Reclamation provisions (b)	4,029	3,252	4,003	13,188	24,472
	$ 29,475	$ 3,252	$ 4,003	$ 13,188	$ 49,918
Total	**$ 117,258**	**$ 291,166**	**$ 4,003**	**$ 13,188**	**$ 425,615**

a) The Company has the right to cancel the mine operations contracts with 30 days advance notice. The amount included in the commitments table represents the amount due within 30 days.

b) The reclamation provisions are not adjusted for inflation and are not discounted.

14. Other provisions and Contingent liabilities

Various legal, environmental and regulatory matters are outstanding from time to time due to the nature of the Company's operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

As of September 30, 2013, the Company has recognized a provision of $7.3 million (December 31, 2012 - $4.8 million) representing management's best estimate of expenditure required to settle present obligations, as noted in the table below. For the nine months ended September 30, 2013 the Company paid $1.1 million in settlements related to the litigations. The ultimate outcome or actual cost of settlement may vary materially from management estimates.

(Unaudited and tabular dollar amounts in thousands of US dollars, except per share amounts)

	December 31, 2012	Additions	Reversals	Foreign exchange	September 30, 2013
Labour litigation	$ 2,500	$ 3,642	$ (1,346)	$ (414)	$ 4,382
Civil litigation	1,727	1,052	(117)	(240)	2,422
Other provisions	569	20	(44)	-	545
	$ 4,796	$ 4,714	$ (1,507)	$ (654)	$ 7,349

On July 30, 2013, Daniel R. Titcomb ("Titcomb"), the Company's former President and Chief Executive Officer, and a group of former officers, a former Director and a former related party (Brazilian Resources Inc. -"BZI"), filed a complaint (the "Complaint") in New Hampshire against the Company and selected current and former directors (the "Named Directors") of the Company. Among other items, the Complaint alleges wrongful termination of Mr. Daniel R. Titcomb on December 6, 2011 and mismanagement of the strategic review process regarding the possible change of control of Jaguar which ended May 8, 2012. Jaguar and its Board of Directors believe the Complaint to be without merit and are taking any steps necessary to vigorously defend the lawsuit and protect its interests. No accrual has been made related to this lawsuit.

15. Related party transactions

a) Transactions with subsidiaries:

The Company has transferred funds to its subsidiaries MSOL, MTL and MCT in the form of loans at a rate of three-month LIBOR plus 4% and export loans at a rate of six-month LIBOR plus 4%. Loans and interest have been eliminated upon consolidation.

b) Other related party transactions:

The Company incurred consulting expenses from Hermann Consulting Inc. ("Hermann"), a company owned by Fred Hermann, a director of Jaguar Mining. Fees paid to Hermann are recorded at the exchange amount – being the amount agreed to by the parties and are included in administration expenses in the statements of loss and comprehensive loss, and amounts to $221,000 for the nine months ended September 30, 2013.

The Company also incurred legal fees from Azevedo Sette Advogados ("ASA"), a company whose partner is Luis Miraglia, a director of Jaguar Mining. Fees paid to ASA are recorded at the exchange amount – being the amount agreed to by the parties and are included in administration expenses in the statements of loss and comprehensive loss, and amounts to $134,000 for the nine months ended September 30, 2013.

16. Subsequent event

(i) On November 1, 2013, the Company and the Named Directors of the Company filed Defendants' Answer, Affirmative Defenses and Counterclaims (the "Defense") in response to the complaint filed by Mr. Daniel R. Titcomb ("Titcomb"), certain former officers of the Company, a former director of the Company and shareholders aligned with Titcomb (Note 14).

(ii) Also on November 1, 2013, the Board of Directors of Jaguar approved a non-binding term sheet outlining the terms of a recapitalization and financing transaction (the "Term Sheet") with the ad hoc committee of holders ("Ad Hoc Committee") of its US$165.0 million 4.5% Senior Unsecured Convertible Notes due November 1, 2014 ("4.5% Convertible Notes") and US$103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (together with the 4.5% Convertible Notes, the "Convertible Notes").

The Term Sheet contemplates a transaction that would provide significant operating liquidity to the Company and its subsidiaries through new equity financing and that would significantly reduce the leverage on the Company's balance sheet through a debt-for-equity exchange with holders of the Convertible Notes. As a result of this new equity financing and debt-for-equity exchange, current shareholders would have minimal or no continuing equity interest in the Company following the completion of the transaction. The transaction would be implemented through a statutory plan of arrangement. Further details on the recapitalization and refinancing transaction will be made available as definitive documentation is finalized.

In connection with the decision to approve the Term Sheet, Jaguar elected to defer the semi-annual interest payment due November 1, 2013 on the 4.5% Convertible Notes. The Ad Hoc Committee, which represents a majority of the Convertible Notes, supported the Company's decision to defer this payment. The indenture, dated September 15, 2009 (the "Indenture"), among the Company, The Bank of New York Mellon, as trustee, and BNY Trust Company of Canada, as co-trustee, governing the 4.5% Convertible Notes provide a 30-day grace period for payment of interest. Non-payment of interest will not cause an Event of Default under the Indenture unless that interest remains unpaid at the conclusion of the 30 day grace period. If there is an event of default under the Convertible Notes, the principal amount of the Convertible Notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. These amounts automatically become due and payable if an event of default relating to certain events of bankruptcy, insolvency or reorganization in connection with a bankruptcy or insolvency occurs. During the 30-day grace period, Jaguar will seek to finalize definitive documentation for the recapitalization and financing transaction described in the Term Sheet, which Jaguar believes is in the best interests of the Company and beneficial to all stakeholders.

JAGUAR MINING INC.

Condensed Interim Consolidated Financial Statements

June 30, 2013 and 2012

(Unaudited)

JAGUAR MINING INC.

Condensed Interim Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

(Unaudited)

		June 30, 2013	December 31, 2012
Assets			
Current assets:			
Cash and cash equivalents		$ 29,061	$ 13,856
Accounts receivable		1,025	-
Inventory	*Note 4*	23,071	26,342
Other accounts receivable	*Note 5 (ii)*	8,966	7,983
Recoverable taxes	*Note 5*	6,033	9,031
Prepaid expenses and sundry assets	*Note 6*	2,605	3,055
Derivatives	*Note 7(a)*	-	43
		70,761	60,310
Prepaid expenses and sundry assets	*Note 6*	3,473	2,428
Restricted cash		109	609
Assets held for sale		1,802	612
Recoverable taxes	*Note 5*	50,956	54,458
Property, plant and equipment	*Note 8*	263,278	301,383
Mineral exploration projects	*Note 9*	67,750	84,075
		$ 458,129	**$ 503,875**
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*Note 10*	$ 25,135	$ 29,745
Notes payable	*Note 11*	25,263	27,388
Income taxes payable		15,769	15,451
Reclamation provisions		3,872	4,124
Other provisions		8,245	4,796
Deferred compensation liabilities		39	105
Other liabilities		-	20
		78,323	81,629
Notes payable	*Note 11*	275,417	240,158
Option component of convertible notes	*Note 7(b)*	294	4,458
Deferred income taxes		5,463	6,624
Reclamation provisions		14,345	16,927
Deferred compensation liabilities		100	216
Other liabilities		57	60
Total liabilities		373,999	350,072
Shareholders' equity:			
Share capital		371,077	370,043
Stock options		1,233	2,137
Contributed surplus		17,179	16,015
Deficit		(305,359)	(234,392)
Total equity attributable to equity shareholders of the Company		84,130	153,803
		$ 458,129	**$ 503,875**
Going concern	*Note 2*		
Subsequent event	*Note 14*		

On behalf of the Board:

Richard Falconer

David Petroff

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of U.S. dollars, except per share amounts)

(Unaudited)

		Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Gold sales		$ 32,427	$ 46,535	$ 73,597	$ 97,507
Production costs		(23,969)	(41,250)	(46,789)	(82,650)
Stock-based compensation		9	301	9	343
Depletion and amortization		(8,131)	(10,630)	(16,100)	(23,922)
Gross profit (loss)		336	(5,044)	10,717	(8,722)
Operating expenses:					
Exploration		274	26	601	71
Paciência care and maintenance		746	-	1,454	-
Stock-based compensation (recoveries)		68	(1,487)	291	(2,295)
Administration		4,759	2,601	8,973	8,946
Amortization		288	292	580	581
Other		1,629	590	4,612	991
Total operating expenses		7,764	2,022	16,511	8,294
Loss before the following		(7,428)	(7,066)	(5,794)	(17,016)
Loss (gain) on derivatives	*Note 7(a)*	3	(114)	(479)	(114)
Gain on conversion option embedded in convertible debt	*Note 7(b)*	(3,041)	(57,427)	(4,164)	(71,752)
Foreign exchange loss		4,683	7,685	4,037	4,511
Accretion expense		435	537	892	1,133
Interest expense		8,072	7,077	16,246	14,201
Interest income		(253)	(566)	(514)	(2,424)
Loss (gain) on disposition of property		556	(90)	2,291	(368)
Impairment of properties	*Note 8(a)*	46,834	47,692	46,834	47,692
Other non-operating expenses (recoveries)		(826)	566	(325)	534
Total other expenses (income)		56,463	5,360	64,818	(6,587)
Loss before income taxes		(63,891)	(12,426)	(70,612)	(10,429)
Income taxes					
Current income taxes		661	302	1,001	621
Deferred income taxes (recovery)		(511)	3,622	(646)	2,491
Total income taxes		150	3,924	355	3,112
Comprehensive loss for the period		$ (64,041)	$ (16,350)	$ (70,967)	$ (13,541)
Basic and diluted loss per share	*Note 13*	$ (0.74)	$ (0.19)	$ (0.83)	$ (0.16)
Weighted average number of common shares outstanding - basic	*Note 13*	86,099,006	84,409,648	85,030,324	84,409,648
Weighted average number of common shares outstanding - diluted	*Note 13*	86,099,006	84,409,648	85,030,324	84,409,648

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Common Shares		Stock Options		Contributed Surplus	Deficit	Total
	#	$	#	$	$	$	$
Balance, January 1, 2012	84,409,648	$ 370,043	4,005,000	$ 14,207	$ 3,414	$ (149,855)	$ 237,809
Vested options expired	-	-	(10,000)	(35)	35	-	-
Vested options expired upon termination	-	-	(610,000)	(2,017)	2,017	-	-
Net loss	-	-	-	-	-	(13,541)	(13,541)
Balance, June 30, 2012	84,409,648	$ 370,043	3,385,000	$ 12,155	$ 5,466	$ (163,396)	$ 224,268
Balance, January 1, 2013	84,409,648	$ 370,043	1,836,250	$ 2,137	$ 16,015	$ (234,392)	$ 153,803
Shares issued (Note 12)	1,986,708	1,034	-	-	-	-	1,034
Stock options granted	-	-	277,778	260	-	-	260
Vested options forfeited	-	-	(70,000)	(231)	231	-	-
Vested options expired upon termination	-	-	(300,000)	(933)	933	-	-
Net loss	-	-	-	-	-	(70,967)	(70,967)
Balance, June 30, 2013	86,396,356	$ 371,077	1,744,028	$ 1,233	$ 17,179	$ (305,359)	$ 84,130

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
~~Cash provided by (used in):~~				
Operating activities:				
Net loss and comprehensive loss for the period	$ (64,041)	$ (16,350)	$ (70,967)	$ (13,541)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:				
Unrealized foreign exchange loss (gain)	1,666	3,318	464	(1,734)
Stock-based compensation expense (recovery)	59	(1,788)	281	(2,638)
Interest expense	8,072	7,077	16,246	14,201
Accretion expense	435	537	892	1,133
Deferred income taxes	(511)	3,622	(646)	2,491
Depletion and amortization	8,419	10,922	16,680	24,503
Loss on disposition of property, plant and equipment	-	532	-	547
Write-down of Paciência inventory	-	3,222	-	2,394
Impairment of properties	46,834	47,692	46,834	47,692
Unrealized loss (gain) on derivatives	141	(114)	43	(114)
Unrealized gain on option component of convertible note	(3,041)	(57,427)	(4,163)	(71,752)
Provision and loss on disposition of property, plant and equipment	-	-	2,224	-
Reclamation expenditure	(71)	(10)	(83)	(113)
	(2,038)	1,233	7,805	3,069
Change in non-cash operating working capital:				
Accounts receivable	(1,025)	-	(1,025)	-
Inventory	2,758	5,844	3,194	3,732
Other accounts receivable	1,577	(789)	(982)	(1,285)
Recoverable taxes	1,358	(4,036)	4,375	(5,994)
Prepaid expenses and sundry assets	(1,244)	460	(1,286)	131
Accounts payable and accrued liabilities	(1,736)	(863)	(4,831)	(2,241)
Income taxes payable	(246)	(917)	318	(1,325)
Other provisions	478	296	3,449	613
Deferred compensation liabilities	(13)	(656)	(77)	(2,268)
	(131)	572	10,940	(5,568)
Financing activities:				
Repayment of debt	(6,588)	(1,119)	(13,686)	(2,218)
Increase in debt	28,750	1,000	40,512	7,000
Decrease in restricted cash	-	-	500	-
Interest paid	(4,515)	(3,841)	(8,478)	(6,994)
Other liabilities	(35)	(1,630)	(24)	(1,709)
	17,612	(5,590)	18,824	(3,921)
Investing activities:				
Mineral exploration projects	(341)	(1,800)	(708)	(6,963)
Purchase of property, plant and equipment	(6,564)	(12,029)	(13,880)	(31,017)
Proceeds from disposition of property, plant and equipment	254	659	481	684
	(6,651)	(13,170)	(14,107)	(37,296)
Effect of foreign exchange on non-U.S. dollar denominated cash and cash equivalents	(154)	269	(452)	4,254
Increase (decrease) in cash and cash equivalents	10,676	(17,919)	15,205	(42,531)
Cash and cash equivalents, beginning of period	18,385	49,863	13,856	74,475
Cash and cash equivalents, end of period	$ 29,061	$ 31,944	$ 29,061	$ 31,944

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

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

1. Nature of business and basis of preparation:

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporation Act* (Ontario) engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The address of the Company's registered office is 67 Yonge Street, Suite 1203, Toronto, Ontario, M5E 1J8, Canada.

These condensed interim consolidated financial statements of the Company as at and for the periods ended June 30, 2013 and 2012 include the accounts of the Company and its wholly-owned subsidiaries: Mineração Serras do Oeste Ltda. ("MSOL"), Mineração Turmalina Ltda. ("MTL") and Mineração Chega Tudo Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

2. Going concern:

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. As at June 30, 2013, the Company had a working capital deficiency of $7.6 million and an accumulated deficit of $305.4 million. The Company incurred a loss for the three and six months period ended June 30, 2013 amounting to $64.0 million and $71.0 million, respectively, and consumed cash in operations of $131,000 for the three month period ended June 30, 2013.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. There is no assurance that the Company's financing initiatives, which necessarily includes the Company's ability to restructure its Convertible Debentures of $165.0 million due in November 2014 and $103.5 million due in March 2016, will be successful or sufficient and accordingly, this fact, along with the factors discussed in preceding paragraph results in a material uncertainty that casts significant doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects beyond those write-downs for the year ended June 30, 2013 as set out in Note 7(a).

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications, and such adjustments could be material.

The Company has been exploring and will continue to consider all of its options to maintain and raise capital when and as needed, including selling assets and/or issuing debt and/or equity securities subject to prevailing market conditions.

3. Statement of compliance:

These 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").

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following standards and interpretations adopted in 2013:

Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") introduces a new approach to determining which investees should be consolidated, and provides a single model to be applied in the control analysis for all investees. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 was effective for the annual period beginning on January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 10.

Joint Arrangements

IFRS 11 Joint Arrangements ("IFRS 11"), published in May 2011, replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 changes the accounting for joint ventures and removes the free choice between using the equity method and using proportionate consolidation. IFRS 11 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 11.

Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosures for entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 was effective for annual periods beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 12.

Fair Value Measurement

IFRS 13 Fair Value Measurement ("IFRS 13"), published in May 2011, provides a single source of guidance for defining fair value, measuring fair value, and disclosing fair value measurements. IFRS 13 was effective for annual periods beginning on or after January 1, 2013. This standard is adopted prospectively as of the beginning of the 2013 annual period. There was no impact on the Company's financial statements upon adoption of IFRS 13.

Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued by the IASB to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current "stripping activity asset". The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRIC 20.

These condensed interim consolidated financial statements were authorized for issue by the audit committee on August 7, 2013.

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

4. Inventory:

	June 30, 2013	December 31, 2012
Raw material	$ 3,009	$ 3,483
Mine operating supplies	7,981	9,221
Ore stockpiles	1,261	1,308
Gold in process	10,820	12,330
	$ 23,071	$ 26,342

5. Recoverable taxes:

	December 31, 2012	Additions	Sale of credits	Applied to payroll taxes	Foreign exchange	June 30, 2013
Value added taxes and other (i)	$ 47,229	$ 3,161	$ -	$ (1,955)	$ (3,584)	$ 44,851
ICMS (ii)	19,182	1,669	(5,251)	-	(1,194)	14,406
Reserve for ICMS (ii)	(2,922)	37	617	-	-	(2,268)
	$ 63,489	$ 4,867	$ (4,634)	$ (1,955)	$ (4,778)	$ 56,989
Less: current portion	9,031					6,033
Long-term portion	$ 54,458					$ 50,956

(i) The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods.

(ii) ICMS – *Imposto sobre circulação de mercadorias e prestação de servicos* is a type of value added tax which can either be sold to other companies (usually at a discount rate ranging from 10% to 15%) or be used to purchase certain machinery and equipment.

Recorded as Other accounts receivable is $9.0 million related to receivable from sales of ICMS tax credits to other companies (December 31, 2012 - $8.0 million).

6. Prepaid expenses and sundry assets:

	June 30, 2013	December 31, 2012
Prepaid expenses	1,326	716
Prepaid financing fees	-	691
Receivable from BZI (a)	584	595
Judicial deposits (b)	3,473	2,428
Other sundry assets	695	1,053
	$ 6,078	$ 5,483
Less current portion	2,605	3,055
Long-term portion	$ 3,473	$ 2,428

(a) On August 7, 2008, Brazilian Resources Inc. ("BZI") and IMS Empreendimentos Ltda. ("IMS"), both former related parties of Jaguar as they had common directors or officers, guaranteed the payment of a Net Smelter Royalty ("NSR") due from Prometálica Mineração Ltda. ("PML") to Mineração Serras does Oeste Ltda. ("MSOL"), a wholly-owned subsidiary of Jaguar. On September 26, 2011, there was

(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

an agreement to amend the guarantee of the NSR. This agreement converted the obligation of PML for payment of the NSR to an obligation by BZI and IMS to MSOL. BZI's portion of this obligation amounted to $593,618 and was payable in three equal installments of $197,872 plus interest at 4% per annum. The installments were due December 31, 2011, 2012 and 2013. The December 31, 2011 payment due from BZI was received by Jaguar's subsidiary MSOL on March 28, 2012 while the December 31, 2012 payment remains in default. In March 2013, MSOL brought suit against BZI in the Merrimack Superior Court in New Hampshire, United States of America claiming breach of the agreement and seeking damages for the unpaid amount. On August 2, 2013, the Merrimack Superior Court dismissed the action in New Hampshire on the grounds that it should be filed in Brazil. However, the Court also entered an order approving a stipulation that awarded MSOL a pre-judgment attachment on BZI office property in Concord, New Hampshire, currently valued at $838,000, as security for MSOL's continued legal efforts to obtain payment of the note in default. All payments due from IMS in regard to their obligations in this matter have been received in full and on time. MSOL intends to initiate a new suit in Brazil as soon as possible.

In 2008 a Brazilian labor claim settlement for R$378,158 (R$387,839, approximately $175,049, as at June 30, 2013) was awarded against a BZI subsidiary in Brazil known as BW Mineração Ltda. ("BZI BW"). As BZI BW failed to pay the court ordered claim and the Brazilian labor court considered MSOL, MTL and BZI BW, to be an economic group, MSOL and MTL had funds taken directly from their Brazilian bank accounts by the court to settle the R$378,158 claim on BZI BW's behalf. BZI subsequently agreed to repay the amount awarded by the court to MSOL and MTL. The BZI liability is denominated in Brazilian Reais in the amount of R$387,839, and bears interest at U.S. LIBOR payable quarterly. No payment of interest, accrued interest or principal has been made to date, nor has BZI confirmed a date when it intends to pay its debt outstanding. The Company is pursuing court action in the Merrimack Superior Court to obtain repayment in full.

(b) Judicial deposits are monetary deposits with the Brazilian court system relating to legal claims.

7. Risk management policies:

(a) Derivative financial instruments:

i) Forward foreign exchange contracts:

As at June 30, 2013 no forward foreign exchange contracts were outstanding. As at December 31, 2012, derivative assets included $43,000 of unrealized foreign exchange gains relating to the forward foreign exchange contracts outstanding at that time. Included in the statements of operations and comprehensive loss are the following amounts of unrealized and realized gains on foreign exchange derivatives:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Unrealized loss (gain)	$ 141	$ (114)	43	(114)
Realized gain	(138)	-	(522)	-
	$ 3	$ (114)	$ (479)	$ (114)

(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(b) Financial instruments:

i) Fair value estimation:

IFRS 7 Financial Instruments - Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of financial assets and liabilities:

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

c. Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

As at June 30, 2013, the option component of the convertible notes was measured at fair value as follows:

	June 30, 2013	December 31, 2012
Option component of convertible notes	294	4,458

The option components of the convertible notes are fair valued using the Crank-Nicolson valuation model which requires inputs, such as volatility and credit spread, that are both unobservable and significant, and therefore are categorized as Level 3 in the fair value hierarchy.

The table below summarizes a sensitivity analysis for the inputs of volatility and credit spread as at June 30, 2013 and December 31, 2012 with all other variables held constant. It shows how the option component of the convertible notes and income before taxes would have been affected by changes in these relevant risk variables that were reasonably possible at that date.

ii) Inter-relationship between key unobservable inputs and fair value measurements:

Impact to option component of convertible notes:

Assumption	Change for Sensitivity Analysis	Impact of Changes as at June 30, 2013	Impact of Changes as at December 31, 2012
Volatility	5% increase	$ 103	$ 457
	5% decrease	(86)	(456)
Credit spread	1% increase	4	40
	1% decrease	(4)	(42)

The carrying amount of the option components of the convertible notes was $294,000 as at June 30, 2013 (December 31, 2012 - $4.5 million). The change in fair value of $3.0 million and $4.2 million for the three and six months ended June 30, 2013 is shown as a gain on conversion option embedded in convertible debt in the statements of operations and comprehensive loss (three and six months ended June 30, 2012 - $57.4 million gain and $71.8 million gain, respectively).

(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

8. Property, plant and equipment ("PPE"):

Property, Plant and Equipment	Processing plant	Vehicles	Equipment	Leasehold improvements	Assets under construction	Mining properties	Total
Cost							
Balance at January 1, 2012	$ 13,865	$ 14,442	$ 220,431	$ 2,744	$ 11,772	$ 283,709	$ 546,963
Additions	25	3,164	3,855	6	10,379	32,760	50,189
Interest capitalized	-	-	-	-	-	(229)	(229)
Disposals	-	(3,820)	(7,020)	(430)	-	-	(11,270)
Transfer to assets held for sale	-	(154)	(1,748)	-	(998)	-	(2,900)
Reclassify within PPE	1,790	2	16,924	44	(18,760)	-	-
Reclassify from MEP	-	-	-	-	-	2,230	2,230
Balance at December 31, 2012	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Balance at January 1, 2013	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Additions	-	25	1,075	18	2,917	7,580	11,615
Interest capitalized	-	-	-	-	-	287	287
Disposals	-	(131)	(2,142)	-	(397)	-	(2,670)
Transfer to assets held for sale	-	132	(1,434)	-	395	-	(907)
Reclassify within PPE	18	-	1,947	-	(1,965)	-	-
Balance at June 30, 2013	$ 15,698	$ 13,660	$ 231,888	$ 2,382	$ 3,343	$ 326,337	$ 593,308
Accumulated amortization and impairment							
Balance at January 1, 2012	$ 7,789	$ 7,041	$ 57,295	$ 963	$ -	$ 85,200	$ 158,288
Amortization for the year	868	2,226	18,563	461	-	19,158	41,276
Impairment loss	1,115	1,238	18,384	189	922	69,748	91,596
Transfer from assets held for sale	-	(96)	(982)	-	-	-	(1,078)
Disposals	-	(2,622)	(3,430)	(430)	-	-	(6,482)
Balance at December 31, 2012	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Balance at January 1, 2013	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Amortization for the year	536	975	7,998	233	-	7,305	17,047
Impairment loss	1,192	-	-	-	-	28,571	29,763
Disposals	-	(81)	(413)	-	-	-	(494)
Transfer from assets held for sale	-	90	24	-	-	-	114
Balance at June 30, 2013	$ 11,500	$ 8,771	$ 97,439	$ 1,416	$ 922	$ 209,982	$ 330,030
Carrying amounts							
At December 31, 2012	$ 5,908	$ 5,847	$ 142,612	$ 1,181	$ 1,471	$ 144,364	$ 301,383
At June 30, 2013	$ 4,198	$ 4,889	$ 134,449	$ 966	$ 2,421	$ 116,355	$ 263,278

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

(a) Impairment

During the year ended December 31, 2012 the Company recorded impairment charges in the amount of $90.1 million for the Paciência property and $12.9 million for Turmalina property. The total impairment charge for the year ended December 31, 2012 was $103.0 million. During the quarter ended June 30, 2013 the Company updated its impairment test due to decreases in gold prices. This reassessment generated an increase of $46.8 million in the impairment charge, being $3.9 million related to the Paciência project, $17.8 million related to the Turmalina project and $25.1 million for the Caeté project.

The Paciência, Turmalina and Caeté projects are cash generating units ("CGUs") which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs.

A loss of $29.8 million was recognized against assets in property, plant and equipment and $17.0 million was recognized relating to assets included in mineral exploration projects. The recoverable amount of the properties was determined using a fair value less cost to sell approach ("FVLCS"). FVLCS for the properties was determined by considering the net present value of future cash flows generated by the properties. Net future cash flows were derived from life of mine plans for the properties. The following significant assumptions were used to value the properties:

Discount rate: 9.63%
Gold price: first year: $1,300
after first year: $1,400

Expected future cash flows used to determine the FVLCS used in the impairment testing of the Paciência, Turmalina and Caeté properties are inherently uncertain and could materially change over time. The cash flows are significantly affected by a number of factors including estimates of production levels; operating costs and capital expenditures reflected in the life of mine plans; as well as economic factors beyond management's control, such as gold prices and discount rates. Should management's estimate of the future not reflect actual events, further impairments may be identified or reversal of the existing impairment may occur.

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

9. Mineral exploration projects:

Mineral Exploration Projects	Paciência	Turmalina	Caeté	Gurupi	Pedra Branca	Total
Balance at January 1, 2012	$ 3,616	$ 8,865	$ 16,381	$ 60,076	$ -	$ 88,938
Additions	439	711	529	7,050	39	8,768
Impairment loss	(3,302)	(8,099)	-	-	-	(11,401)
Reclassify to PPE	(753)	(1,477)	-	-	-	(2,230)
Balance at December 31, 2012	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075
Balance at January 1, 2013	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075
Additions	-	76	-	233	352	661
Interest capitalized	-	-	85	-	-	85
Impairment loss (Note 8(a))	-	(76)	(16,995)	-	-	(17,071)
Balance at June 30, 2013	$ -	$ -	$ -	$ 67,359	$ 391	$ 67,750

10. Accounts payable and accrued liabilities:

	June 30, 2013	December 31, 2012
Accounts payable (suppliers)	$ 11,777	$ 17,582
Interest payable	3,436	3,217
Accrued payroll	9,148	7,793
Other	774	1,153
	$ 25,135	$ 29,745

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

11. Notes payable:

	June 30, 2013	December 31, 2012
Bank indebtedness	$ 23,252	25,470
Vale note	2,011	1,918
Notes payable - current portion	$ 25,263	27,388
Bank indebtedness	$ 271	$ 368
Vale note	6,034	5,754
4.5% convertible notes	150,809	145,818
5.5% convertible notes	90,413	88,218
Renvest credit facility (a)	27,890	-
Notes payable - long-term portion	$ 275,417	240,158
Total notes payable	$ 300,680	$ 267,546
Fair value of notes payable	$ 108,408	$ 128,625

Principal repayment over the next five years:

2013	$ 25,400
2014	201,949
2015	189
2016	103,500
Total	331,038
Less: unamortized discounts	30,358
	$ 300,680

(a) On October 29, 2012, the Company announced that it had arranged a $30.0 million standby credit facility (the "Facility") with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the "Lender").

On January 25, 2013, the Company made an initial drawdown of $5.0 million on the Facility and concurrently issued 570,919 common shares of the Company (Note 12) to the Lender pursuant to the terms of the Facility. On June 26, 2013, the Company drew down the remaining $25.0 million on the Facility and issued another 1,315,789 common shares of the Company (Note 12) to the Lender. The initial drawdown and the subsequent drawdown under the Facility mature in July 2014.

Interest is applied to the outstanding balance of all amounts drawn down from the Facility at a fixed rate of eleven percent (11%) per annum, payable monthly in arrears. Additional drawdown and standby fees were paid in cash and in common shares of the Company. The proceeds from the draw down are available, among other things, for working capital related to its Turmalina, Caeté and Paciência mining properties in Brazil. The Facility includes a general security agreement over all of the Company's and its subsidiaries' present and future assets, delivery of the shares of the Company's subsidiaries and loan guarantees by the Company's subsidiaries. Loan covenants include restrictions on additional borrowing and granting of security and a requirement that the Company use commercially reasonable efforts to maintain the listing of its common shares on the TSX during the term of the loan.

The Facility is reduced by $2.1 million of transaction costs which will be amortized using the effective interest method over the term of the Facility.

12. Capital stock:

Common shares:

On January 14, 2013, 100,000 inducement shares, valued at $69,000, were granted to the new Chief Operating Officer of the Company.

On January 25, 2013, 570,919 shares, valued at $491,000, were granted to the Renvest Mercantile Bancorp Inc. (the "Lender") upon the initial drawdown of $5.0 million of the Facility. On June 26, 2013, 1,315,789 shares, valued at $474,000, were granted to the Lender upon the subsequent drawdown of $25.0 million of the Facility (see Note 11(a)).

13. Basic and diluted earnings per share:

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Numerator				
Net loss for the period	$ (64,041)	$ (16,350)	$ (70,967)	$ (13,541)
Denominator				
Weighted average number of common shares outstanding - basic	86,099	84,410	85,030	84,410
Dilutive effect of options	-	-	-	-
Weighted average number of common shares outstanding - diluted	86,099	84,410	85,030	84,410
Basic and diluted earnings (loss) per share	$ (0.74)	$ (0.19)	$ (0.83)	$ (0.16)

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 convertible notes since they are anti-dilutive:

Options and convertible notes considered anti-dilutive	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2013	2012	2013	2012
Options	1,705	3,695	1,790	3,695
Convertible notes	26,650	26,650	26,650	26,650
	28,355	30,345	28,440	30,345

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(Tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended June 30, 2013 and 2012
(Unaudited)

14. Subsequent event:

On July 30, 2013, Daniel Titcomb ("Titcomb"), the Company's former President and Chief Executive Officer, and a group of former officers, a former director and a former related party, filed a complaint in New Hampshire against the Company and selected current and former directors (the "Named Directors") of the Company. Among other items, the complaint alleges wrongful termination of Titcomb on December 6, 2011 and mismanagement of the strategic review process regarding the possible change of control of Jaguar which ended May 8, 2012. The Company and the Named Directors have not been served with this complaint.

JAGUAR MINING INC.

Condensed Interim Consolidated Financial Statements

March 31, 2013 and 2012

(Unaudited)

JAGUAR MINING INC.

Condensed Interim Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

(Unaudited)

		March 31, 2013	December 31, 2012
Assets			
Current assets:			
Cash and cash equivalents		$ 18,385	$ 13,856
Inventory	*Note 3*	25,829	26,342
Recoverable taxes	*Note 4*	8,615	9,031
Prepaid expenses and sundry assets		12,351	11,038
Derivatives	*Note 5(a)*	141	43
		65,321	60,310
Prepaid expenses and sundry assets		3,026	2,428
Restricted cash		109	609
Assets held for sale		1,843	612
Recoverable taxes	*Note 4*	53,771	54,458
Property, plant and equipment	*Note 6*	296,059	301,383
Mineral exploration projects	*Note 7*	84,435	84,075
		$ 504,564	**$ 503,875**
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*Note 8*	$ 27,148	$ 29,745
Notes payable	*Note 9*	27,561	27,388
Income taxes payable		16,015	15,451
Reclamation provisions		4,257	4,124
Other provisions		7,767	4,796
Deferred compensation liabilities		55	105
Other liabilities		19	20
		82,822	81,629
Notes payable	*Note 9*	247,395	240,158
Option component of convertible notes	*Note 5(b)*	3,336	4,458
Deferred income taxes		6,587	6,624
Reclamation provisions		16,611	16,927
Deferred compensation liabilities		193	216
Other liabilities		73	60
Total liabilities		357,017	350,072
Shareholders' equity:			
Share capital		370,603	370,043
Stock options		1,705	2,137
Contributed surplus		16,557	16,015
Deficit		(241,318)	(234,392)
Total equity attributable to equity shareholders of the Company		147,547	153,803
		$ 504,564	**$ 503,875**
Subsequent events	*Note 12*		

On behalf of the Board:

Richard Falconer

David Petroff

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars, except per share amounts)

(Unaudited)

		Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Gold sales		$ 41,170	$ 50,972
Production costs		(22,819)	(41,399)
Stock-based compensation		-	43
Depletion and amortization		(7,969)	(13,293)
Gross profit (loss)		10,382	(3,677)
Operating expenses:			
Exploration		327	45
Paciência care and maintenance		708	-
Stock-based compensation (recoveries)		222	(808)
Administration		4,213	6,315
Management fees		-	30
Amortization		292	289
Other		2,984	401
Total operating expenses		8,746	6,272
Income (loss) before the following		1,636	(9,949)
Gain on derivatives	*Note 5(a)*	(482)	-
Gain on conversion option embedded in convertible debt	*Note 5(b)*	(1,122)	(14,325)
Foreign exchange gain		(647)	(3,175)
Accretion expense		457	595
Interest expense		8,174	7,123
Interest income		(260)	(1,858)
Loss (gain) on disposition of property		1,735	(278)
Other non-operating expenses (recoveries)		504	(27)
Total other expenses (income)		8,359	(11,945)
Income (loss) before income taxes		(6,723)	1,996
Income taxes			
Current income taxes		338	319
Deferred income taxes (recoveries)		(135)	(1,132)
Total income taxes (recoveries)		203	(813)
Comprehensive income (loss) for the period		$ (6,926)	$ 2,809
Basic and diluted earnings per share	*Note 11*	$ (0.08)	$ 0.03
Weighted average number of common shares outstanding - basic	*Note 11*	84,906,423	84,409,648
Weighted average number of common shares outstanding - diluted	*Note 11*	84,906,423	84,431,344

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Common Shares		Stock Options		Contributed Surplus	Deficit	Total
	#	$	#	$	$	$	$
Balance, January 1, 2012	84,409,648	370,043	4,005,000	14,207	3,414	(149,855)	237,809
Net income	-	-	-	-	-	2,809	2,809
Balance, March 31, 2012	84,409,648	370,043	4,005,000	14,207	3,414	(147,046)	240,618
Balance, January 1, 2013	84,409,648	370,043	1,836,250	2,137	16,015	(234,392)	153,803
Shares issued (Note 10)	670,919	560	-	-	-	-	560
Vested options forfeited	-	-	(70,000)	(231)	231	-	-
Vested options expired upon termination	-	-	(100,000)	(311)	311	-	-
Stock-based compensation	-	-	-	110	-	-	110
Net income (loss)	-	-	-	-	-	(6,926)	(6,926)
Balance, March 31, 2013	85,080,567	370,603	1,666,250	1,705	16,557	(241,318)	147,547

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

JAGUAR MINING INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Cash provided by (used in):		
Operating activities:		
Net income (loss) and comprehensive income (loss) for the period	$ (6,926)	$ 2,809
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Unrealized foreign exchange gain	(1,202)	(5,053)
Stock-based compensation expense (recovery)	222	(851)
Interest expense	8,174	7,123
Accretion expense	457	595
Deferred income taxes	(135)	(1,132)
Depletion and amortization	8,261	13,582
Unrealized gain on derivatives	(98)	-
Unrealized gain on option component of convertible note	(1,122)	(14,325)
Provision and loss on disposition of property, plant and equipment	2,224	-
Inventory recovery	-	(828)
Reclamation expenditure	(12)	(103)
	9,843	1,817
Change in non-cash operating working capital:		
Inventory	436	(2,080)
Recoverable taxes	3,017	(1,957)
Prepaid expenses and sundry assets	(2,601)	(826)
Accounts payable and accrued liabilities	(3,095)	(1,378)
Income taxes payable	564	(408)
Other provisions	2,971	317
Deferred compensation liabilities	(64)	(1,612)
	11,071	(6,127)
Financing activities:		
Repayment of debt	(7,098)	(1,100)
Increase in debt	11,762	6,000
Decrease in restricted cash	500	-
Interest paid	(3,963)	(3,152)
Other liabilities	11	(79)
	1,212	1,669
Investing activities:		
Mineral exploration projects	(367)	(5,162)
Purchase of property, plant and equipment	(7,316)	(18,976)
Proceeds from disposition of property, plant and equipment	227	-
	(7,456)	(24,138)
Effect of foreign exchange on non-U.S. dollar denominated cash and cash equivalents	(298)	3,984
Increase (decrease) in cash and cash equivalents	4,529	(24,612)
Cash and cash equivalents, beginning of period	13,856	74,475
Cash and cash equivalents, end of period	$ 18,385	$ 49,863

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

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended March 31, 2013 and 2012
(Unaudited)

1. Nature of business and basis of preparation:

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporation Act* (Ontario) engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The address of the Company's registered office is 67 Yonge Street, Suite 1203, Toronto, Ontario, M5E 1J8, Canada.

These condensed interim consolidated financial statements of the Company as at and for the periods ended March 31, 2013 and 2012 include the accounts of the Company and its wholly-owned subsidiaries: Mineração Serras do Oeste Ltda. ("MSOL"), Mineração Turmalina Ltda. ("MTL") and Mineração Chega Tudo Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

2. Statement of compliance:

These 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").

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following standards and interpretations adopted in 2013:

Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") introduces a new approach to determining which investees should be consolidated, and provides a single model to be applied in the control analysis for all investees. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 was effective for the annual period beginning on January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 10.

Joint Arrangements

IFRS 11 Joint Arrangements ("IFRS 11"), published in May 2011, replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 changes the accounting for joint ventures and removes the free choice between using the equity method and using proportionate consolidation. IFRS 11 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 11.

Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosures for entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 was effective for annual periods beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRS 12.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Fair Value Measurement

IFRS 13 Fair Value Measurement ("IFRS 13"), published in May 2011, provides a single source of guidance for defining fair value, measuring fair value, and disclosing fair value measurements. IFRS 13 was effective for annual periods beginning on or after January 1, 2013. This standard is adopted prospectively as of the beginning of the 2013 annual period. There was no impact on the Company's financial statements upon adoption of IFRS 13.

Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued by the IASB to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current "stripping activity asset". The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 was effective for reporting years beginning on or after January 1, 2013. There was no impact on the Company's financial statements upon adoption of IFRIC 20.

These condensed interim consolidated financial statements were authorized for issue by the audit committee on May 13, 2013.

3. Inventory:

	March 31, 2013	December 31, 2012
Raw material	$ 3,127	3,483
Mine operating supplies	9,177	9,221
Ore stockpiles	1,628	1,308
Gold in process	11,897	12,330
	$ 25,829	$ 26,342

4. Recoverable taxes:

	December 31, 2012	Additions	Sale of credits	Applied to payroll taxes	Foreign exchange	March 31, 2013
Value added taxes and other (i)	$ 47,229	$ 1,601	$ -	$ (828)	$ 693	$ 48,695
ICMS (ii)	19,182	512	(3,779)	-	321	16,236
Reserve for ICMS (ii)	(2,922)	(48)	425	-	-	(2,545)
	$ 63,489	$ 2,065	$ (3,354)	$ (828)	$ 1,014	$ 62,386
Less: current portion	9,031					8,615
Long-term portion	$ 54,458					$ 53,771

(i) The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods.

(ii) ICMS is a type of value added tax which can either be sold to other companies (usually at a discount rate ranging from 10% to 15%) or be used to purchase certain machinery and equipment.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Included in prepaid expenses and sundry assets is $10.5 million related to receivable from sales of ICMS tax credits to other companies (December 31, 2012 - $8.0 million).

5. Risk management policies:

(a) Derivative financial instruments:

i) Forward foreign exchange contracts:

As at March 31, 2013, the Company had the following forward foreign exchange contracts to purchase Brazilian Reais (R$) as follows:

Settlement Date	Amount in US$	Amount in R$
30-Apr-13	$ 1,000	R$ 2,074
30-Apr-13	1,000	2,079
31-May-13	1,000	2,152
31-May-13	1,000	2,157
	$ 4,000	R$ 8,462

As at March 31, 2013, derivative assets included $141,000 of unrealized foreign exchange gains relating to the forward foreign exchange contracts (December 31, 2012 - $43,000). Included in the statements of operations and comprehensive income (loss) are the following amounts of unrealized and realized gains on foreign exchange derivatives:

	Three Months Ended March 31,	
	2013	2012
Unrealized gain	$ (98)	$ -
Realized gain	(384)	-
	$ (482)	$ -

(b) Financial instruments

i) Fair value estimation:

IFRS 7 Financial Instruments - Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of financial assets and liabilities:

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

c. Level 3 – one or more significant inputs used in a valuation technique are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.
As at March 31, 2013, the option component of the convertible notes was measured at fair value as follows:

	March 31, 2013	December 31, 2012
Option component of convertible notes	$ 3,336	$ 4,458

The option components of the convertible notes are fair valued using the Crank-Nicolson valuation model which requires inputs, such as volatility and credit spread, that are both unobservable and significant, and therefore are categorized as Level 3 in the fair value hierarchy.

The table below summarizes a sensitivity analysis for the inputs of volatility and credit spread as at March 31, 2013 and December 31, 2012 with all other variables held constant. It shows how the option component of the convertible notes and income before taxes would have been affected by changes in these relevant risk variables that were reasonably possible at that date.

ii) Inter-relationship between key unobservable inputs and fair value measurements:

Impact to option component of convertible notes:

Assumption	Change for Sensitivity Analysis	Impact of Changes as at March 31, 2013	Impact of Changes as at December 31, 2012
Volatility	5% increase	$ 389	$ 457
	5% decrease	(383)	(456)
Credit spread	1% increase	32	40
	1% decrease	(33)	(42)

The carrying amount of the option components of the convertible notes was $3.3 million as at March 31, 2013 (December 31, 2012 - $4.5 million). The change in fair value of $1.1 million for the three months ended March 31, 2013 is shown as a gain on conversion option embedded in convertible debt in the statements of operations and comprehensive loss (three months ended March 31, 2012 - $14.3 gain).

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

6. Property, plant and equipment ("PPE"):

Property, Plant and Equipment	Processing plant	Vehicles	Equipment	Leasehold improvements	Assets under construction	Mining properties	Total
Cost							
Balance at January 1, 2012	$ 13,865	$ 14,442	$ 220,431	$ 2,744	$ 11,772	$ 283,709	$ 546,963
Additions	25	3,164	3,855	6	10,379	32,760	50,189
Interest capitalized	-	-	-	-	-	(229)	(229)
Disposals	-	(3,820)	(7,020)	(430)	-	-	(11,270)
Transfer to assets held for sale	-	(154)	(1,748)	-	(998)	-	(2,900)
Reclassify within PPE	1,790	2	16,924	44	(18,760)	-	-
Reclassify from MEP	-	-	-	-	-	2,230	2,230
Balance at December 31, 2012	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Balance at January 1, 2013	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Additions	-	-	433	18	2,128	3,822	6,401
Interest capitalized	-	-	-	-	-	143	143
Disposals	-	(131)	(1,857)	-	(397)	-	(2,385)
Transfer to assets held for sale	-	124	(2,493)	-	397	-	(1,972)
Balance at March 31, 2013	$ 15,680	$ 13,627	$ 228,525	$ 2,382	$ 4,521	$ 322,435	$ 587,170
Accumulated amortization and impairment							
Balance at January 1, 2012	$ 7,789	$ 7,041	$ 57,295	$ 963	$ -	$ 85,200	$ 158,288
Amortization for the year	868	2,226	18,563	461	-	19,158	41,276
Impairment loss	1,115	1,238	18,384	189	922	69,748	91,596
Transfer to assets held for sale	-	(96)	(982)	-	-	-	(1,078)
Disposals	-	(2,622)	(3,430)	(430)	-	-	(6,482)
Balance at December 31, 2012	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Balance at January 1, 2013	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Amortization for the year	268	486	4,004	117	-	3,653	8,528
Disposals	-	(81)	(342)	-	-	-	(423)
Transfer to assets held for sale	-	81	(675)	-	-	-	(594)
Balance at March 31, 2013	$ 10,040	$ 8,273	$ 92,817	$ 1,300	$ 922	$ 177,759	$ 291,111
Carrying amounts							
At December 31, 2012	$ 5,908	$ 5,847	$ 142,612	$ 1,181	$ 1,471	$ 144,364	$ 301,383
At March 31, 2013	$ 5,640	$ 5,354	$ 135,708	$ 1,082	$ 3,599	$ 144,676	$ 296,059

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

During the three months ended March 31, 2013 the Company transferred $1.4 million to assets held for sale. Included in Other non-operating expenses for the three months ended March 31, 2013 is an impairment charge of $539,000 relating to these assets (three months ended March 31, 2012 - $nil).

7. Mineral exploration projects:

Mineral Exploration Projects	Paciência	Turmalina	Caeté	Gurupi	Pedra Branca	Total
Balance at January 1, 2012	$ 3,616	$ 8,865	$ 16,381	$ 60,076	$ -	$ 88,938
Additions	439	711	529	7,050	39	8,768
Impairment loss	(3,302)	(8,099)	-	-	-	(11,401)
Reclassify to PPE	(753)	(1,477)	-	-	-	(2,230)
Balance at December 31, 2012	-	-	16,910	67,126	39	84,075
Balance at January 1, 2013	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075
Additions	-	42	-	98	178	318
Interest capitalized	-	-	42	-	-	42
Balance at March 31, 2013	$ -	$ 42	$ 16,952	$ 67,224	$ 217	$ 84,435

8. Accounts payable and accrued liabilities:

	March 31, 2013	December 31, 2012
Accounts payable (suppliers)	$ 14,473	$ 17,582
Interest payable	3,713	3,217
Accrued payroll	8,050	7,793
Other	912	1,153
	$ 27,148	$ 29,745

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended March 31, 2013 and 2012
(Unaudited)

9. Notes payable:

	March 31, 2013	December 31, 2012
Bank indebtedness	$ 25,871	$ 25,839
Vale note	7,856	7,671
4.5% convertible notes	148,293	145,818
5.5% convertible notes	89,309	88,218
Renvest credit facility (a)	3,627	-
Total notes payable	274,956	267,546
Less: current portion	27,561	27,388
Long-term portion	$ 247,395	$ 240,158
Fair value of notes payable	$ 131,733	$ 128,625

Principal repayment over the next five years:

2013	$ 27,748
2014	176,949
2015	189
2016	103,500
Total	308,386
Less: unamortized discounts	33,430
	$ 274,956

(a) On October 29, 2012, the Company announced that it had arranged a $30.0 million standby credit facility (the "Facility") with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the "Lender").

Interest will be applied to the outstanding balance of all amounts drawn down from the Facility at a fixed rate of eleven percent (11%) per annum, payable monthly in arrears. Additional draw down and standby fees are payable in cash and in common shares of the Company. The proceeds from any drawdown will be available for working capital related to its Turmalina, Paciência and Caeté mining projects in Brazil. The Facility includes a general security agreement over all of the Company's and its subsidiaries' present and future assets, delivery of the shares of the Company's subsidiaries and loan guarantees by the Company's subsidiaries. Loan covenants include restrictions on additional borrowing and granting of security and a requirement that the Company use commercially reasonable efforts to maintain the listing of its common shares on the TSX during the term of the loan.

On January 25, 2013, the Company made an initial drawdown of $5.0 million on the Facility and concurrently issued 570,919 common shares of the Company (Note 10) to the Lender pursuant to the terms of the Facility. The initial drawdown and any subsequent drawdowns under the Facility mature in July 2014.

The Facility is reduced by $1.4 million of transaction costs which will be amortized using the effective interest method over the term of the Facility.

JAGUAR MINING INC.

Notes to Condensed Interim Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Three months ended March 31, 2013 and 2012
(Unaudited)

10. Capital stock:

Common shares:

On January 14, 2013, 100,000 inducement shares, valued at $69,000, were granted to the new Chief Operating Officer of the Company.

On January 25, 2013, 570,919 shares, valued at $491,000, were granted to the Lender upon the initial drawdown of $5.0 million of the Facility (see Note 9).

11. Basic and diluted earnings per share:

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended March 31,	
	2013	**2012**
Numerator		
Net income (loss) for the period	$ (6,926)	$ 2,809
Denominator		
Weighted average number of common shares outstanding - basic	84,906	84,410
Dilutive effect of options	-	21
Weighted average number of common shares outstanding - diluted	84,906	84,431
Basic earnings per share	$ (0.08)	$ 0.03
Diluted earnings per share	$ (0.08)	$ 0.03

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 convertible notes since they are anti-dilutive.

Options and convertible notes considered anti-dilutive	Three Months Ended March 31,	
	2013	**2012**
Options	1,751	3,983
Convertible notes	26,650	26,650
	28,401	30,633

12. Subsequent events:

(i) On April 5, 2013, 200,000 stock options were granted to the Chief Financial Officer, at a strike price of Cdn$0.61. One-third of the options vested immediately. One-third will vest after one year and one-third after two years. The options expire April 5, 2018.

(ii) On May 2, 2013, the Board adopted a shareholder rights plan agreement (the "Rights Plan") between the Company and Computershare Trust Company of Canada, as rights agent. The objective of the Rights Plan is to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any initiative to acquire control of the Company.

The Rights Plan is not intended to and will not prevent a take-over of the Company. The Rights Plan is designed to give shareholders sufficient time to properly assess a take-over bid without undue pressure and to give the Board time to consider alternatives designed to allow shareholders to receive full and fair value for the Shares. Additionally, the Rights Plan is designed to provide shareholders with equal treatment in a take-over bid.

The Rights Plan must be confirmed by shareholders within six months of its effective date. The Company currently intends to seek shareholder approval of the Rights Plan at its next annual and special meeting of shareholders to be held on June 10, 2013.

(iii) On May 10, 2013, the Company announced that the remaining $25.0 million under the $30.0 million Facility was available to be drawn down. Although Jaguar has no immediate plans to draw down any funds under the Facility, it is available for, among other things, working capital requirements related to the Company's Turmalina, Paciência and Caeté mining properties in Brazil.

JAGUAR MINING INC.

Consolidated Financial Statements

December 31, 2012 and 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Jaguar Mining Inc. and all the information contained in this annual report are the responsibility of management and have been approved by the Board of Directors. These financial statements and all other information have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Some amounts included in the financial statements are based on management's best estimates and have been derived with careful judgment. In fulfilling its responsibilities, management has developed and maintains a system of internal controls. These controls ensure that transactions are authorized, assets are safeguarded from loss or unauthorized use, and financial records are reliable for the purpose of preparing financial statements. The Board of Directors carries out its responsibilities for the financial statements through the Audit Committee. The Audit Committee periodically reviews and discusses financial reporting matters with the Company's auditors, KPMG LLP, as well as with management. These financial statements have been audited by KPMG LLP, Chartered Accountants, on behalf of the shareholders.

/s/ David M. Petroff

David M. Petroff
President and CEO

/s/ T. Douglas Willock

T. Douglas Willock
Chief Financial Officer

March 21, 2013

KPMG LLP
Chartered Accountants
Bay Adelaide Centre
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INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Jaguar Mining Inc.,

We have audited the accompanying consolidated financial statements of Jaguar Mining Inc., which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011, the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of Jaguar Mining Inc. as at December 31, 2012 and December 31, 2011, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 21, 2013 expressed an unqualified (unmodified) opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 21, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Jaguar Mining Inc.,

We have audited Jaguar Mining Inc.'s internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Jaguar Mining Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting under the heading Management's Report on Internal Control over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2012. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG

In our opinion, Jaguar Mining Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Jaguar Mining Inc. as of December 31, 2012 and December 31, 2011, and the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and our report dated March 21, 2013 expressed an unqualified (unmodified) opinion on those consolidated financial statements.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 21, 2013

JAGUAR MINING INC.

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

		December 31, 2012	December 31, 2011
Assets			
Current assets:			
Cash and cash equivalents	*Note 18*	$ 13,856	$ 74,475
Inventory	*Note 4*	26,342	34,060
Prepaid expenses and sundry assets	*Note 5*	20,069	25,541
Derivatives	*Note 6(a)*	43	-
		60,310	134,076
Prepaid expenses and sundry assets	*Note 5*	56,886	48,068
Restricted cash	*Note 7*	609	909
Assets available for sale		612	-
Property, plant and equipment	*Note 8*	301,383	388,675
Mineral exploration projects	*Note 9*	84,075	88,938
		$ 503,875	**$ 660,666**
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 29,745	$ 34,922
Notes payable	*Note 10*	27,388	22,517
Income taxes payable		15,451	18,953
Reclamation provisions	*Note 11*	4,124	2,082
Other provisions	*Note 12*	4,796	4,347
Deferred compensation liabilities	*Note 15*	105	2,953
Other liabilities		20	1,475
		81,629	87,249
Notes payable	*Note 10*	240,158	228,938
Option component of convertible notes	*Note 6(b)*	4,458	79,931
Deferred income taxes	*Note 13*	6,624	8,635
Reclamation provisions	*Note 11*	16,927	15,495
Deferred compensation liabilities	*Note 15*	216	2,270
Other liabilities		60	339
Total liabilities		350,072	422,857
Shareholders' equity:			
Share capital	*Note 14(a)*	370,043	370,043
Stock options	*Note 14(b)*	2,137	14,207
Contributed surplus		16,015	3,414
Deficit		(234,392)	(149,855)
Total equity attributable to equity shareholders of the Company		153,803	237,809
		$ 503,875	**$ 660,666**
Commitments	*Notes 6 and 20*		
Subsequent events	*Note 21*		

On behalf of the Board:

Richard Falconer

David Petroff

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

JAGUAR MINING INC.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of U.S. dollars, except share and per share amounts)

		Year Ended December 31, 2012	Year Ended December 31, 2011
Gold sales		$ 172,430	$ 243,137
Production costs		(127,851)	(153,331)
Stock-based compensation	*Notes 14(b),15*	457	(347)
Depletion and amortization		(38,893)	(46,107)
Gross profit		6,143	43,352
Operating expenses:			
Exploration		700	1,953
Paciência shut down & care and maintenance	*Note 8*	4,350	-
Stock-based compensation (recovery)	*Notes 14(b),15*	(1,864)	2,970
Administration		18,886	25,506
Management fees	*Note 17(c)(i)*	30	3,016
Amortization		1,168	1,249
Other		3,595	2,596
Total operating expenses		26,865	37,290
Income (loss) before the following		(20,722)	6,062
Loss (gain) on derivatives	*Note 6(a)*	(720)	420
Loss (gain) on conversion option embedded in convertible debt	*Note 6(b)*	(75,473)	32,250
Foreign exchange loss		5,882	8,480
Accretion expense	*Note 11*	3,585	2,454
Interest expense		28,511	27,001
Interest income		(3,168)	(9,237)
Loss (gain) on disposition of property	*Note 10(b)*	2,805	(2,029)
Impairment of properties	*Note 8*	102,997	-
Other non-operating expense		1,164	453
Total other expenses		65,583	59,792
Loss before income taxes		(86,305)	(53,730)
Income taxes	*Note 13*		
Current income taxes (recoveries)		(466)	3,450
Deferred income taxes (recoveries)		(1,302)	8,443
Total income taxes		(1,768)	11,893
Net loss and comprehensive loss for the year		$ (84,537)	$ (65,623)
Basic and diluted loss per share	*Note 16*	$ (1.00)	$ (0.78)
Weighted average number of common shares outstanding - basic and dilute	*Note 16*	84,409,648	84,386,569

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

JAGUAR MINING INC.

Consolidated Statements of Shareholders' Equity

(Expressed in thousands of U.S. dollars)

		Common Shares		Stock Options		Contributed Surplus	Deficit	Total
		#	$	#	$	$	$	$
Balance, January 1, 2011		84,373,648	369,747	3,777,500	13,054	1,901	(84,232)	300,470
Stock options granted	*Note 14(b)*	-	-	880,000	2,798	-	-	2,798
Exercise of stock options	*Note 14(b)*	36,000	296	(36,000)	(132)	-	-	164
Vested options expired	*Note 14(b)*	-	-	(616,500)	(1,513)	1,513	-	-
Net loss		-	-	-	-	-	(65,623)	(65,623)
Balance, December 31, 2011		84,409,648	370,043	4,005,000	14,207	3,414	(149,855)	237,809
Balance, January 1, 2012		84,409,648	370,043	4,005,000	14,207	3,414	(149,855)	237,809
Stock options granted	*Note 14(b)*	-	-	1,326,250	531	-	-	531
Vested options expired	*Note 14(b)*	-	-	(3,495,000)	(12,601)	12,601	-	-
Net loss		-	-	-	-	-	(84,537)	(84,537)
Balance, December 31, 2012		84,409,648	370,043	1,836,250	2,137	16,015	(234,392)	153,803

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

JAGUAR MINING INC.

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Year Ended December 31, 2012	Year Ended December 31, 2011
~~Cash provided by (used in):~~		
Operating activities:		
Net loss and comprehensive income (loss) for the year	$ (84,537)	$ (65,623)
Adjustments to reconcile net earnings to net cash provided from (used in) operating activities:		
Unrealized foreign exchange (gain) loss	(4,184)	11,618
Stock-based compensation expense (recovery)	(2,321)	3,317
Interest expense	28,511	27,001
Accretion of interest income	-	(188)
Accretion expense	3,585	2,454
Deferred income taxes (recovery)	(1,302)	8,443
Depletion and amortization	40,061	47,356
Impairment of properties	102,997	-
Write-down of Paciência inventory	1,825	2,242
Unrealized (gain) loss on derivatives	(43)	168
Unrealized loss (gain) on option component of convertible note	(75,473)	32,250
Provision and loss on disposition of PPE	4,460	1,618
Impairment mineral exploration projects	-	528
Reclamation expenditures	(298)	(556)
Current income tax paid	-	(140)
	13,281	70,488
Change in non-cash operating working capital:		
Inventory	7,146	286
Prepaid expenses and sundry assets	(12,183)	(8,845)
Accounts payable and accrued liabilities	(5,597)	8,419
Income taxes payable	(3,502)	2,416
Other provisions	449	1,725
Deferred compensation liabilities	(2,383)	(2,570)
	(2,789)	71,919
Financing activities:		
Issuance of common shares □	-	164
Decrease in restricted cash	300	-
Repayment of debt	(20,703)	(24,163)
Increase in debt	23,200	115,313
Interest paid	(14,370)	(13,276)
Other liabilities	(1,733)	613
	(13,306)	78,651
Investing activities:		
Mineral exploration projects	(8,554)	(15,723)
Purchase of property, plant and equipment	(44,263)	(95,107)
Proceeds from disposition of property, plant and equipment	1,556	365
	(51,261)	(110,465)
Effect of foreign exchange on non-U.S. dollar denominated cash and cash equivalents	6,737	(4,853)
Increase (decrease) in cash and cash equivalents	(60,619)	35,252
Cash and cash equivalents, beginning of year	74,475	39,223
Cash and cash equivalents, end of year	$ 13,856	$ 74,475

Supplemental cash flow information *Note 18*

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

JAGUAR MINING INC.

Notes to the Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

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 office is 155 Wellington Street West, Toronto, ON M5V 3J7 Canada.

These consolidated financial statements of the Company as at and for the years ended December 31, 2012 and December 31, 2011 include the accounts of the Company and its wholly-owned subsidiaries: Mineração Serras do Oeste Ltda. ("MSOL"), Mineração Turmalina Ltda. ("MTL") and Mineração Chega Tudo Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

2. Basis of Preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on March 20, 2013.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and liabilities associated with certain long-term incentive plans and reclamation provisions, which are stated at fair value.

(c) Functional and presentation currency:

These consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency. All financial information presented in U.S. dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as those related to the valuation of mineral exploration projects, recoverability of property plant and equipment, recoverable taxes, deferred tax assets and liabilities, reclamation provision, derivatives, option component of convertible notes, liabilities associated with certain long-term incentive plans, measurement of inventory and disclosure of contingent assets and liabilities depend on subjective or complex judgments about matters that

may be uncertain. Changes in those estimates could materially impact these consolidated financial statements.

The judgments that management has applied in the application of accounting policies and related estimates that have the most significant effect on the amounts recognized in these consolidated financial statements are discussed below:

(i) Unit of production depletion and amortization:

The Company's mineral exploration projects and mining properties are depleted and amortized on a unit-of-production basis, using the expected amount of recoverable reserves. Changes to these estimates, which can be significant, could be caused by a variety of factor, including future production differing from current forecasts, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and other factors impacting mineral reserves or the expected life of the mining operation.

(ii) Inventory:

Gold in process and ore in stockpiles are stated at the lower of average production cost and net realizable value. Production costs charged to earnings include labour, benefits, material and other product costs. The assumptions used in the impairment assessment of gold in process inventory include estimates of gold contained in the ore stacked, assumptions of the amount of gold stacked that is expected to be recovered and an assumed gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventory, which could reduce the Company's earnings and working capital.

(iii) Mine reserve estimates:

A mine reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the Company's mining properties. In order to calculate reserve estimates, assumptions are required about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transportation costs, commodity demand, commodity prices and exchange rates. The Company is required to determine and report mine reserves in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum standards.

Estimates of mine reserves may change as estimates and assumptions change and as additional geological data is generated during the course of operations. Changes in mine reserve estimates may affect carrying values of the Company's inventory, property, plant and equipment, mineral exploration projects, reclamation provisions and deferred income taxes.

(iv) Capitalization of mineral exploration projects:

The Company's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to earnings.

(v) Production start date:

The Company assesses the stage of each mineral exploration project to determine when a mine is substantially complete and ready for its intended use. Once this stage is obtained, amortization of the mine will commence. The Company considers various criteria to assess when the mine has reached the production stage, including completion of a reasonable amount of testing of the mine plant and equipment, and the ability to sustain ongoing production of gold in a saleable form. The judgment used to apply these criteria could impact the amortization commencement date.

(vi) Reclamation provision:

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and, over time, becoming more restrictive which impacts the cost of retiring assets at the end of their useful lives. The Company recognizes liabilities for reclamation provisions in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset, where one is identifiable, is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the period is expensed. Over time, the reclamation provision will be increased each period to reflect the interest element (accretion) reflected in its initial measurement at fair value, and will also be adjusted for changes in the estimate of the amount, timing and cost of the work to be carried out. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company.

(vii) Stock-based compensation:

The Company includes an estimate of forfeitures, share price volatility, expected life and risk-free interest rates in the calculation of the liability for certain long-term incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of the deferred compensation liability, mineral exploration projects, inventory and earnings.

(viii) Determination of functional currency:

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's gold sales, production and operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

(ix) Capitalization of borrowing costs:

Borrowing costs are identified for capitalization to property, plant and equipment construction projects until such time that the constructed asset is substantially complete and ready for its intended use. Borrowing costs related to specific borrowings are identified for capitalization to mineral exploration projects until such time that the mine is substantially complete and ready for its intended use. Amounts to be capitalized are estimated based on costs incurred to date and the interest rate of specific borrowings or the weighted average borrowing costs of general borrowings. The judgment used to identify mines or assets that require capitalization of borrowing costs could impact the carrying value of those assets, depletion and amortization and interest expense.

(x) Identification of impairment:

The Company considers, at the end of each accounting period, whether or not there has been an impairment of the capitalized mineral exploration projects, or property, plant and equipment. For producing and non-producing mining properties, this assessment is based on the expected future cash flows to be generated from the asset. If the Company determines there has been an impairment because its prior estimates of future cash flows have proven to be inaccurate, due to reductions in the price of gold, increases in the costs of production, reductions in the amount of reserves expected to be recovered or otherwise, the Company would be required to write-down the recorded value of its mineral explorations projects, or property, plant and equipment, which would reduce the Company's earnings and net assets.

(xi) Recoverable taxes:

In Brazil, the Company is due refunds of certain taxes based on consumption, of which the timing of realization is uncertain. If these recoverable taxes are not collected, it could reduce the carrying value of these assets.

(xii) Deferred taxes:

The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from tax assets and tax losses.

3. Significant Accounting Policies:

(a) Existing accounting policies:

(i) Basis of consolidation:

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) Cash and cash equivalents:

The Company considers deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at the time of acquisition to be cash and cash equivalents. Cash held on deposit as security is classified as restricted cash.

(iii) Short-term investments:

Short-term investments include short-term money market instruments with terms to maturity at the date of the acquisition of between three and twelve months. Short-term investments are classified as fair value through profit or loss ("FVTPL") and recorded at fair value.

(iv) Inventory:

Gold in process and ore in stockpiles are stated at the lower of the average total production cost or net realizable value. Production costs include direct labour, employee benefits, direct material and other direct product costs including depletion and amortization. Net realizable value represents estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion.

Raw materials and mine operating supplies are stated at the lower of weighted average cost, and net realizable value.

The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a leach pad will not be known until the leaching process is concluded.

(v) Property, plant and equipment:

The Company's property, plant and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded over the estimated useful lives of the assets, after taking into account residual values as follows:

Processing plants	- over plant life, straight-line basis
Vehicles	- 5 years, straight line
Equipment	- 5 -10 years, straight line
Leasehold improvements	- over term of lease, straight-line basis
Mining properties	- unit-of-production method[(1)]

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Amortization is adjusted prospectively if there is a change in useful lives, reserve base or residual values.

[(1)]Depletion of mining properties and amortization of preproduction and development costs are calculated and recorded on the unit-of-production basis over the mine's estimated and economically proven and probable reserves and the portion of mineralization resources expected to be classified as reserves.

(vi) Stripping costs:

Stripping costs incurred in the production phase of a mining operation are accounted for as production costs and are included in the costs of inventory produced, unless the stripping activity can be shown to be a betterment of the mineral property, in which case the stripping costs are capitalized. Betterment occurs when the stripping activity increases future output of the mine by providing access to additional reserves. Capitalized stripping costs are amortized on a unit-of-production basis over the economically recoverable proven and probable reserve ounces of gold to which they relate.

(vii) Impairment:

The carrying value of all categories of property, plant and equipment and mineral exploration projects are reviewed at each reporting date for impairment whenever events or circumstances indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the greater of its value-in-use and its fair value less cost to sell.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or the smallest group of assets that largely generates independent cash inflows (cash generating units or "CGUs") through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis. Impairment losses are recognized in other expenses. Assumptions, such as gold price, discount rate, foreign exchange rate and expenditures underlying the fair value estimates are subject to risks and uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

(viii) Mineral exploration projects:

The Company classifies exploration costs as green field or brown field according to the expected recoverability of the projects. Green field exploration costs are exploration costs from the first evaluation of the target area through to the completion of a scoping study. All costs related to green field are expensed and included in exploration costs in the consolidated statements of operations and comprehensive loss.

Exploration costs incurred subsequent to confirmation of an area's potential, are classified as brown field exploration costs. The Company considers its brown field exploration costs to have the characteristics of property, plant and equipment. As such, the Company defers brown field exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production.

After a mine property has been brought into development the related costs will be transferred to property, plant and equipment. When specific properties have been brought into production the deferred costs will be amortized on a unit of production basis based on their estimated economic lives or until the properties are abandoned, sold, or considered to be impaired in value, at which time an appropriate charge will be made.

The recoverability of the amounts shown for mineral exploration projects is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and the success of future operations or dispositions. If a project does not prove viable, all unrecoverable costs associated with the project net of any related existing impairment provisions are written off.

(ix) Income taxes:

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current income taxes

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred income taxes

The Company accounts for deferred income taxes under the asset and liability method. Under this method of tax allocation, deferred income and mining tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

(x) Reclamation provisions:

The Company recognizes a provision arising from legal and constructive obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operation of a long-lived asset. A reclamation provision is a monetary item that is recorded in the period in which it is incurred and is estimated based on the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices adjusted for inflation. These estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. When the reclamation provision is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. The Company amortizes the amount added to the asset using the amortization method established for the related asset. The amortization expense is included in the statements of operations and comprehensive loss and accounted for in depletion and amortization. An accretion expense in relation to the discounted provision over the remaining life of the mining properties is accounted for in the statements of operations and comprehensive loss and added to the reclamation provision. The provision is adjusted at the end of each reporting period to reflect the passage of time, changes in foreign exchange rates, specific risks, changes in discount rates and changes in the estimated future cash flows underlying the obligation. Upon settlement of the liability, a gain or loss is recorded.

(xi) Other provisions:

Provisions are recorded when a legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account

the risks and uncertainties surrounding the obligation and is measured using the present value of cash flows estimated to settle the present obligation.

(xii) Foreign currency translation:

The U.S. dollar is considered to be the functional currency of the Company and of its subsidiaries. Monetary assets and liabilities of the Company's Brazilian operations are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date, and non-monetary assets and liabilities are translated at the historical rate of exchange. Transactions in foreign currencies are translated at the actual rates of exchange. Foreign currency gains and losses are recognized in the statements of operations and comprehensive loss.

(xiii) Revenue recognition:

The Company produces gold doré which is further refined by a third party. Revenue from gold doré is recognized when title is transferred, delivery is completed, and when the Company has reasonable assurance with respect to measurement and collectability.

(xiv) Stock-based compensation:

The Company has stock-based compensation plans, which are described in Notes 14 and 15. The Company accounts for all equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes model.

Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and amortized on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

The Company treats awards that call for settlement in cash, including share appreciation rights and performance awards, as liabilities. The value of these liabilities is re-measured at each reporting period at fair value. Any gains or losses on re-measurement are recorded in the statements of operations and comprehensive loss. For any changes in the estimated forfeiture of the awards, the accrued compensation cost will be adjusted in the period in which the change of estimate is determined.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be estimated reliably.

(xv) Earnings (loss) per share:

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings (loss) per share by the application of the treasury method. The computation of diluted earnings (loss) per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

(xvi) Financial instruments - recognition and measurement:

The Company classifies all financial instruments as either held-to-maturity, FVTPL, loans and receivables, available-for-sale, or other financial liabilities.

- Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to earnings in the period in which they arise.

- FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to earnings in the period in which they arise.

- Loans and receivables are initially recognized at their fair values, with any resulting premium or discount from the face value being amortized to earnings using the effective interest method. Impairment losses are charged to earnings in the period in which they arise.

- Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive income. Impairment losses are charged to earnings in the period in which they arise.

- Other financial liabilities are initially measured at cost or amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to earnings using the effective interest method.

- The following is a summary of the financial instruments outstanding and classifications as at December 31, 2012:

Cash and cash equivalents	Loans and receivables
Restricted cash	Loans and receivables
Loan receivable	Loans and receivables
Derivative assets and liabilities	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Other provisions	Other financial liabilities
Notes payable	Other financial liabilities
Option component of convertible notes	FVTPL

The Company has used certain derivative financial instruments, principally forward sales contracts and commodity option contracts to manage commodity price exposure on gold sales and forward foreign exchange contracts to manage exposure to changes in foreign exchange rates. Derivative financial instruments are used for risk management purposes and not for generating trading profits. Derivative financial instruments are not accounted for as hedges. Unrealized gains and losses on the derivative financial instruments are recognized in the statements of operations and comprehensive loss. Unrealized gains and losses on forward sales contracts are a result of the difference between the forward spot price of the gold and the forward sales contract price. Unrealized gains and losses on forward foreign exchange contracts are primarily a result of the difference between the forward currency contract price and the spot price of the Brazilian reais (R$).

(xvii) Borrowing costs:

Borrowing costs directly related to the financing of qualifying capital projects under construction are added to the capitalized cost of those projects during the construction phase, until such time that the assets are substantially ready for their intended use or sale which in the case of mining properties is when they are capable of commercial production. Specific borrowings to finance a project are capitalized as the actual borrowing costs are incurred. Interest expense on general borrowings is capitalized to qualifying capital projects using a weighted average of the borrowing costs applicable to the Company during the period.

All other borrowing costs, including the foreign currency translation on the principal borrowed, are recognized in the statements of operations and comprehensive loss in the period in which they are incurred.

(b) Accounting standards and interpretations issued but not yet implemented:

Accounting standards and interpretations issued but not yet implemented are as follows:

IFRS 7 Financial Instruments – Disclosures ("IFRS 7") was amended by the IASB in October 2011 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The Company intends to adopt IFRS 7 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 7 to have a material impact on its financial statements.

The IASB has issued IFRS 9 Financial Instruments ("IFRS 9") which proposes to replace IAS 39 Financial Instruments Recognition and Measurement. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets — amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale and loans and receivable categories. This standard is effective for the Company's annual period beginning January 1, 2015. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 10 Consolidated Financial Statements ("IFRS 10"), which replaces parts of IAS 27, Consolidated and Separate Financial Statements ("IAS 27") and all of SIC-12 Consolidation – Special Purpose Entities, changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 to have a material impact on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11"), which replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers, requires a venturer to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint operation, the joint operator will recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. This is a change from the existing standards, under which the Company chose to proportionally consolidate joint

ventures. The Company intends to adopt this standard effective January 1, 2013. The Company does not expect IFRS 11 to have a material impact on its financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 12 to have a material impact on its financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13") replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 13 to have a material impact on its financial statements.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The new interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. It considers when and how to account separately for benefits arising from the stripping activity and how to measure these benefits both initially and subsequently. It prescribes that the costs of stripping activity be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realized in the form of inventory produced. On the other hand, the costs of stripping activity which provides a benefit in the form of improved access to ore in future periods is recognized as a non-current 'stripping activity asset' when specified criteria are met. The Company intends to adopt IFRIC 20 in its financial statements for the annual period beginning on January 1, 2013. The impact of these changes on the Company's financial statements is currently under review in preparation for first quarter 2013 financial reporting and have not yet been determined.

JAGUAR MINING INC.

Notes to the Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

4. Inventory:

Inventory is comprised of the following:

	2012	2011
Raw materials	$ 3,483	$ 3,409
Mine operating supplies	9,221	11,534
Ore stockpiles	1,308	2,395
Gold in process	12,330	16,722
	$ 26,342	$ 34,060
Depletion and amortization costs included in inventory		
Ore stockpiles	$ 262	$ 960
Gold in process	3,185	4,808
	$ 3,447	$ 5,768
Stock-based compensation costs included in inventory		
Ore stockpiles	$ -	$ (12)
Gold in process	(5)	(28)
	$ (5)	$ (40)

During 2012, the Company incurred an inventory write-down of $1.8 million (2011 - $2.2 million), included within production costs.

5. Prepaid Expenses and Sundry Assets:

	2012	2011
Recoverable taxes	$ 65,918	$ 64,731
Advances to suppliers	961	376
Sundry receivables from related parties Note 17(c)	1,124	1,266
Receivables from sales of tax credits	7,983	6,866
Prepaid financing fees Note 10(e)	691	-
Other	278	370
	$ 76,955	$ 73,609
Less:		
Long-term recoverable taxes	$ 56,886	$ 47,718
Sundry receivables from related parties Note 17(c)	-	350
	$ 56,886	$ 48,068
Current portion of prepaid expenses and sundry assets	$ 20,069	$ 25,541

The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods. As at December 31, 2012, total recoverable taxes denominated in Brazilian reais (R$) amounted to R$134.7 million ($65.9 million), (December 31, 2011 – R$121.4 million ($64.7 million)).

The Company has the possibility to sell part of its tax credits and use the credits to purchase certain machinery and equipment (see Note 8). The receivable from sales of tax credits relates to the sales of ICMS (VAT) to other companies.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Sundry receivables are due from Brazilian Resources Inc. ("BZI") and IMS Engenharia Mineral Ltda. ("IMS"). See note 17(c).

6. Risk Management Policies:

(a) Derivative financial instruments:

(i) Commodity option contracts:

During the year ended December 31, 2011, the Company sold European style commodity gold call options. None were sold during 2012. Included in loss on derivatives for the year ended December 31, 2011 is $194,000 of realized losses on commodity option derivatives (year ended December 31, 2012 - $nil).

(ii) Forward sales contracts:

During October 2012, the Company entered into gold forward contracts to sell 7,900 ounces at $1,775. These contracts settled during the fourth quarter of 2012 at a gain of $600,000. As at December 31, 2012, no gold forward contracts were outstanding (December 31, 2011 - $nil).

(iii) Forward foreign exchange contracts:

As at December 31, 2012, the Company has forward foreign exchange contracts to purchase Brazilian reais (R$) as follows:

Settlement Date	Amount in US$		Settlement amount in R$	
31-Jan-13	$	1,000	R$	2,048
31-Jan-13		1,000		2,050
31-Jan-13		1,000		2,060
31-Jan-13		1,000		2,068
28-Feb-13		1,000		2,055
28-Feb-13		1,000		2,056
28-Feb-13		1,000		2,066
28-Feb-13		1,000		2,071
28-Mar-13		1,500		3,111
28-Mar-13		1,500		3,123
30-Apr-13		1,000		2,074
30-Apr-13		1,000		2,079
31-May-13		1,000		2,152
31-May-13		1,000		2,157
	US$	15,000	R$	31,170

As at December 31, 2011, the Company had no forward foreign exchange contracts outstanding.
As at December 31, 2012, derivative assets include $43,000 of unrealized foreign exchange gain relating to the forward foreign exchange contracts (December 31, 2011 – $nil). Included in the statement of operations and comprehensive loss are the following amounts related to foreign exchange derivatives:

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

	2012	2011
Unrealized (gain) loss	$ (43)	$ 168
Realized (gain) loss	(77)	58
	$ (120)	$ 226

The terms of the Company's bank agreement required funds to be held on deposit as collateral at December 31, 2012, for the above derivative financial instruments. As at December 31, 2012, $300,000 of cash was restricted for this facility (December 31, 2011 – $800,000).

(b) Financial instruments:

(i) Credit risk:

Credit risk arises from cash held with banks, derivative financial instruments with positive fair values and credit exposure to customers. The credit risk is limited to the carrying amount on the balance sheet.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but does not expect any counterparties to fail to meet their obligations. The Company's cash and cash equivalents are held through large financial institutions in Brazil, Canada and the United States. The Company manages its credit risk by entering into transactions with high-credit quality counterparties, limiting the amount of exposure to each counterparty where possible and monitoring the financial condition of the counterparties.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company manages liquidity risk through the management of its capital structure as outlined in Note 19. The Company has a $21.3 million working capital deficit as at December 31, 2012 (December 31, 2011 – $46.8 million of working capital). Accounts payable and accrued liabilities, current portion of notes payable, reclamation provisions, deferred compensation liabilities, income taxes payable, other provisions and other liabilities are due within the current operating period. The Company's financial liabilities and other commitments are listed in Note 20.

The Company has arranged a new credit facility to improve its liquidity, as described in Note 10(e) as it completes its restructuring activities.

(iii) 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, notes payable, taxes payable, reclamation and other provisions, and deferred compensation liabilities.

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2012 and December 31, 2011 with all other variables held constant. It shows how income before taxes would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Exchange Rates	Change for Sensitivity Analysis	Impact of Change to 2012 Foreign Exchange Gain/Loss	Impact of Change to 2011 Foreign Exchange Gain/Loss
U.S. dollar per Brazilian reais	10% change in Brazilian reais	$1,971	$5,606
U.S. dollar per Canadian dollar	10% change in Canadian dollar	56	81

(iv) Interest rate risk:

The Company is exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into long-term agreements with fixed interest rates on 100% of its debt with interest rates ranging from 0% to 8.9% per annum (2011 – 0% to 6.35% per annum).

(v) Price risk:

The Company is exposed to price risk with respect to gold prices on gold production. The Company placed hedge contracts for 7,900 ounces of gold during 2012 and had no gold hedges in place as of December 31, 2012 (December 31, 2011 – nil) (Note 6 (a)).

(vi) Stock-based compensation risk:

The Company is exposed to the risk of increased compensation expense due to the increase in the Company's share price.

The Company's compensation expense is subject to volatility due to the movement of share price and its impact on the value of certain stock-based compensation programs. These programs, as described in Note 15 include Deferred Stock Units ("DSUs"), Restricted Stock Units ("RSUs") and Share Appreciation Rights ("SARs"). Under the program, the DSUs and RSUs represent rights to receive cash settlement from the Company equivalent to the market price of the common shares on the date of exercise. The SARs represent rights to receive cash settlement from the Company equivalent to the amount by which the market price of the Company's common shares at the time of exercise exceeds the market price of such shares at the time of grant. For the year ended December 31, 2012, a strengthening of $1.00 in the price of the Company's common shares would have had an unfavourable impact of approximately $549,000 (2011 - $1.8 million) in income before income taxes. For the year ended December 31, 2012, a weakening of $1.00 in the price of the Company's common shares would have had a favourable impact of approximately $321,000 (2011 - $1.6 million).

(vii) Fair value estimation:

IFRS 7 Financial Instruments - Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of the assets and liabilities:

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

c. Level 3 – one or more significant inputs used in a valuation technique are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The fair values of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis as at December 31, 2012 and December 31, 2011 are as follows:

	December 31, 2012		
Financial assets	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Derivatives			
Forward foreign exchange contracts	$ -	$ 43	$ -

	December 31, 2011		
Financial assets	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
None	-	-	-

	December 31, 2012		
Financial liabilities	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Option component of convertible notes	$ -	$ -	$ 4,458

	December 31, 2011		
Financial liabilities	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Option component of convertible notes	$ -	$ -	$79,931

The option components of the convertible notes (Note 10) are fair valued using the Crank-Nicolson valuation model which requires inputs, such as volatility and credit spread, which are both unobservable and significant, and therefore are categorized as Level 3 in the fair value hierarchy.

The table below summarizes a sensitivity analysis for the inputs of volatility and credit spread as at December 31, 2012 and December 31, 2011 with all other variables held constant. It shows how the option component of the convertible notes and income before taxes would have been affected by changes in these relevant risk variables that were reasonably possible at that date.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Impact to option component of convertible notes:

Assumption	Change for Sensitivity Analysis	Impact of Changes as at December 31, 2012	Impact of Changes as at December 31, 2011
Volatility	5% increase	$ 457	$ 5,138
	5% decrease	(456)	(5,274)
Credit spread	1% increase	40	826
	1% decrease	(42)	(861)

The carrying amount of the option components of the convertible notes was $4.5 million at December 31, 2012 (December 31, 2011 - $79.9 million). The change in fair value of $75.5 million for the year ended December 31, 2012 is shown as a gain on conversion option embedded in convertible debt in the statements of operations and comprehensive loss (December 31, 2011 - $32.3 million loss).

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents[1]	$ 13,856	13,856	$ 74,475	$ 74,475
Restricted cash[1]	609	609	909	909
Loan receivable from related party[3]	811	811	950	950
Derivatives[2]				
Forward foreign exchange contracts	43	43	-	-
Financial Liabilities				
Accounts payable and accrued liabilities[1]	$ 29,745	29,745	34,922	34,922
Other provisions[4]	4,796	4,796	4,347	4,347
Notes payable[3]	267,546	128,625	251,455	223,750
Option component of convertible notes[5]	4,458	4,458	79,931	79,931
Deferred compensation liabilities[6]	321	321	5,223	5,223

(1) Cash and cash equivalents and restricted cash are recorded at their carrying values. The carrying value of accounts payable and accrued liabilities approximate their fair values due to their immediate or short term to maturity.

(2) The fair value of derivative contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated as follows:
- For forward foreign exchange contracts by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
- For options using a modified Black-Scholes model.

(3) The fair value of the loan receivable and notes payable is based on their market price, if available. If a market price is not available then the fair value is determined by discounting the future cash flows at the current market rate of interest available to the Company. The related parties involved with the loan receivable ceased to be related parties in January and May of 2012.

(4) The carrying value of other provisions approximates fair value and is determined by discounting the future expected cash outflows where losses are probable.

(5) The option component of the convertible notes (Note 10) is recorded at fair value. Fair value of the conversion option feature is measured using the Crank-Nicolson model.

(6) The fair value of Stock Appreciation Rights ("SAR") liabilities is measured using the Black-Scholes model and is recognized over the service or vesting period. The carrying values, measured using intrinsic value, of the Deferred Stock Unit ("DSU") and Restricted Stock Unit ("RSU") liabilities approximates their fair values.

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7. Restricted Cash:

As at December 31, 2012, $109,000 was held in a Certificate of Deposit as security for corporate credit cards (December 31, 2011 - $109,000). In addition, as at December 31, 2012, $300,000 was restricted as collateral for the foreign exchange contracts (December 31, 2011 - $800,000 (Note 6(a)(iii))). Also as at December 31, 2012, $200,000 was restricted as collateral for the Renvest Credit Facility (Note 10(e)) (December 31, 2011 - $nil).

8. Property, Plant and Equipment:

Property, Plant and Equipment	Processing plant	Vehicles	Equipment	Leasehold improvements	Assets under construction	Mining properties	Total
Cost							
Balance at January 1, 2011	$ 13,733	$ 12,684	$ 188,967	$ 2,208	$ 8,391	$ 229,189	$ 455,172
Additions	112	1,794	15,217	536	16,015	59,632	93,306
Disposals	-	(114)	(1,538)	-	(961)	-	(2,613)
Reclassify within PPE	20	78	17,785	-	(11,673)	(6,210)	-
Reclassify from MEP	-	-	-	-	-	1,098	1,098
Balance at December 31, 2011	$ 13,865	$ 14,442	$ 220,431	$ 2,744	$ 11,772	$ 283,709	$ 546,963
Balance at January 1, 2012	$ 13,865	$ 14,442	$ 220,431	$ 2,744	$ 11,772	$ 283,709	$ 546,963
Additions	25	3,164	3,855	6	10,379	32,760	50,189
Interest capitalized	-	-	-	-	-	(229)	(229)
Disposals	-	(3,820)	(7,020)	(430)	-	-	(11,270)
Transfer to assets held for sale	-	(154)	(1,748)	-	(998)	-	(2,900)
Reclassify within PPE	1,790	2	16,924	44	(18,760)	-	-
Reclassify from MEP	-	-	-	-	-	2,230	2,230
Balance at December 31, 2012	$ 15,680	$ 13,634	$ 232,442	$ 2,364	$ 2,393	$ 318,470	$ 584,983
Accumulated amortization and impairment							
Balance at January 1, 2011	$ 6,786	$ 4,792	$ 36,782	$ 378	$ -	$ 57,619	$ 106,357
Amortization for the year	1,003	2,344	21,022	585	-	27,581	52,535
Eliminated on disposal	-	(95)	(509)	-	-	-	(604)
Balance at December 31, 2011	$ 7,789	$ 7,041	$ 57,295	$ 963	$ -	$ 85,200	$ 158,288
Balance at January 1, 2012	$ 7,789	$ 7,041	$ 57,295	$ 963	$ -	$ 85,200	$ 158,288
Amortization for the year	868	2,226	18,563	461	-	19,158	41,276
Impairment loss (Note 8)	1,115	1,238	18,384	189	922	69,748	91,596
Transfer to assets held for sale	-	(96)	(982)	-	-	-	(1,078)
Eliminated on disposal	-	(2,622)	(3,430)	(430)	-	-	(6,482)
Balance at December 31, 2012	$ 9,772	$ 7,787	$ 89,830	$ 1,183	$ 922	$ 174,106	$ 283,600
Carrying amounts							
At December 31, 2011	$ 6,076	$ 7,401	$ 163,136	$ 1,781	$ 11,772	$ 198,509	$ 388,675
At December 31, 2012	$ 5,908	$ 5,847	$ 142,612	$ 1,181	$ 1,471	$ 144,364	$ 301,383

(a) Mining properties:

As at December 31, 2012, mining properties include the following properties which are in production, or are under development:

(i) Turmalina Project – Turmalina mine:

The terms of the acquisition of MTL include a royalty payable by the Company to an unrelated third party. The royalty is a net revenue interest of 5% of annual net revenue up to $10 million and 3% thereafter.

(ii) Paciência Project - Santa Isabel, Palmital, Marzagão, Rio de Peixe Oxide, Ouro Fino, Chame and Bahu mines:

In November 2003, the Company closed on a property acquisition agreement dated April 17, 2003 whereby the Company acquired certain mineral rights from AngloGold for $818,000. The mineral rights acquired relate to the following properties in the Paciência Project, Santa Isabel, Morro do Adão, Bahu and Marzagão and the following properties in the Caeté Expansion Project, Catita and Camará. The Company will also pay a sliding scale NSR, from 1.5% to 4.5% of gross revenue, on gold and other precious metals produced from the properties, based on precious metal prices at the time of production.

If the Company discovers, on a concession basis, in excess of 750,000 ounces of gold over the measured and indicated resources used in the agreement, AngloGold has the right to buy-in up to 70% of that concession for a predetermined price. If this were to occur, the Company would retain a 30% interest and would receive the same sliding scale NSR payment from AngloGold as the one mentioned above.

On November 21, 2007, the Company reached an agreement with AngloGold whereby it transferred Zone C to AngloGold for an agreed upon value of $8.1 million. Part of the purchase price was satisfied by the settlement of $350,000 in existing liabilities payable by MSOL to AngloGold. The remaining balance will be paid through a reduction of future royalty payments on the sliding scale NSR for the properties purchased from AngloGold in 2003. MSOL will not be required to make royalty payments on the equivalent of approximately 280,000 ounces of gold. As at December 31, 2007, the Company recorded a gain of $381,000 based on the difference between the carrying value of Zone C and the amount of the liabilities settled in the transaction. Since the future royalty payments are contingent on the production and sale of gold at the related properties, the Company is recognizing additional gains over the life of the mine as the royalty obligation is reduced. During 2012, additional gains of $400,000 (2011 - $1.9 million) were recognized relating to this property (Notes 8(a)(ii) and 18).

(iii) Caeté Project - Roça Grande and Pilar mines:

The Company is required to pay royalties of 0.5% of revenue to the land owners of the Pilar mine site.

(iv) Impairment:

Over the past year, the Paciência operations have faced significant and increasing challenges. A detailed review determined that a complete remediation plan would best be accomplished by placing the operations on a temporary care and maintenance program until the necessary design and structural changes have been implemented in the mines. As a result of the temporary shutdown, the Company considered this an indicator of impairment and prepared an impairment test on the Paciência operation during the second quarter of 2012. The impairment test resulted in an impairment charge of $47.7 million and is recorded as impairment of property in the statements of operations and comprehensive loss, (December 31, 2011 - $nil). During the fourth quarter of 2012 the impairment test was updated resulting in an increase of $42.4 million also recorded as impairment of property in the statement of operations and comprehensive loss.

The Turmalina operation also recorded an impairment charge of $12.9 million in the quarter ended December 31, 2012, due to high historical operating costs.

The total impairment charge for the year ended December 31, 2012 is $103.0 million (December 31, 2011 - $nil), $91.6 million allocated to property, plant and equipment and $11.4 million allocated to mineral properties.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

The Paciência and Turmalina properties are cash generating units ("CGUs") which includes property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGU also includes mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs.

The loss of $91.6 million was taken against assets in property, plant and equipment and $11.4 million of the loss was recognized relating to assets included in mineral exploration projects. The recoverable amount of the properties were determined using a fair value less cost to sell approach ("FVLCS"). FVLCS for the property was determined by considering the net present value of future cash flows generated by the property. Net future cash flows were derived from life of mine plans for the properties. The following significant assumptions were used to value the properties:

Discount rate: 9%
Gold price: first eight years: $1,458 - $1,600
after eight years: $1,396

Expected future cash flows used to determine the FVLCS used in the impairment testing of the Paciência and Turmalina properties are inherently uncertain and could materially change over time. The cash flows are significantly affected by a number of factors including estimates of production levels; operating costs and capital expenditures reflected in the life of mine plans; as well as economic factors beyond management's control, such as gold prices and discount rates. Should management's estimate of the future not reflect actual events, further impairments may be identified or reversal of the existing impairment may occur.

9. Mineral Properties:

Mineral Exploration Projects	Paciência	Turmalina	Caeté	Gurupi	Pedra Branca	Total
Carrying amount at January 1, 2011	$ 2,644	$ 7,374	$ 17,354	$ 47,286	$ -	$ 74,658
Additions	972	1,491	654	12,790	-	15,907
Impairment loss	-	-	(529)	-	-	(529)
Reclassify to PPE	-	-	(1,098)	-	-	(1,098)
Carrying amount at December 31, 2011	$ 3,616	$ 8,865	$ 16,381	$ 60,076	$ -	$ 88,938
Carrying amount at January 1, 2012	$ 3,616	$ 8,865	$ 16,381	$ 60,076	$ -	$ 88,938
Additions	439	711	529	7,050	39	8,768
Impairment loss (Note 8)	(3,302)	(8,099)	-	-	-	(11,401)
Reclassify to PPE	(753)	(1,477)	-	-	-	(2,230)
Carrying amount at December 31, 2012	$ -	$ -	$ 16,910	$ 67,126	$ 39	$ 84,075

(a) Paciência Project:

The Paciência Project includes the following properties: Santa Isabel, Morro do Adao, Rio de Peixe Oxide and Sulphide, Palmital, Ouro Fino, Marzagão, Bahu, and Chame.

Morro de Adao and Rio de Peixe Sulphide are recorded as Mineral properties, as they are not in production. All the other properties currently are in care and maintenance and included in property, plant and equipment.

(b) Turmalina:

The costs relate to the Satinoco property (Ore Body D) and Faina and Pontal, adjacent to the Turmalina plant and mine, not currently in commercial production. The property is subject to a royalty payable to a third party (Note 8 (a)(i)).

(c) Caeté:

The project includes the following properties: Pilar-sulphide, Catita-sulphide, Camará, Roça Grande and Serra Paraiso–sulphide, Juca Vieira and Trindade. The Roça Grande and Pilar mines are included in property, plant and equipment.

(d) Gurupi:

Jaguar has a 100% equity ownership of MCT, which holds all of the mineral licenses for the Gurupi Project, a gold project located in the state of Maranhão, Brazil. In addition, the Company has a right of first refusal on an adjacent exploration property.

(e) Pedra Branca:

The Company is engaged in gold exploration at a greenfield site, Pedra Branca Project (the "Project"), in the State of Ceará in Northeastern Brazil, covering 87,000 acres. The Project used to be a joint venture with Xstrata.

On March 7, 2012, Jaguar executed a binding Memorandum of Understanding ("MOU") with Xstrata to acquire the remaining 40% interest in the Project. In accordance with the terms of the MOU, Jaguar committed to (a) a staged cash consideration in the amount of $400,000; (b) a NSR of 1.00% (one percent) payable to Xstrata on future gold production; and (c) rights of first refusal on any Base Metal Dominant Deposit (as defined in the MOU) discovered. Upon such discovery, Xstrata may elect to form a new company owned 30% by MSOL and 70% by Xstrata, by paying 300% of MSOL's exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property.

As at December 31, 2012, the Company has paid $39,000, relating to mineral rights (December 31, 2011 - $nil), capitalized to Mineral Properties.

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10. Notes Payable:

	2012	2011
Bank indebtedness	$ 25,839	$ 23,173
CVRD note	7,671	7,968
4.5% convertible	145,818	136,327
5.5% convertible	88,218	83,987
Total notes payable	$ 267,546	$ 251,455
Less: current portion	27,388	22,517
Long-term portion	$ 240,158	$ 228,938
Fair value of notes	$ 128,625	$ 223,750

Principal repayments over the next 5 years:

2013	$ 27,736
2014	171,949
2015	189
2016	103,500
Total	$ 303,374
Less: unamortized discounts	35,828
	$ 267,546

(a) Bank indebtedness:

As at December 31, 2012, bank indebtedness includes $2.6 million of notes payable secured by equipment. The notes bear interest at 4.5% to 6.4% and are repayable monthly or semi-annually over the life of the note. The notes have maturities ranging from February 2013 to August 2015 (December 31, 2011 - $7.1 million maturing from August 2012 to August 2015 at interest of 4.5% to 6.4%).

Bank indebtedness also includes $23.2 million of promissory notes secured by future gold sales payable at maturities from March 2013 to December 2013. The notes bear interest at 4.4% to 8.9% (December 31, 2011 - $16.0 million maturing from August 2012 to December 2012 at interest of 3.8% to 5.1%).

(b) Vale note:

The Vale note relates to the purchase of mineral rights for the Roça Grande property for $13.3 million.

The timing of these payments is dependent upon Vale's registration of the mineral rights transfer with the Departamento Nacional de Produção Mineral ("DNPM"). During 2010, the Company paid $3.2 million (2009 - $1.1 million) relating to these mineral rights. The Company expects to execute the final transfer agreement and pay $2.3 million of the purchase price in 2013 and the remaining balance of $6.7 million in 2014.

The note payable was recognized at its fair value and the discount is being amortized using the effective interest method.

(c) 4.5% convertible notes:

During September 2009, the Company issued $165 million of 4.5% senior unsecured convertible notes.

Jaguar received net proceeds of approximately $159.1 million. The notes bear interest at a rate of 4.5% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2010, and mature on November 1, 2014. The notes have an initial conversion rate of 78.4314 Jaguar common shares per U.S.$1,000 principal amount of notes, representing an initial conversion price of approximately US$12.75 per common share. The conversion rate is subject to certain anti-dilution adjustments and adjustments in connection with specified corporate events. The notes are convertible at any time prior to maturity. Upon conversion, Jaguar may, in lieu of delivering its common shares, elect to pay or deliver, as the case may be, cash or a combination of cash and common shares, in respect of the converted notes. Jaguar will be required to make an offer to repurchase the notes for cash upon the occurrence of certain fundamental changes as defined within the terms of the notes.

The Company initially allocated $42.2 million of the net proceeds to the conversion option component of the convertible notes since it is treated as a derivative liability and carried at fair value with changes in fair value recorded in the statements of operations and comprehensive loss (see Note 6(b)(vii)). The remaining portion of the net proceeds of $116.9 million was allocated to the note component of the convertible notes issuance and the note component is measured at amortized cost using the effective interest method subsequent to the date of issuance.

(d) 5.5% convertible notes:

During February 2011, the Company issued $103.5 million of 5.5% senior unsecured convertible notes.

The Company received net proceeds of approximately $99.3 million. The notes bear interest at 5.5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, beginning on September 30, 2011, and mature on March 31, 2016. The notes have an initial conversion rate of 132.4723 Jaguar Mining Inc. common shares per US$1,000 principal amount of notes, representing an initial conversion price of approximately US$7.55 per common share. The conversion rate is subject to certain anti-dilution adjustments and adjustments in connection with specified corporate events. The notes are convertible at any time prior to maturity. Upon conversion, the Company may, in lieu of delivering its common shares, elect to pay or deliver, as the case may be, cash or a combination of cash and common shares, in respect of the converted notes. The Company will be required to make an offer to repurchase the notes for cash upon the occurrence of certain fundamental changes as defined within the terms of the notes.

The Company initially allocated $18.9 million of the net proceeds to the conversion option component of the convertible notes since it is treated as a derivative liability and carried at fair value with changes in fair value recorded in the statements of operations and comprehensive loss (see Note 6(b)(vii)). The remaining portion of the net proceeds of $80.4 million was allocated to the note component of the convertible notes issuance and the note component is measured at amortized cost using the effective interest method subsequent to the date of issuance.

(e) Renvest Credit Facility:

On October 29, 2012, the Company announced that it had arranged a $30.0 million standby credit facility (the "Facility") with Renvest Mercantile Bancorp Inc. through its Global Resource Fund (the "Lender").

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Interest will be applied to the outstanding balance of all amounts drawn down from the Facility at a fixed rate of eleven percent (11%) per annum, payable monthly in arrears. Additional draw down and standby fees are payable in cash and in common shares of the Company. The proceeds from any drawdown will be used for working capital related to its Turmalina, Paciência or Caeté mining projects in Brazil. The Facility includes a general security agreement over all of the Company's and its subsidiaries' present and future assets, delivery of the shares of the Company's subsidiaries and loan guarantees by the Company's subsidiaries. Loan covenants include restrictions on additional borrowing and granting of security and a requirement that the Company use commercially reasonable efforts to maintain the listing of its common shares on the TSX during the term of the loan.

Included in Prepaid Expenses and Sundry Assets are $691,000 of financing fees related to the Facility (December 31, 2011 - $nil) (see Note 5). Also, the Company has $200,000 restricted cash as collateral for the Facility (see Note 7).

On January 25, 2013, the Company made an initial drawdown of $5.0 million on the Facility and concurrently issued 570,919 common shares of the Company to the Lender pursuant to the terms of the Facility. The initial drawdown and any subsequent drawdowns under the Facility mature in July 2014.

The remaining $25.0 million will be available to be drawn down by the Company once certain of the remaining security has been registered.

11. Reclamation Provisions:

		2012		2011
Balance, beginning of year		$ 17,577		$ 20,127
Increase (decrease) in reclamation obligations				
Sabará (a)	$ -		$ 194	
Turmalina (b)	705		(1,476)	
Paciência (c)	1,155		49	
Caeté (d)	(97)	1,763	(628)	(1,861)
Reclamation expenditures		(298)		(556)
Accretion expense		3,585		2,454
Foreign exchange		(1,576)		(2,587)
Balance, end of year		21,051		17,577
Less: current portion		4,124		2,082
Long-term portion		$ 16,927		$ 15,495

The estimated future cash flows have been discounted using a rate of 7.25% to 8.75% and the inflation rate used to determine future expected cost ranges from 4.0% to 5.3% per annum.

The reclamation provisions relate to the following:

(a) Sabará:

The Company expects to spend approximately $2.6[1] million between 2013 and 2018 to reclaim land that has been disturbed as a result of mining activity.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(b) Turmalina:

The Company expects to spend approximately $7.8[1] million between 2013 and 2026 to reclaim land that has been disturbed as a result of the mining activity.

(c) Paciência:

The Company expects to spend approximately $7.7[1]million between 2013 and 2026 to reclaim land that has been disturbed as a result of the mining activity.

(d) Caeté:

The Company expects to spend approximately $8.7[1] million between 2013 and 2026 to reclaim land that has been disturbed as a result of mining activity.

[1] These figures have not been discounted or adjusted for inflation.

12. Other Provisions:

	2012	2011
Balance, beginning of year	$ 4,347	$ 2,621
Additions	3,629	2,811
Payments	(363)	-
Reductions	(2,496)	(722)
Foreign exchange	(321)	(363)
Balance, end of year	$ 4,796	$ 4,347

In the ordinary course of operations, lawsuits have been filed against the Company. In the opinion of management, in consultation with legal counsel, the outcome of the lawsuits now pending will involve amounts that would not have a material adverse effect on the Company. Any losses that might result from the resolution of these claims would be charged against income in the year the claim is resolved.

13. Income Taxes:

(a) Income tax expense:

The following table shows the components of current and deferred tax expense:

	2012	2011
Current tax expense (recovery)		
Current	$ (466)	$ 3,450
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(1,611)	7,850
Recognition of previously unrecognized temporary differences	-	(506)
Change in unrecognized deductible timing differences	309	1,099
	(1,302)	8,443
Total income tax expense (recovery)	$ (1,768)	$ 11,893

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(b) Tax rate reconciliation:

The provision for income taxes differs from that which would be expected by applying the combined Canadian federal and provincial statutory income tax rate to income before income taxes. A reconciliation of the difference is as follows:

	2012	2011
Loss before income taxes	$ (86,305)	$ (53,730)
Combined federal and provincial income tax rate	26.50%	28.25%
Expected income tax expense	(22,871)	(15,179)
Increase (decrease) in tax expense resulting from:		
Foreign exchange	8,762	13,065
Change in benefit of non-capital losses not recognized	28,364	(2,575)
Change in benefit of other temporary differences not recognized	11,980	2,305
Difference in foreign tax rates and future enacted tax rates	(11,766)	1,898
Adjustment to prior year non-capital losses	-	(1,226)
Other non-deductible (taxable) expense	(17,453)	11,772
Withholding tax on inter-company interest	1,216	1,833
Income tax expense (recovery)	$ (1,768)	$ 11,893

(c) Deferred tax assets:

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2012	2011
Deductible temporary differences	$ 225,350	$ 53,831
Tax losses	178,166	94,044

(d) Tax losses:

The tax losses not recognized expire as per the amounts and years noted below. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(i) Canada:

Canada	Expiry Date	Amount
	2014	$ 3,815
	2015	5,769
	2026	1,632
	2027	6,111
	2028	1,988
	2029	20,001
	2030	8,482
	2031	20,278
	2032	15,003
		$ 83,079

(ii) Brazil:

The Company has non-capital losses of $105.5 million (R$215.6 million) which can be carried forward indefinitely, however only 30% of the taxable income in one year can be applied against the loss carry-forward balance.

(e) Movement in net deferred tax liabilities:

	2012	2011
Balance, beginning of year	$ 8,635	$ 215
Recognized in profit and loss	(1,302)	8,443
Other	(709)	(23)
Balance, end of year	$ 6,624	$ 8,635

(f) Recognized deferred tax assets and liabilities:

The following table summarizes the types of recognized deferred tax assets and liabilities:

	2012	2011
Deferred tax assets		
Non-capital losses	$ 3,547	$ 12,329
Amounts not deductible until paid	1,540	5,040
Inventory	456	1,656
Unrealized foreign exchange loss	358	1,669
Other	432	-
	$ 6,333	$ 20,694
Deferred tax liabilities		
Unrealized foreign exchange gain	-	875
Property, plant and equipment	10,423	27,333
Deferred revenue	2,063	1,121
Other	471	-
	$ 12,957	$ 29,329
Deferred tax liabilities - net	$ 6,624	$ 8,635

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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.

No shares were issued during 2012.

(b) Stock options:

Under the Jaguar Stock Option Plan (the "Plan"), the Company may grant options to directors, officers, employees and consultants of the Company and its subsidiaries. The maximum number of Company shares that have been reserved under this plan is 10,500,000.

Common Share Options	Number	Weighted Average Exercise Price Cdn
Balance, January 1, 2011	3,777,500	$ 7.03
Issued during the year	880,000	6.28
Options exercised	(36,000)	4.62
Options expired	(616,500)	5.50
Balance, December 31, 2011	4,005,000	$ 7.13
Issued during the year	1,326,250	1.07
Options expired	(3,495,000)	7.25
Balance, December 31, 2012	1,836,250	$ 2.52

No options were exercised during 2012.The weighted average share price for the options exercised during the 2011 was Cdn$6.18.

Exercise Price			Outstanding December 31, 2012	Weighted Average Remaining Life in Years	Number Exercisable
$	6.28	Cdn.	510,000	3.71	510,000
$	1.05	Cdn.	1,200,000	4.70	400,000
$	1.26	Cdn.	126,250	4.74	126,250
			1,836,250	4.43	1,036,250

Exercise Price			Outstanding December 31, 2011	Weighted Average Remaining Life in Years	Number Exercisable
$	6.40	Cdn.	810,000	0.37	810,000
$	5.94	Cdn.	940,000	0.22	940,000
$	6.48	Cdn.	285,000	0.69	285,000
$	9.54	Cdn.	1,090,000	0.93	1,090,000
$	6.28	Cdn.	880,000	4.71	880,000
			4,005,000	1.46	4,005,000

Stock compensation expense of $531,000 is included in stock-based compensation for the year ended December 31, 2012 (2011 - $2.8 million).

During September 2012, 1,200,000 inducement options were granted to the new CEO of the Company at a strike price of Cdn$1.05. These options are not subject to the plan maximum

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

limitation. One third of the options vested immediately. One third will vest after one year and one third after two years. The options expire September 10, 2017.

During September 2012, 126,250 options were granted to consultants at an exercise price of Cdn$1.26. The options vested during the fourth quarter of 2012 and expire September 27, 2017. The direct method was used to value the consultant's options (using the value of the services to be rendered). The weighted average grant date fair value of these options was Cdn$0.80.

During September 2011, the Company issued 880,000 options to directors and officers at a strike price of Cdn$6.28. The options vest immediately and expire September 15, 2016. Included in stock compensation expense for the year ended December 31, 2011 is $2.8 million related to these options.

The fair value of the remaining options granted was estimated at the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

	2012	2011
Risk-free interest rate	1.21% - 1.29%	1.19% - 1.42%
Expected dividend yield	0%	0%
Expected share price volatility	75% - 81%	67% - 70%
Expected life of the option in years	2.5 - 3.5	3.75 - 4.6
Weighted average grant date fair value of shares	Cdn. $ 0.71	Cdn. $ 3.14
Expected forfeiture rate	nil	nil

15. Long-Term Incentive Plans:

The Company has three long-term incentive plans for directors, senior officers, employees and consultants of the Company.

(a) Deferred Share Units:

A Deferred Share Unit ("DSU") Plan was established which allows the Company to grant its directors performance awards. DSUs are fully vested on issuance with eventual settlement in cash on resignation.

The intrinsic value of the DSU liability is equal to its fair value and carrying value for the years ended presented below:

JAGUAR MINING INC.

Notes to the Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

Deferred Stock Units	**2012**	**2011**
Units outstanding, beginning of period	235,828	221,228
Units granted	90,000	14,600
Units vested upon retirement	(52,349)	-
Balance outstanding, end of period	273,479	235,828

Liability included in deferred compensation liabilities in the consolidated balance sheets		
Current portion	19	-
Long-term portion	184	1,460
	$ 203	$ 1,460

Expense recorded in the consolidated statements of operations and comprehensive income (loss)		
Stock-based compensation expense - Cash	$ 56	$ -
Stock-based compensation expense (recovery)	(1,291)	(38)
Foreign exchange loss (gain)	34	(20)
	$ (1,201)	$ (58)

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(b) Restricted Stock Units:

A Restricted Stock Unit ("RSU") Plan was established which allows the Company to grant performance awards to senior officers, employees and consultants of the Company. RSUs call for eventual settlement in cash based upon the price of the Company's common stock at a future vesting date established generally at the time of grant. The intrinsic value of the RSU liability is equal to its carrying value and fair value for the years ended presented below:

Restricted Stock Units	2012	2011
Units outstanding, beginning of period	654,575	804,125
Units granted	-	194,300
Units vested upon termination	(138,000)	(46,550)
Units vested upon time vesting	(265,400)	(263,600)
Units cancelled	(33,800)	(33,700)
Balance outstanding, end of period	217,375	654,575
Liability included in deferred compensation liabilities in the consolidated balance sheets		
Current portion	$ 84	$ 1,539
Long-term portion	23	629
	$ 107	$ 2,168
Expense recorded in the consolidated statements of operations and comprehensive income (loss)		
Production costs (recovery)	$ (457)	$ 347
Stock-based compensation expense - cash	1,554	1,911
Stock-based compensation expense (recovery)	(1,904)	(950)
Foreign exchange loss (gain)	52	(64)
	$ (755)	$ 1,244
Expense deferred and included in mineral exploration projects in the consolidated balance sheets	$ 213	$ 179

(c) Stock Appreciation Rights:

A Stock Appreciation Rights Plan ("SAR") was established which allows the Company to grant performance awards to senior officers, employees or consultants of the Company. SARs call for eventual settlement in cash based upon the increase in price of the Company's common stock from the grant date to a future vesting date.

SARs typically vest such that one-third will vest upon issuance, one third will vest one year after grant, and one-third will vest two years after grant. SAR participants are permitted to select a pre-determined price at which the SARs would be paid an amount equal to the difference between the market price at the date of grant and the pre-determined price upon both the pre-determined price being attained and the vesting of the SAR. If no pre-determined price is selected by the participant or if the pre-determined price is not attained before the three year period, the payout amount will be the increase in price of the Company's common stock from the grant date to the expiry date. The intrinsic value of the SAR liability as at December 31, 2012 is $nil (December 31, 2011 – $406).

JAGUAR MINING INC.

Notes to the Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

Stock Appreciation Rights	**2012**	**2011**
Units outstanding, beginning of period	1,643,434	1,806,769
Units granted	325,000	145,000
Units redeemed	(1,123,383)	(308,335)
Units cancelled	(425,001)	-
Balance outstanding, end of period	420,050	1,643,434
Liability included in deferred compensation liabilities in the consolidated balance sheets		
Current portion	$ 2	$ 1,414
Long-term portion	9	181
	$ 11	$ 1,595
Total intrinsic value of liability	$ -	$ 406
Expense recorded in the consolidated statements of operations and comprehensive income (loss)		
Stock-based compensation expense - cash	$ 773	$ 655
Stock-based compensation expense (recovery) - non-cash	(1,583)	(1,406)
	$ (810)	$ (751)

The fair value of the SAR liability is estimated at the reporting date using the Black-Scholes option-pricing model with the following assumptions:

	2012	**2011**
Risk-free interest rate	0.18% - 1.10%	0.01% - 0.90%
Expected dividend yield	0%	0%
Expected share price volatility	98% - 103%	66% - 77%
Expected life of the right in days	76 - 516	65 - 882
Expected forfeiture rate	nil	nil
Weighted average reference price	$ 6.79	$7.41
Weighted average fair value of SARs	0.03	1.15

The expected life of the SAR is estimated as the mid-point between the expiry and vesting dates of each SAR granted. In cases where the right is outstanding past the mid-point between the expiry and vesting dates, the mid-point between the measurement date and the expiry date is used unless circumstances at the measurement date indicate an alternate date is more appropriate.

16. Basic and Diluted Earnings per Share:

Dollar amounts and share amounts in thousands, except per share amounts.

	2012	2011
Numerator		
Net income (loss) for the period	$ (84,537)	$ (65,623)
Denominator		
Weighted average number of common shares outstanding-basic	84,410	84,387
Dilutive effect of options	-	-
Weighted average number of common shares outstanding-diluted	84,410	84,387
Basic earnings (loss) per share	$ (1.00)	$ (0.78)
Diluted earnings (loss) per share	$ (1.00)	$ (0.78)

The determination of the weighted average number of common shares outstanding for the calculation of diluted loss per share does not include the following effect of options and convertible notes since they are anti-dilutive.

Options and convertible notes considered anti-dilutive (in thousands)	2012	2011
Options	2,921	3,891
Convertible notes (Note 10)	26,650	25,147
	29,571	29,038

17. Related Party Transactions:

(a) Transactions with subsidiaries:

The Company has transferred funds to its subsidiaries MSOL, MTL and MCT in the form of loans at a rate of three-month LIBOR plus 4% and export loans at a rate of six-month LIBOR plus 4%. Loans and interest have been eliminated upon consolidation.

During 2012 and 2011 the Company received interest and loan repayments from its subsidiary MSOL. These transactions were eliminated upon consolidation.

(b) Transactions with directors and key management:

The Company transacts with key individuals from management and with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these dealings were in the form of payments for services rendered in their capacity as director (director fees, including share-based payments) and as employees of the Company (salaries, benefits and share-based payments).

Key management personnel are defined as the executive officers of the Company including the President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Secretary, Vice President of Exploration and Engineering, and Vice President of Corporate Management.

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

During 2012 and 2011, remuneration to directors and key management personnel were as follows:

(i) Compensation of directors

Compensation of the directors comprised:

	2012	2011
Fees earned and other compensation[1]	$ 638	$ 480
Share-based compensation (recovery)	(1,385)	1,134
	$ (747)	$ 1,614

[1]Fees earned and other compensation paid represents fees paid to the non-executive chairman and the non-executive directors during the financial year.

A portion of the directors' compensation is settled with the Company's share-based plans (the Jaguar Stock Option Plan, Deferred Stock Unit Plan and Stock Appreciation Right Plan) according to the election of the directors (Notes 14(b) and 15).

During the third quarter of 2012, 100,000 options were granted to Fred Hermann Consulting at an exercise price of Cdn$1.26. Fred Hermann is a director of Jaguar Mining Inc. The options vested during the fourth quarter of 2012 and expire September 27, 2017. The direct method was used to value the consultant's options (using the value of the services to be rendered). The weighted average grant date fair value of these options was Cdn$0.80. Excluded from directors share-based compensation is $21,000 relating to these options.

(ii) Compensation of key management personnel

Compensation of key management personnel comprised:

	2012	2011
Fees earned and other compensation	$ 1,395	$ 2,748
Termination benefits	-	3,715
Post-employment benefits	7	19
Share-based compensation (recovery)	(324)	933
	$ 1,078	$ 7,415

Share-based compensation includes the recognized cost (recovery) to the Company of senior management's participation in share-based payments plans, as measured by the fair value of options, RSUs and SARs granted, accounted for in accordance with IFRS 2 "Share-based Payments" (Notes 14(b), 15).

(c) Other related party transactions:

(i) The Company incurred management fees from IMS Engenharia Mineral Ltda. ("IMS"), a company owned by two former officers of the Company, under a service agreement with IMS to render senior management services. The fees are included in management fees in the statements of operations and comprehensive loss. The agreement was terminated on December 31, 2011. On January 1, 2012 and February 1, 2012, the Company entered into new consulting agreements with the former officers with respective terms of twelve months.

	2012	2011
Management fees	$ 30	$ 3,016

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

(ii) Brazilian Resources Inc. ("BZI") is a founding shareholder of the Company. BZI ceased to be a related party in May 2012 when the Corporate secretary, who also also the President and CEO of BZI resigned from the Company. The Company incurred and recovered the following expenditures under cost-sharing arrangements:

	2012 [1]	2011
Occupancy costs	$ 15	$ 180
Rental income	(50)	(123)
Consulting fees and administrative charges	-	377
Consulting revenue	(15)	(39)

[1] Includes the period from January to May of 2012 when BZI ceased to be a related party.

As at December 31, 2012, prepaid expenses and sundry assets included $89,000 recoverable from BZI relating to consulting fees (December 31, 2011 - $40,000 relating to leasehold improvements of administrative offices paid by the Company), and $34,000 due from BZI relating to rental income for administrative offices in Belo Horizonte (December 31, 2011 - $55,000).

(iii) On September 26, 2011, BZI and IMS agreed to convert obligations under the net smelter royalty agreement with Prometálica Mineração Ltda. ("PML") into an obligation to pay a principal payment amount of $1.2 million payable in three annual installments commencing December 2011. The primary shareholders of PML are BZI and IMS. BZI and IMS are each committed to pay 50% of the obligations under this settlement agreement. Interest at a rate of 4% per annum will also be paid with each principal installment. As at December 31, 2012, BZI and IMS had not paid the second installment of $420,000 due on December 31, 2012. Subsequent to the year end, the payment was received from IMS, but not from BZI. As at December 31, 2012, prepaid and sundry assets included an $811,000 receivable relating to this agreement (December 31, 2011 net smelter royalty receivable - $950.000).

(iv) The Company's subsidiaries MSOL and MTL were required to pay an employment claim of a former employee who performed work for MSOL, then owned by BZI, and other BZI companies. BZI has guaranteed the amount owed to the Company of R$386,000 ($190,000). As at December 31, 2012, prepaid expenses and sundry assets included a $190,000 receivable from BW Mineração, a wholly-owned subsidiary of BZI (December 31, 2011 - $206,000.)

The above related party transactions were considered to be in the normal course of operations and have been measured at the exchange amount agreed upon between the related parties.

18. Supplemental Cash Flow Information:

Non-cash financing and investing activities	2012	2011
Transfer of Zone C in exchange for forgiveness of royalties payable (Note 8(a)(ii))	$ 400	$ 1,898
Equipment purchased using tax credits	4,182	-

(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Cash and cash equivalents:

Cash and cash equivalents include R$22.7 million ($11.1 million) in bank certificates of deposit (December 31, 2011 - R$98.2 million ($52.3 million)) and $nil in term deposits (December 31, 2011 – $1.0 million).

19. 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 our capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities or issue new equity.

The capital structure of the Company consists of notes payable (Note 10) and all of the components of shareholders' equity.

The Company is not subject to externally imposed capital requirements.

20. 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.

Commitments as at December 31, 2012	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	$ 29,745	$ -	$ -	$ -	$ 29,745
Notes payable					
Principal	27,736	172,138	103,500	-	303,374
Interest	14,008	18,836	2,862		35,706
	$ 71,489	$ 190,974	$ 106,362	$ -	$ 368,825
Other Commitments					
Income taxes payable	$ 15,451	$ -	$ -	$ -	$ 15,451
Other provisions	4,796	-	-	-	4,796
Other liabilities	20	60	-	-	80
Operating lease agreements	271	185	92	-	548
Suppliers' agreements					
Mine operations (b)	2,672	-	-	-	2,672
Reclamation provisions (d)	4,219	3,093	5,337	14,293	26,942
	$ 27,429	$ 3,338	$ 5,429	$ 14,293	$ 50,489
Total	$ 98,918	$ 194,312	$ 111,791	$ 14,293	$ 419,314

JAGUAR MINING INC.

Notes to the Consolidated Financial Statements
(tabular dollar amounts in thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

Commitments as at December 31, 2011	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	$ 34,922	$ -	$ -	$ -	$ 34,922
Notes payable					
Principal	22,779	174,233	103,687	-	300,699
Interest	13,732	30,033	8,559	-	52,324
	$ 71,433	$ 204,266	$ 112,246	$ -	$ 387,945
Other Commitments					
Income taxes payable	$ 18,953	$ -	$ -	$ -	$ 18,953
Other provisions	4,347	-	-	-	4,347
Other liabilities	1,475	339	-	-	1,814
Operating lease agreements	192	-	-	-	192
Management agreements					
Operations (a)	30	-	-	-	30
Suppliers' agreements					
Mine operations (b)	2,474	-	-	-	2,474
Drilling (c)	1,161	-	-	-	1,161
Reclamation provisions (d)	2,197	4,481	5,344	14,899	26,921
	$ 30,829	$ 4,820	$ 5,344	$ 14,899	$ 55,892
Total	$ 102,262	$ 209,086	$ 117,590	$ 14,899	$ 443,837

(a) The IMS management agreement was terminated on December 31, 2011. The terms of the termination agreement provided for a payment of $30,000 in January 2012 for services performed in 2012 and termination benefits of $2.2 million which were included in accounts payable and accrued liabilities as at December 31, 2011. In January 2012 the Company entered into separate consulting agreements with the principals of IMS committing the Company to payments of an additional $230,000 due in 2012 and $10,000 due in 2013. (See Note 17(c)(i))

(b) The Company has the right to cancel the mine operations contracts with 30 days advance notice. The amount included in the commitments table represents the amount due within 30 days.

(c) The Company has the right to cancel the drilling contracts with 30 to 60 days advance notice. The amount included in the contractual obligations table represents the amount due within 30 to 60 days.

(d) The reclamation provisions are not adjusted for inflation and are not discounted.

21. Subsequent events:

On January 14, 2013, 100,000 inducement shares were granted to the new Chief Operating Officer of the Company.

On January 25, 2013, 570,919 shares were granted to Global Resource Fund upon the initial draw down of $5.0 million of the Renvest credit facility (see Note 10(e)).

On March 20, 2013 the Company changed its registered office to 67 Yonge Street, Suite 1203, Toronto, Ontario M5E 1J8, Canada.

Exhibit "J"

PRESS RELEASE

November 1, 2013
For Immediate Release

2013-13
TSX: JAG

Jaguar Approves Term Sheet For a Significant Recapitalization and Financing Transaction

Jaguar Defers November Interest Payment Under 4.5% Convertible Notes

Toronto, Ontario, Canada, November 1, 2013 - Jaguar Mining Inc. ("Jaguar" or the "Company") (TSX: JAG) today announced that as a result of productive discussions with the ad hoc committee of holders ("Ad Hoc Committee") of its US$165,000,000 4.5% Senior Unsecured Convertible Notes due November 1, 2014 ("4.5% Convertible Notes") and US$103,500,000 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (together with the 4.5% Convertible Notes, the "Convertible Notes") regarding a recapitalization and financing proposal, the Board of Directors of Jaguar has approved a non-binding term sheet outlining the terms of a recapitalization and financing transaction (the "Term Sheet").

The Term Sheet contemplates a transaction that would provide significant operating liquidity to the Company and its subsidiaries through new equity financing and that would significantly reduce the leverage on the Company's balance sheet through a debt-for-equity exchange with holders of the Convertible Notes. As a result of this new equity financing and debt-for-equity exchange, current shareholders would have minimal or no continuing equity interest in the Company following the completion of the transaction. The transaction would be implemented through a statutory plan of arrangement. Further details on the recapitalization and refinancing transaction will be made available as definitive documentation is finalized.

Management and the Board of Directors are optimistic that the transaction contemplated by the Term Sheet will progress quickly to completion in the near future. However, the transaction may be subject to governmental, court, regulatory, shareholder and third party approvals, as applicable, as well as satisfaction or waiver of all the conditions to be set out in the definitive documentation. The Company can give no assurances that the transaction will be completed on the terms set out in the Term Sheet or at all.

In connection with the decision to approve the Term Sheet, Jaguar has elected to defer the semi-annual interest payment due November 1, 2013 on the 4.5% Convertible Notes. The Ad Hoc Committee, which represents a majority of the Convertible Notes, is supportive of the Company's decision to defer this payment at this time. As of September 30, 2013, with a cash balance of US$18 million, the Company has sufficient funds to support in the normal course its

ongoing operations in the near term.

The indenture, dated September 15, 2009 (the "Indenture"), among the Company, The Bank of New York Mellon, as trustee, and BNY Trust Company of Canada, as co-trustee, governing the 4.5% Convertible Notes provide a 30-day grace period for payment of interest. Non-payment of interest will not cause an Event of Default under the Indenture unless that interest remains unpaid at the conclusion of the 30 day grace period. During the 30 day grace period Jaguar will seek to finalize definitive documentation for the recapitalization and financing transaction described in the Term Sheet, which Jaguar believes is in the best interests of the Company and beneficial to all stakeholders.

Regarding these current events, David Petroff, President and CEO of Jaguar commented, "The Company continues to be focused on making significant operational and business improvements and the restructuring of its finances is another step towards the Company's overall operating and financial goals. We appreciate the Ad Hoc Committee working with Jaguar to facilitate a mutually agreeable transaction that allows the Company to move forward with our business plan consistent with our strategic vision and in partnership with our customers, operations and employees."

Canaccord Genuity is acting as Financial Advisor and Norton Rose Fulbright Canada LLP is acting as Legal Advisor to the Company. Houlihan Lokey is acting as Financial Advisor and Goodmans LLP is acting as Legal Advisor to the Ad Hoc Committee.

Forward-Looking Statements

Certain statements in this press release constitute "Forward-Looking Statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. These Forward-Looking Statements include, but are not limited to, statements concerning the Company's future financial condition and expectations with respect to liquidity. Forward-Looking Statements can be identified by the use of words, such as "are expected", "is forecast", "is targeted", "approximately" 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. Forward-Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward-Looking Statements.

These risks and factors relating to Jaguar include, but are not limited to, our level of indebtedness; our ability to make the November 1, 2013 interest payment on the Convertible Notes by December 1, 2013; our refinancing and restructuring plans; our ability to generate sufficient cash flow from operations or obtain adequate financing to fund our capital expenditures and meet working capital needs; the volatility of our stock price, and the ability of our common stock to remain listed and traded on the TSX; our ability to maintain relationships with suppliers, customers, employees, stockholders and other third parties in light of our current liquidity situation; the volatility of gold prices; a continuation of depressed gold prices;

regulatory and environmental risks associated with exploration, drilling and production activities; the adverse effects of changes in applicable tax, mining and environmental and other regulatory legislation; the risks of conducting operations in Brazil and the impact of pricing differentials, fluctuations in foreign currency exchange rates and political developments on the financial results of our operations.

These Forward-Looking Statements represent the Company's views as of the date of this press release. The Company anticipates that subsequent events and developments may cause the Company's views to change. The Company does not undertake to update any forward-looking statements, either written or oral, that may be made from time to time by or on behalf of the Company subsequent to the date of this discussion except as required by law. For a discussion of important factors affecting the Company, including fluctuations in the price of gold and exchange rates, uncertainty in the calculation of mineral resources, competition, uncertainty concerning geological conditions and governmental regulations and assumptions underlying the Company's forward-looking statements, see the "CAUTIONARY NOTE" regarding forward-looking statements and "RISK FACTORS" in the Company's Annual Information Form for the year ended December 31, 2012 filed on SEDAR and available at http://www.sedar.com and the Company's Annual Report on Form 40-F for the year ended December 31, 2012 filed with the United States Securities and Exchange Commission and available at www.sec.gov.

About Jaguar Mining Inc.

Jaguar is a junior gold producer in Brazil with operations in a prolific greenstone belt in the state of Minas Gerais and owns the Gurupi Project in Northeastern Brazil in the state of Maranhão. The Company also owns additional mineral resources at its approximate 210,000-hectare land base in Brazil. Additional information is available on the Company's website at www.jaguarmining.com.

Company Contacts

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Exhibit "K"

This is Exhibit K referred to in the affidavit of DAVID PETROFF sworn before me, this 23RD day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

NEWS RELEASE

November 13, 2013 — 2013-16
For Immediate Release — TSX: JAG

Jaguar Announces Support for Recapitalization and Financing Transaction

Toronto, Ontario, Canada, November 13, 2013 - Jaguar Mining Inc. ("Jaguar" or the "Company") (TSX: JAG) is pleased to announce that, further to its press release on November 1, 2013, it has entered into a support agreement (the "Support Agreement") with the holders (the "Consenting Noteholders") of approximately 81% of its $165,000,000 4.5% Senior Unsecured Convertible Notes due November 1, 2014 ("4.5% Convertible Notes") and 82% of its $103,500,000 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (together with the 4.5% Convertible Notes, the "Convertible Notes") to effect a recapitalization and financing transaction (the "Recapitalization"). The Company expects further support of the Recapitalization from additional holders of Convertible Notes.

Jaguar's Board of Directors has determined that the Recapitalization offers substantial benefits to the Company and is in the best interests of the Company and its stakeholders. Among other things, the Recapitalization results in a significant reduction of the Company's debt, increased liquidity for Jaguar's operations and allows the Company to make certain necessary capital investments and accelerate operational improvements.

An extensive review process has shown that the Recapitalization is the best available alternative for the Company.

"The Recapitalization provides a stronger financial foundation for the Company going forward and is an important part of Jaguar's business strategy," said David Petroff, Chief Executive Officer of the Company. "The restructuring of Jaguar's finances and the additional liquidity obtained under the Recapitalization will allow the Company to continue working towards its operational and financial goals and towards enhancing long-term value. We believe this is very positive news for the future of Jaguar."

Recapitalization and Financing Transaction

The Recapitalization has the following key elements:

- Exchange of the $268.5 million of Convertible Notes for equity;
- Reduction of total pro forma debt from $323 million as at September 30, 2013 to $54 million upon completion of the Recapitalization;

- Reduction of projected annual cash interest payments by $13 million;
- Investment of approximately $50 million of new equity raised by way of a backstopped share offering (the "Share Offering") by current holders of Convertible Notes (the "Noteholders"), the net proceeds of which will be available for use in Jaguar's operations;
- Prior to the completion of the Share Offering:
    - holders of Convertible Notes (the "Noteholders") will receive 70% of the common equity of reorganized Jaguar in exchange for all outstanding obligations owed to the Noteholders, including, without limitation, outstanding principal and all accrued and unpaid interest thereon ("Convertible Notes Claims");
    - Consenting Noteholders who sign the Support Agreement on or prior to November 26, 2013 (the "Consent Date") will receive additional consideration of 25% of the common equity of reorganized Jaguar; and
    - existing shareholders will receive 5% of the common equity of reorganized Jaguar;
- Upon completion of the Share Offering:
    - the share holdings of the current Noteholders of Jaguar will be diluted down to approximately 12.6% of the common equity of reorganized Jaguar;
    - the additional share holdings of the Consenting Noteholders who sign the Support Agreement on or prior to the Consent Date will be diluted down to approximately 4.5% of the common equity of reorganized Jaguar;
    - Noteholders who participate in the Share Offering will receive approximately 72% of the common equity of reorganized Jaguar;
    - Consenting Noteholders who have entered into a Backstop Agreement with Jaguar in respect of the Share Offering (the "Backstoppers") will receive backstop consideration of 10% of the common equity of reorganized Jaguar, allocated pro rata based upon the amount of each Backstopper's backstop commitment; and
    - existing shareholders of Jaguar will hold approximately 1% of the common equity of reorganized Jaguar.

Existing shareholders may be eligible to participate in the Share Offering through an assignment of a Backstopper's backstop commitment, subject to applicable securities laws, the prior approval of the Backstoppers and the Company.

The Company will continue to operate and satisfy its obligations to trade creditors, customers and employees in the ordinary course of business.

It is anticipated that the Recapitalization will be carried out by way of a plan of arrangement under the *Canada Business Corporations Act* (the "Plan of Arrangement"). Implementation of the Plan of Arrangement will be subject to, among other things, Noteholder approval at the meeting to be held to consider the Plan or Arrangement, approval of such other securityholders of Jaguar as the court or the TSX may require, approval of the Ontario Superior Court of Justice

and the receipt of all necessary regulatory and stock exchange approvals.

If the Recapitalization cannot be implemented through a Plan of Arrangement under the *Canada Business Corporations Act*, Jaguar may be required under the Support Agreement to seek to implement the Recapitalization through a proceeding under the *Companies' Creditors Arrangement Act*, in which case it is contemplated that current equity investors would have their interests extinguished for no consideration.

It is anticipated that the closing of the Recapitalization will occur during the first quarter of 2014. The Recapitalization is subject to certain conditions, including obtaining required governmental, court, regulatory and third party approvals, as applicable, and consents from senior secured lenders that may be required. The Company can give no assurances that the Recapitalization will be completed.

The Support Agreement and the Backstop Agreement will be filed by the Company on SEDAR and with the U.S. Securities and Exchange Commission on Form 6-K. Further details of the Recapitalization and the implementation process will be provided in an information circular to be distributed.

Pro Forma Capital Structure

The following table sets forth the pro forma capital structure of Jaguar and its subsidiaries as at September 30, 2013, assuming the completion of the Recapitalization and the issuance of approximately 111.1 million New Jaguar Common Shares.

Pre Recapitalization & Pro Forma Capital Structure

(All figures in US$ millions, unless otherwise noted)	**As at September 30, 2013**	**Adjustment**	**Pro Forma**
Bank Indebtedness	15.9	-	15.9
Renvest Credit Facility (Drawn)	30.0	-	30.0
Vale Note	8.2	-	8.2
4.50% Sr. Unsecured Convertible Bonds (Nov. 2014)	165.0	(165.0)	-
5.50% Sr. Unsecured Convertible Bonds (Mar. 2016)	103.5	(103.5)	-
Total Debt	**322.7**	**(268.5)**	**54.2**
Less: Cash and Cash Equivalents[1]	(18.2)	(50.0)	(68.2)
Total Net Debt	**304.5**	**(318.5)**	**(14.0)**
Number of Common Shares Outstanding[2]	86.4	24.7	111.1

Footnotes:

1. Pro forma gross proceeds from Share Offering prior to any transaction fees and expenses
2. Pro forma shares outstanding based on extinguishment of Convertible Debentures (including accrued interest) into New Jaguar Common Shares

Pro Forma Equity

The following table sets forth the pro forma equity ownership structure of Jaguar as at September 30, 2013, assuming the completion of the Recapitalization and the issuance of approximately 111.1 million New Jaguar Common Shares.

Transaction Summary

(millions)	Pre	Post
Shares Issued	**Share Offering**	**Share Offering**
Existing Equity	1.000	1.000
Convertible Notes[1,2]	14.000	14.000
Convertible Notes[1,2] - Consent Fee	5.000	5.000
Share Offering[2]	-	91.111
Total	**20.000**	**111.111**

(%)	Pre	Post
Shares Issued	**Share Offering**	**Share Offering**
Existing Equity	5.0%	0.9%
Convertible Notes[1,2]	70.0%	12.6%
Convertible Notes[1,2] - Consent Fee	25.0%	4.5%
Share Offering[2]	0.0%	82.0%
Total	**100.0%**	**100.0%**

Footnotes:

1. Assumes an Effective Date of December 31, 2013
2. Shares allocated to the Convertible Debentures based on total Convertible Debenture claims (including accrued interest) and backstop fees

Convertible Notes Interest

As previously reported, Jaguar has elected to defer the semi-annual interest payment due November 1, 2013 on the 4.5% Convertible Notes (the "Deferred Interest"). This deferral enables Jaguar to continue to direct a maximum amount of cash to the Company's efforts towards its operational and business improvements.

The Consenting Noteholders continue to support the Company's decision in respect of the Deferred Interest at this time and have agreed not to support any holder of Convertible Notes in taking any enforcement action in respect of the Convertible Notes.

The indenture, dated September 15, 2009 (the "Indenture"), among the Company, The Bank of New York Mellon, as trustee, and BNY Trust Company of Canada, as co-trustee, governing the 4.5% Convertible Notes provides a 30 day grace period for payment of interest. Non-payment of the Deferred Interest will not cause an Event of Default under the Indenture unless that interest

remains unpaid at the conclusion of the 30 day grace period.

Pursuant to the Recapitalization, accrued interest on the Convertible Notes, including the Deferred Interest, will not be paid in cash. Accrued interest on the Convertible Notes is included in the Convertible Notes Claims and holders of Convertible Notes will share in 12.6% of the equity of reorganized Jaguar pro rata based on their Convertible Notes Claims as at December 31, 2013. In addition, Noteholders who participate in the Share Offering will be allocated common equity in exchange for their accrued interest claim on the Convertible Notes as at December 31, 2013. This is reflected in the Pro Forma Equity summary above.

Additional Matters

Beginning in June of 2013, Jaguar entered into non-disclosure and confidentiality agreements (the "Confidentiality Agreements") with certain holders of Convertible Notes in order to facilitate discussion regarding a recapitalization and financing proposal. Pursuant to the Confidentiality Agreements, Jaguar disclosed information, including certain non-public information (the "Non-Public Information") to those holders of Convertible Notes either directly or through the financial and legal advisors to the ad hoc committee of holders of Convertible Notes (the "Ad Hoc Committee"). This news release contains information that is required to satisfy Jaguar's obligations under the Confidentiality Agreements to now disclose such Non-Public Information.

Jaguar does not, as a matter of course, publish its business plans, budgets or strategies or make external projections or forecasts of its anticipated financial position, capital expenditures, capital requirements, cash flow, production plans and costs, or results of operations or the assumptions forming the basis for such projections or forecasts. The Non-Public Information provided to certain holders of Convertible Notes was not prepared with a view to being disclosed publicly and is included in this news release only because such information was made available to these holders of Convertible Notes; therefore, the inclusion of any Non-Public Information in this news release should not be regarded as an indication that Jaguar or any other person considered, or now considers, this information to be necessarily predictive of actual future results, and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions, and assumptions that underlie such information remain the same as of the date of this news release. Jaguar has not made any determination as to whether the Non-Public Information disclosed pursuant to the Confidentiality Agreements may be, or may be deemed to be, in whole or in part, material to an individual in making an investment decision or for any other purpose.

The Non-Public Information was, when provided to certain holders of Convertible Notes, and continues to be, speculative by its nature and was, and is, based upon numerous expectations, beliefs, opinions, and assumptions, as further described below, it does not necessarily reflect current estimates, expectations, beliefs, opinions, or assumptions and may not reflect current results or expected future performance. The Non-Public Information provided to certain holders of Convertible Notes, and therefore contained herein, may be incomplete or may no longer be accurate and it is subject to interpretation. Accordingly, investors are cautioned not to place

undue reliance on such information or forward-looking statements.

As the Non-Public Information was not prepared with a view to being disclosed publicly, it has not been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and therefore does not have any standardized meaning prescribed by the IASB and is therefore unlikely to be comparable to similar measures presented by other issuers. Neither the independent auditor of Jaguar nor any other independent accountant has examined, compiled, or performed any procedures with respect to the Non-Public Information contained herein and, accordingly, none has expressed any opinion or any other form of assurance on such information or its achievability and none assumes any responsibility for the prospective financial information.

Subject to applicable securities law, Jaguar does not intend to or anticipate that it will, and disclaims any obligation to, furnish updated business plans, budgets, strategies, projections or forecasts or similar forward-looking information to holders of securities issued by Jaguar or to include such information in documents required to be filed with the applicable Canadian or United States securities regulatory authorities or otherwise make such information publicly available. These considerations should be taken into account in reviewing the forward-looking information included herein, which was prepared as of an earlier date.

While presented in this news release with numeric specificity, the projections and other forward-looking financial information were not, when made, and are not historical facts, but are forward-looking statements about the objectives, plans, strategies, goals, financial conditions, results of operations, activities and businesses of Jaguar and are subject to important risks, uncertainties and assumptions. The forward-looking statements set out in this news release are based upon Jaguar's reasonable estimates, assumptions and expectations about its business, operations, financial condition, and the markets in which it operates, and upon other third party information and data such as analyst reports, market studies and government projections, in each case available at the time such information was prepared and are subject to significant business, operational, economic, competitive and other uncertainties and contingencies (including those set out under the heading "Risk Factors" in Jaguar's Annual Information Form for the year ended December 31, 2012, filed on SEDAR and available at www.sedar.com, and its filings, including Jaguar's Annual Report on Form 40-F for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission, which are available on EDGAR at www.sec.gov), many of which are beyond Jaguar's control.

Forward-looking statements are subjective in many respects and reflect numerous assumptions by Jaguar with respect to future events, economic, competitive and regulatory conditions, financial market conditions and future business decisions, including, but not limited to, the following key assumptions: (i) a successful completion of the Recapitalization and financing proposal; (ii) no material adverse impact on Jaguar's business on a going forward basis resulting from any recapitalization and financing transaction or otherwise; (iii) a continuation of business arrangements on substantially the same basis as existed prior to the Recapitalization (other than as those business arrangements that may be impacted by the implementation of the

Recapitalization); (iv) its mineral resources and reserves; (v) the future price of gold, fluctuations in inflation and exchange rates, and other economic matters; and (vi) Jaguar's operations including its costs to extract gold, production rates, availability of labour and equipment, the possibility of labour strikes or work stoppages, or governmental intervention or regulation relating to mining development, environmental protection, health and safety and other matters.

The results, estimates, projections, events or other forward-looking information predicted in any forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect Jaguar's business, or if Jaguar's estimates or assumptions turn out to be inaccurate. Some assumptions may not materialize, and results, estimates, projections, events and circumstances occurring subsequent to the date on which the information was prepared may be different from those assumed or may be unanticipated, and thus may affect the forward-looking statements in a material manner. In addition, the information in this news release does not contemplate outcomes where Jaguar is unable to complete the Recapitalization through a Plan of Arrangement and pursues other options, such as a formal insolvency proceeding under the *Companies' Creditors Arrangement Act* (Canada) or a partial or full break-up and sale of its various operations. Accordingly, it is expected that there will be differences between actual and projected amounts and results, and actual amounts and results may be materially different from those in this news release and there can be no assurance that any projection, estimate or forecast will materialize.

The Company regularly generates internal cash flow forecasts, which it updates from time to time as circumstances change. On or about October 21, 2013, one such internal forecast was provided to the Ad Hoc Committee, which forecast showed that if it was assumed that the Company's gold production was 8,000 ounces per month and gold prices were $1,300 / oz, the Company expected, based on these and other assumptions, that it would have approximately $7 million of balance sheet cash at year-end 2013, before accounting for payments of interest on the 4.5% Convertible Notes.

The Company expects 2014 gold production in the range of 90,000 to 100,000 ounces. Cash operating costs are expected to be in the range of $930 to $1,030 per ounce. Capital expenditures for 2014 are anticipated to be approximately $22 million. The projections for 2014 are based on an assumed R$/US$ exchange rate of 2.10, an average gold price for the year of US$1,200 and the assumption that the Company can refinance/restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. Other than the above mentioned cash operating costs and capital expenditures, the Company does not currently anticipate material differences in care and maintenance costs or other expenses (excluding non-cash expenses) as between the 2013 and 2014 fiscal year. The above expectations assume, among other things, that the transactions contemplated by the Recapitalization have not been implemented nor incorporated.

Canaccord Genuity is acting as financial advisor and Norton Rose Fulbright Canada LLP, Schulte Roth Zabel LLP and Azevedo Sette Advogados are acting as legal advisors to the Company. Houlihan Lokey is acting as financial advisor and Goodmans LLP, Stroock & Stroock & Lavan LLP and Dias Carneiro Advogados are acting as legal advisors to the Ad Hoc

Committee.

Forward-Looking Statements

Certain statements in this press release constitute "Forward-Looking Statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. These Forward-Looking Statements include, but are not limited to, statements concerning the Company's future financial condition and expectations with respect to liquidity. Forward-Looking Statements can be identified by the use of words, such as "are expected", "is forecast", "is targeted", "approximately" 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. Forward-Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward-Looking Statements.

These risks and factors relating to Jaguar include, but are not limited to, our level of indebtedness; our refinancing and restructuring plans; our ability to generate sufficient cash flow from operations or obtain adequate financing to fund our capital expenditures and meet working capital needs; the volatility of our stock price, and the ability of our common stock to remain listed and traded on the TSX; our ability to maintain relationships with suppliers, customers, employees, stockholders and other third parties in light of our current liquidity situation; the volatility of gold prices; a continuation of depressed gold prices; regulatory and environmental risks associated with exploration, drilling and production activities; the adverse effects of changes in applicable tax, mining and environmental and other regulatory legislation; the risks of conducting operations in Brazil and the impact of pricing differentials, fluctuations in foreign currency exchange rates and political developments on the financial results of our operations.

These Forward-Looking Statements represent the Company's views as of the date of this press release. The Company anticipates that subsequent events and developments may cause the Company's views to change. The Company does not undertake to update any forward-looking statements, either written or oral, that may be made from time to time by or on behalf of the Company subsequent to the date of this discussion except as required by law. For a discussion of important factors affecting the Company, including fluctuations in the price of gold and exchange rates, uncertainty in the calculation of mineral resources, competition, uncertainty concerning geological conditions and governmental regulations and assumptions underlying the Company's forward-looking statements, see the "CAUTIONARY NOTE" regarding forward-looking statements and "RISK FACTORS" in the Company's Annual Information Form for the year ended December 31, 2012 filed on SEDAR and available at http://www.sedar.com and the Company's Annual Report on Form 40-F for the year ended December 31, 2012 filed with the United States Securities and Exchange Commission and available at www.sec.gov.

About Jaguar Mining Inc.

Jaguar is a junior gold producer in Brazil with operations in a prolific greenstone belt in the state of Minas Gerais and owns the Gurupi Project in Northeastern Brazil in the state of Maranhão. The Company also owns additional mineral resources at its approximate 210,000-hectare land base in Brazil. Additional information is available on the Company's website at www.jaguarmining.com.

Company Contacts

Douglas Willock
Chief Financial Officer
(647) 494-5524
douglas.willock@jaguarmining.com.br

Exhibit "L"

This is Exhibit L referred to in the affidavit of DAVID PETROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

as of November 13, 2013

BACKSTOP AGREEMENT

WHEREAS, this backstop agreement (the "**Agreement**") sets out the agreement among: (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories to this Agreement (each a "**Backstopper**" and collectively the "**Backstoppers**"), regarding the obligation of Backstoppers to purchase any and all Offering Shares (as defined below) that are offered but not otherwise purchased pursuant to the Subscription Privilege (as defined below) under the Share Offering (as defined below), on the terms and conditions set forth in this Agreement and the Plan (as defined below);

WHEREAS, the Company and the Backstoppers, in their capacities as holders of Jaguar's $165.0 million 4.5% Senior Unsecured Convertible Notes due November 1, 2014 (the "**4.5% Convertible Notes**") and/or $103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (the "**5.5% Convertible Notes**", together with the 4.5% Convertible Notes, the "**Notes**"), are party to a Support Agreement dated the date hereof (together with the Schedules thereto, the "**Support Agreement**") regarding the principal aspects of a series of transactions (collectively, the "**Transaction**") under which it is contemplated that, among other things, the Notes and potentially certain other unsecured claims will be compromised and extinguished in exchange for common shares in the capital of reorganized Jaguar (the "**New Jaguar Common Shares**") and the right for eligible subscribers to participate in an offering (the "**Share Offering**") of 70,955,797[i] New Jaguar Common Shares (the "**Offering Shares**"), all as more fully defined and described in the Support Agreement and in the term sheet attached thereto as Schedule B and forming a part thereof (the "**Term Sheet**", with the terms of the Transaction set out therein, in the Support Agreement and in this Agreement being, collectively, the "**Transaction Terms**"), which Transaction Terms shall form the basis for the terms of, be set forth in, and be implemented pursuant to, a plan of arrangement (the "**Plan**") to be filed in respect of the Company in proceedings (the "**Proceedings**") to be commenced under the *Canada Business Corporations Act* (the "**CBCA**") or the *Companies' Creditors Arrangement Act* (the "**CCAA**"), as applicable; and

WHEREAS, capitalized terms used but not otherwise defined in this Agreement have the meanings ascribed to such terms in the Schedule A attached hereto or in the Support Agreement.

WHEREAS unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

NOW THEREFORE, the Company and the Backstoppers (each, a "**Party**" and collectively, the "**Parties**") hereby agree as follows:

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[i] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Offering Shares to be issued will be adjusted proportionally.

1. Share Offering

(a) Subject to and in accordance with the terms and conditions of this Agreement, the Plan and the Support Agreement, the Issuer shall undertake the Share Offering as part of the Plan. Pursuant to the Share Offering: (i) each Eligible Subscriber (for greater certainty, including each of the Backstoppers delivering a Rep Letter to the Issuer on or before the Election Deadline) will have the right to participate in the Share Offering by electing, in accordance with the provisions of the Plan, to subscribe for and purchase from the Issuer up to its *pro rata* share (based on the fraction that its Convertible Notes Claim represents of the total Convertible Notes Claims) of Offering Shares under the Share Offering (the "**Subscription Privilege**"); and (ii) each Participating Subscriber shall be allocated its *pro rata* share (based on the fraction that its Accrued Interest Claim represents of the total Accrued Interest Claims) of 9,044,203[ii] New Jaguar Common Shares (the "**Accrued Interest Offering Shares**"), provided that in no event shall a Participating Subscriber receive a greater number of Accrued Interest Offering Shares than Offering Shares. Any Accrued Interest Offering Shares remaining after the allocation of the Accrued Interest Offering Shares to the Participating Subscribers pursuant to (ii) above shall be reallocated among Participating Subscribers who have received less Accrued Interest Offering Shares than Offering Shares on a *pro rata* basis based on Accrued Interest Claims.

(b) The subscription price for any Offering Shares issued pursuant to an exercise of the Subscription Privilege or any Backstopped Shares issued pursuant to the Backstop Purchase Obligation shall be as set out in the Information Circular and the Plan (the "**Issue Price**").

(c) The Information Circular and Plan shall provide for:

(i) the manner in which Eligible Subscribers may elect to participate in the Share Offering (including the Election Deadline);

(ii) the manner in which Participating Subscribers that are Backstoppers may elect to have their Backstop Commitment reduced by the total Issue Price that such Backstopper deposits into escrow on or before the Participating Subscriber Funding Deadline (as defined below) in respect of Offering Shares that such Backstopper subscribes for pursuant to the exercise of all or part of its Subscription Privilege, provided that such Backstopper's Backstop Commitment shall not be reduced below zero (the "**Backstop Commitment Reduction Election**", with a Backstopper so electing being a "**Commitment Reduction Electing Backstopper**");

[ii] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Accrued Interest Offering Shares to be issued will be adjusted proportionally.

(iii) the manner in which each Participating Subscriber will be informed of the number of Offering Shares to be acquired by them on implementation of the Plan pursuant to the Subscription Privilege and the aggregate Issue Price therefor, and the number of Accrued Interest Offering Shares allocated to them;

(iv) the date (the "**Participating Subscriber Funding Deadline**", which date shall be a date prior to the Funding Deadline relating to the Backstop Commitments) by which each Participating Subscriber (for greater certainty, including each Backstopper who has properly exercised all or part of its Subscription Privilege) must deposit in escrow the aggregate Issue Price for all Offering Shares subscribed for by it pursuant to the exercise of all or part of its Subscription Privilege (the "**Participating Subscriber's Payment Amount**"), failing which it will cease to be a Participating Subscriber and its subscription for Offering Shares pursuant to the Subscription Privilege and right to receive Accrued Interest Offering Shares shall be null and void;

(v) the manner in which the Backstoppers will be informed of the number of Offering Shares not validly subscribed for pursuant to the Subscription Privilege and the number of Backstop Consideration Shares allocated to them;

(vi) the release to the Issuer of funds from escrow in respect of the aggregate Issue Price for the Offering Shares subscribed for pursuant to the Subscription Privilege; and

(vii) the issuance of the Offering Shares and Accrued Interest Offering Shares to the Participating Subscribers and the Backstopped Shares and Backstop Consideration Shares to the Backstoppers.

(d) No fractional Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares shall be issued under the Share Offering. To the extent that any Eligible Subscriber would otherwise be entitled to receive a fractional Offering Share, Accrued Interest Offering Share, Backstopped Share or Backstop Consideration Share pursuant to the Subscription Privilege, its Backstop Purchase Obligation or otherwise, the number of Offering Shares or Backstopped Shares that would be acquired by or Accrued Interest Offering Shares or Backstop Consideration Shares allocated to such Eligible Subscriber shall be rounded down to the nearest whole number.

(e) Any Backstopped Shares remaining after any assumption of all or a part of the Backstop Commitment(s) of the Defaulting Backstopper(s) or Objecting Backstopper(s) in accordance with Section 2(d) or Section 8(c), as applicable, as at the Implementation Date shall not be issued by the Issuer.

2. Covenants and Agreements of the Backstoppers

(a) Subject to and in accordance with the terms and conditions of this Agreement, each of the Backstoppers hereby severally agrees to:

(i) purchase from the Issuer, at the Issue Price and on the Implementation Date, its *pro rata* share (based on the fraction that its Backstop Commitment represents of the Total Offering Size) of the Offering Shares that were not validly subscribed for and taken up pursuant to the Subscription Privilege (the "**Backstopped Shares**");

(ii) co-operate with the Issuer (at the Issuer's sole cost and expense) in obtaining such consents and approvals as are required in order to permit such Backstopper to acquire all of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares that may be issued to it pursuant to the Share Offering and this Agreement; and

(iii) co-operate with the Company (at the Company's sole cost and expense) in the preparation of the Information Circular to the extent information is required from the Backstopper or is otherwise contemplated hereunder.

(b) Each Backstopper represents, warrants and covenants that it has, and at the Funding Deadline (as defined below) will have, the financial ability and sufficient funds available to make and complete the payment for all Backstopped Shares that it has committed to purchase hereunder, and the availability of such funds is not and will not be subject to the consent, approval or authorization of any other Person.

(c) Without limiting Section 2(b), each Backstopper shall deliver to the Escrow Agent, not later than 2:00 p.m. (Toronto time) on the day that is five Business Days prior to the Implementation Date (the "**Funding Deadline**"), either:

(i) cash in an amount equal to such Backstopper's Backstop Commitment as at the date on which the Backstopper makes such delivery based on the number of Backstopped Shares to be purchased by it in accordance with Section 2(a)(i); or

(ii) a letter of credit, in form and substance reasonably satisfactory to the Issuer, having a face amount equal to the amount described in Section 2(c)(i), and issued by a financial institution having an equity market capitalization of at least $10,000,000,000 and a credit rating of at least A+ from Standard & Poor's or A1 from Moody's,

in each case: (1) to be held in escrow, on terms acceptable to the Issuer and the Backstoppers, in each case acting reasonably, until all conditions to the Share Offering have been satisfied or waived in accordance with this Agreement and with irrevocable instructions to use such cash or letter of credit, as applicable, to

the extent required to enable such Backstopper to comply with its Backstop Purchase Obligation; and (2) provided for greater certainty that, if a Backstopper (A) has exercised all or part of its Subscription Privilege and has paid its Participating Subscriber's Payment Amount on or before the Participating Subscriber Funding Deadline, and (B) is a Commitment Reduction Electing Backstopper whose Backstop Commitment has been reduced to zero, such Backstopper shall not be required to deliver cash or a letter of credit to the Escrow Agent to comply with its Backstop Purchase Obligation under this Agreement and in no event shall such non-delivery constitute a default or failure to meet its obligations hereunder.

(d) In the event that any one or more Backstoppers fails to meet its obligations in respect of its Backstop Commitment on or before the Funding Deadline (any such Backstopper, a "**Defaulting Backstopper**"), the Issuer shall provide the non-defaulting Backstoppers (the "**Non-Defaulting Backstoppers**") or such other party or parties acceptable to the Non-Defaulting Backstoppers and the Issuer, in each case acting reasonably, that execute a Consent Agreement with the opportunity to assume those obligations (and the rights), and the Non-Defaulting Backstoppers or such other party or parties acceptable to the Non-Defaulting Backstoppers and the Issuer may, but shall not be obligated to, assume the Backstop Commitment(s) of the Defaulting Backstopper(s).

3. Covenants and Agreements of the Company

Subject to and in accordance with the terms and conditions of this Agreement, the Company undertakes and agrees with and in favour of each of the Backstoppers that:

(a) The Company will advise each Backstopper, within three Business Days following the Election Deadline, of the total number of Offering Shares subscribed for under the Subscription Privilege.

(b) If a Backstopper (A) has exercised all or part of its Subscription Privilege and has paid the Participating Subscriber's Payment Amount on or before the Participating Subscriber Funding Deadline, and (B) is a Commitment Reduction Electing Backstopper whose Backstop Commitment has been reduced to zero, such Backstopper shall not be required to deliver cash or a letter of credit to the Escrow Agent to comply with its Backstop Purchase Obligation under this Agreement and in no event shall such non-delivery constitute a default or failure to meet its obligations hereunder.

(c) The Company will use commercially reasonable efforts to obtain all necessary consents, approvals or exemptions for the creation, offering and issuance of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares and the entering into and performance by it of this Agreement and the transactions contemplated herein.

(d) The Company will pay all fees and expenses as set out in paragraph 7(b)(x).

(e) The Issuer shall file a Form D with the U.S. Securities Commission with respect to the applicable Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares that are issued pursuant to Regulation D.

(f) After the date hereof, the Company will not incur any new indebtedness prior to the Implementation Date except for indebtedness that is incurred in the ordinary course of business and that is not material.

(g) From the date hereof through the earlier of the Implementation Date and termination of this Agreement, the Company will notify Goodmans, in writing, within two Business Days of receipt of any notice, written demand, request, inquiry or other correspondence (in each case, both formal or informal) by any Governmental Entity concerning the Share Offering or the issuance, or threatened or contemplated issuance, by any Governmental Entity of any cease trading or similar order or ruling relating to any securities of the Company. Any notice delivered pursuant to this Section 3(g) shall contain reasonable details of the notice, demand, request, inquiry, correspondence, order or ruling in question.

(h) The Issuer shall take all action as may be required so that, as of the Election Deadline and the Implementation Date, each of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares shall be conditionally approved for listing on the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders, subject only to receipt of customary final documentation.

(i) The Issuer shall take all action as may be required so that, as of the Implementation Date, each of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares (i) shall be freely tradable in Canada (provided that the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws) and (ii) shall be eligible for immediate resale on or through the facilities of the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders pursuant to Rule 904 of Regulation S (subject to execution and delivery by the seller of a Declaration in the form attached as Schedule C).

(j) Prior to the Implementation Date, the Issuer shall enter into the Registration Rights Agreement and offer all of the Participating Subscribers and Backstoppers the opportunity to become party to the Registration Rights Agreement.

(k) The Company shall use best efforts to the extent possible under applicable Laws to maintain a listing on a Designated Offshore Securities Market and its status as a reporting company in the United States under Section 12 of the *Securities*

Exchange Act of 1934 (or, if the Issuer is not the Company, the Issuer will use its best efforts to the extent possible under applicable Laws to be a successor to the Company and shall make all necessary filings under such Act so that as of the Implementation Date the Issuer to the extent possible under applicable Laws will succeed to the Company's status as a reporting company in the United States under Section 12 of such Act and thereafter shall use best efforts to maintain such status), including using best efforts to prepare and file with the U.S. Securities Commission in a timely manner all required reports and other filings.

(l) The Company (and the Issuer if not the Company) agrees to remove (and cause any registrar and transfer agent to remove) any legend on a share certificate required by the U.S. Securities Act to permit sales made in reliance on Rule 904 of Regulation S upon delivery of a signed declaration in the form as set out on Schedule C (or such other form as the Issuer and the seller may agree) and the Company (and the Issuer if not the Company) agrees to implement similar procedures for any shares held through the Canadian Depository for Securities (CDS) of the Depositary Trust Company (DTC).

(m) Assuming the delivery by each of the Backstoppers of, and the accuracy of representations and warranties of each of the Backstoppers provided in the Rep Letters and herein, the Company shall take all action as may be necessary so that the Share Offering and the other transactions contemplated in this Agreement will be effected in accordance with Securities Laws.

(n) As of the date hereof, the Company's filings made under Securities Laws on or after September 10, 2012, do not contain any material misstatements or omissions.

(o) Within three Business Days following the earlier of the termination of this Agreement or the Effective Time, to the extent not required to enable a Backstopper to comply with its Backstop Purchase Obligation, the Escrow Agent will return to such Backstopper the cash deposit (or, as applicable, such portion thereof as may remain after its application towards the Backstop Payment Amount as provided in Section 6(b)(i) hereof) or the letter of credit (or, as applicable, such portion thereof as may be undrawn after payment of the Backstop Payment Amount as provided in Section 6(b)(ii) hereof), as applicable, that was provided by that Backstopper to the Escrow Agent pursuant to Section 2(c).

(p) Following implementation of the Plan, the net proceeds of the Share Offering shall be used by the Issuer for general corporate purposes as determined and approved by the new Board of Directors in place on completion of and in accordance with the Transaction.

(q) Following a request by Goodmans or the Backstoppers, the Company shall, to the extent permitted by Law and the terms of any confidentiality obligations to which the Company is subject, and subject to and in accordance with the terms of the Advisor Confidentiality Agreement and applicable Noteholder Confidentiality Agreement, provide Goodmans or such Backstoppers, or any of them, as the case

may be, with reasonable access to the Company's and its subsidiaries' books and records (other than books or records that are subject to solicitor-client privilege) for review in connection with the Share Offering; provided that the provision of access to books and records shall be made or undertaken in a manner that minimizes disruption to the Company and its business and operations.

(r) On the Implementation Date, the Non-Defaulting Backstoppers shall receive their *pro rata* share of 11,111,111[iii] New Jaguar Common Shares (based on the fraction that the Backstop Commitment of each Non-Defaulting Backstopper represents of the total Backstop Commitments of all Non-Defaulting Backstoppers) in consideration for acting as a Backstopper (collectively, the "**Backstop Consideration Shares**"). For the purpose of determining the number of Backstop Consideration Shares each Non-Defaulting Backstopper is due to receive, (i) the Backstop Commitment of each Non-Defaulting Backstopper set out on its signature page hereto shall be used without any reduction, regardless of whether a Backstopper is a Commitment Reduction Electing Backstopper; and (ii) for avoidance of doubt, an Objecting Backstopper shall not be entitled to receive any Backstop Consideration Shares and shall not be considered a Non-Defaulting Backstopper.

(s) The Company will use reasonable best efforts to close the Transaction.

(t) Each of the Company and the Subsidiaries covenants and agrees jointly and severally to be liable to and to indemnify and save harmless each of the Backstoppers (other than any Defaulting Backstopper), together with their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors and agents (each an "**Indemnified Party**") and, collectively, the "**Indemnified Parties**") from and against any and all liabilities, claims, actions, proceedings, losses (other than indirect loss), costs, damages and expenses of any kind (including, without limitation, the reasonable costs of defending against any of the foregoing, but excluding any and all liabilities, claims, actions, proceedings, losses, costs, damages and expenses of any kind that are attributable to the gross negligence, fraud or wilful misconduct of any Indemnified Party) to which any Indemnified Party may become subject or may suffer or incur in any way in relation to or arising from a breach by the Company or the Subsidiaries of any of their obligations, covenants, representations or warranties hereunder. If any matter or thing contemplated in the preceding sentence (any such matter or thing being a "**Claim**") is asserted against any Indemnified Party or if any potential Claim contemplated hereby comes to the knowledge of any Indemnified Party, the Indemnified Party shall notify the Company as soon as reasonably possible of the nature and particulars of such Claim (provided that any failure to so notify shall

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[iii] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Backstop Consideration Shares to be issued will be adjusted proportionally.

not affect the Company's and the Subsidiaries' liability hereunder except to the extent that the Company or the Subsidiaries are prejudiced thereby and then only to the extent of any such prejudice) and the Company shall, subject as hereinafter provided, be entitled (but not required) to assume at its expense the defence of any suit brought to enforce such Claim; provided that the defence of such Claim shall be conducted through legal counsel reasonably acceptable to the Indemnified Party and that no admission of liability or settlement in respect of any such Claim may be made by the Company or the Subsidiaries (other than a settlement that includes a full and unconditional release of the Indemnified Parties without any admission or attribution of fault or liability on their part) or the Indemnified Party without, in each case, the prior written consent of the other, such consent not to be unreasonably withheld. In respect of any Claim, the Indemnified Party shall have the right to retain separate or additional counsel to act on its behalf in the defence thereof, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless (i) the Company fails to assume and diligently and actively prosecute the defence of the Claim on behalf of the Indemnified Party within ten Business Days after the Company has received notice of the Claim, (ii) the Company and the Indemnified Party shall have mutually agreed to the retention of the separate or additional counsel, or (iii) the named parties to the Claim (including any added third or impleaded party) include both the Indemnified Party and the Company and/or the Subsidiaries, and the Indemnified Party shall have been advised by its counsel that representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them, in which case the Company shall not have the right to assume the exclusive defence of the Claim and the Company and the Subsidiaries shall be liable to pay the reasonable fees and expenses of the separate or additional counsel for the Indemnified Party.

(u) The covenants of the Company set out in Sections 3(k), 3(l), 3(p) and 3(t) shall survive the implementation of the Transaction (including the Share Offering) for the benefit of the Backstoppers.

4. Representations and Warranties of the Backstoppers

Each Backstopper hereby represents and warrants, severally and not jointly, to the Company (and acknowledges that the Company is relying upon such representations and warranties) that:

(a) This Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes the legal, valid and binding obligation of such Backstopper, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to

execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby.

(c) The execution and delivery of this Agreement by it and the completion by it of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not violate or conflict with any Law applicable to the Backstopper or any of its properties or assets.

(d) To the best of its knowledge, there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against the Backstopper or any of its properties that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the Backstopper's ability to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement.

(e) It has, and on the Funding Deadline will have, the financial ability and sufficient funds to make and complete the payment for all of the Backstopped Shares that it has committed to purchase pursuant to its Backstop Commitment, and the availability of such funds will not be subject to the consent, approval or authorization of any Person(s).

(f) It acknowledges that an executed Rep Letter will be required by the Issuer prior to the issuance of any Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares to such Backstopper in order to be an Eligible Subscriber.

(g) It acknowledges that neither the Company nor any person representing the Company has made any representation to it with respect to the Company or the Share Offering, other than the representations and warranties of the Company contained in Section 5 and in the Support Agreement. Notwithstanding anything contained in this Section 4(g), the acknowledgments contained in this Section 4(g) do not affect the representations and warranties contained in Section 5 and in the Support Agreement.

(h) It acknowledges that a newly incorporated CBCA company may issue the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares on the Implementation Date pursuant to the Plan, which shares shall be (i) freely tradable in Canada (provided that the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws), and (ii) subject to the Registration Rights Agreement.

All representations and warranties of the each of the Backstoppers contained in this Agreement shall survive the implementation of the Transaction (including the Share Offering) for the benefit of the Company.

5. Representations and Warranties of the Company

The Company hereby represents and warrants to each Backstopper (and the Company acknowledges that each of the Backstoppers is relying upon such representations and warranties) that:

(a) This Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each Backstopper, this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of Ontario and has all necessary power and authority to own its properties and assets and to conduct its business as currently being conducted, and to execute and deliver this Agreement and, subject to the satisfaction of the conditions in this Agreement, to perform its obligations hereunder and consummate the transactions contemplated hereby.

(c) The execution and delivery of this Agreement by the Company and the completion by it of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not violate or conflict with (i) any Law applicable to the Company or any of its properties or assets, (ii) its articles, bylaws and constating documents, or (iii) any Material Contract to which the Company is a party, except, in each case, where such violation or conflict would not reasonably be expected to result in a Material Adverse Change;

(d) Other than Canaccord Genuity Corp. and its affiliates, the Company and its subsidiaries have engaged no brokers or finders entitled to compensation in connection with the Share Offering.

(e) All Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares issued in connection with the Share Offering have been or shall be duly authorized, validly issued, fully paid and non-assessable.

(f) All Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares issued in connection with the Share Offering have been, as of the Election Deadline and the Implementation Date, conditionally approved for listing on the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders, subject only to receipt of customary final documentation.

(g) All Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares issued in connection with the Share Offering shall, as of the Implementation Date, (i) be freely tradable in Canada (provided that the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws), and (ii) be eligible for immediate resale on or through the facilities of the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders pursuant to Rule 904 of Regulation S (subject to execution and delivery by the seller of a Declaration in the form attached as Schedule C).

In addition, each of the Company and the Subsidiaries, severally and not jointly, makes to each Backstopper the representations and warranties made by it in the Support Agreement. All representations and warranties of the Company and the Subsidiaries contained in this Agreement shall survive the implementation of the Transaction (including the Share Offering) for the benefit of the Backstoppers.

6. Closing

(a) The closing of the issuance by the Issuer and the purchase by the Backstoppers of the Backstopped Shares hereunder shall be completed at the offices of Norton Rose Fulbright Canada LLP in Toronto, Ontario in connection with the implementation of the Plan.

(b) Subject to and in accordance with the terms and conditions of this Agreement and the Plan, on the Implementation Date, an amount equal to the aggregate Issue Price for the Backstopped Shares to be purchased by each Backstopper (the "**Backstop Payment Amount**") pursuant to its Backstop Purchase Obligation, as determined in accordance with its Backstop Commitment shall be released from escrow and paid as follows:

(i) in the case of a Backstopper who has delivered a cash deposit pursuant to Section 2(c)(i), the Company shall apply that cash deposit towards the Backstop Payment Amount; and

(ii) in the case of a Backstopper who delivers a letter of credit pursuant to Section 2(c)(ii) and who has not otherwise paid its Backstop Payment Amount to the Company as required hereunder, the Company shall draw upon the letter of credit for payment of the Backstop Payment Amount.

7. Conditions to Closing

(a) The respective obligations of each of the Company and the Backstoppers to complete the transactions contemplated hereby are subject to the reasonable

satisfaction of the following conditions prior to or at the Effective Time, each of which is for the mutual benefit of the Company, on the one hand, and the Backstoppers, on the other hand, and may be waived, in whole or in part, jointly by the Company and the Backstoppers (provided that such conditions shall not be enforceable by the Company or the Backstoppers, as the case may be, if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Party seeking enforcement (or, in the case where the party seeking enforcement is one or more of the Backstoppers, an action, error or omission by or within the control of the Backstopper seeking enforcement)):

(i) the Information Circular as filed and distributed, and the Plan, as filed, distributed and approved, shall be acceptable to the Company and the Backstoppers;

(ii) all conditions precedent to the Transaction and implementation of the Plan (including those set out in the Support Agreement) shall have been satisfied or waived in accordance with the terms of the Support Agreement and the Plan and the Company shall have provided Goodmans with a certificate certifying such conditions have been satisfied or waived as of the Implementation Date;

(iii) there shall not be any actions, investigations or proceedings, including appeals and applications for review, in progress, or to the knowledge of the Company or the Backstoppers, pending or threatened, by or before any Governmental Entity in Canada or the United States, in relation to the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares or the Share Offering, any of which is reasonably likely to be successful against the Company or the Issuer and which operates to prevent or restrict the lawful distribution of such shares (which prevention or restriction is continuing); and

(iv) there shall not be any order issued by a Governmental Entity pursuant to applicable Laws, nor shall there be any change of applicable Law, in either case which operates to prevent or restrict the lawful distribution of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares (which prevention or restriction is continuing).

(b) The obligations of the Backstoppers to complete the purchase of the Backstopped Shares are subject to satisfaction of the following conditions on or before the Implementation Date, each of which is for the benefit of the Backstoppers and may be waived, in whole or in part, by the Backstoppers (provided that such conditions shall not be enforceable by the Backstoppers if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Backstopper seeking enforcement):

(i) the Backstoppers shall have completed their due diligence with respect to the Share Offering on or before the date that is seven Business Days prior

to the Implementation Date and such due diligence shall be satisfactory to the Backstoppers in their sole discretion;

(ii) all actions required to be taken by or on behalf of the Company and/or the Issuer, including the passing of all requisite resolutions of their directors and all requisite filings with, or approvals, orders, rulings and consents of, any Governmental Entity will have occurred on or prior to the Implementation Date, so as to validly authorize the Share Offering, the creation and issuance of the Offering Shares, the Accrued Interest Offering Shares, the Backstopped Shares, the Backstop Consideration Shares and the purchase of Backstopped Shares by the Backstoppers as contemplated by this Agreement;

(iii) the Company shall have obtained all applicable material non-governmental third party consents;

(iv) counsel to the Issuer shall have delivered to the Backstoppers one or more legal opinions satisfactory to Goodmans, acting reasonably, collectively confirming that, as of the Implementation Date, the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares shall be: (a) duly authorized, validly issued and fully paid and non-assessable and, subject to receipt by the Issuer of an executed Rep Letter from each Backstopper and all information set forth in each such Rep Letter remaining true and correct as of the Implementation Date, the issuance thereof shall be in compliance with applicable Securities Laws and exempt from registration under the US Securities Act; and (b) freely tradable in Canada (provided that the Issuer is and has been a reporting issuer in a jurisdiction of Canada for four months preceding the trade, the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws). For greater certainty, the opinions of counsel may contain standard assumptions, including, without limitation, to assume the accuracy of statements made in the executed Rep Letters;

(v) all terms and conditions of the Share Offering included in the Information Circular, the Plan and any other related document prepared by the Company or the Issuer for distribution or circulation shall have been acceptable to the Backstoppers and shall not have been changed in any material respect unless otherwise agreed to in writing by the Company and the Backstoppers in accordance with the terms of this Agreement;

(vi) the Issuer (if it is not the Company) shall have entered into an agreement prior to the Election Deadline agreeing to be bound by the terms of this Agreement;

(vii) the Company, the Issuer and the Subsidiaries shall have performed all of their material obligations under and in accordance with this Agreement and the Support Agreement (for greater certainty, material obligations include, without limitation, the obligations of the Company or the Issuer in Sections 3(h), 3(i), 3(j) and 3(k) hereof);

(viii) the representations and warranties of each of the Company and its Subsidiaries contained in this Agreement and the Support Agreement shall continue to be true and correct, except to the extent such representations and warranties are by their terms given as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such date, and except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement and the Support Agreement and each of the Company and the Subsidiaries shall have provided Goodmans with a certificate signed by an officer of the Company or the Subsidiary, as applicable, certifying compliance with this Section 7(b)(viii) as of the Implementation Date;

(ix) no change of control payments shall be owing or payable to the Company's officers or employees in connection with the Transaction;

(x) on the Implementation Date, all of the reasonable fees and expenses of the Advisors, for services rendered as counsel to the Backstoppers up to and including the Implementation Date, shall have been paid; provided that the Advisors shall have provided the Company with invoices for all such fees and expenses incurred up to the date that is five Business Days prior to the Implementation Date, and shall have also provided the Company with a reasonable estimate of all such fees and expenses to be incurred by the Advisors in the period from that date to the Implementation Date;

(xi) there shall not have occurred after the date hereof a Material Adverse Change; and

(xii) there shall not exist, after giving effect to the Transaction and the other transactions contemplated by this Agreement and the Support Agreement and assuming implementation of the Plan, any Material default or event of default under any Material Contract now in effect that will remain in effect following the Implementation Date (other than those defaults or events of default that are remedied, waived, stayed, extinguished or otherwise in any way rendered inoperative as part of the Proceedings).

(c) The obligations of the Issuer to consummate the issuance of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and the Backstop

Consideration Shares are subject to satisfaction of the following conditions on or before the Implementation Date, which are for the benefit of the Issuer and may be waived, in whole or in part, by the Issuer (provided that such condition shall not be enforceable by the Issuer if any failure to satisfy such condition results from an action, error or omission by or within the control of the Issuer):

(i) the representation and warranties of each of the Backstoppers (other than the Defaulting Backstoppers or the Objecting Backstoppers) contained in this Agreement shall continue to be true and correct, except to the extent such representations and warranties are by their terms given as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such date, and except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement; and

(ii) each of the Backstoppers shall have performed all of its material obligations to be performed by such Backstopper under and in accordance with this Agreement and the Support Agreement.

(d) Each of the Company and the Backstoppers agree that it will use commercially reasonable efforts to cause the conditions set forth in this Section 7 to be satisfied on or before the Implementation Date to the extent that such conditions relate to acts to be performed or caused to be performed by such Party.

8. <u>Approval, Consent, Waiver, Amendment, Termination of or by Backstoppers</u>

(a) Except as may be otherwise specifically provided for under this Agreement, where this Agreement provides that a matter shall have been approved, agreed to, consented to, waived, amended or terminated by the Backstoppers, or that a matter must be satisfactory to the Backstoppers, such approval, agreement, consent, waiver, amendment, termination, satisfaction or other action shall have been obtained or satisfied, as the case may be, for the purposes of this Agreement where Backstoppers (other than Defaulting Backstoppers) having at least 66 2/3% of the aggregate Backstop Commitment of the Backstoppers (other than Defaulting Backstoppers) shall have confirmed their approval, consent, waiver, amendment, termination or satisfaction, as the case may be, to the Company or to Goodmans, in which case Goodmans shall communicate any such approval, agreement, consent, waiver, amendment, termination, satisfaction or other action to (i) all Backstoppers, and (ii) the Company for purposes of this Agreement and the terms and conditions hereof. The Company shall be entitled to rely on any such confirmation of approval, agreement, consent, waiver, amendment, termination, satisfaction or other action communicated to the Company by Goodmans without any obligation to inquire into Goodmans' authority to do so on behalf of the Backstoppers and such communication shall be effective for all purposes of this Agreement and the terms and conditions hereof.

(b) Except as expressly set forth in this Agreement, no Backstopper shall enter into any agreement or understanding with any other Backstopper which requires any

voting threshold higher than that which is set forth in Section 8(a). Each Backstopper represents and warrants to the Company that it has not entered into any such agreement or understanding.

(c) Notwithstanding anything to the contrary herein, (i) if this Agreement is amended, modified or supplemented or any matter herein is approved, consented to or waived in a manner that: (x) materially adversely changes the fundamental terms of the Share Offering as they relate to the Backstoppers (including, without limitation (1) subject to Section 1(e), affects the number of Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares to be provided to Participating Subscribers (including the Backstoppers) on the Implementation Date as a percentage of such shares to be issued, (2) would have the effect of increasing the amount of the Backstop Commitment of an individual Backstopper, or (3) would have the effect of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares not being conditionally approved for listing from the Implementation Date on the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders, subject only to receipt of customary final documentation, or not being eligible for immediate resale on or through the facilities of the TSX or such other Designated Offshore Securities Market pursuant to Rule 904 of Regulation S (subject to execution and delivery by the seller of a declaration in the form attached as Schedule C hereto or such other form as the Issuer and the seller may agree); or (y) extends the Outside Date, then any Backstopper that objects to any such amendment, modification, supplement, approval, consent or waiver within five Business Days after receipt of notice of such amendment, modification, supplement, approval, consent or waiver may terminate its obligations under this Agreement upon five Business Days' written notice to the other Parties hereto, or (ii) if a Backstopper determines (acting reasonably) that it is unable to execute a Rep Letter, then in each case such Backstopper may terminate its obligations under this Agreement upon five Business Days' written notice to the other Parties hereto (in each case such Backstopper, an "**Objecting Backstopper**") and shall upon such termination no longer be a Backstopper. In the event of such termination by an Objecting Backstopper, any other Backstopper or Backstoppers or other third party acceptable to the non-Objecting Backstoppers and the Company, each acting reasonably, that has signed a Consent Agreement shall be entitled to assume the rights and obligations of any such Objecting Backstopper.

9. Backstopper Termination Events

This Agreement may be terminated by the delivery to the Company of a written notice in accordance with Section 15(l) by the Backstoppers (as determined in accordance with Section 8 hereof) in the exercise of their sole discretion, upon the occurrence and, if applicable, continuation of any of the following events:

(a) the Support Agreement has been terminated for any reason;

(b) the form of Rep Letter has not been agreed between the Backstoppers and the Issuer by eight Business Days before the Election Deadline;

(c) the Share Offering is not completed on or before February 28, 2014 (or such other date as the Company and the Backstoppers may agree in writing) (the "**Outside Date**");

(d) failure by the Company to comply in all material respects with, or default by the Company in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement or the Support Agreement, which is not cured within five Business Days after the receipt of written notice of such failure or default;

(e) if any representation or warranty of the Company or its subsidiaries made in this Agreement or the Support Agreement shall prove untrue in any material respect as of the date when made, except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement and the Support Agreement; provided, however, that if any such breach of any such representation or warranty is susceptible to cure, the Company shall have five (5) Business Days after receipt of written notice (which notice includes a summary description of such breach) from the Backstoppers of their intention to terminate this Agreement if such breach continues in which to cure such breach;

(f) if any order is issued by a Governmental Entity pursuant to applicable Laws, or if there is any change of Law, either of which operates to prevent or restrict the lawful distribution of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares or prevents or restricts such shares from being (i) freely tradable in Canada (provided that the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws) on the Implementation Date or (ii) eligible for immediate resale on or through the facilities of the TSX or another Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders pursuant to Rule 904 of Regulation S (subject to execution and delivery by the seller of a declaration in the form attached as Schedule C hereto or such other form as the Issuer and the seller may agree);

(g) the occurrence of a Material Adverse Change after the date hereof;

(h) if there are one or more Defaulting Backstoppers, Objecting Backstoppers or Breaching/Non-Delivering Backstoppers, and the Backstop Shortfall remaining after any assumption of all or a part of the Backstop Commitment(s) of the Defaulting Backstopper(s), Objecting Backstopper(s) or Breaching/Non-

Delivering Backstopper(s) in accordance with Section 2(d), Section 8(c) or Section 10(b), as applicable, is material; and

(i) the Consenting Noteholders determine that there is no reasonable prospect that the conditions set forth in Section 7 will be satisfied or waived by the Outside Date.

10. Company Termination Events

(a) This Agreement may be terminated by the delivery to the Backstoppers of a written notice in accordance with Section 15(l) by the Company, in the exercise of its sole discretion, upon the occurrence and, if applicable, continuation of any of the following events:

(i) the Support Agreement has been terminated for any reason;

(ii) if any order is issued by a Governmental Entity pursuant to applicable Laws, or if there is any change of Law, which operates to prevent or restrict the lawful distribution of the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares; and

(iii) if there are one or more Defaulting Backstoppers, Objecting Backstoppers or Breaching/Non-Delivering Backstoppers, and the Backstop Shortfall remaining after any assumption of all or a part of the Backstop Commitment(s) of the Defaulting Backstopper(s), Objecting Backstopper(s) or Breaching/Non-Delivering Backstopper(s) in accordance with Section 2(d), Section 8(c) or Section 10(b), as applicable, is material.

(b) This Agreement may be terminated as to a breaching Backstopper only (a "**Breaching Backstopper**") or, in the case of Section 10(b)(iii), as to any such Backstopper (a "**Non-Delivering Backstopper**", together with a Breaching Backstopper, the "**Breaching/Non-Delivering Backstoppers**"), by delivery to such Breaching Backstopper or Non-Delivering Backstopper of a written notice in accordance with Section 15(l) by the Company, in the exercise of its sole discretion and provided that the Company is not in default hereunder, upon the occurrence and continuation of any of the following events:

(i) failure by the breaching Backstopper to comply in all material respects with, or default by the breaching Backstopper in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement which is not cured within five Business Days after the receipt of written notice of such failure or default;

(ii) if any representation, warranty or other statement of the breaching Backstopper made or deemed to be made in this Agreement shall prove untrue in any material respect as of the date when made except as such representations and warranties may be affected by the occurrence of

events or transactions contemplated and permitted by this Agreement and the Support Agreement; provided, however, that if any such breach of any such representation or warranty is susceptible to cure, the Backstopper shall have five (5) Business Days after receipt of written notice (which notice includes a summary description of such breach) from the Company of its intention to terminate this Agreement if such breach continues in which to cure such breach; or

(iii) the Backstopper (who is not otherwise an Objecting Backstopper) has not delivered an executed Rep Letter to the Issuer by the Election Deadline or a representation or warranty made in such Rep Letter becomes untrue.

In the event of such termination, any other Backstopper or Backstoppers or other third party acceptable to the non-Breaching/Non-Delivering Backstoppers and the Company, each acting reasonably, that has signed a Consent Agreement shall be entitled to assume the rights and obligations of any such Breaching Backstopper or Non-Delivering Backstopper. For greater certainty, an Objecting Backstopper is not a Breaching Backstopper or Non-Delivering Backstopper.

11. Mutual Termination

This Agreement and the obligations of all Parties hereunder, may be terminated by mutual agreement between (a) the Company and (b) the Backstoppers.

12. Effect of Termination

(a) Upon termination of this Agreement pursuant to Section 9, Section 10(a) or Section 11 hereof, this Agreement shall be of no further force and effect and each Party hereto shall be automatically and simultaneously released from its commitments, undertakings, and agreements under or related to this Agreement, except for the rights, agreements, commitments and obligations under Sections 3(t), 13 and 15, all of which shall survive the termination, and each Party shall have the rights and remedies that it would have had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

(b) Upon termination of this Agreement by the Company with respect to a Breaching Backstopper or Non-Delivering Backstopper under Section 10(b), this Agreement shall be of no further force or effect with respect to such Backstopper and, subject to the right of the Company to pursue any and all legal and equitable rights against a Breaching Backstopper in respect of the circumstances that resulted in them becoming a Breaching Backstopper, all rights, obligations, commitments, undertakings, and agreements under or related to this Agreement of or in respect of such Breaching Backstopper or Non-Delivering Backstopper shall be of no further force or effect, except for the rights and obligations under Sections 13 and 15, all of which shall survive such termination, and such Breaching Backstopper or Non-Delivering Backstopper shall have the rights and remedies that it would

have had had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement. For certainty, if the Company terminates this Agreement with respect to a Breaching Backstopper or Non-Delivering Backstopper, the non-Breaching/Non-Delivering Backstoppers shall have no liability whatsoever with respect to such Breaching Backstopper or Non-Delivering Backstopper.

(c) Upon termination by an Objecting Backstopper of its obligations under this Agreement pursuant to Section 8(c), this Agreement shall be of no further force or effect with respect to such Objecting Backstopper and all rights, obligations, commitments, undertakings, and agreements under or related to this Agreement of or in respect of such Objecting Backstopper shall be of no further force or effect, except for the rights and obligations under Sections 3(t), 13 and 15, all of which shall survive such termination, and such Objecting Backstopper shall have the rights and remedies that it would have had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

13. Confidentiality

Each of the Company and each of the Subsidiaries agrees to use reasonable best efforts to maintain the confidentiality of the identity and commitments of the Backstoppers (including among the Backstoppers and, without limitation, the information contained on the signature pages hereto); provided, however, that such information may be disclosed: (i) to the Company's Representatives provided that each such Representative is informed of and complies with this confidentiality provision; (ii) to Persons in response to, and to the extent required by, any subpoena or other legal proceedings; and (iii) as may be required by applicable Law or applicable rules of the TSX. If the Company, its Representatives or the Subsidiaries receive a subpoena or other legal proceeding for such information, or determine, on the advice of counsel, that disclosure of such information is required by applicable Law, the Company or the Subsidiaries, as applicable, shall provide the applicable Backstopper(s) with prompt written notice and a copy of the subpoena or other applicable legal proceeding so that the Backstopper(s) may seek a protective order or other appropriate remedy or waiver of compliance with the provisions of this Agreement. Notwithstanding the provisions in this Section 13, the Company may disclose the existence of and nature of support evidenced by this Agreement in any public disclosure (including, without limitation, press releases and court materials) produced by the Company at the discretion of the Company, provided that all such disclosures are (a) made in accordance with Section 10 of the Support Agreement and (b) in the context of any such public disclosure, only the aggregate holdings of the Backstoppers may be disclosed (but not their individual identities or holdings, provided that individual entities or holdings may be disclosed to the TSX on a confidential basis if required under the applicable rules of the TSX). Except as set forth in this Section 13, nothing in this Agreement shall obligate the Company to make any public disclosure of this Agreement.

14. Further Assurances

Each Party shall do all such things in its control, take all such actions as are commercially reasonable, deliver to the other Parties such further information and documents and execute and deliver to the other Parties such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

15. Miscellaneous

(a) The headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of the United States of America.

(d) This Agreement shall become effective upon the execution hereof by the Company and by Backstoppers whose aggregate Backstop Commitments, as indicated on their signature pages hereto, equal $50 million and no more than $50 million.

(e) This Agreement and any other agreements contemplated by or entered into pursuant to this Agreement (which will include the Plan), together with the Noteholder Confidentiality Agreements, the Advisor Confidentiality Agreements and the Support Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.

(f) The Company acknowledges and agrees that any waiver or consent that the Backstoppers may make on or after the date hereof has been made by the Backstoppers, in reliance upon, and in consideration for, the covenants, agreements, representations and warranties of the Company hereunder.

(g) The agreements, representations and obligations of the Backstoppers under this Agreement are, in all respects, several (in proportion to the percentage of the aggregate Backstop Commitments of all the Backstoppers represented by each such Backstopper's Backstop Commitment) and not joint and several.

(h) Any person signing this Agreement in a representative capacity (i) represents and warrants that he/she is authorized to sign this Agreement on behalf of the Party he/she represents and that his/her signature upon this Agreement will bind the represented Party to the terms hereof, and (ii) acknowledges that the other Parties hereto have relied upon such representation and warranty.

(i) No director, officer or employee of the Company or any of their legal, financial or other advisors shall have any personal liability to any of the Backstoppers under this Agreement. No director, officer or employee of any of the Backstoppers or their Advisors shall have any personal liability to the Company under this Agreement.

(j) This Agreement may be modified, amended or supplemented as to any matter by an instrument in writing signed by the Company, the Subsidiaries and the Backstoppers (as determined in accordance with Section 8 hereof).

(k) Any date, time or period referred to in this Agreement shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

(l) All notices, consents and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by PDF/email transmission, in each case addressed to the particular Party:

(i) If to the Company or the Subsidiaries, at:

c/o Jaguar Mining Inc.
67 Yonge Street, Suite 1203
Toronto, Ontario M5E 1J8

Attention: David Petroff
Email: david.petroff@jaguarmining.com

with a required copy (which shall not be deemed notice) to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Walied Soliman/ Nicole Sigouin
Email: walied.soliman@nortonrosefulbright.com/
nicole.sigouin@ nortonrosefulbright.com

and

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022

Attention: David Rosewater
Email: david.rosewater@srz.com

(ii) If to the Backstopper, at:

the address set forth for the Backstopper at the address shown for it beside its signature, with a required copy (which shall not be deemed notice) to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario, Canada M5H 2S7

Attention: Robert J. Chadwick / Melaney J. Wagner
Email: rchadwick@goodmans.ca / mwagner@goodmans.ca

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery or transmission thereof.

(m) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

(n) The provisions of this Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties hereto, except that any Backstopper may assign its rights, interests and obligations under this Agreement to any Noteholder, holder of Existing Shares or options or other third party; provided that, contemporaneously with the assignment, such assignee delivers an executed consent agreement in the form attached hereto as Schedule B (the "**Consent Agreement**"). Each Backstopper hereby agrees to provide the Company with written notice and a fully executed copy of the Consent Agreement within five (5) Business Days following any assignment pursuant to this Section 15(n).

(o) This Agreement is governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(p) The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties

irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.

(q) Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third-party beneficiary hereof.

(r) This Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.

[Signature pages follow]

JAGUAR MINING INC.

Per: *"David M. Petroff"*
Name: David M. Petroff
Title: Chief Executive Officer

MCT MINERAÇÃO LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Backstopper or Authorized Representative: **[Redacted]**

[Redacted]

Per: _____

_____

Name: **[Redacted]**

_____

Title: **[Redacted]**

_____

Address: **[Redacted]**

Backstop Commitment:

$ **[Redacted]**

_____

* ***The Signature, Name, Title, Address and Backstop Commitment of each of the Backstoppers has been redacted pursuant to Section 13 of this Agreement.***

SCHEDULE A

DEFINITIONS

Definition	Section or Page Number
"4.5% Convertible Notes"	Page 1 (2nd paragraph)
"5.5% Convertible Notes"	Page 1 (2nd paragraph)
"Accrued Interest Offering Shares"	Section 1(a)
"Agreement"	Page 1 (1st paragraph)
"Backstop Consideration Shares"	Section 3(r)
"Backstop Commitment Reduction Election"	Section 1(c)(ii)
"Backstop Payment Amount"	Section 6(b)
"Backstopper" or **"Backstoppers"**	Page 1 (1st paragraph)
"Backstopped Shares"	Section 2(a)(i)
"Breaching Backstopper"	Section 10(b)
"Breaching/Non-Delivering Backstoppers"	Section 10(b)
"CBCA"	Page 1 (2nd paragraph)
"CCAA"	Page 1 (2nd paragraph)
"Commitment Reduction Electing Backstopper"	Section 1(c)(ii)
"Company"	Page 1 (1st paragraph)
"Consent Agreement"	Section 15(n)
"Defaulting Backstopper"	Section 2(d)
"Funding Deadline"	Section 2(c)
"Indemnified Parties"	Section 3(t)
"Issue Price"	Section 1(b)
"Jaguar"	Page 1 (1st paragraph)
"New Jaguar Common Shares"	Page 1 (2nd paragraph)
"Notes"	Page 1 (2nd paragraph)
"Non-Defaulting Backstoppers"	Section 2(d)
"Non-Delivering Backstopper"	Section 10(b)
"Objecting Backstopper"	Section 8(c)
"Offering Shares"	Page 1 (2nd paragraph)
"Outside Date"	Section 9(c)
"Participating Subscriber Funding Deadline"	Section 1(c)(iv)

Definition	Section or Page Number
"Participating Subscriber's Payment Amount"	Section 1(c)(ii)
"Party" or **"Parties"**	Page 1 (4th paragraph)
"Plan"	Page 1 (2nd paragraph)
"Proceedings"	Page 1 (2nd paragraph)
"Share Offering"	Page 1 (2nd paragraph)
"Subscription Privilege"	Section 1(a)
"Subsidiaries"	Page 1 (1st paragraph)
"Support Agreement"	Page 1 (2nd paragraph)
"Term Sheet"	Page 1 (2nd paragraph)
"Transaction"	Page 1 (2nd paragraph)
"Transaction Terms"	Page 1 (2nd paragraph)

In addition, capitalized terms used but not otherwise defined in this Agreement have the meanings ascribed to such terms in the Support Agreement, and the following terms used in this Agreement shall have the following meanings:

"**Accrued Interest Claim**" means, with respect to a particular Participating Subscriber, all unpaid interest accrued under the Notes at the applicable contract rate owing as at the Record Date to such Participating Subscriber.

"**Accrued Interest Claims**" means all unpaid interest accrued under the Notes at the applicable contract rate owing as at the Record Date to the Participating Subscribers.

"**Backstop Commitment**" means the commitment of each Backstopper as set forth on such Backstopper's signature page hereto (which signature page shall be kept confidential by the Parties), which commitment may be reduced in accordance with and subject to Section 1(c)(ii) hereof.

"**Backstop Purchase Obligation**" means the obligation of a Backstopper to purchase Backstopped Shares in accordance with the terms and conditions of this Agreement.

"**Backstop Shortfall**" means the aggregate Backstop Purchase Obligations of Defaulting Backstoppers, Objecting Backstoppers and Breaching/Non-Delivering Backstoppers, if any.

"**Consenting Noteholders**" means all Noteholders that have executed the Support Agreement or a consent agreement thereto.

"**Convertible Notes Claim**" means, with respect to a particular Noteholder, all outstanding obligations owed to such Noteholder as at the Record Date under or pursuant to the Notes including, without limitation, outstanding principal and all accrued and unpaid interest thereon at the applicable contract rate.

"**Convertible Notes Claims**" means all outstanding obligations owed to the Noteholders as at the Record Date under or pursuant to the Notes, including, without limitation, outstanding principal and all accrued and unpaid interest thereon at the applicable contract rate.

"Designated Offshore Securities Market" has the meaning given to that term in Rule 902 of Regulation S.

"Effective Time" means the time the Plan is implemented.

"**Election Deadline**" means 4:00 p.m. (Toronto time) on the date specified in the Plan as being the date and time by which Eligible Subscribers must elect, in accordance with the terms and conditions of the Plan, to participate in the Share Offering.

"**Eligible Subscriber**" means a person that: (i) is a Noteholder as at the Subscription Record Date; and (ii) delivers an executed Rep Letter to the Issuer on or before the Election Deadline and the information set forth in such Rep Letter is true and correct as of the Implementation Date, and includes, for greater certainty, each Backstopper delivering a Rep Letter to the Issuer.

"**Escrow Agent**" means an independent third party escrow agent agreed to by the Company and the Backstoppers, in each case acting reasonably.

"**Existing Shares**" shall have the meaning set out in the Term Sheet.

"**Implementation Date**" means the date of implementation of the Plan.

"**Information Circular**" means the information circular to be prepared by the Company and distributed to Noteholders in connection with the meeting of Noteholders to consider and vote on the Plan, all in accordance with applicable order(s) of the Court.

"**Issuer**" means Jaguar or a new CBCA corporation that is a successor to Jaguar and may issue all New Jaguar Common Shares (including those under the Share Offering) pursuant to the Plan.

"**Majority Consenting Noteholders**" means Consenting Noteholders holding in aggregate not less than a majority of the aggregate principal amount of the Notes held by all Consenting Noteholders.

"**Noteholders**" means, collectively, holders of the Notes and "**Noteholder**" means any one of them.

"**Participating Subscriber**" means an Eligible Subscriber who validly elects, in accordance with the provisions of the Plan, to subscribe for Offering Shares pursuant to the Subscription Privilege or a Backstopper delivering a Rep Letter to the Issuer.

"**Record Date**" means December 31, 2013.

"**Registration Rights Agreement**" means a registration rights agreement between the Issuer and any and all Participating Subscribers and Backstoppers that advise the Issuer they desire to have their Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares registered for resale under the US Securities Act, which agreement shall

require the Issuer to promptly prepare and file with the U.S. Securities Commission, and to use commercially reasonable efforts to cause to become effective within 120 days after the Implementation Date, either (a) a "shelf" registration statement under such Act in order to permit resales of such Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares by such Participating Subscribers or Backstoppers or (b) if permitted by the U.S. Securities Commission, an exchange offer registration statement on Form S-4 pursuant to which such Participating Subscribers and Backstoppers would have the opportunity to exchange their Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares for newly-issued shares that will be freely tradable under the US Securities Act, and, in the case of clause (a), to maintain the effectiveness of such registration statement for resales by such parties until such time as the shares covered by such registration statement become freely tradable under U.S. Securities Commission Rule 144 or otherwise or, in the case of clause (b), to maintain the effectiveness of registration statement for a period of not less than thirty (30) days.

"**Regulation D**" means Regulation D as promulgated by the U.S. Securities Commission under the U.S. Securities Act.

"**Regulation S**" means Regulation S as promulgated by the U.S. Securities Commission under the U.S. Securities Act.

"**Rep Letter**" means a letter from a Backstopper to the Company containing representations and warranties relating to such Backstopper's eligibility to acquire the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares or Backstop Consideration Shares under US Securities Laws, in a form acceptable to such Backstopper and the Company, each acting reasonably.

"**Subscription Record Date**" means the record date for determining Noteholders entitled to vote on the Plan as set out in the Interim Order or the Meeting Order, as applicable.

"**Total Offering Size**" means $50,000,000.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute.

"**U.S. Securities Commission**" means the United States Securities and Exchange Commission.

SCHEDULE B

FORM OF CONSENT AGREEMENT

This Consent Agreement is made as of the date below (the "**Consent Agreement**") by the undersigned (the "**Consenting Party**") in connection with the backstop agreement dated November ●, 2013 (the "**Backstop Agreement**") among Jaguar Mining Inc. and the Backstoppers. Capitalized terms used herein have the meanings assigned in the Backstop Agreement unless otherwise defined herein.

RECITALS:

A. Section 2(d) of the Backstop Agreement allows third parties acceptable to the Non-Defaulting Backstoppers and the Company, in each case acting reasonably, that execute a Consent Agreement to assume the rights and obligations of a Defaulting Backstopper.

B. Section 8(c) of the Backstop Agreement allows third parties acceptable to the non-Objecting Backstoppers and the Company, in each case acting reasonably, that execute a Consent Agreement to assume the rights and obligations of an Objecting Backstopper.

C. Section 10(b) of the Backstop Agreement allows third parties acceptable to the non-Breaching/Non-Delivering Backstoppers and the Company, in each case acting reasonably, that execute a Consent Agreement to assume the rights and obligations of a Breaching Backstopper or Non-Delivering Backstopper.

D. Section 15(n) of the Backstop Agreement allows Backstoppers to assign their rights, interests and obligations under the Backstop Agreement to any Noteholder, holder of Existing Shares or options or other third party; provided that, contemporaneously with the assignment, such assignee delivers an executed Consent Agreement.

E. The Consenting Party wishes to be bound by the terms of the Backstop Agreement pursuant to Section 2(d), 8(c), 10(b) or 15(n) of the Backstop Agreement, as applicable, on the terms and subject to the conditions set forth in this Consent Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Consenting Party agrees as follows:

1. The Consenting Party hereby agrees to be fully bound as a Backstopper under the Backstop Agreement in respect of the Backstop Commitment that is identified on the signature page in connection with the Share Offering.

2. The Consenting Party hereby represents and warrants to each of the other Parties that the representations and warranties set forth in Section 4 of the Backstop Agreement are true and correct with respect to such Consenting Party as if given on the date hereof. In addition, the Consenting Party agrees to deliver to the Company an executed Rep Letter on or before the Election Deadline.

3. Except as expressly modified hereby, the Backstop Agreement shall remain in full force and effect, in accordance with its terms.

4. This Consent Agreement shall be governed by and construed in accordance with the laws of the State of New York and the federal laws of the United States applicable therein, without regard to principles of conflicts of law.

5. This Consent Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.

[Remainder of this page intentionally left blank; next page is signature page]

DATED as of _____.

Name of Backstopper or Authorized Representative:

Per: _____

_____
Name:

_____
Title:

_____
Address:

Backstop Commitment:

$

_____

SCHEDULE C

DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Investor Services Inc. as registrar and transfer agent for the shares of [Issuer].

The undersigned seller (a) acknowledges that the sale of an aggregate of _____ shares of [Issuer] (the "**Corporation**") represented by certificate no(s). _____ to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) it is not an affiliate of the Corporation (as defined in Rule 405 under the U.S. Securities Act), (2) either (A) the offer of such securities was not made to a person in the United States and at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of a "designated offshore securities market" (as defined in Rule 902 of Regulation S) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" (as defined in Rule 902 of Regulation S) in the United States in connection with the offer and sale of such securities, (4) the sale is *bona fide* and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

Dated:_____, 20_____

[Insert seller's name]

Per: _____
Name:
Title:

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FIRST AMENDMENT TO THE BACKSTOP AGREEMENT

This First Amendment (this "**First Amendment**") dated as of December 3, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Backstopper**" and collectively the "**Backstoppers**"), amends the Backstop Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Backstoppers party thereto (the "**Backstop Agreement**") to the extent, and on the terms and conditions, set forth herein. The Backstoppers, the Company and the Subsidiaries are collectively referred to in this First Amendment as the "**Parties**" and each (including each Backstopper, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and certain holders of the Company's 4.5% Senior Unsecured Convertible Notes due November 1, 2014 and/or 5.5% Senior Unsecured Convertible Notes due March 31, 2016 (collectively the "Consenting Noteholders") entered into a Support Agreement dated as of November 13, 2013 (the "**Support Agreement**"), pursuant to which the Consenting Noteholders agreed to support a series of transactions, including a share offering (collectively, the "**Transaction**") that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

WHEREAS in connection with the Support Agreement and the Transaction, the Company, the Subsidiaries and the Backstoppers entered into the Backstop Agreement, pursuant to which the Backstoppers agreed to purchase from the Company their *pro rata* share of the Offering Shares (as defined in the Backstop Agreement) that are not validly subscribed for and taken up pursuant to the Subscription Privilege (as defined in the Backstop Agreement) on the terms and conditions under the Backstop Agreement;

AND WHEREAS the Parties wish to make certain amendments to the Backstop Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this First Amendment shall have the meanings ascribed to them in the Backstop Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Backstop Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Backstop Agreement as follows:

1. Amendments

(a) Section 2(a)(i) of the Backstop Agreement is hereby amended by deleting the words "Total Offering Size" and replacing such words with the words "aggregate Backstop Commitments (as may have been reduced in accordance with and subject to Section 1(c)(ii))".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This First Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this First Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this First Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Backstop Agreement shall not be amended or otherwise modified by this First Amendment except as set forth in Section 1 of this First Amendment. Except as amended by this First Amendment, the Backstop Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Backstop Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Backstop Agreement shall be deemed to include the Backstop Agreement as amended by this First Amendment.

4. Reservation of Rights. Nothing contained in this First Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Backstop Agreement. Except as expressly provided herein, the execution and delivery of this First Amendment does not: (i) extend the terms of the Backstop Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Backstop Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Backstop Agreement.

5. Miscellaneous

(a) The headings of the Sections of this First Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This First Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This First Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this First Amendment is

effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

This First Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Backstopper: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Backstoppers has been redacted pursuant to Section 13 of the Backstop Agreement.**

STRICTLY CONFIDENTIAL

Exhibit "M"

This is Exhibit M referred to in the affidavit of DAVID PETROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

SUPPORT AGREEMENT

WHEREAS, this support agreement dated as of November 13, 2013 (the "**Agreement**") sets out the agreement among: (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), whether as an original signatory or by executing a consent agreement in the form of Schedule C (a "**Consent Agreement**"), being a holder (a "**Noteholder**") of 4.5% Senior Unsecured Convertible Notes issued by Jaguar due November 1, 2014 ("**4.5% Convertible Notes**") and/or 5.5% Senior Unsecured Convertible Notes issued by Jaguar due March 31, 2016 ("**5.5% Convertible Notes**", together with the 4.5% Convertible Notes, the "**Notes**"), regarding the principal aspects of a series of transactions (collectively, the "**Transaction**") under which it is contemplated that, among other things, the Notes and potentially certain other unsecured claims would be compromised and extinguished in exchange for common shares in the capital of Reorganized Jaguar (the "**New Jaguar Common Shares**") and the right for eligible subscribers to participate in an offering (the "**Share Offering**") of New Jaguar Common Shares, all as more fully defined and described herein and in the term sheet attached hereto as Schedule B and forming a part hereof (the "**Term Sheet**", with the terms of the Transaction set out therein, herein and in the Backstop Agreement, being, collectively, the "**Transaction Terms**"), which Transaction Terms shall form the basis for the terms of, be set forth in, and be implemented pursuant to, a recapitalization and restructuring plan (the "**Plan**") to be filed in respect of the Company in proceedings (the "**Proceedings**") under the *Canada Business Corporations Act* (the "**CBCA**") or the *Companies' Creditors Arrangement Act* (the "**CCAA**"), as applicable; and

WHEREAS, capitalized terms used but not otherwise defined in the main body of this Agreement have the meanings ascribed to such terms in Schedule A or in the Term Sheet.

NOW THEREFORE, the Company and the Consenting Noteholders (each, a "**Party**" and collectively, the "**Parties**") hereby agree as follows:

1. Transaction

The Transaction Terms as agreed among the Parties are set forth in the Term Sheet, which is incorporated herein and made a part of this Agreement. In the case of a conflict between the provisions contained in the text of this Agreement and the Plan, the terms of the Plan shall govern. In the case of a conflict between the provisions contained in the main body of this Agreement and the Term Sheet, the provisions of the main body of this Agreement shall govern.

2. Representations and Warranties of the Consenting Noteholders

Each Consenting Noteholder hereby represents and warrants, severally and not jointly, to the Company (and acknowledges that the Company is relying upon such representations and warranties) that:

(a) It is, as at the date of this Agreement (or in the case of a Consent Agreement, the date of the Consent Agreement), the sole legal and beneficial holder of (or has sole voting and investment discretion, including discretionary authority to manage

or administer funds, with respect to) Notes in the principal amount(s) set forth on its signature page hereto (or on its signature page to the Consent Agreement, as applicable) and no other Notes (the "**Relevant Notes**"; the Relevant Notes, together with the aggregate amount owing in respect of the Relevant Notes and any accrued interest, its "**Debt**");

(b) It has the sole authority to vote or direct the voting of its Relevant Notes and other Debt;

(c) This Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the Company and the Subsidiaries, this Agreement constitutes the legal, valid and binding obligation of such Consenting Noteholder, enforceable against such Consenting Noteholder in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

(d) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby;

(e) It is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement; it has conducted its own analysis and made its own decision to enter in this Agreement and has obtained such independent advice in this regard as it deemed appropriate; and it has not relied in such analysis or decision on any Person other than its own independent advisors;

(f) The execution and delivery of this Agreement by it and the completion by it of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to the Consenting Noteholder or any of its properties or assets;

(g) Except as contemplated by this Agreement, it has not deposited any of its Relevant Notes or Debt into a voting trust, or granted (or permitted to be granted) any proxies or powers of attorney or attorney in fact, or entered into a voting agreement, understanding or arrangement, or granted (or permitted to be granted) any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a voting trust or other agreement, with respect to the voting of its Relevant Notes or Debt where such trust, grant, agreement, understanding, arrangement, right or privilege would in any manner restrict the ability of the Consenting Noteholder to comply with its obligations under this Agreement, affecting the Relevant Notes or Debt or the ability of any holder thereof to exercise all ownership rights thereto; and

(h) To the best of its knowledge, there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against the Consenting Noteholder or any of its properties that, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the Consenting Noteholder's ability to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement.

3. Representations and Warranties of the Company

Each of the Company and the Subsidiaries (except if the representation is applicable to the Company only) hereby represents and warrants severally and not jointly to each Consenting Noteholder (and the Company and each of the Subsidiaries acknowledges that each of the Consenting Noteholders are relying upon such representations and warranties) that:

(a) This Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Agreement constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to conduct its business as currently being conducted, and to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby;

(c) The execution and delivery of this Agreement by it and the completion by it of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not violate or conflict with (i) any judgment, order, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets, (ii) its articles, bylaws and constating documents, or (iii) other than the Credit Agreement (and the other Credit Documents (as defined in the Credit Agreement)), the Brazilian Credit Agreements and the Indentures, as applicable, any Material Contract to which it is a party, except, in each case, where such violation or conflict would not reasonably be expected to result in a Material Adverse Change;

(d) To the best of its knowledge, there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on its ability to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby;

(e) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, it does not have any Material Liabilities except (i) Liabilities which are

reflected and properly reserved against in the Financial Statements or (ii) Liabilities incurred in the ordinary course of business and consistent with past practice since June 30, 2013;

(f) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter or contemplated by this Agreement and the transactions contemplated hereby, there has not been since June 30, 2013 (i) any Material Adverse Change, (ii) any Material transaction to which the Company or any of the Subsidiaries is a party outside the ordinary course of business or (iii) any Material change in the capital or outstanding Liabilities of the Company or any of the Subsidiaries (taken as a whole);

(g) It is operating its material assets and property in a manner consistent with customary industry practices in Brazil except as otherwise contemplated by this Agreement and the transactions contemplated hereby or as disclosed in the Information or as otherwise disclosed in the Disclosure Letter;

(h) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, there is not now pending or, to its knowledge, threatened against it, nor has it received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any Governmental Entity, which would be reasonably likely to result in, individually or in the aggregate, a Material Adverse Change;

(i) As of the date of this Agreement, the authorized capital of Jaguar consists of an unlimited number of common shares, of which 86,396,356 shares are issued and outstanding. Jaguar has no other capital stock authorized or, as of the date of this Agreement, issued and outstanding;

(j) As of the date of this Agreement, 1,604,028 common shares of Jaguar are reserved for issuance pursuant to Jaguar's share based compensation arrangements. Jaguar has reserved the number of common shares that, as provided for under its shareholder rights plan, will from time to time be sufficient to permit the exercise in full of all outstanding rights thereunder. Except as set forth above in this Section 3(j), and other than the Notes, there are no outstanding options, warrants, convertible securities or rights of any kind to purchase or otherwise acquire shares or capital stock or other securities of Jaguar;

(k) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, no order halting or suspending trading in securities of Jaguar or prohibiting the sale of such securities has been issued to and is outstanding against Jaguar, and to the knowledge of Jaguar and the directors and officers of Jaguar, as applicable, and except as may be related to matters disclosed in the Information or as otherwise disclosed in the Disclosure Letter, no investigations or proceedings for such purpose are pending or threatened;

(l) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, it is conducting its business in substantial compliance with all Laws and it

has not received any notice to the effect that, or has otherwise been advised that, it is not in substantial compliance with such Laws, except where such non-compliance would not reasonably be expected to result in a Material Adverse Change;

(m) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, it has obtained all permits, licenses and other authorizations which are required under all Environmental Laws and it is in substantial compliance with all Environmental Laws and all terms and conditions of all such permits, licenses and authorizations, except where absence of such permits, licenses or other authorizations or such non-compliance would not reasonably be expected to result in a Material Adverse Change;

(n) It has filed all tax returns which were required to be filed, have paid or made provision for payment (in accordance with GAAP) of all Taxes which are due and payable, and have provided adequate reserves (in accordance with GAAP) for the payment of any Tax, the payment of which is being contested, except to the extent that any failure to make any such filing, payment, provision or reserves would not reasonably be expected to result in a Material Adverse Change;

(o) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, since June 30, 2013 there has not been any resignation or termination of any of its officers or directors, or any increase in the rate of compensation payable or to become payable by it to any of its officers or directors (other than standard increases in connection with general, regularly-scheduled reviews consistent with past practice in respect of employees other than the top five highest paid employees of the Company and the Subsidiaries), including the making of any loan to, or the payment, grant or accrual of any Bonus Payment to, any such Person;

(p) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, there have been no material changes to the compensation for the top ten highest paid employees of the Company and the Subsidiaries from their compensation as disclosed in the Information or as otherwise disclosed in the Disclosure Letter and none of the Company or any of the Subsidiaries have agreed to any, or become obligated to pay any, Bonus Payments to such employees except in accordance with the terms of existing bonus, incentive or retention plans or arrangements;

(q) All employment agreements for its senior officers are disclosed in the Information or have otherwise been disclosed in the Disclosure Letter and are in full force and effect as of the date hereof and, other than as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, there are no other written employment agreements for its employees earning $100,000 or more per annum, including all bonuses and other cash compensation; and except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, since June 30, 2013 there have been no extensions, supplements or amendments thereto;

(r) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, there are no "change of control" payments or similar payments or compensation that would be payable to Jaguar's senior officers or to any other director, officer or employee of any of the Company or any of the Subsidiaries as a result of the implementation of the transactions contemplated by this Agreement;

(s) Since September 10, 2012 Jaguar has complied with its public reporting obligations under Securities Laws in all Material respects, and all documents filed with the relevant securities regulators by Jaguar, at the time filed, (i) complied with all applicable Securities Laws in all Material respects and (ii) did not contain any untrue statement of a Material fact or omit to state a Material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(t) The Financial Statements issued by the Company on or after September 10, 2012 fairly reflect in all material respects as of the dates thereof, the consolidated financial condition of the Company and the results of its operations for the periods covered thereby and have been prepared in accordance with GAAP (including IFRS) and, since June 30, 2013, except as set forth in the Information, there has been no Material adverse change in the consolidated financial condition of the Company or its properties, assets, condition or undertakings which has not been disclosed in the Information or otherwise disclosed in the Disclosure Letter;

(u) All of the Material Contracts to which it is a party are valid, binding and enforceable in accordance with their terms against it, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors or general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter or as otherwise contemplated by this Agreement and the transactions contemplated hereby there is no existing (or threatened in writing) breach, default or dispute with respect to, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a breach or default by it under, any of the Material Contracts to which it is a party that would reasonably be expected to result in a Material Adverse Change;

(v) Claims under the Notes, the Employee Claim, claims under the employment agreements disclosed in the Information or as otherwise disclosed in the Disclosure Letter and the unsecured claims disclosed in the Information or as otherwise disclosed in the Disclosure Letter are the only unsecured claims against Jaguar and claims under the Credit Agreement and the secured claims disclosed in the Information or as otherwise disclosed in the Disclosure Letter are the only secured claims against Jaguar, and there are no material undisclosed potential unsecured, secured, contingent or other claims against the Company or the Subsidiaries except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter;

(w) (i) Except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, or as otherwise contemplated by this Agreement and the transactions contemplated hereby, no event or circumstance has occurred which constitutes, or which with the giving of notice, lapse of time or both would constitute an event of default under the Credit Agreement or the Brazilian Credit Agreements; (ii) except as disclosed in the Information or as otherwise disclosed in the Disclosure Letter, there have been no material amendments to the Credit Agreement or any of the Brazilian Credit Agreements; and (iii) the completion of the Transaction will not cause a material default or event of default under any Material Contract now in effect that will remain in effect following the Implementation Date (other than those defaults or events of default that are remedied, waived, stayed, extinguished or otherwise in any way rendered inoperative as part of the Proceedings); and

(x) Its board of directors has: (i) approved, adopted and declared advisable this Agreement and the transactions and agreements contemplated hereby; and (ii) determined that this Agreement is in the best interests of it; and all necessary corporate action has been taken by it to authorize this Agreement.

4. Acknowledgements, Agreements, Covenants and Consents of the Company

(a) Subject to the terms and conditions hereof, the Company consents and agrees to the terms of, and the transactions contemplated by, this Agreement.

(b) Upon execution of this Agreement by the Company, the Company will, in a timely manner, cause to be issued a press release or other public disclosure that discloses the material provisions of this Agreement, subject to the terms of Section 10 hereof, and that, subject to compliance with applicable Securities Laws, is acceptable to the Initial Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet.

(c) Except as may be otherwise permitted under this Agreement, the Company shall pursue the completion of the Transaction in good faith by way of the Plan, which shall be acceptable to the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet, and shall not take any action (or inaction) that is inconsistent with the terms of this Agreement.

(d) The Company agrees to file the Plan on a timely basis consistent with the terms and conditions of this Agreement, and to use commercially reasonable efforts (including recommending to the Noteholders and any other Person entitled to vote on the Plan that they vote to approve the Plan, recommending to the shareholders that they vote in favour of the Consent Resolution, if such Consent Resolution is required, and taking all reasonable actions necessary to obtain any regulatory approvals for the Transaction) to achieve the following timeline:

(i) the initiation of the Proceedings, as evidenced by filing the application seeking the Interim Order or the Initial Order, as applicable, with the Canadian court having jurisdiction over the Proceedings (the "**Court**") by

no later than November 26, 2013, or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably;

(ii) approval of the Interim Order or the Initial Order, as applicable, by the Court by no later than November 28, 2013, or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably;

(iii) meeting of creditors entitled to vote on the Plan by no later than January 3, 2014, or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably;

(iv) if necessary, a consent resolution (by a simple majority) or meeting of existing shareholders as required to issue the New Jaguar Common Shares (including the Offered Shares) pursuant to the rules of the TSX or pursuant to Canadian Securities Laws (the "**Consent Resolution**") by January 3, 2014, or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably;

(v) sanction of the Plan by the Court by no later than January 8, 2014, or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably; and

(vi) implementation of the Plan by no later than February 28, 2014, or such other date as the Company and the Consenting Noteholders may agree in writing (the "**Outside Date**").

(e) The Company shall provide draft copies of all motions or applications and other documents with respect to the Transaction and the Plan that the Company intends to file with the Court to Goodmans at least two days prior to the date when the Company intends to file or otherwise disseminate such documents (or, where circumstances make it impracticable to allow for two days' review, with as much opportunity for review and comment as is practically possible in the circumstances), and all such filings shall be acceptable to the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet. Notwithstanding the foregoing, the CBCA interim order (the "**Interim Order**") or the CCAA initial order (the "**Initial Order**") as applicable, the final approval or sanction order in respect of the Plan (the "**Final Order**"), any order establishing a process for the solicitation and resolution of the claims of other affected creditors, if any (the "**Claims Procedure Order**"), any orders concerning the meeting of creditors to consider and vote on the Plan (the "**Meeting Order**"), and the Plan shall only be submitted to the Court in a form mutually agreed by the Company and the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet, and each such document shall be subject to any amendments that are required by the Court, provided that any such amendments are acceptable to the Company and the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet. For the avoidance of doubt, the Company shall

not materially amend the terms of the Interim Order, the Initial Order, the Final Order, the Meeting Order, the Claims Procedure Order or the Plan without the consent of the Consenting Noteholders, such consent not to be unreasonably withheld.

(f) Each of the Company and the Subsidiaries covenants and agrees jointly and severally to be liable to and to indemnify and save harmless each of the Consenting Noteholders (other than any Breaching Noteholders and any Consenting Noteholders that are Backstop Parties and have failed to comply with their obligations under any backstop agreement with the Company relating to the Share Offering) together with their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors and agents (each an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**") from and against any and all liabilities, claims, actions, proceedings, losses (other than indirect loss), costs, damages and expenses of any kind (including, without limitation, the reasonable costs of defending against any of the foregoing, but excluding any obligations that a Consenting Noteholder may have in respect of the Share Offering and any and all liabilities, claims, actions, proceedings, losses, costs, damages and expenses of any kind that are attributable to the gross negligence, fraud or wilful misconduct of any Indemnified Party) to which any Indemnified Party may become subject or may suffer or incur in any way in relation to or arising from a breach by the Company or the Subsidiaries of any of their obligations, covenants, representations or warranties hereunder. If any matter or thing contemplated in the preceding sentence (any such matter or thing being a "**Claim**") is asserted against any Indemnified Party or if any potential Claim contemplated hereby comes to the knowledge of any Indemnified Party, the Indemnified Party shall notify the Company as soon as reasonably possible of the nature and particulars of such Claim (provided that any failure to so notify shall not affect the Company's and the Subsidiaries' liability hereunder except to the extent that the Company or the Subsidiaries are prejudiced thereby and then only to the extent of any such prejudice) and the Company shall, subject as hereinafter provided, be entitled (but not required) to assume at its expense the defence of any suit brought to enforce such Claim; provided that the defence of such Claim shall be conducted through legal counsel reasonably acceptable to the Indemnified Party and that no admission of liability or settlement in respect of any such Claim may be made by the Company or the Subsidiaries (other than a settlement that includes a full and unconditional release of the Indemnified Parties without any admission or attribution of fault or liability on their part) or the Indemnified Party without, in each case, the prior written consent of the other, such consent not to be unreasonably withheld. In respect of any Claim, the Indemnified Party shall have the right to retain separate or additional counsel to act on its behalf in the defence thereof, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless (i) the Company fails to assume and diligently and actively prosecute the defence of the Claim on behalf of the Indemnified Party within ten Business Days after the Company has received notice of the Claim, (ii) the Company and the Indemnified Party shall have mutually agreed to the retention of the separate or additional counsel, or

(iii) the named parties to the Claim (including any added third or impleaded party) include both the Indemnified Party and the Company or the Subsidiaries, and the Indemnified Party shall have been advised by its counsel that representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them, in which case the Company shall not have the right to assume the exclusive defence of the Claim and the Company and the Subsidiaries shall be liable to pay the reasonable fees and expenses of the separate or additional counsel for the Indemnified Party.

(g) Neither the Company nor any of the Subsidiaries shall, without the prior consent of Goodmans or the Consenting Noteholders, amend, modify, replace, terminate, repudiate, disclaim or waive any rights under or in respect of its Material Contracts (other than as expressly required by such Material Contracts, by this Support Agreement or in the ordinary course of performing their obligations under such Material Contracts) in any manner that would reasonably be expected to be Material.

(h) Following a request by Goodmans or any of the Consenting Noteholders who are parties to a Noteholder Confidentiality Agreement, the Company shall, to the extent permitted by Law and the terms of any confidentiality obligations to which the Company is subject, and subject to and in accordance with the terms of the Advisor Confidentiality Agreement and applicable Noteholder Confidentiality Agreement, provide Goodmans or such Consenting Noteholders, or any of them, as the case may be, with reasonable access to the Company's and the Subsidiaries' books and records (other than books or records that are subject to solicitor-client privilege) for review in connection with the Transaction; provided that the provision of access to books and records shall be made or undertaken in a manner that minimizes disruption to the Company, the Subsidiaries and their business and operations.

(i) The Company shall pay the reasonable fees and expenses of the Advisors to the Ad Hoc Committee of Noteholders pursuant to, and in accordance with the terms of, its engagement letters with the Advisors executed by the Company.

(j) The Company shall pay the reasonable accrued and unpaid third party expenses of any of the Consenting Noteholders up to an amount agreed to by the Majority Backstop Parties on a date agreed to by the Company and the Majority Backstop Parties.

(k) The Company may solicit inquiries or proposals regarding a transaction that is an alternative to the Transaction (an "**Other Transaction**"); provided, however, that the Company shall not, directly or indirectly through any Representative, without the knowledge and consent of Goodmans or the Consenting Noteholders: (i) participate in any substantive discussions or negotiations with any Person regarding any Other Transaction; (ii) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend any Other Transaction; or (iii) enter into, or publicly propose to enter into, any agreement in

respect of any Other Transaction; provided, however, that notwithstanding anything to the contrary in this Agreement:

(i) Jaguar's board of directors retains the right to support an Other Transaction if, after receiving advice from its advisors and after consulting with Goodmans, Jaguar's board of directors determines that: (A) such Other Transaction would result in (i) the payment of all amounts due in respect of the Notes in full in cash on or in connection with implementation of such Other Transaction (including by way of a change of control offer under the Indentures) or (ii) another transaction that is more favourable to the Company and the stakeholders, including the Noteholders, than the Plan (including the Share Offering thereunder); and (B) the support of such Other Transaction would be necessary for compliance with their fiduciary duties as directors of an Ontario corporation; and

(ii) following satisfaction of the conditions set forth in clause (i) directly above, the Company shall be entitled to respond to inquiries and take such other steps as may be necessary to pursue and support such potential Other Transaction.

(l) The Company shall promptly (and in any event within one Business Day of receipt by the Company) notify Goodmans, at first orally and thereafter in writing, of any proposal in respect of any Other Transaction of which it or any of its Representatives are or become aware, any request for discussions or negotiations, any requests made or responses provided pursuant to the provisions of Section 4(k), or any other request for non-public information relating to the Company in connection with any such Other Transaction, or for access to the books or records of the Company by any person that informs the Company that it is considering making, or has made, a proposal with respect to any Other Transaction and any amendment thereto. Goodmans may in turn disclose such information to those of the Consenting Noteholders which have entered into confidentiality agreements acceptable to Jaguar, acting reasonably. Subject to the foregoing, Jaguar shall provide such Consenting Noteholders and Goodmans with a copy of any proposed Other Transaction within three Business Days of receipt thereof. The Company shall keep Goodmans and any such Consenting Noteholders informed of the status and of any change to the material terms of any such proposed Other Transaction.

(m) Neither the Company nor any of the Subsidiaries shall materially increase compensation or severance entitlements or other benefits payable to directors, officers or employees, or make any Bonus Payments whatsoever, other than as required by Law or, except as set forth herein, pursuant to the terms of existing benefit, bonus, incentive or retention plans or arrangements or employment or severance contracts that are disclosed in the Information, or as otherwise disclosed in the Disclosure Letter.

(n) Except as may be ordered by the Court or with the consent of the Consenting Noteholders, or as contemplated by this Agreement and the transactions contemplated hereby, or in respect of an Other Transaction, neither the Company nor any of the Subsidiaries shall amalgamate, consolidate with or merge into, or sell all or substantially all of their assets to, another entity, or change the nature of their business or their corporate or capital structure.

(o) Except as may be ordered by the Court or with the consent of the Consenting Noteholders, or as contemplated by this Agreement and the transactions contemplated hereby, or in respect of an Other Transaction, neither the Company nor any of the Subsidiaries shall: (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any non-revolving indebtedness; (ii) directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever (except for indebtedness that is incurred in the ordinary course of business and that is not Material); or (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any new lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of their assets or property (except for any lien, charge, hypothec or security interest that is incurred in the ordinary course of business and that is not Material).

(p) The Company and each of the Subsidiaries shall maintain and shall continue to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Company.

(q) As of the Implementation Date, (i) the New Jaguar Common Shares (including the Offered Shares) shall be freely tradable in Canada (provided that the trade is not a "control distribution" as defined in Canadian Securities Laws, no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, no extraordinary commission or consideration is paid to a person or company in respect of the trade, and if the selling security holder is an insider or officer of the Issuer, the selling security holder has no reasonable grounds to believe that the Issuer is in default of Canadian Securities Laws), (ii) the New Jaguar Common Shares (other than the Offered Shares) shall be freely transferable in the United States other than by "affiliates" as defined in Rule 144 under the US Securities Act (or persons that have been "affiliates" (as so defined) within 90 days of the Implementation Date), (iii) the Offered Shares shall be eligible for immediate resale on or through the facilities of the TSX or such other Designated Offshore Securities Market acceptable to the Majority Consenting Noteholders pursuant to Rule 904 of Regulation S (subject to execution and delivery by the seller of a Declaration in the form attached as Schedule D or such other form as Reorganized Jaguar and the seller may agree), (iv) Reorganized Jaguar shall have entered into the Registration Rights Agreement and offered all of the Participating Subscribers and Backstoppers the opportunity to become party to the Registration Rights Agreement, and (v) the New Jaguar Common Shares (including the Offered Shares) shall be conditionally approved for trading on the TSX or such other Designated Offshore Securities Market acceptable to the

Consenting Noteholders, subject only to receipt of customary final documentation.

(r) The Company shall use best efforts to the extent possible under applicable Laws to maintain a listing on a Designated Offshore Securities Market and its status as a reporting company in the United States under Section 12 of the *Securities Exchange Act of 1934* (or, if Reorganized Jaguar is not the Company, Reorganized Jaguar will use its best efforts to the extent possible under applicable Laws to be a successor to the Company and shall make all necessary filings under such Act so that as of the Implementation Date Reorganized Jaguar will to the extent possible under applicable Laws succeed to the Company's status as a reporting company in the United States under Section 12 of such Act and thereafter shall use best efforts to maintain such status), including using its best efforts to prepare and file with the US Securities Commission in a timely manner all required reports and other filings.

(s) The Company (and Reorganized Jaguar if not the Company) agrees to remove (and cause any registrar and transfer agent to remove) any legend on a share certificate required by the US Securities Act to permit sales made in reliance on Rule 904 of Regulation S upon delivery of a signed declaration in the form as set out on Schedule D (or such other form as Reorganized Jaguar and the seller may agree) and the Company (and Reorganized Jaguar if not the Company) agrees to implement similar procedures for any shares held through the Canadian Depository for Securities (CDS) or the Depositary Trust Company (DTC).

(t) Except as contemplated by this Agreement and the transactions contemplated hereby, including as may be provided in any order of the Court, or in connection with an Other Transaction undertaken in compliance with this Agreement, the Company and its Subsidiaries shall operate their businesses in the ordinary course of business, having regard to the Company's and the Subsidiaries' financial condition, and shall not enter into or repudiate any Material agreement, except with the prior written consent of Goodmans or the Consenting Noteholders, which consent shall not be unreasonably withheld.

(u) The Company and the Subsidiaries shall use commercially reasonable efforts to obtain amendments to each of the Credit Agreement (and the other Credit Documents) and the Brazilian Credit Agreements (including, without limitation, extensions of the applicable maturity dates) on or prior to November 20, 2013 on terms acceptable to the Majority Backstop Parties.

(v) The Company shall implement a hedging program for future gold sales on or prior to November 20, 2013 in form and substance satisfactory to the Majority Backstop Parties.

5. Acknowledgments, Covenants and Agreements of the Consenting Noteholders

Subject to, and in consideration of, the matters set forth in Section 4 above, each Consenting Noteholder hereby acknowledges, covenants and agrees:

(a) to the terms of, and the transactions contemplated by, this Agreement;

(b) to tender or vote (or cause to be tendered or voted) all of its Relevant Notes and Debt and any Notes acquired after the date hereof:

(i) in favour of the approval, consent, ratification and adoption of the Transaction and the Plan, as applicable (and any resolutions or actions required in furtherance thereof); and

(ii) against the approval, consent, ratification and adoption of any matter or transaction that, if approved, consented to, ratified or adopted could reasonably be expected to delay, challenge, frustrate or hinder the consummation of the Transaction or the Plan, as applicable (and any resolutions or actions required in furtherance thereof);

and shall tender its proxy for any such vote in a timely manner in compliance with any deadlines set forth in the order of the Court calling the meeting of creditors to vote on the Plan;

(c) to support the approval of the Plan by the Court on terms consistent with this Agreement, as promptly as practicable, through Goodmans or otherwise;

(d) not take any action, or omit to take any action, that would delay, challenge, frustrate or hinder the consummation of the Transaction or implementation of the Plan;

(e) not to, directly or indirectly, sell, assign, lend, pledge, hypothecate (except with respect to security generally applying to its investments which does not adversely affect such Consenting Noteholder's ability to perform its obligations under this Agreement) or otherwise transfer any of its Relevant Notes or other Debt or any interest therein (or permit any of the foregoing with respect to any of its Relevant Notes or other Debt), or relinquish or restrict the Consenting Noteholder's right to vote any of the Relevant Notes or other Debt (including without limitation by way of a voting trust or grant of proxy or power of attorney or other appointment of an attorney or attorney-in-fact), or enter into any agreement, arrangement or understanding in connection therewith, except that the Consenting Noteholder may transfer some or all of its Debt to (i) any other fund managed by the Consenting Noteholder for which the Consenting Noteholder has sole voting and investment discretion, including sole discretionary authority to manage or administer funds and continues to exercise sole investment and voting authority with respect to the transferred Debt, (ii) any other Consenting Noteholder, or (iii) any other Person provided such Person agrees to be bound by the terms of this Agreement with respect to the transferred Debt that is subject to such transfer and, contemporaneously with the transfer, delivers an executed Consent Agreement in the form appended hereto as Schedule C. Each Consenting Noteholder hereby agrees to provide the Company with written notice and, if applicable, a fully executed copy of the Consent Agreement, within five (5) Business Days following any transfer to a transferee described in (ii) or (iii) of this Section 5(e);

(f) to execute any and all documents and perform (or cause its agents and advisors to perform) any and all commercially reasonable acts required by this Agreement to satisfy its obligations hereunder;

(g) at or prior to the time at which the Transaction is completed and the Plan is implemented, to make or assist the Company to make all necessary notifications to Governmental Entities and use commercially reasonable efforts to obtain or assist the Company to obtain any and all required regulatory approvals and/or material third party approvals in connection with the Transaction, in each case at the Company's expense;

(h) except with the consent of the Company, not to solicit, discuss or negotiate, directly or indirectly, any alternative transaction to the Plan and the Share Offering with any Person (other than the Company);

(i) subject at all times to Section 10, to the existence and factual details of this Agreement being set out in any public disclosure, including, without limitation, press releases and court materials, produced by the Company at the discretion of the Company in connection with the Transaction, the Proceedings and the Plan (subject in each case to prior approval thereof by Goodmans or the Consenting Noteholders to the extent required in accordance with the provisions of this Agreement);

(j) that any interest coming due and payable under the Notes until the Implementation Date shall not be paid in cash to the Noteholders by the Company and that any unpaid interest accrued on the Notes to the Implementation Date shall comprise part of the Convertible Notes Claims and be treated as set out in the Term Sheet;

(k) to consent to a stay of any existing and potential defaults under the Notes; and

(l) not to support any other holder of the Notes in taking any enforcement action in respect of the Notes, and to provide the trustees under the Indentures or the Company with such directions, requests or consents as may reasonably be required to prevent or restrain any such enforcement action.

6. Negotiation of Documents

(a) The Company, the Subsidiaries and the Consenting Noteholders shall cooperate with each other and shall coordinate their activities (to the extent practicable) in respect of (i) the timely satisfaction of conditions with respect to the effectiveness of the Plan and the Transaction, (ii) all matters concerning the implementation of the Plan and the Transaction and (iii) the pursuit and support of the Plan and the Transaction. Furthermore, subject to the terms hereof, the Company, the Subsidiaries and the Consenting Noteholders shall take such action as may be reasonably necessary to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings (provided that the

Company shall reimburse the Consenting Noteholders for any expense, liability or other obligation incurred in connection therewith).

(b) Each of the Company, the Subsidiaries and the Consenting Noteholders hereby covenants and agrees (i) to use its commercially reasonable best efforts to negotiate the definitive documents implementing, achieving and relating to the Transaction, including, without limitation, the Plan, all ancillary documents relating thereto, and the draft order of the Court approving or sanctioning the Plan, and (ii) to execute (to the extent they are a party thereto) and otherwise support such documents.

7. **Alternative Proceedings**

(a) If the Plan is pursued through Proceedings under the CBCA (the "**CBCA Proceedings**") and the requisite votes or approvals are not obtained by the deadlines set forth in Section 4(d)(ii) to 4(d)(iv) hereof, the Company shall immediately (but no later than 3 Business Days after such deadline) commence an application for an Initial Order under the CCAA (the "**CCAA Proceedings**") in form and substance satisfactory to the Consenting Noteholders, for the purposes of implementing the Transaction, in which application the Company shall request an Initial Order that would include:

(i) any required provisions confirming that the votes cast in favour of the Plan filed in the CBCA Proceedings (the "**CBCA Plan**") shall stand as votes in favour of the Plan filed in the CCAA Proceedings (the "**CCAA Plan**") to implement the Transaction on terms consistent with the Support Agreement, the Backstop Agreement and the Term Sheet; and

(ii) if necessary to meet the requisite threshold under the CCAA after application of clause (i) above, a provision calling for a meeting of the affected creditors to cast votes on the CCAA Plan no later than 14 days from the commencement of the CCAA Proceedings, in which case the Consenting Noteholders shall support and vote in favour of such CCAA Plan in the same manner and to the same extent that they agreed to support the Transaction under the CBCA Plan.

(b) The CCAA Plan shall provide that shareholders of Jaguar shall not receive any consideration under the CCAA Plan and that any consideration contemplated to be provided to shareholders under the CBCA Plan shall be allocated to holders of Convertible Notes Claims. The Existing Shares and all options, warrants, rights or similar instruments derived from, relating to, or convertible or exchangeable therefor, will be cancelled and extinguished on the Implementation Date.

(c) If the statutory requisite thresholds for approval of the CCAA Plan are achieved, the Company shall seek an order for sanction of the CCAA Plan no later than three Business Days from the date such thresholds are achieved.

8. Conditions Precedent to Noteholder's Support Obligations

The obligation of the Consenting Noteholder to vote in favour of the Plan pursuant to Section 5(b)(i) shall be subject to the reasonable satisfaction of the following conditions prior to the Voting Deadline, each of which, if not satisfied prior to the Voting Deadline, can only be waived by the Consenting Noteholders (provided that such conditions shall not be enforceable by the Consenting Noteholders if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Consenting Noteholder seeking enforcement):

(a) the Interim Order or the Initial Order, as applicable, the Meeting Order, the Plan and the proposed Final Order in respect of the Plan, and all other material filings by or on behalf of the Company in the Proceedings to date, shall have been filed in a form agreed to in advance by the Company and Goodmans, acting reasonably;

(b) the terms and conditions of the Plan shall be consistent with this Agreement or otherwise acceptable to the Consenting Noteholders (including, without limitation, all terms and conditions of the Share Offering);

(c) each of the Credit Agreement (and the other Credit Documents) and the Brazilian Credit Agreements shall have been amended (including, without limitation, by extending the applicable maturity dates) on or prior to November 20, 2013 on terms acceptable to the Majority Backstop Parties;

(d) if the Plan is to be implemented under the CCAA, contractual obligations of the Company and other unsecured claims against the Company shall be dealt with under the Plan in a manner acceptable to the Consenting Noteholders;

(e) the Consenting Noteholders shall be satisfied, in their sole discretion, with the results of due diligence concerning the Company, the Subsidiaries and their businesses;

(f) Reorganized Jaguar (if it is not the Company) shall have entered into an agreement agreeing to be bound by the terms of this Agreement;

(g) the Company and the Subsidiaries shall have complied in all material respects with each covenant in this Agreement that is to be performed on or before the date that is three (3) Business Days prior to the Voting Deadline, and the timeline set out in Section 4(d) shall have been achieved (as the same may have been amended with the consent of the Consenting Noteholders or Goodmans);

(h) there shall have been no appointment of any new senior executive officers of the Company or the Subsidiaries or members of the board of directors of the Company, or any chief restructuring officer of the Company, unless such appointment, including its terms, was on terms satisfactory to the Consenting Noteholders;

(i) the Company shall have implemented a hedging program for future gold sales on or prior to November 20, 2013 acceptable in form and substance to the Majority Backstop Parties;

(j) the representations and warranties of each of the Company and the Subsidiaries set forth in this Agreement shall continue to be true and correct (except to the extent such representations and warranties are by their terms given as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such date) except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement and each of the Company and the Subsidiaries shall have provided Goodmans with a certificate signed by an officer of the Company or the Subsidiary, as applicable, certifying compliance with this Section 8(j) as of the date that is three (3) Business Days prior to the Voting Deadline;

(k) there shall not exist or have occurred any Material Adverse Change, and the Company shall have provided Goodmans with a certificate signed by an officer of the Company certifying compliance with this Section 8(k) as of the date that is three (3) Business Days prior to the Voting Deadline;

(l) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application (other than a frivolous or vexatious application by a Person other than a Governmental Entity) shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Transaction that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction; and

(m) there shall have been no breach, that has not been waived, of the Noteholder Confidentiality Agreements by the Company or any of its representatives in respect of that Consenting Noteholder.

9. Conditions to Transaction

(a) The Transaction shall be subject to the reasonable satisfaction of the following conditions prior to or at the time the Transaction is implemented (the "**Effective Time**"), each of which is for the mutual benefit of the Company, on the one hand, and the Consenting Noteholders, on the other hand, and may be waived, in whole or in part, jointly by the Company and the Consenting Noteholders (provided that such conditions shall not be enforceable by the Company or the Consenting Noteholders, as the case may be, if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Party seeking enforcement (or, in the case where the party seeking enforcement is one or more of the Consenting Noteholders, an action, error or omission by or within the control of the Consenting Noteholder seeking enforcement)):

(i) (u) the Plan shall have been approved by the applicable stakeholders of the Company as and to the extent required by the Court or otherwise, any such requirement being acceptable to the Company and the Consenting Noteholders, each acting reasonably; (v) the Plan shall have been approved by the Court and the Final Order shall be in full force and effect on or prior to January 8, 2014 (or such other date as the Company and the Consenting Noteholders may agree in writing, acting reasonably); (w) the Plan shall have been approved by the applicable stakeholders and the Court in a form consistent with this Agreement or otherwise acceptable to the Company and the Consenting Noteholders, each acting reasonably; (x) the Final Order shall have been entered by the Court in a form consistent with this Agreement or otherwise acceptable to the Company and the Consenting Noteholders, each acting reasonably; (y) by January 22, 2014, the Company, after consultation with its legal and financial advisors, shall have been satisfied that the Transaction will proceed to completion on or before the Outside Date; and (z) the Implementation Date shall have occurred no later than the Outside Date;

(ii) all press releases, disclosure documents and definitive agreements in respect of the Transaction shall be in a form and substance satisfactory to the Company and the Consenting Noteholders, each acting reasonably;

(iii) all required stakeholder, regulatory, Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Consenting Noteholders and the Company, each acting reasonably and in good faith, and copies of any and all such approvals, consents and/or waivers shall have been provided to Goodmans;

(iv) all Material filings under applicable Laws shall have been made and any Material regulatory consents or approvals that are required in connection with the Transaction shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(v) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Transaction that restrains, impedes or prohibits (or if granted would reasonably be expected to restrain, impede or inhibit), the Transaction or any part thereof or requires or purports to require a variation of the Transaction;

(vi) the terms of the Share Offering, the use of proceeds from the Share Offering, and the terms of the New Jaguar Common Shares to be issued pursuant to the Plan, including the Share Offering, shall be consistent with the Term Sheet;

(vii) the Backstop Agreement shall be in full force and effect and shall not have been terminated; and

(viii) the issuance pursuant to the Plan of the New Jaguar Common Shares (other than the Offered Shares) shall be exempt from registration under the US Securities Act pursuant to the provisions of Section 3(a)(10) of the US Securities Act.

(b) The obligations of the Consenting Noteholders to complete the Transaction and the other transactions contemplated hereby are subject to the satisfaction of the following conditions prior to or at the Effective Time, each of which is for the benefit of the Consenting Noteholders and may be waived, in whole or in part, by the Consenting Noteholders (provided that such conditions shall not be enforceable by the Consenting Noteholders if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Consenting Noteholder seeking enforcement):

(i) there shall not have occurred any Material Adverse Change;

(ii) the structure of the Transaction, the terms of the Plan, the identity and structure of any successor or parent of the Company formed in connection with the Transaction and the steps required to complete the Transaction shall be acceptable to the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet;

(iii) all of the following shall have been acceptable to Goodmans or the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet, at the time of their filing or issuance: (i) all materials filed by the Company with the Court or any court of competent jurisdiction in Canada or any other jurisdiction that relate to the Transaction; (ii) the Interim Order or the Initial Order, as applicable; (iii) the terms of any court-imposed charges on any of the assets, property or undertaking of the Company; (iv) any order of the Court accepting the filing of the Plan and calling a meeting of the Noteholders and any other affected creditors for purposes of voting on the Plan; (v) any order of the Court establishing a process for the solicitation and resolution of the claims of any other affected creditors, if any; (vi) the Plan; (vii) any order of the Court sanctioning the Plan; and (viii) any other order granted in connection with the Transaction by the Court or any other court of competent jurisdiction in Canada or any other jurisdiction (including, without limitation, any order amending any of the foregoing orders or documents);

(iv) the Company, Reorganized Jaguar and the Subsidiaries shall have performed all of their material obligations under and in accordance with this Agreement (for greater certainty, material obligations include, without limitation, the obligations of the Company or Reorganized Jaguar in Section 4(q));

(v) the Company and the Subsidiaries shall have complied in all material respects with each covenant in this Agreement, and the timeline set forth in Section 4(d) shall have been achieved (as the same may have been amended or waived with the consent of the Consenting Noteholders or Goodmans) and each of the Company and the Subsidiaries shall have provided Goodmans with a certificate signed by an officer of the Company or the Subsidiary, as applicable, certifying compliance with this Section 9(b)(v) as of the Implementation Date;

(vi) the representations and warranties of each of the Company and the Subsidiaries set forth in this Agreement shall continue to be true and correct (except to the extent such representations and warranties are by their terms given as of a specified date, in which case, such representations and warranties shall be true and correct in all respects as of such date), except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement and each of the Company and the Subsidiaries shall have provided Goodmans with a certificate signed by an officer of the Company or the Subsidiary, as applicable, certifying compliance with this Section 9(b)(vi) as of the Implementation Date;

(vii) the composition and size of the board of directors for Reorganized Jaguar effective as of the Implementation Date shall be satisfactory to the Majority Backstop Parties;

(viii) the articles, by-laws and other constating documents of Reorganized Jaguar and all definitive legal documentation in connection with the foregoing shall be in form and substance satisfactory to the Majority Backstop Parties;

(ix) the Consenting Noteholders shall be satisfied that the New Jaguar Common Shares, when issued and delivered, shall be duly authorized, validly issued and fully paid and non-assessable and the issuance thereof shall be in compliance with applicable Securities Laws;

(x) on the Implementation Date, Reorganized Jaguar shall be either the Company or a related entity that qualifies as a successor under the rules of the US Securities Commission and shall be a reporting issuer (or equivalent) in each Province of Canada and in the United States;

(xi) all Existing Shares, existing options, warrants or other rights to purchase existing shares of the Company, and Jaguar's shareholder rights plan, shall have been extinguished and cancelled for no consideration pursuant to the terms of the Plan;

(xii) the terms of any Management Incentive Plan shall be acceptable to the Majority Backstop Parties;

(xiii) all senior officer and employee employment agreements shall have been modified to reflect the revised capital structure of Reorganized Jaguar, including, without limitation, to provide that the Transaction does not constitute a change of control under such employment agreements, and no change of control payments shall be owing or payable to the Company's officers or employees in connection with the Transaction;

(xiv) on the Implementation Date, all of the reasonable fees and expenses of the Advisors, for services rendered as counsel to the Ad Hoc Committee of Noteholders up to and including the Implementation Date, shall have been paid; provided that the Advisors shall have provided the Company with invoices for all such fees and expenses incurred up to the date that is five Business Days prior to the Implementation Date, and shall have also provided the Company with a reasonable estimate of all such fees and expenses to be incurred by the Advisors in the period from that date to the Implementation Date;

(xv) on the Implementation Date, the fees and expenses of the Company's financial advisors in connection with the Transaction pursuant to their engagement letter, as amended, with the Company shall have been paid, subject to a maximum amount as agreed to by the Majority Backstop Parties;

(xvi) on the Implementation Date, the reasonable fees and expenses of the Company's Canadian and U.S. legal advisors and the legal advisor to the special committee of the board of directors shall have been paid; and

(xvii) there shall have been no breach, that has not been waived, of the Noteholder Confidentiality Agreements by the Company or any of its representatives in respect of that Consenting Noteholder.

(c) The obligations of the Company to complete the Transaction and the other transactions contemplated hereby are subject to the satisfaction of the following conditions prior to or at the Effective Time, each of which is for the benefit of the Company and may be waived, in whole or in part, by the Company (provided that such conditions shall not be enforceable by the Company if any failure to satisfy such conditions results from an action, error or omission by or within the control of the Company):

(i) the Consenting Noteholders shall have complied in all material respects with each of their covenants in this Agreement that is to be performed on or before the Implementation Date; and

(ii) the representations and warranties of the Consenting Noteholders set forth in this Agreement shall be true and correct in all material respects as of the Implementation Date with the same force and effect as if made at and as of such time, except that representations and warranties that are given as of a specified date shall be true and correct as of such date, except as such

representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Agreement.

10. Public Disclosure

(a) No press release or other public disclosure concerning the transactions contemplated herein shall be made by the Company without previously consulting with Goodmans, except as, and only to the extent that, the disclosure is required (as determined by the Company) by applicable Law or by the rules of any stock exchange on which the Company's securities are listed or traded, by any other regulatory authority having jurisdiction over the Company or its Subsidiaries, or by any court of competent jurisdiction; provided, however, that the Company shall, to the extent practicable under the circumstances, provide Goodmans with a copy of such disclosure in advance of any release and an opportunity to consult with the Company as to the contents and to provide comments thereon.

(b) Notwithstanding the foregoing, no information with respect to the principal amount of Notes held or managed by any individual Consenting Noteholder or the identity of any individual Consenting Noteholder shall be disclosed by the Company or any of its Subsidiaries, except as may be required by applicable Law or by the rules of any stock exchange on which any of the Company's securities are listed or traded, by any other regulatory authority having jurisdiction over the Company, or by any court of competent jurisdiction; provided, however, that the aggregate amount of Relevant Notes held by the Consenting Noteholders collectively may be disclosed.

(c) Each Consenting Noteholder agrees that, except as otherwise specified in this Agreement or in a Noteholder Confidentiality Agreement, prior to making any public announcement or statement or issuing any press release or any other public disclosure with respect to this Agreement, the Transaction, the Plan or any negotiations, terms or other facts with respect thereto, it shall, to the extent practicable under the circumstances, provide the Company and each other Consenting Noteholder with a copy of such disclosure in advance of any release and an opportunity to consult with Goodmans as to the contents and to provide comments thereon.

11. Further Assurances

Each Party shall do all such things in its control, take all such actions as are commercially reasonable, deliver to the other Parties such further information and documents and execute and deliver to the other Parties such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

12. Approval, Consent, Waiver, Amendment, Termination of or by Consenting Noteholders

(a) Except as may be otherwise specifically provided for under this Agreement, where this Agreement provides that a matter shall have been approved, agreed to, consented to, waived, amended or terminated by the Consenting Noteholders or by the Initial Consenting Noteholders, or that a matter must be satisfactory or acceptable to the Consenting Noteholders or the Initial Consenting Noteholders, such approval, agreement, consent, waiver, amendment, termination, satisfaction, acceptance or other action shall be effective or shall have been obtained or satisfied, as the case may be, for the purposes of this Agreement where Consenting Noteholders or Initial Consenting Noteholders, as the case may be, holding at least a majority of the aggregate principal amount of all Relevant Notes held by the Consenting Noteholders or Initial Consenting Noteholders, as the case may be, shall have confirmed their approval, consent, waiver, amendment, termination, satisfaction or acceptance, as the case may be, to the Company or to Goodmans, in which case Goodmans shall communicate any such approval, agreement, consent, waiver, amendment, termination, satisfaction, acceptance, or other action to (i) the Consenting Noteholders, and (ii) the Company for purposes of this Agreement and the terms and conditions hereof. The Company shall be entitled to rely on any such confirmation of approval, agreement, consent, waiver, amendment, termination, satisfaction, acceptance, or other action communicated to the Company by Goodmans without any obligation to inquire into Goodmans' authority to do so on behalf of the Consenting Noteholders or the Initial Consenting Noteholders, as the case may be, and such communication shall be effective for all purposes of this Agreement and the terms and conditions hereof.

(b) Except as expressly set forth in this Agreement, no Consenting Noteholder shall enter into any agreement or understanding with any other Consenting Noteholder which requires any voting threshold higher than that which is set forth in Section 12(a). Each Consenting Noteholder represents and warrants to the Company that it has not entered into any such agreement or understanding.

13. Consenting Noteholder Termination Events

This Agreement may be terminated by the delivery to the Company of a written notice in accordance with Section 19(o) hereof by the Consenting Noteholders (as determined in accordance with Section 12 hereof) in the exercise of their sole discretion, upon the occurrence and, if applicable, continuation of any of the following events:

(a) the milestones under Section 4(d) (as may be amended) have not been met or waived, or the Implementation Date has not occurred on or before the Outside Date;

(b) the Company or any of the Subsidiaries enter into an agreement with respect to an Other Transaction in accordance with Section 4(k);

(c) the Company or any of the Subsidiaries takes any action inconsistent with this Agreement or fails to comply with, or defaults in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement, which, if capable of being cured, is not cured within five Business Days after the receipt of written notice of such failure or default and provided that, for greater certainty, no cure period shall apply with respect to any termination pursuant to Sections 13(a), 13(b) or 13(f);

(d) any representation, warranty or acknowledgement of any of the Company or any of the Subsidiaries made in this Agreement shall prove untrue in any material respect as of the date when made;

(e) the issuance of any final decision, order or decree by a Governmental Entity, in consequence of or in connection with the Transaction, which restrains or impedes in any material respect or prohibits the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction;

(f) the Proceedings are dismissed or a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator is appointed in respect of Jaguar or any of the Subsidiaries, unless such event occurs with the prior written consent of the Consenting Noteholders;

(g) the amendment, modification or filing of a pleading by the Company seeking to amend or modify the Transaction Terms or the Plan, or any material document or order relating thereto, if such amendment or modification is not acceptable to the Consenting Noteholders, acting in a manner consistent with the terms of this Agreement and the Term Sheet;

(h) if, upon the request of the Consenting Noteholders to implement the Transaction pursuant to the CCAA, the Company fails to commence CCAA Proceedings, or if the Company fails to commence CCAA Proceedings in accordance with Section 7(a) within two Business Days of the deadlines set forth in Section 7(a);

(i) the Backstop Agreement has been terminated; or

(j) the conditions set forth in Section 8 are not satisfied or waived by the Voting Deadline, the conditions set forth in Section 9 are not satisfied or waived by the Outside Date or the Consenting Noteholders determine that there is no reasonable prospect that the conditions set forth in Section 8 will be satisfied or waived by the Voting Deadline or that there is no reasonable prospect that the conditions set forth in Section 9 will be satisfied or waived by the Outside Date.

14. Company Termination Events

(a) This Agreement may be terminated by the delivery to the Consenting Noteholders (with a copy to Goodmans) of a written notice in accordance with Section 19(o) by Jaguar, in the exercise of its sole discretion, upon the occurrence and continuation of any of the following events:

(i) the Implementation Date has not occurred on or before the Outside Date;

(ii) the issuance of any final decision, order or decree by a Governmental Entity, in consequence of or in connection with the Transaction, in each case which restrains or impedes in any material respect or prohibits the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction;

(iii) if at any given time the Noteholders party to this Support Agreement (including by way of Consent Agreements) represent less than 66 2/3 % of the aggregate principal amount of outstanding Notes;

(iv) the Backstop Agreement has been terminated;

(v) the Company or any of the Subsidiaries enters into an agreement with respect to an Other Transaction in accordance with Section 4(k); or

(vi) the Company, after consultation with its legal and financial advsiors is not satisfied by January 22, 2014 that the Transaction will proceed to completion on or before the Outside Date.

(b) This Agreement may be terminated as to a breaching Consenting Noteholder (the "**Breaching Noteholder**") only, by delivery to such Breaching Noteholder of a written notice in accordance with Section 19(o) by the Company, in exercise of its sole discretion and provided that the Company is not in default hereunder, upon the occurrence and continuation of any of the following events:

(i) failure by the Breaching Noteholder to comply in all material respects with, or default by the Breaching Noteholder in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement which is not cured within five Business Days after the receipt of written notice of such failure or default; or

(ii) if any representation, warranty or other statement of the Breaching Noteholder made or deemed to be made in this Agreement shall prove untrue in any material respect as of the date when made;

and the Breaching Noteholder shall, in accordance with Section 16, thereupon no longer be a Consenting Noteholder. For greater certainty, an Objecting Noteholder is not a Breaching Noteholder.

15. Mutual Termination

This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual agreement between (a) the Company and (b) the Consenting Noteholders.

16. Effect of Termination

(a) Upon termination of this Agreement pursuant to Section 13, Section 14(a) or Section 15 hereof, this Agreement shall be of no further force and effect and each Party hereto shall be automatically and simultaneously released from its commitments, undertakings, and agreements under or related to this Agreement, except for the rights, agreements, commitments and obligations under Sections 4(f), 4(i), 10(b), 18 and 19, all of which shall survive the termination, and each Party shall have the rights and remedies that it would have had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

(b) Upon termination of this Agreement by the Company with respect to a Breaching Noteholder under Section 14(b), this Agreement shall be of no further force or effect with respect to such Breaching Noteholder and, subject to the right of the Company to pursue any and all legal and equitable rights against a Breaching Noteholder in respect of the circumstances that resulted in them becoming a Breaching Noteholder, all rights, obligations, commitments, undertakings, and agreements under or related to this Agreement of or in respect of such Breaching Noteholder shall be of no further force or effect, except for the rights and obligations under Sections 10(b), 18 and 19, all of which shall survive such termination, and such Breaching Noteholder shall have the rights and remedies that it would have had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

(c) Upon termination by an Objecting Noteholder of its obligations under this Agreement pursuant to Section 19(m), this Agreement shall be of no further force or effect with respect to such Objecting Noteholder and all rights, obligations, commitments, undertakings, and agreements under or related to this Agreement of or in respect of such Objecting Noteholder shall be of no further force or effect, except for the rights and obligations under Sections 4(f), 10(b), 18 and 19, all of which shall survive such termination, and such Objecting Noteholder shall have the rights and remedies that it would have had it not entered into this Agreement and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

(d) Upon the occurrence of any termination of this Agreement, any and all consents tendered prior to such termination by (i) the Consenting Noteholders in the case of termination pursuant to Section 13, Section 14(a) or Section 15 hereof, (ii) the Breaching Noteholder(s) in the case of a termination pursuant to Section 14(b) or (i) the Objecting Noteholder(s) in the case of termination pursuant to Section 19(m) shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the Parties in connection with the Transaction and this Agreement or otherwise.

17. Termination Upon the Implementation Date

This Agreement shall terminate automatically without any further required action or notice on the Implementation Date (immediately following the Effective Time). For greater certainty, the representations, warranties and covenants herein shall not survive and shall be of no further force or effect from and after the Implementation Date, provided that the rights, agreements, commitments and obligations under Sections 4(f), 4(i), 10(b), 18 and 19, shall survive the Implementation Date.

18. Confidentiality

Each of the Company and each of the Subsidiaries agrees to use reasonable best efforts to maintain the confidentiality of the identity and holdings of the Consenting Noteholders; provided, however, that such information may be disclosed: (i) to the Company's respective directors, trustees, executives, officers, auditors, and employees and financial and legal advisors or other agents (collectively referred to herein as the "**Representatives**" and individually as a "**Representative**") provided that each such Representative is informed of and complies with this confidentiality provision; (ii) to Persons in response to, and to the extent required by, any subpoena or other legal proceedings; and (iii) as may be required by applicable Law or applicable rules of the TSX. If the Company, its Representatives or the Subsidiaries receive a subpoena or other legal proceeding for such information, or determine, on the advice of counsel, that disclosure of such information is required by applicable Law, the Company or the Subsidiaries, as applicable, shall provide the applicable Consenting Noteholder(s) with prompt written notice and a copy of the subpoena or other applicable legal proceeding so that the Consenting Noteholder(s) may seek a protective order or other appropriate remedy or waiver of compliance with the provisions of this Agreement. Notwithstanding the provisions in this Section 18, the Company may disclose the existence of and nature of support evidenced by this Agreement in any public disclosure (including, without limitation, press releases and court materials) produced by the Company at the discretion of the Company, provided that all such disclosures are (a) made in accordance with Section 10 and (b) in the context of any such public disclosure, only the aggregate holdings of the Consenting Noteholders, taken together, may be disclosed (but not their individual identities or holdings, provided that individual entities or holdings may be disclosed to the TSX on a confidential basis if required under the applicable rules of the TSX). Except as set forth in this Section 18, nothing in this Agreement shall obligate the Company to make any public disclosure of this Agreement.

19. Miscellaneous

(a) Notwithstanding anything herein to the contrary, this Agreement applies only to each Consenting Noteholder's Debt and to each Consenting Noteholder solely with respect to its legal and/or beneficial ownership of, or its investment and voting discretion over, its Debt (and not, for greater certainty, to any other securities, loans or obligations that may be held, acquired or sold by such Consenting Noteholder or any client of such Consenting Noteholder whose funds or accounts are managed by such Consenting Noteholder) and, without limiting the generality of the foregoing, shall not apply to:

(i) any securities, loans or other obligations (including Notes) that may be held, acquired or sold by, or any activities, services or businesses conducted or provided by, any group or business unit within or affiliate of a Consenting Noteholder (A) that has not been involved in and is not acting at the direction of or with knowledge of the Company's affairs provided by any person involved in the Transaction discussions or (B) is on the other side of an information firewall with respect to the officers, partners and employees of such Consenting Noteholder who have been working on the Transaction and is not acting at the direction of or with knowledge of the Company's affairs provided by any officers, partners and employees of such Consenting Noteholder who have been working on the Transaction;

(ii) any securities, loans or other obligations that may be beneficially owned by clients of a Consenting Noteholder, including accounts or funds managed by the Consenting Noteholder, that are not Notes or Debt; or

(iii) any securities, loans or other obligations (including Notes) that may be beneficially owned by clients of a Consenting Noteholder that are not managed or administered by the Consenting Noteholder.

(b) Subject to Section 19(a), nothing in this Agreement is intended to preclude a Consenting Noteholder from engaging in any securities transactions, subject to the agreements set forth in Section 5 with respect to the Consenting Noteholder's Relevant Notes and other Debt and compliance with applicable Securities Laws.

(c) This Agreement shall in no way be construed to preclude any Consenting Noteholder from acquiring additional Notes in accordance with this Agreement, subject to compliance with the applicable Noteholder Confidentiality Agreement and applicable Securities Laws.

(d) At any time, a Noteholder that is not a Consenting Noteholder may become a Party to this Agreement by executing and delivering to the Company and the other Consenting Noteholders, with a copy to Goodmans, a Consent Agreement substantially in the form of Schedule C.

(e) The headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement.

(f) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(g) Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of the United States of America.

(h) This Agreement and any other agreements contemplated by or entered into pursuant to this Agreement (which will include the Plan), together with the

Noteholder Confidentiality Agreements, the Advisor Confidentiality Agreement, the Backstop Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.

(i) The Company acknowledges and agrees that any waiver or consent that the Consenting Noteholders or the Initial Consenting Noteholders may make on or after the date hereof has been made by the Consenting Noteholders or the Initial Consenting Noteholders, as the case may be, in reliance upon, and in consideration for, the covenants, agreements, representations and warranties of the Company.

(j) The agreements, representations and obligations of the Consenting Noteholders under this Agreement are, in all respects, several and not joint and several.

(k) Any person signing this Agreement in a representative capacity (i) represents and warrants that he/she is authorized to sign this Agreement on behalf of the Party he/she represents and that his/her signature upon this Agreement will bind the represented Party to the terms hereof, and (ii) acknowledges that the other Parties hereto have relied upon such representation and warranty.

(l) No director, officer or employee of the Company or any of its Subsidiaries or any of their legal, financial or other advisors shall have any personal liability to any of the Consenting Noteholders under this Agreement. No director, officer or employee of any of the Consenting Noteholders or the Advisors shall have any personal liability to the Company or any of its Subsidiaries under this Agreement.

(m) This Agreement may be modified, amended or supplemented as to any matter by an instrument in writing signed by the Company, the Subsidiaries and the Consenting Noteholders (as determined in accordance with Section 12 hereof). Notwithstanding the foregoing, if this Agreement is amended, modified or supplemented or any matter herein is approved, consented to or waived such that the Outside Date is extended, or the effect of any such amendment materially adversely changes the fundamental terms of the Transaction as they relate to Noteholders (including, without limitation, affecting the number of New Jaguar Common Shares to be provided to Noteholders as a percentage of the New Jaguar Common Shares to be issued), as set forth in the Term Sheet, then any Consenting Noteholder that objects to any such amendment, modification, supplement, approval, consent or waiver may, within five Business Days of receiving notice of the amendment, modification, supplement, approval, consent or waiver, terminate its obligations under this Agreement upon five Business Days' written notice to the other Parties hereto (each, an "**Objecting Noteholder**") and shall thereupon no longer be a Consenting Noteholder.

(n) Any date, time or period referred to in this Agreement shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

(o) All notices, consents and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by PDF/email transmission, in each case addressed to the particular Party:

(i) If to the Company or the Subsidiaries, at:

c/o Jaguar Mining Inc.
67 Yonge Street, Suite 1203
Toronto, Ontario, M5E 1J8

Attention: David M. Petroff
Email: david.petroff@jaguarmining.com.br

With a required copy (which shall not be deemed notice) to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800, P.O. Box 84
Toronto, Ontario, M5J 2Z4

Attention: Walied Soliman
Email: Walied.Soliman@nortonrosefulbright.com

and

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022

Attention: David Rosewater
Email: david.rosewater@srz.com

(ii) If to the Consenting Noteholder, at:

the address set forth for the Consenting Noteholder at the address shown for it beside its signature, with a required copy (which shall not be deemed notice) to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario, Canada M5H 2S7

Attention: Robert J. Chadwick / Melaney J. Wagner
Email: rchadwick@goodmans.ca / mwagner@goodmans.ca

(iii) If to the Advisors, at:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario, Canada M5H 2S7

Attention: Robert J. Chadwick / Melaney J. Wagner
Email: rchadwick@goodmans.ca / mwagner@goodmans.ca

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery or transmission thereof.

(p) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

(q) The provisions of this Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties hereto, except by a Consenting Noteholder as set forth and to the extent permitted in Section 5(e).

(r) This Agreement is governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(s) It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach, including an order by a court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

(t) The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.

(u) Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third-party beneficiary hereof.

(v) This Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.

[Signature pages follow]

JAGUAR MINING INC.

Per: *"David M. Petroff"*
Name: David M. Petroff
Title: President and Chief Executive Officer

MCT MINERAÇÃO LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

Signature Page to Support Agreement

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder or Authorized Representative:

[Redacted]

Per: **[Redacted]**

Name: **[Redacted]**

Title: **[Redacted]**

Securities subject to this agreement:	**2014 Notes**	**2016 Notes**
Original Face Amount of Notes	**[Redacted]**	**[Redacted]**
Name of DTC/CDS Participant Who Holds the Security	**[Redacted]**	**[Redacted]**
DTC/CDS Number for Participant Who Holds the Security	**[Redacted]**	**[Redacted]**

* ***The Signature, Name, Title, Address and Holdings of each of the the Consenting Noteholders has been redacted pursuant to Section 18 of this Agreement.***

STRICTLY CONFIDENTIAL

SCHEDULE A

DEFINITIONS

Definition	Section or Page Number
"4.5% Convertible Notes"	Page 1 (1st paragraph)
"5.5% Convertible Notes"	Page 1 (1st paragraph)
"Agreement"	Page 1 (1st paragraph)
"Breaching Noteholder"	Section 14(b)
"CBCA"	Page 1 (1st paragraph)
"CBCA Plan"	Section 7(a)(i)
"CBCA Proceedings"	Section 7(a)
"CCAA"	Page 1 (1st paragraph)
"CCAA Plan"	Section 7(a)(i)
"CCAA Proceedings"	Section 7(a)
"Claim"	Section 4(f)
"Claims Procedure Order"	Section 4(e)
"Company"	Page 1 (1st paragraph)
"Consent Agreement"	Page 1 (1st paragraph)
"Consent Resolution"	Section 4(d)(iv)
"Consenting Noteholder(s)"	Page 1 (1st paragraph)
"Costs"	Section 4(f)
"Court"	Section 4(d)
"Debt"	Section 2(a)
"Effective Time"	Section 9(a)
"Final Order"	Section 4(e)
"Indemnified Parties"	Section 4(f)
"Initial Order"	Section 4(e)
"Interim Order"	Section 4(e)
"Jaguar"	Page 1 (1st paragraph)
"Meeting Order"	Section 4(e)
"New Jaguar Common Shares"	Page 1 (1st paragraph)
"Noteholder"	Page 1 (1st paragraph)
"Notes"	Page 1 (1st paragraph)
"Objecting Noteholder"	Section 19(m)
"Other Transaction"	Section 4(k)
"Outside Date"	Section 4(d)
"Party" or "Parties"	Page 1 (3rd paragraph)
"Plan"	Page 1 (1st paragraph)
"Proceedings"	Page 1 (1st paragraph)
"Relevant Notes"	Section 2(a)

"Representative(s)"	Section 18
"Share Offering"	Page 1 (1st paragraph)
"Subsidiaries"	Page 1 (1st paragraph)
"Transaction"	Page 1 (1st paragraph)
"Transaction Terms"	Page 1 (1st paragraph)
"Term Sheet"	Page 1 (1st paragraph)

In addition, the following terms used in this Agreement shall have the following meanings:

"**4.5% Convertible Note Indenture**" means the Indenture dated as of September 15, 2009 among Jaguar as issuer, The Bank of New York Mellon as trustee and the BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 4.5% Convertible Notes.

"**5.5% Convertible Note Indenture**" means the Indenture dated as of February 9, 2011 among Jaguar as issuer, The Bank of New York Mellon as trustee and the BNY Trust Company of Canada as co-trustee pursuant to which Jaguar issued the 5.5% Convertible Notes.

"**Ad Hoc Committee of Noteholders**" means the ad hoc committee of Noteholders of the Company.

"**Advisor Confidentiality Agreement**" means the confidentiality agreement between Goodmans and Jaguar dated August 26, 2013.

"**Advisors**" means Goodmans, Houlihan Lokey, Dias Carneiro Advogados, Behre Dolbear & Company (USA), Inc. and Stroock & Stroock & Lavan LLP.

"**Backstop Agreement**" means the backstop agreement dated as of the date hereof between certain Consenting Noteholders and Jaguar providing for backstop commitments in respect of the Share Offering.

"**Backstop Parties**" means the Consenting Noteholders that are party to the Backstop Agreement.

"**Bradesco**" means Banco Bradesco S.A.

"**Brazilian Credit Agreements**" means, collectively, the credit agreements entered into by one or more of the Subsidiaries and Bradesco or Itaú BBA, including the Advance on Currency Exchange Contract No. 000115887749 executed on August 16, 2013 by and between MSOL and Bradesco, Advance on Currency Exchange Contract No. 000116068871 executed on August 23, 2013 by and between MSOL and Bradesco, Export Credit Note No. 081001795 executed on August 26, 2010 by and between MSOL and Bradesco, Advance on Currency Exchange Contract No. 112193383 executed on March 22, 2013 by and between MSOL and Itaú BBA, Advance on Currency Exchange Contract No. 109826269 executed on December 14, 2013 by and between MSOL and Itaú BBA, Adiantamento sobre Contrato de Câmbio No.000117031810 executed on September 27, 2013 by and between MTL and Bradesco, Advance on Currency

Exchange Contract No.000114843710 executed on July 08, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 000114664544 executed on July 01, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 000116677828 executed on September 13, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 000116861319 executed on September 20, 2013 by and between MTL and Bradesco, Advance on Currency Exchange Contract No. 109826333 executed on December 14, 2012 by and between MTL and Itaú BBA, and Advance on Currency Exchange Contract No. 000117599618 executed on October 18, 2013 by and between MTL and Bradesco.

"**Bonus Payments**" means all bonus payments, retention payments, incentive compensation payments, service award payments or other similar payments payable by any of the Company or any of the Subsidiaries to any of the Company's or any of the Subsidiaries' current or past directors, officers, employees or senior managers, in connection with the transactions contemplated by this Agreement or otherwise.

"**Business Day**" means each day, other than a Saturday or Sunday or a statutory or civic holiday, that banks are open for business in Toronto, Ontario, Canada.

"**Canadian Securities Commissions**" means, collectively, the applicable securities commissions or regulatory authorities in each of the provinces of Canada.

"**Canadian Securities Laws**" means, collectively, and, as the context may require, the applicable securities laws of each of the provinces of Canada, and the respective regulations and rules made under those securities laws together with all applicable policy statements, instruments, blanket orders and rulings of the Canadian Securities Commissions and all discretionary orders or rulings, if any, of the Canadian Securities Commissions made in connection with the transactions contemplated by this Agreement together with applicable published policy statements of the Canadian Securities Administrators, as the context may require.

"**Convertible Notes Claims**" shall have the meaning set out in the Term Sheet.

"**Contracts**" means all agreements, contracts, leases (whether for real or personal property), purchase orders, undertakings, covenants not to compete, employment agreements, confidentiality agreements, licenses, instruments, obligations and commitments to which a Person is a party or by which a Person or any of its assets are bound or affected, whether written or oral.

"**Credit Agreement**" means the Credit Agreement dated December 17, 2012 among Jaguar as borrower, the Subsidiaries as guarantors and Global Resource Fund as lender, as amended.

"Designated Offshore Securities Market" has the meaning given to that term in Rule 902 of Regulation S.

"**Disclosure Letter**" means a letter from the Company and the Subsidiaries to Goodmans dated the date hereof, all or any portion of which Goodmans shall be entitled to share with one or more Consenting Noteholders.

"**Employee Claim**" means the complaint filed against Jaguar, among others, on July 30, 2013 by Daniel R. Titcomb, Robert J. Lloyd, James M. Roller, William E. Dow, Jeffrey Kirchhoff and Brazilian Resources, Inc.

"**Environmental Laws**" means all Laws regarding the environment or pursuant to which Environmental Liabilities would arise or have arisen, including relating to the Release or threatened Release of any contaminant or the generation, use, storage or transportation of any contaminant.

"**Environmental Liabilities**" means any and all Liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of applicable Laws, including, without limitation, all Liabilities arising from or related to: any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing.

"**Existing Shares**" shall have the meaning set out in the Term Sheet.

"**Financial Statements**" means (i) the audited consolidated balance sheet of Jaguar as at December 31, 2012 and the related audited consolidated statement of earnings (loss) and other comprehensive income, retained earnings and cash flows for the fiscal year then ended, together with the report thereon of independent auditors, and (ii) the unaudited quarterly financial statements of Jaguar for the three and six month periods ended June 30, 2013, each prepared in accordance with GAAP consistently applied throughout the periods covered, and except that the unaudited quarterly statements are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws to be included in the unaudited statements.

"**GAAP**" means generally accepted accounting principles as applied in the relevant jurisdiction.

"**Goodmans**" means Goodmans LLP.

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**Houlihan Lokey**" means Houlihan Lokey Capital, Inc.

"**Implementation Date**" means the date on which the Transaction is implemented.

"**Indentures**" means the 4.5% Convertible Note Indenture and the 5.5% Convertible Note Indenture.

"**Information**" means information set forth or incorporated in Jaguar's public disclosure documents filed with the applicable Canadian securities regulators under Securities Laws, as applicable, since January 1, 2012 and prior to the execution and delivery of this Agreement.

"**Initial Consenting Noteholders**" means the Consenting Noteholders who executed this Agreement on the date first written on the first page of this Agreement.

"**Itaú BBA**" means Banco Itaú BBA S.A.

"**Law**" or "**Laws**" means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States, Brazil or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity.

"**Liability**" or "**Liabilities**" means any direct or indirect liability, indebtedness, obligation, commitment, expense, claim, deficiency, guarantee or endorsement of or by any Person of any type, whether accrued, absolute, contingent, matured, unmatured, liquidated, unliquidated, known or unknown.

"**Majority Backstop Parties**" shall have the meaning set out in the Term Sheet.

"**Management Incentive Plan**" means the new management incentive plan and director compensation plan in respect of Reorganized Jaguar, on terms and conditions acceptable to the Majority Backstop Parties.

"**Material**" means a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material to the business, affairs, results of operations or financial condition of Jaguar and its subsidiaries (taken as a whole).

"**Material Adverse Change**" means (i) if the 3-trading day trailing average spot gold price on the London AM fix falls below USD $1,200 per ounce 7 days prior to the Implementation Date, or (ii) any change, development, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, developments, effects, events, circumstances, facts or occurrences, (x) is or would reasonably be expected to be material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of the Company and the Subsidiaries, taken as a whole, or (y) prevents or materially adversely affects the ability of the Company to timely perform its obligations under this Agreement, except, any change, development, effect, event, circumstance, fact or occurrence resulting from or relating to: (a) any change in GAAP; (b) any change in currency exchange rates; (c) any adoption, proposal, implementation or change in applicable laws or any interpretation thereof by any Governmental Entity; (provided that in the case of (b) and (c) above, such conditions do not have a materially disproportionate effect on the Company or the Subsidiaries relative to other companies in their industry); (d) the execution, announcement or performance of this Agreement, the Term Sheet, the Plan or any other related agreement and the completion of the transactions contemplated thereby; (e) the failure, in and of itself, of the Company or its Subsidiaries to meet any internal or public projections, forecasts or estimates of revenues or earnings; (f) any action taken by the

Company which is contemplated in this Agreement or is consented to by the Initial Consenting Noteholders, the Consenting Noteholders or Goodmans, as the case may be; or (g) any change in the market price or trading volume of any securities of Jaguar (it being understood that the causes underlying such change in market price or trading volume (other than those in items (a) to (f) above) may be taken into account in determining whether a Material Adverse Change has occurred).

"**Material Contract**" means each Contract and other instrument or document (including any amendment to any of the foregoing) of the Company or any of the Subsidiaries:

(i) with any director, officer or Affiliate of the Company or any of the Subsidiaries;

(ii) that in any way purports to materially restrict the business activity of the Company or any of the Subsidiaries or to limit the freedom of the Company or any of the Subsidiaries to engage in any line of business or to compete with any Person or in any geographic area or to hire or retain any Person;

(iii) that could reasonably be expected to have a material effect on the business, condition, capitalization, assets, liabilities, operations or financial performance of the Company or any of the Subsidiaries, or on the Transaction; and

(iv) any other Contract, if a breach of such Contract could reasonably be expected to result in a Material Adverse Change.

"**MSOL**" means Mineração Serras do Oeste Ltda.

"**MTL**" means Mineração Turmalina Ltda.

"**Noteholder Confidentiality Agreement**" means the confidentiality agreement entered into or binding upon a Consenting Noteholder and Jaguar.

"**Offered Shares**" means, collectively, the Offering Shares, Accrued Interest Offering Shares, Backstopped Shares and Backstop Consideration Shares as each are defined in the Backstop Agreement.

"**Participating Subscribers**" has the meaning given to such term in the Backstop Agreement.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body.

"**Registration Rights Agreement**" means a registration rights agreement between Reorganized Jaguar and any and all Participating Subscribers and Backstoppers that advise Reorganized Jaguar they desire to have their Offered Shares registered for resale under the US Securities Act, which agreement shall require Reorganized Jaguar to promptly prepare and file with the US Securities Commission, and to use commercially reasonable efforts to cause to become effective

within 120 days after the Implementation Date, either (a) a "shelf" registration statement under such Act in order to permit resales of such Offered Shares by such Participating Subscribers or Backstoppers or (b) if permitted by the US Securities Commission, an exchange offer registration statement on Form S-4 pursuant to which such Participating Subscribers and Backstoppers would have the opportunity to exchange their Offered Shares for newly-issued shares that will be freely tradable under the US Securities Act, and, in the case of clause (a), to maintain the effectiveness of such registration statement for resales by such parties until such time as the shares covered by such registration statement become freely tradable under U.S. Securities Commission Rule 144 or otherwise or, in the case of clause (b), to maintain the effectiveness of registration statement for a period of not less than thirty (30) days.

"**Release**" means any presence, release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise which is or may be (under any circumstances, whether or not they have not occurred).

"**Regulation S**" means Regulation S as promulgated by the US Securities Commission under the US Securities Act.

"**Reorganized Jaguar**" means the entity issuing the New Jaguar Common Shares under the Plan (including the Share Offering), which may be a newly incorporated entity under the CBCA to, among other things, act as an applicant in Proceedings under the CBCA, if applicable.

"**Securities Laws**" means, collectively, Canadian Securities Laws and US Securities Laws.

"**Tax**" means all present and future taxes, rates, levies, imposts, assessments, dues, government fees, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto, and any interest, additions to tax and penalties imposed with respect thereto, excluding, with respect to a lender, taxes imposed on its income or capital and franchise taxes imposed on it by any taxation authority.

"**Termination Date**" means the date on which this Agreement is terminated in accordance with the provisions hereof.

"**TSX**" means Toronto Stock Exchange.

"**US Securities Act**" means the *United States Securities Act of 1933*, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute.

"**US Securities Commission**" means the United States Securities and Exchange Commission.

"**US Securities Laws**" means, collectively, the *Sarbanes-Oxley Act of 2002* ("Sarbanes-Oxley"), the *U.S. Securities Act of 1933*, as amended, the *U.S. Securities Exchange Act of 1934*, as amended, the rules and regulations of the US Securities Commission, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley)

promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange.

"**Voting Deadline**" means the date on which votes are due in respect of the Plan, as established by the Meeting Order or the Interim Order to be entered in the Proceedings, as the same may be amended by Order of the Court or with the consent of the Company and the Consenting Noteholders, each acting reasonably.

SCHEDULE B

TERM SHEET

JAGUAR MINING INC.

PROPOSED RESTRUCTURING OF 4.5% SENIOR UNSECURED CONVERTIBLE NOTES AND 5.5% SENIOR UNSECURED CONVERTIBLE NOTES SUMMARY OF INDICATIVE TERMS AND CONDITIONS

This term sheet dated as of November 13, 2013 describes the principal terms on which Jaguar Mining Inc. ("**Jaguar**" or the "**Company**") and the Noteholders (as defined below) who enter into the Support Agreement (as defined below) or a joinder thereto (collectively, the "**Consenting Noteholders**") would propose to complete a series of transactions under which Jaguar's USD$165.0 million 4.5% Senior Unsecured Convertible Notes due November 1, 2014 ("**4.5% Convertible Notes**") and USD $103.5 million 5.5% Senior Unsecured Convertible Notes due March 31, 2016 ("**5.5% Convertible Notes**", together with the 4.5% Convertible Notes, the "**Convertible Notes**") and potentially certain other unsecured claims would be compromised and extinguished in exchange for common shares in the capital of reorganized Jaguar (the "**New Jaguar Common Shares**") and the right for eligible subscribers to participate in an offering of New Jaguar Common Shares, all pursuant to a recapitalization and restructuring plan (the "**Plan of Arrangement**") to be implemented through the *Canada Business Corporations Act* (the "**CBCA**") or under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), as applicable, in satisfaction of all claims of the holders of the Convertible Notes (the "**Noteholders**") and any such other unsecured claims (if any) (collectively, the "**Transaction**").[1] Reorganized Jaguar may be a newly incorporated company under the CBCA to, among other things, act as an applicant in the CBCA proceedings ("**Reorganized Jaguar**").

I. Class of Claims and Interests

Priority Claims	Any priority claims (taxes, unpaid wages, etc.) to be satisfied in accordance with Canadian and Brazilian law and on terms reasonably satisfactory to the Company and Consenting Noteholders holding in aggregate not less than a majority of the aggregate principal amount of the Convertible Notes held by all Consenting Noteholders (the "**Majority Consenting Noteholders**").

[1] *This Summary of Indicative Terms and Conditions is non-binding and is intended for discussion purposes only. It does not purport to summarize all the terms, conditions, representations, warranties and other provisions with respect to the transactions referred to herein, which transactions, if agreed, would be entered into on the basis of mutually satisfactory documentation after, among other things, satisfactory completion of due diligence (including without limitation technical, legal and tax due diligence) and receipt of necessary internal and external approvals. The Company acknowledges that this Summary is not an expressed or an implied commitment by any Noteholder to provide any form of financial accommodation in connection with the proposed transaction. Nothing herein constitutes a waiver of any Noteholder's rights or remedies, nor a commitment to lend funds to the Company or any other persons, purchase any equity interests of the Company, nor any agreement to modify or amend any of the terms of the governing documents in respect of the Convertible Notes.*

Itau and Bradesco Secured Debt

Debt obligations under the Banco Itau BBA S/A (**"Itau"**) and Banco Bradesco S.A. (**"Bradesco"**) credit facilities will remain in place and be extended on terms acceptable to the Backstop Parties (as defined below) having at least 66 2/3% of the aggregate backstop commitment of the Backstop Parties (the "**Majority Backstop Parties**").

Renvest Secured Debt

Debt obligations under the credit facility with Global Resource Fund or its assignees (**"Renvest"**) will remain in place and be extended on terms acceptable to the Majority Backstop Parties.

Convertible Notes

"Convertible Notes Claims" shall consist of all outstanding obligations owed to the Noteholders, including, without limitation, outstanding principal and all accrued and unpaid interest thereon at the applicable contract rate.

All unpaid interest accrued on the Convertible Notes until the date on which the Transaction is implemented (the "**Effective Date**") shall comprise part of the Convertible Notes Claims and shall not be paid in cash.

Pursuant to the Plan of Arrangement, the Convertible Notes shall be restructured in a manner designed to minimize the negative tax consequences, and each holder of a Convertible Notes Claim shall receive, on the Effective Date, its pro rata share (based on its Convertible Notes Claim as at December 31, 2013 (the "**Record Date**") divided by the total Convertible Notes Claims as at the Record Date) of the Consideration (as defined below), in full and final satisfaction of the Convertible Notes Claims and in exchange therefor.

"Consideration" means:

a) 14,000,000[2] New Jaguar Common Shares upon implementation of the Plan of Arrangement.
b) Right to participate in the Share Offering (as defined below) on a pro rata basis.

No fractional New Jaguar Common Shares shall be issued. Any fractional New Jaguar Common Shares that would otherwise have been issued shall be rounded down to the nearest whole number.

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[2] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of New Jaguar Common Shares to be issued as part of the Consideration will be adjusted proportionally.

Non-Priority Unsecured Claims	All non-priority, pre-Effective Date unsecured claims other than the Convertible Notes Claims will be unaffected and remain in place under their existing terms or will be treated in a manner acceptable to the Majority Consenting Noteholders. The Majority Consenting Noteholders must be satisfied with respect to any non-compromised debt of Jaguar and the Transaction may be structured based on such claims or potential claims.
Existing Shareholders	"**Existing Shares**" is defined as the 86,396,356 of common shares of Jaguar currently outstanding. Only if a Plan of Arrangement is consummated under the CBCA, each holder of the Existing Shares shall receive its pro rata share of 1,000,000[3] New Jaguar Common Shares. In the event a Plan of Arrangement is consummated under the CCAA, holders of the Existing Shares shall not receive any consideration and the New Jaguar Common Shares allocable to the holders of Convertible Notes Claims shall be increased by 1,000,000 New Jaguar Common Shares. The Existing Shares and all options, warrants, rights or similar instruments derived from, relating to, or convertible or exchangeable therefor, will be cancelled and extinguished on the Effective Date.
Treatment of Unexpired Leases and Executory Contracts	Unexpired leases and executory contracts shall be treated in a manner acceptable to the Majority Consenting Noteholders.

II. Support Agreement

Support Agreement	A Support Agreement (the "**Support Agreement**") containing terms and conditions acceptable to the Company and the initial Consenting Noteholders will be entered into among the Company, the initial Consenting Noteholders and such other Noteholders who sign the Support Agreement (or a joinder or consent thereto). Pursuant to the Support Agreement, Consenting Noteholders will agree, among other things, to: (a) support and vote in favor of the Transaction; (b) refrain from taking any action that would hinder the implementation of the Transaction; (c) consent to a stay of all existing and potential defaults under

[3] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of New Jaguar Common Shares to be issued to holders of Existing Shares will be adjusted proportionally.

the Convertible Notes;

(d) not support any other holder of Convertible Notes taking any enforcement action in respect of the Convertible Notes and provide directions to the applicable trustee to prevent or restrain such enforcement action; and

(e) not sell, pledge or otherwise assign any of their Convertible Notes or any interest therein (other than to another party that is or agrees to be bound to the terms of the Support Agreement).

Pursuant to the Support Agreement, the Company shall agree to standard support agreement provisions pursuant to which the Company shall, among other things:

(f) provide standard representations and warranties concerning the business, the nature and extent of the Company's liabilities, etc.;

(g) agree that all accrued and unpaid third party expenses of any of the Consenting Noteholders shall be paid on execution of the Support Agreement or such other date agreed by the Company and the Majority Backstop Parties up to an amount agreed by the Majority Backstop Parties;

(h) agree to pursue the Transaction in accordance with a mutually agreed-upon schedule and in CBCA proceedings or CCAA proceedings as acceptable to the Majority Consenting Noteholders, and subject to an outside date limitation for implementation; and

(i) agree that all filings to be made by the Company in connection with the CBCA proceedings or CCAA proceedings, as applicable, and all orders entered in the proceedings, shall be in form and substance satisfactory to the Majority Consenting Noteholders.

Consenting Noteholder Consideration	Consenting Noteholders who sign the Support Agreement (or a joinder or consent thereto) by November 26, 2013 will receive their pro rata share (based on their Convertible Notes Claim as at the Record Date divided by the total Convertible Notes Claims as at the Record Date) of 5,000,000[4] New Jaguar Common Shares upon implementation of the Plan of Arrangement.

III. Other Conditions

Listing of New Jaguar Common Shares	On the Effective Date, Reorganized Jaguar shall be a public company and on the Effective Date the New Jaguar Common Shares shall be freely tradable and be approved by the securities exchange determined by the Majority Consenting Noteholders, subject only to standard listing conditions.
Corporate Governance	The composition and size of the Board of Directors on completion of the Transaction (the "**New Board of Directors**") shall be acceptable to the Majority Backstop Parties. The corporate governance documents of Reorganized Jaguar (including the articles) that will take effect on the Effective Date shall be in form and substance satisfactory to the Majority Backstop Parties.
Company Advisors	The Company's legal and financial advisors (the **"Company Advisors"**) shall receive fees for the Transaction pursuant to their respective engagement letters, as amended, with the Company, subject to a maximum amount agreed to by the Majority Backstop Parties.
Ad Hoc Committee Professionals	The legal, financial, and other advisors to the Ad Hoc Committee of Noteholders (the **"Committee Advisors"**) shall be paid in full on the Effective Date in accordance with their respective engagement letters with the Company.
Hedging Program	The Company shall implement a hedging program for future gold sales which shall be in form and substance satisfactory to the Majority Backstop Parties.

[4] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of New Jaguar Common Shares to be issued to Consenting Noteholders who sign the Support Agreement by November 26, 2013 will be adjusted proportionally.

Definitive Documents	Any final agreement shall be subject to definitive agreements, court materials and other documents (the **"Definitive Documents"**). The Definitive Documents shall be consistent in all respects with the terms of this term sheet and otherwise reasonably acceptable to the Majority Consenting Noteholders.
Other Approvals and Conditions	The Transaction, Support Agreement and Backstop Agreement shall be subject to court, stock exchange, lender and other approvals and conditions precedent as may be required for a transaction of this nature, including without limitation the satisfactory completion of all due diligence by the Ad Hoc Committee and the Committee Advisors, and there shall be no material adverse change in the Company's business operations.

IV. Other

Executive Management Team	(a) Subject to (b) below, Jaguar will honour its applicable obligations under the employment agreements with its executive management team and such obligations will be unaffected under the Plan of Arrangement; and (b) The terms of the employment agreements for the executive management team will be modified in connection with the Plan of Arrangement to address Jaguar's restructured capital structure (and specifically to confirm that the Transaction does not constitute a change of control) and to provide a management incentive plan to be agreed by Jaguar and the Majority Backstop Parties.
Management Incentive Plan	All New Jaguar Common Shares (including those issued under the Share Offering) will be subject to dilution only in respect of a management incentive plan to be agreed by Jaguar and the Majority Consenting Noteholders.

V. Backstopped Share Offering

Form	New Jaguar Common Shares
Proceeds	USD $50 million of total cash proceeds.
Offering Shares	The Offering Participants (as defined below) will have the right to purchase up to 70,955,797[5] New Jaguar Common Shares (the "**Offering Shares**").

[5] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Offering Shares to be issued will be adjusted proportionally.

Accrued Interest Offering Shares	The Offering Participants subscribing for the Offering Shares will also be allocated their pro rata share (based on accrued and unpaid interest on the Convertible Notes at the applicable rate owing as at the Record Date to Offering Participants) of 9,044,203[6] New Jaguar Common Shares (the "**Accrued Interest Offering Shares**"). In no instance shall an Offering Participant receive a greater number of Accrued Interest Offering Shares than Offering Shares.
Backstop Parties	Noteholders who have executed a Backstop Agreement as of the date of this Term Sheet or their permitted assignees (the "**Backstop Parties**"). Each backstop commitment shall be several, not joint and several.
Use of Proceeds	USD $50 million for general corporate purposes as determined and approved by the New Board of Directors. The Majority Backstop Parties shall be satisfied with the budget or outline in respect of the use of proceeds.
Issuer	Reorganized Jaguar
Offering Participants	Available to all Noteholders on a pro rata basis based on Convertible Notes Claims as at the Record Date.
Backstop Consideration	The Backstop Parties will receive a fee equal to 11,111,111[7] New Jaguar Common Shares ("**Backstop Consideration Shares**") based on their pro rata backstop funding amount.
Termination	The Majority Backstop Parties shall be entitled to terminate the Backstop Agreement upon the occurrence of a material adverse change.
Implementation	The Share Offering shall be completed in conjunction with the implementation of, and pursuant to, the Plan of Arrangement.

[6] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Accrued Interest Offering Shares to be issued will be adjusted proportionally.

[7] Assuming the issuance of 111,111,111 New Jaguar Common Shares in the aggregate. If a different number of New Jaguar Common Shares are issued, the number of Backstop Consideration Shares to be issued will be adjusted proportionally.

SCHEDULE C

FORM OF CONSENT AGREEMENT

This Consent Agreement is made as of the date below (the "**Consent Agreement**") by the undersigned (the "**Consenting Party**") in connection with the support agreement dated November ●, 2013 (the "**Support Agreement**") among Jaguar Mining Inc. and the Consenting Noteholders. Capitalized terms used herein have the meanings assigned in the Support Agreement unless otherwise defined herein.

RECITALS:

A. Section 19(d) of the Support Agreement allows Noteholders to become a party thereto by executing a Consent Agreement.

B. Section 5(e) of the Support Agreement requires that, contemporaneously with a transfer of Notes by a Consenting Noteholder to a transferee who is not also already a Consenting Noteholder, such transferee shall execute and deliver this Consent Agreement.

C. The Consenting Party wishes to be bound by the terms of the Support Agreement pursuant to either Section 19(d) or 5(e) of the Support Agreement on the terms and subject to the conditions set forth in this Consent Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Consenting Party agrees as follows:

1. The Consenting Party hereby agrees to be fully bound as a Consenting Noteholder under the Support Agreement in respect of the Notes that are identified on the signature page, and hereby represents and warrants that the Notes set out on the signature page constitute all of the 2014 Notes and 2016 Notes that are legally or beneficially owned by such Consenting Party or which such Consenting Party has the sole power to vote or dispose of.

2. The Consenting Party hereby represents and warrants to each of the other Parties that the representations and warranties set forth in Section 2 of the Support Agreement are true and correct with respect to such Consenting Party as if given on the date hereof.

3. Except as expressly modified hereby, the Support Agreement shall remain in full force and effect, in accordance with its terms.

4. This Consent Agreement shall be governed by and construed in accordance with the laws of the State of New York and the federal laws of the United States applicable therein, without regard to principles of conflicts of law.

5. This Consent Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.

[Remainder of this page intentionally left blank; next page is signature page]

DATED as of _____.

Name of Consenting Noteholder or Authorized Representative:

Per: _____

_____
Name:

_____
Title:

_____
Address:

_____

_____

Securities subject to this agreement:	**2014 Notes**	**2016 Notes**
Original Face Amount of Note		
Name of DTC/CDS Participant Who Holds the Security		
DTC/CDS Number for Participant Who Holds the Security		

SCHEDULE D

DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Investor Services Inc. as registrar and transfer agent for the shares of [Reorganized Jaguar].

The undersigned seller (a) acknowledges that the sale of an aggregate of _____ shares of [Reorganized Jaguar] (the "**Corporation**") represented by certificate no(s). _____ to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) it is not an affiliate of the Corporation (as defined in Rule 405 under the U.S. Securities Act), (2) either (A) the offer of such securities was not made to a person in the United States and at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of a "designated offshore securities market" (as defined in Rule 902 of Regulation S) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" (as defined in Rule 902 of Regulation S) in the United States in connection with the offer and sale of such securities, (4) the sale is *bona fide* and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

Dated:_____, 20_____

[Insert seller's name]

Per: _____
Name:
Title:

FIRST AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This First Amendment (this "**First Amendment**") dated as of November 20, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this First Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to, a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this First Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(i) of the Support Agreement is hereby amended by deleting the words "November 26, 2013" and replacing such words with the words "December 9, 2013".

(b) Section 4(d)(ii) of the Support Agreement is hereby amended by deleting the words "November 28, 2013" and replacing such words with the words "December 11, 2013".

(c) Section 4(u) of the Support Agreement is hereby amended by deleting the words "November 20, 2013" and replacing such words with the words "December 3, 2013".

(d) Section 8(c) of the Support Agreement is hereby amended by deleting the words "November 20, 2013" and replacing such words with the words "December 3, 2013".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the

other Parties is relying upon such representations and warranties) that:

(a) This First Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this First Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this First Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this First Amendment except as set forth in Section 1 of this First Amendment. Except as amended by this First Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this First Amendment.

4. Reservation of Rights. Nothing contained in this First Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this First Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this First Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This First Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This First Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this First Amendment is

effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

This First Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

Per: *"David M. Petroff"*
Name: David M. Petroff
Title: President and Chief Executive Officer

MCT MINERAÇÃO LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

Per: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Consenting Noteholders has been redacted pursuant to Section 18 of the Support Agreement.**

STRICTLY CONFIDENTIAL

SECOND AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This Second Amendment (this "**Second Amendment**") dated as of December 3, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto, as amended by the First Amendment dated as of November 20, 2013 (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this Second Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this Second Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(iii) of the Support Agreement is hereby amended by deleting the words "January 3, 2014" and replacing such words with the words "January 15, 2014".

(b) Section 4(d)(iv) of the Support Agreement is hereby amended by deleting the words "January 3, 2014" and replacing such words with the words "January 15, 2014".

(c) Section 4(d)(v) of the Support Agreement is hereby amended by deleting the words "January 8, 2014" and replacing such words with the words "January 21, 2014".

(d) Section 4(u) of the Support Agreement is hereby amended by deleting the words "December 3, 2013" and replacing such words with the words "December 10, 2013".

(e) Section 8(c) of the Support Agreement is hereby amended by deleting the words "December 3, 2013" and replacing such words with the words "December 10, 2013".

(f) Section 9(a)(i)(v) of the Support Agreement is hereby amended by deleting the words "January 8, 2014" and replacing such words with the words "January 21, 2014".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This Second Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Second Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Second Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this Second Amendment except as set forth in Section 1 of this Second Amendment. Except as amended by this Second Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this Second Amendment.

4. Reservation of Rights. Nothing contained in this Second Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this Second Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this Second Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This Second Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This Second Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Second Amendment is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

This Second Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Consenting Noteholders has been redacted pursuant to Section 18 of the Support Agreement.**

STRICTLY CONFIDENTIAL

THIRD AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This Third Amendment (this "**Third Amendment**") dated as of December 9, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto, as amended by the First Amendment dated as of November 20, 2013 and the Second Amendment dated as of December 3, 2013 (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this Third Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this Third Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(i) of the Support Agreement is hereby amended by deleting the words "December 9, 2013" and replacing such words with the words "December 20, 2013".

(b) Section 4(d)(ii) of the Support Agreement is hereby amended by deleting the words "December 11, 2013" and replacing such words with the words "December 20, 2013".

(c) Section 4(d)(iii) of the Support Agreement is hereby amended by deleting the words "January 15, 2014" and replacing such words with the words "January 22, 2014".

(d) Section 4(d)(iv) of the Support Agreement is hereby amended by deleting the words "January 15, 2014" and replacing such words with the words "January 22, 2014".

(e) Section 4(d)(v) of the Support Agreement is hereby amended by deleting the words "January 21, 2014" and replacing such words with the words "January 24, 2014".

(f) Section 4(u) of the Support Agreement is hereby amended by deleting the words "December 10, 2013" and replacing such words with the words "December 17, 2013".

(g) Section 8(c) of the Support Agreement is hereby amended by deleting the words "December 10, 2013" and replacing such words with the words "December 17, 2013".

(h) Section 9(a)(i)(v) of the Support Agreement is hereby amended by deleting the words "January 21, 2014" and replacing such words with the words "January 24, 2014".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This Third Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Third Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Third Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this Third Amendment except as set forth in Section 1 of this Third Amendment. Except as amended by this Third Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this Third Amendment.

4. Reservation of Rights. Nothing contained in this Third Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this Third Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this Third Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This Third Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This Third Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Third Amendment is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

6273337

This Third Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: *"Thomas Douglas Willock"*
Name: Thomas Douglas Willock
Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Consenting Noteholders has been redacted pursuant to Section 18 of the Support Agreement.**

STRICTLY CONFIDENTIAL

SECOND AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This Second Amendment (this "**Second Amendment**") dated as of December 3, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto, as amended by the First Amendment dated as of November 20, 2013 (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this Second Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this Second Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(iii) of the Support Agreement is hereby amended by deleting the words "January 3, 2014" and replacing such words with the words "January 15, 2014".

(b) Section 4(d)(iv) of the Support Agreement is hereby amended by deleting the words "January 3, 2014" and replacing such words with the words "January 15, 2014".

(c) Section 4(d)(v) of the Support Agreement is hereby amended by deleting the words "January 8, 2014" and replacing such words with the words "January 21, 2014".

(d) Section 4(u) of the Support Agreement is hereby amended by deleting the words "December 3, 2013" and replacing such words with the words "December 10, 2013".

(e) Section 8(c) of the Support Agreement is hereby amended by deleting the words "December 3, 2013" and replacing such words with the words "December 10, 2013".

(f) Section 9(a)(i)(v) of the Support Agreement is hereby amended by deleting the words "January 8, 2014" and replacing such words with the words "January 21, 2014".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This Second Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Second Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Second Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this Second Amendment except as set forth in Section 1 of this Second Amendment. Except as amended by this Second Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this Second Amendment.

4. Reservation of Rights. Nothing contained in this Second Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this Second Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this Second Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This Second Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This Second Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Second Amendment is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

This Second Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *"T. Douglas Willock"*
Name: T. Douglas Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Consenting Noteholders has been redacted pursuant to Section 18 of the Support Agreement.**

STRICTLY CONFIDENTIAL

THIRD AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This Third Amendment (this "**Third Amendment**") dated as of December 9, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto, as amended by the First Amendment dated as of November 20, 2013 and the Second Amendment dated as of December 3, 2013 (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this Third Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this Third Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(i) of the Support Agreement is hereby amended by deleting the words "December 9, 2013" and replacing such words with the words "December 20, 2013".

(b) Section 4(d)(ii) of the Support Agreement is hereby amended by deleting the words "December 11, 2013" and replacing such words with the words "December 20, 2013".

(c) Section 4(d)(iii) of the Support Agreement is hereby amended by deleting the words "January 15, 2014" and replacing such words with the words "January 22, 2014".

(d) Section 4(d)(iv) of the Support Agreement is hereby amended by deleting the words "January 15, 2014" and replacing such words with the words "January 22, 2014".

(e) Section 4(d)(v) of the Support Agreement is hereby amended by deleting the words "January 21, 2014" and replacing such words with the words "January 24, 2014".

(f) Section 4(u) of the Support Agreement is hereby amended by deleting the words "December 10, 2013" and replacing such words with the words "December 17, 2013".

(g) Section 8(c) of the Support Agreement is hereby amended by deleting the words "December 10, 2013" and replacing such words with the words "December 17, 2013".

(h) Section 9(a)(i)(v) of the Support Agreement is hereby amended by deleting the words "January 21, 2014" and replacing such words with the words "January 24, 2014".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This Third Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Third Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Third Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this Third Amendment except as set forth in Section 1 of this Third Amendment. Except as amended by this Third Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this Third Amendment.

4. Reservation of Rights. Nothing contained in this Third Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this Third Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this Third Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This Third Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This Third Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Third Amendment is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

6273337

This Third Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: *"Thomas Douglas Willock"*
Name: Thomas Douglas Willock
Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

MINERAÇÃO TURMALINA LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: *"T. D. Willock"*
Name: T. D. Willock
Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: **[Redacted]**

Per: **[Redacted]**
Name: **[Redacted]**
Title: **[Redacted]**

* **The Signature, Name and Title of each of the Consenting Noteholders has been redacted pursuant to Section 18 of the Support Agreement.**

STRICTLY CONFIDENTIAL

FOURTH AMENDMENT TO THE RESTRUCTURING SUPPORT AGREEMENT

This Fourth Amendment (this "**Fourth Amendment**") dated as of December 17, 2013, among (a) Jaguar Mining Inc. ("**Jaguar**" or the "**Company**"), (b) its subsidiaries, MCT Mineração Ltda., Mineração Turmalina Ltda. and Mineração Serras do Oeste Ltda. (collectively, the "**Subsidiaries**"), and (c) each of the other signatories hereto (each a "**Consenting Noteholder**" and collectively the "**Consenting Noteholders**"), amends the Support Agreement dated as of November 13, 2013, among the Company, the Subsidiaries and the Consenting Noteholders party thereto, as amended by the First Amendment dated as of November 20, 2013, the Second Amendment dated as of December 3, 2013, and the Third Amendment dated as of December 9, 2013 (the "**Support Agreement**") to the extent, and on the terms and conditions, set forth herein. The Consenting Noteholders, the Company and the Subsidiaries are collectively referred to in this Fourth Amendment as the "**Parties**" and each (including each Consenting Noteholder, individually) is a "**Party**".

WHEREAS the Company, the Subsidiaries and the Consenting Noteholders are party to the Support Agreement, pursuant to which the Consenting Noteholders agreed to support a Transaction that is to be implemented pursuant to a recapitalization and restructuring plan to be filed in respect of the Company in proceedings under the *Canada Business Corporations Act* or the *Companies' Creditors Arrangement Act*, as applicable;

AND WHEREAS the Parties wish to make certain amendments to the Support Agreement in accordance with the terms thereof;

AND WHEREAS capitalized terms used but not otherwise defined in this Fourth Amendment shall have the meanings ascribed to them in the Support Agreement;

AND WHEREAS all sections and paragraphs referenced herein are to the Support Agreement unless stated otherwise.

NOW THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereby amend the Support Agreement as follows:

1. Amendments

(a) Section 4(d)(i) of the Support Agreement is hereby amended by deleting the words "December 20, 2013" and replacing such words with the words "December 23, 2013".

(b) Section 4(d)(ii) of the Support Agreement is hereby amended by deleting the words "December 20, 2013" and replacing such words with the words "December 23, 2013".

(c) Section 4(d)(iii) of the Support Agreement is hereby amended by deleting the words "January 22, 2014" and replacing such words with the words "January 28, 2014".

(d) Section 4(d)(iv) of the Support Agreement is hereby amended by deleting the words "January 22, 2014" and replacing such words with the words "January 28, 2014".

(e) Section 4(d)(v) of the Support Agreement is hereby amended by deleting the words "January 24, 2014" and replacing such words with the words "January 30, 2014".

(f) Section 4(u) of the Support Agreement is hereby amended by deleting the words "December 17, 2013" and replacing such words with the words "January 8, 2014".

(g) Section 8(c) of the Support Agreement is hereby amended by deleting the words "December 17, 2013" and replacing such words with the words "January 8, 2014".

(h) Section 9(a)(i)(v) of the Support Agreement is hereby amended by deleting the words "January 24, 2014" and replacing such words with the words "January 30, 2014".

2. Mutual Representations and Warranties. Each of the Parties hereby represents and warrants severally and not jointly to each other Party (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) This Fourth Amendment has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Fourth Amendment constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

(b) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Fourth Amendment and to perform its obligations hereunder and consummate the transactions contemplated hereby.

3. Full Force and Effect. The Support Agreement shall not be amended or otherwise modified by this Fourth Amendment except as set forth in Section 1 of this Fourth Amendment. Except as amended by this Fourth Amendment, the Support Agreement shall continue to be and shall remain in full force and effect in accordance with its terms, and the Parties hereto hereby ratify and confirm the Support Agreement in all respects, as amended hereby. All references to the "Agreement", "herein", "hereof", "hereunder" or words of similar import in the Support Agreement shall be deemed to include the Support Agreement as amended by this Fourth Amendment.

4. Reservation of Rights. Nothing contained in this Fourth Amendment constitutes a waiver of any default that may heretofore or hereafter occur or have occurred and be continuing under the Support Agreement. Except as expressly provided herein, the execution and delivery of this Fourth Amendment does not: (i) extend the terms of the Support Agreement; (ii) give rise to any obligation on the part of any Party to extend, modify, alter, amend or waive any term or condition of Support Agreement or otherwise prejudice any rights or remedies which any Party now has or may have in the future; or (iii) give rise to any defences, setoffs, reductions or counterclaims to any Party right to enforce, exercise and enjoy the benefits of their respective rights and remedies under the Support Agreement.

5. Miscellaneous

(a) The headings of the Sections of this Fourth Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

(b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(c) This Fourth Amendment shall be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

(d) This Fourth Amendment may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Fourth Amendment is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; signature pages follow]

6276194

Signature Page to Fourth Amendment to the Support Agreement

This Fourth Amendment has been agreed and accepted on the date first written above.

JAGUAR MINING INC.

By: _____

Name: Thomas Douglas Willock

Title: Chief Financial Officer

MCT MINERAÇÃO LTDA.

By: _____

Name: TD Willock

Title: Director

MINERAÇÃO TURMALINA LTDA.

By: _____

Name: TD Willock

Title: Director

MINERAÇÃO SERRAS DO OESTE LTDA.

By: _____

Name: TD Willock

Title: Director

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder:

REDACTED

STRICTLY CONFIDENTIAL

Exhibit "N"

Jaguar Mining Inc.
10 Week Cash Flow Forecast
CAD $000

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Total
Week Ending	27-Dec	3-Jan	10-Jan	17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	10 week Total
Cash Inflow											
Other	0	0	0	0	1,000	0	0	0	0	0	1,000
Total Cash Inflow	-	-	-	-	1,000	-	-	-	-	-	1,000
Cash Outflow											
Payroll & Benefits	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	(325)
Board & Committee Fees	-	(124)	-	(31)	-	(31)	-	(31)	-	(31)	(248)
Rent, Communications & Utilities	-	-	-	(7)	-	(9)	-	(7)	-	(9)	(32)
Interest Fees	-	(280)	-	-	-	-	(280)	-	-	-	(561)
Legal & Professional Fees	-	(60)	-	(96)	-	(60)	-	(96)	-	(60)	(372)
Other	-	(64)	-	(5)	-	(4)	(3)	(6)	-	(3)	(83)
Total Cash Outflow	-	(593)	-	(203)	-	(169)	(283)	(204)	-	(168)	(1,621)
Restructuring Costs											
Legal & Professional Fees	(627)	(378)	(267)	(267)	(267)	(268)	(367)	(267)	(267)	(268)	(3,242)
Total Restructuring Fees	(627)	(378)	(267)	(267)	(267)	(268)	(367)	(267)	(267)	(268)	(3,242)
Net Cash Flow	(627)	(971)	(267)	(470)	733	(436)	(650)	(471)	(267)	(436)	(3,863)
Opening Cash Balance	4,126	3,499	2,529	2,262	1,791	2,524	2,088	1,438	966	699	4,126
Net Cash Flow	(627)	(971)	(267)	(470)	733	(436)	(650)	(471)	(267)	(436)	(3,863)
Ending Cash Balance	3,499	2,529	2,262	1,791	2,524	2,088	1,438	966	699	263	263

Notes

1 The purpose of this Cash Flow Forecast is to determine the liquidity requirements for Jaguar Mining Inc. during the CCAA Proceedings.
2 Receipts have been forecast based on expected proceeds.
3 Disbursements are forecast based on historical analysis and estimates from service providers.
4 Estimated Restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA Proceedings.
5 This Cash Flow Forecast assumes that the Meeting Order and Claims Procedure Order are granted on the date of the Initial Order and that the Plan is approved on the expedited timeline proposed by the Claims Procedure Order and the Meeting Order.

This is Exhibit "N" referred to in the affidavit of DAVID PETROFF sworn before me, this 23rd day of December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "O"

CERTIFICATE #/ 707
NO DE CERTIFICAT:
22456915-3837973B

CLEAR CERTIFICATE / CERTIFICAT LIBRE

SHERIFF OF /
SHERIF DE: CITY OF TORONTO (TORONTO)

DATE OF CERTIFICATE /
DATE DU CERTIFICAT: 2013-12-17

THIS CERTIFIES THAT THERE ARE NO WRITS OF EXECUTION, EXTENT OR CERTIFICATES OF LIEN IN MY HANDS AT THE TIME OF SEARCHING AGAINST THE REAL AND PERSONAL PROPERTY OF:

JE CERTIFIE, PAR LA PRESENTE, NE PAS AVOIR DE BREF D'EXECUTION, NI DE CERTIFICAT DE PRIVILEGE, NI D'ORDONNANCE EN MA POSSESSION AU MOMENT DE LA RECHERCHE VISANT LES BIENS MEUBLES OU IMMEUBLES DE:

	SURNAME / NOM	**GIVEN NAME(S) / PRENOM(S)**
(COMPANY/SOCIETE)	JAGUAR MINING INC.	

CAUTION TO PARTY REQUESTING SEARCH:
ENSURE THAT THE ABOVE INDICATED NAME IS THE SAME AS THE NAME SEARCHED.
THIS NAME WILL REMAIN CLEAR UNTIL THE CLOSE OF BUSINESS THIS DATE.

AVERTISSEMENT A LA PARTIE QUI DEMANDE LA RECHERCHE:
ASSUREZ-VOUS QUE LE NOM INDIQUE CI-DESSUS EST LE MEME QUE CELUI QUI EST RECHERCHE. CE NOM DEMEURERA VALIDE JUSQU'A LA FIN DE LA JOURNEE DE TRAVAIL.

CHARGE FOR THIS CERTIFICATE /
FRAIS POUR CE CERTIFICAT: $11.00

This is Exhibit O *referred to in the affidavit of* DAVID PETROFF *sworn before me, this* 23RD *day of* December, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

RUN NUMBER : 351
RUN DATE : 2013/12/17
ID : 20131217133431.95

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(8926)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : JAGUAR MINING INC.

FILE CURRENCY : 16DEC 2013

ENQUIRY NUMBER 20131217133431.95 CONTAINS 4 PAGE(S), 1 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

ESC - SUSAN W.

400-445 KING STREET WEST
TORONTO ON M5V 1K4

CONTINUED... 2

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crtj3 09/2013)

Ontario

RUN NUMBER : 351
RUN DATE : 2013/12/17
ID : 20131217133431.95

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(8927)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : JAGUAR MINING INC.
FILE CURRENCY : 16DEC 2013

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 683668665

	CAUTION FILING	PAGE NO.	OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	1		20121219 1104 1590 2836	P PPSA	3

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
02	DEBTOR					
03	NAME	BUSINESS NAME	JAGUAR MINING INC.			ONTARIO CORPORATION NO.
04		ADDRESS	122 NORTH MAIN STREET, 2ND FLOOR	CONCORD		NH 03301
05	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
06	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
07		ADDRESS				
08	SECURED PARTY / LIEN CLAIMANT		GLOBAL RESOURCE FUND			
09		ADDRESS	80 RICHMOND STREET WEST, SUITE 1700	TORONTO	ON	M5H 2A4

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR MATURITY DATE	NO FIXED
10		X	X	X	X	X			

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16	REGISTERING AGENT		CASSELS BROCK & BLACKWELL LLP (CALDERON/43657-5/OD)			
17		ADDRESS	SUITE 2100, 40 KING STREET WEST	TORONTO	ON	M5H 3C2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fs 09/2013)

Ontario

RUN NUMBER : 351
RUN DATE : 2013/12/17
ID : 20131217133431.95

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(8928)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : JAGUAR MINING INC.
FILE CURRENCY : 16DEC 2013

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001	1		20130204 1211 1590 5070	

21 RECORD REFERENCED — FILE NUMBER: 683668665

PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
	X	A AMENDMENT		

	FIRST GIVEN NAME	INITIAL	SURNAME
23 REFERENCE DEBTOR/ TRANSFEROR			

24 BUSINESS NAME: JAGUAR MINING INC.

25 OTHER CHANGE REASON/ DESCRIPTION
26 TO ADD AN ADDITIONAL DEBTOR ADDRESS
27
28

	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
02/05 DEBTOR/ TRANSFEREE				

03/ BUSINESS NAME: JAGUAR MINING INC.
06 ONTARIO CORPORATION NO.

04/07 ADDRESS: 67 YONGE STREET, SUITE 1203 TORONTO ON M5E 1J8

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE

10

	YEAR	MAKE	MODEL	V.I.N.
11 MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION				

16 REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT — CASSELS BROCK & BLACKWELL LLP (CALDERON/43657-5/OD)
17 ADDRESS: SUITE 2100, 40 KING STREET WEST TORONTO ON M5H 3C2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj2fs 09/2013)

Ontario

RUN NUMBER : 351
RUN DATE : 2013/12/17
ID : 20131217133431.95

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(8929)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : JAGUAR MINING INC.
FILE CURRENCY : 16DEC 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
683668665	20121219 1104 1590 2836	20130204 1211 1590 5070		

2 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crfj3 09/2013)

Ontario

711

Current Date:	**Dec. 17, 2013**
Client Number:	**702304**
Firm Name:	**NORTON ROSE FULBRIGHT CANADA**
Assigned User:	**Wilken , Susan**
Order Number:	**1915450**
Name Requested:	**JAGUAR MINING INC.**
Name Searched:	**JAGUAR MINING INC.**
Results Type:	**Bankruptcy**
Results Subtype:	**Superior Court (Toronto Only)**
Jurisdiction Searched:	**Ontario**
Search Date:	**12/17/2013**
Date From:	**01/01/1998**
Date To:	**12/16/2013**

Message: Please be advised that Superior Court Bankruptcy results are not current to the date the search was conducted, and may be 3-6 weeks behind due to processing delays at the Superior Court of Justice.

No Record

Government of Canada | Gouvernement du Canada

Canada

Bankruptcy and Insolvency Records Search (BIA) search results | Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)

Search Criteria | Critères de recherche : Name | Nom = JAGUAR MINING INC. 2013-12-17

Reference | Référence : 1915450

A search of the Office of the Superintendent of Bankruptcy records has revealed no information, for the period 1978 to 2013-12-13, based on the search criteria above-mentioned.

Une recherche dans le registre du Bureau du surintendant des faillites n'a révélé aucune information pour la période allant de 1978 à 2013-12-13, selon les critères de recherche susmentionnés.

Confirmation Letter / Lettre de confirmation

D+H Limited Partnership / D+H Société en commandite
Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8
Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques.*

Lauren Ferry OR Lydia Zavala
ESC Corporate Services Ltd
445 King Street West, Suite 400
Toronto, Ontario
M5V 1K4

2013/12/17 10:34:56 AM PST

Ref / Objet: 03326551 1915450

Tel/Tél: 1-416-204-3160
Fax/Télécopie: 1-800-667-3146

Acct# 1606

Dear Sir / Madam

Re: **Bank Act Security - Section 427**

We have processed your request(s) and hereby confirm the following results: (*see below).

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of Ontario. As at the date and time above, our records indicate the following.

Monsieur / Madame

Objet: **Garanties données en vertu de la *Loi sur les banques* - article 427**
Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Ontario. À la date et à l'heure indiquées ci-dessus.

Your search for the company

JAGUAR MINING INC.

returns the following results:

Votre recherche pour la société

JAGUAR MINING INC.

révèle les résultats suivants:

Type Type	Registration Name Enregistrement au nom de	Address Adresse	Date Date	Expires Number Expires Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				

For Registrar / Pour le Régistraire

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL TOTAL	Receipt No. Numéro du recu
(2)	$14.00	$0.78	1	$14.78	03326551 - R-R-SN-W

$14.78

GST-HST / TPS-TVH #: **85386 4528**

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. (the "Applicant")

Court File No: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DAVID M. PETROFF
(SWORN DECEMBER 23, 2013)

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

Tony Reyes LSUC#: 28218V
Tel: 416.216.4825
Email: Tony.Reyes@nortonrosefulbright.com

Evan Cobb LSUC#: 55787N
Tel: 416.216.1929
Email: Evan.Cobb@nortonrosefulbright.com

Fax: 416.216.3930

Lawyers for the Applicant, Jaguar Mining Inc.

716

DOCSTOR: 2870402\1B

TAB 4