

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

**EIGHTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS MONITOR**

April 16, 2014

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INTRODUCTION

1. On December 23, 2013 (the "**Filing Date**"), Jaguar Mining Inc. ("**Jaguar**", the "**Applicant**" or the "**Company**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court dated December 23, 2013 (the "**Initial Order**"), FTI Consulting Canada Inc. was appointed as the Monitor of Jaguar (the "**Monitor**") in the CCAA proceedings (the "**CCAA Proceedings**"). The Initial Order provided, *inter alia*, for a stay of proceedings through to and including January 22, 2014 or such other date as this Honourable Court may order (the "**Stay Period**") for both Jaguar and its Subsidiaries.

2. On the Filing Date, the Court also issued an Order authorizing the Company to establish a process for the identification and determination of claims against the Company and its present and former directors and officers (the "**Claims Procedure Order**"), and an Order authorizing the Company to file a plan of compromise and arrangement and to convene a

meeting of its Affected Unsecured Creditors to consider and vote on such plan (the “**Meeting Order**”).

3. On January 14, 2014, the Court issued an Order approving an extension of the Stay Period to and including February 28, 2014, and amending the Initial Order to adopt the E-Service Protocol established by the Commercial List.

4. On February 6, 2014, the Court issued an Order (the “**Sanction Order**”) approving and sanctioning the amended and restated plan of compromise and arrangement dated February 5, 2014, as may be further amended, restated, modified or supplemented from time to time (the “**Amended and Restated Plan**”).

5. On February 27, 2014, the Court issued an Order approving an extension of the Stay Period to and including March 10, 2014. On March 10, 2014, the Court issued an Order approving an extension of the Stay Period to and including March 24, 2014. On March 24, 2014, the Court issued an Order approving an extension of the Stay Period to and including April 7, 2014, and on April 7, 2014, the Court issued an Order approving an extension of the Stay Period to and including April 17, 2014.

PURPOSE

6. The purpose of this Eighth Report of the Monitor (the “**Monitor’s Eighth Report**”) is to provide this Honourable Court with the following:

(a) information pertaining to certain developments in the CCAA Proceedings, including:

(i) an update regarding an extension to the Outside Date; and

- (ii) an update regarding negotiations with respect to the key outstanding conditions precedent to implementation of the Amended and Restated Plan since the date of the Seventh Report of the Monitor (the “**Monitor’s Seventh Report**”), being April 4, 2014;
- (b) an update regarding Jaguar’s actual receipts and disbursements for the period from March 29, 2014 to April 4, 2014;
- (c) the Monitor’s comments regarding the Company’s post-filing consolidated cash position and liquidity as detailed in the Company’s Revised Cash Flow Forecast; and
- (d) the Monitor’s conclusions and recommendations regarding the Company’s motion for an order that grants an extension to the Stay Period.

TERMS OF REFERENCE

7. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor, where appropriate the Applicant’s books and records, certain financial information prepared by Jaguar, and discussions with the Applicant and its financial advisors. The Monitor has had discussions with various parties, including the Applicant’s senior management and their counsel, counsel to the Applicant, counsel to the Ad Hoc Committee, counsel to the special committee established by the Board of Directors in October 2013 and counsel to Global Resource Fund.

8. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Future oriented financial information reported or

relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

9. Capitalized terms not otherwise defined herein have the meanings defined in the Seventh Report of the Monitor (the "**Monitor's Seventh Report**") or the Amended and Restated Plan, as applicable.

GENERAL BACKGROUND

10. To avoid unnecessary duplication, please refer to the Initial Order, the Meeting Order, the Claims Procedure Order and the Sanction Order together with other motion materials and orders granted by this Honourable Court, the pre-filing report of the proposed Monitor dated December 21, 2013, the Monitor's prior reports filed in the CCAA Proceedings and other documentation filed in the CCAA Proceedings which are posted on the Monitor's website at <http://cfcanada.fticonsulting.com/jaguar/>.

DEVELOPMENTS IN THE CCAA PROCEEDING

Extension to the Outside Date

11. Since the date of the Monitor's Seventh Report, being April 7, 2014, the Company and the Noteholders agreed to extend the Outside Date for implementation of the Amended and Restated Plan to April 17, 2014. The Outside Date under each of the Support Agreement and the Backstop Agreement, each dated as of November 13, 2013, as amended, was similarly extended to April 17, 2014. As described below, all parties are working towards implementation of the Amended and Restated Plan on April 17, 2014. However, if a short period of time is required to complete closing mechanics, the Monitor understands an extension of the Outside Date to April 25, 2014 under the Amended and Restated Plan, the Support Agreement

and the Backstop Agreement will be sought in order to facilitate the implementation of the Amended and Restated Plan. The Monitor will provide a further report to this Honourable Court if it is informed that the Outside Date will not be extended to April 25, 2014.

Update Regarding Key Outstanding Conditions Precedent to Implementation of the Amended and Restated Plan

12. As more particularly described in the Second Report of the Monitor and other prior reports of the Monitor, the Amended and Restated Plan is subject to certain conditions precedent, some of which had not yet been satisfied as of the date of the Monitor's Seventh Report, being April 4, 2014. Specifically, the Monitor has been informed that the key conditions precedent that were outstanding as of April 4, 2014 were the Global Resource Fund Condition and the Management Employment Conditions.

13. The Monitor has been advised that the Applicant, the Majority Backstop Parties and Global Resource Fund, as applicable, have reached agreement or a resolution in principle on the Global Resource Fund Condition and the Management Employment Conditions.

Global Resource Fund Condition

14. As of the date of this Monitor's Eighth Report, the Monitor has been advised by counsel to the Applicant, counsel to the Ad Hoc Committee and counsel to Global Resource Fund that all outstanding commercial terms have been settled. The Monitor has been further advised by such parties that documentation representing the settled commercial terms is expected to be finalized and executed prior to the Company's motion for an order that grants an extension to the Stay Period. In addition, such parties have advised that they anticipate all required

approvals from the TSXV in connection with the Global Resource Fund Condition will be obtained on or before April 17, 2014.

Management Employment Conditions

15. As more particularly described in the Monitor's Seventh Report, the Management Employment Conditions are comprised of (a) a condition requiring existing senior officer and employment agreements to be modified to reflect a revised capital structure of the Applicant following the implementation of the Amended and Restated Plan; and (b) a condition requiring agreement of the terms of a Management Incentive Plan (as defined in the Support Agreement) by the Majority Backstop Parties.

16. The Monitor has been advised that the Applicant, the Ad Hoc Committee and the Applicant's current senior management team (which consists of David M. Petroff, the Chief Executive Officer of the Applicant, T. Douglas Willock, the Chief Financial Officer of the Applicant, and Gordon J. Babcock, the Chief Operating Officer of the Applicant (collectively, "**Current Senior Management**")) have agreed to the commercial terms of a consensual resolution relating to the Management Employment Conditions that would involve Current Senior Management providing transition services to the Applicant for a specified period of time following the implementation of the Amended and Restated Plan in order to facilitate a transition of their duties to a new senior management team that has been selected (collectively, "**New Senior Management**"). The Monitor is further advised that New Senior Management is acceptable to all applicable stakeholders including the Applicant, the Ad Hoc Committee and Global Resource Fund.

17. The Monitor is advised that counsel to the Ad Hoc Committee and counsel to Current Senior Management are in the process of finalizing transition services agreements for

Current Senior Management and that such documentation is expected to be finalized and executed prior to the Company's motion for an order that grants an extension to the Stay Period.

18. The Monitor is further advised that the Applicant, the Ad Hoc Committee and New Senior Management have settled all commercial terms in respect of employment agreements for New Senior Management and that such employment agreements are expected to be finalized and executed prior to the Company's motion for an order that grants an extension to the Stay Period.

19. Accordingly, once transition services agreements for Current Senior Management and employment agreements for New Senior Management are finalized, the Monitor is advised that the Applicant, the Majority Consenting Noteholders and the Majority Backstop Parties, as applicable, will be in a position to waive the Management Employment Conditions.

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD FROM MARCH 29, 2014 TO APRIL 4, 2014

20. Since the Filing Date, the Monitor has been working with the Company to review disbursements and manage its cash spend during the CCAA Proceedings. Given the nature of the CCAA Proceedings and the fact that the Company has no operations, the majority of the projected cash outflow during the CCAA Proceedings consists of professional fees.

21. The Company's actual net cash flow for the period from March 29, 2014 to April 4, 2014 (the "**Current Period**") together with an explanation of key variances as compared to the Cash Flow Forecast can be found below. Actual net cash flows for the Current Period were approximately \$10,000 lower than forecast and are summarized as follows:

\$000 CAD	Forecast	Actual	Difference
Cash Inflow			
Other	-	-	-
Total Cash Inflow	\$ -	\$ -	\$ -
Cash Outflow			
Payroll & Benefits	-	-	-
Board & Committee Fees	-	(6)	(6)
Rent, Communications & Utilities	(10)	(10)	0
Interest Fees	-	-	-
Legal & Professional Fees	(100)	(100)	-
Other	(33)	(37)	(4)
Total Cash Outflow	\$ (143)	\$ (153)	\$ (10)
Restructuring Costs			
Legal & Professional Fees	(11)	(11)	-
Total Restructuring Fees	\$ (11)	\$ (11)	\$ -
Net Cash Flow	\$ (154)	\$ (164)	\$ (10)
Opening Cash Balance	1,017	1,017	-
Net Cash Flow	(154)	(164)	(10)
Unrealized FX gain/(loss)	-	(8)	(8)
Ending Cash Balance	\$ 863	\$ 845	\$ (18)

THE COMPANY'S REVISED CASH FLOW FORECAST

22. The Company prepared a revised cash flow forecast for the period from March 29, 2014 to April 25, 2014 (the “**Revised Cash Flow Forecast**”). A copy of the Revised Cash Flow Forecast was attached to the Supplemental Affidavit of Edward Reeser sworn on April 5, 2014 and attached as Appendix “A” hereto. The Revised Cash Flow Forecast shows a negative net cash flow of approximately \$600,000.

CONCLUSIONS AND RECOMMENDATION

23. The Stay Period granted by this Honourable Court under the Initial Order and subsequently extended by Orders of this Honourable Court expires on April 17, 2014.

24. The Applicant, the Majority Consenting Noteholders and the Majority Backstop Parties are working towards an implementation of the Amended and Restated Plan on April 17, 2014. However, the Monitor has also been advised that the Applicant may require some additional time to complete all the mechanical steps necessary to implement the Amended and Restated Plan including the share consolidation contemplated by the Amended and Restated

Plan, the issuance of the new common shares of the Applicant and the cancellation of the Applicant's Notes.

25. In order to allow the Company sufficient time, if necessary, to complete its restructuring, Jaguar is requesting that the Stay Period be extended to April 25, 2014.

26. The Monitor believes that Jaguar has been, and is, acting in good faith and with due diligence.

27. The Cash Flow Forecast shows that the Applicant should have sufficient resources to meet its obligations through to April 25, 2014.

28. Accordingly, the Monitor believes that the proposed extension is fair and reasonable in the circumstances.

Dated this 16th day of April, 2014.

FTI Consulting Canada Inc.
in its capacity as the Monitor of Jaguar Mining Inc.
and not in its personal or corporate capacity

A handwritten signature in black ink, appearing to be 'G. Watson', with a large loop at the start and a horizontal line at the end.

Greg Watson
Senior Managing Director

A handwritten signature in black ink, appearing to be 'J. Porepa', with a large loop at the start and a horizontal line at the end.

Jodi B. Porepa
Managing Director

Appendix "A"

Jaguar Mining Inc.
 Weekly Cash Flow Forecast
 CAD \$000

	Week 1	Week 2	Week 3	Week 4	Total
Week Ending	4-Apr	11-Apr	18-Apr	25-Apr	Total
Cash Inflow					
Other	-	500	300	200	1,000
Total Cash Inflow	-	500	300	200	1,000
Cash Outflow					
Payroll & Benefits	-	(55)	-	(75)	(130)
Board & Committee Fees	-	(41)	-	-	(41)
Rent, Communications & Utilities	(10)	-	-	-	(10)
Interest Fees	-	-	-	(271)	(271)
Legal & Professional Fees	(100)	-	(20)	-	(120)
Other	(33)	(86)	(3)	-	(122)
Total Cash Outflow	(143)	(182)	(23)	(346)	(694)
Restructuring Costs					
Legal & Professional Fees	(11)	(365)	(255)	(255)	(886)
Total Restructuring Fees	(11)	(365)	(255)	(255)	(886)
Net Cash Flow	(154)	(47)	22	(402)	(581)
Opening Cash Balance	1,017	863	817	838	1,017
Net Cash Flow	(154)	(47)	22	(402)	(581)
Ending Cash Balance	863	817	838	437	437

A
 THIS IS FORECASTED INFORMATION AND NOT GUARANTEED.
 EDWARD REESER
 STW
 APRIL 1, 2014
 J.M. COLLIN
 A COMMISSIONARY OF THE COURT OF QUEEN'S BENCH

- 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 includes forecast payments for Financial Advisor monthly work fees to the extent applicable. This Cash Flow Forecast does not include forecast payments in respect of any success fees as they will be paid on Implementation Date out of the new funds.

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Proceeding commenced at Toronto

EIGHTH REPORT OF THE MONITOR

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