Annual Report 2017

QUALITY. GROWTH. VALUE.

YAMANA GOLD

Yamana Gold has a diversified portfolio of assets providing sustainable gold production supported by a large mineral resource base. Our operations are in some of the world's most stable mining jurisdictions. Every Yamana Gold share offers significant exposure and increasing leverage to gold through continued production and mineral resource expansion.

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Front Cover: Cerro Moro – February 2018

"We not only exceeded our guidance for all metals, with production of 977,000 ounces of gold, 5.0 million ounces of silver, and 127.0 million pounds of copper, we increased guidance for all metals during the year and, in the case of gold, we increased guidance twice.

Clearly, increases in production and meeting or exceeding guidance is important, but that is only one measure of operational performance. We exceeded our production target levels at costs that were at or better than guidance on a mine by mine basis, and well within our guidance ranges and budget levels overall."

PETER MARRONE

Chairman and Chief Executive Officer

ENHANCING FINANCIAL FLEXIBILITY AS WE TRANSITION TO A CASH HARVESTING PHASE OF GROWTH

Chapada – open pit gold and copper mine

DELIVERING FINANCIAL PERFORMANCE

(in millions except per share figures)	2017	2016	Change
Revenue	**$1,803.8**	$1,787.7	$16.1
Mine operating earnings	**$77.7**	($414.9)	$492.6
General and administrative expenses excluding Brio Gold and stock based expenses	**$82.9**	$82.7	$0.2
Depletion, depreciation and amortization	**$426.8**	$462.3	($35.5)
Net earnings/(loss) attributable to Yamana Gold equityholders	**($194.4)**	($307.9)	$113.5
Net earnings/(loss) attributable to Yamana Gold equityholders per share – basic and diluted	**($0.21)**	($0.32)	$0.11
Cash flows from operating activities	**$484.0**	$651.9	($167.9)
Cash flows from operating activities before net change in working capital(1)	**$498.0**	$626.6	($128.6)
Sustaining Capital	**$204.7**	$280.5	($75.8)
Net free cash flow(1)	**$251.6**	$211.2	$40.4

(1) A non-GAAP measure. A reconciliation of the IFRS measure to this non-GAAP measure can be found at www.yamana.com/Q42017

POSITIONED FOR CASH FLOW GROWTH

Operations

- Exceeded increased production guidance for gold, silver, and copper
- Delivered strong production from Chapada, El Peñón, Canadian Malartic, and Jacobina
- Achieved cash costs and AISC in line with guidance for all metals
- Continued to optimize mines for predictability and sustainability
- Focused on maximizing free cash flows by balancing production and costs (e.g. Jacobina and El Peñón)

Financial Performance

- Showcased strong cash flow and positioned for increasing cash flow of mines
- Continued to enhance financial flexibility and protect the balance sheet for final phase of Cerro Moro development
- Positioned for a step change in cash flows with the addition of Cerro Moro and concurrent drop in expansionary capital spending
- Improved balance sheet, targeting medium-term leverage ratio of below 1.5x
- Initiated a program of strategic evaluation of the portfolio and certain monetization initiatives

Targeted Investments

- Focus on assets matched to core competencies to maximize opportunity and mitigate risks
- Develop assets off-cycle in the right jurisdictions
- Target significant production growth for gold and silver
- Unlock tangible value accretion opportunities including exploration
- Focus on maximizing returns and cash flow accretion

LETTER FROM OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER

We performed well last year. We continued to effectively advance our long-term plans and deliver on almost all of our shorter-term targets.

While the metal price environment, in general, was positive, there was certainly significant volatility throughout the year. However, if we stand back, it is clear that gold is acting as one would expect. It is serving its purpose as a hedge against financial and geopolitical uncertainty, and this bodes well for the outlook for gold price in years to come.

Silver prices have trailed somewhat, but in a rising gold price environment silver will most often outperform gold, and any future outperformance in the price of silver should only serve to bolster the value of our production platform, particularly with our expected increases in gold and silver production. Further, economic growth globally should support copper prices as well, which bodes well for our significant and stable copper production.

While metal prices are important, for several years we have been focused on how we can create value somewhat separated from metal prices. Our focus has been on quality production instead of quantity. Where we forecast production growth, we also look to quality in that growth.

Operational and Financial Performance

We should begin with our operations which were over performers last year. We not only exceeded our guidance for all metals, with production of 977,000 ounces of gold, 5.0 million ounces of silver, and 127.0 million pounds of copper, we increased guidance for all metals during the year and, in the case of gold, we increased guidance twice.

Further, we not only exceeded our guidance for gold, silver, and copper, we also exceeded our budget production levels. We risk adjust our budget production levels to determine what we think is a reasonable estimate of production for guidance given the normal variability in mining. I am very happy to report that last year our production was not only at a level that exceeded our improved guidance, but also in excess of our budget production levels.

Clearly, increases in production and meeting or exceeding guidance is important, but that is only one measure of operational performance. We exceeded our production target levels at costs that were at or better than guidance on a mine by mine basis, and well within our guidance ranges and budget levels overall.

We delivered gold production at by-product cash costs and all-in sustaining cash costs of $561 and $820 per ounce, respectively. These impressive costs show strong margins to metal prices and cash flows generation. Similarly, we delivered silver production at by-product cash costs and all-in sustaining cash costs of $8.58 and $12.65 per ounce, respectively. Overall then, we were able to deliver adjusted operating cash flows of $537.9 million before changes in working capital which was above the

PETER MARRONE
Chairman and Chief Executive Officer

level forecast in our budget. While sustained metal prices were contributors to this performance, mostly the drivers to this financial performance were higher production at lower costs.

In summary, these are amongst the lowest costs for precious metals production in the industry backed onto a strong production platform that is expected to further improve, as I will explain later in this letter.

Amongst the further improvements will be higher production at better costs, mostly as a result of grade improvements that will further increase cash flows, coincident with a period of declining capital costs. Ultimately, this is expected to lead to increases in free cash flows and cash balances.

Sustainability

None of this is possible, or means anything, without a firm commitment to sustainability. In 2017, we affirmed our health, safety, environment, and community commitments through our “One Team, One Goal: Zero” vision for sustainability performance.

Mining, as with any industrial enterprise, is a business with risks to person and property. We take a holistic view to ensuring we are a sustainable company on which all stakeholders can count. We aim to be transparent in relation to our approach and to our performance, and to utilize best practices across all social, environment, and governance areas. This view of sustainability is embedded in our long-term strategy and is at the core of who we are. In the end, we want to make sure people who work with us are safe and our local communities can rely on our efforts to support the environment and other sustainability indicators.

I encourage our shareholders and others to refer to our sustainability reports which can be found on our website for a more comprehensive and detailed description of our many sustainability initiatives and efforts.

Cerro Moro

Soon, our newest mine will be Cerro Moro, which as of year-end was an advanced development stage project in which we have invested considerable effort into managing the various risks associated with the development of a new mine. Through the end of 2017, and into early 2018, we advanced this project according to plan and were able to achieve many of the planned milestones leading up to expected production in 2018.

The development of new mines is resource and capital intensive, so in developing Cerro Moro, we focused on getting ahead on detailed engineering, and other planning and study work so that the significant ramp up in construction activities in 2017 could be as effective as possible. The major milestones at year-end included:

- Underground and open pit mine development transitioned to management by our operations group from our technical services group;
- Production of a high-grade stockpile of approximately 16,265 tonnes grading 27 grams per tonne gold and 1,725 grams per tonne silver from our underground development; and
- Mechanical completion of the processing facility with electrical and instrumentation activities expected to be completed in the first quarter of 2018.

We spent approximately $172 million on development of Cerro Moro in 2017 and have an additional $61 million in planned construction expenditures for 2018. We are tracking well to our schedule and budget for the project, while at the same time we have been evaluating the mine plan to determine how we can maximize returns from Cerro Moro.

As an operation, Cerro Moro will rely on a series of underground and open pit deposits with impressive gold and silver grades. We are focused on a mine plan that delivers the optimal mix of gold and silver at low costs. We are now expecting to mine from stopes that are predominately gold in the first few years which maximizes gold production in the early years and results in a slower ramp-up of silver, although giving us lower costs.

The planned production is expected at costs well below our existing average cost structure, and with the reduction in planned capital expenditures at Cerro Moro, we are expecting a step change in cash flows beginning in the second half of 2018, as mentioned above.

Enhancing Financial Flexibility

Leading into the final phase of Cerro Moro, we undertook a series of measures to enhance our financial flexibility and to protect our balance sheet as we transition to a cash harvesting phase.

In 2017, we elected to participate in a program in Brazil to settle certain tax contingencies, which was a purposeful determination of commercial certainties over legal contingencies. By agreeing to participate in the program, we were able to de-risk and eliminate uncertainties to ensure the full weight of our balance sheet and planned increases in cash flows can be put behind those opportunities that offer the best prospects for value accretion. While participation in this program impacted cash flows in the third and fourth quarter of the year, we are ultimately better positioned to deliver on our longer-term objectives by taking this action.

In the fourth quarter, we raised $300 million through a 10-year senior note offering at favourable interest rates that will allow us to extend the tenor of our debt and lower our average interest rate. In January of this year, we used a portion of these proceeds to redeem $181.5 million of debt that was to come due in 2019.

Overall, we have reduced our exposure to debt repayments in 2018 and 2019 and, in doing so, we have ensured that cash flows and free cash flows in the next several years are available for purposes other than debt repayment. That is important from a shareholder perspective and from an overall financial health point of view for our company.

Late in 2017, we also announced the sale of our 50 per cent ownership of certain exploration properties in Canada. This transaction, which will close in early 2018, will provide us with proceeds of $162.5 million and is consistent with our ongoing process of completing strategic and technical reviews of non-cash flow generating assets to determine what strategic alternatives are available to increase returns and improve our cash balances. We are looking at the rest of our portfolio to determine if more value can be

STEP CHANGE IN CASH FLOW EXPECTED WITH CERRO MORO RAMP UP AND CONCURRENT DROP IN EXPANSIONARY CAPITAL SPENDING

Cerro Moro – high-grade gold and silver mine in construction phase derived in the immediate and intermediate-term from a monetization or other strategic alternative compared to continued evaluation of those assets for development.

We also announced a copper advance payment transaction in early 2018 that was the culmination of planning and work done over the course of 2017. We raised $125 million in relation to approximately one third of planned copper production in the second half of 2018 and first half of 2019. This program effectively balances cash flows over the course of 2018 and better aligns cash flows with the final build out of Cerro Moro.

We continued to raise proceeds from, and evaluate our holdings in, Brio Gold. In 2017, we raised a total of approximately C$100 million through the sale of Brio Gold shares. Our stated goal has always been to get our ownership interest below 50 per cent and, in early 2018, we were presented an offer that we could not overlook that achieved this and other important objectives. We agreed to support the combination of Brio Gold and Leagold, which is a gold producer with operations in Mexico, that was announced soon after the year end. The combination will create an impressive company with assets in two excellent mining jurisdictions, a strong production platform, built-in potential for growth, and a proven management team well positioned to deliver more share value increases. Our investment is much improved with the critical mass, size, and scale that will be created as a result of this transaction and reduced percentage ownership that will be a fraction of the just over 50 per cent we held at the year end.

Exploration

Exploration is the lifeblood of a mining enterprise. In 2017, we spent over $80 million on exploration with a priority on those targets with the best prospects to contribute to cash flow in the near term.

While the 2017 exploration successes did not, in some cases, lead to increases in total mineral reserves and mineral resources, the identification of new targets and the planned continuation of our near mine and district program in 2018 has us well positioned to deliver increases this year.

Notable successes in 2017 include the discovery of the 1,500 metre-long, high-grade Veronica vein at Cerro Moro; ongoing mineral resource expansion at Canadian Malartic associated with the East Malartic and Odyssey deposits; and the replacement of depleted mineral resources from production at Chapada, El Peñón, Jacobina and Minera Florida.

Our mineral reserves represent a mine life index of approximately 13 years, which compares favorably to last year and demonstrates a long-life production platform that we are aiming to increase further in 2018.

While we did not achieve all of the exploration objectives I laid out in my letter to shareholders last year, we achieved most of them and, in 2018, we will continue to build on the successes of 2017.

Rightsizing

In 2017, we also took a hard look at our portfolio to determine where we should develop and implement plans to right-size operations to maximize cash flow generation and target increasing longer-term value.

Most notably, we took a new approach at El Peñón, which has been in production for nearly 20 years. We implemented a plan to more effectively mine narrower veins and, in doing so, we rightsized the production platform to balance cash flow generation with the amount needed to be spent on development and exploration to sustain a given production level. We have

Gold Production in 2017

977k oz

Silver Production in 2017

5.0m oz

reduced capital expenditures and afforded ourselves more time and flexibility for exploration discoveries. By year end, we had greater certainty that this was a success as production in 2017 exceeded expectations and we had demonstrated the continued cash flow potential of the operation.

We also decided to throttle back production at Minera Florida so that we could more sustainably reach our strategic production objective of 130,000 ounces of gold per year. We are planning to maintain a flat production profile as we spread out previously planned development and exploration spending over a number of years. We are planning for production to begin increasing more substantially into 2021 and beyond.

These two examples and our efforts across the portfolio share one thing: a focus on cash flows and ultimately free cash flows. We are focused on the quality of our production and have identified opportunities in certain cases where a reduction in expected production results in an improved ability to generate cash flows.

This approach ensures we are able to allocate capital efficiently and focus on those opportunities that will generate the most value.

We are now taking a similar approach, beginning in 2018, with our Gualcamayo mine. We had better expectations of what would come from exploration in 2017 of oxide targets near the pit perimeter at Gualcamayo. We believed certain targets had the potential to add to the mineable inventory in the near-term. While those targets did not meet expectations, there remain other prospects near the mine and in the district that will require time to explore and potentially develop. In light of this, we concluded that the best option was to right-size the operation and contain costs.

In coming to this conclusion, we also concluded that we should evaluate a potential sale of Gualcamayo. This does not mean we will necessarily sell Gualcamayo, but it is a strategic alternative under consideration. Gualcamayo is one of six, soon to be seven, mines in Yamana's portfolio and we prioritize, on a relative basis, the opportunities within the portfolio.

In evaluating opportunities, we weigh the potential returns, determine fit with corporate objectives, the capital requirements, and the allocation of management's time compared to other opportunities available within our portfolio.

Improved Management Construct and Refreshed the Board of Directors

The various operational achievements and enhancements have been supported by improvements to our management construct and, in 2017, we focused, in particular, on improving how we provide operational oversight.

We have thinned out the layers of operational management and there is now a more direct line from the mine site general managers to our senior operations executives. This approach complements the consolidation of operations, exploration, and technical services oversight in our head office.

Lastly, I would like to remark on enhancements to our board of directors and the significant changes over the past few years that continued into 2017. A number of shareholders have expressed to me that they had not appreciated the scale and scope of our efforts to refresh the board of directors.

The efforts to refresh our board have been aimed at improving the diversity of perspectives on our board to ensure we have the skills and expertise to provide oversight most effectively. Five of our current 11 directors joined only since 2014.

In 2017, there was increased discussion of gender equality and diversity, and we welcomed this discussion as part of our larger focus on ensuring a diverse range of perspectives are represented by our directors. Four of our 11 directors are females, which brings us a step closer to our formal goal of having female directors make up at least 40 per cent of our board.

For more information on our board of directors and our approach to governance, please see page 13 of our 2017 annual report.

Looking Forward

In 2018, we will continue to deliver operational performance as we aim to meet or do better than guidance for production and costs. We expect to produce 900,000 ounces of gold (excluding any contribution from Gualcamayo which, if included, increases our production to 1.01 million ounces of gold), 8.2 million ounces of silver, and 120.0 million pounds of copper at costs that are below those of 2017.

This is a significant production platform and, if looked at on a gold equivalency basis by taking silver as a gold equivalent at a longer-term gold equivalent ratio that is just below the current ratio, we expect to produce 1.01 million gold equivalent ounces in 2018 (1.12 million gold equivalent ounces including Gualcamayo), with that increasing to an expected 1.15 million gold equivalent ounces in 2020.

We expect to produce each gold equivalent ounce at by-product cash costs and all-in sustaining cash costs of between $460 to $480 and $725 to $745, respectively, which is well below our costs last year.

In a time of industry-wide declines in mineral resources and with many companies facing production declines, Yamana is well positioned with planned compound annual growth in gold equivalent production of 8.8 per cent from 2017 to 2020, and a total growth of 29 per cent in that period.

Certainly, ramping up Cerro Moro according to plan is a key priority, but we will continue to focus our efforts and dedicate time across our portfolio to ensure that all our mines are positioned to meet expectations and deliver production increases.

While our planned production increases are impressive, it is equally important that we translate the increased production into increased cash flows. We are expecting a step change in free cash flows beginning in the second half of 2018, with further increases into 2019 and 2020. This period corresponds to a planned decline in capital spending with the completion of Cerro Moro and the transition to a cash harvesting phase of growth for our company.

We also are pursuing other organic opportunities to surface value. At Chapada, we have a number of opportunities, and we are advancing an integrated plan to maximize value by prioritizing the various opportunities. One of those opportunities is to improve recoveries through modest upgrades to the processing plant, which would build on the improvement to recoveries we delivered in 2017. We are also achieving exploration success, as seen by the additions to mineral reserves and mineral resources in 2017, the improvements to grade, and the continued expansion of the potentially mineable inventory at this asset. As we have discovered more mineral resources, we have begun looking at the potential for a plant expansion at Chapada. An expansion of processing capacity at Chapada dovetails with the work we are doing to refine our stockpile strategy, which we expect to increase the cash flows from this mine.

Gold equivalent production in 2018

1.01m oz

Gold equivalent production in 2020

1.15m oz

We also have the gold only Suruca oxide deposit, which is seven kilometres from the Chapada main pit. In 2017, we began considering a broader Suruca complex that includes the oxides plus Suruca sulphides, which are underneath the oxide deposit, and the ongoing exploration results at Suruca Southwest.

All together, we have many opportunities at Chapada and we are envisaging a mine life in excess of 20 years with significant potential to increase the production platform and generate more cash flows.

Similarly, Canadian Malartic, another long-life asset, continues to demonstrate potential for mine life extension and value creation. The Canadian Malartic Extension Project, formerly Barnat, is advancing according to plan and we expect production activities to begin in late 2019, ramping up thereafter. We are also adding longer-term potential through East Malartic and Odyssey, which we demonstrated in 2017 with the addition of inferred mineral resources at these deposits. These deposits are outside existing production and future cash flow expectations. Activities are underway to develop an exploration ramp to provide underground access to certain portions of the Odyssey and East Malartic deposits, and these deposits will be a focus for the 2018 exploration program.

We recognize that we have a disproportionate exposure to non-producing assets in our portfolio, which has the effect of reducing our cash flow and free cash flow returns. Our intention this year is to improve on those returns, which will require us to look at portfolio rationalization and at strategic alternatives for some of the assets that are presently not cash flow generating. In some cases, we may bring those to cash flows generating status and deliver production plans and, for others, we will look at the full range of other strategic alternatives.

This will provide for further and continuing balance sheet improvements as well. I want to highlight an important point. All of this must be seen hand in glove in the sense that we prefer not to pursue an alternative available to us to improve production (the opportunities at Chapada being examples of this) unless we can demonstrate that our cash flow and free cash flow returns will increase and we are fully funded as a result of these other initiatives. Said differently, our intention will be to take value from assets, which are not producing, into cash and cash equivalents that will fully fund initiatives that will improve and increase our production, cash flows, and free cash flows. We remain committed in the next several years to increase free cash flows after expansionary capital expenditures and increase our cash balances.

I am confident in our business prospects, in our ability to deliver on operational and financial plans, and in the value creation potential of our company. We have delivered on expectations and had significant success over the past number of years, and I believe 2018 will be an even better year, a year in which we begin to better realize the potential of our company. Yamana was started in 2003, and as we enter into our fifteenth year, we are in a strong position to bring value to shareholders and all our other stakeholders.

On a personal note, I extend a warm thank you to all Yamana employees. Their ongoing dedication and commitment to making Yamana an industry leader have been impressive and are a testament to the idea that our people are our greatest resource.

"Peter Marrone"

Peter Marrone
Chairman and Chief Executive Officer

BOARD OF DIRECTORS

FROM LEFT TO RIGHT: Robert Gallagher, Christiane Bergevin, Nigel Lees, Kimberly Keating, Peter Marrone, Andrea Bertone, Richard Graff, John Begeman, Alex Davidson, Jane Sadowsky, and Dino Titaro

John Begeman[(1)(4)]
Company Director

Christiane Bergevin[(3)(4)]
Company Director

Andrea Bertone
Company Director

Alex Davidson[(2)(4)]
Company Director

Robert Gallagher
Company Director

Richard Graff[(1)]
Lead Director

Kimberly Keating
Company Director

Nigel Lees[(2)]
Company Director

Peter Marrone*
Chairman and
Chief Executive Officer

Jane Sadowsky[(1)(3)]
Company Director

Dino Titaro[(2)(3)(4)]
Company Director

* Non-independent Board Member
(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the Sustainability Committee

Yamana is committed to enhancing and improving our board of directors. Our leading governance practices make our board better equipped to provide the oversight necessary in today's environment and for the future.

Yamana Gold is focused on building a mining company that is sustainable for the long term, regardless of the direction of commodity prices. To achieve that long-term sustainability, we apply rigorous Environmental, Social, and Governance (ESG) analysis in our decision-making, and as part of that imperative, we are applying innovative thinking to shaping our board governance model.

We have established both the protocols and the environment that encourage individual perspectives. By broadening our pool of expertise and talent, we have put together a collection of board members who exercise decision-making with the benefit of a broader range of experiences and insights.

At the same time, our directors all share the same fundamental values. They consistently demonstrate that they are ethical, have integrity, and are committed to transparency. These traits are valued by our stakeholders, including communities, employees, family members, and our shareholders.

We are embracing diversity, particularly gender diversity. We have accelerated our progress and targeted 40 per cent female representation on our board. We have nearly reached our goal. The four female directors we have appointed since 2014 have incredible skills and experience, and their individual achievements speak volumes about their calibre and expertise. With experience in finance, oil and gas, and power utilities, they bring fresh perspectives that enhance the quality of the conversation and challenge conventional thinking in our industry.

In 2017, we established an emeritus position for retiring directors. The emeritus role is a non-voting role with a mandate to mentor new directors and to support decision-making processes. Our new directors are now able to bring their fresh perspectives to bear while also understanding what brought us to where we are.

The value of fresh thinking is increasingly apparent in our company's performance, and investors will see the benefits of this thinking as Yamana continues to build sustainable businesses for the long term.

We welcome you to visit our website to hear directly from our directors and see their passion as they discuss what it takes to be on the board of a mining company.

http://www.yamana.com/English/company/ethics-and-governance/default.aspx

SUSTAINABILITY

In 2017, we delivered on our sustainability commitments to our employees, our communities, and all our other stakeholders. We continued to enhance our approach as we put our vision of "One Team, One Goal: Zero" into practice.

Our commitment to sustainability includes continuously evolving our disclosure of environmental, social, and governance (ESG) practices to ensure our stakeholders are able to clearly see what we do and understand why we do it.

The following are some highlights from our 2017 efforts and, for more detailed discussions, we encourage you to read our 2017 annual sustainability report, which will be available in mid 2018.

Health and Safety

We enhanced and refined our standards and protocols for health and safety while at the same time retaining our OHSAS 18001 certification in 2017. Our efforts have emphasized training of both employees and contractors to ensure everyone on our sites has the knowledge and practice applying it to meet the high standards we set for ourselves.

Our total recordable injury frequency rate was 0.75% in 2017, representing a 10% decrease from 2016. This is a key metric and one we watch closely as a proxy for how effectively we are managing health and safety risks.

Specific sites also delivered impressive accomplishments, including: Chapada reached 631 consecutive days without the occurrence of a lost time injury on December 31, 2017, a new record for the operation; and Minera Florida reached more than 1.9 million person hours without a lost time injury.

Environment

We are proud of our environmental performance and in 2017 we again completed a year without a significant environmental event.

This performance extends a trend going back to 2014 and reflects our continued efforts to implement best practices, such as retaining ISO 14001 and International Cyanide Management Code certifications in 2017.

Community

We continue to work with our stakeholders to ensure they are aware of the nature of our operations in their communities and are able to share in the benefits of responsible mining.

We prioritize local and regional employment across our operations. Approximately 65% of our workforce consists of local employees, with an additional 7% coming from the broader areas within the regions of our operations. In total, over 99% of our hiring consists of employees from within the specific countries where an operation is located.

Reduction in total recordable injury frequency rate

10%

Employment directly benefitting regions where we operate

72%

External Recognition

We strive for sustainability performance that speaks for itself and clearly indicates how we are applying our vision on a daily basis. However, we appreciate when third party organizations recognize our work and in 2017 we were again recognized both as a corporation and at a site level. Many of our sites received recognition within the regions or countries they are located, and more information on these awards will be included in our full sustainability results.

At a corporate level, we are proud to be included in Corporate Knights magazine's list of the 50 Best Corporate Citizens in Canada, and Sustainalytics's Jantzi Social Index, which screens the top performing 50 Canadian companies from an ESG perspective.

Rehabilitation work being done in in local communities in San José de Jáchal

PORTFOLIO: CERRO MORO TIMELINE

Q4 2016

Commenced early works.

JAN 2017

Key construction contractors mobilized.

FEB 2017

Ramp-up of site construction. Started concrete work, leach tank erection, and tailings dam facility.

MAR 2017

Ball mill arrived at site.

MAY 2017

Mill and CCD's installation ongoing. Pre-assembly of structural steel for the Flotation building. Leach Tanks fully assembled.

JUNE 2017

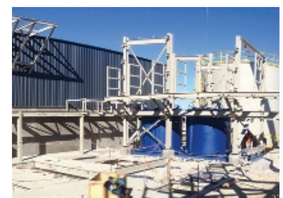
Mill building and refinery fully enclosed, allowing construction activities to continue uninterrupted through the winter season.

JULY 2017

Structural steel erection on flotation building completed. Leach tanks hydro tested.

AUG 2017

Piping and electrical installation contractors mobilized. CCD mechanisms (bridge) installation complete. Mechanical works at the Merrill Crowe area initiated.



JAN 2017 **APRIL** **JULY**

SEPT 2017

Completion of tailings storage facility.

OCTOBER

OCT 2017

Flotation cells mechanical installation complete. All electrical rooms delivered to site and positioned on piers. Mechanical works at the Refinery area started. Laboratory modules on site, and installation underway.

NOV 2017

Skid mounted mobile crusher package arrived on site; instrument contractor mobilized; reagent storage buildings completed.

DEC 2017

Structural steel erection complete. Commissioning crew mobilized; pre-commissioning and commissioning of primary crushing equipment and reverse osmosis plant initiated; open pit operations commenced.

DEC 2017

Underground development progressed and produced a high-grade stockpile of approximately 16,265 tonnes grading 27 grams per tonne and 1,725 g/t silver – open pit ore is being directed to the high-grade stockpile in preparation for production start.

JAN 2018

Q1 2018

Mill commissioning.

Q2 2018

Ramp-up of operations; commercial production.

APRIL

2018 Guidance

85,000 ounces of gold and 3.75 million ounces of silver

Gold co-product AISC of $650/oz produced and silver co-product AISC of $9.15/oz produced

PORTFOLIO: OPERATING MINES

Chapada, Brazil

- Gold and copper production increased 12% and 10%, respectively, year-over-year
- Achieved an annual record for tonnes processed and commissioned the cleaner circuit expansion in the fourth quarter, resulting in demonstrated improvements in recovery rates at the higher processing rates
- Evaluating opportunities to increase plant throughput capacity

2017 Results

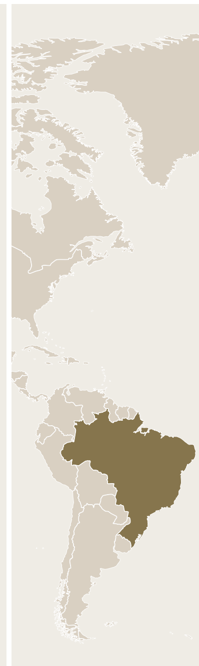
Produced 127.3 million pounds of copper and 119,852 ounces of gold

Copper co-product AISC of $1.74/lb produced and gold co-product AISC of $385/oz produced

2018 Guidance

120.0 million pounds of copper and 110,000 ounces of gold

Copper co-product AISC of $1.80-$1.85/lbs produced and gold co-product AISC of $430/oz produced



El Peñón, Chile

- Exceeded production expectations and achieved costs in line with expectations during first year of the revised operating plan
- Success of new mining approach implemented in 2017 positions El Peñón well to deliver on 2018 and future guidance
- Costs in the fourth quarter were at the lowest level for 2017, following several cost containment initiatives

2017 Results

Produced 160,509 ounces of gold and 4.3 million ounces of silver

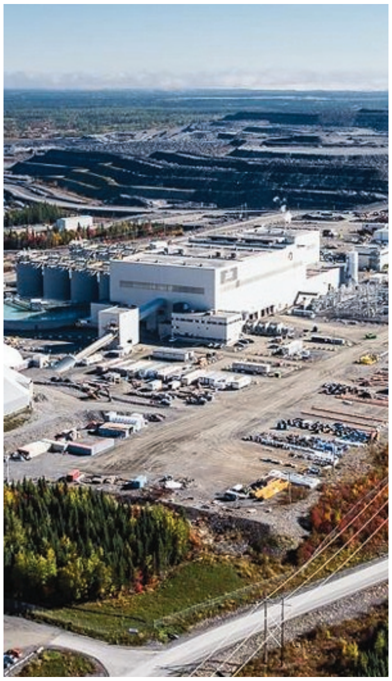
Gold co-product AISC of $928/oz produced and silver co-product AISC of $12.77/oz produced

2018 Guidance

145,000 ounces of gold and 4.4 million ounces of silver

Gold co-product AISC of $965/oz produced and silver co-product AISC of $13.25/oz produced

Canadian Malartic, Canada (50%)



- Record annual gold production and an 8% increase over 2016
- Unit costs benefited from higher metal production as AISC/oz produced fell 7% year-over-year
- Canadian Malartic Extension Project is advancing with first ore contribution expected in 2019

2017 Results

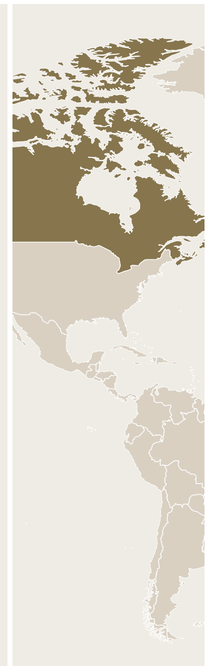
Produced 316,731 ounces of gold (50%-basis)

Gold AISC of $742/oz produced

2018 Guidance

325,000 ounces of gold (50%-basis)

Gold AISC of $760/oz produced



Jacobina, Brazil

- Production increased 13% year-over-year
- Feed grade and recovery rates were maintained despite 10% higher processing rates
- The exploration program ensured the replacement of 2017 production and expanded mineral resources in the Indicated category

2017 Results

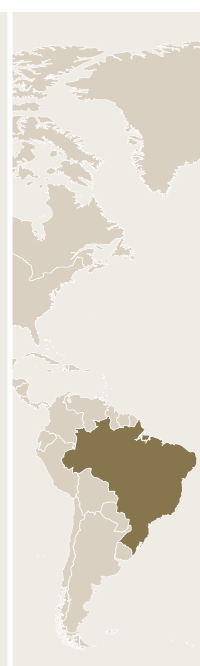
Produced 135,806 ounces of gold

Gold AISC of $867/oz produced

2018 Guidance

135,000 ounces of gold

Gold AISC of $910/oz produced



Minera Florida, Chile

- Results featured significantly higher feed grades and recoveries at lower processing rates due to the termination of the tailings retreatment program
- Development and exploration efforts are directed towards a growth platform for the future with a strategic production target of over 130,000 oz of gold per year
- Several cost reduction initiatives implemented late in 2017

2017 Results

Produced 90,366 ounces of gold and 469,674 ounces of silver

Gold co-product AISC of $1,090/oz produced

2018 Guidance

90,000 ounces of gold

Gold AISC of $930/oz produced

Gualcamayo, Argentina

- Production and costs beat expectations for the year
- Initiated efforts to right-size the operation for a more sustainable production base and better cost structure
- Considering alternatives to maximize value

2017 Results

Produced 154,052 ounces of gold

Gold AISC of $990/oz produced

2018 Guidance

110,000 ounces of gold

Gold AISC of $1,145/oz produced

PORTFOLIO: EXPLORATION

Exploration is the lifeblood of mining through the discovery of new ounces. We continue to focus on being ever more efficient in our exploration efforts and targeting those ounces that can most quickly contribute to cash flow. Our efforts in 2017 set the stage for mineral reserve and mineral resource expansion in 2018. In 2018, our exploration budget is approximately $89 million, including an unallocated $16 million to be spent based on exploration results at our mines and sites.

Chapada: added 405,000 ounces of gold and 315.0 million pounds of copper to mineral reserves before depletion, and an additional 498,000 ounces of gold and 410.0 million pounds of copper to measure and indicated mineral resources. At Suruca Southwest, drilling added 518,000 ounces of gold and 245.0 million pounds of copper to the measure and indicated mineral resource category.

El Peñón: replaced production by adding 227,000 ounces of gold to mineral reserves.

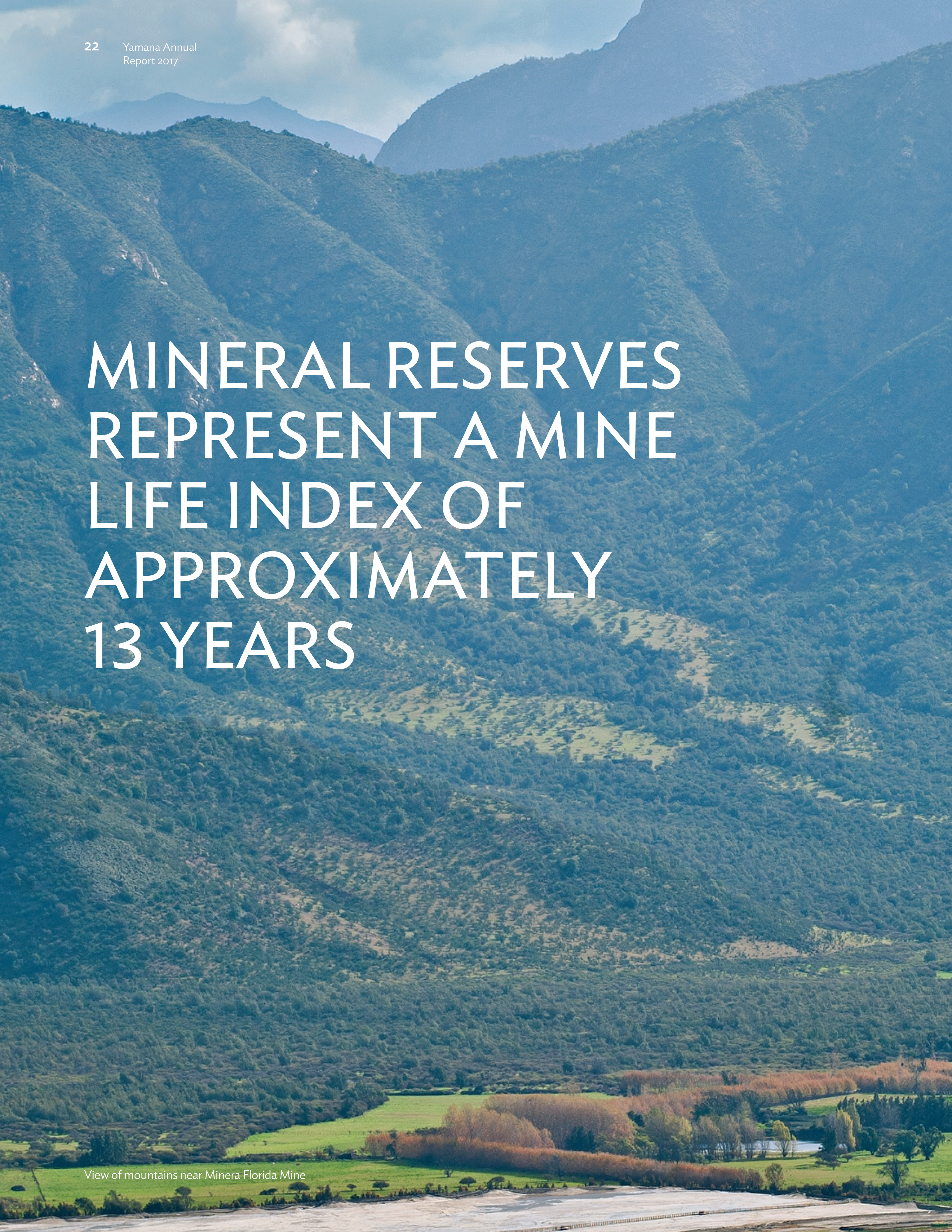
Canadian Malartic: added 1.2 million ounces of gold to inferred mineral resources at East Malartic, and the Odyssey deposit has inferred mineral resources estimated at 838,000 ounces of gold.

Cerro Moro: discovered the 1,500 metre long, high-grade Veronica vein that is expected to be added to mineral resources in 2018. This discovery is adjacent to planned infrastructure.

Minera Florida: replaced production depletion plus added 429,000 new ounces of gold to inferred mineral resources and replaced ounces converted to measured and indicated mineral resources.

Jacobina: replaced production depletion and increased measured and indicated mineral resources by 1.5 million ounces of gold.

MINERAL RESERVES REPRESENT A MINE LIFE INDEX OF APPROXIMATELY 13 YEARS



View of mountains near Minera Florida Mine

MINERAL RESERVES *(Proven and Probable)*

Gold	Proven Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Probable Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Total – Proven and Probable Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects									
Alumbrera (12.5%)	9,915	0.40	126	485	0.37	6	10,399	0.39	132
Canadian Malartic (50%)	24,990	0.95	760	65,509	1.15	2,429	90,499	1.10	3,189
Cerro Moro	-	-	-	1,954	11.38	715	1,954	11.38	715
Chapada	312,360	0.18	1,788	368,790	0.21	2,500	681,150	0.20	4,287
El Peñón	1,062	5.90	201	3,332	5.25	563	4,394	5.41	764
Gualcamayo	6,570	1.26	267	3,678	1.90	224	10,248	1.49	491
Jacobina	18,161	2.34	1,365	7,681	2.13	527	25,842	2.28	1,892
Jeronimo (57%)	6,350	3.91	798	2,331	3.79	284	8,681	3.88	1,082
Minera Florida Ore	846	3.80	103	2,992	3.65	351	3,838	3.68	454
Minera Florida Tailings	1,248	0.94	38	-	-	-	1,248	0.94	38
Total Minera Florida	**2,093**	**2.10**	**141**	**2,992**	**3.65**	**351**	**5,086**	**3.01**	**492**
Total Gold Mineral Reserves	**381,501**	**0.44**	**5,446**	**456,751**	**0.52**	**7,598**	**838,252**	**0.48**	**13,044**
CMC Ontario Gold Projects									
Upper Beaver Mineral Reserves (50%)	-	-	-	**3,996**	**5.43**	**698**	**3,996**	**5.43**	**698**
Yamana Gold + CMC Ontario Projects									
Total Gold Mineral Reserves	**381,501**	**0.44**	**5,446**	**460,747**	**0.56**	**8,296**	**842,248**	**0.51**	**13,742**
Agua Rica	**384,871**	**0.25**	**3,080**	**524,055**	**0.21**	**3,479**	**908,926**	**0.22**	**6,559**

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects									
Cerro Moro	-	-	-	1,954	648.3	40,723	1,954	648.3	40,723
El Peñón	1,062	192.4	6,567	3,332	158.8	17,011	4,394	166.9	23,578
Minera Florida Ore	846	29.6	804	2,992	22.5	2,165	3,838	24.1	2,970
Minera Florida Tailings	1,248	14.5	584	-	-	-	1,248	14.5	584
Total Minera Florida	**2,093**	**20.6**	**1,388**	**2,992**	**22.5**	**2,165**	**5,086**	**21.7**	**3,553**
Total Silver Mineral Reserves	**3,155**	**78.4**	**7,955**	**8,278**	**225.1**	**59,899**	**11,433**	**184.6**	**67,855**
Agua Rica	**384,871**	**3.7**	**46,176**	**524,055**	**3.3**	**56,070**	**908,926**	**3.5**	**102,246**

Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Alumbrera (12.5%)	9,915	0.38	82	485	0.30	3	10,399	0.37	85
Chapada	302,492	0.25	1,642	319,327	0.26	1,829	621,819	0.25	3,471
Total Copper Mineral Reserves	**312,407**	**0.25**	**1,724**	**319,812**	**0.26**	**1,832**	**632,218**	**0.26**	**3,556**
CMC Ontario Gold Projects									
Upper Beaver Mineral Reserves (50%)	-	-	-	**3,996**	**0.25**	**22**	**3,996**	**0.25**	**22**
Yamana Gold + CMC Ontario Projects									
Total Copper Mineral Reserves	**312,407**	**0.25**	**1,724**	**323,808**	**0.26**	**1,854**	**636,214**	**0.26**	**3,578**
Agua Rica	**384,871**	**0.56**	**4,779**	**524,055**	**0.43**	**5,011**	**908,926**	**0.49**	**9,790**

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Minera Florida Ore	846	1.53	29	2,992	1.05	69	3,838	1.16	98
Minera Florida Tailings	1,248	0.58	16	-	-	-	1,248	0.58	16
Total Zinc Mineral Reserves	**2,093**	**0.96**	**44**	**2,992**	**1.05**	**69**	**5,086**	**1.01**	**114**

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Alumbrera (12.5%)	9,915	0.011	2.50	485	0.009	0.09	10,400	0.011	2.60
Total Moly Mineral Reserves	**9,915**	**0.011**	**2.50**	**485**	**0.009**	**0.09**	**10,400**	**0.011**	**2.60**
Agua Rica	**384,871**	**0.033**	**279**	**524,055**	**0.030**	**350**	**908,926**	**0.031**	**629**

Totals may not add due to rounding

MINERAL RESOURCES *(Measured, Indicated and Inferred) (exclusive of Mineral Reserves)*

	Measured Mineral Resources			Indicated Mineral Resources		
Gold	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects						
Alumbrera (12.5%)	3,082	0.39	39	375	0.37	5
Arco Sul	–	–	–	–	–	–
Canadian Malartic (50%)	2,037	1.33	87	11,086	1.59	566
Cerro Moro	–	–	–	3,321	2.23	238
Chapada	54,815	0.12	204	301,538	0.27	2,600
El Peñón Mine	312	8.56	86	1,116	6.47	232
El Peñón Tailings	–	–	–	–	–	–
El Peñón Low Grade Stock	–	–	–	–	–	–
El Peñón Total	**312**	**8.56**	**86**	**1,116**	**6.47**	**232**
Gualcamayo	10,784	2.00	692	21,949	2.25	1,585
Jacobina	33,494	2.20	2,370	13,554	2.04	889
Jeronimo (57%)	772	3.77	94	385	3.69	46
La Pepa	15,750	0.61	308	133,682	0.57	2,452
Lavra Velha	–	–	–	–	–	–
Minera Florida	1,176	6.04	228	3,722	5.05	604
Monument Bay	–	–	–	36,581	1.52	1,787
Suyai	–	–	–	4,700	15.00	2,286
Total Gold Mineral Resources	**122,221**	**1.05**	**4,108**	**532,009**	**0.78**	**13,289**
CMC Ontario Projects						
Amalgamated Kirkland (50%)	–	–	–	634	6.51	133
Anoki-McBean (50%)	–	–	–	934	5.33	160
Hammond Reef (50%)	82,831	0.70	1,862	21,377	0.57	388
Upper Beaver (50%)	–	–	–	1,818	3.45	202
Upper Canada (50%)	–	–	–	–	–	–
Total Gold Mineral Resources (50%)	**82,831**	**0.70**	**1,862**	**24,763**	**1.11**	**882**
Yamana Gold + CMC Ontario Projects						
Total Gold Mineral Resources	**205,052**	**0.91**	**5,970**	**556,772**	**0.79**	**14,171**
Agua Rica	**27,081**	**0.14**	**120**	**173,917**	**0.14**	**776**

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects						
Cerro Moro	–	–	–	3,321	190.3	20,313
El Peñón Mine	312	191.0	1,914	1,116	224.3	8,048
El Peñón Tailings	–	–	–	–	–	–
El Peñón Low Grade Stock	–	–	–	–	–	–
El Peñón Total	**312**	**191.00**	**1,914**	**1,116**	**224.3**	**8,048**
Minera Florida	1,176	41.5	1,570	3,722	28.0	3,347
Suyai	–	–	–	4,700	23.0	3,523
Total Silver Mineral Resources	**1,487**	**72.9**	**3,484**	**12,858**	**85.2**	**35,230**
Agua Rica	**27,081**	**2.4**	**2,042**	**173,917**	**2.9**	**16,158**

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Total – Measured and Indicated			Inferred Mineral Resources		
Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
3,457	0.39	43	108	0.29	1
–	–	–	5,000	4.02	646
13,123	1.55	653	35,039	2.05	2,306
3,321	2.23	238	4,427	1.96	279
356,353	0.24	2,804	74,599	0.25	609
1,428	6.92	318	2,494	8.31	666
–	–	–	13,767	0.55	245
–	–	–	1,208	1.26	49
1,428	**6.92**	**318**	**17,469**	**1.71**	**960**
32,733	2.16	2,277	17,920	2.48	1,430
47,048	2.15	3,258	1,595	2.24	115
1,157	3.74	139	1,118	4.49	161
149,432	0.57	2,760	37,900	0.50	620
–	–	–	3,934	4.29	543
4,897	5.28	832	7,284	5.26	1,231
36,581	1.52	1,787	41,946	1.32	1,781
4,700	15.00	2,286	900	9.90	274
654,230	**0.83**	**17,396**	**249,236**	**1.37**	**10,956**
634	6.51	133	1,187	5.32	203
934	5.33	160	1,263	4.70	191
104,208	0.67	2,251	251	0.72	6
1,818	3.45	202	4,344	5.07	708
–	–	–	6,049	4.50	876
107,594	**0.79**	**2,745**	**13,094**	**4.71**	**1,984**
761,824	**0.82**	**20,142**	**262,330**	**1.53**	**12,940**
200,998	**0.14**	**896**	**642,110**	**0.12**	**2,444**

Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
3,321	190.3	20,313	4,427	101.3	14,415
1,428	217.0	9,962	2,494	302.5	24,263
–	–	–	13,767	18.9	8,380
–	–	–	1,208	22.2	863
1,428	**217.0**	**9,962**	**17,469**	**59.7**	**33,506**
4,897	31.2	4,916	7,284	28.4	6,661
4,700	23.0	3,523	900	21.0	575
14,346	**83.9**	**38,714**	**30,080**	**57.0**	**55,157**
200,998	**2.8**	**18,200**	**642,110**	**2.3**	**48,124**

Copper	Measured Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)	Indicated Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	3,082	0.40	27	375	0.39	3
Chapada	54,815	0.19	233	219,377	0.22	1,080
Total Copper Mineral Resources	**57,897**	**0.20**	**260**	**219,752**	**0.22**	**1,084**
CMC Ontario Projects						
Upper Beaver (50%)	-	-	-	1,818	0.14	6
Yamana Gold + CMC Ontario Projects						
Total Copper Mineral Reserves	**57,897**	**0.20**	**260**	**221,570**	**0.22**	**1,089**
Agua Rica	**27,081**	**0.45**	**266**	**173,917**	**0.38**	**1,447**

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Minera Florida	1,176	2.32	60	3,722	1.69	139
Total Zinc Mineral Resources	**1,176**	**2.32**	**60**	**3,722**	**1.69**	**139**

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	3,082	0.014	0.93	375	0.012	0.10
Total Moly Mineral Resources	**3,082**	**0.014**	**0.93**	**375**	**0.012**	**0.10**
Agua Rica	**27,081**	**0.049**	**29**	**173,917**	**0.037**	**142**

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Total – Measured and Indicated			Inferred Mineral Resources		
Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
3,457	0.40	31	108	0.21	1
274,192	0.22	1,313	47,046	0.24	252
277,649	**0.22**	**1,344**	**47,153**	**0.24**	**253**
1,818	0.14	6	4,344	0.20	19
279,467	**0.22**	**1,350**	**51,497**	**0.24**	**272**
200,998	**0.39**	**1,713**	**642,110**	**0.34**	**4,853**

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
4,897	1.84	199	7,284	1.33	214
4,897	**1.84**	**199**	**7,284**	**1.33**	**214**

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
3,457	0.014	1.03	108	0.004	0.01
3,457	**0.014**	**1.03**	**108**	**0.004**	**0.01**
200,998	**0.039**	**172**	**642,110**	**0.034**	**480**

YEAR END 2017 MINERAL RESERVES AND MINERAL RESOURCE REPORTING NOTES

1. Metal Price, Cut-off Grade, Metallurgical Recovery

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Anoki-McBean (50%)	N/A	$1,200 Au, 2.5 g/t Au cut-off
Amalgamated Kirkland (50%)	N/A	$1,200 Au, cut-off grade at 2.5 g/t Au
Alumbrera Projects (12.5%)		
Alumbrera Deposit	$1,250 Au, $2.91 Cu. Underground cut-off at 0.5% Cueq.	0.5% Cueq within economic envelope
	Metallurgical recoveries are 87.85% for Cu and 72.31% for Au.	
Bajo El Durazno Deposit	$1,250 Au, $2.91 Cu. Open pit cut-off at 0.3 g/t Aueq within pit design	0.2 g/t Aueq within economic envelope
	Metallurgical recoveries are 72.83% for Cu and 66.75% for Au.	
Arco Sul	N/A	2.5 g/t Au cut-off
Canadian Malartic (50%)	$1,200 Au, cut-off grades range from 0.334 to 0.374 g/t Au.	$1,200 Au, cut-off grades range from 0.35 g/t Au inside pit and 1.0 g/t Au outside or below pit
	Metallurgical recoveries for Au range from 87% to 96.7% depending on zone	Cut-off grade Odyssey Underground at 1.0 g/t Au and East Malartic Underground at 1.25 g/t Au (MSO)
Cerro Moro	$950 Au and $18.00 Ag, Open pit cut-off at 3.4 g/t Aueq and Underground cut-off at 6.2 g/t Aueq.	1.0 g/t Aueq cut-off
	Metallurgical recoveries are 95% for Au and 93% for Ag.	
Chapada	$1,250 Au, $3.00 Cu; $4.36 NSR cut-off at $4.06 / t (Main Pit, Corpo Sul, Cava Norte and Sucupira)	$1,600 / ounce Au , $4.00 / lb Cu (Chapada pits and Suruca SW)
	Cut-off grade 0.21 g/t Au based on $1,300 / ounce Au (Suruca Oxide).	0.2 g/t Au cut-off for oxide and 0.3 g/t Au cut-off for sulphide in Suruca Gold Project
	Cut-off grade 0.3 g/t Au based on $900 / ounce Au (Suruca sulfide).	
	Metallurgical recoveries at Chapada are dependent on zone and range from 45% to 90% for Copper and 25% to 75% for gold.	
	Metallurgical recoveries for Suruca Oxide are dependent on zone and average 85% for gold.	
El Peñón	$1,250 Au, $18.00 Ag, Variable cut-off for Underground ranging from 3.48 g/t Aueq to 4.31 g/t Aueq dependent on zone.	$1,600 Au, $24.00 Ag, Variable cut-off for Underground ranging from 2.71 g/t Aueq to 2.82 g/t Aueq dependent on zone.
	Reserves based on economic revenue.	Cut-off grade for tailings at 0.50 g/t Aueq and for low grade stock at 0.80 g/t Aueq
	Metallurgical recoveries for Au ranges from 82% to 97% and Ag ranges from 56% to 95% dependent on zone.	Metallurgical recoveries: Underground 95% Au and 86.5% Ag . Tailings 60% Au and 30% Ag low grade stock 75% Au and 70% Ag.
Gualcamayo	$1,250 Au, Reserves based on economic revenue with variable cut-offs	Open pit resources based $1,600 Au resource pit with cut-offs dependent on zone.
	Metallurgical recoveries for Au open pit ore are 49% and 61% for Au underground ore.	Underground based on $1,600 Au with1.00 g/t Au Cut-off for material outside of the resource pit shell.

1. Metal Price, Cut-off Grade, Metallurgical Recovery (continued)

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Hammond Reef (50%)	N/A	$1,400 Au, open pit cut-off 0.32 g/t Au West Pit and 0.34 g/t Au East Pit
Jacobina	$1,200 Au; 1.2 g/t Au cut-off.	0.5 g/t Au cut-off based on $1,600 Au price and a minimum width of 1.5 m, 96.5% metallurgical recovery and incremental mining cost.
	Metallurgical recovery for Au is 96%.	
Jeronimo (57%)	$900 Au, 2.0 g/t Au cut-off	2.0 g/t Au cut-off
	Metallurgical recovery for Au is 86%.	
La Pepa	N/A	$780 Au, 0.30 g/t Au cut-off
Lavra Velha	N/A	$1300 Au, $3.5Cu and 0.2g/t Au, 0.1% Cu cut-offs
Minera Florida	$1,250 Au, $18.00 Ag, $1.25 Zn. Reserves based on a 2.17 g/t Aueq cut-off.	2.50 g/t Aueq cut-off
	Metallurgical recoveries are 90.81% for Au, 51.63% for Ag and 57.36% for Zn.	
Monument Bay	N/A	$1,200 Au , 0.4 and 0.7 g/t cut-off for open pit cut-off and 4.0 g/t Au cut-off for underground
Suyai	N/A	5.0 g/t Au cut-off
Upper Beaver (50%)	US$1,200 Au, US$2.75 Cu. Reserves based on NSR cut-off of C$125.00/tonne	US$1,200 Au, US$2.75 Cu. Resources based on NSR cut-off of C$95.00/tonne
	Metallurgical recoveries are 95% for Au and 80 to 90% for Cu.	Metallurgical recoveries are 95% for Au and 90% for Cu.
Agua Rica	$1,000 Au, $2.25 lb Cu, $17.00 g/t Ag, $12.00 lb Mo	0.2% Cu cut-off
	Metallurgical recoveries are 84.9% for Cu, 52.7% for Au, 67.6% for Ag, 65.9% for Zn and 68.0% for Mo	

DELIVERED PRODUCTION OF ALL METALS AT COSTS IN LINE WITH OR BETTER THAN GUIDANCE

Workers underground at El Peñón mine

2017 FINANCIAL REVIEW

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of Operations and Financial Condition ("MD&A") should be read in conjunction with Yamana Gold Inc.'s (the "Company" or "Yamana") most recently issued annual Consolidated Financial Statements for the year ended December 31, 2017 ("Consolidated Financial Statements"). (All figures are in United States Dollars ("US Dollars") unless otherwise specified and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Company has included certain non-GAAP financial measures, which the Company believes, that together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-GAAP financial measures included in this MD&A include:

- *Cash costs per ounce of gold produced on a co-product and by-product basis;*
- *Cash costs per ounce of silver produced on a co-product and by-product basis;*
- *Co-product cash costs per pound of copper produced;*
- *All-in sustaining costs per ounce of gold produced on a co-product and by-product basis;*
- *All-in sustaining costs per ounce of silver produced on a co-product and by-product basis;*
- *All-in sustaining co-product costs per pound of copper produced;*
- *Net debt;*
- *Net free cash flow;*
- *Average realized price per ounce of gold sold;*
- *Average realized price per ounce of silver sold; and*
- *Average realized price per pound of copper sold.*

Definitions and reconciliations associated with the above metrics can be found in Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements of this MD&A.

Cautionary statements regarding forward-looking information and mineral reserves and mineral resources are included in this MD&A.

1. CORE BUSINESS

Yamana is a Canadian-based gold producer with significant gold production, gold development stage properties, exploration properties, and land positions throughout the Americas including in Canada, Brazil, Chile and Argentina. Yamana plans to continue to build on this base through existing operating mine expansions and optimization initiatives, development of new mines, the advancement of its exploration properties and, at times, by targeting other gold consolidation opportunities with a primary focus in the Americas. The Company is listed on the Toronto Stock Exchange (trading symbol "YRI") and the New York Stock Exchange (trading symbol "AUY").

The significant subsidiaries over which the Company exercises control or joint control are listed in *Note 3(a): Significant Accounting Policies: Basis of Consolidation* to the Company's Consolidated Financial Statements.

2. HIGHLIGHTS AND RELEVANT UPDATES

For the year ended December 31, 2017 (*unless otherwise noted*)

Production and Sales

The Company exceeded production expectations, and achieved this at production costs for gold, silver, and copper that were either within or better than guided ranges for the full year. Relative to guidance for the Company's six mines ("Yamana mines"), production performance was as follows:

Production	2017 Actual	2017 Guidance *(i)*	%
Total gold production *(ounces)*	**977,316**	960,000	2%
Total silver production *(ounces)*	**5,004,761**	5,000,000	—%
Total copper production *(pounds)* - Chapada	**127,333,872**	125,000,000	2%

(i) 2017 guidance for gold, silver, and copper production reflects the increases that were applied in October with the Company's third quarter results. For gold, this was the second increase applied to the original guidance of 920,000 ounces.

For the years ended December 31,	2017	2016	%
Gold			
Sales - Yamana mines *(ounces)*	**971,148**	997,380	**(3)%**
Sales - consolidated *(ounces)*	**1,147,204**	1,188,267	**(3)%**
Production - Yamana mines *(ounces)*	**977,316**	1,009,079	**(3)%**
Production - attributable *(ounces) (i)*	**1,096,327**	1,197,844	**(8)%**
Revenue per ounce	**$ 1,250**	$ 1,240	**1 %**
Average realized price per ounce *(ii)*	**$ 1,264**	$ 1,251	**1 %**
Silver			
Sales *(ounces)*	**5,125,689**	6,604,212	**(22)%**
Production *(ounces)*	**5,004,761**	6,709,250	**(25)%**
Revenue per ounce	**$ 16.80**	$ 17.06	**(2)%**
Average realized price per ounce *(ii)*	**$ 16.83**	$ 17.04	**(1)%**
Copper			
Sales *(millions of pounds)*	**120.1**	104.9	**14 %**
Production *(millions of pounds)*	**127.3**	115.5	**10 %**
Revenue per pound	**$ 2.36**	$ 1.92	**23 %**
Average realized price per pound *(ii)*	**$ 2.78**	$ 2.24	**24 %**

(i) Attributable production is determined on a weighted-average basis with respect to ownership of Brio Gold Inc. ("Brio Gold") common shares during the period, which for 2017 was a weighted average of 65.5% (2016 - 100%).

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Costs

- For Yamana mines co-product cash costs and all-in sustaining costs ("AISC") were within or below the guided ranges for the all metals in 2017. Strong production and cost management initiatives were partly offset by the appreciation of local currencies. Co-product AISC for all metals were better than expected due mostly to lower sustaining capital expenditures during the year. As previously disclosed, cost of sales per ounce sold were higher than those guided at the beginning of the year, as depreciation, depletion and amortization at certain mines were above plan.
- By-product costs for gold for the year benefited from the performance of the Chapada mine, which exceeded expectations resulting in higher sales of by-product copper at higher copper prices relative to 2016.
- Underpinned by several cost containment initiatives, cash costs for gold and silver were at the lowest level in the fourth quarter of 2017.

For the years ended December 31,		2017	2016	%
Gold				
Total cost of sales per ounce sold - Yamana mines *(i)*	$	**1,023** $	991	**3 %**
Total cost of sales per ounce sold - consolidated *(i)*	$	**1,038** $	1,008	**3 %**
Co-product cash costs per ounce produced - Yamana mines *(ii)*	$	**672** $	650	**3 %**
Co-product cash costs per ounce produced - attributable *(ii)*	$	**692** $	665	**4 %**
Co-product AISC per ounce produced - Yamana mines *(ii)*	$	**888** $	897	**(1)%**
AISC per ounce produced - attributable *(ii)*	$	**916** $	911	**1 %**
Silver				
Total cost of sales per ounce sold *(i)*	$	**13.63** $	13.79	**(1)%**
Co-product cash costs per ounce produced *(ii)*	$	**10.01** $	8.96	**12 %**
Co-product AISC per ounce produced *(ii)*	$	**13.48** $	12.65	**7 %**
Copper				
Total cost of sales per pound sold at Chapada *(i)*	$	**1.73** $	1.92	**(10)%**
Chapada co-product cash costs per pound produced *(ii)*	$	**1.54** $	1.58	**(3)%**
Chapada AISC per pound produced *(ii)*	$	**1.74** $	2.03	**(14)%**

For the years ended December 31,		2017	2016	%
By-product cash costs per gold ounce produced - Yamana mines *(ii)*	$	**561** $	611	**(8)%**
By-product AISC per gold ounce produced - Yamana mines *(ii)*	$	**820** $	925	**(11)%**
By-product cash costs per silver ounce produced *(ii)*	$	**8.58** $	8.45	**2 %**
By-product AISC per silver ounce produced *(ii)*	$	**12.65** $	12.93	**(2)%**

(i) Total cost of sales consists of the sum of cost of sales excluding Depletion, Depreciation and Amortization ("DDA") plus DDA.

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Financial Results

- Net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, for the year ended December 31, 2017 was $194.4 million or $0.21 per share basic and diluted, compared to a net loss of $307.9 million or $0.31 per share basic and diluted for the year ended December 31, 2016. The net loss was attributable to the non-cash impairment losses recognized on the re-measurement of Gualcamayo and related Argentinian exploration in association with their reclassification as assets held for sale totalling $356.5 million ($273.5 million net of tax), partially offset by the income tax recovery in Argentina related to a tax rate change of $216.8 million.
- Net loss and net loss per share for 2017 were affected by, among other things, the following non-cash or other items that management believes are not reflective of the performance of the underlying operations, which may be used to adjust or reconcile input models in consensus estimates:

For the years ended December 31,	2017		2016	
(In millions of US Dollars; unless otherwise noted)	$	Per share	$	Per share
Non-cash unrealized foreign exchange losses	**15.0**	**0.02**	33.7	0.04
Share-based payments/mark-to-market of deferred share units	**12.8**	**0.01**	14.2	0.01
Mark-to-market on derivative contracts	**15.3**	**0.02**	—	—
Mark-to-market on investment and other assets	**2.5**	**—**	15.6	0.02
Revision in estimates and liabilities including contingencies	**(26.6)**	**(0.03)**	17.3	0.02
Impairment of mining and non-operational mineral properties	**356.5**	**0.38**	615.1	0.65
Other provisions, write-downs and adjustments *(i)*	**33.9**	**0.04**	(8.9)	(0.01)
Non-cash tax unrealized foreign exchange losses/(gains)	**9.9**	**0.01**	(20.0)	(0.02)
Income tax effect of adjustments and other tax adjustments	**(143.4)**	**(0.15)**	(332.9)	(0.35)
Total adjustments - increase to earnings and earnings per share *(ii)*	**275.9**	**0.29**	334.1	0.35

(i) The balance includes, among other things, the reversal of certain provisions such as tax credits and legal contingencies.

(ii) Net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, would be adjusted by an increase of $264.0 million (2016- $334.1 million), while an increase of $11.9 million (2016- $nil) would adjust the earnings attributable to non-controlling interests.

For the years ended December 31, *(In millions of US Dollars; unless otherwise noted)*		2017	2016	%
Financial Results				
Revenue from continuing operations	$	**1,803.8** $	1,787.7	**1 %**
Cost of sales excluding DDA		**(1,042.4)**	(1,029.0)	**1 %**
DDA		**(426.8)**	(462.3)	**(8)%**
Impairment of mining properties		**(256.9)**	(711.3)	**(64)%**
Mine operating earnings/(loss)	$	**77.7** $	(414.9)	

- Revenue for the year ended December 31, 2017, increased from the prior-year comparative period as a result of 24% higher copper prices and higher copper sales quantities.
- Cost of sales excluding DDA was marginally higher than 2016 as a result of the appreciation of the Brazilian Real and Chilean Peso, higher copper sales quantities partly offset by lower planned sales quantities for gold and silver.
- DDA expense was lower than the prior year due to lower planned gold and silver sales volumes. This was partially offset by higher copper sales volumes.

Balance Sheet and Liquidity *(i)*

- As at December 31, 2017, excluding Brio Gold, the Company had cash and cash equivalents of $129.6 million and available credit of $970.0 million, for total liquidity of approximately $1.1 billion.
- Cash flows from operating activities and Net Free Cash Flow (a non-GAAP financial measure, see *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A) are presented below.

For the years ended December 31, *(In millions of US Dollars)*		2017	2016
Cash flows from operating activities before income taxes paid and net change in working capital *(ii)*	$	**593.7** $	690.5
Income taxes paid		**(19.0)**	(63.9)
Payments made related to the Brazilian tax matters		**(76.7)**	—
Cash flows from operating activities before net change in working capital *(ii)*	$	**498.0** $	626.6
Net change in working capital		**(14.0)**	25.3
Cash flows from operating activities	$	**484.0** $	651.9
Less: Advance payments received on metal purchase agreement and unearned revenue		**(6.6)**	(64.0)
Add: Payments made related to the Brazilian tax matters *(iii)*		**76.7**	—
Add: Other cash payments		**6.0**	—
Less: Non-discretionary items related to the current period			
Sustaining capital expenditures		**(204.7)**	(280.5)
Interest and other finance expenses paid		**(103.8)**	(96.2)
Net free cash flow *(i) (ii)*	$	**251.6** $	211.2

(i) For further information on the Company's liquidity and cash flow position, refer to *Section 9: Liquidity, Capital Resources and Contractual Commitments* of this MD&A.

(ii) A cautionary note regarding non-GAAP financial measures and additional line items or subtotals in financial statements is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(iii) For further information, refer to *Section 10: Income Taxes* of this MD&A.

Additional liquidity and capital information is as follows:

For the years ended December 31, *(In millions of US Dollars; unless otherwise noted)*		2017		2016	%
Dividends paid and declared					
Dividend paid *(per share)*		**0.0200**		0.0300	**(33)%**
Dividend declared in respect of the year *(per share)*		**0.0200**		0.0200	**— %**
Weighted average number of shares outstanding					
Basic *(in thousands)*		**948,187**		947,443	**— %**
Diluted *(in thousands)*		**948,187**		947,443	**— %**
Capital expenditures					
Sustaining	**$**	**204.7**	$	280.5	**(27)%**
Expansionary		**320.3**		134.5	**138 %**
Exploration		**82.5**		80.4	**3 %**
Total capital expenditures	**$**	**607.5**	$	495.4	**23 %**

Construction and Development, Strategic Developments and Optimization Initiatives

- **Cerro Moro, Argentina -** As at the end of December 2017, construction progress at Cerro Moro is outlined as follows:
    - Construction remains on schedule for completion at the end of the first quarter of 2018. During the fourth quarter of 2017, structural steel erection and mechanical installation of the main process plant areas were completed with piping, electrical and instrumentation installation progressing according to plan.
    - Commissioning of the primary and secondary crushing and conveying circuits as well as the reverse osmosis water treatment facility commenced in December, 2017.
    - For the first quarter of 2018, the focus will move from construction to commissioning and operational readiness, with remaining construction works on piping, electrical, instrumentation installation staged to suit the commissioning plan, and the recruitment, onboarding and training of the operational staff aligned to the ramp-up of operations in the second quarter of 2018.
    - Underground and open pit mine development is now being managed by Operations having transitioned from Technical Services in the fourth quarter of 2017.
        - Underground development in 2017 progressed according to plan and produced a high-grade stockpile of approximately 16,265 tonnes grading 27 grams per tonne ("g/t") gold and 1,725 g/t silver.
        - Open pit operations have commenced with mobilization beginning in December and development activities now underway at the high-grade Escondida Central pit, where the ore zone is exposed at surface. Presently, open pit ore is being directed to the high-grade stockpile in preparation for the production start.
    - Expenditures for 2017 totaled approximately $172 million. The Company expects the balance of planned construction expenditures of approximately $61 million to be spent in the first half of 2018.

- **Agua Rica, Argentina -** The Company continues to advance its alternatives for the development of the Agua Rica project. These alternatives include technical work and analysis for project development options for Agua Rica, as well as the review and consideration of various strategic alternatives all in an effort to maximize value. In terms of the technical reviews, considerable effort has been undertaken to advance the two development scenarios, one a large-scale open pit and the other a smaller scale underground mine. The large-scale open pit scenario contemplates an integration with the neighboring Alumbrera mine in which the Company holds a 12.5% interest. Under this scenario, the Company projects a mine life in excess of 22 years at average annual production levels of approximately 440 million pounds of copper, 109 thousand ounces of gold, 14 million pounds of molybdenum and 1.6 million ounces of silver for the first 10 years post ramp up. The smaller scale underground scenario employs the application of sub-level caving. For this scenario, based on conceptual level studies, the Company currently projects a mine life in excess of 28 years at average annual production levels of approximately 149 million pounds of copper, 43.4 thousand ounces of gold, 3.9 million pounds of molybdenum and 363 thousand ounces of silver for the first 10 years post ramp up. A feasibility study update was completed for the open pit scenario in 2016 and, as such, this scenario is technically advanced and development ready. Technical work continue to advance the more recently studied underground scenario, as it presents a compelling development opportunity, notably with a marked decrease in development capital while still maintaining the longer term optionality for a large-scale open pit operation in due course.

Based on its own evaluation, and feedback from the strategic alternatives process, the Company believes that the underground scenario represents a viable alternative that should be advanced as soon as possible towards a pre-feasibility level, while concurrently pursuing various strategic alternatives. As such, the Company has determined that it will undertake the work required to conduct a preliminary economic assessment during 2018, with a pre-feasibility study to follow in 2019.

- **Gualcamayo, Argentina** - The Company is pursuing alternatives to maximize value at Gualcamayo. These include the rationalization of the mine's production platform and cost structure, the extension of mine life from exploration efforts focused on oxide resource delineation and additions, and the advancement of the Deep Carbonate project. Similar to the strategy leading to the sale of the Mercedes mine in Mexico during 2016, the Company has also considered the continuum of options for value maximization. Such options weigh the prospect for internal advancement and management time and resources required against the opportunity for monetization, which would leave management and resources unencumbered for the pursuit of other internal projects. As the Company has decided to focus its efforts on assets that are better aligned with its strategic objectives, Gualcamayo has been classified as an asset held for sale.

  The Company has initiated efforts to right-size production at Gualcamayo to deliver a more sustainable production base, better cost structure and to generate a more significant contribution to free cash flows. This optimization plan is similar to the successful strategy that was executed at El Peñón during 2017 and that is currently underway at Minera Florida, leading initially to less ounces of production, although at a higher quality. A more optimal alignment between the current oxide mineral base and the production run-rate will result in an extended time frame to explore the prospective near-mine and regional oxide targets in order to extend mine life. Further testing and evaluation of the Deep Carbonate project and expansion of the sulphide mineral resources of the project will also be pursued. A transition of uninterrupted production from the Gualcamayo mine to the longer-term Deep Carbonate project is currently dependent on the exploration of near mine targets at Gualcamayo and the addition of new oxide resources leading to the extension of the mine life.

- **Kirkland Lake, Canada -** On December 21, 2017, the Company announced an agreement to sell certain jointly owned exploration properties of the Canadian Malartic Corporation ("CMC") including the Kirkland Lake and Hammond Reef properties (the "Transaction"). The Transaction is structured as a sale of assets by CMC (in which Yamana holds a 50% indirect interest) pursuant to which Agnico Eagle Mines Limited will acquire all of the Company's indirect 50% interest in the Canadian exploration assets of CMC in consideration of cash proceeds to Yamana of $162.5 million. The Transaction, which is scheduled to close in the first quarter of 2018, does not affect the Canadian Malartic mine and related assets including Odyssey, East Malartic, Midway, and East Amphi. The Transaction is consistent with the Company's stated objective to improve its financial position. The assets have been reclassified to assets held for sale in the Company's Consolidated Financial Statements as at December 31, 2017.

- **Suruca, Brazil -** The Company continues to advance development efforts at the Suruca oxides project including the additional consideration of recent drill results at Suruca Southwest and Suruca Sulphide (located beneath the oxide deposit). Suruca Oxides is a gold-only standalone project with synergies with the existing Chapada infrastructure. The Company is assessing a broader Suruca complex to maximize value, and expects to provide an update on the preliminary plans for the Suruca oxides and the underlying sulphides in the second quarter of 2018.

- **Chapada, Brazil -** Opportunities for a plant expansion at Chapada are being studied for the treatment of Sucupira mineralization and low-grade ore stockpiles. These studies are being undertaken in parallel to the Suruca assessments. In 2017 for Sucupira, mineral reserves of 46 million tonnes at 0.27 g/t gold and 0.31% copper grades were reclassified from mineral resources. While prioritizing among the several opportunities at Chapada, mine management is assessing the impact of bringing forward production from the Sucupira deposit into the mine plan.

- **Canadian Malartic, Canada -** The Canadian Malartic Extension Project is continuing according to plan and on budget. Expansionary expenditures for the mine extension in 2017 were $17.0 million (on a 50% basis). Another, approximately $36.5 million (on a 50% basis) is expected to be spent in 2018.

Mineral Reserves and Mineral Resources

The Company's exploration programs continue with the focus of mineral resource discovery and mineral reserve replacement and growth at all mines. For additional details, refer to *Section 6: Operating Mines* and *Section 8: Mineral Reserve and Mineral Resources* of this MD&A.

Subsequent Events

Shareholder Supported Take-over Bid for Brio Gold Inc.

In January 2018, Leagold Mining Corporation ("Leagold") announced that it intended to make an offer to acquire all of the issued and outstanding shares of Brio Gold Inc. ("Brio Shares") on or before February 28, 2018 (the "Offer"). Pursuant to the Offer, holders of Brio Shares would receive 0.922 of a share of Leagold for each Brio Share held. Based on the share exchange ratio to be provided under the Offer, the Company would receive 58,115,953 shares of Leagold, representing approximately 22% ownership in the combined entity. The Company entered into a support agreement endorsing a transaction with Leagold. Pursuant to the agreement, the Company agreed to tender all of its Brio Shares and to hold the Leagold shares it receives pursuant to the Offer for a minimum period of 12 months, subject to certain exceptions. The Offer provides the Company the opportunity to derive value from Brio and the underlying Brio assets as the combined entity has considerable present value and upside potential.

Copper Advanced Sales Program

The Company entered into a copper advanced sales program pursuant to which the Company received $125.0 million on January 12, 2018 in exchange for approximately 40.3 million pounds of copper to be delivered in the second half of 2018 and first half of 2019. This production represents approximately one third of planned production in the period of the program or approximately 16 per cent of the total production for 2018 and 2019. Copper is expected to be delivered against these prepaid volumes coincident with planned shipments of concentrate from the Chapada mine. The cash consideration will be treated as deferred revenue to be amortized, and the revenue recognized, over the second half of 2018 and first half of 2019 when the physical deliveries of copper occur under the prepaid sales. The cash consideration will be included in operating cash flow for the first quarter of 2018.

Refinancing of Debt - Redemption of 2019 Notes

During the fourth quarter of 2017, the Company completed an offering of $300 million of 4.625% senior notes due December 2027. With these funds, on January 29, 2018, the Company redeemed $181.5 million of 6.97% senior notes due December 2019 at a make-whole price of 108.12. These items have extended the tenor of the Company's fixed term debt profile at lower average interest rates and improved financial flexibility. During the first and second quarter of 2018, the Company has senior notes maturities of $73.6 million and $35.0 million, respectively, that will be retired as they come due. Following the 2018 maturities, the Company's next scheduled maturity of fixed rate debt of $84 million is not until March 2020.

3. OUTLOOK AND STRATEGY

Over the years, the Company has grown through phases of strategic acquisitions to upgrade its portfolio and by pursuing organic growth to increase production and cash flow. The Company is currently focusing on numerous internal value generating opportunities and the Company's current key objectives include:

- Delivering operational results and execution, and advancing near-term and ongoing optimizations at Yamana's five remaining mines, soon to be six producing mines
- Maximization of cash return on invested capital, first on producing and then non-producing assets.
  - Within its producing portfolio, the Company's focus remains on the growth of mineral reserves and mineral resources resulting in mine life extensions. Similarly, throughput increases, grade and recovery improvements and cost reductions which are expected to improve returns on invested capital.
  - For those assets in the non-producing category, value and return maximization and the ultimate generation of a more than commensurate return on that capital base will be dependent on the advancement of development opportunities. Such opportunities will be supported by technical/financial reviews, development through construction and operational efforts. The Company will also consider alternative options for generating returns on the non-producing portion of its portfolio from the monetization of those assets, for example, as in the case of the Kirkland Lake transaction.
- Advancing Cerro Moro to construction completion in the first quarter of 2018, with the production ramp-up to commence thereafter;
- Advancing the Company's organic pipeline through exploration targeted on the most prospective properties, including:
  - Chapada, Minera Florida, Canadian Malartic (Odyssey) and Cerro Moro as a result of new discoveries at each site,
  - Minera Florida, El Peñón, Chapada, and Jacobina with the objective to increase mine life and to deliver potential for production increases through further delineation and infill drilling; and
- Maximizing value from the long-life Chapada mine and vast exploration opportunities by pursuing expansion initiatives.
- Continuing balance sheet and financial performance improvements. The Company continues to target a leverage ratio of 1.5 or better;
- Improving the efficiency of all operations with a focus on optimizing free cash flow from mine plans that can deliver consistent and predictable results and, in the case of Canadian Malartic, Jacobina, and Minera Florida, a focus on production growth opportunities; and
- Increasing overall mineral reserves and mineral resources.

The Company made significant progress against all of these objectives through the end of the fourth quarter.

Consistent with the above objectives, the Company continues to evaluate its medium-term development opportunities. The Company foresees that after the completion of Cerro Moro, and the Canadian Malartic Extension, there will be a significant reduction in expansionary capital. With Cerro Moro, coupled with an increase in production as existing projects are completed, the Company expects to deliver significant increases in cash flow and net free cash flow beginning in 2018. This would also increase the Company's cash return on invested capital.

The Company remains committed to maintaining financial flexibility and strengthening its balance sheet. Recent and current initiatives, which have or will further advance this commitment, include the following:

- First and foremost are planned cash flow increases which are expected as the Company continues to deliver operational improvements and advance its development stage projects, most notably Cerro Moro which remains on budget and on schedule for start-up in early 2018. With Cerro Moro contributing to production in 2018 and with its projected low cost profile, the Company expects meaningful increases to EBITDA and cash flow for 2018 and beyond.

- Secondly, the recent offering of senior notes, and copper advanced sale program provide further financial flexibility over the medium term with a focus on repaying outstanding indebtedness. Additionally, the Company expects to use this enhanced flexibility to replace and upgrade mine cash flows and to target further optimization and other opportunities. Yamana is committed to advancing its project pipeline with the sequencing established to manage balance sheet strength while also ensuring the pipeline is well positioned in those countries and jurisdictions where the Company has the most familiarity.

- Thirdly, the Company is advancing on several monetization initiatives as part of ongoing strategic and technical reviews of its asset portfolio. Following such a review, the Company entered into a transaction for the sale of certain exploration assets including the Kirkland Lake and Hammond Reef properties. Another previously announced and similar strategic review relates to the alternatives for development of Agua Rica which is a feasibility stage copper-gold asset wholly owned by Yamana. In the case of other assets, the Company considers the contribution to cash flows from those assets and whether or not the possible monetization of or other strategic alternatives for those assets may deliver more value than the immediate cash flows that they generate. In 2016, the Company sold its Mercedes mine on this basis and after such a review. Following a similar review of Gualcamayo, the Company has initiated a plan of sale for its Gualcamayo mine in Argentina.

The Company is committed to delivering production from quality mines/projects thereby maximizing returns, improving its cash balances and cash return on invested capital, reducing its net debt, and properly managing its balance sheet and overall financial position. Monetization initiatives, the recent issue of the senior notes, and the recently entered into copper advanced sale program considerably advance these goals. Continued operational and financial performance from the Company's continuing five mines along with the contribution to be provided by Cerro Moro, beginning in 2018, will further advance these goals.

2018 - 2020 Production Guidance

The following table presents the Company's total production expectations for its mines for 2018, 2019 and 2020.

	2017 Actual	**2018 E**	**2019 E**	**2020 E**
Total Gold Production *(ounces) (i)*	823,264	**900,000**	**940,000**	**970,000**
Total Silver Production *(ounces)*	5,004,761	**8,150,000**	**10,400,000**	**12,950,000**
Total Copper Production *(millions of pounds)* - Chapada	127.3	**120.0**	**120.0**	**120.0**

(i) Excluding any attribution from Yamana's interest in Brio Gold and Gualcamayo which is an asset held for sale. For 2017, total gold production including Gualcamayo is 977,316 ounces. Gualcamayo is expected to produce 110,000 ounces in 2018, additional details are provided below.

The following table presents per unit cost expectations for 2018:

2017 Actuals, excluding Brio *(ii)*		**Gold**		**Silver**		**Copper (Chapada)**
Total cost of sales per ounce or pound sold	$	1,023	$	13.63	$	1.73
Co-product cash costs per ounce or pound produced *(i)*	$	672	$	10.01	$	1.54
Co-product AISC per ounce or pound produced *(i)*	$	888	$	13.48	$	1.74
By-product cash costs per ounce or pound produced *(i)*	$	561	$	8.58		—
By-product AISC per ounce or pound produced *(i)*	$	820	$	12.65		—

2018 Guidance, excluding Brio *(ii)*			
Total cost of sales per ounce or pound sold	**$1,010 - $1,030**	**$15.00 - $15.25**	**$1.80 - $1.85**
Co-product cash costs per ounce or pound produced *(i)*	**$630 - $650**	**$9.00 - $9.25**	**$1.60 - $1.65**
Co-product AISC costs per ounce or pound produced *(i)*	**$850 - $870**	**$12.25 -$12.50**	**$1.80 - $1.85**
By-product cash costs per ounce or pound produced *(i)*	**$460 - $480**	**$6.75 - $7.00**	**—**
By-product AISC costs per ounce or pound produced *(i)*	**$725 - $745**	**$10.50 - $10.80**	**—**

(i) A cautionary note regarding non-GAAP financial measures and additional line items or subtotals in financial statements is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(ii) 2017 actuals include Gualcamayo, while 2018 guidance excludes Gualcamayo as it is an asset held for sale.

Gold production is expected to increase in the guidance period in each of 2019 and 2020 mostly as a result of increases in production at Canadian Malartic, Jacobina, Minera Florida, and with new production from Cerro Moro. Silver production is expected to increase more significantly, in percentage terms, than gold production almost entirely as a result of the ramp up of Cerro Moro. Copper production, all of which is from Chapada, is expected to remain constant throughout the guidance period.

The Company is now concentrating its efforts on five producing mines, which, beginning in early 2018, will increase to six with the planned start of production from Cerro Moro in the second quarter. The Company's Gualcamayo mine has been classified as an asset held for sale and, as such, is not included in total production and cost expectations for the guidance period. See "Gualcamayo" section below for additional details.

The following table presents mine-by-mine production expectations for 2018.

	Gold		Silver	
Production Expectation by Mine *(i)*	**2017 Actual**	**2018 E**	**2017 Actual**	**2018 E**
Chapada	119,852	**110,000**	—	**—**
El Peñón	160,509	**145,000**	4,282,339	**4,400,000**
Canadian Malartic (50%)	316,731	**325,000**	—	**—**
Jacobina	135,806	**135,000**	—	**—**
Minera Florida	90,366	**90,000**	—	**—**
Cerro Moro	—	**85,000**	—	**3,750,000**

(i) Excluding Gualcamayo production which is an asset held for sale.

The Company's 2018 total gold production guidance of 900,000 ounces implies a bias to the upside over the sum of mine production expectations presented above. This takes into consideration that certain mines, based on historical performance and potential benefits of planned optimizations, are expected to achieve higher levels of gold production in 2018 while not attributing those production ounces to specific mines at this time.

At Cerro Moro, the Company has undertaken studies to optimize mine sequencing and the mix of gold and silver production, balancing efforts to front-end load gold and silver production in the early years while taking into account the underground and open-pit sequencing to execute on the plan. With the planned changes and new sequencing, the consequence is a higher proportion of gold dominant stopes over the guidance period. While this provides more flexibility in the mine plan to maximize gold production above current guidance levels, a consequence is that silver grades are lower and silver production is slower to ramp up as compared to prior guidance. With the new sequencing, the Company forecasts silver production over 8 million ounces in 2020.

For its existing mines, Yamana expects to continue its established trend of delivering stronger production in the second half of the year compared to the first half of the year. In 2018, the Company expects approximately 47 per cent of total gold production and 46 per cent of total copper production to be delivered in the first half, excluding Cerro Moro. For Cerro Moro, the Company expects approximately 25 to 30 per cent of the mine's gold and silver production to be produced in the first half.

Cost Outlook

With the contribution from Cerro Moro, the Company's all-in sustaining costs ("AISC") are expected to decrease from 2017 levels into 2018 and 2019.

The following table presents cost of sales, cash costs and AISC guidance by mine for gold and silver for 2018:

	Total cost of sales per ounce sold *(ii)*		Co-product cash costs per ounce produced *(i) (ii)*		Co-product AISC per ounce produced *(i) (ii)*	
	2017 Actual	**2018 E**	**2017 Actual**	**2018 E**	**2017 Actual**	**2018 E**
Gold						
Chapada	$ 384	**$ 450**	$ 334	**$ 385**	$ 384	**$ 430**
El Peñón	$ 1,089	**$ 1,065**	$ 751	**$ 790**	$ 928	**$ 965**
Canadian Malartic (50%)	$ 1,000	**$ 1,000**	$ 576	**$ 590**	$ 742	**$ 760**
Jacobina	$ 1,057	**$ 1,100**	$ 701	**$ 730**	$ 867	**$ 910**
Minera Florida	$ 1,248	**$ 1,275**	$ 812	**$ 750**	$ 1,090	**$ 930**
Cerro Moro	$ —	**$ 1,100**	$ —	**$ 510**	$ —	**$ 650**
Silver						
El Peñón	$ 14.57	**$ 14.75**	$ 10.30	**$ 10.75**	$ 12.77	**$ 13.25**
Cerro Moro	$ —	**$ 15.25**	$ —	**$ 7.10**	$ —	**$ 9.15**

(i) A cautionary note regarding non-GAAP financial measures and additional line items or subtotals in financial statements is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(ii) Excluding any attribution from Yamana's interest in Brio Gold and Gualcamayo which is an asset held for sale.

With respect to Cerro Moro, the Company is expecting average 2018 to 2019 co-product cash costs of $500 per ounce gold and $6.70 per ounce silver, and co-product AISC of $650 per ounce gold and $8.85 per ounce silver.

The following table presents sustaining capital and exploration spend expectations by mine for 2018, excluding any attribution from Brio Gold:

		Sustaining capital			Total exploration		
(In millions of US Dollars)		2017 Actual		2018 E		2017 Actual	2018 E
Chapada	$	27.9	**$**	**25.0**	$	8.2 **$**	**8.0**
El Peñón	$	38.5	**$**	**35.0**	$	17.8 **$**	**12.0**
Canadian Malartic (50%)	$	48.2	**$**	**50.0**	$	10.2 **$**	**5.0**
Minera Florida	$	24.6	**$**	**16.0**	$	12.4 **$**	**10.0**
Jacobina	$	21.7	**$**	**20.0**	$	5.9 **$**	**6.0**
Cerro Moro	$	—	**$**	**21.0**	$	7.7 **$**	**9.0**
Monument Bay	$	—	$	—	$	3.3 **$**	**6.0**
Discretionary	$	—	$	—	$	— **$**	**16.0**
Other sustaining	$	2.1	**$**	**3.0**	$	— **$**	**—**
Generative exploration and overhead	$	—	**$**	**—**	$	18.3 **$**	**17.0**
Total	**$**	**163.0**	**$**	**170.0**	**$**	**83.8 $**	**89.0**

The Company expects approximately 75% of exploration spending will be capitalized in 2017.

In 2017, the Company provided guidance that approximately $21 million dollars of exploration spending was considered discretionary and would be allocated on a success basis. Yamana expects to use a similar approach in 2018 to allocate $16 million dollars of discretionary exploration spending based on results at the Company's various mines and assets. The potential for a portion of the 2018 discretionary spending offsets some of the change in expected exploration spending compared to 2017 actuals seen at certain mines, such as El Peñón, in the table above.

At Minera Florida, the Company is projecting lower sustaining capital and exploration expenditures in 2018 as previously planned expenditures are expected to be spread across a number of years. This approach is consistent with the transformational strategy implemented in 2017, which is expected to result in lower production in the immediate term while the Company expects production to increase to 120,000 ounces of gold per year by 2021. The Company continues to target a longer-term strategic production objective of 130,000 ounces of gold per year at Minera Florida.

The following table presents other expenditure expectations for 2018, excluding Gualcamayo and any attribution from Brio Gold:

(In millions of US Dollars, unless otherwise noted)		2017 Actual *(i)*		2018 E *(i)*
Total expansionary capital	$	279.9	**$**	**192.3**
Total DDA	$	384.3	**$**	**450.0**
Total general and administrative expenses ("G&A")	$	90.6	**$**	**94.0**
Cash based G&A	$	82.9	**$**	**85.0**
Stock-based G&A	$	7.7	**$**	**9.0**

(i) 2017 actuals include Gualcamayo, while 2018 guidance excludes Gualcamayo as it is an asset held for sale.

A significant portion of the expansionary capital budget for 2018 relates to Cerro Moro, which, as previously noted, will begin planned operations in 2018, and to the Canadian Malartic Extension Project (formerly the Barnat extension).

At Chapada, the Company has various development, optimization and expansion opportunities under consideration that are not included in the current 2018 expansionary capital expenditures. These opportunities include plant throughput increases, and the broader Suruca complex.

Sucupira and Baru are immediately adjacent to the existing pit, and the potential to bring forward production from these deposits is currently being evaluated. Opportunities to expand the mill capacity to treat Sucupira/Baru mineralization, and potentially low-grade ore stockpiles, which are expected to grow further in 2018 by approximately 15 million tonnes, are also being evaluated. The Company is also advancing development efforts at the Suruca oxide project while considering recent drill results from Suruca Southwest and Suruca sulphide (located beneath the oxide deposit). The Company is now assessing a broader Suruca complex and expects to complete studies of a comprehensive scenario in 2018. Additional detail on the range of development opportunities and related plans for Chapada is expected to be provided in the second quarter of 2018.

At Cerro Moro, the Company expects to spend approximately $61 million in remaining construction costs in 2018. The planned expenditures at Cerro Moro include previously planned 2018 spending of approximately $55 million plus $6 million carried forward from 2017.

At Canadian Malartic, the Company expects to spend approximately $52 million (50%-basis) in expansionary capital in 2018. The majority, or approximately $37 million, relates to the Canadian Malartic Extension Project. The remainder predominantly includes capital expenditures for studies relating to the Odyssey and East Malartic projects.

At Minera Florida, the Company expects to spend approximately $28 million in expansionary capital in 2018. This includes approximately $10 million for the last payment relating to the land concessions acquired in 2016 with the majority of the remainder allocated to expansionary mine development in the Hornitos and Pataguas tunnels. The Company will spread expansionary mine development capital and exploration expenditures across a number of years.

The Company expects higher DDA in 2018 compared to 2017 mainly due to the start-up of production at Cerro Moro. DDA at Cerro Moro is expected to decrease to lower levels as the exploration program advances toward its target of adding 1.0 million ounces of mineral resources by 2021. Cerro Moro DDA reflects both the costs of construction as well as the historical acquisition costs.

Gualcamayo

As aforementioned, Gualcamayo is an asset held for sale and the efforts to right-size production at Gualcamayo are reflected in the 2018 guidance as follows:

		2017 Actual		**2018 E**
Gold production *(ounces)*		154,052		**110,000**
Total cost of sales per gold ounce sold	$	1,293	**$**	**1,050**
Co-product cash costs per gold ounce produced *(i)*	$	942	**$**	**1,080**
Co-product AISC per gold ounce produced *(i)*	$	990	**$**	**1,145**
Sustaining capital *(in millions of US Dollars)*	$	6.6	**$**	**6.8**
Exploration *(in millions of US Dollars)*	$	10.7	**$**	**8.0**

(i) A cautionary note regarding non-GAAP financial measures and additional line items or subtotals in financial statements is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Based on mineral reserves and reasonable conversion of mineral resources, the Company expects Gualcamayo's production platform to be in excess of 100,000 ounces of gold for the next several years following 2018. The production outlook for Gualcamayo excludes the sizeable district exploration potential and the Deep Carbonates project.

Assumptions

Key assumptions, in relation to the above guidance, are presented in the table below.

	2017 Actual *(i)*	2018 Assumptions
Gold (USD per ounce)	$ 1,264	**$ 1,300**
Silver (USD per ounce)	$ 16.83	**$ 18.00**
Copper (USD per pound)	$ 2.78	**$ 3.25**
Canadian Dollar/US Dollar	1.30	**1.28**
Brazilian Real/US Dollar	3.19	**3.25**
Argentine Peso/US Dollar	16.56	**21.00**
Chilean Peso/US Dollar	649.01	**615.00**

(i) 2017 exchange rates are the average realized exchange rates for the 12 months ended December 31, 2017.

4. SUMMARY OF FINANCIAL AND OPERATING STATISTICS

4.1 Financial Statistics

(In millions of US Dollars; unless otherwise noted)	*For the three months ended December 31,* 2017	2016	*For the years ended December 31,* 2017	2016	2015
Revenue	**$ 478.8**	$ 484.4	**$ 1,803.8**	$ 1,787.7	$ 1,720.6
Cost of sales excluding DDA	**(264.7)**	(284.1)	**(1,042.4)**	(1,029.0)	(1,015.1)
Gross margin excluding DDA	**$ 214.1**	$ 200.3	**$ 761.4**	$ 758.7	$ 705.5
Depletion, depreciation and amortization	**(100.9)**	(128.3)	**(426.8)**	(462.3)	(503.9)
Impairment of mining properties	**(256.9)**	(711.3)	**(256.9)**	(711.3)	(1,469.0)
Mine operating (loss)/earnings	**$ (143.7)**	$ (639.3)	**$ 77.7**	$ (414.9)	$ (1,267.4)
General and administrative	**(34.0)**	(29.9)	**(113.6)**	(100.2)	(110.1)
Exploration and evaluation	**(7.0)**	(3.0)	**(21.2)**	(14.9)	(18.7)
Equity loss from associate	**—**	—	**—**	—	(17.5)
Other expenses	**(16.4)**	(19.0)	**(23.6)**	(39.7)	(69.6)
(Impairment)/reversal of non-operating mining properties	**(99.6)**	96.2	**(99.6)**	96.2	(567.1)
Net finance expense	**(37.5)**	(29.6)	**(137.7)**	(142.2)	(112.6)
Net loss before income taxes	**$ (338.2)**	$ (624.6)	**$ (318.0)**	$ (615.7)	$ (2,163.0)
Income tax recovery, net	**138.5**	269.2	**113.9**	324.9	476.3
Net loss from continuing operations	**$ (199.7)**	$ (355.4)	**$ (204.1)**	$ (290.8)	$ (1,686.7)
Net loss from discontinued operations	**—**	(12.6)	**—**	(17.5)	(428.1)
Net loss	**$ (199.7)**	$ (368.0)	**$ (204.1)**	$ (308.3)	$ (2,114.8)
Attributable to:					
Yamana Gold Inc. equityholders	**$ (191.0)**	$ (367.6)	**$ (194.4)**	$ (307.9)	$ (2,114.8)
Non-controlling interests	**$ (8.7)**	$ (0.4)	**$ (9.7)**	$ (0.4)	$ —
	$ (199.7)	$ (368.0)	**$ (204.1)**	$ (308.3)	$ (2,114.8)
Loss per share - basic and diluted *(i)*	**$ (0.20)**	$ (0.39)	**$ (0.21)**	$ (0.32)	$ (2.26)
Loss per share from continuing operations - basic and diluted *(i)*	**$ (0.20)**	$ (0.37)	**$ (0.21)**	$ (0.31)	$ (1.80)
Dividends declared per share	**$ 0.005**	$ 0.005	**$ 0.020**	$ 0.020	$ 0.060
Dividends paid per share	**$ 0.005**	$ 0.005	**$ 0.020**	$ 0.030	$ 0.060
Weighted average number of common shares outstanding - basic *(in thousands)*	**948,468**	947,590	**948,187**	947,443	936,606
Weighted average number of common shares outstanding - diluted *(in thousands)*	**948,468**	947,590	**948,187**	947,443	936,606

(i) Attributable to Yamana Gold Inc. equityholders.

Net earnings/(loss) and net earnings/(loss) per share were affected by, among other things, the following non-cash and certain items that may not be reflective of current and ongoing operations. The Company refers to the following items, which may be used to adjust or reconcile input models in consensus estimates:

	For the three months ended December 31,		For the years ended December 31,	
(In millions of US Dollars; unless otherwise noted)	**2017**	2016	**2017**	2016
Non-cash unrealized foreign exchange (gains)/losses	**$ (1.2)**	$ 8.8	**$ 15.0**	$ 33.7
Share-based payments/mark-to-market of deferred share units	**3.7**	(2.3)	**12.8**	14.2
Mark-to-market on derivative contracts	**14.2**	—	**15.3**	—
Mark-to-market on investment and other assets	**(0.5)**	4.2	**2.5**	15.6
Revision in estimates and liabilities including contingencies	**1.9**	8.2	**(26.6)**	17.3
Impairment of mining and non-operational mineral properties	**356.4**	615.1	**356.5**	615.1
Other provisions, write-downs and adjustments *(i)*	**5.9**	2.3	**33.9**	(8.9)
Non-cash tax unrealized foreign exchange losses/(gains)	**11.6**	50.8	**9.9**	(20.0)
Income tax effect of adjustments	**(141.3)**	(325.0)	**(143.4)**	(332.9)
Total adjustments - increase to earnings*(ii)*	**$ 250.7**	$ 362.1	**$ 275.9**	$ 334.1
Total adjustments - increase to earnings per share	**$ 0.26**	$ 0.38	**$ 0.29**	$ 0.35

(i) The balance includes, among other things, the reversal of certain provisions such as tax credits and legal contingencies.

(ii) For the three months ended December 31, 2017, net earnings from continuing operations, attributable to Yamana Gold Inc. equityholders, were impacted by an increase of $244.2 million (2016- $362.1 million), while an increase of $6.5 million (2016- $nil) relates to non-controlling interests. For the twelve months ended December 31, 2017, net earnings from continuing operations, attributable to Yamana Gold Inc. equityholders, were impacted by an increase of $264.0 million (2016- $334.1 million), while an increase of $11.9 million (2016- $nil) relates to non-controlling interests.

The following table lists revenue per ounce or pound sold, average realized prices and average market prices:

	For the three months ended December 31,			For the years ended December 31,		
	2017	2016	**%**	**2017**	2016	**%**
Gold						
Revenue per ounce of gold	**$ 1,269**	$ 1,196	**6 %**	**$ 1,250**	$ 1,240	**1 %**
Average realized gold price per ounce *(i)(ii)*	**$ 1,286**	$ 1,210	**6 %**	**$ 1,264**	$ 1,251	**1 %**
Average market gold price per ounce *(iii)*	**$ 1,277**	$ 1,222	**5 %**	**$ 1,259**	$ 1,251	**1 %**
Silver						
Revenue per ounce of silver	**$ 16.46**	$ 17.11	**(4)%**	**$ 16.80**	$ 17.06	**(2)%**
Average realized silver price per ounce *(i)(ii)*	**$ 16.49**	$ 17.17	**(4)%**	**$ 16.83**	$ 17.04	**(1)%**
Average market silver price per ounce *(iii)*	**$ 16.71**	$ 17.19	**(3)%**	**$ 17.08**	$ 17.14	**— %**
Copper						
Revenue per pound of copper	**$ 2.36**	$ 2.02	**17 %**	**$ 2.36**	$ 1.92	**23 %**
Average realized copper price per pound *(i)(ii)*	**$ 3.02**	$ 2.48	**22 %**	**$ 2.78**	$ 2.24	**24 %**
Average market copper price per pound *(iii)*	**$ 3.09**	$ 2.39	**29 %**	**$ 2.80**	$ 2.21	**27 %**

(i) A cautionary note regarding non-GAAP financial measures and their respective reconciliations, as well as additional line items or subtotals in financial statements are included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(ii) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.

(iii) Source of information: Bloomberg.

Cash flows from operating activities and Net Free Cash Flow (a non-GAAP financial measure, see *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A) are presented below:

(In millions of US Dollars)	*For the three months ended December 31,* **2017**	2016	*For the years ended December 31,* **2017**	2016	2015
Cash flows from operating activities of continuing operations *(i)*	**$ 158.5**	$ 163.0	**$ 484.0**	$ 651.9	$ 514.0
Cash flows from operating activities before net change in working capital *(i), (ii)*	**$ 122.3**	$ 147.7	**$ 498.0**	$ 626.6	$ 654.8
Cash flows used in investing activities of continuing operations	**$ (196.9)**	$ (160.2)	**$ (644.2)**	$ (407.7)	$ (367.2)
Cash flows from/(used in) financing activities of continuing operations	**$ 68.3**	$ (147.0)	**$ 217.9**	$ (267.5)	$ (204.6)

(i) Cash flows from operating activities were higher in 2016 due to the receipt of advanced consideration in relation to the Company's metal purchase agreements. Cash flows from operating activities in 2017 were affected by payments of $76.7 million made in relation to the Brazilian Tax Matters. Refer to *Section 10: Income Taxes* of this MD&A for further discussion relating to the Brazilian Tax Matters.

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(In millions of US Dollars)	*For the three months ended December 31,* **2017**	2016	*For the years ended December 31,* **2017**	2016
Cash flows from operating activities before income taxes paid and net change in working capital *(ii)*	**$ 170.3**	$ 161.2	**$ 593.7**	$ 690.5
Income taxes paid	**(1.4)**	(13.5)	**(19.0)**	(63.9)
Payments made related to the Brazilian tax matters	**(46.6)**	—	**(76.7)**	—
Cash flows from operating activities before net change in working capital *(ii)*	**$ 122.3**	$ 147.7	**$ 498.0**	$ 626.6
Net change in working capital	**36.2**	15.3	**(14.0)**	25.3
Cash flows from operating activities	**$ 158.5**	$ 163.0	**$ 484.0**	$ 651.9
Less: Advance payments received on metal purchase agreement and unearned revenue	**(6.6)**	—	**(6.6)**	(64.0)
Add: Payments made related to the Brazilian tax matters	**46.6**	—	**76.7**	—
Add: Other cash payments	**—**	—	**6.0**	—
Less: Non-discretionary items related to the current period				
Sustaining capital expenditures	**(57.0)**	(77.7)	**(204.7)**	(280.5)
Interest and other finance expenses paid	**(34.3)**	(30.1)	**(103.8)**	(96.2)
Net free cash flow *(i)*	**$ 107.2**	$ 55.2	**$ 251.6**	$ 211.2

(i) For further information on the Company's liquidity and cash flow position, refer to *Section 9: Liquidity, Capital Resources and Contractual Commitments* of this MD&A.

(ii) A cautionary note regarding non-GAAP financial measures and additional line items or subtotals in financial statements is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Balance sheet highlights

As at December 31, (In millions of US Dollars)	**2017**	2016	2015
Total assets	**$ 8,763.3**	$ 8,801.7	$ 9,518.1
Total long-term liabilities	**$ 3,535.3**	$ 3,746.6	$ 4,111.4
Total equity	**$ 4,447.3**	$ 4,580.0	$ 4,864.6
Working capital *(i)*	**$ 58.7**	$ 77.3	$ 106.9

(i) Working capital is defined as the excess of current assets over current liabilities, which includes the current portion of long-term debt. Notable movements in working capital from the prior year include decreases of $91.4 million resulting from the increase in the current portion of long-term debt and $87.0 million resulting from the increase of income taxes payable mainly related to the Brazilian Tax Matters and timing of payments.

4.2 Operating Statistics

Ounces of production	**Gold**			**Silver**		
For the years ended December 31,	**2017**	2016	%	**2017**	2016	%
Chapada	**119,852**	107,301	**12 %**	**252,748**	259,444	**(3)%**
El Peñón	**160,509**	220,209	**(27)%**	**4,282,339**	6,020,758	**(29)%**
Canadian Malartic *(i)*	**316,731**	292,514	**8 %**	**—**	—	**— %**
Jacobina	**135,806**	120,478	**13 %**	**—**	—	**— %**
Minera Florida	**90,366**	104,312	**(13)%**	**469,674**	429,048	**9 %**
Gualcamayo	**154,052**	164,265	**(6)%**	**—**	—	**— %**
Total production, Yamana mines	**977,316**	1,009,079	**(3)%**	**5,004,761**	6,709,250	**(25)%**
Brio Gold (attributable to the Company) *(iii)*	**119,011**	188,765	**(37)%**	**—**	—	**— %**
Total production, attributable to the Company	**1,096,327**	1,197,844	**(8)%**	**5,004,761**	6,709,250	**(25)%**
Brio Gold (attributable to non-controlling interest)	**59,014**	897	**n/a**	**—**	—	**n/a**
Total production *(v), (vi)*	**1,155,341**	1,198,741	**(4)%**	**5,004,761**	6,709,250	**(25)%**
Cost of sales excluding DDA per ounce sold, Yamana mines	**$ 682**	$ 664	**3 %**	**$ 10.00**	$ 9.07	**10 %**
Cost of sales excluding DDA per ounce sold	**$ 712**	$ 677	**5 %**	**$ 10.00**	$ 9.07	**10 %**
DDA per ounce sold, Yamana mines	**$ 341**	$ 327	**4 %**	**$ 4.35**	$ 4.72	**(8)%**
DDA per ounce sold	**$ 326**	$ 331	**(2)%**	**$ 4.35**	$ 4.72	**(8)%**
Total cost of sales per ounce sold (vii)						
Chapada	**$ 384**	$ 489	**(21)%**	**$ 7.11**	$ 7.05	**1 %**
El Peñón	**$ 1,089**	$ 1,019	**7 %**	**$ 14.57**	$ 13.84	**5 %**
Canadian Malartic *(i)*	**$ 1,000**	$ 1,025	**(2)%**	**$ —**	$ —	**— %**
Jacobina	**$ 1,057**	$ 1,072	**(1)%**	**$ —**	$ —	**— %**
Minera Florida	**$ 1,248**	$ 1,046	**19 %**	**$ 13.72**	$ 13.81	**(1)%**
Gualcamayo	**$ 1,293**	$ 1,038	**25 %**	**$ —**	$ —	**— %**
Total cost of sales per ounce sold, Yamana mines *(vii)*	**$ 1,023**	$ 991	**3 %**	**$ 13.63**	$ 13.79	**(1)%**
Brio Gold *(iii)*	**$ 1,117**	$ 1,098	**2 %**	**$ —**	$ —	**— %**
Total cost of sales per ounce sold *(vii)*	**$ 1,038**	$ 1,008	**3 %**	**$ 13.63**	$ 13.79	**(1)%**
Co-product cash costs per ounce produced (iv)						
Chapada	**$ 334**	$ 359	**(7)%**	**$ 3.38**	$ 3.20	**6 %**
El Peñón	**$ 751**	$ 678	**11 %**	**$ 10.30**	$ 9.14	**13 %**
Canadian Malartic *(i)*	**$ 576**	$ 606	**(5)%**	**$ —**	$ —	**— %**
Jacobina	**$ 701**	$ 692	**1 %**	**$ —**	$ —	**— %**
Minera Florida	**$ 812**	$ 735	**10 %**	**$ 10.95**	$ 9.90	**11 %**
Gualcamayo	**$ 942**	$ 796	**18 %**	**$ —**	$ —	**— %**
Co-product cash costs per ounce produced, Yamana mines *(iv)*	**$ 672**	$ 650	**3 %**	**$ 10.01**	$ 8.96	**12 %**
Brio Gold *(iii)*	**$ 846**	$ 746	**13 %**	**$ —**	$ —	**— %**
Co-product cash costs per ounce produced, attributable *(iv)*	**$ 692**	$ 665	**4 %**	**$ 10.01**	$ 8.96	**12 %**
By-product cash costs per ounce produced, Yamana mines *(iv)*	**$ 561**	$ 611	**(8)%**	**$ 8.58**	$ 8.45	**2 %**
Co-product AISC per ounce produced, Yamana mines *(iv)*	**$ 888**	$ 905	**(2)%**	**$ 13.48**	$ 12.65	**7 %**
By-product AISC per ounce produced, Yamana mines *(iv)*	**$ 820**	$ 925	**(11)%**	**$ 12.65**	$ 12.93	**(2)%**
AISC per ounce produced, attributable *(iv)*	**$ 916**	$ 911	**1 %**	**$ 13.48**	$ 12.65	**7 %**

Concentrate production	**2017**	2016	
Chapada concentrate production *(tonnes)*	**242,126**	216,332	**12 %**
Chapada copper contained in concentrate production *(millions of pounds)*	**127.3**	115.5	**10 %**
Cost of sales excluding DDA per copper pound sold	**$ 1.47**	$ 1.57	**(6)%**
DDA per copper pound sold	**$ 0.25**	$ 0.36	**(31)%**
Total cost of sales per copper pound sold	**$ 1.73**	$ 1.93	**(10)%**
Chapada co-product cash costs per pound of copper produced *(iv)*	**$ 1.54**	$ 1.58	**(3)%**
Chapada AISC per pound of copper produced *(iv)*	**$ 1.74**	$ 2.03	**(14)%**

Sales included in revenue	**2017**	2016	
Gold *(ounces)*	**1,147,204**	1,188,267	**(3)%**
Silver *(ounces)*	**5,125,689**	6,604,212	**(22)%**
Chapada concentrate *(tonnes)*	**242,536**	217,180	**12 %**
Chapada payable copper contained in concentrate *(millions of pounds)*	**120.1**	104.9	**14 %**

Ounces of production	**Gold**			**Silver**		
For the three months ended December 31,	**2017**	2016	%	**2017**	2016	%
Chapada	**36,578**	40,358	**(9)%**	**71,520**	78,020	**(8)%**
El Peñón	**39,401**	55,764	**(29)%**	**1,052,423**	1,454,293	**(28)%**
Canadian Malartic *(i)*	**80,743**	69,971	**15 %**	**—**	—	**— %**
Jacobina	**34,566**	32,180	**7 %**	**—**	—	**— %**
Minera Florida	**23,540**	25,675	**(8)%**	**47,099**	94,738	**(50)%**
Gualcamayo	**44,778**	44,840	**— %**	**—**	—	**— %**
Total production, Yamana mines	**259,606**	268,788	**(3)%**	**1,171,042**	1,627,051	**(28)%**
Brio Gold (attributable to the Company) *(ii)*	**22,435**	49,580	**(55)%**	**—**	—	**— %**
Total production, attributable to the Company	**282,041**	318,368	**(11)%**	**1,171,042**	1,627,051	**(28)%**
Brio Gold (attributable to non-controlling interest)	**17,915**	897	**n/a**	**—**	—	**n/a**
Total production *(v)*	**299,956**	319,265	**(6)%**	**1,171,042**	1,627,051	**(28)%**
Cost of sales excluding DDA per ounce sold, Yamana mines	**$ 661**	$ 634	**4 %**	**$ 9.42**	$ 10.41	**(10)%**
Cost of sales excluding DDA per ounce sold	**$ 694**	$ 668	**4 %**	**$ 9.42**	$ 10.41	**(10)%**
DDA per ounce sold, Yamana mines	**$ 305**	$ 301	**1 %**	**$ 4.72**	$ 5.17	**(9)%**
DDA per ounce sold	**$ 286**	$ 336	**(15)%**	**$ 4.72**	$ 5.17	**(9)%**
Total cost of sales per ounce sold (vii)						
Chapada	**$ 326**	$ 335	**(3)%**	**$ 5.14**	$ 4.79	**7 %**
El Peñón	**$ 1,069**	$ 1,075	**(1)%**	**$ 14.58**	$ 16.08	**(9)%**
Canadian Malartic *(i)*	**$ 995**	$ 1,056	**(6)%**	**$ —**	—	**— %**
Jacobina	**$ 1,027**	$ 1,123	**(9)%**	**$ —**	—	**— %**
Minera Florida	**$ 1,198**	$ 924	**30 %**	**$ 13.28**	$ 13.37	**(1)%**
Gualcamayo	**$ 1,149**	$ 953	**21 %**	**$ —**	—	**— %**
Total cost of sales per ounce sold, Yamana mines *(vii)*	**$ 966**	$ 935	**3 %**	**$ 13.26**	$ 15.58	**(15)%**
Brio Gold *(ii)*	**$ 1,072**	$ 1,384	**(23)%**	**$ —**	—	**— %**
Total cost of sales per ounce sold *(vii)*	**$ 980**	$ 1,004	**(2)%**	**$ 13.26**	$ 15.58	**(15)%**
Co-product cash costs per ounce produced (iv)						
Chapada	**$ 291**	$ 275	**6 %**	**$ 3.25**	$ 3.17	**3 %**
El Peñón	**$ 707**	$ 714	**(1)%**	**$ 9.19**	$ 10.40	**(12)%**
Canadian Malartic *(i)*	**$ 628**	$ 634	**(1)%**	**$ —**	—	**— %**
Jacobina	**$ 703**	$ 742	**(5)%**	**$ —**	—	**— %**
Minera Florida	**$ 765**	$ 730	**5 %**	**$ 9.96**	$ 10.63	**(6)%**
Gualcamayo	**$ 891**	$ 734	**21 %**	**$ —**	—	**— %**
Co-product cash costs per ounce produced, Yamana mines *(iv)*	**$ 660**	$ 635	**4 %**	**$ 8.86**	$ 10.07	**(12)%**
Brio Gold *(ii)*	**$ 806**	$ 832	**(3)%**	**$ —**	—	**— %**
Co-product cash costs per ounce produced, attributable *(iv)*	**$ 672**	$ 667	**1 %**	**$ 8.86**	$ 10.07	**(12)%**
By-product cash costs per ounce produced, Yamana mines *(iv)*	**$ 548**	$ 553	**(1)%**	**$ 7.44**	$ 8.90	**(16)%**
Co-product AISC per ounce produced, Yamana mines *(iv)*	**$ 899**	$ 900	**— %**	**$ 11.90**	$ 14.48	**(18)%**
By-product AISC per ounce produced, Yamana mines *(iv)*	**$ 829**	$ 870	**(5)%**	**$ 11.05**	$ 14.18	**(22)%**
AISC per ounce produced, attributable *(iv)*	**$ 925**	$ 928	**— %**	**$ 11.90**	$ 14.48	**(18)%**
Concentrate production				**2017**	2016	
Chapada concentrate production *(tonnes)*				**66,104**	68,375	**(3)%**
Chapada copper contained in concentrate production *(millions of pounds)*				**34.7**	36.9	**(6)%**
Cost of sales excluding DDA per copper pound sold				**$ 1.39**	$ 1.48	**(6)%**
DDA per copper pound sold				**$ 0.28**	$ 0.32	**(13)%**
Total cost of sales per copper pound sold				**$ 1.67**	$ 1.80	**(7)%**
Chapada co-product cash costs per pound of copper produced *(iv)*				**$ 1.51**	$ 1.44	**5 %**
Chapada AISC per pound of copper produced *(iv)*				**$ 1.67**	$ 1.80	**(7)%**
Sales included in revenue				**2017**	2016	
Gold *(ounces)*				**301,513**	324,197	**(7)%**
Silver *(ounces)*				**1,081,731**	1,619,208	**(33)%**
Chapada concentrate *(tonnes)*				**64,873**	68,477	**(5)%**
Chapada payable copper contained in concentrate *(millions of pounds)*				**33.2**	34.2	**(3)%**

(i) The Company holds a 50% interest in Canadian Malartic.

(ii) Attributable production is determined on a weighted-average basis with respect to ownership of Brio Gold common shares during the period, which for the quarter ended December 31, 2017 was a weighted average of 55.1% (2016 - 100%). Pilar, Fazenda Brasileiro, RDM and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Gold production for the three months ended December 31, 2017: Pilar 14,115 ounces (2016 - 22,170 ounces), Fazenda Brasileiro 16,100 ounces (2016 - 18,279 ounces), RDM 10,135 ounces (2016 - 10,028 ounces).

(iii) Attributable production is determined on a weighted-average basis with respect to ownership of Brio Gold common shares during the period, which for 2017 was a weighted average of 65.5% (2016 - 100%). Pilar, Fazenda Brasileiro, RDM and C1 Santa Luz are held within Brio Gold. Gold production for the year ended December 31, 2017: Pilar 73,931 ounces (2016 - 87,061 ounces), Fazenda Brasileiro 60,978 ounces (2016 - 70,887 ounces), RDM 43,116 ounces (2016 - 31,714 ounces). RDM was acquired on April 29, 2016.

(iv) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(v) Excludes the Company's 12.5% equity interest in Alumbrera. Gold production at Alumbrera was 3,266 ounces (2016 - 8,911 ounces) for the fourth quarter and 21,958 ounces (2016 - 32,022 ounces) for the year.

(vi) Total production for the year ended December 31, 2016 excludes gold production of 70,274 ounces and silver production of 326,876 ounces from the Mercedes mine, which was divested in September 2016.

(vii) Total cost of sales consists of cost of sales excluding DDA plus DDA.

5. OVERVIEW OF RESULTS

5.1 Overview of Financial Results

Impairment of Assets

During the year ended December 31, 2017, as a result of the classification of certain assets as held for sale, the Company recorded impairment charges on non-current assets totalling $356.5 million with the details, as follows:

	2017		2016	
	Total Impairment	**Net Book Value of Mineral Property - as at Dec. 31, 2017*(i)***	Total Impairment	Net Book Value of Mineral Property - as at Dec. 31, 2016
Gualcamayo	**$ (256.9)**	**$ 130.8**	$ —	$ —
Gualcamayo related Argentinian exploration	**$ (99.6)**	**$ —**	$ —	$ —
El Peñón	**$ —**	**$ —**	$ (600.4)	$ 763.6
Brio Gold	**—**	**—**	(14.7)	419.7
Total mineral property impairments	**$ (356.5)**		$ (615.1)	
Total mineral property impairments for operating mines	**$ (256.9)**		$ (711.3)	
Total mineral property (impairment)/reversal for non-operating mines	**$ (99.6)**		$ 96.2	

(i) The total Net Book Value for Gualcamayo as a whole is $150.0 million. Net Book Values are for mineral properties and are after the impairment recorded during the period.

During the fourth quarter, the Company performed its annual assessment of indications of impairment, compiling details from external and internal sources of information. The decision to classify Gualcamayo and related Argentinian exploration properties as held for sale due to the formal approval for disposition and meeting the other relevant criteria for such classification resulted in an impairment of those assets as they were written-down to the lower of their carrying amount or fair value less costs of disposal immediately prior to their reclassification. Gualcamayo and related Argentinian exploration properties were impaired by $256.9 million and $99.6 million respectively, ($196.0 million and $77.5 million after tax). Brio Gold considered indicators of impairment as at year-end, and concluded that Brio Gold's operations support the carrying value as at December 31, 2017. No other indicators of impairment or impairment reversal were noted as of December 31, 2017. Additional details are disclosed in *Note 11: Impairments* to the Company's Consolidated Financial Statements for the year ended December 31, 2017.

For the year ended December 31, 2017

Net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, for the year ended December 31, 2017 was $194.4 million or $0.21 per share basic and diluted, compared to a net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, of $290.4 million or $0.31 per share basic and diluted for the year ended December 31, 2016.

Revenue for the year ended December 31, 2017 was $1.80 billion, compared to $1.79 billion for the year ended December 31, 2016. Realized prices for the year were higher by 24% for copper, offset by a 2% decrease in silver prices. Gold realized price remained relatively flat compared to prior year. Sales quantities were higher by 14% for copper, offset by 3% and 22% decreases in gold and silver quantities, respectively, compared to 2016.

Revenue for the period was comprised of the following:

For the years ended December 31,	2017						2016
	Quantity sold			**Revenue per ounce/pound**		**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**1,147,204**	**oz**	**$**	**1,250**	**$**	**1,433.9**	$ 1,473.5
Silver	**5,125,689**	**oz**	**$**	**16.80**		**86.1**	112.7
Copper *(i)*	**120,066,492**	**lbs**	**$**	**2.36**		**283.8**	201.5
Revenue					**$**	**1,803.8**	$ 1,787.7

For the years ended December 31,	2017						2016
	Quantity sold			**Average realized price**		**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**1,147,204**	**oz**	**$**	**1,264**	**$**	**1,450.1**	$ 1,486.2
Silver	**4,874,809**	**oz**	**$**	**17.03**		**83.0**	110.6
Silver subject to metal sales agreement *(ii)*	**250,880**	**oz**	**$**	**12.87**		**3.2**	2.0
	5,125,689	**oz**	**$**	**16.83**			
Copper *(i)*	**111,560,701**	**lbs**	**$**	**2.84**		**317.0**	227.1
Copper subject to metal sales agreement *(ii)*	**8,505,791**	**lbs**	**$**	**1.98**		**16.9**	8.2
	120,066,492	**lbs**	**$**	**2.78**			
Gross revenue					**$**	**1,870.2**	$ 1,834.1
(Deduct)/add:							
- Treatment and refining charges of gold and copper concentrate						**(38.2)**	(32.9)
- Sales taxes						**(18.6)**	(16.5)
- Metal price adjustments related to concentrate revenue						**(10.1)**	3.0
- Other adjustments						**0.5**	—
Revenue					**$**	**1,803.8**	$ 1,787.7

(i) Includes payable copper and gold contained in concentrate.
(ii) Balances represent the metals sold under the metal sales agreement with Sandstorm Gold Inc. and Altius Minerals Corp.

Cost of sales excluding DDA for the year ended December 31, 2017 was $1.04 billion, compared to $1.03 billion in 2016. Cost of sales excluding DDA for the period was marginally higher than 2016 as a result of a stronger Brazilian Real and Chilean Peso, higher copper sales quantities, offset by lower gold and silver sales quantities. The following table provides a reconciliation of the cost of sales per ounce of gold/ silver, pound of copper sold to the total cost of sales for the period:

For the years ended December 31,			2017		2016
	Quantity sold		Cost of sales per gold/silver ounce, pound of copper sold	Total (In millions of US Dollars)	Total (In millions of US Dollars)
Chapada — Gold	117,305	oz	$ 384	$ 45.0	$ 48.0
Chapada — Silver	129,452	oz	$ 7.11	$ 0.9	$ 0.9
Chapada — Copper	120,066,492	lbs	$ 1.73	$ 207.7	$ 198.3
El Peñón — Gold	159,149	oz	$ 1,089	$ 173.3	$ 225.0
El Peñón — Silver	4,264,501	oz	$ 14.57	$ 62.1	$ 84.7
Canadian Malartic — Gold (50% interest)	315,517	oz	$ 1,000	$ 315.5	$ 300.3
Jacobina — Gold	135,620	oz	$ 1,057	$ 143.4	$ 126.6
Minera Florida — Gold	90,876	oz	$ 1,248	$ 113.4	$ 106.8
Minera Florida — Silver	480,856	oz	$ 13.72	$ 6.6	$ 6.0
Gualcamayo — Gold	152,679	oz	$ 1,293	$ 197.4	$ 175.8
Brio Gold - Gold	176,056	oz	$ 1,117	$ 196.7	$ 209.6
Corporate office & other				$ 7.2	$ 9.3
Total cost of sales				$ 1,469.2	$ 1,491.3
Cost of sales excluding DDA				$ 1,042.4	$ 1,029.0
DDA				$ 426.8	$ 462.3
Total cost of sales				$ 1,469.2	$ 1,491.3

The following table provides a reconciliation of the co-product cash cost (a non-GAAP financial measure, see *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A) to the total cost of sales excluding DDA for the year:

For the years ended December 31,			2017		2016
	Quantity produced		Co-product cash costs per unit produced	Total (In millions of US Dollars)	Total (In millions of US Dollars)
Chapada — Gold	119,852	oz	$ 334	$ 40.0	$ 38.5
Chapada — Silver	252,748	oz	$ 3.38	$ 0.9	$ 0.8
Chapada — Copper	127,333,872	lbs	$ 1.54	$ 196.0	$ 182.6
El Peñón — Gold	160,509	oz	$ 751	$ 120.5	$ 149.3
El Peñón — Silver	4,282,339	oz	$ 10.30	$ 44.0	$ 55.0
Canadian Malartic — Gold (50% interest)	316,731	oz	$ 576	$ 182.4	$ 177.3
Jacobina — Gold	135,806	oz	$ 701	$ 95.2	$ 83.4
Minera Florida — Gold	90,366	oz	$ 812	$ 73.3	$ 76.7
Minera Florida — Silver	469,674	oz	$ 10.95	$ 5.1	$ 4.2
Gualcamayo — Gold	154,052	oz	$ 942	$ 145.1	$ 130.8
Brio Gold - Gold	178,025	oz	$ 846	$ 150.6	$ 141.5
Co-product cash cost of metal produced *(i)*				$ 1,053.1	$ 1,040.1
Add (deduct):					
- Inventory movements and adjustments				14.4	5.8
- Treatment and refining charges of gold and copper concentrate				(38.2)	(32.9)
- Commercial and other costs				1.6	6.9
- Overseas freight for Chapada concentrate				11.5	9.1
Cost of sales excluding DDA				$ 1,042.4	$ 1,029.0
DDA				$ 426.8	$ 462.3
Total cost of sales				$ 1,469.2	$ 1,491.3

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Gross margin excluding DDA for the year ended December 31, 2017 was $761.4 million, compared to $758.7 million in 2016, which resulted from an increase in revenue by $16.1 million, partially offset by cost of sales excluding DDA increasing by $13.4 million, for the aforementioned reasons.

DDA expense for the year ended December 31, 2017 was $426.8 million, compared to $462.3 million in 2016. DDA expense was lower than prior year due to lower gold and silver sales volumes. This was partially offset by higher copper sales volume.

Other expenses and income include general and administrative, exploration and evaluation, other expenses and net finance expense totalling $296.2 million for the year ended December 31, 2017, compared to $297.0 million in 2016:

- General and administrative expenses were $113.6 million, compared to $100.2 million in 2016. Excluding Brio Gold and share-based expenses, general and administrative expenses were $82.9 million, compared to $82.7 million in 2016. This was in line with previously provided guidance.
- Exploration and evaluation expenses were $21.2 million, compared to $14.9 million in 2016. Higher exploration expense in the year was due to an increase in greenfield exploration for certain exploration projects as well as additional generative exploration.
- Other expenses were $23.6 million, compared to $39.7 million for the same period of 2016. The change was driven by the reversal of certain provisions such as tax credits and legal contingencies, and mark-to-market gains on deferred share units, partially offset by standby costs related to El Peñón's suspension of operations at the beginning of the year and prior period realized gains on AFS securities and warrants sales with no comparative in the current period.
- Net finance expense was $137.7 million, compared to $142.2 million in 2016. The movement in net finance expense is due predominantly to:
    - A decrease related to lower interest expense on Yamana's long-term debt and higher interest capitalized during the year, partially offset by higher Brio Gold's interest expense.
    - A decrease in non-cash unrealized foreign exchange loss in the period. Non-cash unrealized foreign exchange loss in the period was $15.0 million, compared to $33.7 million in 2016;
    - An increase related to unrealized losses on derivatives for the current year of $15.3 million, with no comparatives in 2016.
    - An increase related to decommissioning liability accretion of $5.0 million.

Income tax recovery for the twelve months ended December 31, 2017 was $113.9 million, compared to $324.9 million in 2016. Income tax recovery for the year includes $9.9 million in unrealized foreign exchange losses in tax, compared to $20.0 million in unrealized foreign exchange gains in 2016. The current year income tax recovery includes deferred income tax liability reversals of $83.0 million in Argentina related the non-cash impairment loss recognized on the re-measurement of Gualcamayo and related Argentinian exploration in association with their reclassification as a disposal group and assets held for sale, respectively, and the impact of a tax rate change in the fourth quarter of $216.8 million.

For the three months ended December 31, 2017

Net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, for the three months ended December 31, 2017 was $191.0 million or $0.20 per share basic and diluted, compared to net loss from continuing operations, attributable to Yamana Gold Inc. equityholders, of $355.0 million or $0.37 per share basic and diluted for the three months ended December 31, 2016.

Revenue for the three months ended December 31, 2017 was $478.8 million, compared to $484.4 million in the same period in 2016, as a result of lower metal sales quantities offset by a higher gold and copper realized price. Gold, silver and copper sales were lower compared to the same period of 2016 by 7%, 33% and 3%, respectively. Gold and copper realized price was 6% and 22% higher, partially offset by a 4% decrease in silver realized price.

Revenue for the quarter was comprised of the following:

For the three months ended December 31,			**2017**		2016
	Quantity sold		**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**301,513**	**oz**	**$ 1,269**	**$ 382.6**	$ 387.7
Silver	**1,081,731**	**oz**	**$ 16.46**	**17.8**	27.7
Copper *(i)*	**33,186,234**	**lbs**	**$ 2.36**	**78.4**	69.0
Revenue				**$ 478.8**	$ 484.4

For the three months ended December 31,			**2017**		2016
	Quantity sold		**Average realized price**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**301,513**	**oz**	**$ 1,286**	**$ 387.8**	$ 392.4
Silver	**1,012,898**	**oz**	**$ 16.73**	**16.9**	27.1
Silver subject to metal sales agreement *(ii)*	**68,833**	**oz**	**$ 12.96**	**0.9**	0.7
	1,081,731	**oz**	**$ 16.49**		
Copper *(i)*	**30,773,000**	**lbs**	**$ 3.10**	**95.4**	81.0
Copper subject to metal sales agreement *(ii)*	**2,413,234**	**lbs**	**$ 2.00**	**4.8**	3.7
	33,186,234	**lbs**	**$ 3.02**		
Gross revenue				**$ 505.8**	$ 504.9
(Deduct)/add:					
- Treatment and refining charges of gold and copper concentrate				**(10.9)**	(11.0)
- Sales taxes				**(5.5)**	(4.9)
- Metal price adjustments related to concentrate revenue				**(10.7)**	(4.6)
- Other adjustments				**0.1**	—
Revenue				**$ 478.8**	$ 484.4

(i) Includes payable copper and gold contained in concentrate.

(ii) Balances represent the metals sold under the metal sales agreements with Sandstorm Gold Inc. and Altius Minerals Corp.

Cost of sales excluding DDA for the three months ended December 31, 2017 was $264.7 million, compared to $284.1 million for the same period in 2016. Cost of sales excluding DDA for the quarter was lower than that of the same period in 2016 as a result of lower sales quantities, offset by stronger Brazilian Real, Chilean Peso and Canadian Dollar exchange rates relative to the US Dollar.

The following table provides a reconciliation of the cost of sales per ounce of gold/ silver, pound of copper sold to the total cost of sales for the quarter:

For the three months ended December 31,	2017				2016
	Quantity sold		Cost of sales per gold/silver ounce, pound of copper sold	Total *(In millions of US Dollars)*	Total *(In millions of US Dollars)*
Chapada — Gold	**36,789**	**oz**	**$ 326**	**$ 12.0**	$ 13.8
Chapada — Silver	**47,534**	**oz**	**$ 5.14**	**0.2**	0.3
Chapada — Copper	**33,186,233**	**lbs**	**$ 1.67**	**55.4**	61.2
El Peñón — Gold	**34,955**	**oz**	**$ 1,069**	**37.4**	61.4
El Peñón — Silver	**909,205**	**oz**	**$ 14.58**	**13.3**	23.6
Canadian Malartic — Gold (50% interest)	**88,812**	**oz**	**$ 995**	**88.4**	77.1
Jacobina — Gold	**33,695**	**oz**	**$ 1,027**	**34.6**	33.8
Minera Florida — Gold	**23,503**	**oz**	**$ 1,198**	**28.2**	23.4
Minera Florida — Silver	**56,159**	**oz**	**$ 13.28**	**0.7**	1.3
Gualcamayo — Gold	**43,303**	**oz**	**$ 1,149**	**49.8**	45.4
Brio Gold - Gold	**40,456**	**oz**	**$ 1,071**	**43.3**	69.2
Corporate office & other				**2.2**	1.9
Total cost of sales				**$ 365.5**	$ 412.4
Cost of sales excluding DDA				**$ 264.7**	$ 284.1
DDA				**100.9**	128.3
Total cost of sales				**$ 365.6**	$ 412.4

The following table provides a reconciliation of the co-product cash cost (a non-GAAP financial measure, see *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A) to the total cost of sales excluding DDA for the quarter:

For the three months ended December 31,	2017				2016
	Quantity produced		Co-product cash costs per unit produced	Total *(In millions of US Dollars)*	Total *(In millions of US Dollars)*
Chapada — Gold	**36,578**	**oz**	**$ 291**	**$ 10.6**	$ 11.1
Chapada — Silver	**71,520**	**oz**	**$ 3.25**	**$ 0.2**	$ 0.2
Chapada — Copper	**34,667,040**	**lbs**	**$ 1.51**	**$ 52.3**	$ 53.5
El Peñón — Gold	**39,401**	**oz**	**$ 707**	**$ 27.9**	$ 39.8
El Peñón — Silver	**1,052,423**	**oz**	**$ 9.19**	**$ 9.7**	$ 15.1
Canadian Malartic — Gold (50% interest)	**80,743**	**oz**	**$ 628**	**$ 50.7**	$ 44.4
Jacobina — Gold	**34,566**	**oz**	**$ 703**	**$ 24.3**	$ 23.9
Minera Florida — Gold	**23,540**	**oz**	**$ 765**	**$ 18.0**	$ 18.7
Minera Florida — Silver	**47,099**	**oz**	**$ 9.96**	**$ 0.5**	$ 1.0
Gualcamayo — Gold	**44,778**	**oz**	**$ 891**	**$ 39.9**	$ 32.9
Brio Gold — Gold	**40,350**	**oz**	**$ 806**	**$ 32.5**	$ 42.0
Co-product cash cost of metal produced *(i)*				**$ 266.6**	$ 282.6
Add (deduct):					
- Inventory movements and adjustments				**5.4**	5.9
- Treatment and refining charges of gold and copper concentrate				**(10.9)**	(11.0)
- Commercial and other costs				**0.5**	3.5
- Overseas freight for Chapada concentrate				**3.1**	3.1
Cost of sales excluding DDA				**$ 264.7**	$ 284.1
DDA				**$ 100.9**	$ 128.3
Total cost of sales				**$ 365.6**	$ 412.4

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Gross margin excluding DDA for the three months ended December 31, 2017 was $214.1 million, compared to $200.3 million in the same period of 2016, which resulted from a decrease in revenue of $5.6 million and a decrease in cost of sales excluding DDA of $19.4 million, for the aforementioned reasons.

DDA expense for the three months ended December 31, 2017 was $100.9 million, compared to $128.3 million for the same period of 2016. DDA expense was lower than the comparative period mainly due to lower sales quantities in the current period compared to prior period.

Other expenses and income include general and administrative, exploration and evaluation, other expenses and net finance expense totalling $94.9 million for the three months ended December 31, 2017, compared to $81.5 million for the same period in 2016:

- General and administrative expenses were $34.0 million, compared to $29.9 million for the same period in 2016. Excluding Brio Gold and stockbased expenses, general and administrative expenses were $24.5 million, compared to $24.4 million for the same period in 2016.
- Exploration and evaluation expenses were $7.0 million, compared to $3.0 million for the same period in 2016. Higher exploration expense for the period was due to an increase in greenfield exploration for certain exploration projects with no comparatives in the prior period.
- Other expenses were $16.4 million, compared to an expense of $19.0 million for the same period of 2016. The change is attributable to lower provisions on tax credits and legal contingencies, offset by lower mark-to-market gains on deferred share units.
- Net finance expense was $37.5 million, compared to $29.6 million for the same period in 2016. Higher net finance expense is mainly due to the offsetting impact of:
    - An increase of $17.2 million related to an unrealized loss on derivatives in the current period of $10.7 million, compared to a $6.5 million unrealized gain in the prior period; and
    - A decrease of $10.0 million in non-cash unrealized foreign exchange loss in the period.

Income tax recovery for the three months ended December 31, 2017 was $138.5 million, compared to a $269.2 million recovery for the same period in 2016. The current year income tax recovery includes deferred income tax liability reversals of $83.0 million in Argentina related the non-cash impairment loss recognized on the re-measurement of Gualcamayo and related Argentinian exploration in association with their reclassification as a disposal group and assets held for sale, respectively, and the impact of a tax rate change in the fourth quarter of $216.8 million.

5.2 Overview of Operating Results

For the year ended December 31, 2017

Annual production of gold, silver and copper for Yamana mines in 2017 exceeded plan. Production of gold and silver was lower than the year ended 2016, as anticipated, while copper production was higher.

Attributable production was lower than in 2016 as only production commensurate to the Company's interest in Brio Gold is included, which as for 2017 was a weighted average of 65.5%, compared to 100% for 2016.

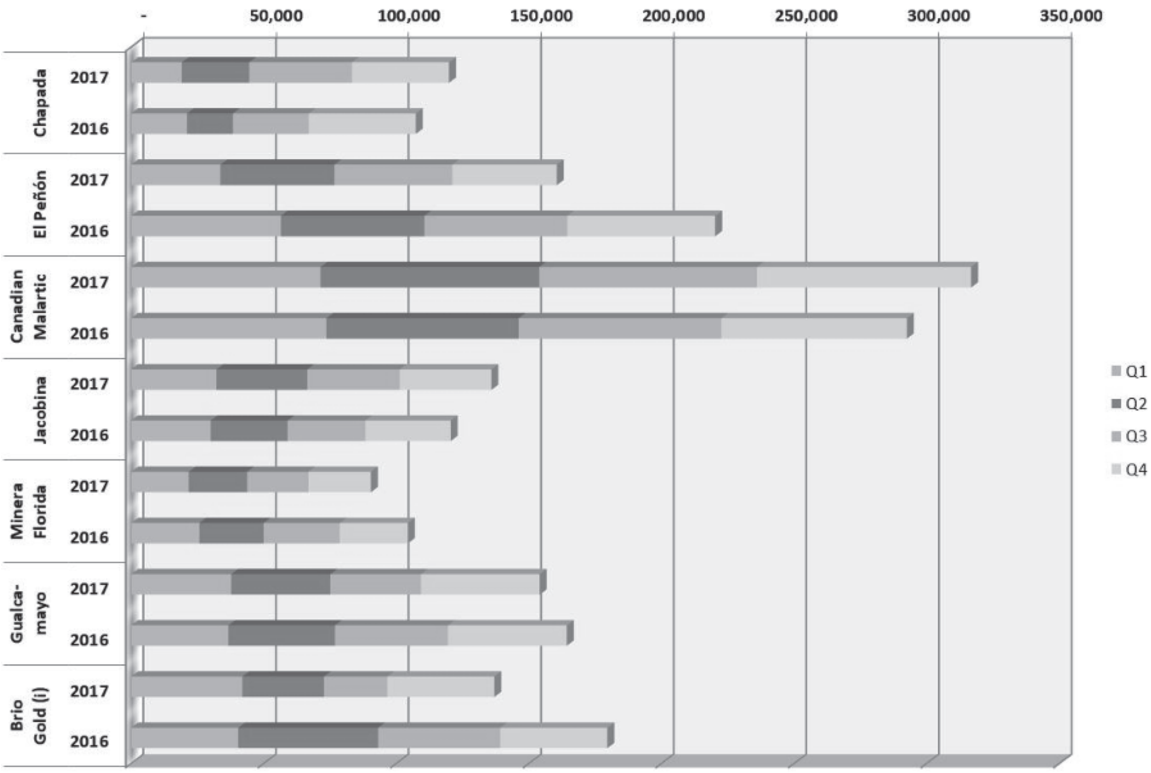
Gold

Gold production for the year ended December 31, 2017 for Yamana mines was 977,316 ounces of gold, compared to 1,009,079 ounces in 2016. Gold production attributable to the Company was 1,096,327 ounces of gold, compared to 1,197,844 ounces of gold produced in 2016. Individual mine results in 2017, compared to 2016, included decreases of 27% at El Peñón, 13% at Minera Florida and 6% at Gualcamayo. These decreases were partly offset by increases of 12% at Chapada, 13% at Jacobina and 8% at Canadian Malartic.

Increased processing rates contributed to the production increases at Chapada, Canadian Malartic and Jacobina. Gold production at El Peñón exceeded its new plan as the result of the right-sizing and optimization effort, amid improvements in recovery rates. Lower year-over-year production, at Gualcamayo, was mainly due to lower feed grades and recovery rates, anticipated by the mining sequencing. At Minera Florida, lower processing rates contributed to the lower production relative to 2016, partly due to the decision to cease the processing of tailings, as announced earlier in 2017. In 2017, the Company began transformational plans at Minera Florida with a focus on improving dilution control, directing development and exploration efforts toward establishing a growth platform and optimizing the cost structure of the operation.

The following summarizes the total ounces of gold production by mine for each period in 2017, relative to 2016:

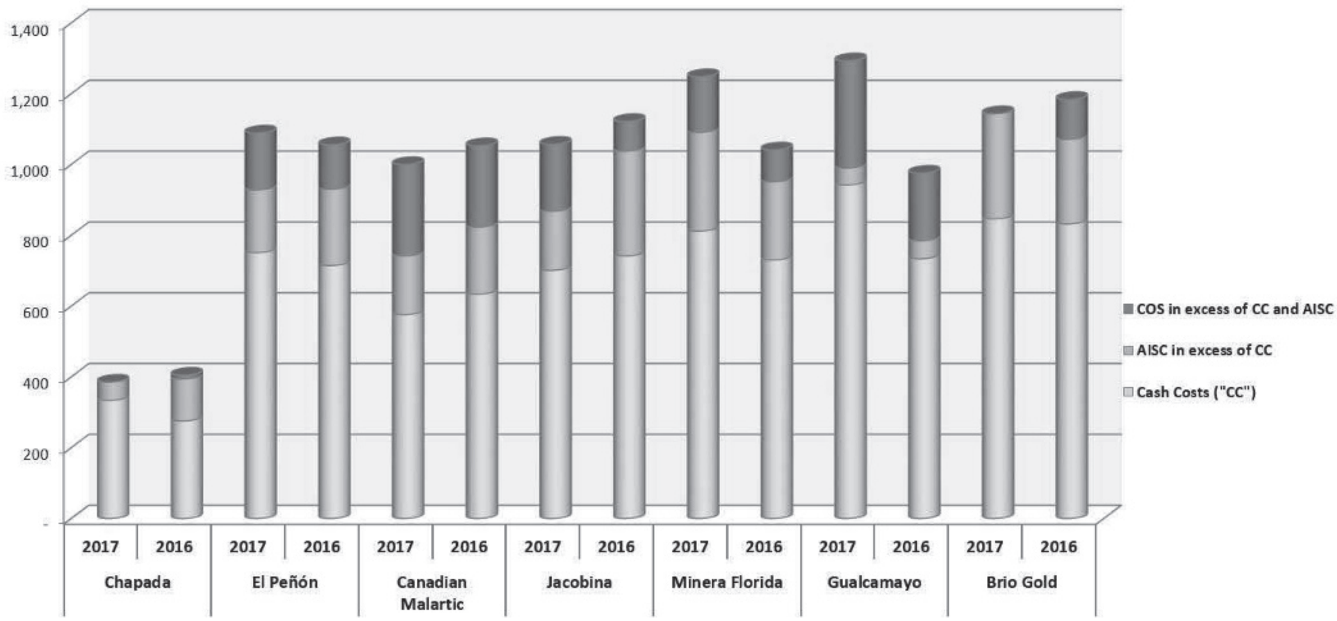
Total Gold Production by Mine



(i) Represents attributable production determined on a weighted-average basis with respect to ownership of Brio Gold common shares during the period, which for 2017 was a weighted average of 65.5% (2016 - 100%).

The following chart summarizes total cost of sales and the respective components of co-product AISC and cash costs per ounce of gold produced, by mine for 2017, compared to 2016:

Total Cost of Sales, AISC and Co-Product Cash Costs



For Yamana mines co-product cash costs and all-in sustaining costs ("AISC") were within or below the guided ranges for the all metals in 2017. Strong production and cost management initiatives were partly offset by the appreciation of local currencies. Co-product AISC for all metals were better than expected due mostly to lower sustaining capital expenditures during the year. As previously disclosed, cost of sales per ounce sold were higher than those guided at the beginning of the year, as depreciation, depletion and amortization at certain mines were above plan. By-product costs for gold for the year benefited from the performance of the Chapada mine, which exceeded expectations resulting in higher sales of by-product copper at higher copper prices relative to 2016.

Silver

Silver production for 2017 was 5,004,761 ounces, compared to 6,709,250 ounces in the same period of 2016 and exceeded plan for silver. Mine sequencing at certain locations continues to extract ore from areas with lower silver grades.

Most silver cost metrics on a per ounce basis were lower than plan, despite the appreciation of the Chilean Peso and lower ounces produced. Higher costs in 2017 compared to 2016 were due to lower production. Silver cost metrics on a per ounce basis were lower the previously guided ranges for El Peñón.

Copper

Total copper production from Chapada for 2017 was 127.3 million pounds, compared to 115.5 million pounds for the same period of 2016, representing an increase of 10% and higher than plan.

All copper cost metrics on a per pound basis were lower than 2016, mainly due to higher production. Additionally, co-product AISC decreased, in part due to lower sustaining capital expenditures and mine development during the year.

For the three months ended December 31, 2017

The Company delivered another strong quarter contributing to a higher second half of the year as anticipated and consistent with previous years.

Gold

Gold production from Yamana's mines was 259,606 ounces, compared to 268,788 ounces for the same period of 2016 and 257,455 ounces for the third quarter of 2017. Gold production attributable to the Company was 282,041 ounces, compared to 319,265 ounces produced in the fourth quarter of 2016, mainly due to reduced attributable production from Brio Gold. Individual mine quarterly results over the fourth quarter of 2016 included increases of 15% at Canadian Malartic and 7% at Jacobina, and decreases of 29% at El Peñón, 9% at Chapada, and 8% at Minera Florida. At Gualcamayo, production was comparable to the same period of 2016 and significantly higher than the previous quarter at 31% more ounces of gold.

Higher production at Canadian Malartic and Jacobina contributed to lower co-product cash costs and AISC compared to the fourth quarter of 2016 and despite the foreign exchange effect of the appreciation of the Canadian Dollar and Brazilian Real, respectively. At Minera Florida, El Peñón, Gualcamayo and Chapada all per unit costs for gold were impacted by the lower production compared to 2016, as fixed costs and DDA were allocated over a smaller number of ounces. AISC were below guidance and lower than 2016 due to lower sustaining capital expenditures while the corresponding by-product metric also benefited from higher copper sales.

Silver

Fourth quarter silver production was 1,171,042 ounces, compared to the 1,627,051 ounces in the same quarter of 2016.

All silver cost metrics on a per ounce basis were lower than the comparative period of 2016. Costs during the quarter were at the lowest level for the year following several cost containment initiatives. These initiatives were offset by the appreciation of the Chilean Peso against the US Dollar compared to the third quarter and by the cost allocation methodology that considers quantities and prevalent market prices for gold and silver.

Copper

Total copper production from Chapada was 34.7 million pounds, exceeding plan for the fourth quarter of 2017. This compares to 36.9 million pounds for the same period of 2016, representing a decrease of 6%.

All copper cost metrics on a per pound basis were lower than plan. Lower production and the appreciation of the Brazilian Real against the US Dollar impacted co-product cash costs compared to the fourth quarter of 2016. Additionally, co-product AISC decreased, in part due to lower sustaining capital expenditures and mine development during the quarter.

6. OPERATING MINES

CHAPADA, BRAZIL

	For the three months ended December 31,			For the years ended December 31,		
Operating Statistics	**2017**	2016	%	**2017**	2016	%
Production						
Concentrate *(tonnes)*	**66,104**	68,375	**(3)%**	**242,126**	216,332	**12 %**
Gold contained in concentrate *(ounces)*	**36,578**	40,358	**(9)%**	**119,852**	107,301	**12 %**
Silver contained in concentrate *(ounces)*	**71,520**	78,020	**(8)%**	**252,748**	259,444	**(3)%**
Copper contained in concentrate *(millions of pounds)*	**34.7**	36.9	**(6)%**	**127.3**	115.5	**10 %**
Total cost of sales per gold ounce sold *(ii)*	**$ 326**	$ 335	**(3)%**	**$ 384**	$ 489	**(21)%**
Total cost of sales per silver ounce sold *(ii)*	**$ 5.14**	$ 4.79	**7 %**	**$ 7.11**	$ 7.05	**1 %**
Total cost of sales per pound of copper sold *(ii)*	**$ 1.67**	$ 1.79	**(7)%**	**$ 1.73**	$ 1.92	**(10)%**
Co-product cash costs per gold ounce produced *(i)*	**$ 291**	$ 275	**6 %**	**$ 334**	$ 359	**(7)%**
Co-product cash costs per silver ounce produced *(i)*	**$ 3.25**	$ 3.17	**3 %**	**$ 3.38**	$ 3.20	**6 %**
Co-product cash costs per pound of copper produced *(i)*	**$ 1.51**	$ 1.44	**5 %**	**$ 1.54**	$ 1.58	**(3)%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 327**	$ 354	**(8)%**	**$ 385**	$ 478	**(19)%**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$ 3.63**	$ 3.99	**(9)%**	**$ 3.88**	$ 4.20	**(8)%**
All-in sustaining co-product costs per pound of copper produced *(i)*	**$ 1.67**	$ 1.80	**(7)%**	**$ 1.74**	$ 2.03	**(14)%**
Ore mined *(tonnes)*	**9,320,161**	6,161,717	**51 %**	**34,163,445**	17,223,764	**98 %**
Waste mined *(tonnes)*	**7,306,962**	12,132,644	**(40)%**	**32,832,383**	27,751,926	**18 %**
Ore processed *(tonnes)*	**6,080,611**	5,740,743	**6 %**	**23,000,557**	19,779,013	**16 %**
Gold feed grade *(g/t)*	**0.30**	0.36	**(17)%**	**0.28**	0.30	**(7)%**
Copper feed grade *(%)*	**0.31**	0.36	**(14)%**	**0.31**	0.34	**(9)%**
Concentrate grade - gold *(g/t)*	**17.21**	18.43	**(7)%**	**15.40**	15.45	**— %**
Concentrate grade - copper *(%)*	**23.79**	24.55	**(3)%**	**23.85**	24.26	**(2)%**
Gold recovery rate *(%)*	**61.8**	60.4	**2 %**	**57.0**	56.9	**— %**
Copper recovery rate *(%)*	**83.5**	81.0	**3 %**	**79.8**	77.2	**3 %**
Sales *(ii)*						
Concentrate *(tonnes)*	**64,873**	68,477	**(5)%**	**242,536**	217,180	**12 %**
Payable ounces contained in concentrate						
Payable gold contained in concentrate *(ounces)*	**36,789**	41,048	**(10)%**	**117,305**	92,807	**26 %**
Payable silver contained in concentrate *(ounces)*	**47,534**	58,688	**(19)%**	**129,452**	131,339	**(1)%**
Payable copper contained in concentrate *(millions of pounds)*	**33.2**	34.2	**(3)%**	**120.1**	104.9	**14 %**
Treatment and refining charges of gold and copper concentrate *(millions of $)*	**$ (10.9)**	$ (11.0)	**(1)%**	**$ (38.2)**	$ (32.9)	**16 %**
Metal price adjustments related to concentrate revenue *(millions of $)*	**$ (10.7)**	$ (4.6)	**133 %**	**$ (10.1)**	$ 3.0	**(437)%**
Depletion, depreciation and amortization						
Per gold ounces sold	**$ 62**	$ 63	**(2)%**	**$ 64**	$ 97	**(34)%**
Per silver ounces sold	**$ 0.98**	$ 1.70	**(42)%**	**$ 1.18**	$ 1.40	**(16)%**
Per copper pound sold at Chapada	**$ 0.28**	$ 0.31	**(10)%**	**$ 0.25**	$ 0.35	**(29)%**

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(ii) Quantities sold include quantity adjustment on provisional and final invoice settlements.

Chapada exceeded expectations for both gold and copper in 2017, and with increases in production of gold and copper of 12% and 10%, respectively, over the prior year.

Production for the fourth quarter exceeded expectations, driven by an increase in ore processed compared to the previous quarter and the same period of last year. The increase in ore processed during the fourth quarter reached a record average processing rate of 66,000 tonnes per day leading to an annual record for tonnes processed. Additionally, mining rates were elevated in 2017 compared to 2016 as placement in the mine plan necessitated the stockpiling of low-grade ore to access higher gold grades in Corpo Sul. Given the established and growing mine-site and near-mine exploration potential at Chapada, including the comprehensive Suruca opportunity and the low-grade ore stockpile, an evaluation of the opportunities to increase plant throughput are being considered. The Company is assessing a broader Suruca complex to maximize value, and expects to provide an update on the preliminary plans for the Suruca oxides and the underlying sulphides in the second quarter of 2018. In parallel to these assessments, the opportunity for plant throughput increase at Chapada is being considered, as is the Sucupira deposit. While prioritizing among the several opportunities at Chapada, mine management is assessing the impact of bringing forward production from the Sucupira deposit into the mine plan.

As planned, the cleaner circuit expansion was commissioned in the fourth quarter of 2017. In addition to providing the flexibility to more efficiently process different ore types, the expansion has demonstrated improvements to both gold and copper recovery rates at the observed higher processing rates. Importantly, the higher mill recoveries have also materialized while processing lower grade ores. Other optimization initiatives continue to be considered in order to further improve recoveries.

All per unit costs for gold and copper benefited from higher metal production compared to 2016 and were below guidance. Cost control initiatives implemented offset the appreciation of the Brazilian Real against the US Dollar for the year and compared to the previous quarter. Additionally, co-product AISC decreased, in part due to lower sustaining capital expenditures during the quarter and the year.

The focus of the 2017 exploration program at Chapada was:

- to complete delineation drill programs at Sucupira and Corpo Sul concentrating on development of high-grade gold and copper lenses;
- delineation drilling at the Suruca and Hidrotermalito targets to develop and expand near surface gold oxide deposits; and
- to conduct exploration drilling at Formiga, Suruca SW, SW Mina and other district targets which have a high potential to grow the mineral resource base.

The focus of the fourth quarter near mine exploration program was to explore and define zones of higher grade gold and copper at Corpo Sul, SW Mina and at Cava Norte. The focus of the district exploration during the fourth quarter was to develop drill targets using soil sampling and existing geophysical surveys at the Lambari, Dourado, Viúva, Jataí, Bambuzal, Tamanduá, Solidão, SW Mina, Bandeira and other prospects. Drill testing of the Corrego Fundo, Suruca SW, Cava Norte and Formiga targets throughout 2017 generated positive results and added new measured and indicated mineral resources along with providing new mineral reserves to replace 2017 production.

EL PEÑÓN, CHILE

		For the three months ended December 31,				For the years ended December 31,		
Operating Statistics		**2017**	2016	%		**2017**	2016	%
Production								
Gold production *(ounces)*		**39,401**	55,764	**(29)%**		**160,509**	220,209	**(27)%**
Silver production *(ounces)*		**1,052,423**	1,454,293	**(28)%**		**4,282,339**	6,020,758	**(29)%**
Total cost of sales per gold ounce sold	**$**	**1,069**	$ 1,075	**(1)%**	**$**	**1,089**	$ 1,019	**7 %**
Total cost of sales per silver ounce sold	**$**	**14.58**	$ 16.08	**(9)%**	**$**	**14.57**	$ 13.84	**5 %**
Co-product cash costs per gold ounce produced *(i)*	**$**	**707**	$ 714	**(1)%**	**$**	**751**	$ 678	**11 %**
Co-product cash costs per silver ounce produced *(i)*	**$**	**9.19**	$ 10.40	**(12)%**	**$**	**10.30**	$ 9.14	**13 %**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$**	**864**	$ 952	**(9)%**	**$**	**928**	$ 893	**4 %**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$**	**11.23**	$ 13.84	**(19)%**	**$**	**12.77**	$ 12.04	**6 %**
Ore mined *(tonnes)*		**280,007**	332,394	**(16)%**		**1,018,007**	1,302,998	**(22)%**
Ore processed *(tonnes)*		**255,727**	358,833	**(29)%**		**1,041,200**	1,421,241	**(27)%**
Gold feed grade *(g/t)*		**5.11**	5.12	**— %**		**5.05**	5.11	**(1)%**
Silver feed grade *(g/t)*		**151.71**	149.66	**1 %**		**148.34**	153.99	**(4)%**
Gold recovery rate *(%)*		**94.3**	94.3	**— %**		**95.1**	94.3	**1 %**
Silver recovery rate *(%)*		**85.4**	84.5	**1 %**		**86.4**	85.7	**1 %**
Sales								
Gold sales *(ounces)*		**34,955**	57,144	**(39)%**		**159,149**	221,908	**(28)%**
Silver sales (ounces)		**909,205**	1,466,650	**(38)%**		**4,264,501**	6,043,380	**(29)%**
Depletion, depreciation and amortization								
Per gold ounce sold	**$**	**354**	$ 355	**— %**	**$**	**325**	$ 347	**(6)%**
Per silver ounce sold	**$**	**4.84**	$ 5.39	**(10)%**	**$**	**4.34**	$ 4.75	**(9)%**

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

El Peñón exceeded production expectations for both gold and silver in 2017 at unit costs in line with expectations, despite the negative impact from the appreciation of the Chilean Peso against the US Dollar.

Gold and silver production was above plan for the year due to higher grades with the planned mining stopes and as the mine successfully completed delineation and discovery of new veins which were mined during the year. Additionally, production during the fourth quarter and the full year continued to reflect the successful right-sizing of the operation and optimization efforts. El Peñón continued to build a stockpile during the fourth quarter, ensuring mine flexibility. Development activities have now returned to normal levels as development in the second half of 2017 was increased to be aligned with the higher production rates and to support production into 2018. The success of the new mining approach during 2017, along with the development efforts during the year, position El Peñón to deliver on expectations for 2018.

Costs during the quarter were at the lowest level for the year and lower than the fourth quarter of 2016, following several cost containment initiatives, which included the internalization of development operations. The successful execution of the plan to right-size the operation mitigated the impact of an increase in per unit costs that would have resulted from lower production in comparison to 2016.

Exploration efforts at El Peñón during the fourth quarter included completion of the infill drill program and resumption of the near-mine drilling focused on mineral resource expansion utilizing a portion of the remaining surface exploration program funding. As part of the right sizing and optimization plan, a thorough review of the resource modelling and including estimation techniques and mine design parameters was completed. The revision better reflects the geological behaviour of the narrow veins as well as the enhanced ability to efficiently mine narrower veins. The result of this detailed review will be covered by a new technical report that is being prepared for release in 2018. The net additions in mineral resources are sourced from numerous secondary vein structures in the east mine area including El Valle Este, Dorada Sur, Bonanza, Aleste, La Paloma and Discovery Wash in the core mine area. Most of the additions are contiguous to existing mine infrastructure.

CANADIAN MALARTIC (*50% interest*), CANADA

		For the three months ended December 31,				For the years ended December 31,		
Operating Statistics		**2017**	2016	%		**2017**	2016	%
Production								
Gold production *(ounces)*		**80,743**	69,971	**15 %**		**316,731**	292,514	**8 %**
Total cost of sales per gold ounce sold	**$**	**995** $	1,056	**(6)%**	**$**	**1,000** $	1,025	**(2)%**
Co-product cash costs per gold ounce produced *(i)*	**$**	**628** $	634	**(1)%**	**$**	**576** $	606	**(5)%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$**	**835** $	849	**(2)%**	**$**	**742** $	795	**(7)%**
Ore mined *(tonnes)*		**2,997,727**	2,878,234	**4 %**		**11,771,047**	10,419,482	**13 %**
Waste mined *(tonnes)*		**5,066,884**	5,297,978	**(4)%**		**21,075,681**	21,098,850	**— %**
Ore processed *(tonnes)*		**2,614,712**	2,432,542	**7 %**		**10,178,803**	9,820,696	**4 %**
Gold feed grade *(g/t)*		**1.09**	1.01	**8 %**		**1.09**	1.04	**5 %**
Gold recovery rate *(%)*		**87.8**	88.9	**(1)%**		**88.6**	89.3	**(1)%**
Sales								
Gold Sales *(ounces)*		**88,812**	73,007	**22 %**		**315,517**	292,972	**8 %**
Depletion, depreciation and amortization								
Per gold ounce sold	**$**	**364** $	425	**(14)%**	**$**	**410** $	414	**(1)%**

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Canadian Malartic delivered record annual production and exceeded its production expectations in 2017 at 8% higher production and lower costs compared to 2016.

Production was higher for the full year of 2017 when compared to the prior-year period as a result of record annual mill throughput and higher grades. Fourth quarter production was higher than the comparative period of 2016 also benefiting from record quarterly mill throughput and higher grades.

All per unit costs benefited from higher metal production compared to 2016. The impact of higher year-over-year production was partly offset by the appreciation of the Canadian Dollar against the US Dollar.

The Canadian Malartic Extension Project is continuing according to plan and on budget. Expansionary expenditures for the mine extension in 2017 were $17.0 million (on a 50% basis). Another, approximately $36.5 million (on a 50% basis) is expected to be spent in 2018.

During the fourth quarter, drilling continued to focus on the East Malartic, Odyssey Internal and Odyssey South zones, with the goal of providing sufficient drill spacing to declare inferred and indicated mineral resources. Much of the mineral resource accretion comes from the East Malartic and Odyssey Internal zones. Further drilling during 2018 is planned to provide sufficient drill spacing and geologic knowledge to establish indicated mineral resources and possibly mineral reserves at East Malartic and Odyssey South by the end of 2018. Scout drilling will be conducted elsewhere on the property in 2018 to test for mineralization along the Piche-Cadillac contact, following up on the promising drill results identified in 2017.

JACOBINA, BRAZIL

Operating Statistics		For the three months ended December 31, 2017	2016	%	For the years ended December 31, 2017	2016	%
Production							
Gold production *(ounces)*		**34,566**	32,180	**7 %**	**135,806**	120,478	**13 %**
Total cost of sales per gold ounce sold	$	**1,027** $	1,123	**(9)%$**	**1,057** $	1,072	**(1)%**
Co-product cash costs per gold ounce produced *(i)*	$	**703** $	742	**(5)%$**	**701** $	692	**1 %**
All-in sustaining co-product costs per gold ounce produced *(i)*	$	**906** $	984	**(8)%$**	**867** $	988	**(12)%**
Ore mined *(tonnes)*		**531,034**	479,045	**11 %**	**2,007,572**	1,803,064	**11 %**
Ore processed *(tonnes)*		**509,672**	474,000	**8 %**	**1,978,409**	1,802,914	**10 %**
Gold feed grade *(g/t)*		**2.09**	2.21	**(5)%**	**2.20**	2.17	**1 %**
Gold recovery rate *(%)*		**97.2**	95.5	**2 %**	**96.3**	95.7	**1 %**
Sales							
Gold sales *(ounces)*		**33,695**	30,058	**12 %**	**135,620**	118,142	**15 %**
Depletion, depreciation and amortization							
Per gold ounce sold	$	**257** $	399	**(36)%$**	**330** $	338	**(2)%**

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Jacobina exceeded its production expectations in 2017 at 13% higher production compared to 2016.

Production exceeded 32,000 ounces of gold for the fifth consecutive quarter, continuing to demonstrate the sustainability of the improved results. The processing rate and feed grade were consistent with the mine plan while higher mill recovery rates were maintained even with higher processing rates which increased by 8% and 10% on a quarterly and annual basis, respectively. Development efforts continue to be well advanced with approximately 8 to 10 months of inventory developed underground and a surface stockpile of approximately 50,000 tonnes.

The improved operating efficiency, higher production, and cost containment initiatives are positively impacting costs, although the appreciation of the Brazilian Real against the US Dollar in 2017 offset some of the improvement compared to 2016.

The focus of the exploration activities at Jacobina during 2017 was to explore for extensions of the known deposits and to conduct mineral resource upgrade and delineation programs at Canavieiras Norte, Central and Sul, Morro do Vento, Morro do Vento Leste, João Belo and João Belo Leste. The main goals of the program are to upgrade mineral resources that can support an increased production profile and life of mine plan, discover high-grade reefs, to better define local areas for production purposes and to replace production on a yearly basis.

Resource infill drilling concentrated on converting inferred mineral resources to indicated mineral resources at Canavieiras Norte, Central and Sul, João Belo. Exploration drilling focused on extending known mineral reefs at Canavieiras Central, Serra do Corrego and João Belo Leste. Both programs have returned positive results during the quarter and throughout 2017 ensuring the replacement of 2017 production and growing the resources in the indicated category. The Company continues its focus on quality ounces rather than quantity as evidenced by its application of minimum width to remove low quality mineral resource.

MINERA FLORIDA, CHILE

	For the three months ended December 31,			For the years ended December 31,		
Operating Statistics	**2017**	2016	**%**	**2017**	2016	**%**
Production						
Gold production *(ounces)*	**23,540**	25,675	**(8)%**	**90,366**	104,312	**(13)%**
Silver production *(ounces)*	**47,099**	94,738	**(50)%**	**469,674**	429,048	**9 %**
Total cost of sales per gold ounce sold	**$ 1,198**	$ 924	**30 %**	**$ 1,248**	$ 1,046	**19 %**
Total cost of sales per silver ounce sold	**$ 13.28**	$ 13.37	**(1)%**	**$ 13.72**	$ 13.81	**(1)%**
Co-product cash costs per gold ounce produced *(i)*	**$ 765**	$ 730	**5 %**	**$ 812**	$ 735	**10 %**
Co-product cash costs per silver ounce produced *(i)*	**$ 9.96**	$ 10.63	**(6)%**	**$ 10.95**	$ 9.90	**11 %**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 1,011**	$ 1,002	**1 %**	**$ 1,090**	$ 955	**14 %**
All-in sustaining co-product costs per silver ounce produced (i)	**$ 13.18**	$ 14.55	**(9)%**	**$ 14.88**	$ 12.73	**17 %**
Ore mined *(tonnes)*	**220,168**	190,236	**16 %**	**801,250**	862,132	**(7)%**
Ore processed *(tonnes)*	**228,850**	387,671	**(41)%**	**1,033,295**	1,662,161	**(38)%**
Gold feed grade *(g/t)*	**3.49**	2.46	**42 %**	**3.05**	2.34	**30 %**
Silver feed grade *(g/t)*	**13.39**	14.53	**(8)%**	**23.61**	14.45	**63 %**
Gold recovery rate *(%)*	**89.9**	83.7	**7 %**	**88.6**	82.4	**8 %**
Silver recovery rate *(%)*	**44.6**	52.3	**(15)%**	**59.5**	54.0	**10 %**
Sales						
Gold sales *(ounces)*	**23,503**	25,325	**(7)%**	**90,876**	102,204	**(11)%**
Silver sales *(ounces)*	**56,159**	93,870	**(40)%**	**480,856**	429,494	**12 %**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 412**	$ 193	**113 %**	**$ 422**	$ 312	**35 %**
Per silver ounce sold	**$ 4.60**	$ 3.20	**44 %**	**$ 4.58**	$ 4.14	**11 %**

(i) *A cautionary note regarding non-GAAP financial measures is included in Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Minera Florida gold production met revised expectations for the year as previously disclosed.

During the quarter, gold production increased compared to the previous quarter, driven by an increase in grade and recoveries. Production for the year and the quarter was lower than the comparative period of 2016, despite significantly higher feed grades and recoveries, as the mill was impacted by lower processing rates largely due to the termination of the retreatment of tailings earlier in 2017. These results are aligned with the transformational strategy for Minera Florida that is focused on improving productivity, dilution, grades, recoveries and operating costs. The Company will spread expansionary mine development capital and exploration expenditures across a number of years to establish a growth platform for the future with the strategic target of 120,000 ounces of gold per year by 2021. The Company continues to target a longer term strategic production objective of 130,000 ounces of gold per year at Minera Florida.

All per unit costs for gold were the lowest for the year during the fourth quarter, following several cost reduction initiatives implemented late in 2017. Compared to 2016, all per unit costs for gold were impacted by the lower production as fixed costs and DDA were allocated over a smaller number of ounces and reflected the impact of the appreciation of the Chilean Peso.

The district exploration program focused on mapping and sampling during the fourth quarter. Results generated during the fourth quarter coupled with results previously reported support reserve replacement exceeding expectations. New additional measured and indicated mineral resources defined in 2017 have a high probability of generating new mineral reserves during 2018. Many areas within the newly acquired ground and existing mine complex are contributing to the mineral reserve replacement, including Las Pataguas, Peumo, Rubi, HTML1, and the PVS complex. Improvements in mine design parameters, including using split blasting extraction techniques leading to lower mining costs and less dilution, had a positive impact on mineral reserves in the core mine areas.

GUALCAMAYO, ARGENTINA

	For the three months ended December 31,			For the years ended December 31,		
Operating Statistics	**2017**	2016	**%**	**2017**	2016	**%**
Production						
Gold production *(ounces)*	**44,778**	44,840	**— %**	**154,052**	164,265	**(6)%**
Total cost of sales per gold ounce sold	**$ 1,149**	$ 953	**21 %**	**$ 1,293**	$ 1,038	**25 %**
Co-product cash costs per gold ounce produced *(i)*	**$ 891**	$ 734	**21 %**	**$ 942**	$ 796	**18 %**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 972**	$ 805	**21 %**	**$ 990**	$ 847	**17 %**
Ore mined *(tonnes)*	**2,077,903**	1,809,432	**15 %**	**6,692,600**	8,387,882	**(20)%**
Waste mined *(tonnes)*	**2,212,530**	3,052,304	**(28)%**	**11,909,041**	10,650,620	**12 %**
Ore processed *(tonnes)*	**1,992,333**	1,628,742	**22 %**	**7,433,725**	7,570,007	**(2)%**
Gold feed grade *(g/t)*	**1.22**	1.26	**(3)%**	**1.04**	1.07	**(3)%**
Gold recovery rate *(%)*	**59.7**	51.8	**15 %**	**57.0**	59.6	**(4)%**
Sales						
Gold sales *(ounces)*	**43,303**	47,615	**(9)%**	**152,679**	169,347	**(10)%**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 291**	$ 216	**35 %**	**$ 351**	$ 234	**50 %**

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

Gualcamayo met its production target in 2017 at costs below expectations.

Fourth quarter production resulted in 31% more ounces of gold compared to the third quarter and was the highest for the year as access to higher grade ore and increased recoveries were re-established at the end of the previous quarter.

The Company has initiated efforts to right-size production at Gualcamayo to deliver a more sustainable production base, better cost structure and to generate a more significant contribution to free cash flows, as previously discussed in *Section 2: Highlights and Relevant Updates* of this MD&A. This optimization plan is similar to the successful strategy that was executed at El Peñón during 2017 and that is currently underway at Minera Florida, leading initially to less ounces of production, although at a higher quality. The aforementioned efforts to right-size production at Gualcamayo are reflected in the 2018 guidance, notably with a decline in the production run-rate to 110,000 ounces from 154,052 ounces produced in 2017.

As the Company has decided to focus its efforts on assets that are better aligned with its strategic objectives, Gualcamayo has been classified as an asset held for sale.

The near mine exploration drill program continued during the quarter with modest results to date. The district exploration program continued to map and collect rock chip samples at Sierra Alaya, Target D and Quebrada Perdida areas. The shift in focus to district exploration will be carried forward into 2018 with drilling to continue in areas that can readily contribute to production.

Modeling of near mine drill program results during the second half of 2017, integrating geology and drill program assay results reveals that the orientation of the Cerro Condor mineralization dips back away from the pit wall. Additional work is expected to be completed during 2018. Portions of the Potenciales and Las Vacas deposits contributed to the mineral reserve and mineral resource inventory.

BRIO GOLD, BRAZIL

	For the three months ended December 31,			For the years ended December 31,		
Operating Statistics	**2017**	2016	**%**	**2017**	2016	**%**
Production						
Total gold production from Brio Gold mines *(ounces)*	**40,350**	50,477	**(20)%**	**178,025**	189,662	**(6)%**
Attributable to Yamana *(ounces) (i)*	**22,435**	49,580	**(55)%**	**119,011**	188,765	**(37)%**
Attributable to non-controlling interest *(ounces)*	**17,915**	897	**n/a**	**59,014**	897	**n/a**
Brio mines total cost of sales per gold ounce sold	**$ 1,071**	$ 1,384	**(23)%**	**$ 1,117**	$ 1,098	**2 %**
Brio mines co-product cash costs per gold ounce produced *(ii)*	**$ 806**	$ 832	**(3)%**	**$ 846**	$ 746	**13 %**
Brio mines all-in sustaining co-product costs per gold ounce produced *(ii)(iii)*	**$ 1,024**	$ 1,073	**(5)%**	**$ 1,035**	$ 947	**9 %**
Sales						
Gold sales *(ounces)*	**$ 40,456**	50,000	**(19)%**	**$ 176,056**	$ 190,887	**(8)%**

(i) Attributable production is determined on a weighted-average basis with respect to ownership of Brio Gold common shares during the period, which for 2017 was a weighted average of 65.5% (2016 - 100%). Attributable production for the quarter ended December 31, 2017 was a weighted average of 55.1% (2016 - 100%)

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(iii) Excludes Brio Gold head-office G&A.

The Company owned 63.0 million common shares of Brio Gold as at year-end, representing in the aggregate approximately 53.6% of the issued and outstanding Brio Gold common shares or approximately 52.8% on a fully diluted basis (refer to *Note 6: Acquisition and Disposition of Mineral Interests and Corporate Transactions*, to the Consolidated Financial Statements). Brio Gold operates independently. The Company believes that Brio Gold continues to offer substantial investment value. In January 2018, Leagold Mining Corporation provided an indication to make an offer to acquire all of the issued and outstanding shares of Brio Gold on or before February 28, 2018 (the "Offer"). The Company entered into a support agreement endorsing a transaction with Leagold. The Offer provides the Company the opportunity to derive value from Brio and the underlying Brio assets as the combined entity has considerable present value and upside potential.

Brio Gold production in the fourth quarter of 2017 was lower than the comparative period of 2016, primarily as a result of lower grades and mining rates as Brio Gold restructured operations at the Pilar mine in the quarter. Total cash costs and mine-site AISC improved when compared to the comparative quarter of 2016, mostly as a result of lower costs at RDM.

Brio Gold continued to advance Santa Luz in the fourth quarter of 2017. The relining of the tailings pond and detailed engineering is expected to be completed in the first quarter of 2018, while full detailed engineering is expected to be 100% complete by the end of February. Brio Gold is also planning on taking delivery of the ball mill in the first quarter of 2018 and the process tanks and agitators are on schedule to be delivered in the second quarter of 2018.

7. CONSTRUCTION, DEVELOPMENT AND EXPLORATION

CONSTRUCTION AND DEVELOPMENT

The following highlights key updates during the fourth quarter of 2017, in respect to certain of the Company's development projects.

Cerro Moro, Argentina

Cerro Moro is a high-grade gold and silver deposit currently in construction and development with production expected to commence in early 2018. The Cerro Moro ore body contains a number of high-grade epithermal gold and silver deposits, some of which will be mined via open-pit and some via underground mining. The feasibility study is based on an initial 6.5-year mine life at a processing rate of 1,000 tonnes per day. The concentrator will consist of a standard crushing, grinding and flotation circuit with a counter current decantation and a Merrill Crowe circuit included. On the exploration front, the Company believes that the project offers significant opportunities for the conversion of mineral resources into mineral reserves and for further discoveries on the property, which will serve to materially improve the returns from this high-grade project.

Cerro Morro is on time and on budget. Commissioning activities are expected to be completed by the end of the first quarter of 2018, with the ramp-up of operations to commence in the second quarter of 2018. Total production in 2018 (including pre-commercial ounces) is expected to be 85,000 ounces of gold and 3.75 million ounces of silver. Please refer to *Section 2: Highlights and Relevant Updates* of this MD&A, for additional details.

The Cerro Moro exploration budget for 2017 included funding to discover new mineral deposits proximal to the Escondida mineral system and to conduct local infill and resource extension drill programs at Escondida Central, Far West and Zoe. The Company began the year conducting detailed mapping and sampling programs, identifying the presence of sulfide-rich black silica as key to the high-grade deposits while at the same time, executing the infill drill program. Late in the second quarter, drilling of the black silica targets between the Escondida and Esperanza structures led to the discovery of the Veronica structure.

The combined drill programs completed 6,372 metres distributed in 33 holes during the quarter and 32,109 metres distributed in 184 holes during 2017. The Zoe infill program was completed in early October and one reverse circulation rig continued to test the Veronica, Henriette Fault and Gabriela-Moro gap targets through mid-December. Drilling results received during the quarter and year identified new exploration targets and extensions of existing targets that will be further delineated as part of the 2018 exploration program.

Suruca, Brazil

As aforementioned in the *Section 2: Highlights and Relevant Updates* of this MD&A, the Company is assessing a broader Suruca complex to maximize value, and expects to provide an update on the preliminary plans for the Suruca oxides and the underlying sulphides in the second quarter of 2018.

Canadian Malartic, Canada

The Canadian Malartic Extension Project is continuing according to plan and on budget. Expansionary expenditures for the mine extension in 2017 were $17.0 million (on a 50% basis). Another, approximately $36.5 million (on a 50% basis) is expected to be spent in 2018. Since the beginning of the fourth quarter of 2017, the following activities were completed:

- An acoustic screen (noise barrier) for the road deviation was put in place.
- A temporary bridge was being constructed (became operational in January 2018).
- Overload (new road bed foundation) preparation.

Tree cutting has been completed over the Barnat deposit and overburden stripping is ongoing. Production activities at Barnat are scheduled to begin in late 2019.

OTHER OPTIMIZATION AND MONETIZATION INITIATIVES

During the year, the Company initiated a number of project re-evaluations with a goal of surfacing value from non-strategic or non-producing assets including Kirkland Lake, Agua Rica, Suyai, La Pepa and Don Sixto, all of which have well-defined delineated mineral reserves and/or mineral resources. Notable progress relating to some of these initiatives in the fourth quarter include, but are not limited to the following:

Kirkland Lake, Canada

The Company announced in December of 2017 its agreement to sell certain jointly owned exploration properties of CMC, including the Kirkland Lake and Hammond Reef properties, to Agnico Eagle Mines Limited in consideration of cash proceeds to Yamana of $162.5 million, consistent with the Company's stated objective to improve its financial position. Please refer to *Section 2: Highlights and Relevant Updates* of this MD&A, for additional details.

Agua Rica, Argentina

The Company continues to advance its alternatives for the development of the Agua Rica project. Refer to *Section 2: Highlights and Relevant Updates* of this MD&A for a description of these alternatives. Based on its own evaluation, and feedback from the strategic alternatives process, the Company believes that the underground scenario represents a viable alternative that should be advanced as soon as possible towards a pre-feasibility level, while concurrently pursuing various strategic alternatives. As such, the Company has determined that it will undertake the work required to conduct a preliminary economic assessment during 2018, with a pre-feasibility study to follow in 2019.

Suyai, Argentina

The Company continues to consider the alternatives of a development plan and other strategic options for its Suyai project. The Suyai project is one of the highest gold grade development-ready projects in the Americas. While a financial adviser has not been retained at this time, the Company continues to evaluate strategic alternatives in addition to planning a path to advance the development of the project.

Agua De La Falda, Chile (56.7%)

The Company continues to pursue strategic and monetization initiatives for the 56.7% held Agua De La Falda joint venture with Codelco, located in northern Chile. The historical Jeronimo Feasibility Study focused on maximizing production from the sulfide deposits. The Company completed the study of a low capital start-up project based on the remaining oxide inventory with positive results, and is evaluating exploration plans on the highly prospective claims surrounding the mine. Agua De La Falda has installed processing capacity and infrastructure.

EXPLORATION

The Company continues to consider exploration to be a key to unlocking and creating value for shareholders. The 2017 exploration program focused on finding higher quality ounces, being those ounces with the greatest potential to most quickly generate cash flow, and on infill drilling to do the work necessary to upgrade the existing inferred mineral resources.

The following is a summary of the exploration and evaluation expenditures for the current and comparative periods.

	For the three months ended December 31,		For the years ended December 31,	
(In millions of US Dollars)	**2017**	2016	**2017**	2016
Exploration and evaluation capitalized *(i)*	**$ 17.9**	$ 20.3	**$ 82.5**	$ 80.4
Exploration and evaluation expensed *(ii)*	**7.0**	3.0	**21.2**	14.9
Total exploration and evaluation expenditures	**$ 24.9**	$ 23.3	**$ 103.7**	$ 95.3

(i) Capitalized exploration and evaluation costs are reflected in the Consolidated Balance Sheet's property, plant and equipment as part of the additions to mining property costs not subject to depreciation for near-mine exploration and tangible exploration and evaluation assets with probable future economic benefits.
(ii) Expensed exploration and evaluation costs are reported in the Consolidated Statements of Operations.

For exploration updates relating to operating mines during the year, refer to *Section 6: Operating Mines* of this MD&A and for all other exploration updates, refer to *Section 8: Mineral Reserve and Mineral Resource Estimates* of this MD&A.

8. MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. This includes a requirement that a “qualified person” (as defined under the NI 43-101) supervises the preparation of the mineral reserves and mineral resources reports. The Company's mineral reserve and mineral resource reports are reviewed by William Wulftange, exploration consultant, who is a qualified person.

Assumptions for metal prices used in the estimates of mineral reserves and mineral resources for the Company's operating mines and development projects are below. For details, refer to the mineral reserve and mineral resource tables contained in the Company's 2017 annual report.

	Gold	Silver	Copper
Chapada	$ 1,250	n/a	$ 3.00
El Peñón	$ 1,250	$ 18.00	n/a
Canadian Malartic (50%)	$ 1,200	n/a	n/a
Gualcamayo	$ 1,250	n/a	n/a
Minera Florida	$ 1,250	$ 18.00	n/a
Jacobina	$ 1,250	n/a	n/a
Cerro Moro	$ 950	$ 18.00	n/a

The Company's mineral reserves and mineral resources as at December 31, 2017 are summarized in the following tables. Complete information relating to mineral reserves and mineral resources indicating a complete listing of metal-price assumptions, tonnage, grade and recoveries is contained in a complete mineral resource and mineral reserve table accompanying the 2017 annual report available on the Company's website, www.yamana.com.

Mineral Reserves & Mineral Resources Estimates *(ii)*	**Contained Gold (in 000's ounces)**		**Contained Silver (in 000's ounces)**		**Contained Copper (in million pounds)**	
Proven & probable mineral reserves	**2017**	2016	**2017**	2016	**2017**	2016
Chapada	**4,287**	4,081	**—**	—	**3,471**	3,248
El Peñón	**764**	1,053	**23,578**	36,109	**—**	—
Canadian Malartic (50%)	**3,189**	3,548	**—**	—	**—**	—
Jacobina	**1,892**	1,885	**—**	—	**—**	—
Minera Florida	**492**	468	**3,553**	3,458	**—**	—
Gualcamayo	**491**	754	**—**	—	**—**	—
Cerro Moro	**715**	715	**40,723**	40,723	**—**	—
Jeronimo (57%)	**1,082**	1,082	**—**	—	**—**	—
Total proven & probable mineral reserves	**12,912**	13,586	**67,854**	80,290	**3,471**	3,248
Measured & indicated mineral resources						
Chapada	**2,804**	1,889	**—**	3,775	**1,313**	660
El Peñón	**318**	628	**9,962**	21,484	**—**	—
Canadian Malartic (50%)	**653**	644	**—**	—	**—**	—
Jacobina	**3,258**	2,637	**—**	—	**—**	—
Minera Florida	**832**	909	**4,916**	5,510	**—**	—
Gualcamayo	**2,277**	2,815	**—**	—	**—**	—
Cerro Moro	**238**	238	**20,313**	20,313	**—**	—
Jeronimo (57%)	**139**	139	**—**	—	**—**	—
La Pepa	**2,760**	2,760	**—**	—	**—**	—
Suyai	**2,286**	2,286	**3,523**	3,523	**—**	—
Monument Bay	**1,787**	1,787	**—**	—	**—**	—
Total measured & indicated mineral resources	**17,352**	16,732	**38,714**	54,605	**1,313**	660
Inferred mineral resources						
Chapada	**609**	870	**—**	982	**252**	514
El Peñón	**960**	1,413	**33,506**	54,025	**—**	—
Canadian Malartic (50%)	**2,306**	929	**—**	—	**—**	—
Jacobina	**115**	1,549	**—**	—	**—**	—
Minera Florida	**1,231**	1,012	**6,661**	5,704	**—**	—
Gualcamayo	**1,430**	1,656	**—**	—	**—**	—
Cerro Moro	**279**	279	**14,415**	14,415	**—**	—
Jeronimo (57%)	**161**	161	**—**	—	**—**	—
La Pepa	**620**	620	**—**	—	**—**	—
Lavra Velha	**543**	543	**—**	—	**—**	—
Arco Sul	**646**	646	**—**	—	**—**	—
Suyai	**274**	274	**575**	575	**—**	—
Monument Bay	**1,781**	1,781	**—**	—	**—**	—
Total inferred mineral resources	**10,955**	11,733	**55,157**	75,701	**252**	514

Further information by mine is detailed below.

Chapada, Brazil

As the result of the successful definition and expansion of the Sucupira mineral reserve, immediately adjacent to the main Chapada pit, gold and copper mineral reserves increased by 5% and 7%, respectively, over prior year, representing a significant overall improvement over depletion in 2017. Sucupira mineral reserves are 46 million tonnes grading 0.27 g/t gold and 0.31% copper. Gold measured and indicated mineral resources increased by 48%, while copper increased by 99% compared to the prior year following the drilling for extensions of the mineral envelopes at Suruca, in addition to Sucupira and Baru. Gold and copper inferred mineral resources decreased by 30% and 51%, respectively, as these were converted to indicated mineral resources.

El Peñón, Chile

Declines in gold and silver mineral reserves reflect production depletion in 2017 as well as adjustments to the mineral resource estimation methodology and updates to the cost structure for local currency appreciation, offset by the additions to reserves via exploration and infill drilling. As part of the new plan for El Peñón that started in 2017, a thorough review of the mineral resource modelling, including estimation techniques and mine design parameters was completed, and validated with actual results during last year of production. The revision better reflects both the geological behaviour of the narrow veins and the Company's enhanced ability to efficiently mine narrower veins, as evidenced by production results in 2017 that exceeded guidance expectations taking advantage of mineral resources found outside the mineral reserves blocks. The result of this detailed review will be covered by a new technical report that is being prepared for release in 2018. The net additions in mineral resources are sourced from numerous secondary vein structures in the east mine area including El Valle Este, Dorada Sur, Bonanza, Aleste, La Paloma and Discovery Wash in the core mine area. Most of the additions are contiguous to existing mine infrastructure.

The higher proportion of narrower veins, the impetus for the right sizing of El Peñón in 2017, prompted a review of mineral resource estimation and reporting methodologies. The new methodology uses a stope optimizer routine over the entire inventory of mineral resources, using economical parameters and mine design constrains, mainly minimum mining width and dilution. The approach results in an overall smaller inventory, but with a higher prospectivity for transformation into mineral reserves in the future, through infill drilling and design optimizations.

Canadian Malartic including Odyssey, Canada (50%)

Gold mineral reserves reflect depletion associated with 2017 production. Much of the mineral resource accretion in 2017 is associated with the East Malartic underground, which is being reported for the first time, and the South deposit at Odyssey. The East Malartic deposit, which lies on the Canadian Malartic mine property close to the Odyssey Zone, has inferred mineral resources of 1.2 million ounces of gold (19.0 million tonnes; grading 2.02 g/t gold) at underground depths above the 1,000-metre elevation. Additional drilling is required at Odyssey and East Malartic to convert inferred mineral resources to indicated. Conversion drilling for East Malartic and Odyssey South can be undertaken from surface and this work is expected to commence in 2018. However, the Odyssey internal zone is presenting a higher level of complexity and thus requires underground drilling access. Preparation works to establish an exploration from surface is budgeted to commence in 2018.

Jacobina, Brazil

The Company successfully maintained gold mineral reserves, in line with 2016 despite production depletion in 2017. In 2017 the Company completed drill testing of the Canavieiras Sul and Central deposits and the planned update to the block models and mineral reserve shapes. With a reinterpretation of the Canavieiras mines, including a more conservative dilution assumption, the higher-grade Canavieiras mines now make up a smaller proportion of the total Jacobina mineral reserve, which, at year-end 2017 totaled 26 million tonnes grading 2.28 g/t gold, compared to 21 million tonnes grading 2.85 g/t gold in 2016. The resultant dilution and mineral reserve grades are consistent with actual results achieved in 2017. Gold measured and indicated mineral resources increased by 24% due to the reclassification from inferred mineral resources resulting from the infill drilling in 2017, while inferred mineral resources declined by 93% due to both the upgrading and the application of minimum mining widths to remove mineral resources contained in veins less than 1.5 metres in width. Overall, the mineral inventory at Jacobina remains significant with mineral reserves of 1.9 million ounces supporting an approximate 13-year mine life with another 3.3 million ounces of measured and indicated mineral resources.

Minera Florida, Chile

Gold mineral reserves increased by 5% compared to 2016, despite production depletion in 2017. Areas within the newly acquired ground and existing mine complex are contributing to the mineral reserve replacement. These new areas include Las Pataguas, PVS, among others. Improvements in mine design parameters, including mining costs and dilution as a result of using split blasting extraction techniques, have had a positive impact on mineral reserves in the core mine areas. Significant additions to the inferred mineral resources positions Minera Florida to convert these new discoveries into measured and indicated mineral resources and mineral reserves during 2018.

Gualcamayo, Argentina

Gold and silver mineral reserves reflect depletion associated with 2017 production. The near-mine exploration drill program continued in the fourth quarter with modest results to date, mainly in Cerro Condor. The district exploration program continued to map and collect rock chip samples, and based on positive results from the prospection, drilling was started at Sierra Alaya and Target D. The shift in focus to district exploration will be carried forward into 2018 with drilling to continue in areas that can readily contribute to production.

Modeling of near mine drill program results during the second half of 2017, integrating geology and drill program assay results reveals that the orientation of the Potenciales mineralization dips back away from the pit wall and consequently has not added to mineral resources. Additional work is expected to be completed during 2018 in order to evaluate the conversion of existing mineral resources to mineral reserves.

As a result of an updated methodology to define remaining mineral resources, measured and indicated mineral resources, and inferred mineral resources within the pit shell area, QDD and AIM zones were reduced compared to last year.

Cerro Moro, Argentina

Gold and silver mineral reserves were unchanged for the current year as the majority of 2017 drilling focused on delineation work at Zoe, Escondida Far West and Nini - areas that will be the focus of mining in 2018. On completion of infill drilling, the Company began conducting detailed mapping and sampling programs, identifying the presence of sulfide-rich black silica as key to the high-grade deposits in several of the targets on the property. This effort led to the discovery of Veronica, a new high grade near surface structure. Veronica is expected to add significant new inferred mineral resources in the short term.

In addition to Veronica, drilling has identified other exploration targets in the near-mine area that will be targeted as part of the 2018 exploration program. District exploration included surface work and target delineation in the La Henriette and on the newly acquired Mosquito project, covering the extension of the Escondida structure.

9. LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL COMMITMENTS

LIQUIDITY

Management is of the view that planned growth, development activities, expenditures and commitments will be sufficiently funded by working capital, recent monetization and financing transactions, future operating cash flows and available credit facilities. As at December 31, 2017, the Company's financial resources available to meet its financial obligations including its undrawn revolving facility, excluding Brio Gold's undrawn revolving facility, was $970.0 million.

For the year ended December 31, 2017, cash flows from operating activities of continuing operations were $484.0 million and is expected to remain positive in the foreseeable future, following several initiatives expected to be completed in 2018. The Company's obligations in 2018 include a repayment obligation of long-term debt of $110.0 million, which will be settled with the proceeds from the recent bond offering as discussed below; construction and service contract commitments and operating leases of $521.2 million, the Brazilian Tax Matters payments (refer to *Note 12: Income Taxes* to the Company's Consolidated Financial Statements for additional details) and sustaining capital expenditures of approximately $170.0 million (excluding Brio Gold). The Company's expansionary and exploration capital expenditures are discretionary, which allow management a reasonable degree of flexibility in managing its financial resources. Further information with regards to ongoing sustaining capital expenditures, and commitments by year can be found in the discussions below.

The Company's continuous commitment to balance sheet and cost improvement will further strengthen its financial position, and is highlighted by the following initiatives completed during 2017 or expected in 2018:

- Two secondary offerings by private placement of Brio Gold shares in 2017, generating cash proceeds of $71.5 million.
- Issuance of unsecured senior notes for proceeds of $300.0 million, the net proceeds of which were used to repay outstanding indebtedness resulting in more favourable terms.
- Disposal of certain investments and other assets for proceeds of $17.5 million.
- Mitigation of the appreciation of the Brazilian Real and Canadian Dollar on costs through additional forward contracts, consistent with the Company's hedging strategy.
- Monetization of certain jointly owned exploration properties of the Canadian Malartic Corporation early in 2018 for cash proceeds of $162.5 million.
- The entering into of a copper advanced sales program pursuant to which the Company received $125.0 million in cash proceeds on January 12, 2018.
- Pursuing alternatives to maximize value at Gualcamayo, in parallel of advancing monetization efforts.

Additionally, through the planned completion of the Cerro Moro mine and expected step-change in cash flow beginning in 2018, the Company is well-positioned to drive reduction in net debt and manage its debt repayments.

The following is a summary of liquidity and capital resources balances:

As at December 31, (In millions of US Dollars)		**2017**		2016
Cash	**$**	**148.9**	$	97.4
Trade and other receivables	**$**	**38.6**	$	36.6
Long-term debt *(excluding current portion)*	**$**	**1,747.7**	$	1,573.8
Working capital *(i)*	**$**	**58.7**	$	77.3

(i) Working capital is defined as the excess of current assets over current liabilities, which includes the current portion of long-term debt .

Cash and cash equivalents were $148.9 million as at December 31, 2017, compared to $97.4 million as at December 31, 2016. The sources and uses of cash during the year are explained below. Working capital was $58.7 million as at December 31, 2017, compared to $77.3 million as at December 31, 2016. Notable movements in working capital from the prior year include decreases of $91.4 million resulting from the increase in the current portion of long-term debt and $87.0 million resulting from the increase of income taxes payable mainly related to the Brazilian Tax Matters and timing of tax payments. Additionally, the Company has $106.5 million in stockpile inventory, currently classified as Property, Plant and Equipment, as it is not expected to be processed within one year, but is readily available for processing. As aforementioned, the Company expects its net cash position and working capital to increase in 2018.

Cash flows from operating activities are expected to increase during the year. Consistent with previous years, cash flows and working capital in the first quarter are the lowest due to cyclical factors, such as the seasonal impact on production during the rainy season early in the year, incremental production ramp-up and settlement of year-end accruals and payables. Given its discretion and ability to reduce expansionary capital and exploration spend, the Company's capacity to meets its financial obligations remains strong.

The following table summarizes cash inflows and outflows of continuing operations:

For the years ended December 31, (In millions of US Dollars)		**2017**		2016
Cash flows from operating activities	**$**	**484.0**	$	651.9
Cash flows from operating activities before net change in working capital *(i)*	**$**	**498.0**	$	626.6
Cash flows from/(used in) financing activities	**$**	**217.9**	$	(267.5)
Cash flows used in investing activities	**$**	**(644.2)**	$	(407.7)

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities before net change in working capital for the year ended December 31, 2017 were $498.0 million, compared to $626.6 million for the year ended December 31, 2016. The decrease was largely driven by higher income taxes paid in the year, associated with the initial payments related to the tax amnesty settlement with the Brazilian tax authorities of $76.7 million and the lower advanced payments received on metal purchase agreements compared to the prior year.

The Company's cash flows from operating activities are expected to remain positive at the prices of gold, silver and copper observed as at December 31, 2017, and the Company expects its cash flows from operations will increase organically, subject to prevailing metal prices, in the following quarters. Refer to *Section 11: Economic Trends, Business Risks and Uncertainties* of this MD&A for a detailed discussion of market price risk.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities were inflows of $217.9 million for year ended December 31, 2017, compared to outflows of $267.5 million for year ended December 31, 2016. Higher cash flows from financing activities were mainly due to the issuance of Senior Notes for proceeds of $300.0 million during the year, and cash proceeds of $71.5 million from the sale of Brio Gold shares during the year.

Total debt was $1.86 billion as at December 31, 2017, compared to $1.59 billion as at December 31, 2016. Net debt (a non-GAAP financial measure, see *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A) as at December 31, 2017 was $1.71 billion compared to $1.50 billion as at December 31, 2016. The Company's debt maturity profile remains very manageable and well-positioned, especially in the short- to medium-term.

The principal repayment schedule of senior debt notes to be repaid in the next five years is as follows:

(In millions of US Dollars)	**2018**	**2019**	**2020**	**2021**	**2022**
Senior debt notes	108.6	181.5	84.1	—	192.7

The balance of senior debt notes of $1.2 billion is due in or after 2023.

The Company has a revolving credit facility with a balance of $30.0 million ($27.0 million net of transaction costs) as at December 31, 2017 and a maturity date in 2021. The Company will, from time to time, repay balances outstanding on its revolving credit with operating cash flow and cash flow from other sources. Additionally, the Company intends to renew the credit facility either before or upon maturity.

CASH FLOWS USED IN INVESTING ACTIVITIES

Cash flows used in investing activities were $644.2 million for the year ended December 31, 2017, compared to $407.7 million for the year ended December 31, 2016. Net cash outflows in the current year were primarily attributable to capital expenditures on the continued development of Cerro Moro, Canadian Malartic and Brio Gold among others. The increase in net cash outflows in 2017 over 2016 was mainly due to cash proceeds in the prior year of $124.0 million on the sale of Mexican operations, with no comparative inflow in current period.

Capital expenditures including sustaining, expansionary and capitalized exploration and evaluation for the year ended December 31, 2017, were $607.5 million, compared to capital expenditures of $495.4 million, for the year ended December 31, 2016. These expenditures were incurred as follows:

For the years ended December 31,		2017			2016
(In millions of US Dollars)	Sustaining & other	Expansionary	Exploration	Total	Total
Chapada *(i)*	$ 27.9	$ 13.4	$ 5.4	$ 46.7	$ 82.6
El Peñón	38.5	—	17.8	$ 56.3	$ 88.4
Canadian Malartic	48.2	31.0	10.2	$ 89.4	$ 60.7
Jacobina	21.7	17.6	5.8	$ 45.1	$ 46.1
Minera Florida	24.6	17.8	10.2	$ 52.6	$ 45.3
Gualcamayo	6.6	6.4	10.6	$ 23.6	$ 21.8
Cerro Moro	—	172.0	7.7	$ 179.7	$ 63.9
Brio Gold	35.1	40.4	8.7	$ 84.2	$ 67.2
Other *(ii)*	2.1	21.7	6.1	$ 29.9	$ 19.4
Total capital expenditures *(iii)*	$ 204.7	$ 320.3	$ 82.5	$ 607.5	$ 495.4

(i) Capital expenditures for Chapada do not include $36.3 million in long-term stockpile additions which are presented as Investing Activities in the Consolidated Statement of Cash Flows.

(ii) Included in Other is $11.3 million (2016 - $6.5 million) of capitalized interest for the period.

(iii) Net of movement in accounts payable as applicable for projects under construction and including applicable borrowing costs.

CAPITAL RESOURCES

In order to maintain or adjust its capital structure, the Company may issue shares or debt securities, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances.

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There are no first preference shares issued or outstanding. As of February 9, 2018, the total number of shares outstanding was 948.6 million, the total number of share options outstanding was 1.8 million, the total number of Deferred Share Units ("DSU") outstanding was 4.3 million, the total number of Restricted Share Units ("RSU") outstanding was 1.7 million, and the total number of Performance Share Units ("PSU") outstanding was 2.5 million.

For 2017, the Company declared quarterly dividends totalling $0.0200 per share.

The following table summarizes the weighted average common shares and equity instruments outstanding as at December 31, 2017:

(In thousands)	Equity instruments outstanding as at December 31, 2017	Weighted average dilutive equity instruments, three months ended December 31, 2017	Weighted average dilutive equity instruments, year ended December 31, 2017
Common shares *(i)*	948,525	948,468	948,187
Share options *(iv)*	1,831	—	—
RSUs *(ii), (iv)*	1,474	—	—
DSUs *(iii)*	4,288	—	—
PSUs *(iii)*	2,521	—	—
		948,468	948,187

(i) The Company has a dividend reinvestment plan to provide holders of common shares a simple and convenient method to purchase additional common shares by electing to automatically reinvest all or any portion of cash dividends paid on common shares held by the plan participant without paying any brokerage commissions, administrative costs or other service charges. As at December 31, 2017, a total of 18,918,052 shares have subscribed to the plan.

(ii) Excludes RSUs granted to Brio Gold employees that are redeemable in Brio Gold common shares.

(iii) DSUs and PSUs are settled in cash and, as such, excluded from the calculation of the weighted average number of shares outstanding.

(iv) Effect of dilutive securities - the potential shares attributable to stock options and RSUs were anti-dilutive for the period ended December 31, 2017.

CONTRACTUAL COMMITMENTS

Day-to-day mining, sustaining and expansionary capital expenditures as well as administrative operations give rise to contracts requiring agreed upon future minimum payments.

As at December 31, 2017, the Company is contractually committed to the following:

(In millions of US Dollars)		Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Mine operating/construction and service contracts and other	$	515.3 $	501.7 $	150.0 $	— $	1,167.0
Long-term debt principal repayments *(i)*		110.0	342.4	222.7	1,196.9	1,872.0
Decommissioning, restoration and similar liabilities *(undiscounted)*		12.1	35.7	75.8	451.5	575.1
	$	**637.4 $**	**879.8 $**	**448.5 $**	**1,648.4 $**	**3,614.1**

(i) Excludes interest expense.

10. INCOME TAXES

The Company recorded an income tax recovery of $113.9 million for the year ended December 31, 2017 (2016 - $324.9 million recovery). The income tax provision reflects a current income tax expense of $239.2 million and a deferred income tax recovery of $353.1 million, compared to a current income tax expense of $21.8 million and a deferred income tax recovery of $346.7 million for the year-ended December 31, 2016. The balance sheet includes a deferred tax asset of $97.8 million and a deferred tax liability of $1.1 billion.

The Company's unadjusted effective tax rate for the year ended December 31, 2017 was 35.83% (2016 - 52.8%), compared to the Canadian statutory tax rate of 26.5%. Differences between the Canadian statutory tax rate to the effective tax rate are due to a number of factors, including the fact that the Company operates in multiple foreign tax jurisdictions with tax rates different than the Canadian statutory rate, the recognition or non-recognition of deferred tax assets, the fact that deferred tax balances are subject to re-measurement for changes in currency exchange rates each period, changes in tax laws and interpretations thereof, changes in income tax related contingent liabilities, and the impact of transactions undertaken by the Company. The Company calculates its current and deferred tax expense on an entity by entity basis, as a result, it is possible to have a current tax expense, even in periods when the Company has an overall loss, as the current tax expense on profitable mines often cannot be offset by the deferred tax assets for mines located in other tax jurisdictions. The Company is also able to claim certain allowances and tax deductions particular to extractive industries that can result in a lower effective tax rate compared to the statutory tax rate.

The following items have the most significant impact on the difference between the Company's Canadian statutory tax rate of 26.5% and our effective rate for the years ended December 31, 2017 and 2016:

- Each period the Company evaluates its ability to recognize tax losses and other deductible temporary difference based on projected future taxable profits. In 2017 and 2016, an expense of $53.0 million and recovery of $46.7 million, respectively, was recognized due to uncertainty of future loss utilization.
- Within a number of the Company's foreign subsidiaries, foreign currency exchange gains or losses that arise as US Dollar balances are translated to local currency are taxable or deductible locally, whereas foreign currency exchange gains or losses that arise as local balances are translated to US Dollars are not taxable or deductible. As at December 31, 2017, a net recovery of $9.2 million was

recognized due to the weakening of the Brazilian Real and the Argentine Peso against the US Dollar. In 2016, an expense of $42.8 million was recognized on the strengthening of the Brazilian Real and weakening of the Argentine Peso against the US Dollar.

- Income tax accounts are required to be re-measured at each balance sheet date for changes in the foreign exchange rate. Within a number of our foreign subsidiaries, the tax basis of non-monetary assets is converted from local currency to US Dollars at the period end spot rate for the purposes of calculating deferred taxes. In 2017 and 2016 an expense of $9.9 million and a recovery of $20.0 million, respectively, was recorded on currency fluctuations as described above.
- On December 29, 2017, the Argentinian Government enacted tax reform legislation which reduces the corporate rate from 35% to 30% starting in 2018 and a further reduction to 25% starting in 2020. The impact of the change in tax rate resulted in a reduction of deferred tax liabilities in the amount of $216.8 million in 2017.
- In the third quarter of 2017, the Company elected to participate in a program to settle all significant outstanding income tax assessments in Brazil ("Brazilian Tax Matters") and all income tax assessments relating to the Company's Chapada mine. On October 25, 2017, the program was formally enacted into law and the Company paid $76.7 million in the year ended December 31, 2017. The final program created an option to either pay one lump sum of approximately $68 million in the first quarter of 2018, or a total of approximately $100 million plus interest in installments over twelve years. The Company elected to proceed with the lump sum payment option, and on January 30, 2018 made the payment. The income tax expense associated with the tax matters has been recorded in the Consolidated Statement of Operations for the year ended December 31, 2017, and is the most significant component of the $150.7 million true-up of tax provisions in respect of prior years in the rate reconciliation.

The following items may not be reflective of current operations. The Company refers to the following items, which may be used to adjust or reconcile input models in consensus estimates:

For the years ended December 31, (In millions of US Dollars)		**2017**		2016
Non-cash tax expense/(recovery) related to unrealized foreign exchange		**9.9**		(20.0)
Non-cash tax recovery related to impairments		**(83.0)**		(218.8)
Change in tax rates		**(216.8)**		(18.7)
Income tax effect of total adjustments		**156.4**		(95.4)
Increase (decrease) to income tax (expense) recovery	**$**	**(133.5)**	$	(352.9)

The Company has elected, under IFRS, to record foreign exchange related to deferred income tax assets and liabilities in the income tax expense, therefore, due to foreign exchange differences, the tax rate will fluctuate during the year with the change in the Brazilian Real, Argentine Peso and Canadian Dollar.

The deferred tax liabilities relating to the operating mines will reverse in the future as the assets are depreciated or depleted. The deferred tax liabilities relating to exploration will not reverse until the property becomes a mine subject to depletion, is written off or sold. The deferred income taxes would only be paid on a direct disposition of the asset that may never occur.

The Company operates in the following tax jurisdictions: Brazil, where the statutory tax rate is 34%; Argentina, where the statutory tax rate is 35% in 2017, decreasing to 30% in 2018 and further decreasing to 25% in 2020; Chile, where the statutory tax rate is 25.5% in 2017 and increasing to 27% in 2018; and Canada, where the federal statutory tax rate is 15% with varying provincial tax rates. The Company does not anticipate the statutory tax rates to change in the foreseeable future, hence, there should be no impact on the calculation of the current or deferred tax expense in the period.

The largest components of the deferred tax liabilities relate to:

(In millions of US Dollars)		**2017**	2016
Canadian Malartic	**$**	**333.9** $	384.9
Jacobina	**$**	**102.2** $	91.8
Chapada	**$**	**62.0** $	55.8
El Peñón	**$**	**56.5** $	47.4
Agua Rica	**$**	**266.5** $	396.1
Gualcamayo	**$**	**—** $	104.6
Exploration Potential	**$**	**296.7** $	367.3

See *Note 12: Income Taxes* to the Company's Consolidated Financial Statements for the year ended December 31, 2017 for a breakdown of the foreign exchange charged to the income tax expense. Readers are also encouraged to read and consider the tax related risk factors and uncertainties in the Company's Annual Information Form.

11. ECONOMIC TRENDS, BUSINESS RISKS AND UNCERTAINTIES

Exploration, development and mining of precious metals involve numerous risks as a result of the inherent nature of the business, global economic trends and the influences of local social, political, environmental and economic conditions in the various geographical areas of operation. As such, the Company is subject to several financial and operational risks that could have a significant impact on its profitability and levels of operating cash flows.

The Company assesses and minimizes these risks by adhering to its internal risk management protocols, which include the application of high operating standards, empowering individuals and establishing processes to be able to identify, assess, report and monitor risk at all levels of the organization. Through careful management and planning of its facilities, hiring qualified personnel and developing a skilled workforce through training and development programs, the Company is able to generate shareholder value in a safe, resilient and responsible manner.

Below is a summary of the principal financial risks and related uncertainties facing the Company. Readers are also encouraged to read and consider the risk factors more particularly described in the latest available Company's Annual Information Form. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Metal Price Risk

The Company's profitability and long-term viability depend, in large part, upon the market price of metals that may be produced from the Company's properties, primarily gold, copper and silver. Market price fluctuations of these commodities could adversely affect profitability of operations and lead to impairments of mineral properties. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control including but not limited to supply and demand, consumption patterns, macroeconomic factors (interest, exchange, inflation), banking and political conditions, and mining specific factors.

There can be no assurance that metal prices will remain at current levels or that such prices will improve. A decrease in the market prices could adversely affect the profitability of the Company's existing mines and projects as well as the Company's ability to finance the exploration and development of additional properties, which would have a material adverse effect on the Company's results of operations, cash flows and financial position. A decline in metal prices may require us to write-down the Company's mineral reserve and mineral resource estimates by removing ores from mineral reserves that would not be economically processed at lower metal prices and revise the Company's life-of-mine plans, which could result in material impairments of the Company's investments in mining properties. Any of these factors could result in a material adverse effect on the Company's results of operations, cash flows and financial position. Further, if revenue from metal sales decline significantly, the Company may experience liquidity difficulties.

The Company's cash flow from mining operations may be insufficient to meet operating needs, and as a result the Company could be forced to discontinue production and could lose the Company's interest in, or be forced to sell, some or all of the Company's properties. In addition to adversely affecting mineral reserve and mineral resource estimates and results of operations, cash flows and financial position, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays and/or may interrupt operations until the reassessment can be completed, which may have a material adverse effect on results of operations, cash flows and financial position. In addition, lower metal prices may require the Company to reduce funds available for exploration with the result that the depleted mineral reserves may not be replaced.

Gold Price Two-Year Trend (*LBMA p.m. price: USD per ounce of gold)*

Copper Price Two-Year Trend (*LME Cash: USD per pound of copper)*

Gold Price - Market Update

For the year ended December 31, 2017, spot gold prices averaged $1,259 per ounce, comparable to $1,251 per ounce in 2016. Prices ranged between $1,151 and $1,346 per ounce and ended the year at $1,291 per ounce.

For the quarter ended December 31, 2017, spot gold prices averaged $1,277 per ounce, or representing an increase of 5%, compared to $1,222 per ounce in the fourth quarter of 2016. Prices ranged between $1,241 and $1,303 per ounce during the fourth quarter of 2017.

Gold prices were steady during the fourth quarter, before declining somewhat in anticipation of Federal Open Market Committee ("FOMC") meeting and ramping up towards the end of the quarter. The US Federal Reserve ("US Fed") increased the US Federal Reserve Funds ("Fed Funds") rate by 0.25% in December, as expected, and indicated three potential increases in 2018. In the short-term, gold prices will likely be driven by the changing sentiment as to the monetary policy path of the US Fed and geopolitical events. Continuing geopolitical tensions should be supportive of price as investors may look to buy into price weakness in order to use gold as a hedge against geopolitical risk.

Other central banks have also begun to tighten monetary policy and while higher interest rates and inflationary pressures may weigh on gold, the prospect of other central banks increasing rates should temper US Dollar strength. The amount of global debt added over the past several years is significant and the prospect of rising global interest rates may pose refinancing challenges and this may prove to be supportive for gold. Physical demand for gold from India and China continues to rebound after a soft 2016, global ETF holdings are gradually rising and other central banks continue to be net buyers with Russia and Kazakhstan being the most notable.

The Company has entered into option contracts relating to 131,900 ounces of gold, to be produced in the first quarter of 2018. These provide a minimum price of $1,300 per ounce and a maximum price of $1,414 per ounce. This production represents approximately sixty per cent of planned gold production in the period of the gold option contracts.

Copper Price - Market Update

For the year ended December 31, 2017, spot copper prices averaged $2.80 per pound, representing an increase of 27% compared to $2.21 per pound in 2016. Prices ranged between $2.48 and $3.29 per pound and ended the year at $3.27 per pound.

For the quarter ended December 31, 2017, spot copper prices averaged $3.09 per pound, representing an increase of 29%, compared to $2.39 per pound in the fourth quarter of 2016. Prices ranged between $2.92 and $3.29 per pound in the fourth quarter of 2017.

Copper prices moved higher in the fourth quarter. Higher prices have been driven by Chinese economic data, generally strong global industrial activity and speculative investors. The direction of the Chinese economy will continue to be a primary driver of copper prices going forward. Copper prices should be increasingly supported as the market is moving towards balance with supply growth slowing as fewer new mines are expected to begin operations over the medium term.

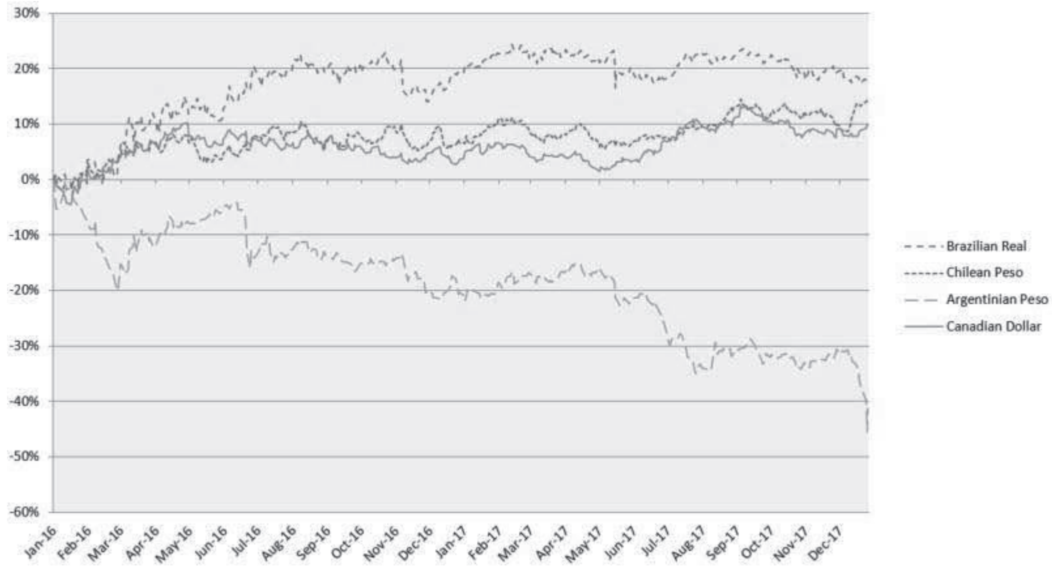
The Company currently uses forward and option contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales. As at December 31, 2017, the Company had 23.1 million pounds of copper forward contracts in place to April 2018 at an average sales price of $3.07 per pound. The Company also had 45 million pounds of copper option contracts, cumulatively to be produced in the first and second quarters of 2018, which provide a minimum price of $2.85 per pound and a maximum price of $3.33 per pound. This production represents approximately seventy-five per cent of planned copper production in the period of the copper option contracts.

Currency Risk

Currency fluctuations may affect the Company’s capital costs and the costs that the Company incurs at its operations. Gold is sold throughout the world based principally on a US Dollar price, but a portion of the Company’s operating and capital expenses are incurred in Brazilian Reais, Argentine Pesos, Chilean Pesos and Canadian Dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production at such mining operations, which could materially and adversely affect the Company’s earnings and financial condition. The Company may enter into forward contracts or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of foreign currencies in the jurisdictions in which the Company operates.

US Dollar - Market Update

The following summarizes the movement in key currencies vis-à-vis the US Dollar (source: *Bloomberg*):



The Canadian Dollar, Chilean Peso and the Brazilian Real strengthened against the US Dollar during the year ended December 31, 2017, while the Argentine Peso weakened. The US Fed increased the Fed Funds rate by 0.25% in December and indicated that they expect three increases during 2018. However, this will be dependent on economic growth and with other central banks beginning to increase rates this could lead to a weaker US Dollar.

For the three months ended December 31,	**2017**	2016	**% *(i)***
Average exchange rate			
USD-CAD	**1.2709**	1.3344	**-4.8%**
USD-BRL	**3.2504**	3.2920	**-1.3%**
USD-ARG	**17.5464**	15.4669	**13.4%**
USD-CLP	**633.42**	665.01	**-4.8%**

For the year ended December 31,	**2017**	2016	**% *(i)***
Average exchange rate			
USD-CAD	**1.2981**	1.3239	**-1.9%**
USD-BRL	**3.1917**	3.4807	**-8.3%**
USD-ARG	**16.5607**	14.7745	**12.1%**
USD-CLP	**649.01**	675.95	**-4.0%**

As at December 31,	**2017**	2016	**% *(i)***
Period-end exchange rate			
USD-CAD	**1.2571**	1.3441	**-6.5%**
USD-BRL	**3.3085**	3.2552	**1.6%**
USD-ARG	**18.6232**	15.8800	**17.3%**
USD-CLP	**615.44**	670.40	**-8.2%**

(i) Positive variance represents the US Dollar increase in value relative to the foreign currency.

As at December 31, 2017, the Company had zero-cost collar contracts totalling R$540 million (R$ = Brazilian Reais) evenly split by month from January 2018 to June 2019 with Brazilian Real to US Dollar average call and put strike prices of R$3.15 and R$3.47 per US Dollar, respectively, allowing the Company to participate in exchange rate movements between those two strikes. The Company also had forward contracts totalling

C$60 million (C$ = Canadian Dollars) evenly split by month from January 2018 to January 2019 with Canadian Dollar to US Dollar forward rates of C$1.25 per US Dollar.

Counterparty, Credit and Interest Rate Risk

The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash and short-term investments; (ii) companies that have payables to the Company, including concentrate and bullion customers; (iii) providers of its risk management services (including hedging arrangements); (iv) shipping service providers that move the Company's material; (v) the Company's insurance providers; and (vi) the Company's lenders. The Company seeks to limit counterparty risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties. For cash, cash equivalents and accounts receivable, credit risk is represented by the carrying amount on the balance sheet. The Company is exposed to interest rate risk on its variable rate debt and may enter into interest rate swap agreements to hedge this risk. These factors may impact the ability of the Company to obtain loans and other credit facilities and refinance existing facilities in the future and, if obtained, on terms favourable to the Company. Such failures to obtain loans and other credit facilities could require us to take measures to conserve cash and could adversely affect the Company's access to the liquidity needed for the business in the longer term.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of the Company's trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates liquidity risk through the implementation of its Capital Management Policy by managing its capital expenditures, forecast and operational cash flows, and by maintaining adequate lines of credit. The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

12. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Certain conditions may exist as of the date the Consolidated Financial Statements are issued that may result in a loss to the Company, but which will be resolved only when one or more future events occur or fail to occur. The impact of any resulting loss from such matters affecting the Consolidated Financial Statements of the Company may be material.

Canadian Malartic

On August 2, 2016, Canadian Malartic General Partnership ("CMGP"), a general partnership jointly owned by the Company and Agnico Eagle Mines Limited (the "Partnership"), was served with a class action lawsuit with respect to allegations involving the Canadian Malartic mine. The complaint is in respect of "neighbourhood annoyances" arising from dust, noise, vibrations and blasts at the mine. The plaintiffs are seeking damages in an unspecified amount as well as punitive damages in the amount of $20 million. The class action was certified in May 2017. In November 2017, a declaratory judgment was issued allowing the Partnership to settle individually with class members for 2017. The plaintiffs have since announced that they intend to file an application for leave to appeal this declaratory judgment. On December 11, 2017, hearings were completed in respect of certain preliminary matters, including the Partnership's application for partial dismissal of the class action. The Company and the Partnership will take all necessary steps to defend themselves from this lawsuit.

On August 15, 2016, the Partnership received notice of an application for injunction relating to the Canadian Malartic mine, which had been filed under the Environment Quality Act (Quebec). A hearing related to an interlocutory injunction was completed on March 17, 2017 and a decision of the Superior Court of Quebec dismissed the injunction. An application for permanent injunction is currently pending. The Company and the Partnership have reviewed the injunction request, consider the request without merit and will take all reasonable steps to defend against this injunction. These measures include a motion for the dismissal of the application for injunction, which has been filed and will be heard at a date to be determined. While at this time the potential impacts of the injunction cannot be definitively determined, the Company expects that if the injunction were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in production.

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree. The Partnership is an impleaded party in the proceedings. The applicant seeks to obtain the annulment of a decree authorizing the expansion of the Canadian Malartic mine. The Company and the Partnership have reviewed the application for judicial review, consider the application without merit and will take all reasonable steps to defend against this application. The hearing on the merits is scheduled to take place in October 2018. While the Company believes it is highly unlikely that the annulment will be granted, the Company expects that if the annulment were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in anticipated future production.

For additional information refer to the latest available Company's Annual Information Form.

13. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The significant accounting policies applied and recent accounting pronouncements are described in *Note 3: Significant Accounting Policies* and *Note 5: Recent Accounting Pronouncements,* respectively, to the Company's Consolidated Financial Statements for the year ended December 31, 2017.

In preparing the Consolidated Financial Statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact the Company's Consolidated Financial Statements. Actual future outcomes may differ from present estimates. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

The critical judgements and key sources of estimation uncertainties in the application of accounting policies during the year ended December 31, 2017 are disclosed in *Note 4: Critical Judgements and Estimation Uncertainties* to the Company's Consolidated Financial Statements for the year ended December 31, 2017.

14. NON-GAAP FINANCIAL MEASURES AND ADDITIONAL LINE ITEMS OR SUBTOTALS IN FINANCIAL STATEMENTS

The Company has included certain non-GAAP financial measures to supplement its Consolidated Financial Statements, which are presented in accordance with IFRS, including the following:

- *Cash costs per ounce of gold produced on a co-product and by-product basis;*
- *Cash costs per ounce of silver produced on a co-product and by-product basis;*
- *Co-product cash costs per pound of copper produced;*
- *All-in sustaining costs per ounce of gold produced on a co-product and by-product basis;*
- *All-in sustaining costs per ounce of silver produced on a co-product and by-product basis;*
- *All-in sustaining co-product costs per pound of copper produced;*
- *Net debt;*
- *Net free cash flow;*
- *Average realized price per ounce of gold sold;*
- *Average realized price per ounce of silver sold; and*
- *Average realized price per pound of copper sold.*

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management's determination of the components of non-GAAP and additional measures are evaluated on a periodic basis influenced by new items and transactions, a review of investor uses and new regulations as applicable. Any changes to the measures are duly noted and retrospectively applied as applicable.

CASH COSTS AND ALL-IN SUSTAINING COSTS

The Company discloses “cash costs” because it understands that certain investors use this information to determine the Company’s ability to generate earnings and cash flows for use in investing and other activities. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its operating mines to generate cash flows. The measures, as determined under IFRS, are not necessarily indicative of operating profit or cash flows from operating activities. Cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard remains the generally accepted standard of reporting cash costs of production in North America. Adoption of the standard is voluntary and the cost measures presented herein may not be comparable to other similarly titled measures of other companies.

The measure of cash costs, along with revenue from sales, is considered to be a key indicator of a company’s ability to generate operating earnings and cash flows from its mining operations. This data is furnished to provide additional information and is a non-GAAP financial measure. The terms *co-product and by-product cash costs per ounce of gold or silver produced, co-product cash costs per pound of copper produced, co-product and by-product AISC per ounce of gold or silver produced and co-product AISC per pound of copper produce*d do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. Non-GAAP financial measures should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

By-Product and Co-Product Cash Costs

Cash costs include mine site operating costs such as mining, processing, administration, production taxes and royalties which are not based on sales or taxable income calculations, but are exclusive of amortization, reclamation, capital, development and exploration costs. The Company believes that such measure provides useful information about the Company's underlying cash costs of operations. Cash costs are computed on a weighted average basis, net of by-product sales and on a co-product basis as follows:

- **Cash costs of gold and silver on a by-product basis** - shown on a per ounce basis.
    - The attributable cost for each metal is calculated net of by-products by applying copper and zinc net revenues, which are incidental to the production of precious metals, as a credit to gold and silver ounces produced, thereby allowing the Company's management and stakeholders to assess net costs of precious metal production. These costs are then divided by gold and silver ounces produced.
- **Cash costs of gold and silver on a co-product basis** - shown on a per ounce basis.
    - Costs directly attributed to gold and silver will be allocated to each metal. Costs not directly attributed to each metal will be allocated based on the relative value of revenues which will be determined annually.
    - The attributable cost for each metal will then be divided by the production of each metal in calculating cash costs per ounce on a co-product basis for the period.
- **Cash costs of copper on a co-product basis** - shown on a per pound basis.
    - Costs attributable to copper production are divided by commercial copper pounds produced.

By-Product and Co-Product AISC

All-in sustaining costs per ounce of gold and silver produced seeks to represent total sustaining expenditures of producing gold and silver ounces from current operations, based on co-product costs or by-product costs, including cost components of mine sustaining capital expenditures, corporate general and administrative expense excluding stock-based compensation, and exploration and evaluation expense. All-in sustaining costs do not include capital expenditures attributable to projects or mine expansions, exploration and evaluation costs attributable to growth projects, income tax payments, financing costs and dividend payments. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of all-in sustaining costs does not include depletion, depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods.

All-in sustaining co-product costs reflect allocations of the aforementioned cost components on the basis that is consistent with the nature of each of the cost component to the gold, silver or copper production activities. Similarly, all-in sustaining by-product costs reflect allocations of the aforementioned cost components on the basis that is consistent with the nature of each of the cost component to the gold and silver production activities but net of by-product revenue credits from sales of copper and zinc.

The following tables provide a reconciliation of total cost of sales of gold, silver and copper sold (cost of sales excluding depreciation, depletion and amortization, plus depreciation, depletion and amortization) per the Consolidated Financial Statements to co-product cash costs of gold produced, co-product cash costs of silver produced, co-product cash costs of copper produced, co-product AISC of gold produced, co-product AISC of silver produced, co-product AISC of copper produced, by-product cash costs of gold produced, by-product cash costs of silver produced, by-product AISC of gold produced and by-product AISC of silver produced. The tables also present total cost of sales on a per ounce or pound sold, co-product and by-product cash costs and AISC on a per ounce or pound produced basis, as deemed appropriate.

Total cost of sales in the following reconciliations to co-product and by-product cash costs and co-product and by-product AISC agree to the Consolidated Financial Statement of operations that reflects continuing operations excluding Mercedes, which is classified as discontinued operations in the comparative period. All production costs are classified in inventory together with treatment and refining charges, commercial costs, overseas freight and other selling costs. The amount of inventories recognized as cost of sales for the reporting period corresponds to the units of products sold during that period.

i) Reconciliation of Cost of Sales per the Consolidated Financial Statements to Co-Product Cash Costs and Co-Product AISC, and By-Product Cash Costs and By-Product AISC:

Co-product Cash Cost & AISC	**For the three months ended December 31, 2017**				For the three months ended December 31, 2016				**For the twelve months ended December 31, 2017**				For the twelve months ended December 31, 2016			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Total (incl. Brio Gold)**	**Total Gold (incl. Brio Gold)**	**Total Silver *(vi)***	**Total Copper**	Total (incl. Brio Gold)	Total Gold (incl. Brio Gold)	Total Silver *(vi)*	Total Copper	**Total (incl. Brio Gold)**	**Total Gold (incl. Brio Gold)**	**Total Silver *(vi)***	**Total Copper**	Total (incl. Brio Gold)	Total Gold (incl. Brio Gold)	Total Silver *(vi)*	Total Copper
Cost of sales excluding DDA *(i)*	$ 264.7	$ 209.2	$ 9.5	$ 46.0	$ 284.1	$ 216.5	$ 16.9	$ 50.7	$ 1,042.4	$ 816.7	$ 48.8	$ 176.9	$ 1,029.0	$ 804.8	$ 59.9	$ 164.4
DDA	100.9	86.3	4.8	9.7	128.3	109.0	8.4	10.9	426.8	373.7	21.2	31.9	462.3	393.2	31.2	37.9
Total cost of sales	$ 365.6	$ 295.5	$ 14.3	$ 55.7	$ 412.4	$ 325.5	$ 25.3	$ 61.6	$ 1,469.2	$ 1,190.4	$ 70.0	$ 208.8	$ 1,491.3	$ 1,198.0	$ 91.1	$ 202.3
DDA	(100.9)	(86.3)	(4.8)	(9.7)	(128.4)	(109.1)	(8.4)	(10.9)	(426.8)	(373.7)	(21.2)	(31.9)	(462.3)	(393.2)	(31.2)	(37.9)
Inventory movement	(5.2)	(6.1)	0.8	0.1	(6.0)	(4.0)	(0.5)	(1.5)	(14.1)	(12.6)	1.2	(2.7)	(6.4)	(9.1)	0.1	2.6
Treatment and refining charges *(ii)*	10.9	1.6	0.1	9.2	11.0	1.6	0.1	9.3	38.2	5.6	0.2	32.4	32.8	4.7	0.1	28.0
Commercial and other costs	(0.5)	(0.1)	—	(0.4)	(3.5)	(0.7)	—	(2.8)	(1.6)	(0.3)	—	(1.3)	(6.9)	(1.4)	—	(5.5)
Overseas freight for Chapada Conc.	(3.1)	(0.6)	—	(2.5)	(3.1)	(0.6)	—	(2.5)	(11.5)	(2.2)	—	(9.2)	(9.1)	(1.8)	—	(7.3)
Total co-product cash cost	$ 266.8	$ 204.0	$ 10.4	$ 52.4	$ 282.4	$ 212.7	$ 16.5	$ 53.2	$ 1,053.4	$ 807.2	$ 50.2	$ 196.1	$ 1,039.4	$ 797.2	$ 60.1	$ 182.2
G&A, excl., shared-based compensation *(iii)*	29.5	23.3	1.0	5.2	28.0	22.0	1.6	4.4	99.4	78.8	4.1	16.6	89.1	72.1	5.1	11.9
Sustaining capital expenditures *(iv)*	57.9	50.9	2.3	4.7	77.4	60.1	5.5	11.8	205.6	170.5	12.3	22.8	280.2	212.5	18.0	49.7
Exploration and evaluation expense *(iii)*	6.9	4.6	0.2	2.0	3.0	1.3	0.2	1.5	21.2	14.8	1.0	5.4	15.5	10.6	1.7	3.2
Total co-product AISC	$ 361.1	$ 282.8	$ 13.9	$ 64.3	$ 390.8	$ 296.1	$ 23.8	$ 70.9	$ 1,379.6	$ 1,071.3	$ 67.6	$ 240.9	$ 1,424.2	$ 1,092.4	$ 84.9	$ 247.0
Commercial oz and lb produced		299,956	1,171,042	34,667,040		319,264	1,627,051	36,869,469		1,155,340	5,004,760	127,333,872		1,198,740	6,709,251	115,548,437
Commercial oz and lb sold		301,513	1,012,898	33,186,233		324,197	1,619,208	34,182,827		1,147,204	4,874,809	120,066,492		1,188,267	6,604,212	104,923,875
Cost of sales excl. DDA per oz and lb sold		**$ 694**	**$ 9.42**	**$ 1.39**		**$ 668**	**$ 10.41**	**$ 1.48**		**$ 712**	**$ 10.00**	**$ 1.47**		**$ 677**	**$ 9.07**	**$ 1.57**
DDA per oz and lb sold		**$ 286**	**$ 4.72**	**$ 0.29**		**$ 336**	**$ 5.17**	**$ 0.32**		**$ 326**	**$ 4.35**	**$ 0.27**		**$ 331**	**$ 4.72**	**$ 0.36**
Total cost of sales per oz and lb sold		**$ 980**	**$ 13.26**	**$ 1.68**		**$ 1,004**	**$ 15.58**	**$ 1.80**		**$ 1,038**	**$ 13.63**	**$ 1.74**		**$ 1,008**	**$ 13.79**	**$ 1.93**
Co-product cash cost per oz and lb produced		**$ 680**	**$ 8.86**	**$ 1.51**		**$ 667**	**$ 10.07**	**$ 1.44**		**$ 699**	**$ 10.01**	**$ 1.54**		**$ 665**	**$ 8.96**	**$ 1.58**
Co-product AISC per oz and lb produced		**$ 943**	**$ 11.90**	**$ 1.85**		**$ 928**	**$ 14.48**	**$ 1.92**		**$ 927**	**$ 13.48**	**$ 1.89**		**$ 911**	**$ 12.65**	**$ 2.14**

Co-product Cash Cost & AISC	**For the three months ended December 31, 2017**				For the three months ended December 31, 2016				**For the twelve months ended December 31, 2017**				For the twelve months ended December 31, 2016			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Chapada Total**	**Chapada Gold**	**Chapada Silver**	**Chapada Copper**	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper	**Chapada Total**	**Chapada Gold**	**Chapada Silver**	**Chapada Copper**	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper
Cost of sales excluding DDA *(i)*	$ 55.9	$ 9.7	$ 0.2	$ 46.0	$ 62.1	$ 11.2	$ 0.2	$ 50.7	$ 215.3	$ 37.6	$ 0.8	$ 176.9	$ 201.4	$ 36.3	$ 0.7	$ 164.4
DDA	11.6	2.3	—	9.3	13.3	2.6	0.1	10.6	38.2	7.5	0.2	30.5	45.9	9.0	0.2	36.7
Total cost of sales	$ 67.5	$ 12.0	$ 0.2	$ 55.3	$ 75.4	$ 13.8	$ 0.3	$ 61.3	$ 253.5	$ 45.1	$ 1.0	$ 207.4	$ 247.3	$ 45.3	$ 0.9	$ 201.1
DDA	(11.6)	(2.3)	—	(9.3)	(13.3)	(2.6)	(0.1)	(10.6)	(38.2)	(7.5)	(0.2)	(30.5)	(45.9)	(9.0)	(0.2)	(36.7)
Inventory movement	0.1	—	—	0.1	(1.9)	(0.4)	—	(1.5)	(3.4)	(0.7)	—	(2.7)	3.2	0.6	—	2.6
Treatment and refining charges *(ii)*	10.9	1.6	—	9.3	11.0	1.6	0.1	9.3	38.2	5.6	0.2	32.4	32.9	4.7	0.1	28.1
Commercial and other costs	(0.5)	(0.1)	—	(0.4)	(3.5)	(0.7)	—	(2.8)	(1.6)	(0.3)	—	(1.3)	(6.9)	(1.4)	—	(5.5)
Overseas freight for Chapada Conc.	(3.1)	(0.6)	—	(2.5)	(3.1)	(0.6)	—	(2.5)	(11.4)	(2.2)	—	(9.2)	(9.1)	(1.8)	—	(7.3)
Total co-product cash cost	$ 63.3	$ 10.6	$ 0.2	$ 52.5	$ 64.6	$ 11.1	$ 0.3	$ 53.2	$ 237.1	$ 40.0	$ 1.0	$ 196.1	$ 221.5	$ 38.4	$ 0.8	$ 182.3
G&A, excl., shared-based compensation *(iii)*	—	—	—	—	0.2	—	—	0.2	0.7	0.1	—	0.6	0.9	0.2	—	0.7
Sustaining capital expenditures *(iv)*	5.6	1.1	—	4.5	14.1	2.8	0.1	11.2	27.9	5.5	0.1	22.3	61.1	12.0	0.2	48.9
Exploration and evaluation expense *(iii)*	1.1	0.2	—	0.9	1.9	0.4	—	1.5	2.9	0.6	—	2.3	3.0	0.6	—	2.4
Total co-product AISC	$ 70.0	$ 11.9	$ 0.2	$ 57.9	$ 80.8	$ 14.3	$ 0.4	$ 66.1	$ 268.6	$ 46.2	$ 1.1	$ 221.3	$ 286.5	$ 51.2	$ 1.0	$ 234.3
Commercial oz and lb produced		36,578	71,520	34,667,040		40,358	78,020	36,869,469		119,852	252,748	127,333,872		107,301	259,444	115,548,437
Commercial oz and lb sold		36,789	47,534	33,186,233		41,048	58,688	34,182,827		117,305	129,452	120,066,492		92,807	131,339	104,923,875
Cost of sales excl. DDA per oz and lb sold		**$ 264**	**$ 4.16**	**$ 1.39**		**$ 273**	**$ 3.41**	**$ 1.48**		**$ 321**	**$ 5.93**	**$ 1.47**		**$ 391**	**$ 5.33**	**$ 1.57**
DDA per oz and lb sold		**$ 62**	**$ 0.98**	**$ 0.28**		**$ 63**	**$ 1.70**	**$ 0.31**		**$ 64**	**$ 1.18**	**$ 0.25**		**$ 97**	**$ 1.40**	**$ 0.35**
Total cost of sales per oz and lb sold		**$ 326**	**$ 5.14**	**$ 1.67**		**$ 335**	**$ 4.79**	**$ 1.79**		**$ 384**	**$ 7.11**	**$ 1.73**		**$ 489**	**$ 7.05**	**$ 1.92**
Co-product cash cost per oz and lb produced		**$ 291**	**$ 3.25**	**$ 1.51**		**$ 275**	**$ 3.17**	**$ 1.44**		**$ 334**	**$ 3.38**	**$ 1.54**		**$ 359**	**$ 3.20**	**$ 1.58**
Co-product AISC per oz and lb produced		**$ 327**	**$ 3.63**	**$ 1.67**		**$ 354**	**$ 3.99**	**$ 1.80**		**$ 385**	**$ 3.88**	**$ 1.74**		**$ 478**	**$ 4.20**	**$ 2.03**

Co-product Cash Cost & AISC	**For the three months ended December 31, 2017**				For the three months ended December 31, 2016				**For the twelve months ended December 31, 2017**				For the twelve months ended December 31, 2016			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**El Peñón Total**	**El Peñón Gold**	**El Peñón Silver**	**Malartic Gold**	El Peñón Total	El Peñón Gold	El Peñón Silver	Malartic Gold	**El Peñón Total**	**El Peñón Gold**	**El Peñón Silver**	**Malartic Gold**	El Peñón Total	El Peñón Gold	El Peñón Silver	Malartic Gold
Cost of sales excluding DDA *(i)*	$ 33.9	$ 25.0	$ 8.9	$ 56.3	$ 56.8	$ 41.2	$ 15.6	$ 46.1	$ 165.2	$ 121.6	$ 43.6	$ 186.0	$ 204.1	$ 149.1	$ 55.0	$ 179.0
DDA	16.8	12.4	4.4	32.4	28.2	20.3	7.9	31.0	70.2	51.7	18.5	129.4	105.7	77.0	28.7	121.3
Total cost of sales	$ 50.7	$ 37.4	$ 13.3	$ 88.7	$ 85.0	$ 61.5	$ 23.5	$ 77.1	$ 235.4	$ 173.3	$ 62.1	$ 315.4	$ 309.8	$ 226.1	$ 83.7	$ 300.3
DDA	$ (16.8)	(12.4)	(4.4)	(32.4)	$ (28.2)	(20.3)	(7.9)	(31.0)	$ (70.2)	(51.7)	(18.5)	(129.4)	$ (105.)	(77.0)	(28.7)	(121.3)
Inventory movement	3.6	2.8	0.8	(5.6)	(1.9)	(1.4)	(0.5)	(1.8)	(0.5)	(1.0)	0.5	(3.7)	0.1	0.1	—	(1.8)
Total co-product cash cost	$ 37.5	$ 27.8	$ 9.7	$ 50.7	$ 54.9	$ 39.8	$ 15.1	$ 44.3	$ 164.7	$ 120.6	$ 44.1	$ 182.3	$ 204.2	$ 149.2	$ 55.0	$ 177.2
G&A, excl., shared-based compensation *(iii)*	0.3	0.2	0.1	1.1	—	—	—	1.2	0.5	0.4	0.1	4.0	—	—	—	3.9
Sustaining capital expenditures *(iv)*	8.1	6.0	2.1	15.6	17.8	12.9	4.9	13.8	38.5	28.1	10.4	48.3	60.4	44.1	16.3	51.0
Exploration and evaluation expense *(iii)*	—	—	—	0.1	0.4	0.3	0.1	0.1	—	(0.1)	0.1	0.3	4.5	3.3	1.2	0.4
Total co-product AISC	$ 45.9	$ 34.0	$ 11.9	$ 67.5	$ 73.1	$ 53.0	$ 20.1	$ 59.4	$ 203.7	$ 149.0	$ 54.7	$ 234.9	$ 269.1	$ 196.6	$ 72.5	$ 232.5
Commercial oz produced		39,401	1,052,423	80,743		55,764	1,454,293	69,971		160,509	4,282,339	316,731		220,209	6,020,758	292,514
Commercial oz sold		34,955	909,205	88,812		57,144	1,466,650	73,007		159,149	4,264,501	315,517		221,908	6,043,380	292,972
Cost of sales excl. DDA per oz sold		**$ 715**	**$ 9.74**	**$ 634**		**$ 721**	**$ 10.64**	**$ 631**		**$ 764**	**$ 10.22**	**$ 590**		**$ 672**	**$ 9.10**	**$ 611**
DDA per oz sold		**$ 354**	**$ 4.84**	**$ 364**		**$ 355**	**$ 5.39**	**$ 425**		**$ 325**	**$ 4.34**	**$ 410**		**$ 347**	**$ 4.75**	**$ 414**
Total cost of sales per oz sold		**$ 1,069**	**$ 14.58**	**$ 995**		**$ 1,075**	**$ 16.08**	**$ 1,056**		**$ 1,089**	**$ 14.57**	**$ 1,000**		**$ 1,019**	**$ 13.84**	**$ 1,025**
Co-product cash cost per oz produced		**$ 707**	**$ 9.19**	**$ 628**		**$ 714**	**$ 10.40**	**$ 634**		**$ 751**	**$ 10.30**	**$ 576**		**$ 678**	**$ 9.14**	**$ 606**
Co-product AISC per oz produced		**$ 864**	**$ 11.23**	**$ 835**		**$ 952**	**$ 13.84**	**$ 849**		**$ 928**	**$ 12.77**	**$ 742**		**$ 893**	**$ 12.04**	**$ 795**

Co-product Cash Cost & AISC

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended December 31, 2017				For the three months ended December 31, 2016				For the twelve months ended December 31, 2017				For the twelve months ended December 31, 2016			
	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver
Cost of sales excluding DDA *(i)*	$ 37.1	$ 19.0	$ 18.5	$ 0.5	$ 35.1	$ 19.5	$ 18.5	$ 1.0	$ 143.8	$ 79.5	$ 75.1	$ 4.4	$ 136.1	$ 79.2	$ 75.0	$ 4.2
DDA	12.6	10.0	9.7	0.3	10.3	5.2	4.9	0.3	53.7	40.5	38.3	2.2	39.6	33.7	31.9	1.8
Total cost of sales	$ 49.7	$ 29.0	$ 28.2	$ 0.8	$ 45.4	$ 24.7	$ 23.4	$ 1.3	$ 197.5	$ 120.0	$ 113.4	$ 6.6	$ 175.7	$ 112.9	$ 106.9	$ 6.0
DDA	$ (12.6)	(10.0)	(9.7)	(0.3)	$ (10.3)	(5.2)	(4.9)	(0.3)	$ (53.7)	(40.5)	(38.3)	(2.2)	$ (39.6)	(33.7)	(31.9)	(1.8)
Inventory movement	2.8	(0.4)	(0.4)	—	(2.2)	0.3	0.3	—	1.3	(1.1)	(1.8)	0.7	(5.3)	1.8	1.7	0.1
Total co-product cash cost	$ 39.9	$ 18.6	$ 18.1	$ 0.5	$ 32.9	$ 19.8	$ 18.8	$ 1.0	$ 145.1	$ 78.4	$ 73.3	$ 5.1	$ 130.8	$ 81.0	$ 76.7	$ 4.3
G&A, excl., shared-based compensation *(iii)*	0.3	0.1	0.1	—	0.9	—	—	—	0.8	0.3	0.3	—	1.6	—	—	—
Sustaining capital expenditures *(iv)*	3.3	5.4	5.3	0.1	2.3	6.8	6.5	0.3	6.6	24.6	22.9	1.7	6.7	23.2	22.0	1.2
Exploration and evaluation expense *(iii)*	—	0.4	0.4	—	—	0.5	0.5	—	—	2.2	2.0	0.2	—	1.1	1.0	0.1
Total co-product AISC	$ 43.5	$ 24.5	$ 23.9	$ 0.6	$ 36.1	$ 27.1	$ 25.8	$ 1.3	$ 152.5	$ 105.5	$ 98.5	$ 7.0	$ 139.1	$ 105.3	$ 99.7	$ 5.6
Commercial oz produced	44,778		23,540	47,099	44,840		25,675	94,738	154,052		90,366	469,674	164,265		104,312	429,048
Commercial oz sold	43,303		23,503	56,159	47,615		25,325	93,870	152,679		90,876	480,856	169,347		102,204	429,494
Cost of sales excl. DDA per oz sold	**$ 858**		**$ 786**	**$ 8.68**	**$ 737**		**$ 731**	**$ 10.65**	**$ 942**		**$ 826**	**$ 9.14**	**$ 804**		**$ 734**	**$ 9.67**
DDA per oz sold	**$ 291**		**$ 412**	**$ 4.60**	**$ 216**		**$ 193**	**$ 3.20**	**$ 351**		**$ 422**	**$ 4.58**	**$ 234**		**$ 312**	**$ 4.14**
Total cost of sales per oz sold	**$ 1,149**		**$ 1,198**	**$ 13.28**	**$ 953**		**$ 924**	**$ 13.37**	**$ 1,293**		**$ 1,248**	**$ 13.72**	**$ 1,038**		**$ 1,046**	**$ 13.81**
Co-product cash cost per oz produced	**$ 891**		**$ 765**	**$ 9.96**	**$ 734**		**$ 730**	**$ 10.63**	**$ 942**		**$ 812**	**$ 10.95**	**$ 796**		**$ 735**	**$ 9.90**
Co-product AISC per oz produced	**$ 972**		**$ 1,011**	**$ 13.18**	**$ 805**		**$ 1,002**	**$ 14.55**	**$ 990**		**$ 1,090**	**$ 14.88**	**$ 847**		**$ 955**	**$ 12.73**

Co-product Cash Cost & AISC

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended December 31, 2017				For the three months ended December 31, 2016				For the twelve months ended December 31, 2017				For the twelve months ended December 31, 2016			
	Jacobina Gold	Brio Total	Corp. Office & Other Total	Corp. Office & Other Gold	Jacobina Gold	Brio Total	Corp. Office & Other Total	Corp. Office & Other Gold	Jacobina Gold	Brio Total	Corp. Office & Other Total	Corp. Office & Other Gold	Jacobina Gold	Brio Total	Corp. Office & Other Total	Corp. Office & Other Gold
Cost of sales excluding DDA *(i)*	$ 25.9	$ 36.6	$ —	$ —	$ 21.8	$ 42.6	$ —	$ —	$ 98.6	$ 154.1	$ —	$ —	$ 86.8	$ 142.4	$ —	$ —
DDA	8.7	6.7	2.1	1.6	12.0	26.6	1.9	1.5	44.8	42.6	7.6	5.9	39.9	67.1	9.0	7.3
Total cost of sales	$ 34.6	$ 43.3	$ 2.1	$ 1.6	$ 33.8	$ 69.2	$ 1.9	$ 1.5	$ 143.4	$ 196.7	$ 7.6	$ 5.9	$ 126.7	$ 209.5	$ 9.0	$ 7.3
DDA	(8.7)	(6.7)	(2.1)	(1.6)	(12.0)	(26.6)	(1.9)	(1.5)	(44.8)	(42.6)	(7.6)	(5.9)	(39.9)	(67.1)	(9.0)	(7.3)
Inventory movement	(1.6)	(4.1)	—	—	2.1	(0.6)	—	—	(3.3)	(3.4)	—	—	(3.4)	(1.0)	—	—
Total co-product cash cost	$ 24.3	$ 32.5	$ —	$ —	$ 23.9	$ 42.0	$ —	$ —	$ 95.3	$ 150.7	$ —	$ —	$ 83.4	$ 141.4	$ —	$ —
G&A, excl., shared-based compensation *(iii)*	—	0.4	23.0	16.9	0.2	0.2	25.2	19.5	0.8	4.3	76.1	56.2	0.6	0.5	81.6	65.3
Sustaining capital expenditures *(iv)*	6.9	8.4	0.8	0.6	7.6	12.0	2.9	2.2	21.7	29.3	2.1	1.5	35.0	37.7	5.1	3.9
Exploration and evaluation expense *(iii)*	0.1	—	5.1	3.7	—	—	0.1	0.1	0.1	0.1	15.1	11.1	—	0.1	6.6	5.3
Total co-product AISC	$ 31.3	$ 41.3	$ 28.9	$ 21.2	$ 31.7	$ 54.2	$ 28.2	$ 21.8	$ 117.9	$ 184.4	$ 93.3	$ 68.8	$ 119.0	$ 179.7	$ 93.3	$ 74.5
Commercial oz and lb produced	34,566	40,350			32,180	50,477			135,806	178,025			120,478	189,661		
Commercial oz and lb sold	33,695	40,456			30,058	50,000			135,620	176,056			118,142	190,887		
Cost of sales excl. DDA per oz and lb sold	**$ 769**	**$ 904**			**$ 725**	**$ 852**			**$ 727**	**$ 875**			**$ 735**	**$ 746**		
DDA per oz and lb sold	**$ 257**	**$ 166**			**$ 399**	**$ 532**			**$ 330**	**$ 242**			**$ 338**	**$ 352**		
Total cost of sales per oz and lb sold	**$ 1,027**	**$ 1,071**			**$ 1,123**	**$ 1,384**			**$ 1,057**	**$ 1,117**			**$ 1,072**	**$ 1,098**		
Co-product cash cost per oz and lb produced	**$ 703**	**$ 806**			**$ 742**	**$ 832**			**$ 701**	**$ 846**			**$ 692**	**$ 746**		
Co-product AISC per oz and lb produced	**$ 906**	**$ 1,024**			**$ 984**	**$ 1,073**			**$ 867**	**$ 1,035**			**$ 988**	**$ 947**		

Co-product Cash Cost & AISC	**For the three months ended December 31, 2017**		For the three months ended December 31, 2016		**For the twelve months ended December 31, 2017**		For the twelve months ended December 31, 2016	
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	Corporate Office & Other Silver	Corporate Office & Other Copper	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	Corporate Office & Other Silver	Corporate Office & Other Copper
Cost of sales excluding DDA *(i)*	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
DDA	0.1	0.4	0.1	0.3	0.4	1.4	0.6	1.2
Total cost of sales	$ 0.1	$ 0.4	$ 0.1	$ 0.3	$ 0.4	$ 1.4	$ 0.6	$ 1.2
DDA	(0.1)	(0.4)	(0.1)	(0.3)	(0.4)	(1.4)	(0.6)	(1.2)
Total co-product cash cost	—	—	—	—	—	—	—	—
G&A, excl., shared-based compensation *(iii)*	1.0	5.1	1.6	4.2	3.9	16.0	5.1	11.2
Sustaining capital expenditures *(iv)*	—	0.2	0.2	0.5	0.1	0.5	0.3	0.8
Exploration and evaluation expense *(iii)*	0.2	1.1	—	—	0.8	3.2	0.4	0.8
Total co-product AISC	$ 1.2	$ 6.4	$ 1.8	$ 4.7	$ 4.8	$ 19.7	$ 5.8	$ 12.8

Co-product Cash Cost & AISC	**For the three months ended December 31, 2017**			For the three months ended December 31, 2016			**For the twelve months ended December 31, 2017**			For the twelve months ended December 31, 2016		
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Total Gold (including Brio Gold)**	**Brio Gold (Attributable to Non-controlling Interests)**	**Total Gold (attributable to Yamana Gold equityholders)**	Total Gold (including Brio Gold)	Brio Gold (Attributable to Non-controlling Interests)	Total Gold (attributable to Yamana Gold equityholders)	**Total Gold (including Brio Gold)**	**Brio Gold (Attributable to Non-controlling Interests)**	**Total Gold (attributable to Yamana Gold equityholders)**	Total Gold (including Brio Gold)	Brio Gold (Attributable to Non-controlling Interests)	Total Gold (attributable to Yamana Gold equityholders)
Cost of sales excluding DDA *(i)*	$ 209.2	$ 16.3	$ 192.9	$ 216.5	$ —	$ 216.5	$ 816.7	$ 50.2	$ 766.5	$ 804.8	$ —	$ 804.8
DDA	86.3	3.0	83.3	109.0	—	109.0	373.7	13.4	360.3	393.2	—	393.2
Total cost of sales	$ 295.5	$ 19.3	$ 276.2	$ 325.5	$ —	$ 325.5	$ 1,190.4	$ 63.6	$ 1,126.8	$ 1,198.0	$ —	$ 1,198.0
DDA	(86.3)	(3.0)	(83.3)	(109.1)	—	(109.1)	(373.7)	(13.4)	(360.3)	(393.2)	—	(393.2)
Inventory movement	(6.1)	(1.8)	(4.3)	(4.0)	—	(4.0)	(12.6)	(1.2)	(11.4)	(9.1)	—	(9.1)
Treatment and refining charges *(ii)*	1.6	—	1.6	1.6	—	1.6	5.6	—	5.6	4.7	—	4.7
Commercial and other costs	(0.1)	—	(0.1)	(0.7)	—	(0.7)	(0.3)	—	(0.3)	(1.4)	—	(1.4)
Overseas freight for Chapada Conc.	(0.6)	—	(0.6)	(0.6)	—	(0.6)	(2.2)	0.1	(2.3)	(1.8)	—	(1.8)
Total co-product cash cost	$ 204.0	$ 14.5	$ 189.5	$ 212.7	$ —	$ 212.7	$ 807.2	$ 49.1	$ 758.1	$ 797.2	$ —	$ 797.2
G&A, excl., shared-based compensation *(iii)*	23.3	2.1	21.2	22.0	—	22.0	78.8	5.6	73.2	72.1	—	72.1
Sustaining capital expenditures *(iv)*	50.9	5.3	45.6	60.1	—	60.1	170.5	12.4	158.1	212.5	—	212.5
Exploration and evaluation expense *(iii)*	4.6	—	4.6	1.3	—	1.3	14.8	0.3	14.5	10.6	—	10.6
Total co-product AISC	$ 282.8	$ 21.9	$ 260.9	$ 296.1	$ —	$ 296.1	$ 1,071.3	$ 67.4	$ 1,003.9	$ 1,092.4	$ —	$ 1,092.4
Commercial oz and lb produced	299,956		282,040	319,264		319,264	1,155,340		1,096,327	1,198,740		1,198,740
Commercial oz and lb sold	301,513		283,551	324,197		324,197	1,147,204		1,086,464	1,188,267		1,188,267
Cost of sales excl. DDA per oz and lb sold	**$ 694**		**$ 680**	**$ 668**		**$ 668**	**$ 712**		**$ 706**	**$ 677**		**$ 677**
DDA per oz and lb sold	**$ 286**		**$ 294**	**$ 336**		**$ 336**	**$ 326**		**$ 332**	**$ 331**		**$ 331**
Total cost of sales per oz and lb sold	**$ 980**		**$ 974**	**$ 1,004**		**$ 1,004**	**$ 1,038**		**$ 1,037**	**$ 1,008**		**$ 1,008**
Co-product cash cost per oz and lb produced	**$ 680**		**$ 672**	**$ 667**		**$ 667**	**$ 699**		**$ 692**	**$ 665**		**$ 665**
Co-product AISC per oz and lb produced	**$ 943**		**$ 925**	**$ 928**		**$ 928**	**$ 927**		**$ 916**	**$ 911**		**$ 911**

Co-product Cash Cost & AISC

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended December 31, 2017 Total Gold (incl. Brio Gold)	Brio Gold	Total Gold - Yamana Mines (v)	For the three months ended December 31, 2016 Total Gold (incl. Brio Gold)	Brio Gold	Total Gold - Yamana Mines (v)	For the twelve months ended December 31, 2017 Total Gold (incl. Brio Gold)	Brio Gold	Total Gold - Yamana Mines (v)	For the twelve months ended December 31, 2016 Total Gold (incl. Brio Gold)	Brio Gold	Total Gold - Yamana Mines (v)
Cost of sales excluding DDA *(i)*	$ 209.2	$ 36.6	$ 172.6	$ 216.5	$ 42.6	$ 173.9	$ 816.7	$ 154.0	$ 662.7	$ 804.8	$ 142.5	$ 662.3
DDA	86.3	6.8	79.5	109.0	26.6	82.4	373.7	42.7	331.0	393.2	67.1	326.1
Total cost of sales	$ 295.5	$ 43.4	$ 252.1	$ 325.5	$ 69.2	$ 256.3	$ 1,190.4	$ 196.7	$ 993.7	$ 1,198.0	$ 209.6	$ 988.4
DDA	(86.3)	(6.8)	(79.5)	(109.1)	(26.6)	(82.5)	(373.7)	(42.7)	(331.0)	(393.2)	(67.1)	(326.1)
Inventory movement	(6.1)	(4.0)	(2.1)	(4.0)	(0.6)	(3.4)	(12.6)	(3.5)	(9.1)	(9.1)	(1.0)	(8.1)
Treatment and refining charges *(ii)*	1.6	—	1.6	1.6	—	1.6	5.6	—	5.6	4.7	—	4.7
Commercial and other costs	(0.1)	—	(0.1)	(0.7)	—	(0.7)	(0.3)	—	(0.3)	(1.4)	—	(1.4)
Overseas freight for Chapada Conc.	(0.6)	—	(0.6)	(0.6)	—	(0.6)	(2.2)	—	(2.2)	(1.8)	—	(1.8)
Total co-product cash cost	$ 204.0	$ 32.6	$ 171.4	$ 212.7	$ 42.0	$ 170.7	$ 807.2	$ 150.5	$ 656.7	$ 797.2	$ 141.5	$ 655.7
G&A, excl., shared-based compensation *(iii)*	23.3	4.7	18.6	22.0	0.2	21.8	78.8	16.1	62.7	72.1	0.5	71.6
Sustaining capital expenditures *(iv)*	50.9	12.0	38.9	60.1	12.0	48.1	170.5	36.0	134.5	212.5	37.7	174.8
Exploration and evaluation expense *(iii)*	4.6	0.1	4.5	1.3	—	1.3	14.8	0.8	14.0	10.6	0.1	10.5
Total co-product AISC	$ 282.8	$ 49.4	$ 233.4	$ 296.1	$ 54.2	$ 241.9	$ 1,071.3	$ 203.4	$ 867.9	$ 1,092.4	$ 179.8	$ 912.6
Commercial oz and lb produced	299,956		259,606	319,264		268,787	1,155,340		977,315	1,198,740		1,009,079
Commercial oz and lb sold	301,513		261,057	324,197		274,197	1,147,204		971,148	1,188,267		997,380
Cost of sales excl. DDA per oz and lb sold	**$ 694**		**$ 661**	**$ 668**		**$ 634**	**$ 712**		**$ 682**	**$ 677**		**$ 664**
DDA per oz and lb sold	**$ 286**		**$ 305**	**$ 336**		**$ 301**	**$ 326**		**$ 341**	**$ 331**		**$ 327**
Total cost of sales per oz and lb sold	**$ 980**		**$ 966**	**$ 1,004**		**$ 935**	**$ 1,038**		**$ 1,023**	**$ 1,008**		**$ 991**
Co-product cash cost per oz and lb produced	**$ 680**		**$ 660**	**$ 667**		**$ 635**	**$ 699**		**$ 672**	**$ 665**		**$ 650**
Co-product AISC per oz and lb produced	**$ 943**		**$ 899**	**$ 928**		**$ 900**	**$ 927**		**$ 888**	**$ 911**		**$ 905**

By-product Cash Cost & AISC

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended December 31, 2017			For the three months ended December 31, 2016			For the twelve months ended December 31, 2017			For the twelve months ended December 31, 2016		
	Total Gold - Yamana Mines (v)	**Total Silver (vi)**	**Total Copper**	Total Gold - Yamana Mines (v)	Total Silver (vi)	Total Copper	**Total Gold - Yamana Mines (v)**	**Total Silver (vi)**	**Total Copper**	Total Gold - Yamana Mines (v)	Total Silver (vi)	Total Copper
Cost of sales excluding DDA *(i)*	$ 172.6	$ 9.5	$ 46.0	$ 173.9	$ 16.9	$ 50.7	$ 662.7	$ 48.8	$ 176.9	$ 662.3	$ 59.9	$ 164.4
DDA	79.5	4.8	9.7	82.5	8.4	10.9	331.0	21.2	31.9	326.1	31.2	37.9
Total cost of sales	$ 252.1	$ 14.3	$ 55.7	$ 256.4	$ 25.3	$ 61.6	$ 993.7	$ 70.0	$ 208.8	$ 988.4	$ 91.1	$ 202.3
DDA	(79.5)	(4.8)	(9.7)	(82.5)	(8.4)	(10.9)	(331.0)	(21.2)	(31.9)	(326.1)	(31.2)	(37.9)
Inventory movement	(2.1)	0.8	0.1	(3.4)	(0.5)	(1.4)	(9.1)	1.2	(2.7)	(8.1)	0.1	2.6
Treatment and refining charges *(ii)*	1.6	—	9.2	1.6	0.1	9.3	5.6	0.2	32.4	4.7	0.1	28.0
Commercial and other costs	(0.1)	—	(0.4)	(0.7)	—	(2.8)	(0.3)	—	(1.3)	(1.4)	—	(5.5)
Overseas freight for Chapada Conc.	(0.6)	—	(2.5)	(0.6)	—	(2.5)	(2.2)	—	(9.2)	(1.8)	—	(7.3)
By-product credits from Chapada copper revenue	(78.7)	(4.6)	—	(71.2)	(6.2)	—	(291.4)	(19.9)	—	(206.8)	(18.0)	—
Chapada copper co-product cash cost	49.5	2.9	(52.4)	49.0	4.3	(53.3)	183.4	12.8	(196.2)	167.5	14.7	(182.1)
Total by-product cash cost	$ 142.2	$ 8.6	$ —	$ 148.6	$ 14.6	$ —	$ 548.7	$ 43.1	$ (0.1)	$ 616.4	$ 56.8	$ 0.1
G&A, excl., shared-based compensation *(iii)*	23.4	1.3	—	25.2	1.9	—	78.2	5.1	—	82.6	6.0	—
Sustaining capital expenditures *(iv)*	43.3	2.6	—	57.5	6.4	—	155.8	13.9	—	220.5	22.1	—
Exploration and evaluation expense (iii)	6.4	0.3	—	2.6	0.3	—	19.1	1.4	—	13.4	1.9	—
Total by-product AISC	$ 215.3	$ 12.8	$ —	$ 233.9	$ 23.2	$ —	$ 801.8	$ 63.5	$ (0.1)	$ 932.9	$ 86.8	$ —
Commercial oz and lb produced	259,606	1,171,042		268,787	1,627,051		977,315	5,004,760		1,009,079	6,709,251	
Commercial oz and lb sold	261,057	1,012,898		274,197	1,619,208		971,148	4,874,809		997,380	6,604,212	
Cost of sales excl. DDA per oz and lb sold	**$ 661**	**$ 9.42**		**$ 634**	**$ 10.42**		**$ 682**	**$ 10.00**		**$ 664**	**$ 9.07**	
DDA per oz and lb sold	**$ 305**	**$ 4.72**		**$ 301**	**$ 5.16**		**$ 341**	**$ 4.35**		**$ 327**	**$ 4.72**	
Total cost of sales per oz and lb sold	**$ 966**	**$ 13.26**		**$ 935**	**$ 15.58**		**$ 1,023**	**$ 13.63**		**$ 991**	**$ 13.79**	
By-product cash cost per oz and lb produced	**$ 548**	**$ 7.44**		**$ 553**	**$ 8.90**		**$ 561**	**$ 8.58**		**$ 611**	**$ 8.45**	
By-product AISC per oz and lb produced	**$ 829**	**$ 11.05**		**$ 870**	**$ 14.18**		**$ 820**	**$ 12.65**		**$ 925**	**$ 12.93**	

By-product Cash Cost & AISC

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended Jun 30, 2017			For the three months ended Mar 31, 2017			For the three months ended Dec 31, 2016		
	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper
Cost of sales excluding DDA *(i)*	$ 170.7	$ 12.2	$ 41.0	$ 145.8	$ 11.6	$ 39.9	$ 173.9	$ 16.9	$ 50.7
DDA	87.9	5.3	7.1	81.5	5.0	5.6	82.5	8.4	10.9
Total cost of sales	$ 258.6	$ 17.5	$ 48.1	$ 227.3	$ 16.6	$ 45.5	$ 256.4	$ 25.3	$ 61.6
DDA	(87.9)	(5.3)	(7.1)	(81.5)	(5.0)	(5.6)	(82.5)	(8.4)	(10.9)
Inventory movement	(7.2)	1.2	1.4	1.9	(0.4)	3.9	(3.4)	(0.5)	(1.4)
Treatment and refining charges *(ii)*	1.1	—	6.8	1.1	—	6.7	1.6	0.1	9.3
Commercial and other costs	—	—	(0.2)	(0.4)	—	(1.5)	(0.7)	—	(2.8)
Overseas freight for Chapada Conc.	(0.6)	—	(2.3)	(0.4)	—	(1.8)	(0.6)	—	(2.5)
By-product credits from Chapada copper revenue	(60.4)	(4.8)	—	(60.7)	(4.5)	—	(71.2)	(6.2)	—
Chapada copper co-product cash cost	43.3	3.4	(46.7)	44.1	3.1	(47.2)	49.0	4.3	(53.3)
Total by-product cash cost	$ 146.9	$ 12.0	$ —	$ 131.4	$ 9.8	$ —	$ 148.6	$ 14.6	$ —
G&A, excl., shared-based compensation *(iii)*	17.0	1.3	—	17.2	1.1	—	25.2	1.9	—
Sustaining capital expenditures *(iv)*	36.8	4.2	—	40.2	3.7	—	57.5	6.4	—
Exploration and evaluation expense (iii)	4.8	0.4	—	3.6	0.3	—	2.6	0.3	—
Total by-product AISC	$ 205.5	$ 17.9	$ —	$ 192.4	$ 14.9	$ —	$ 233.9	$ 23.2	$ —
Commercial oz and lb produced	244,608	1,323,399		215,646	1,079,108		268,787	1,627,051	
Commercial oz and lb sold	236,050	1,255,538		217,681	1,093,897		274,197	1,619,208	
Cost of sales excl. DDA per oz and lb sold	**$ 723**	**$ 9.73**		**$ 670**	**$ 10.57**		**$ 634**	**$ 10.42**	
DDA per oz and lb sold	**$ 372**	**$ 4.19**		**$ 375**	**$ 4.57**		**$ 301**	**$ 5.16**	
Total cost of sales per oz and lb sold	**$ 1,096**	**$ 13.92**		**$ 1,044**	**$ 15.14**		**$ 935**	**$ 15.58**	
By-product cash cost per oz and lb produced	**$ 601**	**$ 9.18**		**$ 610**	**$ 9.00**		**$ 553**	**$ 8.90**	
By-product AISC per oz and lb produced	**$ 841**	**$ 13.63**		**$ 893**	**$ 13.71**		**$ 870**	**$ 14.18**	

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	For the three months ended June 30, 2016			For the three months ended Mar 31, 2016			For the three months ended Dec 31, 2015		
	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper	Total Gold - Yamana Mines (v)	Total Silver *(vi)*	Total Copper
Cost of sales excluding DDA *(i)*	$ 170.1	$ 14.1	$ 44.5	$ 146.4	$ 13.8	$ 34.0	$ 167.8	$ 14.2	$ 45.9
DDA	83.9	7.7	9.8	79.3	7.4	7.2	96.6	9.8	11.7
Total cost of sales	$ 254.0	$ 21.8	$ 54.3	$ 225.7	$ 21.2	$ 41.2	$ 264.4	$ 24.0	$ 57.6
DDA	(83.9)	(7.7)	(9.8)	(79.3)	(7.4)	(7.2)	(96.6)	(9.8)	(11.7)
Inventory movement	(6.6)	0.1	(7.0)	—	0.1	2.8	(0.2)	—	(6.6)
Treatment and refining charges *(ii)*	1.1	—	6.8	1.0	—	6.0	1.9	0.1	11.1
Commercial and other costs	(0.2)	—	(1.0)	(0.1)	—	(0.7)	(0.3)	—	(1.1)
Overseas freight for Chapada Conc.	(0.3)	—	(1.5)	(0.5)	—	(2.3)	(0.4)	—	(1.5)
By-product credits from Chapada copper revenue	(49.7)	(4.2)	—	(40.7)	(4.0)	—	(68.3)	(6.1)	—
Chapada copper co-product cash cost	38.5	3.3	(41.8)	36.3	3.5	(39.8)	43.9	3.9	(47.8)
Total by-product cash cost	$ 152.9	$ 13.3	$ —	$ 142.4	$ 13.4	$ —	$ 144.4	$ 12.1	$ —
G&A, excl., shared-based compensation *(iii)*	18.2	1.3	—	17.0	1.3	—	17.7	1.1	—
Sustaining capital expenditures *(iv)*	59.4	5.4	—	36.1	4.2	—	35.8	3.5	—
Exploration and evaluation expense (iii)	4.5	0.8	—	2.6	0.4	—	3.6	0.6	—
Total by-product AISC	$ 235.0	$ 20.8	$ —	$ 198.1	$ 19.3	$ —	$ 201.5	$ 17.3	$ —
Commercial oz and lb produced	237,400	1,687,644		243,385	1,802,029		277,515	1,857,469	
Commercial oz and lb sold	238,922	1,684,432		235,489	1,756,094		282,638	1,784,819	
Cost of sales excl. DDA per oz and lb sold	**$ 712**	**$ 8.38**		**$ 621**	**$ 7.85**		**$ 594**	**$ 7.97**	
DDA per oz and lb sold	**$ 351**	**$ 4.56**		**$ 337**	**$ 4.21**		**$ 342**	**$ 5.47**	
Total cost of sales per oz and lb sold	**$ 1,063**	**$ 12.94**		**$ 958**	**$ 12.06**		**$ 935**	**$ 13.44**	
By-product cash cost per oz and lb produced	**$ 644**	**$ 7.92**		**$ 585**	**$ 7.39**		**$ 521**	**$ 6.48**	
By-product AISC per oz and lb produced	**$ 987**	**$ 12.42**		**$ 814**	**$ 10.67**		**$ 726**	**$ 9.29**	

(i) Cost of sales includes non-cash items including the impact of the movement in inventory. Beginning January 1, 2016, the Company revised the presentation of the reportable cash costs and comparative balances have been restated to conform to the change in presentation adopted in the current period.

(ii) Costs directly attributed to a specific metal are allocated to that metal. Costs not directly attributed to a specific metal are allocated based on relative value. As a rule of thumb, the relative value is 80% copper, 20% gold and silver at Chapada (2016 - 80% copper and 20% gold and silver). TCRC's are defined as treatment and refining charges.

(iii) Chapada's general and administrative expense and exploration expense are allocated reflecting costs incurred on the related activities at Chapada. G&A and exploration expenses of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.

(iv) Chapada's sustaining capital expenditures are allocated reflecting costs incurred on the related activities at Chapada. Sustaining capital expenditures of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.

(v) Total Gold (from Yamana Mines) equals to "Total Gold" less Brio Gold Mines in this table. Information related to GAAP values of cost of sales excluding DDA, DDA and total cost of sales are derived from the Consolidated Statements of Operations and *Note 32(b) Operating Segments, Information about Profit and Loss*, to the Company's Consolidated Financial Statements.

(vi) Quantities sold for the purpose of determining cost of sales per silver ounce sold exclude silver sales for Canadian Malartic, as silver is considered a by-product for the mine, and therefore all costs are allocated to gold production.

NET DEBT

The Company uses the financial measure "Net Debt", which is a non-GAAP financial measure, to supplement information in its Consolidated Financial Statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The non-GAAP financial measure of *net debt* does not have any standardized meaning prescribed under IFRS, and therefore it may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Net Debt is calculated as the sum of the current and non-current portions of long-term debt net of the cash and cash equivalent balance as at the balance sheet date. A reconciliation of Net Debt is provided below:

As at December 31, *(In millions of US Dollars)*		**2017**		2016
Debt				
Non-current portion	**$**	**1,747.7**	$	1,573.8
Current portion		**110.0**		18.6
Total debt	**$**	**1,857.7**	$	1,592.4
Less: Cash and cash equivalents		**148.9**		97.4
Net debt	**$**	**1,708.8**	$	1,495.0

NET FREE CASH FLOW

The Company uses the financial measure "Net Free Cash Flow", which is a non-GAAP financial measure, to supplement information in its Consolidated Financial Statements. *Net Free Cash Flow* does not have any standardized meaning prescribed under IFRS, and therefore it may not be comparable to similar measures employed by other companies. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance with respect to its operating cash flow capacity to meet non-discretionary outflows of cash. The presentation of Net Free Cash Flow is not meant to be a substitute for the cash flow information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Net Free Cash Flow is calculated as cash flows from operating activities of continuing operations adjusted for advance payments received pursuant to metal purchase agreements, non-discretionary expenditures from sustaining capital expenditures and interest and financing expenses paid related to the current period. A reconciliation of Net Free Cash Flow is provided below:

(In millions of US Dollars; unless otherwise noted)	For the three months ended December 31, 2017	2016	Twelve months ended December 31, 2017	2016
Cash flows from operating activities before income taxes paid and net change in working capital	**$ 170.3**	$ 161.2	**$ 593.7**	$ 690.5
Income taxes paid	**(1.4)**	(13.5)	**(19.0)**	(63.9)
Payments made related to the Brazilian tax matters	**(46.6)**	—	**(76.7)**	—
Cash flows from operating activities before net change in working capital	**$ 122.3**	$ 147.7	**$ 498.0**	$ 626.6
Net change in working capital	**36.2**	15.3	**(14.0)**	25.3
Cash flows from operating activities	**$ 158.5**	$ 163.0	**$ 484.0**	$ 651.9
Less: Advance payments received on metal purchase agreement and unearned revenue	**(6.6)**	—	**(6.6)**	(64.0)
Add: Payments made related to the Brazilian tax matters	**46.6**	—	**76.7**	—
Add: Other cash payments	**—**	—	**6.0**	—
Less: Non-discretionary items related to the current period				
Sustaining capital expenditures	**(57.0)**	(77.7)	**(204.7)**	(280.5)
Interest and finance expenses paid	**(34.3)**	(30.1)	**(103.8)**	(96.2)
Net free cash flow	**$ 107.2**	$ 55.2	**$ 251.6**	$ 211.2

AVERAGE REALIZED METAL PRICES

The Company uses the financial measures "average realized gold price", "average realized silver price" and "average realized copper price", which are non-GAAP financial measures, to supplement in its Consolidated Financial Statements. *Average realized price* does not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance vis-à-vis average market prices of metals for the period. The presentation of average realized metal prices is not meant to be a substitute for the revenue information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measure.

Average realized metal price represents the sale price of the underlying metal before deducting sales taxes, treatment and refining charges, and other quotational and pricing adjustments. Average realized prices are calculated as the revenue related to each of the metals sold, i.e. gold, silver and copper, divided by the quantity of the respective units of metals sold, i.e. gold ounce, silver ounce and copper pound. Reconciliations of average realized metal prices to revenue are provided below:

For the three months ended December 31, 2017	**2017**				2016			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 478.8**	**$ 382.6**	**$ 17.8**	**$ 78.4**	$ 484.4	$ 387.7	$ 27.7	$ 69.0
Treatment and refining charges of gold and copper concentrate	**10.9**	**1.7**	**—**	**9.2**	11.0	1.6	0.1	9.3
Sales taxes	**5.5**	**3.3**	**—**	**2.2**	4.9	2.6	—	2.3
Metal price adjustments related to concentrate revenue	**10.7**	**0.1**	**—**	**10.6**	4.6	0.5	—	4.1
Other adjustments	**(0.1)**	**0.1**	**—**	**(0.2)**	—	—	—	—
Gross revenue	**$ 505.8**	**$ 387.8**	**$ 17.8**	**$ 100.2**	$ 504.9	$ 392.4	$ 27.8	$ 84.7
Commercial gold/silver ounces, million pounds of copper sold		**301,513**	**1,081,731**	**33.2**		324,197	1,619,208	34.2
Revenue per gold/silver ounce, pound of copper sold		**$ 1,269**	**$ 16.46**	**$ 2.36**		$ 1,196	$ 17.11	$ 2.02
Average realized price per gold/silver ounce, pound of copper sold		**$ 1,286**	**$ 16.49**	**$ 3.02**		$ 1,210	$ 17.17	$ 2.48

For the years ended December 31,	2017				2016			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 1,803.8**	**$ 1,433.9**	**$ 86.1**	**$ 283.8**	$ 1,787.7	$ 1,473.5	$ 112.7	$ 201.5
Treatment and refining charges of gold and copper concentrate	**38.2**	**5.6**	**0.2**	**32.4**	32.9	4.9	0.1	27.9
Sales taxes	**18.6**	**11.5**	**—**	**7.1**	16.5	8.7	0.3	7.5
Metal price adjustments related to concentrate revenue	**10.1**	**(0.8)**	**—**	**10.9**	(3.0)	(0.9)	—	(2.1)
Other adjustments	**(0.5)**	**(0.1)**	**(0.1)**	**(0.3)**	—	—	(0.5)	0.5
Gross revenue	**$ 1,870.2**	**$ 1,450.1**	**$ 86.2**	**$ 333.9**	$ 1,834.1	$ 1,486.2	$ 112.6	$ 235.3
Commercial gold/silver ounces, million pounds of copper sold		**1,147,204**	**5,125,689**	**120.1**		1,188,267	6,604,212	104.9
Revenue per gold/silver ounce, pound of copper sold		**$ 1,250**	**$ 16.80**	**$ 2.36**		$ 1,240	$ 17.06	$ 1.92
Average realized price per gold/silver ounce, pound of copper sold		**$ 1,264**	**$ 16.83**	**$ 2.78**		$ 1,251	$ 17.04	$ 2.24

ADDITIONAL LINE ITEMS OR SUBTOTALS IN FINANCIAL STATEMENTS

The Company uses the following additional line items and subtotals in the Consolidated Financial Statements as contemplated in *IAS 1: Presentation of Financial Statements*:

- ***Gross margin excluding depletion, depreciation and amortization*** — represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization. This additional measure represents the cash contribution from the sales of metals before all other operating expenses and DDA, in the reporting period.
- ***Mine operating earnings —*** represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization and depletion, depreciation and amortization.
- ***Operating earnings —*** represents the amount of earnings before net finance income/expense and income tax recovery/expense. This measure represents the amount of financial contribution, net of all expenses directly attributable to mining operations and overheads. Finance income, finance expense and foreign exchange gains/losses are not classified as expenses directly attributable to mining operations.
- ***Cash flows from operating activities before income taxes paid and net change in working capital —*** excludes the payments made during the period related to income taxes and tax related payments and the movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables. Working capital and income taxes can be volatile due to numerous factors, such as the timing of payment and receipt. As the Company uses the indirect method prescribed by IFRS in preparing its statement of cash flows, this additional measure represents the cash flows generated by the mining business to complement the GAAP measure of cash flows from operating activities, which is adjusted for income taxes paid and tax related payments and the working capital change during the reporting period.
- ***Cash flows from operating activities before net change in working capital —*** excludes the movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables. Working capital can be volatile due to numerous factors, such as the timing of payment and receipt. As the Company uses the indirect method prescribed by IFRS in preparing its statement of cash flows, this additional measure represents the cash flows generated by the mining business to complement the GAAP measure of cash flows from operating activities, which is adjusted for the working capital change during the reporting period.

The Company's management believes that their presentation provides useful information to investors because gross margin excluding depletion, depreciation and amortization excludes the non-cash operating cost item (i.e. depreciation, depletion and amortization), cash flows from operating activities before net change in working capital excludes the movement in working capital items, mine operating earnings excludes expenses not directly associate with commercial production and operating earnings excludes finance and tax related expenses and income/recoveries. These, in management's view, provide useful information of the Company's cash flows from operating activities and are considered to be meaningful in evaluating the Company's past financial performance or the future prospects.

15. SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY

For the three months ended *(In millions of US Dollars, unless otherwise noted)*		**Dec. 31, 2017**	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017
Financial results					
Revenue *(i)*	$	**478.8** $	493.4 $	428.1 $	403.5
Mine operating earnings	$	**(143.7)**$	106.4 $	55.2 $	59.5
Net earnings/(loss) from continuing operations	$	**(199.7)**$	38.3 $	(36.8)$	(5.9)
Net earnings/(loss)	$	**(199.7)**$	38.3 $	(36.8)$	(5.9)
Cash flows from operating activities from continuing operations	$	**158.5** $	149.8 $	124.6 $	51.3
Cash flows from operating activities before income taxes paid and net change in working capital *(ii)*	$	**170.3** $	171.5 $	126.5 $	125.6
Cash flows from operating activities before net change in working capital *(ii)*	$	**122.3** $	135.8 $	122.8 $	117.2
Cash flows to investing activities from continuing operations	$	**(196.9)**$	(179.8)$	(139.0)$	(128.8)
Cash flows from/(to) financing activities operations from continuing operations	$	**68.3** $	19.5 $	45.2 $	85.2
Per share financial results					
Net earnings/(loss) per share from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	**(0.20)**$	0.05 $	(0.04)$	(0.01)
Weighted average number of common shares outstanding - basic *(in thousands)*		**948,468**	948,254	948,116	947,901
Weighted average number of common shares outstanding - diluted *(in thousands)*		**948,468**	948,830	948,116	947,901
Financial position					
Cash and cash equivalents	$	**148.9** $	125.4 $	132.3 $	105.9
Total assets	$	**8,763.3** $	8,993.3 $	8,868.7 $	8,850.4
Total non-current liabilities	$	**3,535.3** $	3,679.2 $	3,713.4 $	3,707.8
Production - Gold					
Gold ounces produced - attributable (iii)		**282,041**	281,315	275,437	257,533
Discontinued operations - gold ounces		**—**	—	—	—
Total gold ounces produced		**282,041**	281,315	275,437	257,533
Total cost of sales per gold ounce sold *(ii)*	$	**980** $	1,022 $	1,105 $	1,038
Co-product cash costs per gold ounce produced - attributable *(ii)(iii)*	$	**672** $	689 $	696 $	712
Co-product cash costs per gold ounce produced - Yamana mines *(ii)(iii)*	$	**660** $	672 $	671 $	687
By-product cash costs per gold ounce produced - Yamana mines *(ii)(iii)*	$	**548** $	496 $	601 $	610
Co-product AISC per gold ounce produced - attributable *(ii)(iii)*	$	**925** $	905 $	899 $	936
Co-product AISC per gold ounce produced - Yamana mines *(ii)(iii)*	$	**899** $	874 $	869 $	912
By-product AISC per gold ounce produced - Yamana mines *(ii)(iii)*	$	**829** $	729 $	841 $	893
Production - Silver					
Silver ounces produced *(iii)*		**1,171,042**	1,431,211	1,323,399	1,079,108
Total cost of sales per silver ounce sold *(ii)*	$	**13.26** $	14.15 $	13.92 $	15.36
Co-product cash costs per silver ounce produced *(ii)(iii)*	$	**8.86** $	10.53 $	10.19 $	10.36
By-product cash costs per silver ounce produced *(ii)(iii)*	$	**7.44** $	8.64 $	9.18 $	9.00
Co-product AISC per silver ounce produced *(ii)(iii)*	$	**11.90** $	13.70 $	14.04 $	14.24
By-product AISC per silver ounce produced *(ii)(iii)*	$	**11.05** $	12.24 $	13.63 $	13.71
Production - Other					
Chapada concentrate production *(tonnes)*		**66,104**	70,090	54,342	51,589
Chapada copper contained in concentrate *(millions of pounds)*		**34.7**	**37.1**	29.1	26.5
Total cost of sales per pound of copper sold *(ii)*	$	**1.68** $	1.63 $	1.91 $	1.81
Chapada co-product cash costs per pound of copper produced	$	**1.51** $	1.35 $	1.61 $	1.78
Chapada co-product AISC per pound of copper produced *(ii)(iii)*	$	**1.67** $	1.44 $	1.84 $	2.13
Sales included in revenue					
Gold *(ounces)*		**301,513**	299,588	278,187	267,916
Silver *(ounces)*		**1,081,731**	1,574,943	1,299,957	1,169,058
Chapada concentrate *(tonnes)*		**64,873**	74,394	52,643	50,626
Chapada payable copper contained in concentrate *(millions of pounds)*		**33.2**	36.5	25.2	25.2
Revenue per ounce / pound					

Gold - per ounce	$	**1,269** $	1,264 $	1,255 $	1,209
Silver - per ounce	$	**16.46** $	16.64 $	16.85 $	17.28
Copper - per pound	$	**2.36** $	2.43 $	2.27 $	2.35
Average realized prices					
Gold - per ounce *(i)*	$	**1,286** $	1,278 $	1,268 $	1,220
Silver - per ounce *(i)*	$	**16.49** $	16.66 $	16.89 $	17.29
Copper - per pound *(i)*	$	**3.02** $	2.89 $	2.52 $	2.57

For the three months ended *(In millions of US Dollars, unless otherwise noted)*		Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Financial results					
Revenues *(i)*	$	484.4 $	464.3 $	438.0 $	400.9
Mine operating earnings	$	(639.3)$	91.0 $	54.3 $	79.0
Net (loss)/earnings from continuing operations	$	(355.4)$	(2.1)$	30.3 $	36.1
Net (loss)/earnings	$	(368.0)$	(11.8)$	34.8 $	36.4
Cash flows from operating activities from continuing operations	$	163.0 $	178.6 $	192.7 $	116.3
Cash flows from operating activities before income taxes paid and net change in working capital *(ii)*	$	161.2 $	176.2 $	200.2 $	151.6
Cash flows from operating activities before net change in working capital *(ii)*	$	147.7 $	173.0 $	189.5 $	115.2
Cash flows (to)/from investing activities from continuing operations	$	(160.2)$	12.9 $	(120.6)$	(139.7)
Cash flows (to)/from financing activities operations from continuing operations	$	(147.0)$	(33.3)$	(108.7)$	22.0
Per share financial results					
(Loss)/earnings per share from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	(0.37)$	(0.01)$	0.03 $	0.04
Weighted average number of common shares outstanding - basic *(in thousands)*		947,647	947,590	947,346	947,173
Weighted average number of common shares outstanding - diluted *(in thousands)*		947,647	947,590	948,096	947,670
Financial position					
Cash and cash equivalents	$	97.4 $	243.6 $	93.4 $	124.6
Total assets	$	8,801.7 $	9,564.5 $	9,532.9 $	9,584.0
Total non-current liabilities	$	3,746.6 $	4,124.0 $	4,098.7 $	4,178.6
Production - Gold					
Commercial gold ounces produced - attributable *(iii)*		319,265	305,581	290,137	283,757
Discontinued operations - gold ounces		—	23,023	22,948	24,304
Total gold ounces produced		319,265	328,604	313,085	308,061
Total cost of sales per gold ounce sold *(ii)*	$	1,004 $	1,038 $	1,056 $	939
Co-product cash costs per gold ounce produced - attributable *(ii)(iii)*	$	667 $	692 $	698 $	601
Co-product cash costs per gold ounce produced - Yamana mines *(ii)(iii)*	$	635 $	671 $	692 $	603
By-product cash costs per gold ounce produced - Yamana mines *(ii)(iii)*	$	553 $	665 $	644 $	585
Co-product AISC per gold ounce produced - attributable *(ii)(iii)*	$	928 $	965 $	958 $	785
Co-product AISC per gold ounce produced - Yamana mines *(ii)(iii)*	$	892 $	936 $	969 $	791
By-product AISC per gold ounce produced - Yamana mines *(ii)(iii)*	$	870 $	998 $	987 $	814
Production - Silver					
Commissioning silver ounces produced from continuing operations *(iii)*		1,627,051	1,592,526	1,687,644	1,802,029
Discontinued operations - silver ounces		—	98,995	103,262	124,620
Total silver ounces produced		1,627,051	1,691,521	1,790,906	1,926,649
Total cost of sales per silver ounce sold *(ii)*	$	15.58 $	15.36 $	12.94 $	12.06
Co-product cash costs per silver ounce produced *(ii)(iii)*	$	10.07 $	9.79 $	8.47 $	7.68
By-product cash costs per silver ounce produced *(ii)(iii)*	$	8.90 $	9.78 $	7.92 $	7.39
Co-product AISC per silver ounce produced *(ii)(iii)*	$	14.48 $	13.79 $	12.18 $	10.44
By-product AISC per silver ounce produced *(ii)(iii)*	$	14.18 $	14.73 $	12.42 $	10.67
Production - Other					
Chapada concentrate production *(tonnes)*		68,375	56,100	43,720	48,138
Chapada copper contained in concentrate production *(millions of pounds)*		36.9	29.6	23.2	25.9
Total cost of sales per pound of copper sold *(ii)*	$	1.80 $	1.91 $	2.09 $	1.81
Chapada co-product cash costs per pound of copper produced	$	1.44 $	1.60 $	1.80 $	1.54

Chapada co-product AISC per pound of copper produced *(ii)(iii)*	$	1.80	$	2.15	$	2.43	$	1.85
Sales included in revenue								
Gold *(ounces)*		324,197		296,330		291,152		276,589
Silver *(ounces)*		1,619,208		1,545,128		1,684,432		1,756,094
Chapada concentrate *(tonnes)*		68,477		47,604		52,735		48,364
Chapada payable copper contained in concentrate *(millions of pounds)*		34.2		22.1		26.0		22.7
Revenue per ounce / pound								
Gold - per ounce	$	1,196	$	1,327	$	1,256	$	1,179
Silver - per ounce	$	17.11	$	19.47	$	16.72	$	14.92
Copper - per pound	$	2.02	$	1.86	$	1.7	$	2.14
Average realized prices								
Gold - per ounce *(i)*	$	1,210	$	1,337	$	1,267	$	1,189
Silver - per ounce *(i)*	$	17.17	$	19.53	$	16.83	$	14.93
Copper - per pound *(i)*	$	2.48	$	2.14	$	2.12	$	2.12

(i) Revenue consists of sales net of sales taxes. Revenue per ounce data is calculated based on gross sales. Realized prices reflect continuing operations.

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 14: Non-GAAP Financial Measures and Additional Line Items or Subtotals in Financial Statements* of this MD&A.

(iii) Balances are from continuing operations. Attributable production is determined on a weighted-average basis with respect to ownership of Brio Gold common shares during the period, which for 2017 was a weighted average of 65.5% (2016 - 100%).

16. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chairman and Chief Executive Officer and Senior Vice President, Finance and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, our Timely Disclosure and Confidentiality Policy, our Code of Conduct, our Insider Trading Policy, our Corporate Controls Policy, the effective functioning of our Audit Committee and procedures in place to systematically identify matters warranting consideration of disclosure by the Audit Committee.

As at the end of the period covered by this Management's Discussion and Analysis, management of the Company, with the participation of the Chairman and Chief Executive Officer and the Senior Vice President, Finance and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by applicable rules of the Canadian Securities Administrators (or Canadian securities regulatory authorities) and the U.S. Securities and Exchange Commission (or the SEC). The evaluation included documentation review, inquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Chairman and Chief Executive Officer and the Senior Vice President, Finance and Chief Financial Officer have concluded that, as of the end of the period covered by this Management's Discussion and Analysis, the disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under applicable securities laws, is recorded, processed, summarized and reported within time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chairman and Chief Executive Officer and the Senior Vice President, Finance and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective "internal control over financial reporting" as such term is defined in the rules of the Canadian Securities Administrators and the SEC. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes:

- Maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- Providing reasonable assurance that transactions are recorded as necessary for preparation of our Consolidated Financial Statements in accordance with generally accepted accounting principles;
- Providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- Providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's Consolidated Financial Statements would be prevented or detected on a timely basis.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in Rules 13a - 15(f) and 15d - 15(f) of the Securities Exchange Act of 1934, based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2017. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2017.

The Company's independent registered public accounting firm, Deloitte LLP, has audited the Consolidated Financial Statements included in the annual report and has issued an attestation report dated February 15, 2018 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

CHANGES IN INTERNAL CONTROLS

During the period ended December 31, 2017, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chairman and Chief Executive Officer and the Senior Vice President, Finance and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

This report provides a discussion and analysis of the financial condition and results of operations ("Management's Discussion and Analysis") to enable a reader to assess material changes in financial condition between December 31, 2017 and December 31, 2016 and results of operations for the periods ended December 31, 2017 and December 31, 2016.

This Management's Discussion and Analysis has been prepared as of February 15, 2018. The Consolidated Financial Statements prepared in accordance with IFRS as issued by IASB follow this Management's Discussion and Analysis. This Management's Discussion and Analysis is intended to supplement and complement the annual audited Consolidated Financial Statements and notes thereto as at and for the year ended December 31, 2017 (collectively the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this Management's Discussion and Analysis. This Management's Discussion and Analysis should be read in conjunction with both the Financial Statements and the most recent Annual Information Form for the year ended December 31, 2016 on file with the Securities Commissions of all of the provinces in Canada and which are included in the 2016 Annual Report on Form 40-F filed with the United States Securities and Exchange Commission. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis. All Dollar amounts in the Management's Discussion and Analysis are in US Dollars, unless otherwise specified.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains or incorporates by reference "forward-looking statements" and "forward-looking information" under applicable Canadian securities legislation within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking information includes, but is not limited to information with respect to the Company's strategy, plans or future financial or operating performance, the outcome of the legal matters involving the damages assessments and any related enforcement proceedings. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the Company's expectations in connection with the production and exploration, development and expansion plans at the Company's projects discussed herein being met, the impact of proposed optimizations at the Company's projects, changes in national and local government legislation, taxation, controls or regulations and/or change in the administration of laws, policies and practices, and the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices (such as gold, copper, silver and zinc), currency exchange rates (such as the Brazilian Real, the Chilean Peso and the Argentine Peso versus the US Dollar), the impact of inflation, possible variations in ore grade or recovery rates, changes in the Company's hedging program, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to asset disposition, risks related to metal purchase agreements, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, government regulation and the risk of government expropriation or nationalization of mining operations, risks related to relying on local advisors and consultants in foreign jurisdictions, environmental risks, unanticipated reclamation expenses, risks relating to joint venture operations, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending and outstanding litigation and labour disputes, risks related to enforcing legal rights in foreign jurisdictions, as well as those risk factors discussed or referred to herein and in the Company's Annual Information Form filed with the securities regulatory authorities in all provinces of Canada and available at www.sedar.com, and the Company's Annual Report on Form 40-F filed with the United States Securities and Exchange Commission. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

CAUTIONARY STATEMENT REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Readers should refer to the Annual Information Form of the Company for the year ended December 31, 2016 and other continuous disclosure documents filed by the Company since January 1, 2017 available at *www.sedar.com*, for further information on mineral reserves and mineral resources, which is subject to the qualifications and notes set forth therein.

CAUTIONARY STATEMENT TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

This Management's Discussion and Analysis has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the disclosure requirements promulgated by the Securities and Exchange Commission (the "Commission") and contained in Industry Guide 7 ("Industry Guide 7"). Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report mineral reserves, the three-year historical average price is used in any mineral reserve or cash flow analysis to designate mineral reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101. However, these terms are not defined terms under Industry Guide 7 and are not permitted to be used in reports and registration statements of United States companies filed with the Commission. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a mineral resource is permitted disclosure under Canadian regulations. In contrast, the Commission only permits U.S. companies to report mineralization that does not constitute "mineral reserves" by Commission standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Management's Discussion and Analysis may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Yamana Gold Inc. and subsidiaries ("Yamana Gold Inc." or "Company") and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not exact since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

Yamana Gold Inc. maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. The Company's internal control over financial reporting as of December 31, 2017, is based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee ("Committee").

The Audit Committee is appointed by the Board, and all of its members are independent directors. The Committee meets at least four times a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the consolidated financial statements and the external auditors' reports. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The consolidated financial statements have been audited by Deloitte LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. Deloitte LLP has full and free access to the Audit Committee.

“Peter Marrone”

Chairman and
Chief Executive Officer

“Jason LeBlanc”

Senior Vice President, Finance and
Chief Financial Officer

February 15, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Yamana Gold Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Yamana Gold Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016, the consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control over Financial Reporting

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2018 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Those standards also require that we comply with ethical requirements. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and to fulfill our other ethical responsibilities in accordance with these requirements.

An audit includes performing procedures to assess the risks of material misstatement of the financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

"Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 15, 2018

We have served as the Company's auditor since 1995.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Yamana Gold Inc.

Opinion on Internal Control over Financial Reporting
We have audited the internal control over financial reporting of Yamana Gold Inc. and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and Canadian generally accepted auditing standards, the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 15, 2018, expressed an unmodified/unqualified opinion on those financial statements.

Basis for Opinion
The Company'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, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting
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 International Financial Reporting Standards as issued by the International Accounting Standards Board. 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

"Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 15, 2018

YAMANA GOLD INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

(In millions of US Dollars except for shares and per share amounts)		2017		2016
Revenue	$	**1,803.8**	$	1,787.7
Cost of sales excluding depletion, depreciation and amortization *(Note 7)*		**(1,042.4)**		(1,029.0)
Gross margin excluding depletion, depreciation and amortization	$	**761.4**	$	758.7
Depletion, depreciation and amortization		**(426.8)**		(462.3)
Impairment of mining properties *(Note 11)*		**(256.9)**		(711.3)
Mine operating earnings/(loss)	$	**77.7**	$	(414.9)
Expenses				
General and administrative		**(113.6)**		(100.2)
Exploration and evaluation		**(21.2)**		(14.9)
Other expenses *(Note 9)*		**(23.6)**		(39.7)
Impairment /(reversal) of non-operating mining properties *(Note 11)*		**(99.6)**		96.2
Operating loss	$	**(180.3)**	$	(473.5)
Finance income *(Note 10)*		**3.4**		1.6
Finance expense *(Note 10)*		**(141.1)**		(143.8)
Net finance expense	$	**(137.7)**	$	(142.2)
Loss before taxes	$	**(318.0)**	$	(615.7)
Current income tax expense *(Note 12)*		**(239.2)**		(21.8)
Deferred income tax recovery *(Note 12)*		**353.1**		346.7
Income tax recovery from continuing operations	$	**113.9**	$	324.9
Net loss from continuing operations	$	**(204.1)**	$	(290.8)
Net loss from discontinued operations *(Note 6(c))*		**—**		(17.5)
Net loss	$	**(204.1)**	$	(308.3)
Attributable to:				
Yamana Gold Inc. equityholders	$	**(194.4)**	$	(307.9)
Non-controlling interests		**(9.7)**		(0.4)
Net loss	$	**(204.1)**	$	(308.3)
Loss per share attributable to Yamana Gold Inc. equityholders *(Note 13)*				
Loss per share from continuing and discontinued operations - basic and diluted	$	**(0.21)**	$	(0.32)
Loss per share from continuing operations - basic and diluted	$	**(0.21)**	$	(0.31)
Weighted average number of shares outstanding *(in thousands)* *(Note 13)*				
Basic		**948,187**		947,443
Diluted		**948,187**		947,443

The accompanying notes are an integral part of the Consolidated Financial Statements.

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31,

(In millions of US Dollars)		**2017**		2016
Net loss	**$**	**(204.1)**	$	(308.3)
Other comprehensive income/(loss), net of taxes				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
- Fair value loss on available-for-sale financial assets, net of income tax of nil		**—**		(3.1)
- Reclassification adjustments related to available-for-sale financial assets		**4.5**		—
Cash-flow hedges				
- Increase in fair value of hedging instruments		**68.3**		6.3
- Decrease in fair value of hedging instruments		**(62.4)**		(7.9)
- Reclassification of (gains)/losses recorded in earnings		**(0.3)**		2.8
- Tax Impact on fair value of hedging instruments		**1.3**		(1.0)
	$	**11.4**	$	(2.9)
Items that will not be reclassified to profit or loss:				
Re-measurement of employee benefit plan		**1.3**		(1.4)
Total other comprehensive income/(loss)	**$**	**12.7**	$	(4.3)
Total comprehensive loss	**$**	**(191.4)**	$	(312.6)
Attributable to :				
Yamana Gold Inc. equityholders	**$**	**(182.8)**	$	(312.2)
Non-controlling interests		**(8.6)**		(0.4)
Total comprehensive loss	**$**	**(191.4)**	$	(312.6)

The accompanying notes are an integral part of the Consolidated Financial Statements.

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

(In millions of US Dollars)		**2017**	2016
Operating activities			
Loss before taxes	$	**(318.0)** $	(615.7)
Adjustments to reconcile earnings before taxes to net operating cash flows:			
Depletion, depreciation and amortization		**426.8**	462.3
Share-based payments *(Note 29)*		**12.6**	14.2
Finance income *(Note 10)*		**(3.4)**	(1.6)
Finance expense *(Note 10)*		**141.1**	143.8
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices		**(4.0)**	(9.1)
Mark-to-market on investments and other assets		**2.5**	(4.3)
Impairment of mineral properties *(Note 11)*		**356.5**	615.1
Amortization of deferred revenue on metal purchase agreements *(Note 25)*		**(8.6)**	(6.8)
Other non-cash (recoveries)/expenses *(Note 15(d))*		**(7.8)**	36.7
Advanced payments received on metal purchase agreements		**6.6**	64.0
Decommissioning, restoration and similar liabilities paid *(Note 27)*		**(4.6)**	(8.1)
Other cash payments		**(6.0)**	—
Cash flows from operating activities before income taxes paid and net change in working capital		**593.7**	690.5
Income taxes paid		**(19.0)**	(63.9)
Payments made related to the Brazilian tax matters *(Note 12(e))*		**(76.7)**	—
Cash flows from operating activities before net change in working capital	$	**498.0** $	626.6
Net change in working capital *(Note 15(b))*		**(14.0)**	25.3
Cash flows from operating activities of continuing operations	$	**484.0** $	651.9
Cash flows from operating activities of discontinued operations *(Note 6(c))*	$	**—** $	12.9
Investing activities			
Acquisition of property, plant and equipment *(Note 21)*	$	**(643.8)** $	(495.4)
Proceeds from sale of Mexican operations *(Note 6(c))*		**—**	124.0
Acquisition of Mineração Riacho dos Machados Ltda, net of cash acquired *(Note 6(d))*		**—**	(50.2)
Proceeds on disposal of investments and other assets		**17.5**	33.6
Cash used in other investing activities		**(17.9)**	(19.7)
Cash flows used in investing activities of continuing operations	$	**(644.2)** $	(407.7)
Cash flows used in investing activities of discontinued operations *(Note 6(c))*	$	**—** $	(12.9)
Financing activities			
Dividends paid *(Note 28(b))*	$	**(18.9)** $	(28.0)
Interest and other finance expenses paid		**(103.8)**	(96.2)
Proceeds from Brio Gold Inc. private placement and rights offering *(Note 6(b))*		**71.5**	40.7
Repayment of term loan and notes payable *(Note 26)*		**(460.9)**	(484.5)
Proceeds from term loan and notes payable *(Note 26)*		**730.0**	300.5
Cash flows from/(used in) financing activities of continuing operations	$	**217.9** $	(267.5)
Effect of foreign exchange of non-US Dollar denominated cash and cash equivalents		**0.1**	0.8
Increase/(Decrease) in cash and cash equivalents of continuing operations	$	**57.8** $	(22.5)
Cash and cash equivalents of continuing operations, beginning of year *(Note 15(c))*	$	**97.4** $	119.9
Cash and cash equivalents reclassified as held for sale *(Note 6(a))*	$	**(6.3)** $	—
Cash and cash equivalents, end of year of continuing operations *(Note 15(c))*	$	**148.9** $	97.4

Supplementary cash flow information *(Note 15)*.

The accompanying notes are an integral part of the Consolidated Financial Statements.

YAMANA GOLD INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31,

(In millions of US Dollars)		**2017**	2016
Assets			
Current assets:			
Cash and cash equivalents *(Note 15(c))*	$	**148.9** $	97.4
Trade and other receivables *(Note 17)*		**38.6**	36.6
Inventories *(Note 18)*		**163.5**	254.1
Other financial assets *(Note 19)*		**13.2**	14.4
Other assets *(Note 20)*		**119.4**	149.9
Assets held for sale *(Note 6(a))*		**355.8**	—
	$	**839.4** $	552.4
Non-current assets:			
Property, plant and equipment *(Note 21)*		**7,259.7**	7,566.3
Other financial assets *(Note 19)*		**26.1**	36.1
Deferred tax assets *(Note 12(b))*		**97.8**	116.7
Goodwill and intangibles *(Note 22)*		**449.5**	481.0
Other assets *(Note 20)*		**90.8**	49.2
Total assets	$	**8,763.3** $	8,801.7
Liabilities			
Current liabilities:			
Trade and other payables *(Note 23)*	$	**345.4** $	340.0
Income taxes payable		**91.8**	4.8
Other financial liabilities *(Note 24)*		**203.1**	74.5
Other provisions and liabilities *(Note 25)*		**56.7**	55.8
Liabilities relating to assets held for sale *(Note 6(a))*		**83.7**	—
	$	**780.7** $	475.1
Non-current liabilities:			
Long-term debt *(Note 26)*		**1,747.7**	1,573.8
Decommissioning, restoration and similar liabilities *(Note 27)*		**258.2**	222.2
Deferred tax liabilities *(Note 12(b))*		**1,147.1**	1,511.4
Other financial liabilities *(Note 24)*		**85.7**	76.9
Other provisions and liabilities *(Note 25)*		**296.6**	362.3
Total liabilities	$	**4,316.0** $	4,221.7
Equity			
Share capital *(Note 28)*			
Issued and outstanding 948,524,667 common shares (December 31, 2016 - 947,797,596 shares)	$	**7,633.7** $	7,630.5
Reserves *(Note 14)*		**23.8**	12.0
Deficit		**(3,344.1)**	(3,130.3)
Attributable to Yamana Gold Inc. equityholders	$	**4,313.4** $	4,512.2
Non-controlling interest *(Note 30)*		**133.9**	67.8
Total equity	$	**4,447.3** $	4,580.0
Total liabilities and equity	$	**8,763.3** $	8,801.7

Contractual commitments and contingencies *(Notes 33 and 34)*.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Approved by the Board

"Peter Marrone"
PETER MARRONE
Director

"Richard Graff"
RICHARD GRAFF
Director

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31,

(In millions of US Dollars)	Share capital	Reserves *(Note 14)*	Deficit	Equity attributable to Yamana shareholders	Non-controlling interest	Total equity
Balance as at January 1, 2016	**$ 7,625.4**	**$ 18.6**	**$ (2,802.7)**	**$ 4,841.3**	**$ 23.3**	**$ 4,864.6**
Total comprehensive loss						
Net loss	—	—	(307.9)	(307.9)	(0.4)	(308.3)
Other comprehensive loss, net of income tax	—	(4.3)	—	(4.3)	—	(4.3)
	—	(4.3)	(307.9)	(312.2)	(0.4)	(312.6)
Transactions with owners						
Exercise of share options and share appreciation rights *(Note 28(a))*	0.3	0.5	—	**0.8**	—	**0.8**
Offering of purchase rights of Brio Gold Inc. *(Note 6(b))*	—	—	—	**—**	37.9	**37.9**
Issued on vesting of restricted share units *(Note 28(a))*	4.5	(4.5)	—	**—**	—	**—**
Vesting restricted share units *(Note 29)*	—	1.7	—	**1.7**	7.0	**8.7**
Dividend reinvestment plan *(Note 28(a))*	0.3	—	—	**0.3**	—	**0.3**
Dividends *(Note 28(b))*	—	—	(19.7)	**(19.7)**	—	**(19.7)**
Balance as at December 31, 2016	**$ 7,630.5**	**$ 12.0**	**$ (3,130.3)**	**$ 4,512.2**	**$ 67.8**	**$ 4,580.0**
Balance as at January 1, 2017	**$ 7,630.5**	**$ 12.0**	**$ (3,130.3)**	**$ 4,512.2**	**$ 67.8**	**$ 4,580.0**
Total comprehensive loss						
Net loss	—	—	(194.4)	**(194.4)**	(9.7)	**(204.1)**
Other comprehensive income, net of income tax	—	11.6	—	**11.6**	1.1	**12.7**
	—	11.6	(194.4)	(182.8)	(8.6)	(191.4)
Transactions with owners						
Offering of purchase rights of Brio Gold Inc. *(Note 6(b))*	—	—	—	**—**	70.9	**70.9**
Issued on vesting of restricted share units *(Note 28(a))*	2.9	(2.9)	—	**—**	—	**—**
Vesting restricted share units *(Note 29)*	—	3.1	—	**3.1**	7.0	**10.1**
Restricted share units cancellation	—	—	—	**—**	(3.2)	**(3.2)**
Dividend reinvestment plan *(Note 28(a))*	0.3	—	—	**0.3**	—	**0.3**
Dividends *(Note 28(b))*	—	—	(19.4)	**(19.4)**	—	**(19.4)**
Balance as at December 31, 2017	**$ 7,633.7**	**$ 23.8**	**$ (3,344.1)**	**$ 4,313.4**	**$ 133.9**	**$ 4,447.3**

The accompanying notes are an integral part of the Consolidated Financial Statements.

YAMANA GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and December 31, 2016
(Tabular amounts in millions of US Dollars, unless otherwise noted)

1. NATURE OF OPERATIONS

Yamana Gold Inc. and subsidiaries (the "Company" or "Yamana") is a Canadian-based gold producer with significant gold production, gold development stage properties, exploration properties, and land positions throughout the Americas including in Canada, Brazil, Chile and Argentina. Yamana plans to continue to build on this base through existing operating mine expansions and optimization initiatives, development of new mines, the advancement of its exploration properties and, at times, by targeting other gold consolidation opportunities with a primary focus in the Americas.

The address of the Company's registered office is 200 Bay Street, Suite 2200, Royal Bank Plaza North Tower Toronto, Ontario, Canada, M5J 2J3. The Company is listed on the Toronto Stock Exchange (Symbol: YRI) and The New York Stock Exchange (Symbol: AUY).

The consolidated financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016 are comprised of the Company, its subsidiaries and its joint operation of the Canadian Malartic mine ("Canadian Malartic") ("Consolidated Financial Statements").

2. BASIS OF PREPARATION AND PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), effective as of December 31, 2017.

The Consolidated Financial Statements have been prepared on a going concern basis using historical cost except for those assets and liabilities that are measured at revalued amounts or fair values at the end of each reporting period as explained in *Note 3: Significant Accounting Policies* to the Company's Consolidated Financial Statements. Additionally, these Consolidated Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

The functional and presentation currencies of the Company and all its subsidiaries is the United States Dollar ("US Dollars"), and all values herein are rounded to the nearest million except where otherwise indicated.

The Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on February 14, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies summarized below have been applied consistently in all material respects in preparing the Consolidated Financial Statements.

(a) Basis of Consolidation

The Consolidated Financial Statements include the accounts of Yamana Gold Inc. (parent and ultimate holding company) and the following significant entities as at December 31, 2017 and 2016:

Legal Entity	Mine	Country of incorporation	Interest 2017	Interest 2016
Mineração Maracá Industria e Comércio S.A.	Chapada	Brazil	**100%**	100%
Minera Meridian Ltda.	El Peñón	Chile	**100%**	100%
Canadian Malartic Corporation - a joint operation *(Note 3(b))*	Canadian Malartic	Canada	**50%**	50%
Minera Florida Ltda.	Minera Florida	Chile	**100%**	100%
Jacobina Mineração e Comércio Ltda.	Jacobina	Brazil	**100%**	100%
Minas Argentinas S.A.	Gualcamayo	Argentina	**100%**	100%

The Company's Consolidated Financial Statements also include the Company's 100%-owned development property, Cerro Moro in Argentina which is under construction, Yamana Gold Ontario in Canada, Agua Fria in Chile, the Company's 56.7% interest in Agua De La Falda S.A. ("ADLF"), and the Company's 53.6% interest in Brio Gold Inc. ("Brio Gold").

The financial statements of entities which are controlled by the Company through voting equity interests, referred to as subsidiaries, are consolidated. Control is achieved when the Company 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. Control is determined to be achieved if, and only if, the Company has:

- Power over the investee (i.e., existing rights providing the ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. Consolidation of an investee begins when the Company obtains control over the investee and ceases when the Company loses control of the investee. Assets, liabilities, income and expenses of an investee are included in the Consolidated Financial Statements from the date the Company gains control or joint control until the date the Company ceases to control the investee.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equityholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to conform to the Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill as applicable), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

All intercompany assets and liabilities, equity, income, expenses and cash flows between the Company and its subsidiaries are eliminated on consolidation.

The Company does not have any material off-balance sheet arrangements, except as noted in *Note 33: Contractual Commitments* to the Company's Consolidated Financial Statements.

(b) Joint Arrangements

Joint arrangements are those entities over whose activities the Company has joint control, established by contractual agreement. The Consolidated Financial Statements include the Company's share of its 50% interest in Canadian Malartic's assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis in accordance with its share in those entities and from the date that joint control commences until the date that control ceases. A jointly controlled operation is a joint arrangement carried on by each party in the joint arrangement using its own assets in pursuit of the joint operations. In assessing whether a joint arrangement is a joint operation or a joint venture, the rights and obligations arising from the joint arrangement are considered including:

- The structure and legal form of the arrangement,
- The terms agreed by the parties in the contractual arrangement and, when relevant,
- Other facts and circumstances.

When accounting for the acquisition of interests in joint operations in which the activity constitutes a business, the Company applies IFRS 3 *Business Combinations* ("IFRS 3") and the guidance on business combinations in other IFRSs except for those principles that conflict with the guidance in IFRS 11 *Joint Arrangements*. Identifiable assets and liabilities are measured, subject to the exceptions in IFRS 3, at fair value and the residual recognized as goodwill. Furthermore, transaction costs are expensed as incurred and deferred taxes are recognized on initial recognition of assets and liabilities.

For a joint operation, the Consolidated Financial Statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Company incurs and its share of the income that it earns from the joint operation. For a joint venture, the Consolidated Financial Statements include the Company's investment in the joint venture, which is accounted for using the equity method.

(c) Foreign Currency Translation

The Company's mining operations operate primarily within an economic environment where the functional currency is the US Dollar. Transactions in foreign currencies are translated to functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the US Dollar are translated into US Dollars at the exchange rate prevailing as at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenue and expenses are translated at the average exchange rates prevailing during the year, with the exception of depletion, depreciation and amortization which is translated at historical exchange rates. Exchange gains and losses from translation are included in earnings. Foreign exchange gains and losses related to income taxes, if any, are reported within the income tax expense line in the Company's consolidated statement of operations.

(d) Business Combinations

A business combination requires that the assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business as the Company considers other factors to determine whether the set of activities and assets is a business. A transaction does not qualify as a business combination when significant inputs, processes, and outputs that together constitute a business were not identified; the transaction is then accounted for as a purchase of assets and assumption of liabilities.

Business combinations are accounted for using the acquisition method whereby the identifiable assets acquired and the liabilities assumed are recorded at acquisition-date fair values; non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's net identifiable assets. The choice of measurement basis is made on a transaction by transaction basis.

The excess of (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree, over the acquisition-date fair value of the net of the assets acquired and liabilities assumed, is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the consolidated statement of operations.

Should the consideration be contingent on future events, the preliminary cost of the acquisition recorded includes management's best estimate of the fair value of the contingent amounts expected to be payable. Preliminary fair values of net assets are finalized within one year of the acquisition date with retrospective restatement to the acquisition date as required.

The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgements and estimates about future events, including but not limited to estimates of mineral reserves and mineral resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices and future foreign exchange rates. Changes to the preliminary measurements of assets and liabilities acquired are retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.

(e) Impairment and Reversal of Impairment of Non-Current Assets and Goodwill

The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit (“CGU”) may be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company defines a CGU as an area of interest. An area of interest is an area of similar geology; an area of interest includes exploration tenements/licenses, which are geographically close together, are managed by the same geological management group and have similar prospectivity. An area of interest may be categorized as project area of interest or exploration area of interest as defined by the geology/exploration team of the Company. A project area of interest represents an operating mine or a mine under construction and its nearby exploration properties, which are managed by the Company's operations group. An exploration area of interest represents a portfolio or pool of exploration properties which are not adjacent to an operating mine or a mine under construction; an exploration area of interest is managed by the Company's exploration group.

Information the Company considers as impairment indicators include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of the asset or CGU. Internal sources of information include the manner in which property and plant and equipment are being used or are expected to be used and indications of economic performance of the assets, historical exploration and operating results. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and/or goodwill.

If indication of impairment exists, the Company estimates the recoverable amount of the asset or CGU to determine the amount of impairment loss. For exploration and evaluation assets, indicators include but are not limited to, continuous downward trend in metal prices resulting in lower in-situ market values for exploration potential, expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, and if the entity has decided to discontinue exploration activity in the specific area.

When an impairment review is undertaken, recoverable amount is assessed by reference to the higher of 1) value in use and 2) fair value less costs of disposal ("FVLCD"). The best evidence of FVLCD is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCD is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. This is often estimated using discounted cash flow techniques. Where recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed mine and/or production plans and assumptions a market participant may take into account. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36 *Impairment of Assets*. Assumptions underlying recoverable amount estimates are subject to significant risks and uncertainties. Where third-party pricing services are used, the valuation techniques and assumptions used by the pricing services are reviewed by the Company to ensure compliance with the accounting policies and internal control over financial reporting of the Company. The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount and considers the reversal of the impairment loss recognized in prior periods up to the carrying amount of the CGU (net of amortization or depreciation) as if no impairment had been recognized in the past.

The Company tests for impairment of goodwill and indefinite-life intangibles or intangible assets not yet available for use at least on an annual basis or upon the occurrence of a triggering event or circumstance that indicates impairment. For the purposes of impairment testing, goodwill is allocated to the CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. An impairment loss recognized for goodwill is not reversed in a subsequent period.

(f) Operating Segments

The Company bases its operating segments on the way information is reported and used by the Chief Operating Decision Makers ("CODM"). The Company has seven core reportable operating segments as follows:

- Chapada mine in Brazil,
- El Peñón mine in Chile,
- Canadian Malartic mine in Canada (50% interest),
- Minera Florida mine in Chile,
- Jacobina mine in Brazil,
- Gualcamayo mine in Argentina, and
- Brio Gold Inc.

In addition to the above reportable operating segments, the Company aggregates and discloses the financial results, under "Corporate and other", of other operating segments having similar economic characteristics as reviewed by the CODM and include, but are not limited to other exploration properties and corporate entities as these operating segments do not qualify as core reportable operating segments nor do any individually, based on their materiality, performance or prospects for future net cash flows, assist in more informed judgements about the entity as a whole.

The Company's CODM, comprised of the senior management team, performs planning, reviews results of operations, assesses performance and makes resource allocation decisions based on the segment structure described above at an operational level on a number of measures, which include mine operating earnings, production levels and unit production costs. The Company's CODM also relies on a management team with its members positioned in the geographical regions where the Company's key mining operations are located. Segment results that are reported to the Company's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Each segment derives its revenues mainly from the sales of precious metals through specific channels and processes as coordinated and managed by the corresponding divisional management group. General and administrative, exploration and evaluation, net finance income or expense, and other operating expenses such as impairment charges and reversals and investment write-down are managed mainly on a consolidated basis and are therefore, not reflected in detail in the measure of segment profit or loss for each reportable segment.

(g) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset or disposal group and the sale expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell ("FVLCTS"). If the FVLCTS is lower than the carrying amount, an impairment loss is recognized in the consolidated statement of operations. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense. Non-current assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Company's consolidated balance sheet.

A disposal group qualifies as a discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of operations.

(h) Revenue Recognition

Revenue from the sale of precious metals - gold and silver - is recognized at the fair value of the consideration received and when all significant risks and rewards of ownership pass to the purchaser including delivery of the product, there is a fixed or determinable selling price and collectability is reasonably assured. Revenue is net of treatment and refining charges if payment of these amounts can be enforced at the time of sale.

Gold and silver revenue is recorded at the time of physical delivery and transfer of title. Sale prices are fixed at the delivery date based on the terms of the contract or at spot prices.

Copper concentrate revenue from smelters and traders is recorded at the time the risks and rewards of ownership pass to the buyer. This revenue is provisionally priced at the date of sale, that is, the price is set in reference to the prevailing market prices at a specified future date after shipment. Revenue on provisionally priced sales is recognized based on estimates of the fair value of consideration receivable predicated on forward market prices. At each reporting date, the provisionally priced metal is fair valued based on forward selling price for the remaining quotational period stipulated in the contract. For this purpose, the selling price can be measured reliably for those products, such as copper, for which there is an active and freely traded commodity market such as London Metals Exchange and the value of product sold by the Company is directly linked to the form in which it is traded on that market. Variations between the prices set under the smelting contracts are caused by changes in market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in the fair value classified in revenue. The provisional sales quantities are adjusted for changes in metal quantities upon receipt of new information and assay results.

Revenues arising from the use by others of the Company's assets yielding interest, royalties and dividends are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably, on the following bases:

- Interest is recognized using the effective interest method.
- Royalties are recognized on an accrual basis in accordance with the substance of the agreement.
- Dividends are recognized when the shareholder's right to receive payment is established.

The Company recognizes deferred revenue in the event it receives payments from customers in consideration for future commitments to deliver metals and before such sale meets the criteria for revenue recognition. The Company recognizes amounts in revenue as the metals are delivered to the customer. Specifically, for the metal agreements entered into with Sandstorm Gold Ltd. ("Sandstorm") and Altius Minerals Corporation ("Altius"), the Company determines the amortization of deferred revenue to the Consolidated Statements of Operations on a per unit basis using the estimated total quantity of metal expected to be delivered to Sandstorm and Altius over the terms of the contract. The Company estimates the current portion of deferred revenue based on quantities anticipated to be delivered over the next twelve months.

(i) Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized when the Company becomes a party to the contractual provisions of the financial instrument. On initial recognition, all financial instruments are measured at fair value, net of attributable transaction costs, except for financial instruments classified as at fair value through profit or loss (“FVTPL”). Transaction costs of financial instruments classified as at FVTPL are expensed in the period in which they are incurred. Measurement in subsequent periods depends on the classification of financial instruments.

FVTPL

Financial assets and financial liabilities classified as at FVTPL are measured at fair value with changes in fair value recognized as finance income/expense.

Amortized Cost

Financial assets classified as loans & receivables are measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or financial liability and allocates the effective interest income or interest expense over the term of the financial asset or financial liability, respectively. The interest rate is the rate that exactly discounts estimated future cash receipts or payments throughout the term of the financial instrument to the net carrying amount of the financial asset or financial liability, respectively, At the end of each reporting period, the Company determines if there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, and where objective evidence exists , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the Consolidated Statements of Operations.

Available-For-Sale (“AFS”)

AFS financial assets, designated based on the criteria that management does not hold these for the purposes of trading, are presented as investments and measured at fair value with unrealized gains and losses recognized in OCI. Realized gains and losses are recorded in earnings when investments mature or are sold and are calculated using the cost of securities sold. AFS financial assets are reviewed quarterly for significant or prolonged decline in fair value requiring impairment and more frequently when economic or market concerns warrant such evaluation. The review includes an analysis of the facts and circumstances of the financial assets, the market price of actively traded securities, as well as the severity of loss, the financial position and near-term prospects of the investment, credit risk of the counterparties, the length of time the fair value has been below costs, both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time, management's intent and ability to hold the financial assets for a period of time sufficient to allow for any anticipated recovery of fair value and management's market view and outlook. When a decline in the fair value of an available-for-sale investment has been recognized in OCI and there is objective evidence that the asset is impaired after management's review, any cumulative losses that had been recognized in OCI are reclassified as an impairment loss in the consolidated statement of operations. The reclassification adjustment is calculated as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized, if applicable. Impairment losses recognized in the consolidated statement of operations for an investment are subject to reversal, except for equity instruments classified as available-for-sale.

Derivative Instruments and Hedging

The Company's risk management policy objective is to manage certain risks against an adverse price movement, to make revenues more predictable. Hedges are established on a project specific basis where applicable, to protect cash flows in times when significant capital projects are being undertaken or where specific debt servicing requirements exist. In addition, hedges may also be implemented from time to time to safeguard the viability of higher cost operations.

Mainly, derivative instruments are used as hedging instruments to meet the Company's risk management policy objective. Derivative instruments are recorded at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recognized in finance income/expense with the exception of derivatives designated as effective cash flow hedges.

For cash flow hedges that qualify under the hedging requirements of IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”), the effective portion of any gain or loss on the hedging instrument is recognized in OCI and the ineffective portion is reported as an unrealized gain (loss) on derivatives contracts as finance income/expense in the Consolidated Statement of Operations.

i. Commodity Derivatives

The Company may enter into commodity derivatives including forward contracts to manage exposure to fluctuations in metal prices such as copper. In the case of forwards, these contracts are intended to reduce the risk of declining prices on future sales. Purchased options are intended to allow the Company to benefit from higher market metal prices. In instances where the call option purchases offset the committed quantities of the corresponding forward, derivative assets/liabilities are presented net of amounts to counterparties. Some of the derivative transactions are effective in achieving the Company's risk management goals, however, they do not meet the hedging requirements of IAS 39, therefore the changes in fair value are recorded in earnings. Realized gains or losses are accounted for at trade date.

The Company has entered into non-hedge derivatives that include forward contracts intended to manage the risk of declining gold and copper prices. Other than those in Brio Gold, the Company does not hedge any of its gold and silver sales.

ii. Currency Derivatives

The Company, from time to time, may enter into currency forward contracts and "zero-cost collar" option trading strategy to manage the foreign exchange exposure of the operating and capital expenditures associated with its international operations. The Company tests the hedge effectiveness quarterly. Effective unrealized changes in fair value are recorded in OCI. Ineffective changes in fair value and changes in time value of options are recorded in earnings. At settlement, the realized changes are accounted for at trade date and recorded as follows:

- Amount related to hedging of operating expenditures is included in cost of sales to offset the foreign exchange effect recorded by the mines.
- Amount related to hedging of capital expenditures is included in capitalized purchases of goods or services to offset the foreign exchange recorded by the mines or development projects.

iii. Termination of Hedge Accounting

Hedge accounting is discontinued prospectively when:

- The hedge instrument is sold, terminated or exercised;
- The hedge no longer meets the criteria for hedge accounting; and
- The Company revokes the designation.

The Company considers de-recognition of a cash flow hedge when the related forecast transaction is no longer expected to occur. If the Company revokes the designation, the cumulative gain or loss on the hedging instrument that has been recognized in OCI from the period when the hedge was effective remains separately in equity until the forecast transaction occurs or is no longer expected to occur. Otherwise, the cumulative gain or loss on the hedge instrument that has been recognized in OCI from the period when the hedge was effective is reclassified from equity to profit or loss.

(j) Share-Based Payments

The Company accounts for all share-based payments, including share options, restricted share units, deferred share units and performance share units, to employees and non-employees using the fair value based method of accounting and recognize compensation expense over the vesting period. For the deferred share units, the fair value method requires that a mark-to-market adjustment be recorded at the end of each reporting period with the recovery or expense for the period recorded in other operating expenses. The Company's share option plan includes a share appreciation feature. If and when the share options are ultimately exercised, the applicable amount in the equity reserve is transferred to share capital. For further details, including descriptions of the share-based compensation plans, refer to the Management Information Circular for 2017.

Equity instruments, including share-based payments, issued by subsidiaries that are not owned by the parent are non-controlling interests regardless of whether they are vested and of the exercise price (refer to *Note 30: Non-Controlling Interest* to the Company's Consolidated Financial Statements for additional details).

(k) Income Taxes

Income tax expense or recovery comprises of current and deferred tax. Income tax expense or recovery is recognized in the Consolidated Statements of Operations except to the extent it relates to items recognized directly in equity or in OCI, in which case the related taxes are recognized in equity or OCI.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, which may differ from earnings reported in the Consolidated Statements of Operations due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- Goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- Investments in subsidiaries and jointly controlled entities to the extent they can be controlled and that it is probable that they will not reverse in the foreseeable future.

Deferred income tax is recognized on the movement in foreign exchange rates on non-monetary assets denominated in foreign currencies. Foreign exchange gains or losses relating to deferred income taxes are included in the deferred income tax expense in the Consolidated Statements of Operations.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Inventories

Inventories consisting of product inventories, work-in-process (metal-in-circuit, gold-in-process, heap leach ore) and ore stockpiles are measured at the lower of the cost of production and net realizable value. Net realizable value is calculated as the difference between estimated costs to complete production into a saleable form and the prevailing prices at end of the period.

Work-in-process represents inventories that are currently in the process of being converted to a saleable product. The cost of production includes an appropriate proportion of depreciation, depletion and amortization and overhead. The assumptions used in the valuation of work-in-process inventories include estimates of metal contained and recoverable in the ore stacked on leach pads, the amount of metal stacked in the mill circuits that is expected to be recovered from the leach pads, the amount of gold in these mill circuits and an assumption of the precious metal price expected to be realized when the precious metal is recovered. If the cost of inventories is not recoverable due to decline in selling prices or the costs of completion or the estimated costs to be incurred to make the sale have increased, the Company would be required to write-down the recorded value of its work-in-process inventories to net realizable value. Adjustments related to write-down of inventory are included in cost of sales.

Ore in stockpiles is comprised of ore extracted from the mine and available for further processing. Costs are added to ore in stockpiles at the current mining cost per tonne and removed at the accumulated average cost per tonne. Costs are added to ore on the heap leach pads based on current mining costs and removed from the heap leach pad as ounces are recovered in process at the plant based on the average cost per recoverable ounce on the heap leach pad. Although the quantities of recoverable gold placed on the heap leach pads are reconciled by comparing the grades of ore placed on the heap leach pads to the quantities of gold actually recovered, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As such, engineering estimates are refined based on actual results over time. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from each heap leach pad will not be known until the leaching process is concluded. Ore in stockpiles not expected to be processed in the next twelve months is classified as long-term.

Inventories of materials and supplies expected to be used in production are valued at the lower of cost and net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of write-down is reversed up to the original write-down amount. Write-downs of inventory and reversals of write-downs are reported as a component of current period costs.

(m) Property, Plant and Equipment

i. Land, Building, Plant and Equipment

Land, building, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. The cost is comprised of the asset's purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset.

The depreciable amount of building, plant and equipment is amortized on a straight-line basis to the residual value of the asset over the lesser of mine life or estimated useful life of the asset. Each part of an item of building, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately if its useful life differs. Useful lives of building, plant and equipment items range from two to thirty years, but do not exceed the related estimated mine life based on proven and probable mineral reserves and the portion of mineral resources that management expects to become mineral reserves in the future and be economically extracted.

	Depreciation Method	Useful Life
Building	Straight Line	4 to 30 years
Machinery and equipment	Straight Line	2 to 7 years
Vehicles	Straight Line	3 to 5 years
Furniture and office equipment	Straight Line	2 to 10 years
Computer equipment and software	Straight Line	3 to 5 years
Land	Not depreciated	

The Company reviews the useful life, depreciation method, residual value and carrying value of its building, plant and equipment at least annually. Where the carrying value is estimated to exceed the estimated recoverable amount, which is the higher of the asset's fair value less costs to sell or value in use, a provision for impairment is measured and recorded.

Expenditures that extend the useful lives of existing facilities or equipment are capitalized and depreciated over the remaining useful lives of the assets or useful life of the component (e.g. major overhaul) of an asset. Repairs and maintenance expenditures are expensed as incurred.

ii. Exploration, Evaluation Assets and Depletable Producing Properties

The Company's tangible exploration and evaluation assets are comprised of mineral resources and exploration potential. The value associated with mineral resources and exploration potential is the value beyond proven and probable mineral reserves.

Exploration and evaluation assets acquired as part of an asset acquisition or a business combination are recorded as tangible exploration and evaluation assets and are capitalized at cost, which represents the fair value of the assets at the time of acquisition determined by estimating the fair value of the property's mineral reserves, mineral resources and exploration potential at such time.

The value of such assets when acquired is primarily a function of the nature and amount of mineralized materials contained in such properties. Exploration and evaluation stage mineral interests represent interests in properties that potentially contain mineralized material consisting of measured, indicated and inferred mineral resources; other mine exploration potential such as inferred mineral resources not immediately adjacent to existing mineral reserves but located around and near mine or project areas; other mine-related exploration potential that is not part of measured, indicated and inferred mineral resources; and any acquired right to explore and develop a potential mineral deposit.

Exploration and evaluation expenditures incurred by the Company are capitalized at cost if management determines that it is probable future economic benefits will be generated as a result of the expenditures. Expenditures incurred before the Company has obtained legal rights to explore a specific area of interest are expensed. Costs incurred for general exploration that are either not-project-specific or do not result in the acquisition of mineral properties are considered greenfield expenditures and charged to expense. Brownfield expenditures, which typically occur in areas surrounding known deposits and/or re-exploring older mines using new technologies to determine if greater mineral reserves and mineral resources exist, are capitalized. Brownfield activities are focused on the discovery of mineral reserves and mineral resources close to existing operations, including around mine or near-mine, mineral reserve and mineral resource extension and infill drilling.

Exploration expenditures include the costs incurred in either the initial exploration for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits.

Evaluation expenditures include the costs incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- Acquiring the rights to explore;
- Establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable mineral reserve;
- Determining the optimal methods of extraction and metallurgical and treatment processes;
- Studies related to surveying, transportation and infrastructure requirements;
- Permitting activities; and
- Economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, pre-feasibility and final feasibility studies.

The values assigned to the tangible exploration and evaluation assets are carried at acquired costs until such time as the technical feasibility and commercial viability of extracting mineral resource from the assets is demonstrated, which occurs when the activities are designated as a development project and advancement of the project is considered economically feasible. At that time, the property and the related costs are reclassified as part of the development costs of a producing property not yet subject to depletion, and remain capitalized. Assessment for impairment is conducted before reclassification.

Depletion or depreciation of those capitalized exploration and evaluation costs and development costs commences upon completion of commissioning of the associated project or component. Depletion of mining properties and amortization of preproduction and development costs are calculated and recorded on a unit-of-production basis over the estimate of recoverable ounces. The depletable costs for the reporting period are the total depletable costs related to the ore body or component of the ore body in production multiplied by the number of ounces produced in the reporting period divided by the estimated recoverable ounces, which includes proven and probable mineral reserves of the mine and the portion of mineral resources expected to be classified as mineral reserves and economically extracted. Management assesses the estimated recoverable ounces used in the calculation of depletion at least annually, or whenever facts and circumstances warrant that an assessment should be made. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to the Company's mine plans and changes in metal price forecasts can result in a change in future depletion rates.

The Company assesses and tests its exploration and evaluation assets and mining properties for impairment, and subsequent reversal of impairment, at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable or that an impairment may be reversed. Costs related to areas of interest abandoned are written off when the decision of abandonment is made. Refer to (e) "Impairment and Reversal of Non-Current Assets and Goodwill" for detail of the policy. An impairment assessment of the exploration and evaluation assets is conducted before the reclassification or transfer of exploration and evaluation assets to depletable producing properties.

iii. Stripping Costs

In open-pit mining operations, it is often necessary to remove overburden and other waste in order to access the ore body. When accounting for deferred stripping within a mining complex with multiple pits using a common infrastructure:

- In circumstances where the new development is not closely located to a producing mine or is development of a new ore body, the Company accounts for the pre-stripping costs as if the development was related to a separately identified mine and reports it as "mines under construction".
- In circumstances where the stripping costs are not separately identifiable for the pits, the costs are allocated to the pits on a relevant production measure.
- In circumstances where the stripping costs incurred relate to improvement of access to ore body that benefit future period production, the Company capitalizes the stripping costs and amortizes the costs over the life of the component of the ore body from which future benefits are expected.

During the pre-production phase, stripping costs are deferred and classified as part of the mineral properties, if the costs relate to future benefits and meet the definition of an asset. Once mine production enters into an area where stripping costs have been capitalized, the capitalized stripping costs are depleted on a unit-of-production basis over the mineral reserves and the portion of the mineral resources expected to be classified as mineral reserves that directly benefit from the specific stripping activity.

During the production phase, regular waste removal that does not give rise to future benefits is accounted for as variable production costs and included in the cost of the inventory produced during the period that the stripping costs are incurred. Stripping costs during the production phase are recognized as an asset if, and only if, all of the following are met:

- It is possible that the future benefit, i.e. improved access to the ore body, associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The stripping activity costs associated with the component can be measured reliably.

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Company uses a stripping ratio to allocate the production stripping costs between the inventory produced and the stripping activity asset. A stripping ratio, which represents a unit amount of overburden or waste anticipated to be removed to gain access to a unit amount of ore or mineral material, is developed as part of the initial mine plan and reviewed periodically for reasonableness. Changes in the estimated stripping ratio can result in a change to the future capitalization of stripping costs incurred. A stripping activity asset recognized during the production phase of an open pit mining operation is depleted on a unit-of-production basis over the mineral reserves and the portion of the mineral resources expected to be classified as mineral reserves of the ore body or the related component of the ore body from the date on which production commences.

iv. Assets Under Construction

Assets under construction consist of expenditures for the construction of future mines, pre-production revenue credits and expenses prior to achieving completion of commissioning. Completion of commissioning is commonly used as a reference for determining the point in time at which a mine and plant have achieved operational results that are expected to remain at a sustainable operational level over a period of time. Upon completion of commissioning, production costs are no longer capitalized and are reported as operating costs. The determination of when completion of commissioning has been achieved is based on several qualitative and quantitative factors including but not limited to the following:

- A significant portion of planned capacity, the planned production level, grades and recovery rates have been achieved in a sustainable manner.
- Achievement of mechanical completion and operational effectiveness.
- Significant milestones such as obtaining necessary permits and production inputs are achieved to allow continuous and sustainable operations.

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Borrowing costs, including interest, associated with projects that are actively being prepared for production are capitalized to assets under construction. These costs are elements of the historical cost of acquiring an asset when a period of time is required to bring it to the condition and location necessary for its intended use. The borrowing costs eligible for capitalization are determined by applying a capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, to the expenditures on the asset. Capitalized interest costs are amortized on the same basis as the related qualifying asset.

Once the mining project has been established as commercially feasible, all the related capitalized expenditures in the category “mining property costs not subject to depreciation and depletion”, which consists of “project with mineral reserves”, “exploration potential” and “assets under construction”, are transferred to the category “mining property costs subject to depreciation and depletion".

(n) Decommissioning, Restoration and Similar Liabilities and Other Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability that have not been reflected in the estimate of the expenditure. The unwinding of the discount is recognized as a finance expense.

Decommissioning, restoration and similar liabilities are a type of provision associated with the retirement of a long-lived asset that the Company has acquired, constructed, developed and/or used in operations. Reclamation obligations on the Company's mineral properties are recorded as decommissioning, restoration and similar liabilities. These include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. These estimated obligations are provided for in the accounting period when the related disturbance occurs, whether during the mine development or production phases at the present value of estimated future costs to settle the obligations, or when a constructive obligation arises. The costs are estimated based on the Company’s mine closure plan. The cost estimates are updated annually during the life of the operation to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations, or changes in legal or regulatory requirements), and are subject to review at regular intervals.

Decommissioning, restoration and similar liabilities are initially recorded with a corresponding increase to the carrying amounts of property, plant and equipment, with any subsequent changes to the liability accounted for as changes in the carrying amounts of the related property, plant and equipment. The capitalized costs are amortized over the life of the mine on a unit-of-production basis.

(o) Intangible Assets

Intangible assets acquired by way of an asset acquisition or business combination are recognized if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets must be identifiable, controlled by the Company and with future economic benefits expected to flow from the assets. Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over the lesser of mine life or estimated useful life of the intangible asset. The Company reviews the useful life, amortization method and carrying value on a regular basis.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the Company’s consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. These assumptions, judgements and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Management reviews its estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The most significant judgements and key sources of estimation uncertainty that management believes could have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Mineral Reserve and Mineral Resource Estimates

Key Sources of Estimation Uncertainty

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its mineral reserve estimates from time to time or may render the Company's mineral reserves uneconomic to exploit, which may materially and adversely affect the results of operations or financial condition. Mineral reserve data are not indicative of future results of operations. Evaluation of mineral resources is conducted from time to time and mineral resources may change depending on further geological interpretation, drilling results and metal prices. The Company regularly evaluates its mineral resources and it often determines the merits of increasing the reliability of its overall mineral resources.

Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operations.

Estimates of the quantities of proven and probable mineral reserves and mineral resources form the basis for the Company's LOM plans, which are used for a number of important business and accounting purposes, including: determination of the useful life of property, plant and equipment and measurement of the depreciation expense, capitalization and amortization of stripping costs, exploration and evaluation of mineral resources and determination of technical feasibility and commercial viability, and forecasting the timing of the payments related to the environmental rehabilitation provision. In addition, the underlying life of mine ("LOM") plans are used in the impairment tests for goodwill and non-current assets.

Estimated Recoverable Ounces

Key Sources of Estimation Uncertainty

The carrying amounts of the Company's mining properties are depleted based on recoverable ounces contained in proven and probable mineral reserves plus a portion of mineral resources. The Company includes a portion of mineral resources where it is considered probable that those mineral resources will be economically extracted. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to the Company's mine plans and changes in metal price forecasts can result in a change to future depletion rates.

Economic Recoverability and Probability of Future Economic Benefits of Exploration, Evaluation and Development Costs

Critical Judgements in Applying Accounting Policies

Management has determined that exploration and evaluation costs incurred during the year and costs associated with projects under construction have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise, existing permits and life of mine plans.

Impairment of Mineral Properties and Goodwill

Critical Judgements in Applying Accounting Policies

While assessing whether any indications of impairment exist for mineral properties and goodwill, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties and goodwill. Internal sources of information include the manner in which property and plant and equipment are being used or are expected to be used and indications of economic performance of the assets, historical exploration and operating results. Management concluded that there were no impairment or impairment reversal indicators as of December 31, 2017, except for the decision to sell Gualcamayo and related Argentinian exploration properties. Refer to *Note 11: Impairment and Reversal of Impairment* to the Company's Consolidated Financial Statements for further discussion.

In determining a CGU, management had to examine the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The Company has determined that each mine site and development project qualifies as an individual CGU. Each of these assets generates or will have the ability to generate cash inflows that are independent of the other assets and therefore qualifies as an individual asset for impairment testing purposes.

Key Sources of Estimation Uncertainty

In determining the recoverable amounts of the Company's mining interests and goodwill, management makes estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions related to metal selling prices, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, future capital expenditures, discount rates and exchange rates. Significant changes in metal price forecasts, estimated future costs of production, capital expenditures, the amount of recoverable reserves, resources, and exploration potential, and/or the impact of changes in current economic conditions may result in a write-down or reversal of impairment of the carrying amounts of the Company's mining interests and/or goodwill.

During the year ended December 31, 2017, the Company recognized a non-cash impairment loss on certain mining properties reclassified as held for sale in the amount of $356.5 million and concluded that no reversals were required on previously recognized impairments. During the year ended December 31, 2016, the Company recognized an impairment loss of $711.3 million on certain mining properties arising from changes in the mining plans for those properties and an impairment reversal of $96.2 million due to the decision to recommission one of the Company's mines. Refer to *Note 11: Impairment and Reversal of Impairment* to the Company's Consolidated Financial Statements, for specific estimates and assumptions for impairments recorded during the year.

Deferral of Stripping Costs

Key Sources of Estimation Uncertainty

In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves and mineral resources that will be mined in a future period and therefore should be capitalized, the Company determines whether it is probable that future economic benefit associated with the stripping activity over the life of the mineral property will flow to the Company. Changes in estimated strip ratios can result in a change to the future capitalization of stripping costs incurred. As at December 31, 2017, a cumulative total of $402.3 million (2016 - $285.3 million) of stripping costs have been capitalized.

Decommissioning, Restoration and Similar Liabilities

Key Sources of Estimation Uncertainty

Given the nature of its operations, the Company incurs obligations to close, restore and rehabilitate its sites. Closure and rehabilitation activities are governed by a combination of legislative requirements and Company policies. The Company's provision for decommissioning, restoration and similar liabilities represents management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Revenue Recognition

Key Sources of Estimation Uncertainty

Revenue from the sale of copper concentrate to independent smelters is recorded at the time the rights and rewards of ownership pass to the buyer using forward market prices on the expected date that final sales prices will be fixed. Variations between the prices set under the smelting contracts may be caused by changes in market prices and result in an embedded derivative in the trade receivables. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in the fair value classified in revenue. In a period of high price volatility, as experienced under current economic conditions, the effect of mark-to-market price adjustments related to the quantity of metal which remains to be settled with independent smelters could be significant. For changes in metal quantities upon receipt of new information and assay, the provisional sales quantities are adjusted.

Deferred Revenue

Critical Judgements in Applying Accounting Policies

Significant judgements are required in determining the appropriate accounting treatment for metal transactions entered into by the Company. With respect to the streaming arrangements the Company has entered into with Sandstorm and Altius, management has determined that based on the agreements, Sandstorm and Altius assume significant business risk and rewards associated with the timing and amount of metals being delivered. As such, the deposits received from Sandstorm and Altius have been recorded as deferred revenue in the consolidated balance sheets. Additionally, the Company has determined that the transaction is not a financial liability as; based on the specific rights and obligations set out in the agreement, under no circumstances will the delivery obligations be satisfied with cash. Refer to *Note 25: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements for further discussion.

Determination of Assets Held for Sale and Discontinued Operations

Critical Judgements in Applying Accounting Policies

Management applies judgement in determining whether an asset or disposal group should be classified as held for sale. An asset or disposal group should be classified as held for sale when it is available for immediate sale in its present condition and its sale is highly probable. Conditions that support a highly probable sale include the following: an appropriate level of management is committed to a plan to sell the asset or disposal group, an active program to locate a buyer and complete the plan has been initiated, the asset or disposal group has been actively marketed for sale at a price that is reasonable in relation to its current fair value, and the sale of the asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

At December 31, 2017, the Company concluded that the assets and liabilities of Gualcamayo and related Argentinian exploration properties, and certain exploration properties in Northern Ontario (the “Canadian Exploration Properties”) met the criteria for classification as held for sale. Accordingly, the assets and liabilities of each property, as applicable, were presented separately in the Company's consolidated balance sheet under current assets and current liabilities, respectively. Immediately prior to the classification to assets and liabilities held for sale, the carrying amounts of Gualcamayo and related Argentinian exploration properties were re-measured to their recoverable amount, being their FVLCD. As a result the Company has recorded impairment losses on Gualcamayo and related Argentinian exploration properties of $256.9 million and $99.6 million respectively. Refer to *Note 6: Acquisition and Disposition of Mineral Interests and Corporate Transactions* for further discussion. Non-current assets ceased to be depreciated upon classification as held for sale.

Management also applies judgement to determine whether a component of the Company that either has been disposed of, or is classified as held for sale, meets the criteria of a discontinued operation. The key area that involves management judgement in this determination is whether the component represents a separate major line of business or geographical area of operation. This determination applied to Gualcamayo, as it is a component of the Company. Given that the Company will continue to operate in Argentina after the disposal of Gualcamayo and following the analysis of quantitative factors, the Company concluded that Gualcamayo is not a separate major line of business or geographical area of operation, thus it is not considered to be a discontinued operation. Mercedes, being the Company's sole mining operation in Mexico at the time of its classification to asset held for sale, was considered to be a major geographical area of operation. Therefore, Mercedes met the criteria for a discontinued operation and its results have been presented as net earnings and cash flows from discontinued operation for the year ended December 31, 2016.

Income Taxes

Critical Judgements in Applying Accounting Policies

Interest and penalties related to income taxes: The determination of whether interest and penalties relating to income taxes are classified with income taxes and accounted for under IAS 12 *Income Taxes* or classified and accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires management to make certain judgements as to the substance of the amounts incurred. If an amount was based on taxable profit and therefore meets the definition of an income tax, it should be classified with income taxes or if it was based on another measure, such as compensation for the time value of money, it should be classified outside of income taxes. Based on an assessment of the specific facts and circumstances in which interest and penalties relating to the Company's Brazilian tax liabilities were incurred, management determined that such interest and penalties are within the scope of IAS 12 because they are in substance, part of a larger tax assessment rather than resulting from delayed payment. The amounts are therefore, included in the tax expense line item in the Company's consolidated statement of operations. For the year ended December 31, 2017, such interest and penalties included in tax expense were $62.6 million (2016 - recovery of $0.2 million). Refer to *Note 12: Income Taxes* to the Company's Consolidated Financial Statements for further discussion on the Brazilian tax matters.

Key Sources of Estimation Uncertainty

Income taxes and recoverability of deferred tax assets: In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operating activities and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible, and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Contingencies

Key Sources of Estimation Uncertainty

Due to the size, nature and complexity of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that the Company's estimates of the future resolution of these matters changes, the effects of the changes will be recognized in the Consolidated Financial Statements. Refer to *Note 34: Contingencies* to the Company's Consolidated Financial Statements for further discussion on contingencies.

Inventory Valuation

Key Sources of Estimation Uncertainty

Work-in-process, heap leach ore and stockpiled ore inventories are valued at the lower of the cost of production and net realizable value. The assumptions used in the valuation of these inventories include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, the amount of gold in the mill circuits and assumption of the 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, heap leach and stockpiled ore inventories, which would reduce the Company's earnings and working capital. During the year, the Company recorded a write-down of $11.2 million, as a result of the carrying amount of certain inventory exceeding net realizable value (2016 - $0.4 million recovery), which was recorded in cost of sales.

Determination of Business Combinations and Asset Acquisitions

Critical Judgements in Applying Accounting Policies

The determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require management to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 *Business Combinations*. If an acquired set of assets and activities includes goodwill, in the absence of evidence to the contrary, the set is presumed to be a business. Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Mineração Riacho dos Machados Ltda ("MRDM"), in February 2016 was the acquisition of a business, and the transaction was accounted for as a business combination in accordance with IFRS 3.

5. RECENT ACCOUNTING PRONOUNCEMENTS

(a) Application of New and Amended Standards and Interpretations

The Company applied for the first time certain amendments to the IFRSs, which are effective for annual periods beginning on or after January 1, 2017. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of amendments adopted in the current year that affected the Consolidated Financial Statements is described below:

(a) Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided this information in *Note 15: Supplementary Cash Flow Information* to the Company's Consolidated Financial Statements. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 15, the application of these amendments has had no impact on the Company's Consolidated Financial Statements.

The adoption of the other amendments to the IFRSs mandatorily effective for accounting periods beginning on or after January 1, 2017 did not affect the Consolidated Financial Statements.

(b) New and Amended Standards and Interpretations not yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2017. Pronouncements that are not applicable to the Company have been excluded from this note.

The following pronouncements have been issued but are not yet effective:

(a) IFRS 9 *Financial Instruments* ("IFRS 9")

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The Standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company has completed its assessment of the impact of adopting IFRS 9. Currently, the Company enters into commodity derivatives including forward contracts to manage exposure to fluctuations in metal prices, such as copper in concentrate, to achieve the Company's risk management goals. The impact assessment is summarized below:

Classification and Measurement

Designation of equity instruments as at fair value through other comprehensive income ("FVTOCI") - Under IFRS 9, at initial recognition, entities may make an irrevocable election to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. This election is available on an instrument-by-instrument basis. The gains or losses recognized in OCI remain permanently in equity, and are not subsequently reclassified to profit or loss, even upon derecognition. The Company considers its equity instruments that are currently classified as available-for-sale to be held for strategic purposes and will designate such instruments as at FVTOCI under IFRS 9. This classification will not have an impact on the Company's Consolidated Financial Statements at the time of adoption of IFRS 9.

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Hedge Accounting

i) Hedging of Copper in Metal Concentrate
The copper contained in concentrate is not currently eligible for hedge accounting under IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), therefore the changes in fair value of the copper derivative contracts are recorded immediately in earnings. Under IFRS 9, the application of hedge accounting is permitted for the hedging of components of a non-financial asset, as in the case of copper in concentrate, allowing the intended offset in cash flows related to changes in fair value of copper in concentrate and changes in fair value of copper derivatives. In September 2017, the Company entered into forward and option contracts relating to 45 million pounds of copper, cumulatively to be produced in the first and second quarters of 2018. The unrealized mark-to-market loss on copper forwards was $6.6 million and time value loss on copper options was $3.5 million for the year ended December 31, 2017, which would have been recorded in OCI had the Company elected to apply hedge accounting under IFRS 9.

ii) Hedge Designation of Time Value of Options
The Company enters into hedging transactions to reduce the impact of the variability of the US Dollar amount of Brazilian Reais ("BRL") denominated operating expenditures caused by changes in the currency exchange rates by using a zero-cost collar hedge strategy. The hedging instruments used to form the zero-cost collar hedge strategy are "bought BRL call" and "sold BRL put" options. Under IAS 39, the hedge designation is on the intrinsic value and not the time value of the call and put options. Any variability in the intrinsic value is taken to OCI and any variability in the time value is taken to profit or loss. Commencing in 2018, the Company will designate the entirety of an option (i.e. the intrinsic value and time value) in the zero-cost collar hedge strategy as the hedging instrument, as allowed under IFRS 9. The time value of currency options expensed through profit or loss for the year ended December 31, 2017 was $6.0 million.

Expected Credit Losses ("ECL") on Receivables

ECL is the probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract (scheduled or contractual cash flows) and the cash flows that the entity expects to receive (actual expected cash flows). Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due. Based on historical data and the high credit rating of its customer base, the estimated impact on the Company's retained earnings at January 1, 2018 arising from the effects of accounting for ECL on receivables is not material.

(b) IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 introduces a five-step revenue recognition model under which an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company will adopt IFRS 15 using the modified retrospective transition approach, which means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018, and that comparatives will not be restated.

The Company has completed its assessment of the impact of adopting IFRS 15 and has determined that the application of IFRS 15 will not result in a significant impact on its Consolidated Financial Statements, except as discussed under *Metal streaming arrangements* below.

The Company's revenue is derived from bullion, doré and concentrate sales.

The Company has concluded that there will be no material changes to the timing of revenue recognized under IFRS 15 as the point of transfer of risk and rewards for goods and services under IAS 18 *Revenue* and point of transfer of control under IFRS 15 occur at the same time.

IFRS 15 introduces the concept of performance obligations that are defined as 'distinct' promised goods or services. Under the terms of doré and concentrate sales agreements, the Company is responsible for the cost of shipping and certain other services after the date on which control of the goods transfers to the customer at the loading port. Accordingly, under IFRS 15, these other services represent separate performance obligations, to which a portion of revenue earned under the contract must be allocated and recognized as these performance obligations are satisfied. Given the amounts associated with these services are insignificant compared to the total contract values and the fact that many contracts would be completed within a financial reporting period, the Company does not expect the impact of treating these services as separate performance obligations to have a material impact on the Company's consolidated financial statements going forward.

The Company's concentrate sales are subject to provisional pricing provisions; however, the Company has determined that the recognition of revenue related to these sales will not be significantly affected by IFRS 15. Separate presentation of the provisional pricing adjustments will be required in the revenue note disclosure.

Metal Streaming Arrangements

The Company has entered into metal streaming arrangements with Sandstorm and Altius, pursuant to which, the counterparty (customer) paid the Company advance payments upon execution of the agreement, with a right to receive deliveries of the specified metal referenced to production from certain of the Company's mines based on a predetermined pricing formula during the future delivery period. The advance payments are recorded as deferred revenue, with amounts recognized in revenue as metals are delivered to the customer. Refer *Note 25: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements for further discussion on the metal streaming arrangements.
The Company has determined that the adoption of IFRS 15 will have the following impacts on the accounting for metal streaming arrangements:

i) Significant Financing Component
Under IFRS 15, when payment is received significantly before the Company satisfies the performance obligation to transfer the promised goods to the customer, the Company is required to assess whether the advance payment gives rise to a significant financing component. Where a financing component is determined to be 'significant' to a contract, its effects are reflected in the estimate of the transaction price.

Based on its assessment, the Company has determined that a significant financing component exists in each of its metal streaming arrangements. As a result, the deferred revenue balance related to advance payments received from Sandstorm and Altius will be adjusted to reflect a significant financing component. The impact will be an increase to finance expenses with a corresponding increase to revenue over the life of the arrangements.

The estimated impact on the Company's retained earnings at January 1, 2018 arising from the effects of accounting for the significant financing components in metal streaming arrangements is not material.

ii) Variable Consideration

The Company determines the amortization of deferred revenue to the Consolidated Statement of Operations on a per unit basis using the estimated total quantity of metal expected to be delivered to Sandstorm and Altius over the terms of the contract. A potential extension or downward revision of mineral reserves and resources ("mineral R&R") of the source mine could potentially affect the total quantity of goods deliverable under a metal streaming arrangement, hence causing variability of consideration per unit in each of the sales transactions covered by the metal streaming arrangement. The impact of adjustments to mineral R&R will be retroactively applied from the date of inception of the metal streaming arrangement and will be reflected in the Consolidated Financial Statements that include the date of the adjustment, by means of a cumulative catch up adjustment to revenue.

The Company's current metal streaming arrangements are in their infancy and changes to the LOMs attributable to the source mines (Chapada, Minera Florida) since inception of the agreements have been minimal. The Company estimates that these changes will not have a significant impact on the Company's Consolidated Financial Statements upon adoption of IFRS 15.

The estimated impact of the adoption of IFRS 9 and IFRS 15 on the Company's retained earnings as at January 1, 2018 is based on assessments undertaken to date. The actual impacts of adopting these standards at January 1, 2018 are subject to change should there be any changes in the Company's circumstances until the Company presents its first Consolidated Financial Statements that include the date of initial application.

(c) IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22")

On December 8, 2016, the IASB issued IFRIC 22, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The Standard provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income on initial recognition that relates to, and is recognized on the de-recognition of, a non-monetary prepayment asset or a non-monetary deferred income liability. It is effective January 1, 2018. The Company has completed its assessment and determined that adoption of this Interpretation will impact the Company in instances where the Company enters into foreign currency transactions for which consideration is paid or received in advance, and the necessary process changes have been implemented. The impact of adoption will not be significant to the Company's Consolidated Financial Statements.

(d) IFRS 16 *Leases*

The Standard requires lessees to recognize assets and liabilities for most leases. It is effective for annual reporting periods beginning January 1, 2019. Early application is permitted for companies that also apply IFRS 15. The Company does not anticipate early adoption and is assessing the impact on the adoption of this Standard. Project activities launched during the current fiscal year include the development of a project plan, project team structure, staff training, development of process tools for lease identification and roll-out of the data gathering phase, and the initiation of a search for a software solution for lease information management.

(e) IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* ("IFRIC 23")

On June 7, 2017 the IASB issued IFRIC 23 to clarify the accounting for uncertainties in income taxes. The Interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 Income Taxes. It is effective January 1, 2019. Early adoption is permitted. The Company is currently assessing the impact on adoption of this Interpretation.

6. ACQUISITION AND DISPOSITION OF MINERAL INTERESTS AND CORPORATE TRANSACTIONS

a) Assets and disposal Group Held for Sale

i) Canadian Exploration Properties

On December 21, 2017, the Company announced that it had entered into an agreement to sell certain jointly owned exploration properties of the Canadian Malartic Corporation ("CMC") including the Kirkland Lake and Hammond Reef properties (the "Canadian Exploration Properties") for cash proceeds of $162.5 million to Yamana. The Transaction is structured as a sale of assets by CMC (in which the Company holds a 50% indirect interest) pursuant to which Agnico Eagle Mines Limited will acquire all of the Company's indirect 50% interest in the Canadian exploration assets of CMC. The transaction is expected to close in the first quarter of 2018.
At December 31, 2017, the sale was considered highly probable; therefore, the assets of the Canadian Exploration Properties were reclassified as assets held for sale. No impairment loss was recognized on reclassification of the assets as held for sale as the FVLCD is higher than the carrying amount of the assets based on the sales price in the agreement.

The Canadian Exploration Properties are presented in the Canadian Malartic reportable operating segment.

ii) Gualcamayo and Related Argentinian Exploration Properties

As part of its ongoing strategic and technical reviews of its asset portfolio, the Company has committed to a formal plan to dispose of the Gualcamayo mine and related exploration properties in Argentina ("Gualcamayo") and has initiated an active program to locate a buyer. The Company is in talks with several interested parties and the sale is expected to be completed before the end of 2018. As the sale was considered highly probable at December 31, 2017, the assets and liabilities of Gualcamayo were classified as assets and liabilities (a disposal group) held for sale and presented separately under current assets and current liabilities, respectively. Immediately prior to the classification to assets and liabilities held for sale, the carrying amount of Gualcamayo was re-measured to its recoverable amount, being its FVLCD, the estimate of which, is supported by various sources including a formal bid received by the Company, external valuation reports and comparable trading company multiples. As a result, the Company has recorded an impairment loss in relation to the Gualcamayo assets and related exploration. Refer to *Note 11: Impairment and Reversal of Impairment* to the Company's Consolidated Financial Statements.

The components of assets and liabilities held for sale relating to the above assets and disposal group are as follows:

As at December 31, 2017		Canadian Exploration Properties	Gualcamayo	Total
Assets				
Current assets:				
Cash and cash equivalents	$	— $	6.3 $	**6.3**
Inventories		—	78.4	**78.4**
Other assets		—	15.7	**15.7**
		—	**100.4**	**100.4**
Property, plant and equipment		98.4	130.8	**229.2**
Other financial assets		0.8	—	**0.8**
Goodwill and intangibles		24.0	1.4	**25.4**
Total assets held for sale	**$**	**123.2 $**	**232.6 $**	**355.8**
Liabilities				
Current liabilities:				
Trade and other payables	$	0.4 $	45.0 $	**45.4**
Other financial liabilities		—	2.4	**2.4**
Other provisions and liabilities		0.1	7.8	**7.9**
		0.5	**55.2**	**55.7**
Decommissioning, restoration and similar liabilities		0.6	26.5	**27.1**
Other provisions and liabilities		—	0.9	**0.9**
Total liabilities relating to assets held for sale	**$**	**1.1 $**	**82.6 $**	**83.7**
Net assets held for sale	**$**	**122.1 $**	**150.0 $**	**272.1**

b) Dilution of Interest in Brio Gold

On December 23, 2016, the Company closed its offering of purchase rights pursuant to which the Company has transferred common shares ("Brio Gold Shares") of Brio Gold to Yamana shareholders. A total of 17,324,507 Brio Gold Shares owned by the Company were transferred pursuant to the transactions at a price of C$3.25 per share for aggregate proceeds of $40.7 million (C$54.1 million) to the Company. The proceeds, net of transaction costs, were recorded as non-controlling interests in the consolidated statement of changes in equity. As a result of the completion of these transactions, Brio Gold became a public reporting company with shares listed on the Toronto Stock Exchange. The transaction represented a disposal of Brio Gold Shares to non-controlling interests. Upon completion, the Company held approximately 85% of the issued and outstanding Brio Gold Shares.

On March 6, 2017, the Company announced that it had completed a secondary offering by private placement of 6 million common shares of its holding of Brio Gold Shares. The Company sold the Brio Gold Shares at C$3.35 per share for total proceeds of $14.8 million (C$20.1 million) to an arm's length institutional shareholder. The sale was completed at a premium to the offering price of the 2016 purchase rights offering. The accounting treatment of the proceeds from the secondary offering was consistent with that of the 2016 purchase rights offering. Upon completion of the sale, the Company owned 89.2 million Brio Gold Shares, representing approximately 79% of the issued and outstanding Brio Gold Shares.

On June 2, 2017, the Company announced that it had completed a further secondary offering by private placement of 27 million common shares of its holding of Brio Gold Shares. The Company sold the Brio Gold Shares at C$3.00 per share for total proceeds of $56.7 million (C$76.7 million) through a syndicate of underwriters. The accounting treatment of the proceeds from this secondary offering was consistent with that of the previous Brio Gold Shares sale transactions. Upon completion of this sale, the Company owned 62.2 million Brio Gold Shares, representing approximately 55.6% of the issued and outstanding Brio Gold Shares.

During the fourth quarter of 2017, the restricted share units held by Brio Gold management vested, further diluting the Company's interest in Brio Gold.

The Company continues to be the controlling shareholder of Brio Gold, holding approximately 53.6% of the issued and outstanding shares as at December 31, 2017.

In January 2018, Leagold Mining Corporation announced its intention to make an offer to acquire all of the issued and outstanding shares of Brio Gold on or before February 28, 2018. Refer to *Note 36: Subsequent Events* to the Company's Consolidated Financial Statements for further discussion on the proposed transaction.

c) Disposition of Mercedes Mine and Related Exploration Properties

On September 30, 2016, the Company completed the sale to Premier Gold Inc. ("Premier") of its Mexican subsidiaries through which the Mercedes mine and other Mexican assets were held. Pursuant to the transaction, the Company received total consideration of $122.5 million in cash, equity securities and a net smelter return royalty having an additional value of $23.2 million on close of the transaction. The equity securities received include 6 million common shares of Premier and 3 million common share purchase warrants of Premier that are exercisable at C$4.75 per common share for 24 months. The Company also received a 1.0% net smelter return royalty on the Mercedes mine, that becomes payable upon the earlier of six years from the completion of the sale or the date upon which cumulative production of 450,000 ounces of gold equivalent from Mercedes has been achieved, as well as a 2.0% net smelter return royalty on the La Silla property in Sinaloa, Mexico and the La Espera property in Sonora, Mexico. The Company recognized a loss of $30.9 million on the sale.

The following table summarizes the statement of operations of the Mexican subsidiaries operations:

For the year ended December 31, *(In millions of US Dollars except for shares and per share amounts, unaudited)*		**2016**
Revenue	$	90.6
Cost of sales excluding depletion, depreciation and amortization		(49.8)
Gross margin excluding depletion, depreciation and amortization	$	40.8
Depletion, depreciation and amortization		(7.2)
Impairment of mining properties		—
Mine operating earnings	$	33.6
Other expenses		(14.8)
Earnings before taxes	$	18.8
Attributable income tax recovery		1.3
Net income (loss) from operations	$	20.1
Loss on disposal		(27.2)
Attributable income tax expense		(4.6)
Net loss from discontinued operations	$	(11.7)

d) Acquisition of Mineração Riacho dos Machados Ltda ("MRDM")

On February 17, 2016, Brio Gold, a subsidiary of the Company, entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would ultimately acquire all right, title and interests in Mineração Riacho dos Machados Ltda ("MRDM"), a wholly-owned subsidiary of Carpathian Gold Inc. ("Carpathian"), from Macquarie Bank Limited, holder of rights and interests in loan facility extended to MRDM, and Carpathian. MRDM owns and operates the Riacho Dos Machados ("RDM") mine which is an open-pit gold mining operation located in Minas Gerais State, Brazil. RDM increases the production profile of Brio Gold in a mining-friendly jurisdiction expected to increase the sustainable production level, contribute to cash flow and provide mineral reserve growth and a mineral resource base with growth potential.

On April 29, 2016, the Company closed on the restructuring procedures and concurrently attained control of MRDM for approximately $53.9 million in total cash consideration, excluding acquisition related costs of $3.5 million which have been recognized as an expense and included in other expenses in the Consolidated Statements of Operations for the year ended December 31, 2016.

The Company has recognized its interest in the assets, liabilities, revenues and expenses of MRDM in accordance with the Company's rights and obligations prescribed by the transaction, as a business combination, in accordance with IFRS 3, *Business Combinations*.

Total consideration paid by the Company was as follows:

Cash	**$**	**53.9**

The following table summarizes the total fair values of assets and liabilities acquired:

		Final
Cash	$	0.3
Net working capital acquired *(i)*		2.3
Property, plant and equipment (including mineral interests)		57.4
Non-current liabilities		(6.1)
Net identifiable assets	**$**	**53.9**

(i) Included in net working capital acquired are accounts receivables of $2.6 million at fair value which were collected subsequent to closing of the MRDM acquisition.

MRDM's revenues and net losses were $39.3 million and $6.2 million, respectively, for the year ended December 31, 2016 since the acquisition date. Revenues and net losses for the Company would have been $1.81 billion and $289.2 million, respectively, for year ended December 31, 2016, if the acquisition had taken place on January 1, 2016.

7. COST OF SALES EXCLUDING DEPLETION, DEPRECIATION AND AMORTIZATION

For the years ended December 31,		**2017**		2016
Contractors and services	**$**	**310.4**	$	263.1
Employee compensation and benefits expenses *(Note 8)*		**263.4**		247.2
Repairs and maintenance		**139.0**		123.9
Power		**66.9**		72.8
Materials and supplies		**293.6**		262.4
Change in inventories, impact of foreign currency, royalties and other		**(30.9)**		59.6
Cost of sales excluding depletion, depreciation and amortization	**$**	**1,042.4**	$	1,029.0

8. EMPLOYEE COMPENSATION AND BENEFITS EXPENSES

For the years ended December 31,		2017		2016
Wages and salaries	$	**242.6**	$	229.9
Social security, pension and government-mandated programs *(i)*		**101.6**		90.2
Other benefits *(ii)*		**18.7**		14.3
Total employee compensation and benefits expenses	$	**362.9**	$	334.4
Less: expensed within general and administrative expenses		**(62.3)**		(51.5)
Less: expensed within exploration and evaluation expenses		**(17.2)**		(14.4)
Less: capitalized to property, plant and equipment		**(20.0)**		(21.3)
Employee compensation and benefit expenses included in cost of sales *(Note 7)*	$	**263.4**	$	247.2

(i) Included in this item are defined contribution pension plans for all full-time qualifying employees of the Company. Contributions by the Company are based on a contribution percentage using the annual salary as the base and are made on a quarterly basis or as otherwise determined by the Company. The assets of the plans are held separately from those of the Company and are managed by independent plan administrators. The total expense recognized in the consolidated statement of operations of $6.3 million (2016 - $3.7 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2017, contributions of $9.1 million due in respect of the 2017 reporting period (2016 - $5.4 million) had not been paid over to the plans but were paid subsequent to the end of the year.

(ii) Included in Other benefits are share-based payment transactions as discussed in *Note 29: Share-Based Payments* to the Company's Consolidated Financial Statements.

9. OTHER EXPENSES

For the years ended December 31,		2017		2016
Change in provisions *(i)*	$	**(26.6)**	$	11.0
Write-down of other assets		**13.4**		20.0
Business transaction costs		**2.9**		8.5
Gain on sale of assets		**(5.2)**		(4.9)
Mark-to-market (gain)/loss on deferred share units		**(1.7)**		3.1
Net loss/(gain) on investments		**2.5**		(16.0)
Legal expenses		**0.9**		4.1
Reorganization costs		**4.8**		0.6
Other expenses/losses *(ii)*		**32.6**		13.3
Other expenses	$	**23.6**	$	39.7

(i) Amount represents the reversal of certain existing provisions based on management's best estimate of the likely outcome.

(ii) In 2017, other expenses/losses includes $9.4 million related to standby costs incurred during El Peñón's suspension of operations associated with the collective bargaining negotiation, and $5.1 million due to business interruption costs at MRDM.

10. FINANCE INCOME AND EXPENSE

For the years ended December 31,		2017	2016
Interest income	$	**3.4** $	1.5
Unrealized gain on derivative		**—**	0.1
Finance income	**$**	**3.4** $	1.6
Unwinding of discounts on provisions	$	**20.4** $	15.4
Interest expense on long-term debt		**72.7**	79.5
Unrealized loss on derivative		**15.3**	—
Net foreign exchange loss		**15.0**	33.7
Amortization of deferred financing, bank, financing fees and other		**17.7**	15.2
Finance expense	**$**	**141.1** $	143.8
Net finance expense	**$**	**(137.7)** $	(142.2)

11. IMPAIRMENT AND REVERSAL OF IMPAIRMENT

In accordance with the Company's accounting policies and processes, each asset or CGU is assessed at the end of each reporting period as to whether there are any indications, from external and internal sources of information, that an asset or CGU may be impaired. If an indication of impairment exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). In addition, on each reporting date the Company assesses whether there is an indication that a previously recorded impairment should be reversed. Goodwill is tested for impairment at least annually. Refer to *Note 3(e): Significant Accounting Policies - Impairment and Reversal of Impairment of Non-Current Assets and Goodwill* to the Company's Consolidated Financial Statements.

During the year ended December 31, 2017, the Company recorded impairment charges on non-current assets totalling $356.5 million, as follows:

		2017		2016	
		Total Impairment	**Net Book Value of Mineral Property- as at Dec. 31, 2017***(i)*	Total Impairment	Net Book Value of Mineral Property- as at Dec. 31, 2016
Gualcamayo	$	**(256.9)** $	**130.8** $	— $	—
Gualcamayo related Argentinian exploration	$	**(99.6)** $	**—** $	— $	—
El Peñón	$	**—** $	**—** $	(600.4) $	763.6
Brio Gold	$	**—** $	**—** $	(14.7) $	419.7
Total mineral property impairments	**$**	**(356.5)**	**$**	**(615.1)**	
Total mineral property impairments for operating mines	**$**	**(256.9)**	**$**	**(711.3)**	
Total mineral property (impairment)/reversal for non-operating mines	**$**	**(99.6)**	**$**	**96.2**	

(i) The total Net Book Value for Gualcamayo as a whole is $150.0 million. Net Book Values are for mineral properties and are after the impairment recorded during the period. Refer to *Note 6a: Acquisition and Disposition of Mineral Interests and Corporate Transactions* to the Company's Consolidated Financial Statements for a breakdown of the total net book value.

During the fourth quarter, the Company performed its annual assessment of indications of impairment, compiling details from external and internal sources of information. The decision to classify Gualcamayo and related Argentinian exploration properties as held for sale due to the formal approval for disposition and meeting the other relevant criteria for such classification resulted in an impairment of those assets as they were written-down to the lower of their carrying amount or fair value less costs of disposal immediately prior to their reclassification. Gualcamayo and related Argentinian exploration properties were impaired by $256.9 million and $99.6 million respectively, ($196.0 million and

$77.5 million after tax). Brio Gold considered indicators of impairment as at year-end, and concluded that Brio Gold's operations support the carrying value as at December 31, 2017. No other indicators of impairment or impairment reversal were noted as of December 31, 2017. At December 31, 2016, the Company's impairment review identified the following indicators of impairment:

- For El Peñón, in 2016, the Company determined a sustainable, longer term optimal production level for the mine that takes into account mineral reserves, conversion of mineral resources, recent production and capital expenditure levels, as well as the more recent narrow vein discoveries. The outcome of the evaluation envisaged a mine with a production expectation for 2017 of 140,000 ounces of gold and 4,150,000 ounces of silver, which the mine was able to achieve. The reduced annual production compared with the historical running rate of the mine, and a modification in the interpretation of the geological potential from exploration, both reduced the overall contained modeled metal, and extended the timeline required to recover it, all of which impacted the recoverable value of the cash generating unit and resulted in a prior year impairment of $600.4 million ($381.6 million after-tax).

- With respect to Brio Gold, a net impairment of $14.7 million (recovery of $1.7 million after-tax) was taken in 2016. Modifications to the mining plans at Pilar resulted in an impairment of $110.9 million which was offset by a reversal of the previous impairment at C1 Santa Luz. The reversal of $96.2 million was predominantly due to the decision to recommission the mine following a positive technical report, which included the reclassification of mineral resources into mineral reserves, as their ability to be mined profitably was demonstrated, as well as confirmation of improved gold recoveries.

The Company continues to consider, on a regular basis, whether other indicators exist that suggest that the carrying values of its assets are impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's assets is reviewed on a regular basis, it is not considered as the sole indicator of impairment. Given recent strategic developments the Company has achieved, and the volatility of the market reflecting the current economic sentiment, using the current share price as a sole determinant of fair value is not reasonable; however, the Company monitors the magnitude of the gap between the Company market capitalization and the asset carrying values. Although the Company's market capitalization as at December 31, 2017 was below the carrying value of the net assets, based on the impairment assessments, the Company has determined that only the impairments recognized in the year ended December 31, 2017 are required. The Company believes that its share price does not impact the Company's ability to generate cash flows from its assets which support the net book values on a discounted cash flow basis.

Impairment Testing: Key Assumptions

The determination of FVLCD, with level 3 input of the fair value hierarchy, includes the following key applicable assumptions:

- *Production volumes:* In calculating the FVLCD, the production volumes incorporated into the cash flow models based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted. As each producing mine has specific reserve characteristics and economic circumstances, the cash flows of the mines are computed using appropriate individual economic models and key assumptions established by management. The production profiles used were consistent with the reserves and resource volumes approved as part of the Company's process for the estimation of proved and probable reserves, resource estimates and in certain circumstances, include expansion projects. These are then assessed to ensure they are consistent with what a market participant would estimate.
- *Commodity prices:* Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand, building on past experience of the industry and consistent with external sources. Estimated long-term gold, silver and copper prices of $1,300 per ounce (2016 - $1,250 per ounce), $19.05 per ounce (2016 - $18.75 per ounce) and $3.00 per pound (2015- $2.85 per pound) respectively, have been used to estimate future revenues.

- *Discount rates:* In calculating the FVLCD, a real post-tax discount rate of 4.50% (2016 - 4.75%) based on the Company's weighted average cost of capital ("WACC"). The WACC used in the models is in real terms, consistent with the other assumptions in the models.
- *Exchange rates:* Foreign exchange rates are estimated with reference to external market forecasts and based on observable market data including spot and forward values. In the current year, there was a slight appreciation in the long-term rates in certain of the currencies the Company operates in.

The FVLCD for Gualcamayo and related Argentinian exploration properties is supported by various sources including a formal bid received by the Company, external valuation reports and comparable trading company multiples.

12. INCOME TAXES

(a) Income Tax Expense/(Recovery)

For the years ended December 31,		**2017**		2016
Current tax expense/(recovery)				
Current tax expense in respect of the current year	$	**86.2**	$	17.2
Adjustment for prior periods		**156.4**		4.8
Impact of foreign exchange		**(3.9)**		0.2
Interest and penalties		**0.5**		(0.4)
	$	**239.2**	$	21.8
Deferred tax (recovery)/expense				
Deferred tax recovery recognized in the current year	$	**(361.3)**	$	(337.7)
Adjustment for prior periods		**(5.5)**		11.1
Impact of foreign exchange		**13.7**		(20.1)
	$	**(353.1)**	$	(346.7)
Total income tax recovery	$	**(113.9)**	$	(324.9)

The following table reconciles income taxes calculated at statutory rates with the income tax expense in the Consolidated Statements of Operations:

For the years ended December 31,		**2017**		2016
Loss before income taxes	$	**(318.0)**	$	(615.7)
Canadian statutory tax rate (%)		**26.5%**		26.5%
Expected income tax recovery		**(84.3)**		(163.2)
Impact of higher foreign tax rates *(i), (ii)*		**(31.7)**		(97.7)
Impact of change in enacted tax rates *(iii), (iv)*		**(216.8)**		(18.7)
Permanent differences		**(20.7)**		(22.3)
Unused tax losses and tax offsets not recognized in deferred tax assets		**53.0**		(46.7)
Tax effects of translation in foreign operations		**(9.2)**		42.8
True-up of tax provisions in respect of prior years and effects of Brazilian Tax Matters		**150.7**		15.9
Withholding taxes		**10.8**		7.5
Unrealized foreign exchange		**9.9**		(20.0)
Mining taxes on profit		**14.5**		18.6
Planned distribution of foreign earnings of the company		**9.9**		(40.7)
Other		**—**		(0.4)
Income tax recovery	$	**(113.9)**	$	(324.9)
Income tax recovery is represented by:				
Current income tax expense	$	**239.2**	$	21.8
Deferred income tax recovery		**(353.1)**		(346.7)
Net income tax recovery	$	**(113.9)**	$	(324.9)

(i) The Company operates in multiple foreign tax jurisdictions that have tax rates that differ from the Canadian statutory rate.
(ii) In November 2016, Jacobina was granted a tax incentive for 10 years, which will allow it to reduce its statutory tax rate from 34% to 15.25% on mining profits.
(iii) In November 2016, the Quebec government enacted changes to the income tax rate as proposed in the 2016 provincial budget. Beginning in 2017, the provincial rate is decreasing by 0.1% over the next 4 years with the current rate deceasing from 11.9% to 11.5% in 2020.
(iv) On December 29, 2017 the Argentinian government enacted tax reform legislation, which reduces the corporate rate from 35% to 30% in 2018 with a further reduction to 25% starting in 2020.

(b) Deferred Income Taxes

The following is the analysis of the deferred income tax assets (liabilities) presented in the Consolidated Balance Sheets:

As at December 31,		**2017**	2016
The net deferred income tax assets (liabilities) are classified as follows:			
Deferred income tax assets	**$**	**97.8** $	116.7
Deferred income tax liabilities		**(1,147.1)**	(1,511.4)
	$	**(1,049.3)** $	(1,394.7)

For the year ended December 31, 2017		Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Reclassification	Closing balance
Deductible temporary differences	**$**	**67.3 $**	**(42.6) $**	**— $**	**— $**	**24.7**
Amounts related to tax losses		**76.7**	**66.0**	**—**	**(9.0)**	**133.7**
Financing costs		**23.8**	**(21.2)**	**—**	**—**	**2.6**
Decommissioning, restoration and similar liabilities		**16.0**	**(0.2)**	**—**	**—**	**15.8**
Derivative liability		**—**	**(2.8)**	**1.4**	**—**	**(1.4)**
Property, plant and equipment		**(1,578.0)**	**352.0**	**—**	**—**	**(1,226.0)**
Unrealized foreign exchange losses		**(4.6)**	**4.6**	**—**	**—**	**—**
Available-for-sale securities		**—**	**0.1**	**(0.1)**	**—**	**—**
Other		**4.1**	**(2.8)**	**—**	**—**	**1.3**
Net deferred income tax liabilities	**$**	**(1,394.7) $**	**353.1 $**	**1.3 $**	**(9.0) $**	**(1,049.3)**

For the year ended December 31, 2016		Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Discontinued operations	Closing balance
Deductible temporary differences	$	63.0 $	4.3 $	— $	— $	67.3
Amounts related to tax losses		91.4	(14.7)	—	—	76.7
Financing costs		0.8	23.0	—	—	23.8
Decommissioning, restoration and similar liabilities		23.1	(7.1)	—	—	16.0
Derivative liability		0.8	0.2	(1.0)	—	—
Property, plant and equipment		(1,572.7)	(14.1)	—	8.8	(1,578.0)
Unrealized foreign exchange losses		(384.4)	379.8	—	—	(4.6)
Available-for-sale securities		—	—	—	—	—
Other		28.8	(24.7)	—	—	4.1
Net deferred income tax liabilities	$	(1,749.2) $	346.7 $	(1.0) $	8.8 $	(1,394.7)

A deferred income tax asset in the amount of $82.1 million (2016 - $46.5 million) has been recorded in Canada and $7.4 million (2016 - $6.2 million) in Brazil. The deferred income tax asset consists mainly of unused tax losses and deductible temporary differences which arose primarily from financing costs and general and administrative expenses. Projections of taxable profits from various sources were used to support the recognition of a portion of the losses. The future projected income could be affected by metal prices and quantities of proven and probable reserves. If these factors or other circumstances change, we would reassess our ability to record the deferred income tax asset relating to the unused tax losses.

(c) Unrecognized Deductible Temporary Differences and Unused Tax Losses

Deferred tax assets have not been recognized in respect of the following items:

As at December 31,		2017		2016
Deductible temporary differences (no expiry)	$	**59.0**	$	125.8
Tax losses		**391.4**		513.6
	$	**450.4**	$	639.4

Loss carry forwards at December 31, 2017 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2018	$ —	$ 1.6	$ —	$ —	$ —	$ —	**$ 1.6**
2019	—	9.8	—	—	—	0.1	**9.9**
2020	—	5.6	—	—	—	—	**5.6**
2021	—	16.8	—	—	3.3	0.2	**20.3**
2022	—	19.3	—	—	10.2	—	**29.5**
2023 and onwards	136.1	174.1	—	—	—	—	**310.2**
Unlimited	1,070.3	—	396.1	22.2	—	—	**1,488.6**
	$ 1,206.4	**$ 227.2**	**$ 396.1**	**$ 22.2**	**$ 13.5**	**$ 0.3**	**$ 1,865.7**

(d) Unrecognized Taxable Temporary Differences Associated with Investments and Interests in Subsidiaries

As at December 31, 2017, an aggregate temporary difference of $3.0 billion (2016 - $3.0 billion) related to investments in subsidiaries was not recognized because the Company controls the reversal of the liability and it is expected that it will not reverse in the foreseeable future.

(e) Brazilian Tax Matters

In the third quarter of 2017, the Company elected to participate in a program to settle all significant outstanding income tax assessments in Brazil ("Brazilian Tax Matters") and all income tax assessments relating to the Company's Chapada mine.

On October 25, 2017, the program was formally enacted into law and the Company paid $76.7 million in the year ended December 31, 2017. The final program created an option to either pay one lump sum of approximately $68 million in the first quarter of 2018, or a total of approximately $100 million plus interest in installments over twelve years. The Company elected to proceed with the lump sum payment option, and on January 30, 2018 made the payment. The income tax expense associated with the tax matters has been recorded in the Consolidated Statement of Operations for the year ended December 31, 2017, and is the most significant component of the $150.7 million true-up of tax provisions in respect of prior years in the rate reconciliation.

13. LOSS PER SHARE

Loss per share is based on the weighted average number of common shares of the Company outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options, in the weighted average number of common shares outstanding during the year, if dilutive.

For the years ended December 31,		**2017**		2016
Weighted average number of common shares (in thousands) - basic		**948,187**		947,443
Weighted average number of dilutive share options *(i)*		**—**		—
Weighted average number of dilutive Restricted Share Units *(i)*		**—**		—
Weighted average number of common shares (in thousands) - diluted *(i)*		**948,187**		947,443
Attributable to Yamana Gold Inc. equityholders				
Loss per share from continuing and discontinued operations - basic and diluted				
Net loss from continuing and discontinued operations	**$**	**(194.4)**	$	(307.9)
Loss per share - basic and diluted	**$**	**(0.21)**	$	(0.32)
Loss per share from continuing operations - basic and diluted				
Net loss from continuing operations	**$**	**(194.4)**	$	(290.4)
Loss per share - basic and diluted	**$**	**(0.21)**	$	(0.31)
Loss per share from discontinued operations - basic and diluted				
Net loss from discontinued operations	**$**	**—**	$	(17.5)
Loss per share - basic and diluted	**$**	**—**	$	(0.01)

(i) Effect of dilutive securities - the potential shares attributable to 954 share options (2016 - 1,004 share options) and 636,774 restricted share units (2016 - 452,837 restricted share units) were anti-dilutive for the year ended December 31, 2017.

14. RESERVES

		2017	2016
Equity reserve			
Balance, beginning of year	$	**17.8** $	20.1
Exercise of share options and share appreciation rights		**—**	0.5
Transfer of restricted share units to share capital on vesting		**(2.9)**	(4.5)
Issue of restricted share units		**3.1**	1.7
Balance, end of year	$	**18.0** $	17.8
Hedging reserve *(i)*			
Balance, beginning of year	$	**0.2** $	—
Net change in fair value of hedging instruments		**7.2**	(2.6)
Reclassification of (gains)/losses to earnings		**(0.3)**	2.8
Less attributable to non-controlling interests		**(1.1)**	—
Balance, end of year	$	**6.0** $	0.2
Available-for-sale reserve *(ii)*			
Balance, beginning of year	$	**(3.5)** $	(0.4)
Change in fair value of available-for-sale securities		**—**	(3.1)
Reclassification of losses to earnings		**4.5**	—
Balance, end of year	$	**1.0** $	(3.5)
Other reserve			
Balance, beginning of year	$	**(2.5)** $	(1.1)
Re-measurement of employee benefit plan *(iii)*		**1.3**	(1.4)
Balance, end of year	$	**(1.2)** $	(2.5)
Total reserve balance, end of year	$	**23.8** $	12.0

(i) The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in the Consolidated Statement of Operations when the hedged transaction impacts the Consolidated Statement of Operations, or is recognized as an adjustment to the cost of non-financial hedged items.

(ii) The available-for-sale reserve represents the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold or impaired, the relevant portion of the reserve is recognized in the Consolidated Statement of Operations.

(iii) The re-measurement of employee benefit plan represents the gains and losses recognized on the actuarial re-measurement of the liability related to the severance benefit plan required by the labour law in Chile.

15. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Non-Cash Investing and Financing Transactions

For the years ended December 31,		2017	2016
Interest capitalized to assets under construction *(i)*	$	**11.3** $	6.5
Non-cash land purchase agreement	$	**—** $	21.2
Issue of common shares on vesting of restricted share units *(Note 28(a))*	$	**2.9** $	4.5

(i) For the year ended December 31, 2017, the general capitalization rate was 4.69% (2016: 4.64%).

(b) Net Change in Working Capital

For the years ended December 31,		**2017**	2016
Net (increase)/decrease in:			
Trade and other receivables	**$**	**(0.2)** $	21.1
Inventories		**(17.8)**	11.0
Other assets		**(35.1)**	(2.0)
Net increase/(decrease) in:			
Trade and other payables		**16.6**	20.8
Other liabilities		**13.8**	(7.8)
Movement in above related to foreign exchange		**8.7**	(17.8)
Net change in working capital *(i)*	**$**	**(14.0)** $	25.3

(i) Change in working capital is net of items related to Property, Plant and Equipment.

(c) Cash and Cash Equivalents

As at December 31,		**2017**	2016
Cash at bank	**$**	**146.7** $	96.2
Bank short-term deposits		**2.2**	1.2
Total cash and cash equivalents *(i)*	**$**	**148.9** $	97.4

(i) Cash and cash equivalents consist of cash on hand, cash on deposit with banks, bank term deposits and highly liquid short-term investments with terms of less than 90 days from the date of acquisition.

(d) Other Non-Cash (Recoveries)/Expenses

For the years ended December 31,		**2017**	2016
Write off / (recoveries) of assets	**$**	**16.4** $	(6.1)
Revaluation of employees' pension plan		**3.9**	6.7
Provision on indirect taxes		**(10.8)**	6.1
Legal expenses		**(33.0)**	11.7
Other expenses		**15.7**	18.3
Total non-cash (recoveries)/expenses	**$**	**(7.8)** $	36.7

(e) Changes in Liabilities Arising from Financing Activities

		Long-term debt	**Current portion of long-term debt *(i)***	**Trade and other payables**
Balance as at January 1, 2017	$	1,573.8 $	18.6 $	340.0
Changes from financing cash flows				
- Proceeds from term loan and notes payable		730.0	—	—
- Repayment of term loan and notes payable		(442.3)	(18.6)	—
- Interest paid		—	—	(103.8)
- Dividends paid		—	—	(18.9)
Other				
Non-cash: Amortization cost of debt		(3.8)	—	—
Non-cash: Interest accruals		—	—	80.6
Non-cash: Dividends accruals		—	—	19.2
Non-cash: Reclassifications and other		(110.0)	110.0	28.3
Balance as at December 31, 2017	**$**	**1,747.7 $**	**110.0 $**	**345.4**

(i) Presented as a component of Other Financial Liabilities (refer to *Note 24: Other Financial Liabilities* to the Company's Consolidated Financial Statements).

16. FINANCIAL INSTRUMENTS

(a) Financial Assets and Financial Liabilities by Categories

As at December 31, 2017	Loans and receivables	Available-for-sale	Fair value through profit or loss	Derivative instruments in designated hedge accounting relationships	Other financial liabilities at amortized cost	Total
Financial assets						
Cash and cash equivalents	$ —	$ —	$ 148.9	$ —	$ —	**$ 148.9**
Trade and other receivables	8.1	—	—	—	—	**8.1**
Receivables from provisional copper sales	—	—	30.5	—	—	**30.5**
Investments in securities	—	7.2	—	—	—	**7.2**
Derivative assets - Hedging instruments	—	—	—	6.8	—	**6.8**
Derivative assets - Non-hedge	—	—	2.5	—	—	**2.5**
Other financial assets	22.8	—	—	—	—	**22.8**
Total financial assets	**$ 30.9**	**$ 7.2**	**$ 181.9**	**$ 6.8**	**$ —**	**$ 226.8**
Financial liabilities						
Total debt	$ —	$ —	$ —	$ —	$ 1,857.7	**$ 1,857.7**
Accounts payable and accrued liabilities	—	—	—	—	345.4	**345.4**
Derivative liabilities - Hedging instruments	—	—	—	5.7	—	**5.7**
Derivative liabilities - Non-hedge	—	—	8.5	—	—	**8.5**
Other financial liabilities	—	—	—	—	164.6	**164.6**
Total financial liabilities	**$ —**	**$ —**	**$ 8.5**	**$ 5.7**	**$ 2,367.7**	**$ 2,381.9**

As at December 31, 2016	Loans and receivables	Available-for-sale	Fair value through profit or loss	Derivative instruments in designated hedge accounting relationships	Other financial liabilities at amortized cost	Total
Financial assets						
Cash and cash equivalents	$ —	$ —	$ 97.4	$ —	$ —	**$ 97.4**
Trade and other receivables	4.9	—	—	—	—	**4.9**
Receivables from provisional copper sales	—	—	31.7	—	—	**31.7**
Investments in securities	—	22.1	—	—	—	**22.1**
Derivative assets - Hedging instruments	—	—	—	3.3	—	**3.3**
Derivative assets - Non-hedge	—	—	1.6	—	—	**1.6**
Other financial assets	23.5	—	—	—	—	**23.5**
Total financial assets	**$ 28.4**	**$ 22.1**	**$ 130.7**	**$ 3.3**	**$ —**	**$ 184.5**
Financial liabilities						
Total debt	$ —	$ —	$ —	$ —	$ 1,592.4	**$ 1,592.4**
Accounts payable and accrued liabilities	—	—	—	—	340.0	**340.0**
Derivative liabilities - Hedging instruments	—	—	—	—	—	**—**
Derivative liabilities - Non-hedge	—	—	—	—	—	**—**
Other financial liabilities	—	—	—	—	132.8	**132.8**
Total financial liabilities	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,065.2**	**$ 2,065.2**

(b) Fair Value of Financial Instruments

Fair value is defined 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. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts its valuation models to incorporate a measure of credit risk.

i) Carrying Value Versus Fair Value

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those whose carrying amounts are a reasonable approximation of fair value:

	Financial instrument classification	Carrying amount		Fair value *(i)*	
As at December 31,		**2017**	2016	**2017**	2016
Debt					
Senior unsecured notes	Amortized cost	**$ 1,754.8**	$ 1,455.9	**$ 1,751.5**	$ 1,460.0

(i) The Company's senior unsecured notes are accounted for at amortized cost, using the effective interest rate method. The fair value required to be disclosed is determined using quoted prices (unadjusted) in active markets, and is therefore classified within Level 1 of the fair value hierarchy.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, and other financial assets and liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments. Derivative assets and liabilities are already carried at fair value.

ii) Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments that are measured at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives that would be required to be separated from the host contract and accounted for separately at fair value through profit or loss. As at December 31, 2017, there were no embedded derivatives requiring separate accounting other than copper concentrate sales.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis:

As at December 31, 2017		Level 1 input	Level 2 input	Level 3 input	Aggregate fair value
Assets					
Cash and cash equivalents *(Note 15(c))*	$	148.9 $	— $	— $	148.9
Receivables from provisional copper sales		—	30.5	—	30.5
Available-for-sale securities *(Note 19)*		4.6	—	—	4.6
Warrants *(Note 19)*		—	2.6	—	2.6
Derivative related assets *(Note 19)*		—	9.3	—	9.3
	$	153.5 $	42.4 $	— $	195.9
Liabilities					
Derivative related liabilities (*Note 24*)		—	14.2	—	14.2
	$	— $	14.2 $	— $	14.2

As at December 31, 2016		Level 1 input	Level 2 input	Level 3 input	Aggregate fair value
Assets					
Cash and cash equivalents *(Note 15(c))*	$	97.4 $	— $	— $	97.4
Receivables from provisional copper sales		—	31.7	—	31.7
Available-for-sale securities *(Note 19)*		18.7	—	—	18.7
Warrants *(Note 19)*		—	3.4	—	3.4
Derivative related assets *(Note 19)*		—	4.9	—	4.9
	$	116.1 $	40.0 $	— $	156.1
Liabilities					
Derivative related liabilities (*Note 24*)		—	—	—	—
	$	— $	— $	— $	—

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

iii) Valuation Methodologies Used in the Measurement of Fair Value for Level 2 Financial Assets and Financial Liabilities

Receivables from Provisional Copper Sales

The Company's copper concentrate sales are subject to provisional pricing with the final selling price adjusted at the end of the quotational period. At the end of each reporting period, the Company's accounts receivable relating to these contracts are marked-to-market based on quoted forward prices for which an active commodity market exists.

Warrants

The fair value of warrants is calculated using the Black-Scholes option pricing model, which uses a combination of quoted prices and market-derived inputs, including volatility estimates.

Derivative Related Assets and Liabilities

The fair value of derivative instruments is determined using either present value techniques or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company continues to monitor the potential impact of the recent instability of the financial markets, and will adjust its derivative contracts for credit risk based upon the credit default swap spread for each of the counterparties as warranted.

iv) Fair Value of Derivatives

The following table summarizes the fair value of derivative related assets and liabilities:

	Total fair value			
	Assets		Liabilities	
At as December 31,	**2017**	2016	**2017**	2016
Derivatives designated as hedges				
Currency contracts				
Forward contracts	**$ 5.2**	$ 3.3	**$ 1.6**	$ —
Zero-cost collar contracts	**1.5**	—	**4.1**	—
Commodity contracts				
Zero-cost collar contracts	**0.1**	—	**—**	—
Total derivatives designated as hedges *(i)*	**$ 6.8**	$ 3.3	**$ 5.7**	$ —
Derivatives not designated as hedges				
Commodity contracts				
Forward contracts	**—**	1.6	**5.0**	—
Zero-cost collar contracts	**1.5**	—	**3.5**	—
Other contracts				
DSU contracts *(ii)*	**1.0**	—	**—**	—
Total derivatives not designated as hedges	**$ 2.5**	$ 1.6	**$ 8.5**	$ —
Total derivative instruments *(Note 19 and Note 24)*	**$ 9.3**	$ 4.9	**$ 14.2**	$ —
Analyzed by maturity:				
Less than 1 year	**$ 8.5**	$ 4.9	**$ 12.8**	$ —
Between 1 and 2 years	**$ 0.8**	$ —	**$ 1.4**	$ —

(i) The net gain on derivatives designated as cash flow hedges for the year ended December 31, 2017 recorded in OCI was $7.2 million (net of tax recovery of $1.3 million) (2016 - net loss of $1.6 million, net of tax expense of $1.0 million), which represented the effective portion of the change in fair value of the hedges. There was no hedge ineffectiveness for the years ended December 31, 2017 and 2016. The gain reclassified from OCI to the consolidated statement of operations for the year ended December 31, 2017 was $0.3 million (2016 - loss of $2.8 million).

(ii) During the first quarter of 2017, the Company entered into a derivative contract to mitigate the volatility of its share price on DSU compensation, effectively locking in the exposure of the Company for three million DSUs (approximately 80% of outstanding DSUs) at a value of C$3.5002 per share.

The following table summarizes realized and unrealized gains/(losses) on derivatives:

For the years ended December 31,		**2017**	2016
Realized gains/losses			
Currency contracts: Forward contracts	**$**	**8.2** $	—
Currency contracts: Zero-cost collar contracts		**8.6**	2.8
Commodity contracts: Forward contracts		**(29.1)**	(6.8)
Commodity contracts: Zero-collar contracts		**1.7**	—
	$	**(10.6)**$	(4.0)
Unrealized gains/losses			
Currency contracts: Forward contracts	**$**	**—** $	—
Currency contracts: Zero-cost collar contracts		**(6.0)**	2.3
Commodity contracts: Forward contracts		**(6.6)**	(2.2)
Commodity contracts: Zero-collar contracts		**(2.8)**	—
DSU		**1.0**	—
	$	**(14.4)$**	**0.1**

(b) Market Risk

Market risk is the risk that changes in market factors, such as foreign exchange, commodity prices or interest rates will affect the value of the Company's financial instruments. Market risks are managed by either accepting the risk or mitigating it through the use of derivatives and other economic hedges.

i. Currency Risk

The Company's sales are predominantly denominated in US Dollars. The Company is primarily exposed to currency fluctuations relative to the US Dollar as a portion of the Company's operating costs and capital expenditures are denominated in foreign currencies; predominately the Brazilian Real, the Argentine Peso, the Chilean Peso, and the Canadian Dollar. Monetary assets denominated in foreign currencies are also exposed to foreign currency fluctuations. These potential currency fluctuations could have a significant impact on production costs and affect the Company's earnings and financial condition. To limit the variability in the Company's expected operating expenses denominated in foreign currencies, the Company restarted its hedging program in May 2016, entering into forward contracts and zero-cost collar option contracts as summarized below.

The Company has designated these contracts as cash flow hedges for its highly probable forecasted Brazilian Real and Canadian dollar expenditure requirements. The Company has elected to only designate the change in the intrinsic value of options in the hedging relationships.

The following summarizes the terms of the foreign currency contracts that were designated as cash flow hedges:

- During the second quarter of 2016, the Company entered into zero-cost collar contracts totalling R$510 million (R$ = Brazilian Reais) with the purchase of call options at an average strike price of R$3.40 per US Dollar and the sale of put options at an average strike price of R$4.13 per US Dollar. The term of the cash flow hedge was from May 2016 to April 2017.

- During the fourth quarter of 2016, the Company entered into additional zero-cost collar contracts totalling R$400.0 million with the purchase of call options at an average strike price of R$3.25 per US Dollar and sale of put options at an average strike price of R$3.79 per US Dollar. The term of the cash flow hedge was from May 2017 to December 2017 and provided the Company with an approximate 66% hedge over the expected operating costs over the period.

- During the fourth quarter of 2016, Brio Gold entered into zero-cost collar contracts totalling R$672.0 million with the purchase of call options at an average strike price of R$3.30 per US Dollar and sale of put options at an average strike price of R$3.90 per US Dollar. The term of the cash flow hedge is from January 2017 to December 2018. In addition, Brio Gold entered into currency forward contracts totalling R$672.0 million at an average rate of R$3.55 per US Dollar. The term of the cash flow hedge is from January 2017 to December 2018 and provides Brio Gold with an approximate 60% hedge over the expected operating and capital expenditure costs over the period.

- During the third quarter of 2017, the Company entered into forward currency contracts for total notional of R$235 million with a weighted average price of R$3.25 per USD. These contracts had all settled by December 2017.

- During the fourth quarter of 2017, the Company entered into zero-cost collar contracts totalling R$540.0 million with the purchase of call options at an average strike price of R$3.15 per US Dollar and sale of put options at an average strike price of $3.47 per US Dollar. The term of this cash flow hedge is from January 2018 to June 2019.

- During the fourth quarter of 2017, the Company entered into forward currency contracts for a total notional of CAD$60 million with a weighted average price of CAD $1.2471 per US Dollar. The term of this cash flow hedge is from January 2018 to December 2018.

- During the fourth quarter of 2017, Brio Gold entered into zero-cost collar contracts totalling R$120.0 million with the purchase of call options at an average strike price of R$3.36 per US Dollar and sale of put options at an average strike price of R$3.70 per US Dollar. The term of the cash flow hedge is from January 2019 to December 2019. In addition, Brio Gold entered into currency forward contracts totalling R$420.0 million at an average rate of R$3.47 per US Dollar. Together, these cash flow hedges have various terms from July 2018 to December 2019 and provide Brio Gold with an approximate 47% hedge over the expected operating costs in 2019.

The following table outlines the Company's exposure to currency risk and the pre-tax effects on profit or loss and equity at the end of the reporting period of a 10% change in the foreign currency for the foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents and trade payables. The number below indicates an increase or decrease in profit or equity where the US dollar strengthens or weakens by 10% against the relevant foreign currency.

	Effect on net earnings before tax		**Effect on other comprehensive income, before tax**	
(On 10% change in US Dollars exchange rate)	**2017**	2016	**2017**	2016
Brazilian Real	**$ 4.0**	$ 3.7	**$ 0.5**	$ 0.1
Argentine Peso	**$ 1.0**	$ 1.1	**$ —**	$ —
Canadian Dollar	**$ 8.1**	$ 7.3	**$ —**	$ —
Chilean Peso	**$ 4.4**	$ 6.6	**$ —**	$ —

The sensitivity analysis included in the tables above should be used with caution as the results are theoretical, based on management's best assumptions using material and practicable data which may generate results that are not necessarily indicative of future performance. In addition, in deriving this analysis, the Company has made assumptions based on the structure and relationships of variables as at the balance sheet date which may differ due to fluctuations throughout the year with all other variables assumed to remain constant. Actual changes in one variable may contribute to changes in another variable, which may amplify or offset the effect on earnings.

ii. Commodity Price Risk

Gold, copper and silver prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold, copper and silver-producing countries. The profitability of the Company is directly related to the market price of gold, copper and silver. A decline in the market prices for these precious metals could negatively impact the Company's future operations.

During the third quarter of 2017, the Company entered into a portfolio of zero-cost collar contracts for copper with a number of counterparties. The arrangement comprises of written call and purchased put options with identical characteristics and a range of strike prices that expire monthly for a period of six months from January to June 2018. Total notional quantities included under this arrangement amount to approximately 45 million pounds of copper (approximately 7.5 million pounds per month). The weighted average strike prices of the options are $2.85 per pound and $3.33 per pound for the put and call options, respectively, comprising the boundaries of the collar. Upon exercise, the leg of the option in the money may be settled net in cash.

During the third quarter of 2017, the Company also entered into a portfolio of zero-cost collar contracts for gold with a number of counterparties. The arrangement comprises of written call and purchased put options with identical characteristics and a range of strike prices that expire over a period of six months from October 2017 to March 2018. Total notional quantities included under this arrangement amounted to 284,200 ounces of gold, of which collars worth 152,300 notional ounces had settled or expired by December 31, 2017. The weighted average strike prices of the options are $1,300 per ounce and $ 1,414 per ounce for the put and call options, respectively, comprising the boundaries of the collar.

As at December 31, 2017 the Company had $30.5 million (December 31, 2016 — $31.7 million) in receivables relating to provisionally priced concentrate sales. For year ended December 31, 2017, the Company had unrecognized gains of $4.0 million (2016 — $9.1 million gain) on receivables relating to provisionally priced concentrate sales.

As at December 31, 2017, the Company has outstanding contracts whereby 23.1 million pounds of copper was purchased at a price of $3.07 per pound. The Company periodically uses forward contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales.

The Company's balance sheet exposure to commodity prices is limited to the trade receivables associated with provisional pricing of metal concentrate sales, particularly copper, and the copper forward contracts. A 10% change in the average metal prices at the balance sheet date with all other variables constant would result in the following impact to the Company's before tax earnings:

	Effects on net earnings, before tax	
(10% change in price)	**2017**	2016
Gold in concentrate	**$ 2.0**	$ 2.1
Copper in concentrate	**$ 5.0**	$ 1.7
Silver in concentrate	**$ —**	$ 0.1

The change in the average commodity prices will not have an impact on Other Comprehensive Income.

iii. Interest Rate Risk

As at December 31, 2017, the majority of the Company’s long-term debt was at fixed rates. The Company is exposed to interest rate risk on its variable rate debt and may enter into interest rate swap agreements to hedge this risk. The Company did not have any interest-rate hedges as at December 31, 2017.

iv. Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties whilst also establishing policies to ensure liquidity of available funds. In addition, credit risk is further mitigated in specific cases by maintaining the ability to novate contracts from lower quality credit counterparties to those with higher credit ratings.

For cash and cash equivalents, trade and other receivables and derivative related assets, credit risk is represented by the carrying amount on the consolidated balance sheets. Cash and cash equivalents are deposited with highly rated corporations and the credit risk associated with these deposits is low. The Company sells its products to large international financial institutions and other organizations with high credit ratings. Historical levels of receivable defaults and overdue balances over normal credit terms are both negligible, thus the credit risk associated with trade receivables is also considered to be negligible. For derivatives, the Company assumes no credit risk when the fair value of the instruments is negative. When the fair value of the instruments is positive, this is a reasonable measure of credit risk. The Company does not have any assets pledged as collateral.

The Company's maximum credit exposure to credit risk is as follows:

As at December 31, 2017		**2017**	2016
Cash and cash equivalents	$	**148.9** $	97.4
Trade and other receivables		**38.6**	36.6
Derivative related assets *(Note 19)*		**9.3**	4.9
	$	**196.8** $	138.9

v. *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of our trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates liquidity risk through the implementation of its Capital Management Policy by managing its capital expenditures, forecast and operational cash flows, and by maintaining adequate lines of credit. As part the capital allocation strategy, the Company examines opportunities to divest assets that do not meet the Company's investment criteria. In addition, the Company addresses the capital management process as described in *Note 31*: *Capital Management* to the Company's Consolidated Financial Statements. Contractual maturities relating to contractual commitments are included in *Note 33*: *Contractual Commitments* to the Company's Consolidated Financial Statements and relating to long-term debt are included in *Note 26: Long-Term Debt* to the Company's Consolidated Financial Statements.

As at December 31,			**2017**			2016
	Within 1 year	**2 - 3 years**	**4 - 5 years**	**Over 5 years**	**Total**	Total
Accounts payable and accrued liabilities	$ **345.4** $	**—** $	**—** $	**—** $	**345.4** $	340.0
Debt repayments	**110.0**	**342.4**	**222.7**	**1,196.9**	**1,872.0**	1,604.3
Interest payments on debt	**85.6**	**151.2**	**127.0**	**120.8**	**484.6**	426.6
Decommissioning, restoration and similar liabilities *(i)*	**12.1**	**35.7**	**75.9**	**451.5**	**575.2**	732.9
	$ **553.1** $	**529.3** $	**425.6** $	**1,769.2** $	**3,277.2** $	3,103.8

(i) Undiscounted inflated amount of future decommissioning, restoration and similar liabilities.

17. TRADE AND OTHER RECEIVABLES

As at December 31,		**2017**	2016
Trade receivables *(i)*	$	**38.6** $	35.1
Other receivables		**—**	1.5
Trade and other receivables	$	**38.6** $	36.6

(i) The average credit period for gold and silver sales is less than 30 days and for copper sales, approximately 90 days. No interest is charged on trade receivables and they are neither impaired nor past due.

18. INVENTORIES

As at December 31,		**2017**		2016
Product inventories	$	**35.6**	$	51.2
Work in process *(i)*		**14.1**		60.2
Ore stockpiles		**126.6**		64.6
Materials and supplies		**93.7**		106.4
	$	**270.0**	$	282.4
Less: non-current ore stockpiles included in property, plant and equipment *(Note 21)*	$	**(106.5)**	$	(28.3)
	$	**163.5**	$	254.1

(i) The work in process balance at December 31, 2016 includes $45.8 million of inventories related to Gualcamayo. Due to the classification of Gualcamayo as a disposal group held for sale in 2017 (refer to *Note 6(a): Acquisition and Disposition of Mineral Interests and Corporate Transactions* to the Company's Consolidated Financial Statements), the work in process balance at December 31, 2017 excludes work in process inventories related to Gualcamayo.

The amount of inventories recognized as an expense during the year ended December 31, 2017 was $1.04 billion (2016 - $1.03 billion) and is included in cost of sales excluding depletion, depreciation and amortization. For the year ended December 31, 2017, a total charge of $11.2 million was recorded to adjust inventory to net realizable value (2016 - $0.4 million recovery) which is included in cost of sales excluding depletion, depreciation and amortization.

19. OTHER FINANCIAL ASSETS

As at December 31,		**2017**		2016 *(ii)*
Derivative related assets *(Note 16(a))*	$	**9.3**	$	4.9
Royalty and other receivables		**21.0**		20.3
Investments in financial securities *(i)*		**7.2**		22.1
Other		**1.8**		3.2
	$	**39.3**	$	50.5
Current	$	**13.2**	$	14.4
Non-current		**26.1**		36.1
	$	**39.3**	$	50.5

(i) Investments in financial securities include AFS securities and warrants with a cost of $16.4 million (2016 - $39.3 million) and a fair value of $7.2 million (2016 - $22.1 million). During the year ended December 31, 2017, the Company sold its position in the shares of certain companies, and the Company's shares in another company were redeemed by corporate action.

(ii) Comparatives in respect of certain tax balances have been reclassified to conform to the change in presentation adopted in the current period and are now included in *Note 20: Other Assets* to the Company's Consolidated Financial Statements.

20. OTHER ASSETS

As at December 31,		2017	2016 *(ii)*
Income tax recoverable and installments	$	**23.1** $	18.3
Tax credits recoverable *(i)*		**118.8**	116.8
Advances and deposits		**53.1**	50.5
Other long-term advances		**15.2**	13.5
	$	**210.2** $	199.1
Current	$	**119.4** $	149.9
Non-current		**90.8**	49.2
	$	**210.2** $	199.1

(i) Tax credits recoverable consist of sales taxes which are recoverable either in the form of a refund from the respective jurisdictions in which the Company operates or against other taxes payable and value-added tax.

(ii) Comparatives in respect of certain tax balances have been reclassified to conform to the change in presentation adopted in the current period and are now included in *Note 20: Other Assets* to the Company's Consolidated Financial Statements.

21. PROPERTY, PLANT AND EQUIPMENT

		Mining property costs subject to depletion *(i)*	Mining property costs not subject to depletion *(ii)*	Land, building, plant & equipment	Total
Cost, January 1, 2016	$	5,522.5 $	6,546.7 $	2,802.2 $	14,871.4
Additions		192.3	240.2	55.8	488.3
Acquisitions through business combinations *(Note 6(d))*		17.1	—	40.3	57.4
Reclassification, transfers and other non-cash movements *(iii)*		421.8	(435.2)	42.9	29.5
Change in decommissioning, restoration and similar liabilities		36.6	—	—	36.6
Disposals		(329.9)	(369.7)	(196.0)	(895.6)
Cost, December 31, 2016	$	5,860.4 $	5,982.0 $	2,745.2 $	14,587.6
Additions		231.9	317.9	94.1	643.9
Reclassification, transfers and other non-cash movements *(iii)*		99.5	(24.1)	(29.1)	46.3
Change in decommissioning, restoration and similar liabilities		47.4	0.5	—	47.9
Disposals		1.0	(10.1)	(28.4)	(37.5)
Reclassified as held for sale *(Note 6(a))*		(109.9)	(129.8)	(92.6)	(332.3)
Cost, December 31, 2017	**$**	**6,130.3 $**	**6,136.4 $**	**2,689.2 $**	**14,955.9**
Accumulated depletion and depreciation, January 1, 2016	$	3,211.3 $	2,275.8 $	1,175.6 $	6,662.7
Depletion and depreciation for the year		261.8	—	215.3	477.1
Impairment		426.8	101.1	87.2	615.1
Reclassification, transfers and other non-cash movements		(0.5)	—	—	(0.5)
Disposals		(330.0)	(295.7)	(107.4)	(733.1)
Accumulated depletion and depreciation, December 31, 2016	$	3,569.4 $	2,081.2 $	1,370.7 $	7,021.3
Depletion and depreciation for the year		224.9	—	212.5	437.4
Impairment *(iv)*		129.7	146.3	80.5	356.5
Reclassification, transfers and other non-cash movements		—	—	—	—
Disposals		—	(2.9)	(13.0)	(15.9)
Eliminated on reclassification as held for sale *(Note 6(a))*		(49.8)	—	(53.3)	(103.1)
Accumulated depletion and depreciation, December 31, 2017	**$**	**3,874.2 $**	**2,224.6 $**	**1,597.4 $**	**7,696.2**
Carrying value, December 31, 2016	$	2,291.0 $	3,900.8 $	1,374.5 $	7,566.3
Carrying value, December 31, 2017	**$**	**2,256.1 $**	**3,911.8 $**	**1,091.8 $**	**7,259.7**

(i) The following table shows the reconciliation of capitalized stripping costs incurred in the production phase:

As at December 31,		**2017**	2016
Balance, beginning of year	**$**	**285.3** $	221.7
Additions		**135.2**	88.7
Amortization		**(18.2)**	(25.1)
Balance, end of year	**$**	**402.3** $	285.3

(ii) Mining property costs not subject to depletion include: capitalized mineral reserves and exploration potential acquisition costs, capitalized exploration & evaluation costs, capitalized development costs, assets under construction, capital projects and acquired mineral resources at operating mine sites. Mining property costs not subject to depletion are composed of the following:

As at December 31,		**2017**	2016
Projects with mineral reserves	**$**	**2,429.3** $	2,346.1
Exploration potential		**1,220.9**	1,465.1
Mines under construction		**261.6**	89.6
Total	**$**	**3,911.8** $	3,900.8

(iii) Reclassification, transfers and other non-cash movements includes $54.2 million (2016 - $6.2 million) in ore stockpile inventory which is not expected to be processed within the next twelve months.

(iv) During the year, the Company recognized net impairment charges totalling $356.5 million on certain mineral interests (2016 - $615.1 million). Refer to *Note 11: Impairment and Reversal of Impairment* to the Company's Consolidated Financial Statements for additional details.

22. GOODWILL AND INTANGIBLES

		Goodwill *(i)*	Other intangibles *(ii)*	Total
Cost, January 1, 2016	$	427.7 $	79.0 $	506.7
Additions		—	—	—
Cost, December 31, 2016	$	427.7 $	79.0 $	506.7
Additions	$	— $	— $	—
Reclassification to assets held for sale		(24.0)	(1.4)	(25.4)
Cost, December 31, 2017	**$**	**403.7 $**	**77.6 $**	**481.3**
Accumulated amortization and impairment, January 1, 2016	$	— $	(17.2)$	(17.2)
Amortization		—	(8.5)	(8.5)
Accumulated amortization and impairment, December 31, 2016	$	— $	(25.7)$	(25.7)
Amortization		—	(6.1)	(6.1)
Accumulated amortization and impairment, December 31, 2017	**$**	**— $**	**(31.8)$**	**(31.8)**
Carrying value, December 31, 2016	$	427.7 $	53.3 $	481.0
Carrying value, December 31, 2017	**$**	**403.7 $**	**45.8 $**	**449.5**

(i) Goodwill represents the excess of the purchase cost over the fair value of net assets acquired on a business acquisition. On June 16, 2014, the Company acquired a 50% interest in Canadian Malartic. Goodwill of $427.7 million was recognized on the excess of the purchase consideration over the fair value of the assets and liabilities acquired.

(ii) Included in other intangibles are intellectual property and other intangibles recognized in the acquisition of Constructora Gardilcic Ltda. and Constructora TCG Ltda, and capitalized system development costs.

23. TRADE AND OTHER PAYABLES

As at December 31,		**2017**		2016
Trade payables	$	**256.4**	$	228.7
Other payables *(i)*		**89.0**		111.3
	$	**345.4**	$	340.0

(i) Other payables include goods received but not yet paid, interest payable and other accruals.

24. OTHER FINANCIAL LIABILITIES

As at December 31,		**2017**		2016 *(iv)*
Royalty payable *(i)*	$	**18.1**	$	16.1
Payable related to purchase of mineral interests *(ii)*		**10.8**		21.2
Severance accrual		**32.0**		33.2
Deferred share units/performance share units liability *(Note 29)*		**21.0**		16.9
Accounts receivable financing credit *(iii)*		**54.1**		40.4
Current portion of long-term debt *(Note 26)*		**110.0**		18.6
Derivative related liabilities		**14.2**		—
Other		**28.6**		5.0
	$	**288.8**	$	151.4
Current	$	**203.1**	$	74.5
Non-current		**85.7**		76.9
	$	**288.8**	$	151.4

(i) Included in Royalty payable is an agreement with Miramar Mining Corporation ("Miramar" acquired by Newmont Mining Corporation) for a Proceeds Interest of C$15.4 million. The agreement entitles Miramar to receive payment of this interest over time calculated as the economic equivalent of a 2.5% net smelter return royalty on all production from the Company's mining properties held at the time of Northern Orion entering into the agreement, or 50% of the net proceeds of disposition of any interest in the Agua Rica property until the Proceeds Interest of C$15.4 million is paid.

(ii) Payable related to purchase of the remaining interests in Agua Fria.

(iii) Accounts receivable financing credit is payable within 30 days from the proceeds on concentrate sales.

(iv) Comparatives in respect of certain tax balances have been reclassified to conform to the change in presentation adopted in the current period and are now included in *Note 25: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements.

25. OTHER PROVISIONS AND LIABILITIES

As at December 31,		**2017**		2016 *(v)*
Other taxes payable	$	**15.8**	$	20.7
Provision for repatriation taxes payable *(i)*		**22.9**		13.1
Provision for taxes		**25.6**		25.8
Deferred revenue on metal agreements - Altius (*ii*)		**57.5**		59.8
Deferred revenue on metal agreements - Sandstorm (*iii*)		**158.5**		164.8
Other provisions and liabilities *(iv)*		**73.0**		133.9
	$	**353.3**	$	418.1
Current	$	**56.7**	$	55.8
Non-current		**296.6**		362.3
	$	**353.3**	$	418.1

(i) The Company is subject to additional taxes in Chile on the repatriation of profits to its foreign shareholders. Total taxes in the amount of $22.9 million (December 31, 2016 - $13.1 million) have been accrued on the assumption that the profits will be repatriated.

(ii) On March 31, 2016, the Company entered into a copper purchase agreement with Altius, pursuant to which, the Company received advanced consideration of $61.1 million against future deliveries of copper produced by the Company's Chapada mine in Brazil. The advanced consideration is accounted for as deferred revenue, with revenue recognized when copper is delivered to Altius.

The following table summarizes the changes in deferred revenue:

As at December 31,		**2017**
Balance as at January 1, 2017	$	59.8
Recognition of revenue during the year		(2.3)
	$	**57.5**
Current portion	$	4.0
Non-current portion		53.5
Balance as at December 31, 2017	**$**	**57.5**

(iii) On October 27, 2015 the Company entered into three metal purchase agreements with Sandstorm pursuant to which, the Company received advanced consideration of $170.4 million against future deliveries of silver production from Cerro Moro, Minera Florida and Chapada, copper production from Chapada, and gold production from Agua Rica. The advanced consideration is accounted for as deferred revenue, with revenue recognized when the respective metals are delivered to Sandstorm.

The following table summarizes the changes in deferred revenue:

As at December 31,		**2017**
Balance as at January 1, 2017	$	164.8
Recognition of revenue during the year		(6.3)
	$	**158.5**
Current portion	$	7.7
Non-current portion		150.8
Balance as at December 31, 2017	**$**	**158.5**

(iv) Other provisions and liabilities include provisions relating to legal proceedings, silicosis and other. In 2004, a former director of Northern Orion (now named 0805346 B.C. Ltd.) commenced proceedings in Argentina against Northern Orion claiming damages in the amount of $177.0 million for alleged breaches of agreements entered into with the plaintiff. The plaintiff alleged that the agreements entitled him to a pre-emptive right to participate in acquisitions by Northern Orion in Argentina and claimed damages in connection with the acquisition by Northern Orion of its 12.5% equity interest in the Alumbrera Mine. On August 22, 2008, the National Commercial Court No. 13 of the City of Buenos Aires issued a first-instance judgement rejecting the claim. The plaintiff appealed this judgement to the National Commercial Appeals Court. On May 22, 2013, the appellate court overturned the first-instance decision. The appellate court determined that the plaintiff was entitled to make 50% of Northern Orion's investment in the Alumbrera acquisition, although weighted the chance of the plaintiff's 50% participation at 15%. The matter was remanded to the first-instance court to determine the value. The parties have undergone two valuations over the last several years, both of which have been subsequently annulled. The most recent annulled award suggested a valuation of $54.2 million, well in excess of the amount Northern Orion considered reflective of the claim. In August 2017, Northern Orion entered into a confidential settlement agreement pursuant to which this matter was definitely and finally settled in consideration of an amount to be paid in installments over a number of years. The total amount payable pursuant to the settlement is substantially below the amount awarded in the last valuation proceeding which, under Argentine law, the Company successfully sought to annul. At the option of the Company, all or any portion of the amount can be paid in shares of the Company.

(v) Comparatives in respect of certain tax balances have been reclassified to conform to the change in presentation adopted in the current period and are now included in *Note 25: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements.

26. LONG-TERM DEBT

As at December 31,	2017	2016
$300 million senior debt notes *(a)*	$ **297.5**	$ —
$500 million senior debt notes *(b)*	**496.2**	495.6
$300 million senior debt notes *(c)*	**295.1**	294.9
$500 million senior debt notes *(d)*	**484.6**	484.1
$270 million senior debt notes *(e)*	**181.4**	181.3
$1 billion revolving facility *(f)*	**27.0**	116.2
$75 million revolving facility *(g)*	**72.6**	—
Long-term debt from 50% interest of Canadian Malartic *(h)*	**3.3**	20.3
Total debt	$ **1,857.7**	$ 1,592.4
Less: current portion of long-term debt *(Note 24)*	**(110.0)**	(18.6)
Long-term debt *(i)*	$ **1,747.7**	$ 1,573.8

(i) Balances are net of transaction costs of $14.3 million, net of amortization (December 31, 2016 - $11.9 million).

(a) On November 27, 2017, the Company issued 4.625% senior unsecured debt notes for a total of $300.0 million. These notes have a maturity of December 15, 2027.

(b) On June 25, 2014, the Company issued 4.95% senior unsecured debt notes for a total of $500.0 million. These notes have a maturity of July 15, 2024.

(c) On June 10, 2013, the Company closed on a private placement of senior unsecured debt notes for a total of $300.0 million. These notes are comprised of two series of notes as follows:

- Series A - $35.0 million at a rate of 3.64% with maturity of June 10, 2018.
- Series B - $265.0 million at a rate of 4.78% with maturity of June 10, 2023.

(d) On March 23, 2012, the Company closed on a private placement of senior unsecured debt notes for a total of $500.0 million. These notes are comprised of four series of notes as follows:

- Series A - $75.0 million at a rate of 3.89% with a maturity of March 23, 2018.
- Series B - $85.0 million at a rate of 4.36% with a maturity of March 23, 2020.
- Series C - $200.0 million at a rate of 4.76% with a maturity of March 23, 2022.
- Series D - $140.0 million at a rate of 4.91% with a maturity of March 23, 2024.

(e) On December 18, 2009, the Company closed on a private placement of senior unsecured debt notes for a total of $270.0 million. These notes are comprised of three series of notes as follows:

- Series A - $15.0 million at a rate of 5.53% fully repaid on December 21, 2014.
- Series B - $73.5 million at a rate of 6.45% fully repaid on December 21, 2016.
- Series C - $181.5 million at a rate of 6.97% with a maturity of December 21, 2019.

(f) On May 29, 2015, the company refinanced its revolving facility of $1.0 billion. The following summarizes the terms in respect to this facility as at December 31, 2017:

- The revolving facility is unsecured and has a maturity date of September 30, 2021.
- Amounts drawn bear interest at a rate of LIBOR plus 1.20% to 2.25% per annum, depending upon the Company's credit rating.
- Undrawn amounts are subject to a commitment fee of 0.24% to 0.45% per annum depending upon the Company's credit rating.
- During the year, the Company withdrew $355.0 million from the revolving facility and repaid $445.0 million

(g) Brio Gold entered into a revolving term senior secured credit facility in the amount of $75.0 million, with no recourse to Yamana Gold Inc. The Credit Facility contains representations and warranties, conditions precedent, covenants, and events of default typical for a facility of this type. The following summarizes the terms with respect to this facility as at December 31 2017:

- The term of the revolving facility is three years, with a reduction to $50.0 million two years after the initial draw down, which was January 25, 2017.
- Interest rate margins are tied to a grid based on LIBOR that varies with the leverage ratio of Brio Gold.
- During the year, Brio Gold withdrew $75.0 million from the revolving facility, with the facility being fully drawn down at the year-end.

(h) The following summarizes the debts related to the Company's 50% interest in Canadian Malartic, which is not guaranteed by the Company:

- Obligations under finance lease of $3.3 million (C$4.1 million) with interest rates ranging between 3.5% and 4.7%, maturing November 2019.
- During the year, the Company made finance lease payments of $2.6 million and loan payments of $14.9 million, resulting in the loan being fully repaid.

The following is a schedule of long-term debt principal repayments which includes corporate debt, the revolving facilities, and debt assumed from the 50% interest in Canadian Malartic which is neither corporate nor guaranteed by the Company:

		Long-term debt
2018	$	110.0
2019		208.3
2020		134.1
2021		30.0
2022		192.7
2023		261.2
2024		635.7
2025		—
2026		—
2027		300.0
	$	**1,872.0**

27. DECOMMISSIONING, RESTORATION AND SIMILAR LIABILITIES

As at December 31,		**2017**	2016
Balance, beginning of year	$	**235.6** $	194.3
Decommissioning, restoration and similar liabilities acquired during the year *(Note 6(d))*		**—**	5.8
Decommissioning, restoration and similar liabilities disposed during the year *(Note 6(c))*		**—**	(6.5)
Unwinding of discount in the current year for operating mines		**24.4**	13.6
Unwinding of discount in the current year for non-operating mines		**2.3**	1.8
Adjustments to decommissioning, restoration and similar liabilities during the year		**47.6**	20.3
Foreign exchange impact		**(3.9)**	14.4
Expenditures during the current year		**(4.6)**	(8.1)
Reclassification to liabilities relating to assets held for sale		**(27.1)**	—
Balance, end of year	$	**274.3** $	235.6
Current *(i)*	$	**16.1** $	13.4
Non-current		**258.2**	222.2
	$	**274.3** $	235.6

(i) The current portion of decommissioning, restoration and similar liabilities is included in the current portion of *Note 25: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements.

Decommissioning, restoration and similar liabilities are calculated as the net present value of future cash flows, which total $413.4 million (December 31, 2016 - $356.8 million) using discount rates specific to the liabilities of 1.83% to 15.26% (December 31, 2016 - 1.2% to 19.09%). The settlement of the obligations is estimated to occur through to 2043. Decommissioning, restoration and similar liabilities of the Company's mines and projects are incurred in Brazilian Reais, Chilean Pesos, Argentine Pesos, Canadian Dollars and US Dollars. The liabilities, other than those denominated in US Dollars, are subject to translation gains and losses from one reporting period to the next in accordance with the Company's accounting policy for foreign currency translation of monetary items. Adjustments during the year reflect changes in estimates and assumptions including discount rates and inflation rates. The translation gains or losses, as well as changes in the estimates related to these liabilities are reflected in the carrying amounts of the related property, plant and equipment.

28. SHARE CAPITAL

(a) Common Shares Issued and Outstanding

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There were no first preference shares issued or outstanding as at December 31, 2017 (2016: nil).

For the years ended December 31,	**2017**		2016	
Issued and outstanding - 948,524,667 common shares (December 31, 2016 - 947,797,596 common shares):	**Number of common shares** ***(In thousands)***	**Amount** ***(In millions)***	Number of common shares *(In thousands)*	Amount *(In millions)*
Balance, beginning of year	**947,798** $	**7,630.5**	947,039 $	7,625.4
Exercise of options and share appreciation rights	**—**	**—**	56	0.3
Issued on vesting of restricted share units	**591**	**2.9**	556	4.5
Dividend reinvestment plan *(i)*	**136**	**0.3**	147	0.3
Balance, end of year	**948,525** $	**7,633.7**	947,798 $	7,630.5

(i) The Company has a dividend reinvestment plan to provide holders of common shares a simple and convenient method to purchase additional common shares by electing to automatically reinvest all or any portion of cash dividends paid on common shares held by the plan participant without paying any brokerage commissions, administrative costs or other service charges. As at December 31, 2017, a total of 18,918,052 shares have subscribed to the plan.

(b) Dividends Paid and Declared

For the years ended December 31,		2017	2016
Dividends paid	$	**18.9**	$ 28.0
Dividends declared in respect of the year	$	**19.4**	$ 19.7
Dividend paid (per share)	$	**0.02**	$ 0.03
Dividend declared in respect of the year (per share)	$	**0.02**	$ 0.02

29. SHARE-BASED PAYMENTS

The total expense relating to share-based payments includes accrued compensation expense related to plans granted in the current period, plans granted in the prior period and adjustments to compensation associated with mark-to-market adjustments on cash-settled plans, as follows:

For the years ended December 31,		2017	2016
Accrued expense on equity-settled compensation plans	$	**3.3**	$ 2.2
Accrued expense on cash-settled compensation plans		**4.4**	1.9
Total expense for instruments granted	$	**7.7**	$ 4.1
Compensation expense for Brio Gold		**7.0**	7.0
Mark-to-market change on cash-settled plans		**(2.1)**	3.1
Total expense recognized as compensation expense	$	**12.6**	$ 14.2

As at December 31,		2017	2016
Total carrying amount of liabilities for cash-settled arrangements *(Note 24)*	$	**21.0**	$ 16.9

The following table summarizes the equity instruments outstanding related to share-based payments.

As at December 31, (In thousands)	2017	2016
Share options outstanding *(i), (ii), (iii)*	**1,831**	2,242
Restricted share units ("RSU") *(iv)*	**1,474**	707
Deferred share units ("DSU") *(v)*	**4,288**	3,829
Performance share units ("PSU") *(vi), (vii)*	**2,521**	1,873

(i) The aggregate maximum number of common shares that may be reserved for issuance under the Company's Share Incentive Plan is 24.9 million (2016 - 24.9 million).

(ii) Share options outstanding at December 31, 2017 had a weighted average exercise price of C$7.75 (December 31, 2016 - C$7.81). As at December 31, 2017, 1,662,521 share options with a weighted average exercise price of C$8.00 were exercisable (December 31, 2016 - 1,761,821 share options with a weighted exercise price of C$8.50).

(iii) During the year ended December 31, 2017, no share options were granted, and 410,873 share options expired.

(iv) During the year ended December 31, 2017, the Company granted 1,358,562 RSUs with a weighted average grant date fair value of C$4.46 per RSU; a total of 591,373 RSUs vested and the Company credited $2.9 million (2016 - $4.5 million) to share capital in respect of RSUs that vested during the period.

(v) During the year ended December 31, 2017, the Company granted 459,354 DSUs and recorded an expense of C$1.6 million. During the first quarter, the Company entered into a derivative contract to mitigate the volatility of share price on DSU compensation, effectively locking in the exposure of the Company for three million DSUs (approximately 80% of outstanding DSUs) at a value of C$3.5002 per share. For the year ended December 31, 2017, the Company recorded a mark-to-market loss on DSUs of $0.7 million and a mark-to-market gain on the DSU hedge of $1.0 million.

(vi) During the year ended December 31, 2017, 1,224,321 PSU units were granted. This PSU plan has an expiry date on December 2, 2019 and had a fair value of C$4.04 per unit at December 31, 2017.

(vii) The fair value of PSUs granted during the year ended December 31, 2017 was determined using a probability weighted analysis using the Monte Carlo simulation with the following significant assumptions:

Dividend yield (CAD Dollars)	0.61%
Expected volatility *(i)*	57.71%
Risk-free interest rate	2.0464%
Contractual life	3 years

(i) The expected volatility is based on the historical volatility of the Company's shares.

30. NON-CONTROLLING INTEREST

As at December 31,		**2017**	2016
Agua De La Falda S.A. *(i)*	$	**18.7** $	18.7
Brio Gold Inc. *(ii)*		**115.2**	49.1
	$	**133.9** $	67.8

(i) The Company holds a 56.7% interest of Agua De La Falda ("ADLF") project along with Corporación Nacional del Cobre de Chile ("Codelco"). The ADLF project is an exploration project which includes the Jeronimo Deposit and is located in northern Chile.

(ii) The Company held approximately 53.6% of the issued and outstanding shares of Brio Gold as at December 31, 2017 (December 31, 2016 - 85%). For details on the movement in the Company's shareholding during the year refer to *Note 6: Acquisition and Disposition of Mineral Interests and Corporate Transactions* to the Company's Consolidated Financial Statements. Further, in January 2018, Leagold Mining Corporation announced their intent to make an offer to acquire all of the issued and outstanding shares of Brio Gold on or before February 28, 2018. Refer to *Note 36: Subsequent Events* to the Company's Consolidated Financial Statements for further details.

31. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, to ensure the externally imposed capital requirements relating to its long-term debt are being met, and to provide returns to its shareholders. The Company defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents). Refer to *Note 28: Share Capital* and *Note 26: Long-term Debt,* respectively, to the Company's Consolidated Financial Statements, for a quantitative summary of these items.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets. The Company has not made any changes to its policies and processes for managing capital during the year.

The Company has the following externally imposed financial covenants on certain of its debt arrangements:

(a) Tangible net worth of at least $2.3 billion.
(b) Maximum net total debt (debt less cash) to tangible net worth of 0.75.
(c) Leverage ratio (net total debt/EBITDA) to be less than or equal to 3.5:1.

Not meeting these capital requirements could result in a condition of default by the Company. As at December 31, 2017, the Company has met all of the externally imposed financial covenants.

32. OPERATING SEGMENTS

(a) Information about Assets and Liabilities

Property, plant and equipment referred to below consist of land, buildings, equipment, mining properties subject to depletion and mining properties not subject to depletion which include assets under construction and capitalized exploration and evaluation costs.

As at December 31, 2017	Chapada	El Peñón	Canadian Malartic *(i)*	Jacobina	Minera Florida	Gualca-mayo *(ii)*	Corporate and other *(iii)*	Total excluding Brio Gold	Brio Gold	Total
Property, plant and equipment	$ 720.4	$ 753.0	$ 1,265.1	$ 741.9	$ 430.7	$ —	$ 2,841.9	$ 6,753.0	$ 506.7	$ 7,259.7
Goodwill and intangibles	$ —	$ 5.4	$ 403.7	$ —	$ —	$ —	$ 40.4	$ 449.5	$ —	$ 449.5
Non-current assets	$ 732.9	$ 768.6	$ 1,685.5	$ 762.6	$ 432.1	$ —	$ 2,998.2	$ 7,379.9	$ 520.0	$ 7,899.9
Total assets	$ 798.2	$ 828.4	$ 1,869.6	$ 783.3	$ 458.0	$ 232.5	$ 3,214.5	$ 8,184.5	$ 578.8	$ 8,763.3
Total liabilities	$ 318.0	$ 221.5	$ 436.4	$ 162.0	$ 147.8	$ 82.6	$ 2,826.8	$ 4,195.1	$ 120.9	$ 4,316.0

As at December 31, 2016	Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Gualca-mayo	Corporate and other *(iii)*	Total excluding Brio Gold	Brio Gold	Total
Property, plant and equipment	$ 635.9	$ 764.4	$ 1,380.6	$ 737.7	$ 409.0	$ 411.9	$ 2,747.2	$ 7,086.7	$ 479.6	$ 7,566.3
Goodwill and intangibles	$ —	$ 6.8	$ 427.7	$ —	$ —	$ 1.4	$ 45.1	$ 481.0	$ —	$ 481.0
Non-current assets	$ 643.9	$ 775.2	$ 1,867.2	$ 751.8	$ 415.1	$ 412.9	$ 2,884.9	$ 7,751.0	$ 498.3	$ 8,249.3
Total assets	$ 723.1	$ 828.0	$ 1,925.2	$ 779.5	$ 444.9	$ 534.9	$ 3,013.7	$ 8,249.3	$ 552.4	$ 8,801.7
Total liabilities	$ 190.9	$ 200.5	$ 476.2	$ 157.5	$ 134.1	$ 150.4	$ 2,783.6	$ 4,093.2	$ 128.5	$ 4,221.7

(i) As at December 31, 2017, certain of the Company's jointly owned exploration properties of the Canadian Malartic Corporation were classified as assets held for sale and presented separately in the consolidated balance sheet at December 31, 2017 as current assets. Refer to *Note 6: Acquisition and Disposition of Mineral Interests and Corporate Transactions* to the Company's Consolidated Financial Statements.

(ii) As at December 31, 2017, Gualcamayo was reclassified as a disposal group held for sale and all assets and liabilities of Gualcamayo are presented separately in the consolidated balance sheet at December 31, 2017 as current assets and current liabilities respectively. Refer to *Note 6: Acquisition and Disposition of Mineral Interests and Corporate Transactions* to the Company's Consolidated Financial Statements.

(iii) "Corporate and other" includes Agua Rica ($1.1 billion) (2016 - $1.1 billion), other advanced stage development projects, exploration properties and corporate entities.

(b) Information about Profit and Loss

For the year ended December 31, 2017	Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Gualca-mayo	Corporate and other	Total excluding Brio Gold	Brio Gold	Total
Revenue *(ii) (iii)*	**$ 425.4**	**$ 274.0**	**$ 403.1**	**$ 170.8**	**$ 123.1**	**$ 188.6**	**$ —**	**$ 1,585.0**	**$ 218.8**	**$ 1,803.8**
Cost of sales excluding depletion, depreciation and amortization	**(215.3)**	**(165.2)**	**(186.0)**	**(98.6)**	**(79.5)**	**(143.8)**	**—**	**(888.4)**	**(154.0)**	**(1,042.4)**
Gross margin excluding depletion, depreciation and amortization	**$ 210.1**	**$ 108.8**	**$ 217.1**	**$ 72.2**	**$ 43.6**	**$ 44.8**	**$ —**	**$ 696.6**	**$ 64.8**	**$ 761.4**
Depletion, depreciation and amortization	**(38.1)**	**(70.2)**	**(129.4)**	**(44.8)**	**(40.5)**	**(53.7)**	**(7.6)**	**(384.3)**	**(42.5)**	**(426.8)**
Impairment of mining properties	**—**	**—**	**—**	**—**	**—**	**(256.9)**	**—**	**(256.9)**	**—**	**(256.9)**
Segment income/(loss)	**$ 172.0**	**$ 38.6**	**$ 87.7**	**$ 27.4**	**$ 3.1**	**$ (265.8)**	**$ (7.6)**	**$ 55.4**	**$ 22.3**	**$ 77.7**
									Other expenses *(i)*	**(395.7)**
									Loss before taxes $	**(318.0)**
									Income tax recovery	**113.9**
									Loss from continuing operations $	**(204.1)**
									Loss from discontinued operation	**—**
									Net loss $	**(204.1)**

For the year ended December 31, 2016	Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Gualca-mayo	Corporate and other	Total excluding Brio Gold	Brio Gold	Total
Revenue *(ii) (iii)*	$ 317.0	$ 380.8	$ 366.8	$ 145.5	$ 135.5	$ 205.9	$ —	$ 1,551.5	$ 236.2	$ 1,787.7
Cost of sales excluding depletion, depreciation and amortization	(201.5)	(204.1)	(179.0)	(86.8)	(79.2)	(136.0)	—	(886.6)	(142.4)	(1,029.0)
Gross margin excluding depletion, depreciation and amortization	$ 115.5	$ 176.7	$ 187.8	$ 58.7	$ 56.3	$ 69.9	$ —	$ 664.9	$ 93.8	$ 758.7
Depletion, depreciation and amortization	(45.9)	(105.7)	(121.3)	(39.9)	(33.7)	(39.6)	(9.1)	(395.2)	(67.1)	(462.3)
Impairment of mining properties	—	(600.5)	—	—	—	—	—	(600.5)	(110.8)	(711.3)
Segment income/(loss)	$ 69.6	$ (529.5)	$ 66.5	$ 18.8	$ 22.6	$ 30.3	$ (9.1)	$ (330.8)	$ (84.1)	$ (414.9)
									Other expenses *(i)*	(200.8)
									Loss before taxes	$ (615.7)
									Income tax recovery	324.9
									Loss from continuing operations	$ (290.8)
									Loss from discontinued operation	(17.5)
									Net loss	$ (308.3)

(i) Other expenses are comprised of general and administrative expense of $113.6 million (2016 - $100.2 million), exploration and evaluation expense of $21.2 (2016 - $14.9 million), net finance expense of $137.7 million (2016 - $142.2 million), other operating expenses of $23.6 (2016 - $39.7 million) and expenses related to impairment of non-operating mineral properties of $99.6 million (2016 - reversal of $96.2 million). Refer to *Note 11: Impairment and Reversal of Impairment* to the Company's Consolidated Financial Statements for additional details including the amount corresponding to each reportable segment.

(ii) Gross revenues are derived from sales of gold of $1,433.9 million (2016 - $1,473.5 million) and silver of $86.1 million (2016 - $112.7 million) and copper of $283.8 million (2016 - $201.5 million).

(iii) Intersegment sales are eliminated in the above information reported to the Company's CODM. For the year ended December 31, 2017, intersegment purchases included $1,803.8 million of gold, silver and copper purchased by the Company's corporate office from the Company's producing mines (2016 - $1,787.7 million) and revenue related to the sale of these metals to third parties was $1,803.8 million (2016 - $1,787.7 million).

Capital expenditures	Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(i)*	Total excluding Brio Gold	Brio Gold	Total
For the year ended December 31, 2017	**$ 46.7**	**$ 56.3**	**$ 89.4**	**$ 23.6**	**$ 52.6**	**$ 45.1**	**$ 209.6**	**$ 523.3**	**$ 84.2**	**$ 607.5**
For the year ended December 31, 2016	$ 82.6	$ 88.4	$ 60.7	$ 21.8	$ 45.3	$ 46.1	$ 83.3	$ 428.2	$ 67.2	$ 495.4

(i) Balance includes $179.7 million for construction of Cerro Moro (2016 - $63.9 million).

(c) Information about Geographical Areas

Revenue is attributed to regions based on the source location of the product sold.

As at December 31,	**2017**	2016
Canada	**$ 403.1**	$ 366.8
Chile	**397.1**	516.3
Brazil	**815.0**	698.8
Argentina	**188.6**	205.8
Total revenue	**$ 1,803.8**	$ 1,787.7

Non-current assets for this purpose exclude deferred tax assets.

As at December 31,		**2017**		2016
Canada	$	**1,782.5**	$	2,118.7
Chile		**1,716.2**		1,529.1
Brazil		**2,082.9**		1,902.7
Argentina		**2,207.6**		2,549.1
United States		**36.9**		33.0
Total non-current assets	$	**7,826.1**	$	8,132.6

(d) Information about Major Customers

The Company sells its gold, silver and copper through the corporate office to major metal exchange markets or directly to major Canadian financial institutions and to smelters. Given the nature of the Company's product, there are always willing market participants ready to purchase the Company's products at the prevailing market prices.

The following table presents sales to individual customers that exceeded 10% of annual metal sales for the following periods:

For the years ended December 31,		**2017**		2016
Customer *(i)*				
1	$	**384.5**	$	422.3
2		**267.1**		232.5
3		**—**		297.5
4		**262.7**		278.6
5		**229.9**		—
Total sales to customers exceeding 10% of annual metal sales	$	**1,144.2**	$	1,230.9
Percentage of total metal sales		**63.4%**		68.9%

(i) A balance is only included for a customer in each year where total sales to that customer exceeded 10% of annual metal sales in the period.

33. CONTRACTUAL COMMITMENTS

Construction and Service Contracts

As at December 31,		**2017**		2016
Within 1 year	$	**515.3**	$	312.4
Between 1 to 3 years		**501.7**		247.5
Between 3 to 5 years		**150.0**		57.7
After 5 years		**—**		10.4
	$	**1,167.0**	$	628.0

In addition, the Company has arranged irrevocable letters of credit for the amounts of $18.3 million (C$24.6 million) in favor of the Government of Quebec and $0.4 million (C$0.5 million) in favor of the Government of Ontario as a guarantee of payment of the rehabilitation and restoration work relating to the Company's share of mining interest in Canadian Malartic. Such irrevocable letters of credit will be automatically extended for one year periods from the expiration date and future expiration dates thereafter.

Operating Leases

The Company leases office premises under non-cancellable operating leases. The total of future minimum lease payments under non-cancellable operating leases are as follows:

As at December 31,		**2017**	2016
Within 1 year	$	**5.9** $	1.9
Between 1 and 5 years		**14.7**	1.5
After 5 years		**6.1**	—
	$	**26.7** $	3.4

The total operating lease payments that were expensed during the year amounted to $4.0 million (2016 - $4.3 million).

34. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company, but which will be resolved only when one or more future events occur or fail to occur. The impact of any resulting loss from such matters affecting these Consolidated Financial Statements of the Company may be material.

Canadian Malartic

On August 2, 2016, Canadian Malartic General Partnership ("CMGP"), a general partnership jointly owned by the Company and Agnico Eagle Mines Limited (the "Partnership"), was served with a class action lawsuit with respect to allegations involving the Canadian Malartic mine. The complaint is in respect of "neighbourhood annoyances" arising from dust, noise, vibrations and blasts at the mine. The plaintiffs are seeking damages in an unspecified amount as well as punitive damages in the amount of $20 million. The class action was certified in May 2017. In November 2017, a declaratory judgment was issued allowing the Partnership to settle individually with class members for 2017. The plaintiffs have since announced that they intend to file an application for leave to appeal this declaratory judgment. On December 11, 2017, hearings were completed in respect of certain preliminary matters, including the Partnership's application for partial dismissal of the class action. The Company and the Partnership will take all necessary steps to defend themselves from this lawsuit.

On August 15, 2016, the Partnership received notice of an application for injunction relating to the Canadian Malartic mine, which had been filed under the Environment Quality Act (Quebec). A hearing related to an interlocutory injunction was completed on March 17, 2017 and a decision of the Superior Court of Quebec dismissed the injunction. An application for permanent injunction is currently pending. The Company and the Partnership have reviewed the injunction request, consider the request without merit and will take all reasonable steps to defend against this injunction. These measures include a motion for the dismissal of the application for injunction, which has been filed and will be heard at a date to be determined. While at this time the potential impacts of the injunction cannot be definitively determined, the Company expects that if the injunction were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in production.

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree. The Partnership is an impleaded party in the proceedings. The applicant seeks to obtain the annulment of a decree authorizing the expansion of the Canadian Malartic mine. The Company and the Partnership have reviewed the application for judicial review, consider the application without merit and will take all reasonable steps to defend against this application. The hearing on the merits is scheduled to take place in October 2018. While the Company believes it is highly unlikely that the annulment will be granted, the Company expects that if the annulment were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in anticipated future production.

35. RELATED PARTY TRANSACTIONS

(a) Related Parties and Transactions

The Company's related parties include its subsidiaries, a joint venture in which the Company is a joint operator, and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services.

For the years ended December 31, 2017 and 2016, there are no other related party transactions other than those disclosed below.

(b) Compensation of Key Management Personnel

The Company considers key management personnel to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

For the years ended December 31,		**2017**		2016
Senior Leadership Team				
Salaries	**$**	**12.8**	$	6.6
Share-based payments *(i)*		**4.9**		2.5
Other benefits		**2.7**		1.5
	$	**20.4**	$	10.6
Board Directors				
Fees	**$**	**1.6**	$	1.7
Share-based payments		**1.1**		1.0
Other benefits		**—**		—
	$	**2.7**	$	2.7
Other Executives and Officers				
Salaries	**$**	**4.1**	$	3.5
Share-based payments		**1.1**		0.6
Other benefits		**0.7**		0.5
	$	**5.9**	$	4.6
Brio Gold				
Salaries	**$**	**2.1**	$	1.5
Share-based payments		**7.0**		7.0
Other benefits		**—**		0.1
	$	**9.1**	$	8.6
Total				
Salaries	**$**	**20.6**	$	13.3
Share-based payments *(i)*		**14.1**		11.1
Other benefits *(ii)*		**3.4**		2.1
	$	**38.1**	$	26.5

(i) Refer to *Note 29: Share-Based Payments* to the Company's Consolidated Financial Statements for further disclosures on share-based payments. Balances exclude the periodic fair value adjustment (mark-to-market) on the deferred share units.

(ii) Included in other benefits are contributions to defined contribution pension plans.

36. SUBSEQUENT EVENTS

Non-Adjusting Events

(a) Shareholder Supported Take-over Bid for Brio Gold Inc.

In January 2018, Leagold Mining Corporation ("Leagold") announced that it intended to make an offer to acquire all of the issued and outstanding shares of Brio Gold Inc. ("Brio Shares") on or before February 28, 2018 (the "Offer"). Pursuant to the Offer, holders of Brio Shares would receive 0.922 of a share of Leagold for each Brio Share held. Based on the share exchange ratio to be provided under the Offer, the Company would receive 58,115,953 shares of Leagold, representing approximately 22% ownership in the combined entity. The Company entered into a support agreement endorsing a transaction with Leagold. Pursuant to the agreement, the Company agreed to tender all of its Brio Shares and to hold the Leagold shares it receives pursuant to the Offer for a minimum period of 12 months, subject to certain exceptions.

(b) Copper Advanced Sales Program

The Company entered into a copper advanced sales program pursuant to which the Company received $125.0 million on January 12, 2018 in exchange for approximately 40.3 million pounds of copper to be delivered in the second half of 2018 and first half of 2019. This production represents approximately one third of planned production in the period of the program or approximately 16 per cent of the total production for 2018 and 2019. Copper is expected to be delivered against these prepaid volumes coincident with planned shipments of concentrate from the Chapada mine. The cash consideration will be treated as deferred revenue to be amortized, and the revenue recognized, over the second half of 2018 and first half of 2019 when the physical deliveries of copper occur under the prepaid sales. The cash consideration will be included in operating cash flow for the first quarter of 2018.

(c) Refinancing of Debt - Redemption of 2019 Notes

During the fourth quarter of 2017, the Company completed an offering of $300 million of 4.625% senior notes due December 2027. With these funds, on January 29, 2018, the Company redeemed $181.5 million of 6.97% senior notes due December 2019 at a make-whole price of 108.12. These items have extended the tenor of the Company's fixed term debt profile at lower average interest rates and improved financial flexibility. During the first and second quarter of 2018, the Company has senior notes maturities of $73.6 million and $35.0 million, respectively, that will be retired as they come due. Following the 2018 maturities, the Company's next scheduled maturity of fixed rate debt of $84 million is not until March 2020.

37. GUARANTOR SUBSIDIARIES ANNUAL FINANCIAL STATEMENTS

The obligations of the Company under the senior debt notes and revolver facility are guaranteed by the following 100% owned subsidiaries of the Company (the ''guarantor subsidiaries''): Mineração Maracá Industria e Comércio S.A., Jacobina Mineração e Comércio Ltda., Minera Meridian Limitada, Minera Florida Limitada, Yamana Chile Rentista de Capitales Mobiliarios Limitada, Yamana Argentina Holdings B.V., and Yamana Malartic Canada Inc. All guarantees by the guarantor subsidiaries are joint and several, and full and unconditional, subject to certain customary release provisions contained in the indenture (as supplemented) governing the senior debt notes. Based on the domestic regulations of jurisdictions of the subsidiaries, collection of funds in the form of dividend or loan payments would be subject to customary repatriation restrictions.

The following tables outline separate condensed financial information related to the issuer, and the guarantor and non-guarantor subsidiaries and as set out in the Consolidated Balance Sheets as at December 31, 2017 and December 31, 2016 and the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows for the years ended December 31, 2017 and December 31, 2016. For the purposes of this information, the financial information of the Company and the guarantor subsidiaries reflect investments in subsidiary companies on an equity accounting basis and are in compliance with Rule 3-10 of Regulation S-X. As provided for under Rule 3-10 of Regulation S-X the Company's basis is "pushed down" to the applicable subsidiary columns.

CONDENSED CONSOLIDATED BALANCE SHEETS

As at December 31, 2017	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 98.2	$ 24.9	$ 25.8	$ —	$ 148.9
Trade and other receivables	24.4	10.2	4.0	—	38.6
Inventories	11.8	109.0	42.7	—	163.5
Other financial assets	2.6	(0.5)	11.1	—	13.2
Other assets	3.1	89.1	27.2	—	119.4
Assets held for sale	—	123.2	232.6	—	355.8
Intercompany receivables	—	125.9	19.1	(145.0)	—
	$ 140.1	**$ 481.8**	**$ 362.5**	**$ (145.0)**	**$ 839.4**
Non-current assets:					
Property, plant and equipment	24.4	3,556.5	3,678.8	—	7,259.7
Investment in associates	4,554.3	177.1	—	(4,731.4)	—
Other financial assets	17.3	4.7	4.1	—	26.1
Deferred tax assets	73.0	14.7	10.1	—	97.8
Goodwill and intangibles	34.8	409.1	5.6	—	449.5
Other assets	—	44.5	46.3	—	90.8
Intercompany receivables	1,486.4			(1,486.4)	—
Total assets	**$ 6,330.3**	**$ 4,688.4**	**$ 4,107.4**	**$ (6,362.8)**	**$ 8,763.3**
Liabilities					
Current liabilities:					
Trade and other payables	$ 49.7	$ 191.5	$ 104.2	$ —	$ 345.4
Income taxes payable	—	87.0	4.8	—	91.8
Other financial liabilities	121.4	56.8	24.9	—	203.1
Other provisions and liabilities	1.0	11.6	44.1	—	56.7
Liabilities held for sale	—	1.1	82.6	—	83.7
Intercompany payables	145.1	7.5	185.2	(337.8)	—
	$ 317.2	**$ 355.5**	**$ 445.8**	**$ (337.8)**	**$ 780.7**
Non-current liabilities:					
Long-term debt	1,673.2	1.9	72.6	—	1,747.7
Decommissioning, restoration and similar liabilities	—	185.9	72.3	—	258.2
Deferred tax liabilities	5.5	553.8	587.8	—	1,147.1
Other financial liabilities	21.0	38.7	26.0	—	85.7
Other provisions and liabilities	—	70.4	226.2	—	296.6
Intercompany payables	—	115.6	1,370.8	(1,486.4)	—
Total liabilities	**$ 2,016.9**	**$ 1,321.8**	**$ 2,801.5**	**$ (1,824.2)**	**$ 4,316.0**
Equity					
Equity attributable to Yamana Gold Inc. shareholders	$ 4,313.4	$ 3,366.6	$ 1,287.2	$ (4,653.8)	$ 4,313.4
Non-controlling interest	—	—	18.7	115.2	133.9
Total equity	**$ 4,313.4**	**$ 3,366.6**	**$ 1,305.9**	**$ (4,538.6)**	**$ 4,447.3**
Total liabilities and equity	**$ 6,330.3**	**$ 4,688.4**	**$ 4,107.4**	**$ (6,362.8)**	**$ 8,763.3**

As at December 31, 2016	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 35.1	$ 29.5	$ 32.8	$ —	$ 97.4
Trade and other receivables	31.7	3.0	1.9	—	36.6
Inventories	10.5	125.0	118.6	—	254.1
Other financial assets	4.5	5.0	4.9	—	14.4
Other assets	3.9	85.1	60.9	—	149.9
Assets held for sale	—	—	—	—	—
Intercompany receivables	(14.7)	152.1	18.6	(156.0)	—
	$ 71.0	**$ 399.7**	**$ 237.7**	**$ (156.0)**	**$ 552.4**
Non-current assets:					
Property, plant and equipment	23.1	3,572.5	3,970.7	—	7,566.3
Investment in associates	4,800.7	203.6	—	(5,004.3)	—
Other financial assets	29.5	3.3	3.3	—	36.1
Deferred tax assets	45.5	50.0	21.2	—	116.7
Goodwill and intangibles	38.0	434.4	8.6	—	481.0
Other assets	—	39.5	9.7	—	49.2
Intercompany receivables	1,318.9	—	—	(1,318.9)	—
Total assets	**$ 6,326.7**	**$ 4,703.0**	**$ 4,251.2**	**$ (6,479.2)**	**$ 8,801.7**
Liabilities					
Current liabilities:					
Trade and other payables	$ 42.4	$ 176.1	$ 121.5	$ —	$ 340.0
Income taxes payable	—	—	4.8	—	4.8
Other financial liabilities	—	71.4	3.1	—	74.5
Other provisions and liabilities	—	12.6	43.2	—	55.8
Liabilities held for sale	—	—	—	—	—
Intercompany payables	170.7	20.8	72.0	(263.5)	—
	$ 213.1	**$ 280.9**	**$ 244.6**	**$ (263.5)**	**$ 475.1**
Non-current liabilities:					
Long-term debt	1,572.2	1.6	—	—	1,573.8
Decommissioning, restoration and similar liabilities	—	123.8	98.4	—	222.2
Deferred tax liabilities	12.3	579.8	919.3	—	1,511.4
Other financial liabilities	16.9	52.5	7.5	—	76.9
Other provisions and liabilities	—	54.1	308.2	—	362.3
Intercompany payables	—	104.9	1,214.0	(1,318.9)	—
Total liabilities	**$ 1,814.5**	**$ 1,197.6**	**$ 2,792.0**	**$ (1,582.4)**	**$ 4,221.7**
Equity					
Equity attributable to Yamana Gold Inc. shareholders	$ 4,512.2	$ 3,505.4	$ 1,440.5	$ (4,945.9)	$ 4,512.2
Non-controlling interest	—	—	18.7	49.1	67.8
Total equity	**$ 4,512.2**	**$ 3,505.4**	**$ 1,459.2**	**$ (4,896.8)**	**$ 4,580.0**
Total liabilities and equity	**$ 6,326.7**	**$ 4,703.0**	**$ 4,251.2**	**$ (6,479.2)**	**$ 8,801.7**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2017	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Revenue	$ 1,555.6	$ 1,780.6	$ 403.0	$ (1,935.4)	$ 1,803.8
Cost of sales excluding depletion, depreciation and amortization	(1,536.5)	(1,141.1)	(294.0)	1,929.2	(1,042.4)
Gross margin excluding depletion, depreciation and amortization	**$ 19.1**	**$ 639.5**	**$ 109.0**	**$ (6.2)**	**$ 761.4**
Depletion, depreciation and amortization	(6.5)	(322.7)	(97.6)	—	(426.8)
Impairment of mining properties	—	—	(256.9)	—	(256.9)
Mine operating earnings/(loss)	**12.6**	**316.8**	**(245.5)**	**(6.2)**	**77.7**
Expenses *(i)*					
General and administrative	(50.9)	(9.8)	(52.9)	—	(113.6)
Exploration and evaluation	(0.9)	(10.1)	(10.2)	—	(21.2)
Equity (loss)/income from associates	(176.6)	(26.5)	—	203.1	—
Other expenses	(4.4)	(15.9)	(3.3)	—	(23.6)
Reversal/(Impairment) of non-operating mining properties	—	—	(99.6)	—	(99.6)
Operating (loss)/income	**(220.2)**	**254.5**	**(411.5)**	**196.9**	**(180.3)**
Finance income *(i)*	123.8	75.0	201.7	(397.1)	3.4
Finance expense	(137.1)	(205.2)	(203.1)	404.3	(141.1)
Net finance income (expense)	**(13.3)**	**(130.2)**	**(1.4)**	**7.2**	**(137.7)**
(Loss)/income before taxes	**(233.5)**	**124.3**	**(412.9)**	**204.1**	**(318.0)**
Income tax recovery from continuing operations	29.3	(214.3)	298.9	—	113.9
Net loss from continuing operations	**(204.2)**	**(90.0)**	**(114.0)**	**204.1**	**(204.1)**
Net loss from discontinued operations	—	—	—	—	—
Net loss	**$ (204.2)**	**$ (90.0)**	**$ (114.0)**	**$ 204.1**	**$ (204.1)**
Attributable to:					
Yamana Gold Inc. equityholders	**(204.2)**	**(90.0)**	**(104.3)**	**204.1**	**(194.4)**
Non-controlling interests			**(9.7)**		**(9.7)**
Net loss	**(204.2)**	**(90.0)**	**(114.0)**	**204.1**	**(204.1)**
Total other comprehensive income	**$ 5.6**	**$ —**	**$ 7.1**	**$ —**	**$ 12.7**
Total comprehensive loss	**$ (198.6)**	**$ (90.0)**	**$ (106.9)**	**$ 204.1**	**$ (191.4)**

For the year ended December 31, 2016		Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Revenue	$	1,845.9 $	1,653.6 $	435.0 $	(2,146.8) $	1,787.7
Cost of sales excluding depletion, depreciation and amortization		(1,786.9)	(1,108.0)	(279.8)	2,145.7	(1,029.0)
Gross margin excluding depletion, depreciation and amortization		**59.0**	**545.6**	**155.2**	**(1.1)**	**758.7**
Depletion, depreciation and amortization		(7.3)	(347.0)	(108.0)	—	(462.3)
Impairment of mining properties		**—**	(600.5)	(110.8)	—	(711.3)
Mine operating earnings/(loss)		**51.7**	**(401.9)**	**(63.6)**	**(1.1)**	**(414.9)**
Expenses *(i)*						
General and administrative		(48.6)	(20.5)	(31.1)	—	(100.2)
Exploration and evaluation		(0.6)	(8.7)	(5.6)	—	(14.9)
Equity (loss)/income from associates		(366.6)	65.6	—	301.0	—
Other expenses		5.6	(15.7)	(29.6)	—	(39.7)
Reversal/(Impairment) of non-operating mining properties		—	—	96.2	—	96.2
Operating (loss)/income		**(358.5)**	**(381.2)**	**(33.7)**	**299.9**	**(473.5)**
Finance income *(i)*		130.9	85.3	208.8	(423.4)	1.6
Finance expense		(97.7)	(258.5)	(217.2)	429.6	(143.8)
Net finance income (expense)		**33.2**	**(173.2)**	**(8.4)**	**6.2**	**(142.2)**
(Loss)/income before taxes		**(325.3)**	**(554.4)**	**(42.1)**	**306.1**	**(615.7)**
Income tax recovery from continuing operations		17.0	284.7	23.2	—	324.9
Net loss from continuing operations		**(308.3)**	**(269.7)**	**(18.9)**	**306.1**	**(290.8)**
Net loss from discontinued operations		**—**	**(11.6)**	**(5.9)**	**—**	**(17.5)**
Net loss	**$**	**(308.3) $**	**(281.3) $**	**(24.8) $**	**306.1 $**	**(308.3)**
Attributable to:						
Yamana Gold Inc. equityholders		**(308.3)**	**(281.3)**	**(24.4)**	**306.1**	**(307.9)**
Non-controlling interests		**—**	**—**	**(0.4)**	**—**	**(0.4)**
Net loss		**(308.3)**	**(281.3)**	**(24.8)**	**306.1**	**(308.3)**
Total other comprehensive loss	**$**	**(4.3) $**	**— $**	**— $**	**— $**	**(4.3)**
Total comprehensive loss	**$**	**(312.6) $**	**(281.3) $**	**(24.8) $**	**306.1 $**	**(312.6)**

(i) Balances are net of intercompany movements in the respective classifications which are eliminated on consolidation.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2017		Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Operating activities						
Loss before taxes	$	(233.5)$	124.3 $	(412.9)$	204.1	(318.0)
Adjustments to reconcile earnings before taxes to net operating cash flows:						
Depletion, depreciation and amortization		6.5	322.7	97.6	-	426.8
Share-based payments		7.2	—	5.4	—	12.6
Equity loss/(income) from associate		176.6	26.5	—	(203.1)	—
Finance income		(123.8)	(75.0)	(201.7)	397.1	(3.4)
Finance expense		137.1	205.2	203.1	(404.3)	141.1
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices		(4.0)	—	—	—	(4.0)
Mark-to-market on investments and other assets		2.5	—	—	—	2.5
Impairment of mineral properties		—	—	356.5	—	356.5
Amortization of deferred revenue on metal purchase agreements		—	(8.6)	—	—	(8.6)
Other non-cash (recoveries)/expenses		—	16.3	(24.1)	—	(7.8)
Advanced payments received on metal purchase agreements		6.6	—	—	—	6.6
Decommissioning, restoration and similar liabilities paid		—	(3.7)	(0.9)	—	(4.6)
Other cash payments		—	—	(6.0)	—	(6.0)
Cash flows from/(used in) operating activities before income taxes paid and net change in working capital	**$**	**(24.8)$**	**607.7 $**	**17.0 $**	**(6.2)$**	**593.7**
Income taxes paid		—	(18.9)	(0.1)	—	(19.0)
Payments made related to the Brazilian tax matters		—	(76.7)	—	—	(76.7)
Cash flows from/(used in) operating activities before net change in working capital	**$**	**(24.8)$**	**512.1 $**	**16.9 $**	**(6.2)$**	**498.0**
Net change in working capital		7.6	(48.1)	(2.0)	28.5	(14.0)
Intercompany movement in operations		(66.6)	12.8	138.9	(85.1)	—
Cash flows from/(used in) operating activities of continuing operations	**$**	**(83.8)$**	**476.8 $**	**153.8 $**	**(62.8)$**	**484.0**
Cash flows from/(used in) operating activities of discontinued operations	**$**	**— $**	**— $**	**— $**	**— $**	**—**
Investing activities						
Acquisition of property, plant and equipment	$	(2.4)$	(306.0)$	(299.4)$	(36.0)$	(643.8)
Proceeds from sale of Mexican operations		—	—	—	—	—
Acquisition of Mineração Riacho dos Machados Ltda, net of cash acquired		—	—	—	—	—
Proceeds on disposal of investments and other assets		17.5	—	—	—	17.5
Cash used in other investing activities		—	(17.9)	—	—	(17.9)
Cash flows from/(used in) investing activities of continuing operations	**$**	**15.1 $**	**(323.9)$**	**(299.4)$**	**(36.0)$**	**(644.2)**
Cash flows from/(used in) investing activities of discontinued operations	**$**	**— $**	**— $**	**— $**	**— $**	**—**
Financing activities						
Dividends paid	$	(18.9)$	— $	— $	— $	(18.9)
Interest and other finance expenses paid		(103.8)	—	—	—	(103.8)

Proceeds from Brio Gold Inc. private placement and rights offering	71.5	—	—	—	71.5
Repayment of term loan and notes payable	(460.9)	—		—	(460.9)
Proceeds from term loan and notes payable	655.0	—	75.0	—	730.0
Proceeds/(repayments) of intercompany financing activities	(11.2)	(150.9)	63.3	98.8	—
Cash flows from/(used in) financing activities of continuing operations	**$ 131.7**	**$ (150.9)**	**$ 138.3**	**$ 98.8**	**$ 217.9**
Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents	0.1	(6.6)	6.6	—	0.1
Increase/(Decrease) in cash and cash equivalents of continuing operations	$ 63.1	$ (4.6)	$ (0.7)	$ —	$ 57.8
Increase/(Decrease) in cash and cash equivalents of discontinued operations	$ —	$ —	$ —	$ —	$ —
Cash and cash equivalents of continuing operations, beginning of year	$ 35.1	$ 29.5	$ 32.8	$ —	$ 97.4
Cash and cash equivalents of discontinued operations, beginning of year	$ —	$ —	$ —	$ —	$ —
Cash and cash equivalents reclassified as held for sale	$ —	$ —	$ (6.3)	$ —	$ (6.3)
Cash and cash equivalents of continuing operations, end of year	**$ 98.2**	**$ 24.9**	**$ 25.8**	**$ —**	**$ 148.9**
Cash and cash equivalents of discontinued operations, end of year	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

For the year ended December 31, 2016	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Operating activities					
Loss before taxes	$ (325.3)	$ (554.4)	$ (42.1)	$ 306.1	(615.7)
Adjustments to reconcile earnings before taxes to net operating cash flows:					
Depletion, depreciation and amortization	7.3	347.0	108.0	—	462.3
Share-based payments	7.2	—	7.0	—	14.2
Equity loss/(income) from associate	366.6	(65.6)	—	(301.0)	—
Finance income	(130.9)	(85.3)	(208.8)	423.4	(1.6)
Finance expense	97.7	258.5	217.2	(429.6)	143.8
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices	(9.3)	0.2	—	—	(9.1)
Mark-to-market on investments and other assets	(16.1)	0.1	11.7		(4.3)
Impairment of mineral properties	—	600.5	14.6	—	615.1
Amortization of deferred revenue on metal purchase agreements	—	—	(6.8)	—	(6.8)
Other non-cash (recoveries)/expenses	—	24.7	12.0	—	36.7
Advanced payments received on metal purchase agreements	—	—	64.0	—	64.0
Decommissioning, restoration and similar liabilities paid	—	(6.3)	(1.8)	—	(8.1)
Other cash payments	—	—	—	—	—
Cash flows from/(used in) operating activities before income taxes paid and net change in working capital	**$ (2.8)**	**$ 519.4**	**$ 175.0**	**$ (1.1)**	**$ 690.5**
Income taxes paid	—	(59.3)	(4.6)	—	(63.9)
Payments made related to the Brazilian tax matters	—	—	—	—	—
Cash flows from/(used in) operating activities before net change in working capital	**$ (2.8)**	**$ 460.1**	**$ 170.4**	**$ (1.1)**	**$ 626.6**
Net change in working capital	(20.2)	2.6	25.0	17.9	25.3
Intercompany movement in operations	(99.5)	115.2	(68.3)	52.6	—
Cash flows from/(used in) operating activities of continuing operations	**$ (122.5)**	**$ 577.9**	**$ 127.1**	**$ 69.4**	**$ 651.9**
Cash flows from/(used in) operating activities of discontinued operations	**$ —**	**$ 12.9**	**$ —**	**$ —**	**$ 12.9**
Investing activities					
Acquisition of property, plant and equipment	$ (3.4)	$ (277.9)	$ (214.1)	$ —	$ (495.4)
Proceeds from sale of Mexican operations	124.0	—	—	—	124.0
Acquisition of Mineração Riacho dos Machados Ltda, net of cash acquired	—	—	(50.2)	—	(50.2)
Proceeds on disposal of investments and other assets	33.6	—	—	—	33.6
Cash used in other investing activities	(9.1)	(10.6)			(19.7)
Cash flows from/(used in) investing activities of continuing operations	**$ 145.1**	**$ (288.5)**	**$ (264.3)**	**$ —**	**$ (407.7)**
Cash flows from/(used in) investing activities of discontinued operations	**$ —**	**$ (12.9)**	**$ —**	**$ —**	**$ (12.9)**
Financing activities					
Dividends paid	$ (28.0)	$ —	$ —	$ —	$ (28.0)
Interest and other finance expenses paid	(96.2)	—	—	—	(96.2)
Proceeds from Brio Gold Inc. private placement and rights offering	40.7	—	—	—	40.7
Repayment of term loan and notes payable	(462.6)	(21.9)	—	—	(484.5)

Proceeds from term loan and notes payable		300.5	—	—	—	300.5
Proceeds/(repayments) of intercompany financing activities		194.7	(271.8)	146.5	(69.4)	—
Cash flows from/(used in) financing activities of continuing operations	**$**	**(50.9) $**	**(293.7) $**	**146.5 $**	**(69.4) $**	**(267.5)**
Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents		(2.5)	5.8	(2.5)	—	0.8
Increase/(Decrease) in cash and cash equivalents of continuing operations	$	(30.8) $	1.5 $	6.8 $	— $	(22.5)
Increase/(Decrease) in cash and cash equivalents of discontinued operations	$	— $	— $	— $	— $	—
Cash and cash equivalents of continuing operations, beginning of year	$	65.9 $	28.0 $	26.0 $	— $	119.9
Cash and cash equivalents of discontinued operations, beginning of year	$	— $	— $	— $	— $	—
Cash and cash equivalents reclassified as held for sale	$	— $	— $	— $	— $	—
Cash and cash equivalents of continuing operations, end of year	**$**	**35.1 $**	**29.5 $**	**32.8 $**	**— $**	**97.4**
Cash and cash equivalents of discontinued operations, end of year	**$**	**— $**	**— $**	**— $**	**— $**	**—**

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CORPORATE GOVERNANCE & COMMITTEES OF THE BOARD

Corporate Governance

Yamana and the board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that Yamana's business and affairs are effectively managed so as to enhance shareholder value.

The Company's corporate governance practices have been designed to be in compliance with applicable Canadian and United States legal requirements and best practices. The Company continues to monitor developments in Canada and the United States, with a view to keeping its governance policies and practices current.

Although, as a regulatory matter, the majority of the corporate governance listing standards of the New York Stock Exchange are not applicable to the Company, Yamana has corporate governance practices that comply with such standards.

Code of Conduct

The board has adopted a Code of Conduct (the "Code") for its directors, officers, employees and any third party acting on our behalf or representing Yamana such as contractors, agents and consultants. The board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations in all jurisdictions in which the Company conducts business; providing guidance to directors, officers, employees and third parties to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

Yamana has established a toll-free compliance call line and website to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal controls over financial reporting or other auditing matters.

Committees of the Board

The board has the following four standing committees:

Audit Committee

The Audit Committee provides assistance to the board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors of the Company report directly to the Audit Committee.

Compensation Committee

The Compensation Committee, which is composed entirely of independent directors, among other things may determine appropriate compensation for the Company's directors and senior officers. The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company's overall compensation and benefits philosophies.

Corporate Governance and Nominating Committee

This committee is responsible for conducting an annual review of the board's relationship with management to ensure the board is able to, and in fact does, function independently of management; develops and recommends to the board for approval a long-term plan for board composition that takes into consideration the independence of directors, competencies and skills of the board as a whole; reviews retirement dates and the appropriate size of the board with a view to facilitating effective decision making and the strategic direction of the Company; and develops and implements a process to handle any director nominees who are recommended by security holders.

Sustainability Committee

The board also has a Sustainability Committee to assist in oversight of sustainability, environmental, health and safety matters, including monitoring the implementation and management of the Company's policies, procedures and practices relating to sustainability, environmental, health and safety matters.

To view Yamana's board and committee charters, code of conduct, corporate governance practices as well as how they compare to the NYSE standards, please visit www.yamana.com/Governance. More information can also be found in Yamana's Management Information Circular.

CORPORATE INFORMATION

Senior Management

Peter Marrone
Chairman and Chief Executive Officer

Jason LeBlanc
Senior Vice President,
Finance and Chief Financial Officer

Daniel Racine
Executive Vice President and
Chief Operating Officer

Greg McKnight
Executive Vice President,
Business Development

Yohann Bouchard
Senior Vice President, Operations

Richard Campbell
Senior Vice President,
Human Resources

Anthony Cina
Senior Vice President,
Business Administration

Gerardo Fernandez
Senior Vice President, Operations

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainable Development

Henry Marsden
Senior Vice President, Exploration

Barry Murphy
Senior Vice President,
Technical Services

Steve Parsons
Senior Vice President,
Investor Relations and Corporate Communications

Sofia Tsakos
Senior Vice President,
General Counsel and Corporate Secretary

SHAREHOLDER INFORMATION

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUY

Capitalization *(as at December 31, 2017)*

Common Shares (basic): 948.5 million
Restricted Share Units: 1.5 million
Options: 1.8 million
Common Shares (fully diluted): 951.8 million

2017 Common Share Trading Information

Stock Exchange	Ticker	Closing price	High	Low	Average Daily Volume
TSX	YRI-T	C$3.92	C$4.75	C$2.88	4,127,931
NYSE	AUY	US$3.12	US$3.62	US$2.23	10,998,416

Dividends

Yamana currently pays a quarterly dividend of US $0.005 per share

2017 Dividend Schedule		Anticipated 2018 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 31, 2017	April 13, 2017	March 29, 2018	April 13, 2018
June 30, 2017	July 14, 2017	June 29, 2018	July 13, 2018
September 29, 2017	October 13, 2017	September 28, 2018	October 12, 2018
December 29, 2017	January 12, 2018	December 28, 2018	January 11, 2019

Electronic Delivery of Shareholder Documents

If you would like to receive your shareholder and financial documents electronically, please enroll in Yamana's electronic delivery program through AST Trust Company (Canada) at https://ca.astfinancial.com/edelivery

Transfer Agent

For information regarding shareholdings, dividends, certificates, change of address, electronic delivery, or exchange of share certificates due to an acquisition please contact:

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, QC
H3B 3K3
1-800-387-0825 (toll free in North America)
416-682-3860 (outside North America)
Email: inquiries@astfinancial.com
www.astfinancial.com/ca-en

Investor Contact

For additional financial information, industry developments, latest news and corporate updates:

Phone: 416-815-0220
Email: investor@yamana.com
Website: www.yamana.com

Auditors

Deloitte LLP

Legal Counsel

Cassels, Brock & Blackwell LLP
Paul, Weiss, Rifkind, Wharton & Garrison LLP

Executive Office

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Toronto, Ontario
M5J 2J3
Phone: 416-815-0220
Fax: 416-815-0021

Annual General Meeting

Thursday, May 3, 2018
11:00 a.m. Eastern DST

Design Exchange
234 Bay Street
Toronto Dominion Centre
Toronto, Ontario, Canada

Design: Ove Brand | Design

Typesetting & Pre-Press Production: Mary Acsai

Printing: Merrill Corporation Canada

Portrait Photography: Zanetti Photography

Printed in Canada

YAMANAGOLD

www.yamana.com