

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.

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

March 8, 2014

*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.

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

**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 (the “**Stay Extension 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 (the “**Second Stay Extension Order**”) approving an extension of the Stay Period to and including March 10, 2014.

6. The following appendices have been attached to this fifth report of the Monitor (the “**Monitor’s Fifth Report**”):

- (a) Appendix “A” – the Monitor’s Fourth Report (as defined herein, without appendices); and
- (b) Appendix “B” – March 1 Forecast (as defined herein).

## **PURPOSE**

7. The purpose of the Monitor’s Fifth Report is to provide this Honourable Court with the following:

- (a) an update on the status of the CCAA Proceedings;

- (b) an update regarding the Outside Date;
- (c) an update on the state of Jaguar's financial affairs, including an update regarding Jaguar's actual receipts and disbursements for the period from February 22, 2014 to February 28, 2014;
- (d) the Monitor's comments regarding the Company's post-filing consolidated cash position and liquidity as detailed in the Company's March 1 Forecast; and
- (e) the Monitor's conclusions and recommendations regarding the Company's motion for an Order that, among other things, grants an extension of the Stay Period up to and including April 9, 2014.

#### **TERMS OF REFERENCE**

8. 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 in connection with the Plan and the Amended and Restated Plan. The Monitor has had discussions with various parties, including the Applicant's senior management, counsel to the Applicant, counsel to the Ad Hoc Committee, counsel to the special committee established by the Board of Directors in October 2013, the Trustees, the Solicitation/Election Agent (as defined in the Meeting Order) and the Applicant's financial advisor.

9. 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.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Fourth Report of the Monitor dated February 27, 2014 (the “**Monitor’s Fourth Report**”) or the Amended and Restated Plan, as applicable.

## **GENERAL BACKGROUND**

11. The Applicant is the parent company in the Jaguar Group that is engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The Jaguar Group also owns additional mineral resources at its approximate 210,000-hectare land base in Brazil. The parent company does not carry on active gold mining operations (other than through its Subsidiaries) and its registered office is located in Toronto, Canada.

12. Jaguar is a public company with shares listed on the Toronto Stock Exchange (“**TSX**”) under the symbol “JAG” prior to the CCAA Proceedings. As of the Filing Date, 86,396,356 common shares were issued and outstanding and trading on the TSX. Trading of the common shares of Jaguar has been suspended since December 23, 2013 and the Monitor understands that trading will remain suspended until the Applicant’s scheduled delisting on March 31, 2014.

13. To avoid unnecessary duplication, please refer to the pre-filing report of the proposed Monitor dated December 21, 2013; the affidavit of David M. Petroff, the Chief Executive Officer of the Applicant, sworn December 23, 2013 and filed in support of the CCAA Proceedings; the First Report of the Monitor dated January 13, 2014; the affidavit of T. Douglas Willock, the Chief Financial Officer of the Company, sworn January 8, 2014 and filed in support of the motion for an extension of the Stay Period to and including February 28, 2014; the Second Report of the Monitor dated January 24, 2014 (the “**Monitor’s Second Report**”); the affidavit of

T. Douglas Willock, sworn February 2, 2014 and filed in support of the granting of a sanction order; the Third Report of the Monitor dated February 3, 2014; the affidavit of T. Douglas Willock, sworn February 5, 2014; the Monitor's Fourth Report; the affidavit of T. Douglas Willock, sworn February 27, 2014 and filed in support of the motion for an extension of the Stay Period to and including March 10, 2014; and the affidavit of T. Douglas Willock, sworn March 7, 2014 and filed in support of the motion for an extension of the Stay Period to and including April 9, 2014 (the "**Fifth Willock Affidavit**") for additional information relating to the Applicant and the Jaguar Group.

#### **STATUS OF THE CCAA PROCEEDING**

14. Jaguar and the Ad Hoc Committee have continued to work towards implementation of the Amended and Restated Plan since the date of the Monitor's Fourth Report, being February 27, 2014.

15. As described in the Monitor's Fourth Report, the Amended and Restated Plan is subject to certain conditions precedent. These conditions precedent were described in detail in the Monitor's Second Report. The Monitor's Fourth Report described the status of certain conditions precedent as of the date of the Monitor's Fourth Report.

16. Since the date of the Monitor's Fourth Report, the Monitor has been advised of developments regarding the outstanding conditions precedent. Specifically, the Monitor was provided with an update from counsel to Jaguar and counsel to the Ad Hoc Committee regarding the status of (a) negotiations with respect to the Management Incentive Plan (as defined in the Support Agreement); and (b) the required conditional approval for the listing of the New Common Shares on the TSXV.

### **Management Incentive Plan**

17. As described in the Monitor's Fourth Report, the Amended and Restated Plan provides that the terms of any Management Incentive Plan shall be acceptable to the Majority Backstop Parties. The Monitor is advised by counsel to Jaguar and counsel to the Ad Hoc Committee that the applicable parties have not yet been able to agree to the terms of a Management Incentive Plan.

### **Conditional Listing of the New Common Shares**

18. As described in the Monitor's Fourth Report, the Amended and Restated Plan provides that 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, subject only to receipt of customary final documentation. On March 6, 2014, Jaguar received a letter from the TSX Venture Exchange confirming that the New Common Shares have been conditionally approved for listing on the TSXV subject to the receipt and review of documentation and information specified therein.

### **Other Conditions Precedent**

19. Subject to the developments described above, the conditions precedent that were outstanding as of the date of the Monitor's Fourth Report remain outstanding. For more information regarding these outstanding conditions precedent, please refer to the Monitor's Fourth Report, a copy of which is attached hereto as Appendix "A".

20. The Monitor is informed by counsel to Jaguar and by counsel to the Ad Hoc Committee that discussions are ongoing between the applicable parties regarding the outstanding conditions precedent. As more particularly described in the Fifth Willock Affidavit, the

Applicant remains optimistic that the outstanding conditions precedent can be met. However, more time will be needed to proceed toward completion of the restructuring transaction.

### **THE OUTSIDE DATE**

21. The Backstop Agreement contains a condition precedent that the Share Offering must be completed on or before the Outside Date. Similarly, the Support Agreement contains a condition precedent that the Amended and Restated Plan must be implemented by no later than the Outside Date. Satisfaction of these conditions precedent is a condition precedent to the Amended and Restated Plan.

22. The Outside Date is currently March 14, 2014. The Monitor will provide a further report to this Honourable Court regarding the extension or expiry of the Outside Date.

### **ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD FROM FEBRUARY 22, 2014 TO FEBRUARY 28, 2014**

23. 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.

24. The Company's actual net cash flow for the period from February 22, 2014 to February 28, 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 \$393,000 higher than forecast and are summarized as follows:



<b>\$000 CAD</b>	<b>Forecast</b>	<b>Actual</b>	<b>Difference</b>
<b>Cash Inflow</b>			
Other	-	350	350
<b>Total Cash Inflow</b>	<b>\$ -</b>	<b>\$ 350</b>	<b>\$ 350</b>
<b>Cash Outflow</b>			
Payroll & Benefits	-	-	-
Board & Committee Fees	-	(4)	(4)
Rent, Communications & Utilities	(10)	-	10
Interest Fees	(253)	(253)	-
Legal & Professional Fees	(150)	(118)	32
Other	(5)	(0)	5
<b>Total Cash Outflow</b>	<b>\$ (418)</b>	<b>\$ (375)</b>	<b>\$ 43</b>
<b>Restructuring Costs</b>			
Legal & Professional Fees	(114)	(114)	-
<b>Total Restructuring Fees</b>	<b>\$ (114)</b>	<b>\$ (114)</b>	<b>\$ -</b>
<b>Net Cash Flow</b>	<b>\$ (532)</b>	<b>\$ (139)</b>	<b>\$ 393</b>
Opening Cash Balance	1,878	1,878	-
Net Cash Flow	(532)	(139)	393
Unrealized FX gain/(loss)	-	1	1
<b>Ending Cash Balance</b>	<b>\$ 1,346</b>	<b>\$ 1,740</b>	<b>\$ 394</b>

25. The variance in actual receipts and disbursements is comprised primarily of a positive variance in cash inflows of approximately \$350,000 relating to funds being transferred from the Subsidiaries pursuant to existing intercompany loan agreements.

#### **THE COMPANY'S REVISED CASH FLOW FORECAST**

26. The Company has prepared a revised cash flow forecast for the period from March 1, 2014 to April 11, 2014 (the "**March 1 Forecast**"). A copy of the March 1 Forecast is attached as Appendix "B" hereto. The March 1 Forecast shows a negative net cash flow of approximately \$1.5 million, and is summarized below:

	<b>\$000 CAD</b>
<b>Cash Inflow</b>	
Other	\$ 1,600
<b>Total Cash Inflow</b>	<b>\$ 1,600</b>
<b>Cash Outflow</b>	
Payroll & Benefits	\$ (185)
Board & Committee Fees	\$ (82)
Rent, Communications & Utilities	\$ (53)
Interest Fees	\$ (280)
Legal & Professional Fees	\$ (462)
Other	\$ (111)
<b>Total Cash Outflow</b>	<b>\$ (1,173)</b>
<b>Restructuring Costs</b>	
Legal & Professional Fees	\$ (1,925)
<b>Total Restructuring Fees</b>	<b>\$ (1,925)</b>
<b>Net Cash Flow</b>	<b>\$ (1,498)</b>
Opening Cash Balance	\$ 1,740
Net Cash Flow	\$ (1,498)
<b>Ending Cash Balance</b>	<b>\$ 242</b>

27. It is anticipated that the Applicant's projected liquidity requirements through to the proposed implementation of the Amended and Restated Plan during the CCAA Proceedings will be met by existing cash available to the Applicant, provided that the implementation of the Amended and Restated Plan occurs prior to April 11, 2014.

#### **CONCLUSIONS AND RECOMMENDATION**

28. The Stay Period granted by this Honourable Court under the Initial Order and extended by this Honourable Court under the Stay Extension Order and the Second Stay Extension Order expires on March 10, 2014. In order to allow the Company sufficient time to continue towards its restructuring goals, Jaguar is requesting that the Stay Period be extended to April 9, 2014.

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

30. As more particularly described above, certain conditions precedent have not been satisfied or waived as of the date of this Monitor's Fifth Report; however, the Monitor has been informed that discussions are ongoing between the applicable parties regarding the outstanding conditions precedent.

31. The March 1 Forecast shows that the Applicant should have sufficient resources to meet its obligations through to April 9, 2014.

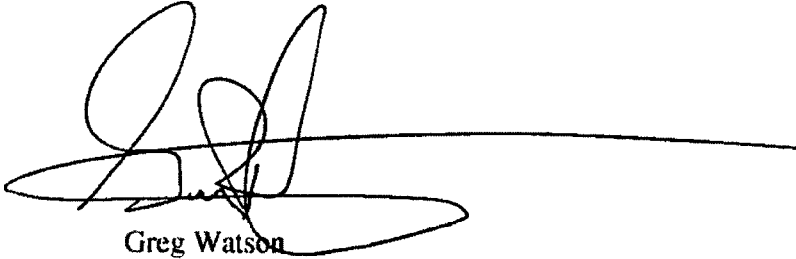
32. Accordingly, the Monitor believes that the proposed extension is fair and reasonable in the circumstances.

33. In addition, the Monitor is of the view that the Company will require the protection of the stay of proceedings through to and including April 9, 2014 in order to carry out the implementation of the restructuring transaction.

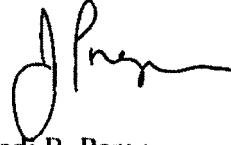
34. For the reasons set out above, the Monitor supports and recommends the Company's request for an extension of the Stay Period up to and including April 9, 2014.

Dated this 2<sup>nd</sup> day of March, 2014.

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

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**Greg Watson**  
Senior Managing Director

A smaller, more compact handwritten signature in black ink, appearing to be 'J. Porepa'.

**Jodi B. Porepa**  
Managing Director

## **Appendix “A”**

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

*ONTARIO*  
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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.

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

February 27, 2014

*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.

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

**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 (the “**Stay Extension 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**”). A copy of the Sanction Order (without schedules) is attached hereto as Appendix “A”.

5. The following appendices have been attached to this fourth report of the Monitor (the “**Monitor’s Fourth Report**”):

- (a) Appendix “A” – Sanction Order (without schedules); and
- (b) Appendix “B” – February 22 Forecast (as defined herein).

## **PURPOSE**

6. The purpose of the Monitor’s Fourth Report is to provide this Honourable Court with the following:

- (a) an update on the confidential agreement that was reached between Jaguar and the Plaintiffs in the 2012 Litigation (the “**2012 Litigation Agreement**”);
- (b) an update on the status of the CCAA Proceedings;



- (c) the Monitor's commentary regarding proposed amendments to the Amended and Restated Plan;
- (d) the Monitor's commentary regarding a potential accommodation of certain Electing Eligible Investors;
- (e) an update on the state of Jaguar's financial affairs, including an update regarding Jaguar's actual receipts and disbursements for the period from January 4, 2014 to February 21, 2014;
- (f) the Monitor's comments regarding the Company's post-filing consolidated cash position and liquidity as detailed in the Company's February 22 Forecast;
- (g) a summary of the Monitor's activities since the date of the Monitor's Third Report, being February 3, 2014; and
- (h) the Monitor's conclusions and recommendations regarding the Company's motion for an Order that, among other things, grants an extension of the Stay Period up to and including March 10, 2014.

#### **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 in connection with the Plan and the Amended and Restated Plan. The Monitor has had discussions with various parties, including the Applicant's senior management, counsel to the Applicant, counsel to the Ad Hoc Committee, counsel to the special committee

established by the Board of Directors in October 2013, the Trustees, the Solicitation/Election Agent (as defined in the Meeting Order) and the Applicant's financial advisor.

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. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Third Report of the Monitor dated February 3, 2014 (the "**Monitor's Third Report**") or the Amended and Restated Plan, as applicable.

#### **GENERAL BACKGROUND**

10. The Applicant is the parent company in the Jaguar Group that is engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The Jaguar Group also owns additional mineral resources at its approximate 210,000-hectare land base in Brazil. The parent company does not carry on active gold mining operations (other than through its Subsidiaries) and its registered office is located in Toronto, Canada.

11. Jaguar is a public company with shares listed on the Toronto Stock Exchange ("**TSX**") under the symbol "JAG" prior to the CCAA Proceedings. As of the Filing Date, 86,396,356 common shares were issued and outstanding and trading on the TSX. Trading of the common shares of Jaguar has been suspended since December 23, 2013 and the Monitor understands that trading will remain suspended until the Applicant's scheduled delisting on March 31, 2014.

12. To avoid unnecessary duplication, please refer to the pre-filing report of the proposed Monitor dated December 21, 2013; the affidavit of David M. Petroff, the Chief Executive Officer of the Applicant, sworn December 23, 2013 and filed in support of the CCAA Proceedings; the First Report of the Monitor dated January 13, 2014; the affidavit of T. Douglas Willock, the Chief Financial Officer of the Company, sworn January 8, 2014 and filed in support of the motion for an extension of the Stay Period to and including February 28, 2014; the Second Report of the Monitor dated January 24, 2014 (the “**Monitor’s Second Report**”); the affidavit of T. Douglas Willock, the Chief Financial Officer of the Applicant, sworn February 2, 2014 and filed in support of the granting of a sanction order; the Monitor’s Third Report; the affidavit of T. Douglas Willock, the Chief Financial Officer of the Applicant, sworn February 5, 2014 (the “**Third Willock Affidavit**”); and the affidavit of T. Douglas Willock, the Chief Financial Officer of the Applicant, sworn February 27, 2014 and filed in support of the motion for an extension of the Stay Period to and including March 10, 2014 (the “**Fourth Willock Affidavit**”) for additional information relating to the Applicant and the Jaguar Group.

## **2012 LITIGATION AGREEMENT**

13. As more particularly described in the Third Willock Affidavit, an agreement was reached between Jaguar and the Plaintiffs in the 2012 Litigation prior to Jaguar’s motion for an order sanctioning the Amended and Restated Plan. The Monitor was recently advised that one of the Plaintiffs in the 2012 Litigation has alleged that he did not authorize anyone to agree to the terms of the 2012 Litigation Agreement on his behalf. Counsel to Jaguar and counsel to the Ad Hoc Committee are of the view that all Plaintiffs in the 2012 Litigation (including this plaintiff) are bound by the terms of the 2012 Litigation Agreement based upon representations received

and relied upon at the time of signing of that agreement, including representations from counsel to the Plaintiffs in the 2012 Litigation.

#### **STATUS OF THE CCAA PROCEEDING**

14. Since the Sanction Order was granted by this Honourable Court on February 6, 2014, Jaguar and the Ad Hoc Committee have been working towards an Implementation Date of February 26, 2014 with respect to the Amended and Restated Plan. The Monitor has participated in regular status update calls with counsel to Jaguar and the Ad Hoc Committee with respect to the progress being made regarding the satisfaction of the various conditions precedent that are required for the implementation of the Amended and Restated Plan.

15. The Amended and Restated Plan is subject to certain conditions precedent that must be satisfied or waived prior to the relevant applicable time and, in any event, by February 28, 2014 or such other date as the Applicant, the Majority Consenting Noteholders and the Majority Backstop Parties, as applicable, may agree (the “**Outside Date**”). These conditions precedent were described in detail in the Monitor’s Second Report. As noted therein, a number of the conditions precedent to the Amended and Restated Plan are beyond the control of the Applicant.

16. While certain conditions precedent to the Amended and Restated Plan have been satisfied as of the date of this Monitor’s Fourth Report, certain conditions precedent remain outstanding. Set out below is a summary of some of the more material conditions precedent to the Amended and Restated Plan that have not been fulfilled, satisfied or waived, as applicable, as of the date of this Monitor’s Fourth Report.

### **Employment Agreements and Management Incentive Plan**

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

18. Similarly, the Amended and Restated Plan provides that the terms of any Management Incentive Plan (as defined in the Support Agreement) shall be acceptable to the Majority Backstop Parties.

19. As of the date of this Monitor's Fourth Report, drafts of the required employment agreements and Management Incentive Plan have been prepared. However, the Monitor has been advised that some additional time beyond February 28, 2014 is needed to complete the negotiation of the terms of these documents.

### **TSXV Listing Requirements**

20. The Amended and Restated Plan provides that 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, subject only to receipt of customary final documentation.

21. In this regard, the Applicant has been working diligently to receive the required conditional approval for listing on the TSXV. Counsel to Jaguar has advised the Monitor that significant progress has been made towards the satisfaction of this condition precedent.

#### **Composition and Size of the Board of Directors**

22. The Support Agreement provides that the composition and size of the board of directors for Jaguar effective as of the Implementation Date shall be satisfactory to the Majority Backstop Parties. Satisfaction of this condition is a condition precedent to the Amended and Restated Plan.

23. The Monitor has been advised that a proposed slate of directors has been identified and that the parties are continuing to work towards fulfilling this condition precedent.

#### **Amendments to the Credit Agreement and Brazilian Credit Agreements**

24. The Support Agreement provides that (a) the Credit Agreement and the other Credit Documents (as defined in the Credit Agreement); and (b) the Brazilian Credit Agreements (as defined in the Support Agreement); shall have been amended (including, without limitation, by extending the applicable maturity dates) on or prior to three Business Days prior to the Implementation Date, on terms acceptable to the Majority Backstop Parties. Satisfaction of this condition is also a condition precedent to the Amended and Restated Plan.

25. With respect to the Credit Agreement and the other Credit Documents, counsel to the Ad Hoc Committee and counsel to the Applicant have been in regular discussions with counsel to Global Resource Fund. Drafts of the required amendments to such documentation have been exchanged by the parties. Accordingly, progress has been made towards the completion of the required amendments to the Credit Agreement and other Credit Documents.

The Monitor has been advised that a small number of points need to be resolved in order to finalize such documentation.

26. With respect to the Brazilian Credit Agreements, the Monitor has been informed that discussions with the applicable counterparties have occurred. It is not expected that formal amendment documentation will be received. As of the date of this Monitor's Fourth Report, the Monitor has not been advised by either counsel to Jaguar or counsel to the Ad Hoc Committee that this will be an issue that prevents the implementation of the Amended and Restated Plan.

#### **Exemption from US Securities Act**

27. The Amended and Restated Plan provides that the issuance of the Unsecured Creditor Common Shares and the 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. The Monitor has been advised that drafts of legal opinions have been prepared to address this requirement, among other things.

#### **Completion by the Outside Date**

28. The Backstop Agreement contains a condition precedent that the Share Offering must be completed on or before the Outside Date. Similarly, the Support Agreement contains a condition precedent that the Amended and Restated Plan must be implemented by no later than the Outside Date. Satisfaction of these conditions precedent is a condition precedent to the Amended and Restated Plan.

29. As set out in the Fourth Willock Affidavit, the Applicant and the Majority Consenting Noteholders have agreed to extend the Outside Date beyond February 28, 2014 for the purposes of the Amended and Restated Plan in order to accommodate the Company's motion

for an Order that, among other things, grants an extension of the Stay Period up to and including March 10, 2014. Similarly, the Applicant, the Majority Consenting Noteholders and the Majority Backstop Parties have agreed to extend the Outside Date for the purposes of the Support Agreement and the Backstop Agreement beyond February 28, 2014, in accordance with the terms of those agreements.

30. The Monitor notes that pursuant to the Support Agreement, any Consenting Noteholder that objects to a modification to the Support Agreement that extends the Outside Date or materially adversely changes the fundamental terms of the Transaction (as defined in the Support Agreement) may, within five Business Days of receiving notice of such modification, terminate its obligations under the Support Agreement upon five Business Days' written notice to the other parties thereto.

31. Similarly, the Monitor notes that pursuant to the Backstop Agreement, any Backstop Party that objects to a modification to the Backstop Agreement that extends the Outside Date or materially adversely changes the fundamental terms of the Share Offering, as they relate to the Backstop Parties, may, within five Business Days of receiving notice such modification, terminate its obligations under the Backstop Agreement upon five Business Days' written notice to the other parties thereto.

32. However, the Monitor has been informed by counsel to the Ad Hoc Committee that as of the date of this Monitor's Fourth Report, no Consenting Noteholder or Backstop Party has indicated that it will be objecting to the extension to the Outside Date.



**PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED PLAN**

33. As provided for in the Amended and Restated Plan, the Applicant may amend the Amended and Restated Plan following the Sanction Order with the consent of the Monitor and the Majority Consenting Noteholders and upon approval by the Court, provided that the amendment 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 the Amended and Restated 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.

34. The Applicant's motion filed February 27, 2014 requests, among other things, that the Court approve an amendment to the definition of "SAR Plan" in the Amended and Restated Plan. The details regarding the proposed amendment are set out in the Fourth Willock Affidavit. As noted in the Fourth Willock Affidavit, the Applicant intended for the definition of the "SAR Plan" to refer to the current version of the Share Appreciation Rights Plan; the proposed amendment achieves this purpose. In addition, an amendment to Section 10.2(a) of the Amended and Restated Plan is proposed in the Fourth Willock Affidavit. The Applicant is of the view that both amendments are purely administrative in nature and are required to give effect to the implementation of the Amended and Restated Plan and/or to cure errors, omissions or ambiguities and are not materially adverse to the financial or economic interests of the Affected Unsecured Creditors under the Amended and Restated Plan. Accordingly, the Monitor and the Majority Consenting Noteholders have consented to these amendments.

35. If approved by this Honourable Court, the Applicant has advised the Monitor that it will file with the Court a copy of the Amended and Restated Plan that includes the changes

described above. The Monitor will also post an electronic copy of this Amended and Restated Plan on its website <http://cfcanada.fticonsulting.com/jaguar>.

### **ACCOMMODATION OF CERTAIN ELECTING ELIGIBLE INVESTORS**

36. Certain Electing Eligible Investors initiated wire transfers to the Escrow Agent prior to the Electing Eligible Investor Funding Deadline; however, their Electing Eligible Investor Funding Amounts were not received by the Escrow Agent prior to the Electing Eligible Investor Funding Deadline, assuming an Implementation Date of February 26, 2014.

37. Following consultation with the Monitor and counsel to the Ad Hoc Committee, the Applicant directed the Escrow Agent to accept such wire transfers irrespective of the Electing Eligible Investor Funding Deadline. However, given that the Electing Eligible Investor Funding Deadline is based on the Implementation Date, which is still to be determined, no such accommodation may be necessary.

38. The only parties that will be affected by this accommodation, if it is needed, are the Backstop Parties. Counsel to the Ad Hoc Committee has informed the Monitor that it has discussed this accommodation with the Ad Hoc Committee and it has not received an objection from any Backstop Party as of the date of this Monitor's Fourth Report.

### **ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD FROM JANUARY 4, 2014 TO FEBRUARY 21, 2014**

39. 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.

40. The Company's actual net cash flow for the period from January 4, 2014 to February 21, 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 \$799,000 higher than forecast and are summarized as follows:

\$000 CAD	Forecast	Actual	Difference
<b>Cash Inflow</b>			
Other	1,350	1,072	(278)
<b>Total Cash Inflow</b>	<b>\$ 1,350</b>	<b>\$ 1,072</b>	<b>\$ (278)</b>
<b>Cash Outflow</b>			
Payroll & Benefits	(215)	(284)	(69)
Board & Committee Fees	(108)	(80)	28
Rent, Communications & Utilities	(24)	(14)	10
Interest Fees	(280)	(280)	-
Legal & Professional Fees	(261)	(275)	(14)
Other	(72)	(114)	(42)
<b>Total Cash Outflow</b>	<b>\$ (959)</b>	<b>\$ (1,046)</b>	<b>\$ (87)</b>
<b>Restructuring Costs</b>			
Legal & Professional Fees	(2,892)	(1,728)	1,164
<b>Total Restructuring Fees</b>	<b>\$ (2,892)</b>	<b>\$ (1,728)</b>	<b>\$ 1,164</b>
<b>Net Cash Flow</b>	<b>\$ (2,501)</b>	<b>\$ (1,702)</b>	<b>\$ 799</b>
Opening Cash Balance	3,397	3,397	0
Net Cash Flow	(2,501)	(1,702)	799
Unrealized FX gain/(loss)	-	183	183
<b>Ending Cash Balance</b>	<b>\$ 896</b>	<b>\$ 1,878</b>	<b>\$ 982</b>

41. The variance in actual receipts and disbursements is comprised primarily the following:

- (a) a negative variance in cash inflows of approximately \$278,000, which consists of:
  - (i) a permanent positive variance of approximately \$72,000 that relates to GST refunds not contemplated in the January 4 Forecast; and
  - (ii) a temporary difference of approximately \$350,000 that relates to funds being transferred from the Subsidiaries pursuant to existing intercompany loan agreements. Rather than moving a total of \$1,350,000 as a lump sum in a single week, the Company has been moving funds from its Subsidiaries as needed. A total of \$1,000,000 has been moved to date and

the Company intends to move the remaining \$350,000 over the next week;  
and

- (b) a positive variance of approximately \$1.2 million in Legal & Professional fees. This variance is temporary in nature and is expected to reverse over time as bills are received and paid.

### THE COMPANY'S REVISED CASH FLOW FORECAST

42. The Company has prepared a revised cash flow forecast for the period from February 22, 2014 to March 10, 2014 (the "February 22 Forecast"). A copy of the February 22 Forecast is attached as Appendix "B" hereto. The February 22 Forecast shows a negative net cash flow of approximately \$1.5 million, and is summarized below:

	\$000 CAD
<b>Cash Inflow</b>	
Other	\$ 650
<b>Total Cash Inflow</b>	<b>\$ 650</b>
<b>Cash Outflow</b>	
Payroll & Benefits	\$ (55)
Board & Committee Fees	\$ (41)
Rent, Communications & Utilities	\$ (45)
Interest Fees	\$ (253)
Legal & Professional Fees	\$ (325)
Other	\$ (17)
<b>Total Cash Outflow</b>	<b>\$ (736)</b>
<b>Restructuring Costs</b>	
Legal & Professional Fees	\$ (1,445)
<b>Total Restructuring Fees</b>	<b>\$ (1,445)</b>
<b>Net Cash Flow</b>	<b>\$ (1,531)</b>
Opening Cash Balance	\$ 1,878
Net Cash Flow	\$ (1,531)
<b>Ending Cash Balance</b>	<b>\$ 347</b>

43. It is anticipated that the Applicant's projected liquidity requirements through to the proposed implementation of the CCAA Plan during the CCAA Proceedings will be met by existing cash available to the Applicant, provided that the implementation of the CCAA Plan occurs prior to March 10, 2014.

#### **MONITOR'S ACTIVITIES**

44. Since the date of the Monitor's Third Report, being February 3, 2014, the Monitor has continued to be involved with numerous aspects of the CCAA Proceedings with a view to fulfilling its statutory and court-ordered duties and obligations, as well as assisting the Applicant and its stakeholders in addressing restructuring issues. Some of the more significant matters that the Monitor has been involved in, and assisted with, since the date of the Monitor's Third Report include, but are not limited to, the following:

- (a) posting various materials relating to the CCAA Proceedings on its website <http://cfcanada.fticonsulting.com/jaguar> and continuing to update the website;
- (b) maintaining a toll free hotline number (416-649-8044 / 1-855-754-5840) and a dedicated email inbox ([jaguarmining@fticonsulting.com](mailto:jaguarmining@fticonsulting.com)) to allow creditors and other interested parties to contact the Monitor to obtain additional information concerning the CCAA Proceedings;
- (c) assisting the Applicant in preparing for the Sanction Hearing;
- (d) participating in meetings with the Applicant and its counsel, counsel to the Ad Hoc Committee and counsel to the Plaintiffs in the 2012 Litigation in connection with settlement negotiations;

- (e) participating in numerous meetings and discussions with senior management of the Applicant and the Applicant's legal and financial advisors in connection with the Applicant's business and financial affairs, generally, and in connection with the preparation of the Applicant's cash flow forecasts;
- (f) participating in weekly meetings and discussions with the Applicant, the Applicant's legal and financial advisors, the Solicitation/Election Agent, the Trustees and counsel to the Ad Hoc Committee in connection with matters related to the implementation of the Amended and Restated Plan;
- (g) reviewing materials relating to the amendments to the Credit Agreement with Global Resource Fund;
- (h) assisting the Applicant with the review and resolution of various claims asserted in and outside of the claims process set out in the Claims Procedure Order;
- (i) responding to enquiries from creditors regarding the Amended and Restated Plan and the claims process set out in the Claims Procedure Order;
- (j) assisting the Applicant with the review of the Applicant's receipts and disbursements, the preparation of cash flow forecasts and the reporting thereon;
- (k) assisting the Applicant with developing the form of the second stay extension Order; and
- (l) preparing and delivering this Monitor's Fourth Report.

## CONCLUSIONS AND RECOMMENDATION

45. The Stay Period granted by this Honourable Court under the Initial Order and extended by this Honourable Court under the Stay Extension Order expires on February 28, 2014. In order to allow the Company sufficient time to continue towards its restructuring goals, Jaguar is requesting that the Stay Period be extended to March 10, 2014.

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

47. As more particularly described above, certain conditions precedent have not been satisfied or waived as of the date of this Monitor's Fourth Report. The Monitor is informed by counsel to Jaguar and by counsel to the Ad Hoc Committee that discussions are ongoing between the applicable parties regarding the outstanding conditions precedent and that the applicable parties have been diligently pursuing the satisfaction or waiver, as applicable, of same. While conditions precedent to the Amended and Restated Plan continue to remain outstanding and may not be satisfied or waived, counsel to Jaguar and counsel to the Ad Hoc Committee both independently informed the Monitor that there are not any conditions precedent which are outstanding (including the ones more particularly described in this Monitor's Fourth Report and the various conditions precedent set out in the Support Agreement and Backstop Agreement) that, as of the date of this Monitor's Fourth Report, have no reasonable prospect of being satisfied. However, more time will be needed to ensure that the outstanding conditions precedent are dealt with pursuant to the Amended and Restated Plan.

48. The Monitor has also been informed by counsel to the Ad Hoc Committee that, as of the date of this Monitor's Fourth Report, no Consenting Noteholder or Backstop Party has indicated that it will be objecting to the extension of the Outside Date.

49. The February 22 Forecast shows that the Applicant should have sufficient resources to meet its obligations through to March 10, 2014.

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

51. In addition, the Monitor is of the view that the Company will require the protection of the stay of proceedings through to and including March 10, 2014 in order to carry out the implementation of the Amended and Restated Plan.

52. For the reasons set out above, the Monitor supports and recommends the Company's request for an extension of the Stay Period up to and including March 10, 2014.

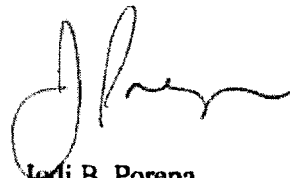


Dated this 27<sup>th</sup> day of February, 2014.

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



**Greg Watson**  
Senior Managing Director



**Jedi B. Porepa**  
Managing Director

## **Appendix “B”**

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

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Total
Week Ending	7-Mar	14-Mar	21-Mar	28-Mar	4-Apr	11-Apr	Total
<b>Cash Inflow</b>							
Other	-	-	500	300	300	500	1,600
<b>Total Cash Inflow</b>	-	-	500	300	300	500	1,600
<b>Cash Outflow</b>							
Payroll & Benefits	(55)	-	-	(75)	-	(55)	(185)
Board & Committee Fees	(41)	-	-	-	-	(41)	(82)
Rent, Communications & Utilities	-	(36)	-	(10)	-	(7)	(53)
Interest Fees	-	-	-	(280)	-	-	(280)
Legal & Professional Fees	(58)	(193)	(58)	(88)	(36)	(30)	(462)
Other	(4)	(5)	(3)	(3)	(2)	(94)	(111)
<b>Total Cash Outflow</b>	<b>(157)</b>	<b>(234)</b>	<b>(61)</b>	<b>(456)</b>	<b>(38)</b>	<b>(227)</b>	<b>(1,173)</b>
<b>Restructuring Costs</b>							
Legal & Professional Fees	(38)	(501)	(275)	(500)	(274)	(337)	(1,925)
<b>Total Restructuring Fees</b>	<b>(38)</b>	<b>(501)</b>	<b>(275)</b>	<b>(500)</b>	<b>(274)</b>	<b>(337)</b>	<b>(1,925)</b>
<b>Net Cash Flow</b>	<b>(195)</b>	<b>(735)</b>	<b>164</b>	<b>(657)</b>	<b>(12)</b>	<b>(63)</b>	<b>(1,498)</b>
Opening Cash Balance	1,740	1,545	810	974	318	305	1,740
Net Cash Flow	(195)	(735)	164	(657)	(12)	(63)	(1,498)
Ending Cash Balance	1,545	810	974	318	305	242	242

- 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.

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
JAGUAR MINING INC. (the "Applicant")

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**FIFTH REPORT OF THE MONITOR**

**OSLER, HOSKIN & HARCOURT LLP**

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