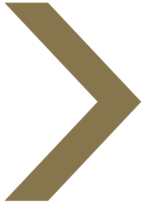
THE BEGINNING OF WHAT'S NEXT

YAMANAGOLD | 15 YEARS



With an upgraded Americas focused portfolio and with the right management team in place, we are well-positioned for the beginning of what's next.

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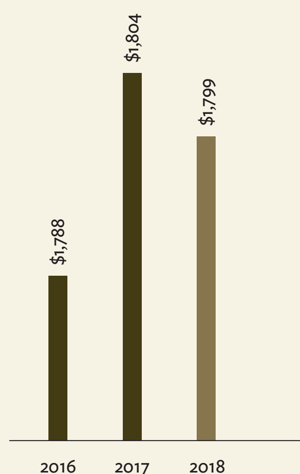
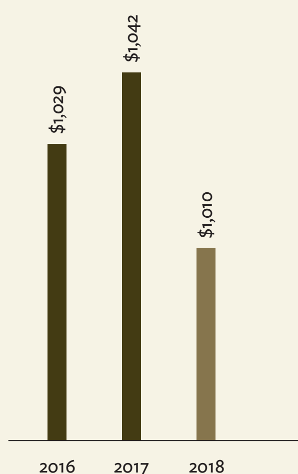
Financial and Operational Highlights

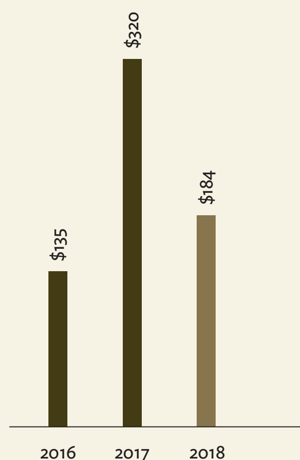
Revenue
(in millions of US dollars)



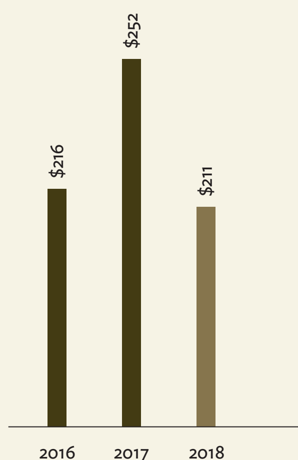
Cost of Sales
(in millions of US dollars)



Expansionary Capital Spending
(in millions of US dollars)



Net Free Cash Flow
(in millions of US dollars)



* A non-GAAP measure.
A reconciliation of the IFRS measure to this non-GAAP measure can be found at www.yamana.com/Q42018

941M oz Gold

Exceeded 2018 guidance for gold

8.02M oz Silver

Exceeded 2018 revised guidance for silver

129M lbs Copper

Exceeded 2018 guidance for copper

Executive Chairman Message

The strategy behind the performance

On July 31, 2003, Yamana Gold was founded. Earlier stage Brazilian mining assets became the foundation of the Company as it was taken public in that year. Fifteen years later, our mission remains the same – to mine precious metals profitably and responsibly. Our vision has not changed – to be a dominant intermediate sized company operating in the Americas. Our commitment to health, safety, environmental sensitivity and working with communities remains steadfast. Our success over the past years, including last year, is due to Yamana's relentless focus on that mission, vision and commitment. The Company established strategic priorities, and by all measures, has made excellent progress against them.

PETER MARRONE

Executive Chairman

Achievements

By many measures, 2018 was a successful year for Yamana Gold. Here are some of the highlights from the year:

- **20% improvement** in Total Recordable Injury Frequency Rate from 2017. A number of our mines demonstrated the possibility of achieving Yamana's goal of "One Team, One Goal: Zero" vision for sustainability, which reflects the Company's commitment to zero harm to employees, the environment, and communities near mine operations.
- **Strong operational performance** exceeding the increased production guidance of 920,000 ounces of gold set in October. Gold production for Yamana Mines increased by 14% in 2018.
- **Record gold production** from Canadian Malartic and Jacobina and gold production above expectations from Chapada and El Peñón.
- **Exceeded guidance** for copper by 3% which was revised higher in October and exceeded guidance for silver by 6% which had been revised lower.
- **Delivered production** at all-in sustaining costs that were lower than the guided cost ranges for gold and silver.
- **Built our newest mine** Cerro Moro on time and on budget.
- In its first six months of production **Cerro Moro exceeded production guidance** for gold and silver at costs lower than the guided ranges.
- **Completed and advanced** certain strategic initiatives of the Company including the sale of the jointly-owned CMC exploration properties, the sales of the Gualcamayo mine in Argentina to Mineros S.A., an option agreement on La Pepa gold project in Chile, and further evaluations relating to the various development scenarios for Agua Rica.
- **Completed business combination** between Leagold Mining Corporation and Brio Gold Inc., resulting in the Company's 20.5% ownership interest in Leagold with warrants offering upside potential from the combined synergies and strong production platform.
- **Successfully increased gold mineral reserves** to replace 2018 mineral depletion, excluding assets that were disposed of in 2018. Measured and indicated mineral resources and inferred mineral resources for gold increased by 5% and 7% respectively.
- **Awarded the** "Argentinian Mining Company of the Year" by the industry magazine Panorama Minero at the 3rd International Seminar of Metals and Mining.
- **Signed an Exploration Agreement** with Red Sucker Lake First Nations in relation to the Monument Bay exploration site in Northern Manitoba. This is an important step allowing the Company to solidify a strategic collaboration with this community, as it continues to advance the project.
- **Enhanced management structure** and bench strength of the management team, including the appointment of Daniel Racine to President and CEO and Peter Marrone to Executive Chairman. These changes will ensure both operational excellence and long-term strategic focus.
- Celebrated the very significant milestone of **Yamana Gold's 15th Year Anniversary.**

Executive Chairman Message cont.

As part of our multi-year strategy, we concentrated on improving management, board, governance and mine plans, making our operations more efficient while providing scope for production increases.

The success of 2018 and the momentum carried into 2019 are the by-product of years of improvements designed to position the Company for success into the future – this is our vision for the next 15 years.

In 2018, the Company identified its strategic priorities and executed against them. Our first priority was to continue to enhance the Company's management structure. We continued to centralize our senior management team at Yamana's head office and to ensure that reporting from mine sites was directly to corporate office. This structure has improved communication and efficiency, and provides senior management with a direct line of sight into our operations and projects. Enhancing the efficacy of the structural changes has been a marked upgrade to the bench strength of the management team, from mine to corporate office. These changes have brought diversity in approach from a management team with experience across a range of mine types and jurisdictions and the skillsets that support the Company's pursuit of operational excellence. We have removed bureaucracy and created efficiency.

The Company also upgraded and right-sized its portfolio of assets. Core mines contributed more to overall performance, and management focused on the assets and opportunities that can deliver the most value for the Company. Certain assets, like El Peñón, were right-sized to deliver sustainable and predictable performance, while Jacobina, for example, was repositioned and delivered a marked increase in production and mine profitability. Certain non-core assets were divested or placed under stewardship of other companies intent on focusing on them, while we remain a significant stakeholder. The sale of Gualcamayo, by end of year, reflects the Company's strategy to focus on operations and projects where there is greater certainty on production, costs, mine life and capital requirements.

The successful completion of Cerro Moro was another priority last year. The project was completed on time and on budget, benefitting from the aforementioned management improvements and management oversight. In that context, we changed the way we undertook project development activities by focusing on enhanced detailed engineering before heavy capital deployment. Cerro Moro is already a strong contributor to overall performance and production ramp up in the coming year will further support the Company's other strategic objectives.

> "Our strategy to carry the Company into the future is centred on five key areas of focus: enhancements to our management construct, changes to the structure and make-up of the board and management teams, upgrading and right-sizing our portfolio, successful project delivery and, ultimately, realizing improvements to our balance sheet."

Another strategic imperative undertaken by the Company was to continue to improve the effectiveness of our board of directors to better provide stewardship and strategic direction. The efforts to refresh our board have been aimed at improving the diversity of perspectives to ensure we have the skills and expertise to provide effective oversight. Five of our current ten independent directors joined since 2014. Gender equality and diversity has been a part of our larger focus in ensuring a diverse range of perspectives are represented by our directors. Four of our ten independent directors are women, in line with the goal of having female directors make up at least 40 per cent of the board.

As a result of the successful execution against these strategies, the Company also made meaningful improvements to its balance sheet. Yamana has reduced net debt by $209 million since 2014 while also building Cerro Moro. Imagine, we experienced that level of balance sheet improvement while we were pursuing a development plan for a major asset. It is expected that the Company will see higher cash flow and free cash flow generation moving forward.

These adjustments have been significant, and have taken time to coalesce. The results in 2017 showed the early benefits, while 2018 results at our mines and the execution at our projects, notably Cerro Moro, have served to underline the success of the program.

Yamana is focused on continuing as a sustainable mining company. To achieve that sustainability, we apply rigorous Environmental, Social, and Governance (ESG) analysis in our decision-making. In addition to enhancements to our governance structure, other ESG and health and safety initiatives demonstrate our commitment to responsible operations.

In 2018, great progress was made at all sites in the area of health and safety. The Company met its 2018 target in reporting and closing out on High Potential Incidents (HPIs). Excellent progress was made on the implementation of the Fatal Risk Protocols. The overall Total Recordable Injury Rate (TRIR) decreased by 20 per cent. Unfortunately, despite our ongoing commitment to health and safety, we experienced a double fatality at our Gualcamayo operation, where a light vehicle carrying two maintenance contractors reversed off of an elevated exploration drill platform that was under construction and fell into a ravine below. A substantial internal investigation was conducted and a number of key lessons learned from the event were incorporated at all of our sites that are exposed to similar hazards and risks.

$209M

Net debt reduction since 2014

941k oz

2018 gold production

20%

Improvement in TRIR

Executive Chairman Message cont.

With regard to environmental and social initiatives, Yamana is proud to report there were no significant environmental or social incidents and all sites began developing quantitative scores for their Social License to Operate.

In August 2018, I felt that sufficient changes had been made to our management, board, governance policies and procedures and operations to recommend a further change – a promotion actually. With completed succession plans for executive officers, we felt comfortable separating the roles of Chairman and Chief Executive Officer and promoted our Chief Operating Officer to President and Chief Executive Officer. With that change, I took on the newly created role of Executive Chairman. The Company's board of directors made this change to ensure that responsibilities for both strategic planning for the future and operational expertise for today remained synergistic priorities. To ensure our success moving forward, we must look to the future while remaining diligently focused on the task-at-hand. This change to the Company's management structure will allow us to do both, responsively and responsibly, and is consistent with the Company's ongoing review of management effectiveness.

Looking ahead, Yamana is well positioned to create value for our many stakeholders. We have a high-quality portfolio of assets that provides significant opportunities to build on our current production platform and current financial run-rates. Our production is diversified across four countries in the Americas, each with a history of mining and within some of the best mining practices in the world. Furthermore, with production diversified across these countries and our three metals, we also have natural hedges to absorb commodity and input price volatility. This truly is the beginning of what comes next, and I hope you will be excited as I am to be a part of it.

I would like to thank Yamana's employees across the Americas whose talent, commitment and hard work has contributed to fifteen outstanding years. It's a privilege to share their efforts and contributions to our success with you. I am excited and confident looking ahead to Yamana's next fifteen years and beyond.

I have passed on the mantle of Chief Executive Officer and feel energized by the challenge of focusing my time and attention on spearheading the strategic business and corporate development efforts for longer-term value creation.

On a personal note, I will continue in my new role to help define our strategic direction and ensure that our longer-term prospects are realized.

In the course of fifteen years, we have created a vibrant and successful company, and I look forward to working with our management, board, stakeholders and employees on continuing our successes.

"Peter Marrone"

PETER MARRONE
Executive Chairman

President and CEO Message

Yamana is well positioned

2018 was, by all measures, an exciting and successful year for Yamana. We executed well against our strategies. Our production and cost results show the tangible benefits of our focus on operational excellence. And our safety and environmental performance are testament to the commitment of our people. We are truly proud of their efforts.

DANIEL RACINE

President and Chief Executive Officer

President and CEO Message cont.

Yamana's multi-year strategic initiatives delivered real benefits to the Company and its stakeholders in 2018. The portfolio has been upgraded with the construction of the high-grade Cerro Moro mine. It has also been right-sized, with core mines contributing more to the overall performance of our operations. Each of these initiatives on its own has been a significant change, but it has been their combined effect that has boosted performance – both operationally and financially – in 2018.

Production and Costs Better Than Guidance

Indeed, 2018 was another strong year for Yamana. We finished the year by delivering production and improving our costs, thanks to our relentless focus on operational excellence.

We realized the highest-ever gold production this year from Canadian Malartic and Jacobina and above expectation gold production from Chapada and El Peñón. We also exceeded guidance for silver and copper. And, importantly, production was delivered at all-in sustaining costs that were lower than the guided cost ranges.

2018 also saw the completion of Cerro Moro on time and on budget. This new high-grade gold and silver mine has already delivered above expectation – the ramp-up was seamless and the operation exceeded guidance expectations for production and costs.

Our efforts towards operational excellence also included improving mining plans and future development work. These efforts give us more certainty on production goals, including for 2019, and allowed us to increase guidance last year. 2018 represents the fourth year in a row where gold production has met guidance and the second year in a row where production has exceeded guidance.

As important as production volumes are costs. This same work has delivered improvements to all-in sustaining costs, both in the direction and predictability, over the last several years.

The Portfolio

Yamana's portfolio of high-quality assets is a core strength. Our portfolio of mines consists of six high-quality operations in four countries – Canada, Brazil, Chile, and Argentina. We also have a portfolio of non-producing strategic assets that provide opportunities for value accretion. 80% of the revenue from these mines comes from precious metals, with the balance being copper.

Our portfolio strikes a balance between diversification and concentration. It's this balance that

"We have right-sized our portfolio, focusing on the assets that contribute most meaningfully to production and financial metrics. We've also right-sized specific assets to ensure their production contributes to cash flow and ultimately free cash flow. Our portfolio provides significant opportunity to build on our current production platform to create value."

contributes to our strong production track record and strong positioning as we move into the next cycle.

Fundamental to our diversification approach is for our mines to be right-sized. Right-sizing creates more opportunities to enhance our performance while still keeping an eye on the optimization of costs.

Mineral Reserves and Resources Estimates

Mineral reserves, resources, and exploration are the lifeblood of a mining company. Gold and silver mineral reserves for Yamana mines, excluding assets that were disposed of in 2018, were maintained while copper reserves were up 6.4% year-on-year. Jacobina, Chapada, and Canadian Malartic delivered significant increases in gold measured and indicated and inferred mineral resource categories. Copper mineral resources increased by 79%.

With long-life assets in the portfolio and even before consideration of certain development opportunities, such as Agua Rica, our mineral reserves total 12.5 million ounces, with another 26 million ounces in the measured and indicated and inferred resource categories.

Yamana's mineral reserves equate to approximately 12 years of reserve life, and gives us a long runway to deliver on value maximization initiatives.

Financial Performance

Our operational performance has translated to strong financial performance for 2018. Here are some highlights:

- We've lowered net debt by $209 million since 2014 – while we were building Cerro Moro.
- Capital expenditures for the year were consistent with our plan, and total expenditures decreased from $ 607.5 million in 2017 to $ 446.9 million in 2018.
- Net free cash flow was $216 million in 2018. We anticipate demonstrable growth in free cash flow beginning in 2019 that will accelerate into 2020.

With increasing free cash flow, we have prioritized our capital allocation towards further improving our balance sheet. With an optimized portfolio of mines that are executing on plan, a declining capex intensity and a favourable debt maturity profile, Yamana is well positioned to meet its balance sheet commitments moving forward.

A Word of Thanks

Once again, I'd like to commend our employees at our mine sites across the Americas. It is their expertise and incredible commitment to Yamana that has made our success possible. I also want to thank them for their relentless pursuit of our HSEC goal – One Team, One Goal. Zero.

Looking Ahead to 2019

With a right-sized production platform, operations that are executing on or better than plan, long mine life to drive net asset value accretion, strategic assets that offer monetization opportunities and a step-change in free cash flow for 2019, Yamana is well positioned going forward. We'll continue to focus on operational excellence, a disciplined approach to production and costs, free cash flow and debt reduction.

We're ready for the beginning of what's next.

"Daniel Racine"

DANIEL RACINE
President and Chief Executive Officer

Our People

At Yamana, we work to create an environment where our people can thrive. Over the last 15 years, we've worked hard to promote diversity, provide opportunities for training and personal development and hire locally whenever possible. We believe employees are motivated to contribute to our collective success when they have the resources they need to achieve their individual goals.

Today, we directly employ over 4,500 employees across our company and benefit from the expertise of over 5,000 local contractors. These numbers do not include the Canadian Malartic mine, our very successful jointly owned operation with Agnico-Eagle.

Supporting a Local Workforce

We prioritize local and regional employment across our operations. In each of the jurisdictions where we operate, we provide employment opportunities at all levels of our operations – from entry level positions through to management. In total, over 99% of our employees come from within the specific countries where an operation is located. Hiring locally is one of key ways that we contribute to the economic health of the communities in which we operate.

Diversity

We are an equal opportunity employer. We hire without discrimination based on, race, gender, sexuality, disability, ethnicity or religion, throughout all levels of the company. Our diversity mandate extends from our mine operations to our board room. We are actively seeking to diversify our workforce, and our commitment to diversity is reflected in our values. In fact, our Code of Conduct ensures that there

99%
Workforce from host countries

9,500+
Employees and contractors throughout the Americas

is no distinction between each gender, and in practice there is no distinction between each gender's salaries within the same employee category. (See Cristina's story on this page.)

Training

Yamana is focused on training and development in all regions where we operate. Performance management and the identification of high-potential candidates support our commitment to our global workforce development programs. Our successful Learning Management System (LMS) has helped us integrate and automate the management of training to all of our offices and operations, offering multiple learning opportunities in areas such as safety, compliance, leadership training and executive development.

Every employee should be able to develop the skills needed to achieve their career aspirations. We promote a dynamic environment that encourages professional growth, and use tools to provide individual assessment, identify training opportunities and create individual development plans. We also provide financial support for external courses and grant sabbatical leaves with guaranteed professional reintegration.

"I love my job. I am the first woman to have worked in the underground mine here and I thank the Company for having given me this opportunity. I want to thank everyone that supported me, devoted their time to me and who trained me to operate the equipment. That is my passion. I love working in the underground mine."

CRISTINA SOTO

Cerro Moro,
Heavy Machinery Operator
6 Years of Service

"Yamana is a good company to work for. They make sure we work safely. I have grown professionally, and I am proud to be part of this company and proud of everything I have achieved."

AGUSTÍN CHACÓN MORENO

El Peñón,
Loading and Transport
Equipment Operator
8 Years of Service

Our People cont.

Through Yamana's training programs, employees at an Operator level receive on average 75 hours of additional training per year, while those at the Supervisor and Senior levels receive approximately 30 hours per year. This role specific training allows employees to excel at their current positions and opens new opportunities through capacity development. Ultimately, this allows our employees to have greater probability of success at Yamana; both today and in future.

Engaging and Rewarding Employees

Our employees are engaged through many formal and informal methods including management meetings, union briefings, daily meetings between employees and health and safety teams, and participation and feedback from employee surveys.

We also engage with our contractors in many of the same ways we engage with our employees.

All full-time Yamana employees are provided with benefits that are designed at a site level to mirror competitive best practices for each location in which we operate. These include coverage on healthcare, life insurance, pension, short- and long-term disability coverage and parental leave.

“I have been working at Yamana for 14 years; this company is very important for both my professional and personal development. I started here as a miner in 2005, and now I am a geo-mechanics supervisor. I really like working here and am proud to wear the Company shirt.”

ROMMEL GRASSI

Jacobina ,
Geo-mechanics Supervisor
14 Years of Service

“My name is Bárbara Abello; I have been with the Company for ten years. My experience with Yamana Gold has been great throughout these years. The Company has not only helped me develop professionally but enriched my personal life too. Everything that I have achieved is thanks to this job. I started as an entry-level worker and now I am a supervisor. They gave me the chance to grow professionally.”

BÁRBARA ABELLO

Minera Florida,
Quality Analyst in Chemical Laboratory
10 Years of Service

“Yamana is a renowned company. I have achieved professional growth and many opportunities over the years. Congratulations to Yamana Gold for its 15 years of success; I am proud of, and love working for this company.”

RONALDO ALVES GABRIEL

Chapada,
Operator III
11 Years of Service

Sustainability

In 2018, we continued to deliver on our sustainability commitments to our employees, our communities and all our other stakeholders. We completed the roll out of our HSEC vision of "One Team, One Goal: Zero" across all sites and made key progress on our sustainability goals.

Our commitments to sustainability include continuously evolving our approach to Environmental, Social and Governance (ESG) practices as well as improving our disclosure on ESG topics 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 2018 efforts and, for more detailed discussions, we encourage you to read our annual sustainability report, which will be available in mid-2019.

Health and Safety

We enhanced and refined our standards and protocols for health and safety, through the completed introduction of our Fatal Risk Protocols, and increased reporting of High Potential Incidents, as well as maintaining our OHSAS 18001 certification in 2018. Our efforts have emphasized training of both employees and contractors to ensure everyone on our sites has the knowledge and practice of applying it to meet the high standards we have set for ourselves.

Our Total Recordable Incident Rate (TRIR) was 0.6% in 2018, representing a 20% decrease from 2017. This is a key metric and one that we watch closely as a proxy for how effectively we are managing health and safety risks. While our TRIR declined in 2018 we unfortunately experienced a double fatality at our Gualcamayo operation where a light vehicle carrying two maintenance contractors reversed off of an elevated exploration drill platform that was under construction and fell into a ravine below. A substantial internal investigation was conducted and a number of key lessons learned from the event were incorporated at all of our sites that are exposed to similar hazards and risks.

Specific sites also delivered impressive accomplishments, including:
El Peñón completing the year without the occurrence of a lost time injury; and four sites, Minera Florida,

20%

Reduction in total recordable incident rate

94%

Host country procurement rate

OHSAS 18001

Certified

El Peñón, Jacobina and Chapada all completed at least one month without a health and safety injury.

Environment

We are proud of our environmental performance and in 2018 we again completed a year without a significant environmental event.

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

Similar to previous years, in 2018 we had no major incidents at our Tailings Management Facilities (TMFs). We credit this to the extensive management of our TMFs by our employees as well as our robust internal management and reporting system, designed specifically for TMFs. This management and reporting system includes monthly reports of each tailings facility to be submitted to senior management in order to ensure accountability throughout the organization. In 2018 all TMFs underwent two external reviews, the first by in-country tailings specialists and the second by a renowned global expert. The reviewers concluded there were no significant weaknesses or discrepancies from international best practices at Yamana tailings facilities.

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 50% of our workforce is comprised of local employees, with an additional 20% coming from the regions where we operate. In total, over 99% of our employees come from within the specific countries where an operation is located.

Along with in-country employment we strive to maintain high levels of procurement within an operation's country. In 2018 we achieved a host country procurement rate of 94%.

External Recognition

Our goal is to have our sustainability performance speak for itself and clearly indicate how we are applying our vision on a daily basis. However, we appreciate when third party organizations recognize our work and in 2018 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 later this year.

^ **Minera Florida Community Monitoring Program:** Community members and Yamana personnel jointly test the water of a nearby estuary.

Yamana Emergency Preparedness Workshop: Employees participate in a workshop focused on accident response as well as fire control and suppression.

Review of Operations

Canadian Malartic (50% interest)

349k oz

Gold Production 2018

$711/oz

Gold Co-Product AISC 2018

- Canadian Malartic delivered record annual production and exceeded guidance in 2018 at 10% higher production and costs lower than expected and lower than those observed in 2017.
- 2019 production forecast is 330k oz (50% basis), in line with guidance for 2018, with costs forecast to be similar to 2018 reported costs.
- 2019 expansionary capex is $37M (50% basis), of which $34M is earmarked for the Extension Project. Work continues to focus on the highway 117 road deviation, pit preparation and tailings expansion.

Chapada

121k oz

Gold Production 2018

$399/oz

Gold Co-Product AISC 2018

- Gold and copper mineral reserves increased by 6% and 7%, respectively, over prior year, representing a significant overall improvement over depletion in 2018.
- Annual gold production exceeded expectations in 2018. Underpinned by an 11% increase in the mill recovery rate for gold, production was higher compared to 2017 at below guidance costs.
- Phase 1 of the development plan which is targeting a further ~2% increase in copper and gold recoveries, remains on schedule for mid year completion. Scope of work includes the installation of six new DFR flotation cells.

El Peñón

152k oz

Gold Production 2018

$995/oz

Gold Co-Product AISC 2018

- Gold production at El Peñón exceeded guidance in 2018.
- GEO production in 2019 is forecast to be in line with production guidance for 2018, with cash costs and AISC expected to be lower to those reported in 2018.
- Underground mine development activities in H1 2019 are expected to provide access to higher gold and silver grades in H2 2019, which will afford the operation greater flexibility.
- 56% of the gold production and 62% of the silver are expected in H2 2019. Unit costs are expected to be commensurately lower in H2 2019.

Cerro Moro

93k oz

Gold Production 2018

$600/oz

Gold Co-Product AISC 2018

- Completed its successful ramp up at costs below guidance, while exceeding 2018 production guidance as throughput and grades increased according to plan.
- GEO production for 2019 is expected to be in line with plan and prior guidance. The operation will focus on optimizing the underground mining design and processing practices, building on the successes delivered in 2018, the first six months of commercial production.
- The exploration budget has been increased by 33% over 2018 which will be used for an aggressive drill program designed to test major structures with potential to host a significant new mineralized zone, while continuing to generate new targets through multi-disciplinary fieldwork.

Review of Operations cont.

Jacobina

145k oz

Gold Production 2018

$802/oz

Gold Co-Product AISC 2018

- Jacobina delivered record annual production and exceeded guidance in 2018. Production was 7% higher than guidance with cost metrics approximately 11% lower and also lower compared to 2017.
- 2019 is forecast to be similar to that of 2018 for production and operating costs.
- 2019 includes an additional $8M of expansionary capex for the internalization of development activities with expected benefits to operating costs starting in 2020.
- With significant underground development work complete and a surface stockpile of approximately 100,000 tonnes grading 2.0 g/t the mine continues to be well positioned to deliver on its production and cost targets.

Minera Florida

82k oz

Gold Production 2018

$1,099/oz

Gold Co-Product AISC 2018

- Higher mining rates are expected in the PVS and Pataguas zones, with overall production expected to improve modestly over 2018.
- Several cost containment initiatives planned for 2019 are expected to continue to lower costs overall.
- Exploration is expected to focus on infill drilling to extend mineral reserves. Prior year programs have generated new potential, which is being reviewed in the context of the mine plan updates and optimization efforts.

Exploration

The Company's exploration programs continue to deliver on mineral resources discovery and mineral reserve replacement and growth. Overall, the exploration program successfully increased mineral reserves to replace 2018 mineral depletion, excluding assets that were disposed of in 2018.

2018 Exploration Highlights

Chapada: Gold and copper mineral reserves increased by 6% and 7% respectively, over prior year, representing a significant overall improvement over depletion in 2018. The Sucupira and Baru zones at Chapada provided significant contributions to the increases in gold and copper mineral reserves with the Suruca deposit adding further increases to gold. The Corpo Sul and Santa Cruz zones contributed to the significant increase in the mineral resource categories. Measured and Indicated resources for Gold and Copper increased 19% and 54% respectively while inferred mineral resources for Gold and Copper were neutral and increased 214% respectively.

El Peñón: In 2018, mineral reserves increased by 5% for gold and 6% for silver, increasing over depletion in 2018. In addition, inferred mineral resources were maintained at similar grades through further drilling and modelling on secondary vein structures such as Dorada Este and Aleste SS.

Canadian Malartic: Gold mineral reserves reflect depletion associated with 2018 production. Additional drilling at East Malartic and Odyssey zones, which represent potential underground opportunities at Malartic, contributed to the increase in ounces in the measured and indicated mineral resource categories. Exploration programs are ongoing to evaluate zones along the Canadian Malartic trend, including the Odyssey, East Malartic, Midway and East Amphi zones. These opportunities have the potential to provide new sources of ore for the Canadian Malartic mill.

Jacobina: Replaced production depletion in 2018 and increased gold mineral reserves by 11%, significantly higher than 2017. Importantly, gold grades in the mineral reserve and mineral resource categories have trended higher, which was a strategic objective of the 2018 drill program. In terms of further additions to mineral inventory, the 2018 program was also successful with additions of over 800,000 ounces to inferred mineral resources.

Cerro Moro: Gold and silver mineral reserves increases were offset by depletion associated with the 2018 production at the site. The Veronica vein as well as sectors in the Escondida FE and FW contributed to the reserve increases. Several new mineralized zones have been identified in the core mine area and regionally. With an increased exploration budget in 2019, these areas will be points of focus moving forward.

Minera Florida: For 2018, total gold mineral reserves reflect depletion associated with 2018 production and an updated block model. The year was highlighted by adding new mineral reserves and mineral resources in the core mine adjacent mine infrastructure, especially on the PV Sur and Fantasma zones.

Mineral Reserves and Mineral Resources

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%)	8,435	0.39	106	294	0.37	4	8,728	0.39	109
Canadian Malartic (50%)	23,029	0.89	658	55,799	1.18	2,122	78,829	1.10	2,780
Cerro Moro	43	10.57	15	1,766	11.64	661	1,809	11.61	675
Chapada Zones	388,701	0.17	2,103	275,928	0.16	1,381	664,629	0.16	3,484
Suruca Zones	11,454	0.42	153	53,741	0.53	908	65,195	0.51	1,062
Total Chapada	**400,155**	**0.18**	**2,256**	**329,669**	**0.22**	**2,289**	**729,824**	**0.19**	**4,546**
El Peñón Ore	693	5.11	114	3,738	5.38	646	4,431	5.33	760
El Peñón Stockpiles	17	2.41	1	1,029	1.18	39	1,047	1.20	40
Total El Peñón	**710**	**5.04**	**115**	**4,768**	**4.47**	**685**	**5,478**	**4.55**	**800**
Jacobina	**18,565**	**2.32**	**1,385**	**9,290**	**2.39**	**714**	**27,855**	**2.34**	**2,099**
Jeronimo (57%)	**6,350**	**3.91**	**798**	**2,331**	**3.79**	**284**	**8,681**	**3.88**	**1,082**
Minera Florida Ore	690	3.61	80	2,512	3.54	286	3,202	3.56	366
Minera Florida Tailings	–	–	–	1,248	0.94	38	1,248	0.94	38
Total Minera Florida	**690**	**3.61**	**80**	**3,760**	**2.68**	**324**	**4,449**	**2.82**	**404**
Total Gold Mineral Reserves	**457,977**	**0.37**	**5,413**	**407,677**	**0.54**	**7,083**	**865,653**	**0.45**	**12,496**
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	43	620.7	857	1,766	653.3	37,102	1,809	652.6	37,959
El Peñón Ore	693	166.1	3,700	3,738	171.7	20,630	4,431	170.8	24,330
El Peñón Stockpiles	17	107.2	60	1,029	15.2	502	1,046	16.7	562
Total El Peñón	**710**	**164.7**	**3,760**	**4,768**	**137.9**	**21,133**	**5,478**	**141.3**	**24,893**
Minera Florida Ore	690	28.1	623	2,512	21.9	1,770	3,202	23.2	2,393
Minera Florida Tailings	–	–	–	1,248	14.6	584	1,248	14.6	584
Total Minera Florida	**690**	**28.1**	**623**	**3,760**	**19.5**	**2,353**	**4,449**	**20.8**	**2,976**
Total Silver Mineral Reserves	**1,443**	**112.9**	**5,240**	**10,294**	**183.1**	**60,588**	**11,736**	**174.5**	**65,828**
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%)	8,435	0.40	74	294	0.38	3	8,728	0.40	77
Chapada Zones	388,701	0.25	2,138	275,928	0.26	1,568	664,629	0.25	3,707
Suruca Zones	–	–	–	–	–	–	–	–	–
Total Chapada	**388,701**	**0.25**	**2,138**	**275,928**	**0.26**	**1,568**	**664,629**	**0.25**	**3,707**
Total Copper Mineral Reserves	**397,136**	**0.25**	**2,212**	**276,222**	**0.26**	**1,571**	**673,357**	**0.25**	**3,784**
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	690	1.53	23	2,512	1.13	62	3,202	1.21	85
Minera Florida Tailings	–	–	–	1,248	0.58	16	1,248	0.58	16
Total Zinc Mineral Reserves	**690**	**1.53**	**23**	**3,760**	**0.94**	**78**	**4,449**	**1.04**	**102**

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%)	8,435	0.013	2.45	294	0.014	0.09	8,728	0.013	2.54
Total Molybdenum Mineral Reserves	**8,435**	**0.013**	**2.45**	**294**	**0.014**	**0.09**	**8,728**	**0.013**	**2.54**
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)*

Gold	Measured Mineral Resources Tonnes (000's)	Measured Grade (g/t)	Measured Contained oz. (000's)	Indicated Mineral Resources Tonnes (000's)	Indicated Grade (g/t)	Indicated Contained oz. (000's)
Yamana Gold Projects						
Alumbrera (12.5%)	6,792	0.39	85	1,917	0.54	33
Arco Sul	–	–	–	–	–	–
Canadian Malartic (50%)	1,885	1.36	83	13,615	1.80	786
Cerro Moro	18	10.83	6	1,224	5.14	202
Chapada Zones	58,885	0.12	222	363,929	0.14	1,676
Suruca Zones	1,284	0.39	16	81,039	0.54	1,416
Total Chapada	**60,169**	**0.12**	**238**	**444,968**	**0.22**	**3,092**
El Peñón Mine	232	8.02	60	1,579	5.88	298
El Peñón Tailings	–	–	–	–	–	–
El Peñón Stockpiles	–	–	–	1,019	1.13	37
El Peñón Total	**232**	**8.04**	**60**	**2,598**	**4.0**	**336**
Jacobina	24,999	2.48	1,994	15,711	2.45	1,238
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	1,207	5.87	228	3,829	4.79	590
Monument Bay	–	–	–	36,581	1.52	1,787
Suyai	–	–	–	4,700	15.00	2,286
Total Gold Mineral Resources	**111,823**	**0.86**	**3,095**	**659,210**	**0.61**	**12,849**
Agua Rica	**27,081**	**0.14**	**120**	**173,917**	**0.14**	**776**

Silver	Measured Tonnes (000's)	Measured Grade (g/t)	Measured Contained oz. (000's)	Indicated Tonnes (000's)	Indicated Grade (g/t)	Indicated Contained oz. (000's)
Yamana Gold Projects						
Cerro Moro	18	1,253.0	707	1,224	381.2	14,997
El Peñón Mine	232	194.6	1,450	1,579	207.1	10,512
El Peñón Tailings	–	–	–	–	–	–
El Peñón Stockpiles	–	–	–	1,019	28.8	942
El Peñón Total	**232**	**194.6**	**1,450**	**2,598**	**137.1**	**11,454**
Minera Florida	1,207	41.0	1,592	3,829	29.2	3,594
Suyai	–	–	–	4,700	23.0	3,523
Total Silver Mineral Resources	**1,457**	**80.1**	**3,749**	**12,351**	**84.5**	**33,568**
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)
8,709	0.42	118	848	0.46	13
–	–	–	5,000	4.02	646
15,500	1.74	869	36,210	1.99	2,319
1,241	5.22	208	1,706	3.84	211
422,814	0.14	1,898	156,081	0.08	422
82,323	0.54	1,432	12,565	0.48	194
505,137	**0.21**	**3,330**	**168,646**	**0.11**	**616**
1,811	6.15	358	2,953	7.25	689
–	–	–	13,767	0.55	245
1,019	1.13	37	–	–	–
2,830	**4.35**	**396**	**16,719**	**1.74**	**933**
40,710	2.47	3,232	12,145	2.58	1,008
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
5,036	5.05	817	6,445	5.01	1,038
36,581	1.52	1,787	41,946	1.32	1,781
4,700	15.00	2,286	900	9.90	274
771,033	**0.64**	**15,941**	**333,516**	**0.95**	**10,162**
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)
1,241	393.5	15,704	1,706	257.8	14,139
1,811	205.4	11,962	2,953	254.8	24,190
–	–	–	13,767	18.9	8,380
1,019	28.8	942	–	–	–
2,830	**141.8**	**12,904**	**16,719**	**60.6**	**32,570**
5,036	32.0	5,186	6,445	29.4	6,093
4,700	23.0	3,523	900	21.0	575
13,807	**84.1**	**37,317**	**25,770**	**64.4**	**53,377**
200,998	**2.8**	**18,200**	**642,110**	**2.3**	**48,124**

	Measured Mineral Resources			Indicated Mineral Resources		
Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	6,792	0.37	55	1,917	0.24	10
Chapada Zones	58,885	0.20	261	363,929	0.22	1,765
Suruca Zones	–	–	–	–	–	–
Total Chapada	58,885	0.20	261	363,929	0.22	1,765
Total Copper Mineral Resources	65,676	0.22	316	365,846	0.22	1,775
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	1,207	2.22	62	3,829	1.63	138
Total Zinc Mineral Resources	1,207	2.22	62	3,829	1.63	138

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	6,192	0.014	1.94	462	0.013	0.13
Total Molybdenum Mineral Resources	6,192	0.014	1.94	462	0.013	0.13
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)
8,709	0.34	65	848	0.21	4
422,814	0.22	2,025	156,081	0.23	781
–	–	–	–	–	–
422,814	**0.22**	**2,025**	**156,081**	**0.23**	**781**
431,522	**0.22**	**2,090**	**156,928**	**0.23**	**785**
200,998	**0.39**	**1,714**	**642,110**	**0.34**	**4,853**

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
5,036	1.77	197	6,445	1.32	187
5,036	**1.77**	**197**	**6,445**	**1.32**	**187**

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
6,654	0.014	2.07	85	0.014	0.03
6,654	**0.014**	**2.07**	**85**	**0.014**	**0.03**
200,998	**0.039**	**172**	**642,110**	**0.034**	**480**

Year End 2018 Mineral Reserves and Mineral Resources Reporting Notes

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Alumbrera Projects (12.5%)		
Alumbrera Deposit	Price assumption: $1,250 gold, $2.91 copper.	Price assumption: $1,250 gold, $2.95 copper.
	Underground cut-off at 0.5% copper equivalent.	Underground cut-off at 0.43% copper equivalent.
	Metallurgical recoveries average 87.85% for copper and 72.31% for gold.	
Bajo El Durazno Deposit	N/A	Price assumption: $1,250 gold, $2.95 copper.
		0.74 g/t Aueq cutoff within underground economic envelope.
Arco Sul	N/A	Price assumption: $1,500 gold.
		2.5 g/t Au cutoff.
Canadian Malartic (50%)	Price assumption: $1,200 gold.	Price assumption: $1,200 gold
	Open pit cut-off grades range from 0.374 to 0.384 g/t Au.	Cut-off grades range from 0.37 g/t Au inside pit to 1.0 g/t Au outside or below pit.
	Metallurgical recoveries for gold range from 87% to 96.7% depending on zone.	Underground Cut-off grade at Odyssey is 1.15 g/t Au (stope optimized) and at East Malartic Underground is 1.25 g/t Au (stope optimized).
Cerro Moro	Price assumption: $1,250 gold and $18.00 silver.	Price assumption: $1,600 gold and $24.00 silver.
	Open pit cut-off at 3.27 g/t gold and Underground cut-off at 5.71 g/t gold.	3.0 g/t Aueq cut-off.
	Metallurgical recoveries average 95% for gold and 93% for silver.	
Chapada		
Chapada Zone	Price assumption: $1,250 gold, $3.00 copper.	Price assumption: $1,600 gold, $4.00 copper.
	Open pit cut-off at $4.06/t (Main Pit, Corpo Sul, Cava Norte and Sucupira).	Open pit cut-off at $4.06/t (Chapada pits and Suruca SW).
	Metallurgical recoveries at Chapada are dependent on zone and average 83.11% for copper and 56.94% for gold.	Metallurgical recoveries at Chapada are dependent on zone and average 83.11% for copper and 56.94% for gold.
Suruca Zone	Price assumption: $1,300 gold.	Price assumption: $1,600 gold.
	Cut-off grade 0.19 g/t gold for Suruca oxide.	Cut-off grade 0.16 g/t gold for Suruca oxide.
	Cut-off grade 0.3 g/t gold for Suruca sulphide.	Cut-off grade 0.23 g/t gold for Suruca sulphide.
	Metallurgical recoveries for Suruca oxide average 85% for gold.	Metallurgical recoveries for Suruca oxide average 85% for gold.
	Metallurgical recoveries for Suruca sulphide average 88% for gold.	Metallurgical recoveries for Suruca sulphide average 88% for gold.

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
El Peñón	Price Assumption:$1,250 gold, $18.00 silver.	Price Assumption:$1,600 Au, $24.00 Ag.
	Open Pit cut-off at 1.75 g/t gold equivalent.	
	Underground cut-off ranging from 3.57 g/t gold equivalent to 3.70 g/t gold equivalent.	Underground cut-off at 2.78 g/t gold equivalent except for Pampa Agusta Victoria (2.88 g/t), Chiquilla Chica (2.87 g/t), Laguna (2.85 g/t) and Fortuna-Dominador zones (2.84 g/t). Mill recoveries of 95% and 86.5% used for Mineral Resource Estimation.
	Low grade stockpiles cut-off 0.95 g/t gold equivalent.	Mineral Resources contained in tailings and stockpiles reported at cut-offs of 05.0 g/t and 0.79 g/t gold equivalent respectively.
	Metallurgical recoveries for open pit ores range from 89.0% to 95.6% for gold and from 80.7% to 97.7% for silver.	Metallurgical recoveries range from 87.2% to 99.0% for gold and from 59.8% to 92.6% for silver.
	Metallurgical recoveries for underground ores range from 87.2% to 99.0% for gold and from 59.8% to 92.6% for silver.	Metallurgical recoveries for tailings estimated to be 60% for gold and 30% for silver.
	Metallurgical recoveries for low grade stockpiles are 95.2% for gold and 83.0% for silver.	Metallurgical recoveries for stockpiles estimated to be 88.0% for gold and 80.8% for silver.
Jacobina	Price assumptions: $1,250 gold.	Price assumptions: $1,500 gold.
	Underground cut-off grade is 1.20 g/t gold.	Underground cut-off grade is 1.0 g/t gold with a minimum mining width of 1.5 meters.
	Metallurgical recovery is 96%.	Metallurgical recovery is 96%.
Jeronimo (57%)	Price Assumption:$900 Au.	
	Cut-off grade at 2.0 g/t gold.	Cut-off grade at 2.0 g/t gold.
	Metallurgical recovery for Au is 86%.	
La Pepa	N/A	Price Assumption: $780 Au.
		Cut-off grade at 0.30 g/t gold.
Lavra Velha	N/A	Price assumption: $1,300 gold and $3.50 copper.
		Cut-off grade at 0.2 g/t gold and 0.1% copper.
Minera Florida	Price assumption: $1,250/oz gold, $18.00/oz silver and $1.25/lb Zn.	Price assumption: $1,250/oz gold, $18.00/oz silver and $1.25/lb Zn.
	Underground cut-offs for Las Petaguas Zone USD90.75/t and for the Core Mine Zones USD94.79/t.	Underground cut-off grade is 2.50 g/t gold.
	Metallurgical recoveries are 90.16% for gold, 52.31% for silver and 68.80% for zinc.	Metallurgical recoveries are 90.16% for gold, 52.31% for silver and 68.80% for zinc.
Monument Bay	N/A	Price Assumption: $1,200 Au.
		Cut-off grades are 0.4 g/t gold and 0.7 g/t gold for the open pits and 4.0 g/t gold for underground.
Suyai	N/A	5.0 g/t Au cut-off inside mineralized wireframe modeling.
Agua Rica	Price assumption: $1,000/oz gold, $2.25/lb copper, $17.00/oz silver and $12.00/lb molybdenum.	Cut-off grade at 0.2% Copper.
	Metallurgical recoveries are 84.9% for copper, 52.7% for gold, 67.6% for silver, 65.9% for zinc and 68.0% for molybdenum.	

2018 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, 2018 ("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 produced on a co-product and by-product basis, for gold and silver;*
- *Co-product cash costs per pound of copper produced;*
- *All-in sustaining costs per ounce produced on a co-product and by-product basis, for gold and silver;*
- *All-in sustaining co-product costs per pound of copper produced;*
- *Net debt;*
- *Net free cash flow;*
- *Average realized price per ounce of gold/silver sold; and*
- *Average realized price per pound of copper sold.*

Definitions and reconciliations associated with the above metrics can be found in Section 11: Non-GAAP Financial Measures and Additional 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. HIGHLIGHTS AND RELEVANT UPDATES

For the year ended December 31, 2018 (*unless otherwise noted*)

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

Production	2018 Actual	2018 Guidance *(i)*	% increase
Total gold production *(ounces)*	**940,619**	920,000	2%
Total silver production *(ounces)*	**8,023,046**	7,550,000	6%
Total copper production *(pounds)* - Chapada	**129,151,441**	125,000,000	3%

(i) 2018 guidance for gold, and copper production reflects the increases that were applied during the year. For gold, it represents an increase of 20,000 ounces to the initially guided 900,000 ounces for Yamana mines. For copper, it represents an increase of 5 million pounds to the initially guided 120 million pounds. Silver reflects the revision applied to El Peñón guidance in the third quarter of 2018 from the initially guided 8.15 million ounces for Yamana Mines.

- Successful first six months of operations at Cerro Moro mine resulted in gold production above expectations at an average mill feed grade of 15.85 g/t and recovery rate of 93.1%. Silver production was also above expectations at an average mill feed grade of 725 g/t and recovery rate of 89.4%. Additionally, all per unit costs were below guidance for both gold and silver.

- Strong operating performance was also attributed to above-expectation gold production at Chapada and El Peñón, and record production at Canadian Malartic and Jacobina.
- Completion and advancement of several strategic initiatives during the year including:
  - Closing of the previously announced transaction with Mineros S.A. ("Mineros") to sell 100% of the Company's interest in the Gualcamayo Mine in Argentina and completion of the option agreement on the La Pepa gold project in Chile. The transaction was structured to provide both immediate payments and value, and future payments and value (Refer to *Note 6: Divestitures* to the Company's Consolidated Financial Statements for additional details).
  - Completion of the business combination between Leagold Mining Corporation ("Leagold") and Brio Gold Inc. ("Brio Gold"), resulting in the Company's ownership percentage interest in Leagold of 20.5% and warrants offering upside potential from the combined synergies and strong production platform.
  - Evaluation of and engagement in discussions relating to various development scenarios for Agua Rica. This includes an integration scenario between Agua Rica and Alumbrera pursuant to which a joint pre-feasibility study has started, and for which results are expected in the first half of 2019. Concurrently, the Company continues the engagement with the other partners of Alumbrera and with various other stakeholders at the national and provincial level.
- The Company's exploration programs continue to deliver on mineral resources discovery and mineral reserve replacement and growth. Overall, the exploration program successfully increased mineral reserves to replace 2018 mineral depletion, excluding assets that were disposed of in 2018. Measured and indicated mineral resources and inferred mineral resources increased by 5% and 7%, respectively. For additional details, refer to *Section 4: Operating Segments Performance* and *Section 6: Mineral Reserve and Mineral Resource Estimates* of this MD&A.
- Cash flows from operating activities of $404.2 million and cash flows from operating activities before net change in working capital during the year of $566.3 million. These amounts include amortization of deferred revenue of $41.7 million in the third quarter and $33.3 million in the fourth quarter, which are related to deferred revenue attributable to deliveries under the Company's copper advanced sales program during the respective quarters. The Company's copper advanced sales program's deliveries began in the third quarter of 2018 and will continue through the second quarter of 2019. If not for the timing difference of cash proceeds attributable to this transaction, the Company's cash flows from operating activities before net change in working capital would have been higher by those amounts during the quarters as follows:

(In millions of US Dollars, unless otherwise noted)	For the three months ended						
Illustration of impact due to copper advanced sales program	**March 31, 2018**	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**March 31, 2019 *(ii)***	**June 30, 2019 *(ii)***	**Cumulative impact**
Copper pounds to be delivered per contract *(millions)*			13.2	10.7	8.2	8.2	40.3
Cash flows from operating activities before net change in working capital *(i)*	**$ 206.4**	**$ 157.5**	**$ 86.6**	**$ 115.8**	**$ —**	**$ —**	$ —
Impact due to copper advanced sales program	(125.0)	—	41.7	33.3	25.1	24.9	—
Cash flows from operating activities before net change in working capital, normalized for the copper advanced sales program *(i)*	**$ 81.4**	**$ 157.5**	**$ 128.3**	**$ 149.1**	**$ —**	**$ —**	$ —

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

(ii) For illustration purposes only. The Company intends to provide information each subsequent period reflecting the impact due to copper advanced sales program over its term.

- The Company's financial position continues to remain strong and is expected to improve further into 2019 with the continuation of strong operating results, planned declines in expansionary capital expenditures, a full year of operations at Cerro Moro, the sale of unrefined gold and silver carried over from 2018, and the mid-year completion of the advanced copper sales agreement.
- Lower debt by 5%, compared to December 31, 2017, although affected by one-time payments and the timing of shipments; the Company remains committed to lowering overall debt.

Other Financial Updates

- Significant events having a non-cash accounting impact during the fourth quarter that are not reflective of ongoing operations include (Refer to *Section 3: Review of Financial Results* of this MD&A for additional details):
  - An impairment reversal of $150.0 million in respect of Jacobina following the significant increase in mineral reserves and mineral resources, which extends the life of the mine, and other operational improvements.
  - An impairment of $151.0 million in respect of Minera Florida and $45.0 million in respect of goodwill on acquisition of Canadian Malartic.

OPERATING

- Gold production for Yamana Mines*(viii)*, as shown in the table below, increased by 14% in 2018, compared to 2017. Individual mine results included increases of 10% at Canadian Malartic, 7% at Jacobina and 1% at Chapada, in addition to the contribution of 92,793 ounces of gold from Cerro Moro, which reached commercial production towards the end of the second quarter of 2018. The aforementioned increases more than offset the lower production at other mines.

	For the three months ended December 31,		*For the years ended December 31,*	
	2018	2017	**2018**	2017
Gold				
Production - Yamana Mines *(ounces) (viii)*	**270,193**	214,828	**940,619**	823,263
Production - Total Yamana *(ounces) (i)*	**292,484**	259,606	**1,032,903**	977,315
Sales - Yamana Mines *(ounces) (viii)*	**261,929**	217,754	**910,485**	818,468
Sales - Total Yamana *(ounces)*	**284,420**	261,057	**1,004,462**	971,148
Sales - consolidated *(ounces)*	**284,420**	301,513	**1,075,214**	1,147,204
Per ounce data (ii)				
Revenue	**$ 1,223**	$ 1,269	**$ 1,263**	$ 1,250
Average realized price *(iii)(iv)*	**$ 1,226**	$ 1,286	**$ 1,267**	$ 1,264
Average market price *(v)*	**$ 1,226**	$ 1,277	**$ 1,268**	$ 1,259
Total cost of sales - Yamana Mines *(vi) (viii)*	**$ 999**	$ 929	**$ 1,008**	$ 973
Total cost of sales - Total Yamana *(vi)*	**$ 1,010**	$ 966	**$ 1,031**	$ 1,023
Total cost of sales - consolidated *(vi)*	**$ 1,010**	$ 980	**$ 1,042**	$ 1,038
Co-product cash costs - Yamana Mines *(iii) (viii)*	**$ 570**	$ 612	**$ 614**	$ 621
Co-product cash costs - Total Yamana *(iii)*	**$ 610**	$ 660	**$ 649**	$ 672
Co-product AISC - Yamana Mines *(iii) (viii)*	**$ 763**	$ 884	**$ 816**	$ 869
Co-product AISC - Total Yamana *(iii)*	**$ 801**	$ 899	**$ 843**	$ 888
By-product cash costs - Yamana Mines *(iii) (viii)*	**$ 420**	$ 476	**$ 445**	$ 490
By-product AISC - Yamana Mines *(iii) (viii)*	**$ 657**	$ 800	**$ 696**	$ 788

- Silver production was 60% higher than in 2017, mainly from the contribution of Cerro Moro:

	For the three months ended December 31,		For the years ended December 31,	
	2018	2017	**2018**	2017
Silver (vii)				
Production *(ounces)*	**3,264,695**	1,171,042	**8,023,046**	5,004,761
Sales *(ounces)*	**3,065,102**	1,081,731	**7,000,887**	5,125,689
Per ounce data (ii)				
Revenue	**$ 14.59**	$ 16.46	**$ 15.37**	$ 16.80
Average realized price *(iii)(iv)*	**$ 14.59**	$ 16.49	**$ 15.37**	$ 16.83
Average market price *(v)*	**$ 14.56**	$ 16.71	**$ 15.71**	$ 17.08
Total cost of sales *(vi)*	**$ 14.23**	$ 13.26	**$ 15.58**	$ 13.63
Co-product cash costs *(iii)*	**$ 7.12**	$ 8.86	**$ 8.25**	$ 10.01
Co-product AISC *(iii)*	**$ 9.57**	$ 11.90	**$ 10.81**	$ 13.48
By-product cash costs *(iii)*	**$ 4.99**	$ 7.44	**$ 5.90**	$ 8.58
By-product AISC *(iii)*	**$ 7.99**	$ 11.05	**$ 9.11**	$ 12.65

- Copper production was 1.5% higher than in 2017 and 4% above guidance.

	For the three months ended December 31,		For the years ended December 31,	
	2018	2017	**2018**	2017
Copper				
Production *(millions of pounds)*	**39.0**	34.7	**129.2**	127.3
Sales *(millions of pounds)*	**35.5**	33.2	**123.6**	120.1
Per pound data (ii)				
Revenue	**$ 2.56**	$ 2.36	**$ 2.70**	$ 2.36
Average realized price *(iii)(iv)*	**$ 2.90**	$ 3.02	**$ 2.99**	$ 2.78
Average market price *(v)*	**$ 2.80**	$ 3.09	**$ 2.96**	$ 2.80
Total cost of sales *(vi)*	**$ 1.87**	$ 1.68	**$ 1.80**	$ 1.74
Co-product cash costs *(iii)*	**$ 1.50**	$ 1.51	**$ 1.51**	$ 1.54
Co-product AISC *(iii)*	**$ 1.86**	$ 1.85	**$ 1.90**	$ 1.89

(i) Total Yamana includes Gualcamayo's gold production of 22,291 and 92,284 ounces for the fourth quarter of 2018 and year ended December 31, 2018, respectively (44,778 and 154,052 ounces for the fourth quarter and year ended December 31, 2017, respectively).
(ii) Cost of sales are per ounce/pound sold and cash costs and AISC are per ounce/pound produced.
(iii) A cautionary note regarding non-GAAP financial measures and their respective reconciliations, as well as additional subtotals in financial statements are included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.
(iv) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.
(v) Source of information: Bloomberg.
(vi) Cost of sales consists of the sum of 'cost of sales excluding Depletion, Depreciation and Amortization' ("DDA") plus DDA.
(vii) Beginning January 1, 2018, silver production and related KPIs for Chapada and Minera Florida no longer meet the minimum significance threshold in accordance with the Company's policy.
(viii) Yamana Mines includes Chapada, El Peñón, Canadian Malartic, Jacobina, Minera Florida and Cerro Moro.

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

- The Company's Total Recordable Injury Frequency Rate was 0.6[i] for 2018, which represents a 20% improvement over 2017. A number of mines demonstrated the possibility of achieving the Company's goal of One Team, One Goal: Zero throughout 2018.
- In addition to the previously disclosed awards received in 2018, in November, the Company was awarded the "*Argentinian Mining Company of the Year"* by the industry magazine Panorama Minero at the 3rd International Seminar of Metals and Mining.

[i] Calculated on 200,000 hours worked and includes employees and contractors.

FINANCIAL

For the three months ended December 31, 2018

- Revenue for the three-month period ended December 31, 2018 was comparable to that of the same period in 2017, as 5% lower realized gold prices were partly offset by higher silver and copper sales compared to December 31, 2017. Revenue was impacted by lower attributable ounces following the sale of Brio Gold and Gualcamayo. At Cerro Moro, elevated silver grades above plan led to capacity constraints at the mine furnace, resulting in an increase in gold and silver precipitate at the end of the year, which impacted sales volumes. Precipitate inventory levels are expected to be drawn down to normalized levels in the first half of 2019.
- Net loss attributable to the Company's equity holders for the three months ended December 31, 2018 was $61.4 million or $0.06 per share basic and diluted, compared to a net loss of $188.6 million or $0.20 per share basic and diluted for the three months ended December 31, 2017. This includes certain non-cash and other items that may not be reflective of current and ongoing operations reducing the Company's earnings by $87.6 million or $0.09 per share and included:
    - An impairment reversal of $150.0 million in respect of Jacobina following the significant increase in mineral reserves and mineral resources, which extends the life of the mine, and other operational improvements.
    - The reversal was offset by non-cash accounting impairments of $151.0 million in respect of Minera Florida and $45.0 million in respect of goodwill on acquisition of Canadian Malartic.
    - A higher income tax expense of $33.3 million due to a non-recurring tax payment made in the quarter.
    - A non-cash unrealized foreign exchange gain on income taxes resulting from the US Dollar weakening during the quarter against local currencies. (Refer to *Note 13: Income taxes* to the Company's Consolidated Financial Statements for additional details). Despite the fluctuations in respect of non-cash unrealized foreign exchange loss, cash taxes paid are in line with expectations and benefiting from the annual depreciation of the local currencies.
    - Other provisions, write-downs and adjustments and other assets. (Refer to *Section 3: Review of Financial Results* of this MD&A for additional details).

  In addition to the Company's ongoing cost reduction efforts, continued weaker local currencies against the US Dollar positively impacted costs.

For the year ended December 31, 2018

- Revenue for the year ended December 31, 2018 was lower than December 31, 2017 due to lower consolidated gold sales quantities, as there were more attributable ounces from Brio Gold and Gualcamayo in 2017. This was partly offset by an additional 3.5 million pounds of copper sold at an 8% higher average realized price. As aforementioned, the build up of unsold metal inventory at Cerro Moro also negatively impacted revenue for the year.
- Net loss attributable to the Company's equity holders for the year ended December 31, 2018 was $284.6 million or $0.30 per share basic and diluted, compared to net loss of $188.5 million or $0.20 per share basic and diluted for the year ended December 31, 2017. This includes certain non-cash and other items that may not be reflective of current and ongoing operations reducing the Company's earnings by $396.5 million or $0.42 per share. The more notable items are related to the non-cash accounting impairment and reversal recorded during the year, the gains on the disposition of Brio Gold and the Canadian exploration properties, the non-cash unrealized foreign exchange loss and provisions, the one-time charge associated with payment to the Brazilian tax authorities described above, and other write-downs and adjustments. (See *Section 3: Review of Financial Results* of this MD&A for additional details).

(In millions of US Dollars; unless otherwise noted)	For the three months ended December 31, 2018	2017 (i)	For the year ended December 31, 2018	2017 (i)	2016
Revenue	$ **483.4**	$ 478.8	$ **1,798.5**	$ 1,803.8	$ 1,787.7
Cost of sales excluding DDA	**(266.2)**	(264.7)	**(1,010.0)**	(1,042.4)	(1,029.0)
Gross margin excluding DDA	$ **217.2**	$ 214.1	$ **788.5**	$ 761.4	$ 758.7
Depletion, depreciation and amortization	**(130.9)**	(100.9)	**(438.3)**	(426.8)	(462.3)
Impairment of mining properties and goodwill, net	**(46.0)**	(256.9)	**(149.0)**	(256.9)	(711.3)
Mine operating earnings (loss)	$ **40.3**	$ (143.7)	$ **201.2**	$ 77.7	$ (414.9)
General and administrative	**(21.0)**	(34.0)	**(91.8)**	(113.6)	(100.2)
Exploration and evaluation	**(3.6)**	(7.0)	**(13.0)**	(21.2)	(14.9)
Share of earnings of associate	**4.5**	—	**5.5**	—	—
Other operating (expenses) income, net	**(11.0)**	(16.4)	**9.3**	(23.6)	(39.7)
Impairment of non-operating mining properties	**14.0**	(99.6)	**(153.0)**	(99.6)	96.2
Operating earnings (loss)	$ **23.2**	$ (300.7)	$ **(41.8)**	$ (180.3)	$ (473.5)
Finance costs	**(32.0)**	(28.7)	**(137.4)**	(110.8)	(110.2)
Other costs (income), net	**0.2**	(7.4)	**2.5**	(20.9)	(32.0)
Net loss before income taxes	$ **(8.6)**	$ (336.8)	$ **(176.7)**	$ (312.0)	$ (615.7)
Income tax (expense) recovery, net	$ **(52.8)**	$ 138.5	$ **(121.0)**	$ 113.9	$ 324.9
Net loss from continuing operations	$ **(61.4)**	$ (198.3)	$ **(297.7)**	$ (198.1)	$ (290.8)
Net loss from discontinued operations	$ **—**	$ —	$ **—**	$ —	$ (17.5)
Net loss	$ **(61.4)**	$ (198.3)	$ **(297.7)**	$ (198.1)	$ (308.3)
Attributable to:					
Yamana Gold Inc. equity holders	$ **(61.4)**	$ (188.6)	$ **(284.6)**	$ (188.5)	$ (307.9)
Non-controlling interests	$ **—**	$ (9.7)	$ **(13.1)**	$ (9.6)	$ (0.4)
	$ **(61.4)**	$ (198.3)	$ **(297.7)**	$ (198.1)	$ (308.3)
Per share data					
Loss per share - basic and diluted *(iv)*	$ **(0.06)**	$ (0.20)	$ **(0.30)**	$ (0.20)	$ (0.32)
Loss per share from continuing operations - basic and diluted *(iv)*	$ **(0.06)**	$ (0.20)	$ **(0.30)**	$ (0.20)	$ (0.31)
Dividends declared per share	$ **0.005**	$ 0.005	$ **0.020**	$ 0.020	$ 0.020
Dividends paid per share	$ **0.005**	$ 0.005	$ **0.020**	$ 0.020	$ 0.030
Weighted average number of common shares outstanding (thousands)					
Basic and diluted	**949,337**	948,468	**949,030**	948,187	947,443
Cash flows (ii)					
Cash flows from operating activities *(v)*	$ **114.7**	$ 158.5	$ **404.2**	$ 484.0	$ 651.9
Cash flows from operating activities before net change in working capital *(iii)*	$ **115.8**	$ 122.3	$ **566.3**	$ 498.0	$ 626.6
Cash flows used in investing activities	$ **(91.4)**	$ (196.9)	$ **(329.6)**	$ (644.2)	$ (407.7)
Cash flows (used in) from financing activities	$ **(49.3)**	$ 68.3	$ **(134.3)**	$ 217.9	$ (267.5)

(i) The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements. Accordingly, the 2017 comparative periods have been restated for the changes in hedging requirements; however, the 2016 results have not been restated. Refer to *Note 5: Recent Accounting Pronouncements* to the Company's Consolidated Financial Statements.

(ii) For further information on the Company's liquidity and cash flow position, refer to *Section 7: Financial Condition and Liquidity* of this MD&A.

(iii) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

(iv) Attributable to Yamana Gold Inc. equity holders.

(v) Cash flows from operating activities for the three months ended December 31, 2018 include the impact of $37.5 million in non-cash deferred revenue recognized in respect of metal sales agreements, including $33.3 million associated with the copper advanced sales program.

- Net free cash flow for the following periods ended December 31, 2018 was as follows:

(In millions of US Dollars)		*For the three months ended December 31,*		*For the year ended December 31,*	
Net free cash flow (i) (ii)		**2018**	2017	**2018**	2017
Cash flows from operating activities before income taxes paid and net change in working capital	**$**	**155.3** $	170.3 **$**	**708.4** $	593.7
Income taxes paid		**(6.1)**	(1.4)	**(40.8)**	(19.0)
Payments made to Brazilian tax authorities		**(33.3)**	(46.6)	**(101.3)**	(76.7)
Cash flows from operating activities before net change in working capital *(ii)*	**$**	**115.9** $	122.3 **$**	**566.3** $	498.0
Net change in working capital *(iii)*		**(1.1)**	36.2	**(162.1)**	(14.0)
Cash flows from operating activities	**$**	**114.8** $	158.5 **$**	**404.2** $	484.0
Adjustments to operating cash flows:					
Unearned revenue recognized on copper prepay and streaming arrangement net of advance payments received *(iv)*		**37.5**	(6.6)	**(28.3)**	(6.6)
Payments made to Brazilian tax authorities		**33.3**	46.6	**101.3**	76.7
Other cash payments		**(0.1)**	—	**6.7**	6.0
Non-discretionary items related to the current period					
Sustaining capital expenditures		**(52.5)**	(57.0)	**(187.8)**	(204.7)
Interest and other finance expenses paid		**(27.6)**	(34.3)	**(80.1)**	(103.8)
Net free cash flow	**$**	**105.4** $	107.2 **$**	**216.0** $	251.6

(i) Sustaining; for further information on the Company's liquidity and cash flow position, refer to *Section 7: Financial Condition and Liquidity* of this MD&A.

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A. Net Free Cash Flow is adjusted for payments not reflective of current period operations, 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.

(iii) Notable movements in working capital from December 31, 2017 include: the payment of year-end related accruals at the beginning of the first quarter, one-time operational inventory buildup at Cerro Moro and other inventory increases at other mines, timing of regular trade payments for the Company's operating mines throughout 2018, and indirect tax credit buildup at certain of the Company's operations throughout 2018. Refer to *Section 7: Financial Condition and Liquidity* of this MD&A for further details.

(iv) Adjustment represents non-cash deferred revenue recognized in respect of metal sales agreements, the cash payments for which were received in previous periods and were similarly reduced for comparability.

Balance Sheet and Liquidity

- As at December 31, 2018, the Company had cash and cash equivalents of $98.5 million and available credit of $705.0 million, for total liquidity of $803.5 million.

As at, *(In millions of US Dollars)*		**December 31, 2018**	December 31, 2017	December 31, 2016
Total assets	**$**	**8,012.9** $	8,763.3 $	8,801.7
Total long-term liabilities	**$**	**3,492.5** $	3,535.3 $	3,746.6
Total equity	**$**	**4,024.0** $	4,447.3 $	4,580.0
Working capital *(i)*	**$**	**(67.2)**$	58.7 $	77.3
Cash and cash equivalents	**$**	**98.5** $	148.9 $	97.4
Debt (current and long-term)	**$**	**1,758.7** $	1,857.7 $	1,592.4
Net debt *(ii)*	**$**	**1,660.2** $	1,708.8 $	1,495.0

(i) Working capital is defined as the excess of current assets over current liabilities, which includes the current portion of long-term debt and assets and liabilities of disposal groups held for sale. Accordingly, working capital is being impacted by the deferred revenue balance from the advanced copper sales agreement of $52.3 million, which is classified as a current liability; however, this balance will decline in future reporting periods with remaining copper deliveries scheduled in March 2019 and June 2019. The Company also has $192.0 million in stockpile inventory classified as other non-current assets as it is not expected to be processed within one year, but is readily available for processing.

(ii) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

CAPITAL EXPENDITURES

- Capital expenditures for the three months ended December 31, 2018 were consistent with plan, broken down as follows:

For the three months ended December 31,	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Sustaining and other		**Expansionary**		**Exploration**		**Total *(ii)***	
Chapada	**$ 9.4**	$ 5.6	**$ 2.4**	$ 3.4	**$ 1.3**	$ 1.6	**$ 13.1**	$ 10.6
El Peñón	**7.4**	8.1	**1.1**	—	**4.7**	2.3	**$ 13.2**	$ 10.4
Canadian Malartic	**11.4**	15.6	**8.9**	20.2	**0.4**	2.6	**$ 20.7**	$ 38.4
Jacobina	**5.1**	7.0	**9.4**	5.7	**1.7**	1.8	**$ 16.2**	$ 14.5
Cerro Moro	**9.4**	—	**1.7**	48.3	**3.0**	2.2	**$ 14.1**	$ 50.5
Minera Florida	**4.4**	5.4	**10.5**	3.0	**3.9**	3.3	**$ 18.8**	$ 11.7
Other *(i)*	**5.4**	15.3	**2.2**	24.1	**3.5**	4.1	**$ 11.1**	$ 43.5
	$ 52.5	$ 57.0	**$ 36.2**	$ 104.7	**$ 18.5**	$ 17.9	**$ 107.2**	$ 179.6

(i) Included in Other are capital expenditures relating to Gualcamayo and Brio Gold, which were separately disclosed in the comparative period, as well as capitalized interest in 2017 of $4.1 million. Comparatives have been reclassified to reflect the change in presentation adopted in the current period.

(ii) Net of movement in accounts payable, as applicable, for projects under construction and including applicable borrowing costs. Totals do not include the costs to add to the low-grade long-term ore stockpiles at Chapada of $15.0 million, Canadian Malartic of $6.8 million and Jacobina of $1.4 million for the three months ended December 31, 2018.

- Capital expenditures for the year ended December 31, 2018 were consistent with plan, broken down as follows:

For the year ended December 31,	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Sustaining and other		**Expansionary**		**Exploration**		**Total *(ii)***	
Chapada	**$ 35.2**	$ 27.9	**$ 4.1**	$ 13.4	**$ 4.8**	$ 5.4	**$ 44.1**	$ 46.7
El Peñón	**31.8**	38.5	**1.1**	—	**17.9**	17.8	**$ 50.8**	$ 56.3
Canadian Malartic	**46.4**	48.2	**31.4**	31.0	**4.0**	10.2	**$ 81.8**	$ 89.4
Jacobina	**21.0**	21.7	**20.6**	17.6	**5.9**	5.8	**$ 47.5**	$ 45.1
Minera Florida	**14.5**	24.6	**32.2**	17.8	**14.0**	10.2	**$ 60.7**	$ 52.6
Cerro Moro	**15.0**	—	**61.3**	172.0	**11.3**	7.7	**$ 87.6**	$ 179.7
Other *(i)*	**23.9**	43.8	**33.0**	68.5	**17.5**	25.4	**$ 74.4**	$ 137.7
	$ 187.8	$ 204.7	**$ 183.7**	$ 320.3	**$ 75.4**	$ 82.5	**$ 446.9**	$ 607.5

(i) Included in Other are capital expenditures relating to Gualcamayo and Brio Gold, which were separately disclosed in the comparative period, as well as capitalized interest of $8.3 million (2017: $11.3 million). Comparatives have been reclassified to reflect the change in presentation adopted in the current period.

(ii) Net of movement in accounts payable, as applicable, for projects under construction and including applicable borrowing costs. Totals do not include the costs to add to the low-grade long-term ore stockpiles at Chapada of $43.0 million, Canadian Malartic of $27.0 million and Jacobina of $1.4 million for the year ended December 31, 2018.

2. CORE BUSINESS, STRATEGY AND OUTLOOK

Yamana is a Canadian-based gold, silver and copper producer with a significant portfolio comprised of operating mines, development stage projects, and exploration and mineral properties throughout the Americas, mainly in Canada, Brazil, Chile and Argentina. Yamana plans to continue to build on this base through expansion and optimization initiatives at existing operating mines, development of new mines, the advancement of its exploration properties and, at times, by targeting other 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 Company's principal mining properties comprise the Chapada and Jacobina mines in Brazil, the Canadian Malartic mine (50% interest) in Canada, the Cerro Moro mine in Argentina, and the El Peñón and Minera Florida mines in Chile. The Company's portfolio also includes a 20.5% interest in Leagold Mining Corporation ("Leagold") with mining properties in Brazil and Mexico, as well as a 100% interest in Agua Rica, a large-scale copper, gold, silver and molybdenum deposit located in the province of Catamarca, Argentina.

Over the years, the Company has grown through phases of strategic acquisitions to upgrade its portfolio and by pursuing organic growth to increase cash flows and unlock value at both existing mines and non-producing assets. Looking ahead, the Company's primary objectives include the following:

- Continued focus on the Company’s operational excellence program, advancing near-term and ongoing optimizations related to production, operating costs, and the Company’s key performance objectives in health, safety, environment and community;
- Maximizing per share metrics related to the Net Asset Values ("NAV"), profitability and free cash flow of Yamana Mines, and cash returns on invested capital, first on producing and then non-producing assets:
    - Within the producing portfolio, attention remains on per share metrics related to the growth and quality of mineral reserves and mineral resources. Primary objectives include mine life extensions, scope for throughput increases, metal grade and recovery improvements, and cost reductions that are expected to improve margins and cash flow returns;
    - For non-producing assets, the focus is on improving NAV through exploration, drilling and technical/financial reviews, the advancements of exploration and mining permits, and community engagement. Over time, the Company will also consider strategic alternatives to enhance returns from the non-producing assets. This may include advancing the projects to producing assets, developing the assets through a joint venture or other strategic arrangements, or through monetization;
- Continuing balance sheet and financial performance improvements, with a targeted Net Debt leverage ratio of 1.5 or better with a coincident reduction in gross debt to $1.2 to $1.3 billion or better. The Company’s revolver is to be addressed first and fully repaid. In time, the objective is to reduce Net Debt further with a targeted Net Debt leverage ratio at or below 1.0. The Company also focuses on tenor of debt preferring long-term debt that is consistent with life of mines;
- Optimizing and increasing mine life at the Company’s existing operating mines through exploration targeted on the most prospective properties, including:
    - Chapada, Canadian Malartic, Cerro Moro, Jacobina, and Minera Florida as a result of exploration success and prospective geological settings;
    - Minera Florida, El Peñón, Chapada, and Jacobina with the objectives of increasing mine life while also improving grade and delivering potential for production increases through further delineation and infill drilling;
- Maximizing value from the long-life Chapada mine and the vast exploration opportunities through the evaluation of a phased approach to a plant expansion and the targeting of higher grades and higher plant recoveries;
- Advancing several value realization and monetization initiatives over the guidance period, through the ongoing strategic and technical reviews of its asset portfolio; and
- Pursuing the above with health and safety at the core to the Company's values, evidenced by the Company's continued commitment to the "One Team, One Goal: Zero" vision for sustainability, which reflects the Company's commitment to zero harm to employees, the environment and communities near mine operations.

In 2018, Yamana delivered on a number of strategic objectives, including:

- the development and ramp up of the high-grade Cerro Moro gold and silver mine in Argentina,
- further progress with Company portfolio rationalization initiatives with the sale of the Kirkland Lake exploration and assets, and Gualcamayo mine, the latter of which achieved various corporate objectives and provides both immediate and periodic future payments. Future payments from currently identified opportunities, new discoveries, mine life extensions and higher metal prices, are expected to provide upside in value in relation to its current carrying value.
- the transaction with Leagold Mining Corporation for the purchase of Brio Gold Corp which provides Yamana with exposure to a combined equity with greater scale in terms of production and market capitalization.

These changes, together with a right-sized production platform, strong cash flows from operations, and the transition to a period of lower capital requirements will position the Company to achieve one of its main objectives, which is to strengthen the balance sheet. With the completion of Cerro Moro and after completion of the Canadian Malartic Extension project, which is in progress, there will be a reduction in expansionary capital. This, when considered with the outlook for continued strong operating results, positions the Company well to deliver near-term step up changes in cash flow and net free cash flow with this effect becoming more pronounced in mid-2019 with the completion of the advanced copper sales agreement.

The Company is focused on increasing value through improving cash flows and returns on invested capital and increasing net asset value. In that context, the Company’s development opportunities will be managed towards such increases and improvements, although within the framework of the Company's balance sheet objectives. In addition to the usual project gating items, project scheduling and expenditures will be largely sequential so as not to interfere with the Company’s balance sheet objectives and also the period of cash flow harvesting referred to above. Monetization of certain assets or other strategic alternatives may ultimately provide additional flexibility to both the balance sheet and

project timing. Agua Rica and the Company's interest in Leagold are two notable examples of opportunities over the 2019-2021 guidance period. The Company expects that progress on technical studies, stakeholder contributions and other factors such as commercial agreements will contribute to enhance the value of Agua Rica. The Company also expects that Leagold will continue to deliver on its development assets and business plan, ultimately generating value accretion to the Company.

In terms of the Company's approach to capital allocation, priority is to be given to the aforementioned balance sheet objectives. At current spot metal prices, both the leverage ratio and gross debt targets are expected to be met during the guidance period, excluding consideration from any potential monetization. Going forward, the Company's strategic objective is to maintain these balance sheet targets through the metal price cycle as a means to enhance financial flexibility. Importantly, this approach also affords the Company the ability to be opportunistic, such as to build or buy assets off cycle, with consideration to shareholder returns including dividends and buy-backs, while balancing these initiatives with the sustainability of cash flows through portfolio optimizations.

In the evaluation and assessment of projects, the Company's approach is to target projects for which it has the technical expertise to develop and operate. The Company is targeting after-tax returns of a multiple of its weighted average cost of capital and, as a rule of thumb, approximately 15%. These returns may be adjusted to reflect the complexity of the construction and operation, whether technical or geopolitical. The timing of any construction activity would follow detailed engineering to mitigate against late-cycle design and scope changes. This approach was fundamental to the success of Cerro Moro and remains the template for the Company going forward.

As aforementioned, the Company is an Americas company operating in mining friendly jurisdictions with adherence to best practices for mining. Presently, Yamana operates in Canada, Brazil, Chile, and Argentina. Consideration will be given to operating in other jurisdictions in North and South America, so long as there are established protocols for permitting and adherence to best practices. Given the significant exploration and expansion opportunities, along with advancing projects in jurisdictions in which the Company presently operates it is unlikely that Yamana will be in other jurisdictions in the foreseeable future.

Yamana intends to remain a significant intermediate-sized company. It considers an optimal portfolio consisting of six to eight mines with a production platform of 1 to 2 million ounces. In that context, Yamana considers copper production as an equivalent only for determination of size and scale. Presently, Yamana produces approximately 1.4 million gold equivalent ounces on this basis from six mines. This means that the Company remains a dominant intermediate-sized company, and has room for substantial further growth.

On size of mines, Yamana prefers each mine to produce at least 130,000 ounces as that represents sufficient size and scale by mine. Presently, four mines exceed 200,000 gold equivalent ounces (again, treating copper as a gold equivalent on for purposes of determining scale) and two of those are over 300,000 gold equivalent ounces. Five mines exceed, or soon will exceed, 150,000 gold equivalent ounces. Only one mine produces below a threshold of 130,000 ounces, although with exploration success, this may change.

PERFORMANCE MEASURES - *Going forward*

Beginning January 1, 2019, the Company has realigned its performance measures or key performance indicators ("KPIs"), in particular, non-GAAP financial measures, other financial measures and non-financial/operational measures to support its objective of financial and operating predictability, transparency, and comparability. In line with these objectives, the Company's performance measures will be reported using the voluntary guidance provided by the Accounting Standards Board's "Framework for Reporting Performance Measures" (First Edition; December 2018). Additionally, as an active member of the World Gold Council, the Company has adopted the updated version of the Guidance Note on All-in Sustaining Costs ("AISC").

With this realignment, the significant changes to the KPIs or revised methodology includes:

- **Production** - Silver production will be treated as a gold equivalent in determining a combined precious metal production unit commonly referred to as gold equivalent ounces ("GEO"). Specifically, guidance GEO produced are calculated by converting silver production to its gold equivalent using relative gold/silver metal prices at an assumed ratio and adding the converted silver production

expressed in gold ounces to the ounces of gold production. Actual production GEO calculations are based on an average realized gold to silver price ratio for the current quarter.

- **Cash costs** - Calculated on a per GEO sold basis. Following the Company's objective of more closely aligning with GAAP financial measures, the total costs used as the numerator of the unitary calculation represent Cost of Sales excluding DDA, net of treatment and refining charges. In the case of Chapada, costs directly attributable to GEO and copper will be allocated on that attributable basis. Non-attributable costs will be allocated based on the relative value of revenues for each metal, which will be determined annually at the beginning of each year.
- **AISC** - calculated on a per GEO sold basis (and in the case of Chapada, also calculated for copper) and reflects the changes in the recently updated Guidance Note. A complete listing of such changes, and a reconciliation to current AISC metrics is noted below.

Production Guidance

The following table presents the Company's total gold equivalent ounces ("GEO"), gold, silver and copper production expectations for Yamana Mines in 2019, 2020 and 2021.

	2018 Actual *(ii)*	**2019 Guidance**	**2020 Guidance**	**2021 Guidance**
Total GEO production *(ounces) (i)*	1,041,350	**1,060,000**	**1,100,000**	**1,100,000**
Total gold production *(ounces)*	940,619	**940,000**	**955,000**	**955,000**
Total silver production *(ounces)*	8,023,046	**10,000,000**	**12,000,000**	**12,000,000**
Total copper production *(millions of pounds)* - Chapada	129.2	**120.0**	**120.0**	**120.0**

(i) Includes gold plus silver at a ratio of 79.6 for 2018 and a ratio of 82.5 for 2019, 2020 and 2021.

(ii) Excluding any attribution from Yamana's interest in Leagold Mining Corporation and Gualcamayo (sold during the year).

With the development and ramp-up in 2018 of the high-grade Cerro Moro project, the Company's newest mine, in the near and medium-term the Company remains focused on optimizing the existing portfolio of six operating mines while also advancing studies for various expansion projects and longer term development assets.

Gold and silver production are expected to increase in the guidance period, increasing to 955,000 ounces and 12 million ounces, respectively, by 2020. Gold production is expected to benefit from continued strong performance across the portfolio, led by production increases at Canadian Malartic, while silver production is expected to benefit from grade and production increases at Cerro Moro, in line with current mine plans. Copper production, all of which is from Chapada, is expected to remain constant throughout the guidance period.

The Company 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.

The following table presents mine-by-mine production results for 2018 and expectations for 2019.

Production Expectation by Mine	**GEO**		**Gold**		**Silver**	
	2018 Actual	**2019 E**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**
Chapada	121,003	**100,000**	121,003	**100,000**	—	—
Canadian Malartic (50%)	348,600	**330,000**	348,600	**330,000**	—	—
El Peñón	201,065	**198,500**	151,893	**150,000**	3,903,961	**4,000,000**
Cerro Moro	144,352	**203,000**	92,793	**130,000**	4,119,085	**6,000,000**
Jacobina	144,695	**145,000**	144,695	**145,000**	—	—
Minera Florida	81,635	**85,000**	81,635	**85,000**	—	—

Cost Outlook

Costs are forecasts to remain in the indicated ranges through the guidance period. Despite the changes to unitary costs as previously described, cash flows of the operations would not be affected as these items have always impacted cash flows. To facilitate year-on-year comparisons of cost guidance 2018 actuals have been adjusted for these changes guidance:

	Total Cost of Sales per unit sold		By-Product Cash Costs per GEO sold		By-Product AISC per GEO sold		Cash Costs per unit sold		AISC per unit sold	
	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**
Gold Equivalent *(i)*	$ 1,028	**$1,020 - $1,060**	$ 501	**$510 - $550**	$ 835	**$850 - $890**	$ 656	**$640 - $680**	$ 931	**$920 - $960**
Copper (Chapada) *(ii)*	$ 1.78	**$1.75 - $1.95**	—	**—**	—	**—**	$ 1.74	**$1.60 - $1.80**	$ 2.06	**$1.90 - $2.10**

(i) A cautionary note regarding non-GAAP financial measures and additional subtotals in financial statements are included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A. Excluding any attribution from Yamana's interest in Leagold Mining Corporation and Gualcamayo (sold during the year).

(ii) Cash costs and AISC for Copper are on a co-product basis.

The following tables provide the adjustments to reconcile Cash Costs and All-in Sustaining as defined in 2018, to the revised methodology:

	2018 Actual $/GEO oz sold	2018 Actual $/copper lb sold
Cash Costs *(co-product, current methodology, per ounce/lb produced)*	**614**	**1.51**
Production vs. sales	11	0.07
Inventory movement and adjustments	13	0.01
Commercial costs	3	0.09
Sales tax	11	0.06
Others	4	—
Subtotal	**42**	**0.23**
Cash Costs *(co-product, revised methodology)*	**656**	**1.74**
Less: by-product credit	(155)	
Cash Costs *(by-product, revised methodology)*	**501**	

	2018 Actual $/GEO oz sold	2018 Actual $/copper lb sold
All-in Sustaining Costs *(co-product, current methodology, per ounce/lb produced)*	**816**	**1.76**
Production vs. sales	17	0.08
Inventory movement and adjustments	13	0.01
Commercial costs	3	0.09
Sales tax	11	0.06
G&A stock based comp	4	—
Exploration CAPEX	59	0.03
Community social programs	1	—
Closure related expenses	6	0.03
Closure depletion	5	—
Others	(5)	—
Subtotal	**114**	**0.30**
All-in Sustaining Costs *(co-product, revised methodology)*	**931**	**2.06**
Less: by-product credit	(96)	
All-in Sustaining Costs *(by-product, revised methodology)*	**835**	

The following table presents cost of sales, cash costs and AISC results in 2018 and guidance by mine for 2019. 2018 actuals are adjusted to reflect changes to the reporting methodology to facilitate direct comparisons:

Reflecting new methodology	**Total cost of sales per GEO sold *(ii)***		**Cash costs per GEO sold *(i)***		**AISC per GEO sold *(i) (ii)***	
	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**
Chapada	$ 420	**$ 490**	$ 388	**$ 430**	$ 473	**$ 525**
Canadian Malartic (50%)	$ 967	**$ 965**	$ 573	**$ 560**	$ 732	**$ 730**
El Peñón	$ 1,314	**$ 1,100**	$ 851	**$ 800**	$ 1,117	**$ 1,050**
Cerro Moro *(iii)*	$ 1,096	**$ 1,240**	$ 629	**$ 690**	$ 848	**$ 890**
Jacobina	$ 967	**$ 1,005**	$ 675	**$ 700**	$ 891	**$ 890**
Minera Florida	$ 1,398	**$ 1,225**	$ 917	**$ 760**	$ 1,327	**$ 990**

(i) A cautionary note regarding non-GAAP financial measures and additional subtotals in financial statements are included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A. Also included is a reconciliation of 2018 actuals for cash costs and AISC per GEO demonstrating the full adoption the World Gold Council methodology for AISC. Additionally, the Argentinean export tax in respect of Cerro Moro and certain Brazilian export taxes are included as components of cost of sales. Previously, these items were treated as deductions to sales and not reflected in either cash costs or AISC.

(ii) Mine site AISC includes cash costs, mine site general and administrative expense, sustaining capital capitalized exploration and expensed exploration. Consolidated AISC incorporates additional non-mine site costs including corporate general and administrative expense.

(iii) For 2019, the most notable increase in Cerro Moro unitary costs is related to the introduction of the export tax of approximately $130 per GEO sold and the historical Bocamina tax of approximately $40 per GEO sold, now both disclosed as part of Cost of Sales reflecting the Company's new methodology for cost reporting.

The following table presents sustaining capital and exploration spend results for 2018 and expectations by mine for 2019:

	Expansionary capital		**Sustaining capital**		**Total exploration *(i)***	
(In millions of US Dollars)	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**	2018 Actual	**2019 Guidance**
Chapada	$ 4.1	**$ 13.0**	$ 35.2	**$ 35.0**	$ 7.8	**$ 4.0**
Canadian Malartic (50%)	31.4	**37.0**	46.4	**47.0**	4.3	**2.0**
El Peñón	1.1	**2.0**	31.8	**27.0**	17.9	**17.0**
Cerro Moro	61.3	**2.0**	15.0	**28.0**	11.3	**15.0**
Jacobina	20.6	**28.0**	21.0	**21.0**	6.1	**5.0**
Minera Florida	32.2	**10.0**	14.5	**14.0**	14.0	**5.0**
Other capex	18.6	**3.0**	3.4	**10.0**	—	**—**
Other exploration and overhead	—	**—**	—	**—**	17.1	**20.0**
Total	$ 169.3	**$ 95.0**	$ 167.3	**$ 182.0**	$ 78.5	**$ 68.0**

(i) The Company expects approximately 77% of exploration spending will be capitalized in 2019.

Capital expenditure totals for 2019 do not include costs to add to long-term ore stockpiles, as part of the mine sequencing, at Chapada and Canadian Malartic (50%). These costs are estimated at $57 million and $40 million, respectively, for 2019, compared to expenditures of $43.0 million and $27.0 million for the year ended December 31, 2018.

The lower-grade stockpile at Chapada measures approximately 99 million tonnes grading 0.22% copper and 0.16 g/t gold for contained pre-recovery metal of 513,880 ounces of gold and 487 million pounds of copper. With mining costs already incurred and metallurgical recoveries enhanced as a result of recent improvements to the processing plant, the economic potential of the stockpile material has improved, and as such, the existing stockpile and planned increases are expected to improve the development studies being reviewed at Chapada, specifically be considered for the plant expansion.

The following table presents other expenditure results in 2018 and expectations for 2019:

(In millions of US Dollars, unless otherwise noted)	2018 Actual *(i)*	**2019 Guidance**
Total DDA *(ii)*	$ 412.0	**$ 475.0**
Total general and administrative expenses ("G&A")	$ 83.4	**$ 87.0**
Cash based G&A	$ 77.8	**$ 75.0**
Stock-based G&A	$ 5.6	**$ 12.0**

(i) Excluding any attribution from Yamana's interest in Leagold Mining Corporation and Gualcamayo (sold during the year).

(ii) The Company expects higher DDA in 2019 compared to 2018 mainly due to a full year of production at Cerro Moro and the draw down and unrefined inventory of gold and silver carried over from 2018, mostly from Cerro Moro. Cerro Moro DDA reflects both the costs of construction as well as the historical acquisition costs.

Guidance Assumptions

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

		2018 Actual *(i)*		**2019 Guidance Assumptions**
GEO Ratio		79.6		**82.5**
Gold	$	1,264	**$**	**1,275**
Silver	$	15.87	**$**	**15.50**
Copper	$	2.99	**$**	**2.75**
C$/US$	$	1.30	**$**	**1.31**
BRL/US$		3.65		**3.60**
CLP/US$		641.00		**680.00**
ARS/US$		28.09		**37.00**

(i) 2018 metal prices and exchange rates shown in the table above are the average realized metal prices and exchange rates for the year ended December 31, 2018. Excludes Yamana's interest in Leagold Mining Corporation and Gualcamayo (sold during the year).

3. REVIEW OF FINANCIAL RESULTS

IMPAIRMENT AND REVERSAL OF IMPAIRMENT

In the fourth quarter of 2018, in accordance with policy, operating mine sites were reviewed for indicators of impairment or reversal and the Company performed the annual goodwill impairment test. The Company observed an increase in the recoverable amount of our Jacobina mine in Brazil that resulted in a reversal of the impairment loss recorded in 2014, totalling $150.0 million. This reversal was offset by an impairment at Minera Florida of $151.0 million and a $45.0 million impairment of goodwill recorded on the acquisition of the Canadian Malartic mine. No indicators of impairment or reversal were identified for the other operating mine sites.

Under IFRS, an impairment loss is recognized when the carrying value of an asset (or cash-generating unit ("CGU")) is above the recoverable amount, being the higher of 'fair value less costs of disposal' or its 'value in use'. When the inverse is true, a reversal of impairment is recognized. Based on the continuous application of this current fair value principle and updating of discounted cash flow models for changes in macro-economic and mine specific operational assumptions and triggers, it is more likely that under IFRS compared to other accounting standards, an asset will be impaired or have an impairment reversal occur earlier and/or more frequently.

Jacobina

The Company recorded an impairment of its Jacobina mine in 2014. The impairment was the result of the average processing rate declining to below 4,000 tonnes per day with life of mine plans contemplating a processing rate at less than 60% of capacity. Additionally, the mine experienced dilution controls issues resulting in lower than expected grades and higher costs leading to an impairment charge. Following several years of remediation plans, the Company considered the following factors to be an indicator of reversal of the previous impairment charge:

- A significant increase in mineral reserves and mineral resources for 2018, which both extended the life of the mine and improved the life of mine models.
- A second consecutive year of meaningful improvements, leading to a record production closer to long-term goal of 150,000 ounces per year.
- A reduction in costs to expected levels benefiting from the higher production and continuous cost reduction initiatives.
- Milling rates in excess of 95% of plant capacity reaching a sustainable level, following plant optimization initiatives including the commissioning of the advanced control system in the third quarter, which enhanced plant stability. A modest investment in 2019 is expected to increase processing capacity further.
- During the year, the Company developed underground areas and surface stockpiling, and achieved the goals of one month ahead of ready-to-blast tonnage and additional five months of ready to drill ore.

The Company concluded that the recoverable amount for the Jacobina Cash Generating Unit ("CGU"), representing the CGU's FVLCD, exceeded the carrying amount. This resulted in a reversal of the impairment charge recorded in 2014, which was limited to the carrying amount of the Jacobina CGU that would have been determined had no impairment charge been recognized in prior years, net of depletion, depreciation and amortization charges.

Minera Florida

During 2018, the Minera Florida mine experienced lower production at higher than expected unit costs. Similar to the approach taken at El Peñón and Jacobina in the past, the focus of the updated life of mine plan at Minera Florida is to right size the operation at a sustainable production level. The focus is to maximize operating margins and to advance mine development and mineral reserve delineation to deliver mine flexibility and scope for future potential production increases, driven by either throughput or grade.

In consideration of the above, at Minera Florida, a non-cash accounting impairment of $151.0 million was recognized, which resulted from:

- decreased life of mine profitability from an updated life of mine plan, developed in the fourth quarter of 2018 as part of the Company's annual process,
- the impact of the plan on the value of exploration potential and land interest, and
- the anticipated disposal of certain exploration land holdings of the Minera Florida CGU not contiguous to the area of the mine.

Studies considering the decommissioning of the PTR plant will be evaluated during 2019 and several retrofits completed on the main processing plant to be able to process approximately 900,000 tonnes per year or approximately 9% higher than current levels.

For 2019, mining activity has transitioned to the higher-grade zones of Pataguas and PVS, which will enable a higher production level compared to 2018 and at an anticipated lower cost structure. A lower exploration budget and reduced drilling activity is planned while the optimization progresses. Drilling at Los Patos zone in 2018 returned impressive assay results extending the zone, which will be followed up further in 2019. In addition, Don Leopoldo was tested at depth, with results confirming mineralization is open at depth. In general, the Company has applied more restrictive controls around the mineral resource modelling potential and continues to perform additional work to have a better understanding of ore shoots.

The optimization of operations also prompted the review of a detailed plan for future exploration during the fourth quarter, both from a budget and a strategic perspective. As the land holdings of the Minera Florida CGU are significant in size and breadth, rationalization of the portfolio presented the opportunity to save on the ongoing maintenance and licensing costs that are currently incurred. The value attributable to the land arose from a purchase price allocation associated with its acquisition.

Canadian Malartic

On June 16, 2014, the Company acquired a 50% interest in the Canadian Malartic mine. Goodwill of $427.6 million was recognized. As a result of the deferred income tax liability recognized in purchase accounting, an additional "gross up" of the fair value of the acquired assets is required, which resulted in the recognition of goodwill. Goodwill is not amortized and may be impaired in future periods, pending the identification of additional mineral reserves and mineral resources. As goodwill is tested annually for impairment and not amortized, unless the mine as a CGU can continuously replenish mineral reserves and mineral resources, it may result in the gradual impairment of goodwill. As at December 31, 2018, the FVLCD of Canadian Malartic exceeded the mine's book value. However, the sum of the carrying value of the Canadian Malartic CGU and goodwill from its acquisition was deemed to be in excess of the FVLCD of the Canadian Malartic CGU by $45.0 million, due to the 2018 mineral depletion. The impairment represents approximately 10% of the total goodwill balance.

For the year ended December 31, 2018, the Company recorded net impairment losses of $302.0 million (2017: $356.5 million) including the above and the impairments previously recognized during the year with respect to sales transactions.

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

Net loss

- Net loss attributable to Yamana Gold Inc. equity holders, for the three months ended December 31, 2018 was $61.4 million or $0.06 per share basic and diluted, compared to a net loss of $188.6 million or $0.20 per share for the three months ended December 31, 2017. Significant events having an accounting or cash flow impact during the fourth quarter that are not reflective of ongoing operations include (Refer to *Section 3: Review of Financial Results* of this MD&A for additional details):
    - An impairment reversal in respect of Jacobina following the significant increase in mineral reserves and mineral resources, which extends the life of the mine, and other operational improvements, as described above.
    - The reversal was offset by non-cash accounting impairments in respect of Minera Florida and in respect of goodwill on acquisition of Canadian Malartic.
    - A higher income tax expense of $33.3 million due to a non-recurring tax payment made in the quarter.
    - Approximately $6.4 million in export taxes that were recently enacted by the Argentine Executive Branch. In December, there was a favourable judgment on proceedings challenging the constitutionality of the export tax in respect of the amounts paid prior to December 3, 2018. The Company had paid $3.5 million in export taxes incurred prior to December 3, 2018.
    - A $43.2 million non-cash unrealized foreign exchange gain, recorded in income taxes, resulting from the US dollar weakening during the quarter against local currencies.

- Certain non-cash and other items that may not be reflective of current and ongoing operations were $87.6 million or $0.09 per share. The Company refers to the following items, which may be used to adjust or reconcile input models in consensus estimates, the most notable of which, being the aforementioned net impairment as discussed in *Section 1: Highlights and Relevant Updates* of this MD&A:

(In millions of US Dollars; unless otherwise noted)		*For the three months ended December 31,* **2018**	2017 *(restated)*
Non-cash unrealized foreign exchange losses (gains)	$	**3.2** $	(1.2)
Share-based payments/mark-to-market of deferred share units		**(0.5)**	3.7
Mark-to-market (gains) losses on derivative contracts *(ii)*		**(2.6)**	12.8
Net mark-to-market losses (gains) on investments and other assets		**0.9**	(0.5)
Revision in estimates and liabilities including contingencies		**0.3**	1.9
Gain on sale of subsidiaries		**(2.7)**	—
Impairment (reversal) of mining and non-operational mineral properties, and properties held for sale		**(13.0)**	356.4
Impairment of goodwill		**45.0**	—
Reorganization costs		**2.2**	1.2
Other provisions, write-downs and adjustments *(i)*		**16.4**	(0.5)
Non-cash tax on unrealized foreign exchange losses		**(43.2)**	11.6
Income tax effect of adjustments and other one-time tax adjustments *(iii)*		**81.6**	(141.3)
Total adjustments - increase to earnings attributable to Yamana Gold Inc. equity holders	**$**	**87.6** $	244.1
Total adjustments - increase to earnings per share attributable to Yamana Gold Inc. equity holders	**$**	**0.09** $	0.26

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

(ii) On January 1, 2018, the Company adopted IFRS 9 *Financial Instruments.* Under the transitional provisions of IFRS 9, the Company has restated the comparative period for certain hedging requirements. Specifically, under IFRS 9, changes in time value on the Company's zero cost collars, which were taken to profit or loss under IAS 39: *Financial Instruments: Recognition and Measurement,* are now recognized in OCI as a cost of hedging rather than in profit or loss. Accordingly, the results of the comparative period have been adjusted to remove time value movements from profit or loss, and the comparative adjustments above have been adjusted accordingly.

(iii) Other one-time tax adjustments includes $50.1 million in deferred tax recognized as a result of foreign exchange in the period.

Revenue

- Revenue for the three months ended December 31, 2018 was $483.4 million, compared to $478.8 million in the same period in 2017; as 5% lower realized gold prices were partly offset by higher silver and copper sales. Revenue was also impacted by lower consolidated gold quantities sold, as there were attributable ounces from Brio Gold in 2017. At Cerro Moro, elevated silver grades above plan led to capacity constraints at the mine furnace, resulting in an increase in gold and silver precipitate. This impacted sales volumes. Precipitate inventory levels are expected to be drawn down to normalized levels the first half of 2019.

For the three months ended December 31,				**2018**		2017
	Quantity sold			**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**284,420**	**oz**	**$**	**1,223** **$**	**347.9** $	382.6
Silver	**3,065,102**	**oz**	**$**	**14.59**	**44.7**	17.8
Copper *(i)*	**35,509,168**	**lbs**	**$**	**2.56**	**90.8**	78.4
Revenue				**$**	**483.4** $	478.8

For the three months ended December 31,			**2018**		2017
	Quantity sold		**Average realized price**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**284,420**	**oz**	**$ 1,226**	**$ 348.7**	$ 387.8
Silver	**3,009,473**	**oz**	**$ 14.54**	**43.7**	16.9
Silver subject to metal sales agreement *(ii)*	**55,629**	**oz**	**$ 17.26**	**1.0**	0.9
	3,065,102	**oz**	**$ 14.59**		
Copper *(i)*	**22,701,830**	**lbs**	**$ 2.79**	**63.4**	95.4
Copper subject to metal sales agreements *(ii)*	**12,807,338**	**lbs**	**$ 3.08**	**39.4**	4.8
	35,509,168	**lbs**	**$ 2.90**		
Gross revenue				**$ 496.2**	$ 505.8
(Deduct) add:					
- Treatment and refining charges of gold and copper concentrate				**(10.0)**	(10.9)
- Sales taxes *(iii)*				**—**	(5.5)
- Metal price, MTM, and derivative settlement adjustments				**(2.8)**	(10.7)
- Other adjustments				**—**	0.1
Revenue *(iii)(iv)*				**$ 483.4**	$ 478.8

(i) Includes payable gold and copper contained in concentrate.
(ii) Balances represent the metals sold under the metal sales agreements and the advanced copper sales program.
(iii) Beginning on January 1, 2018, the Company is presenting revenue gross of certain sales taxes.
(iv) As discussed in *Note 5: Recent Accounting Pronouncements* to the Company's Consolidated Financial Statements, the Company adopted IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018. Under IFRS 15, the Company is required to account for the financing component on its streaming arrangements, under which, revenue is increased by an imputed interest amount, with a corresponding increase to finance expense each period. The amount of this adjustment in the three months ended December 31, 2018 was $4.2 million. In accordance with the transition provisions of IFRS 15, revenue in the comparative period has not been restated.

Cost of Sales

- Lower unit costs of production more than offset higher production volumes during the three months ended December 31, 2018.
- Cost of sales excluding DDA for the three months ended December 31, 2018 was $266.2 million, in line with $264.7 million for the same period in 2017. The cost associated with higher silver and copper sales were offset by the depreciation of local currencies against the US Dollar.
- Total DDA expense for the three months ended December 31, 2018 was $130.9 million, comparable to the $100.9 million for the same period in 2017. DDA expense is higher mainly due to the higher production on the completion of ramp up at Cerro Moro, partially offset by no DDA from Brio Gold or Gualcamayo.

Expenses and Other Income

- General and administrative expenses were $21.0 million for the three months ended December 31, 2018, 38% lower compared to $34.0 million for the same period in 2017.
- Exploration and evaluation expenses were $3.6 million for the three months ended December 31, 2018, compared to $7.0 million for the same period in 2017, in line with lower planned greenfield exploration during the period.
- Share of earnings of associate totalled $4.5 million for the three months ended December 31, 2018, representing the equity pick up from the Company's interest in Leagold, which was acquired in May 2018.
- The Company recorded other expenses of $11.0 million for the three months ended December 31, 2018, compared to other expenses of $16.4 million for the same period in 2017.
- Finance costs were $32.0 million for the three months ended December 31, 2018, compared to $28.7 million for the same period in 2017, primarily attributable to the non-cash interest expense of $3.6 million related to the financing component of deferred revenue contracts recorded in the current period. Interest expense on outstanding debt remained reasonably consistent with the prior period.

- Other income was $0.2 million in the three months ended December 31, 2018 compared to other costs of $7.4 million in the comparative period. This account is comprised primarily of unrealized gains and losses on derivatives and foreign exchange and, given the nature of these accounts, is expected to fluctuate from year to year.

Income Tax Expense (Recovery)

- The Company recorded an income tax expense of $52.9 million for the three months ended December 31, 2018 (2017: income tax recovery of $138.5 million). The income tax provision reflects a current income tax expense of $51.6 million and a deferred income tax expense of $1.3 million. The current quarter includes an income tax expense of $33.3 million incurred and payable at the end of the year, following an administrative interpretation of relevant tax legislation and approach by Brazilian tax authorities under that tax legislation in December. The expense was unexpected, not consistent with the Company's interpretations of the tax legislation and inconsistent with past practice. The Company has made the payment so as to avoid penalties and interest but in respect of which, the Company is pursuing its legal recourse and remedies. The prior year income tax recovery includes deferred income tax liability reversals of $83.0 million in Argentina related to the non-cash impairment loss recognized on the re-measurement of Gualcamayo in association with its reclassification as a disposal group held for sale, and the impact of a tax rate change in the fourth quarter of $216.8 million.

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

Net Loss

- Net loss attributable to Yamana Gold Inc. equity holders, for the year ended December 31, 2018 was $284.6 million or $0.30 per share basic and diluted, compared to a net loss of $188.5 million or $0.20 per share for the year ended December 31, 2017. The net loss resulted mainly from non-cash accounting impairments previously discussed.
- Certain non-cash and other items that may not be reflective of current and ongoing operations were $396.5 million or $0.42 per share. The Company refers to the following items, which may be used to adjust or reconcile input models in consensus estimates:

(In millions of US Dollars; unless otherwise noted)	*For the year ended December 31,* 2018	2017
Non-cash unrealized foreign exchange losses	**$ 9.5**	$ 15.0
Share-based payments/mark-to-market of deferred share units	**5.3**	12.8
Mark-to-market (gains) losses on derivative contracts *(ii)*	**(9.4)**	9.3
Net mark-to-market loss on investments	**9.8**	2.5
Revision in estimates and liabilities including contingencies	**12.9**	(26.6)
Gain on sale of subsidiaries	**(73.7)**	—
Impairment (reversal) of mining and non-operational mineral properties, and properties held for sale	**250.0**	356.5
Impairment of goodwill	**45.0**	—
Financing costs paid on early note redemption	**14.7**	—
Reorganization costs	**10.1**	4.8
Other provisions, write-downs and adjustments *(i)*	**34.9**	18.5
Non-cash tax on unrealized foreign exchange losses (gains)	**151.9**	9.9
Income tax effect of adjustments and other one-time tax adjustments	**(64.4)**	(143.4)
Total adjustments - increase to earnings attributable to Yamana Gold Inc. equity holders	**$ 396.5**	$ 259.3
Total adjustments - increase to earnings per share attributable to Yamana Gold Inc. equity holders	**$ 0.42**	$ 0.27

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

(ii) On January 1, 2018, the Company adopted IFRS 9 *Financial Instruments.* Under the transitional provisions of IFRS 9, the Company has restated the comparative period for certain hedging requirements. Specifically, under IFRS 9, changes in time value on the Company's zero cost collars, which were taken to profit or loss under IAS 39: *Financial Instruments: Recognition and Measurement,* are now recognized in OCI as a cost of hedging rather than in profit or loss. Accordingly, the results of the comparative period have been adjusted to remove time value movements from profit or loss, and the comparative adjustments above have been adjusted accordingly.

Revenue

- Revenue for the year ended December 31, 2018 was $1,798.5 million, compared to $1,803.8 million for the year ended December 31, 2017. Lower revenue resulted from lower consolidated gold quantities sold, as there were more attributable ounces from Brio Gold and Gualcamayo in 2017. This was partly offset by an additional 3.5 million pounds of copper sold at 8% higher average realized copper prices and revenue from Cerro Moro. As aforementioned, the inventory build-up at Cerro Moro also affected revenue for the year.

For the years ended December 31,			**2018**		2017
	Quantity sold		**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**1,075,214**	**oz**	**$ 1,263**	**$ 1,357.5**	$ 1,433.9
Silver	**7,000,887**	**oz**	**$ 15.37**	**107.6**	86.1
Copper *(i)*	**123,555,941**	**lbs**	**$ 2.70**	**333.4**	283.8
Revenue				**$ 1,798.5**	$ 1,803.8

For the years ended December 31,			**2018**		2017
	Quantity sold		**Average realized price**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold *(i)*	**1,075,214**	**oz**	**$ 1,267**	**$ 1,362.8**	$ 1,450.1
Silver	**6,759,000**	**oz**	**$ 15.29**	**103.3**	83.0
Silver subject to metal sales agreement *(ii)*	**241,887**	**oz**	**$ 17.69**	**4.3**	3.2
	7,000,887	**oz**	**$ 15.37**		
Copper *(i)*	**91,182,021**	**lbs**	**$ 2.99**	**272.9**	317.0
Copper subject to metal sales agreements *(ii)*	**32,373,920**	**lbs**	**$ 2.99**	**96.9**	16.9
	123,555,941	**lbs**	**$ 2.99**		
Gross revenue				**$ 1,840.2**	$ 1,870.2
(Deduct) add:					
- Treatment and refining charges of gold and copper concentrate				**(34.6)**	(38.2)
- Sales taxes *(iii)*				**—**	(18.6)
- Metal price, MTM, and derivative settlement adjustments				**(6.8)**	(10.1)
- Other adjustments				**(0.2)**	0.5
Revenue *(iii)(iv)*				**$ 1,798.5**	$ 1,803.8

(i) Includes payable copper and gold contained in concentrate.
(ii) Balances represent the metals sold under the metal sales agreements and the advanced copper sales program.
(iii) Beginning on January 1, 2018, the Company is presenting revenue gross of certain sales taxes.
(iv) As discussed in *Note 5: Recent Accounting Pronouncements* to the Company's Consolidated Financial Statements, the Company adopted IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018. Under IFRS 15, the Company is required to account for the financing component on its streaming arrangements, under which, revenue is increased by an imputed interest amount, with a corresponding increase to finance expense each period. The amount of this adjustment in the year ended December 31, 2018 was $13.8 million. In accordance with the transition provisions of IFRS 15, revenue in the comparative period has not been restated.

Cost of Sales

- Cost of sales excluding DDA for the year ended December 31, 2018 was $1,010.0 million, compared to $1,042.4 million for the year ended December 31, 2017. Cost of sales excluding DDA for the year was lower than in 2017, on lower sale quantities and lower unit costs of production from several ongoing operational efficiencies. In addition, costs were lower due to the exclusion of Brio Gold cost of sales from late May, 2018, partially offset by the addition of Cerro Moro cost of sales starting the third quarter of 2018.
- Total DDA expense for the year ended December 31, 2018 was $438.3 million, compared to $426.8 million for the year ended December 31, 2017. DDA expense is higher mainly due to the higher production on the completion of ramp up at Cerro Moro, partially offset by the DDA that ceased to be recorded following the classification of Brio Gold and Gualcamayo as held for sale.

Expenses and Other Income

- General and administrative expenses were $91.8 million for the year ended December 31, 2018, compared to $113.6 million for the year ended December 31, 2017. General and administrative expenses are 19% lower than the comparative year. General and administrative expenses were $83.4 million excluding Brio Gold and Gualcamayo and below guidance of $94.0 million for the year.
- Exploration and evaluation expenses were $13.0 million for the year ended December 31, 2018, compared to $21.2 million for the year ended December 31, 2017, in line with lower planned greenfield exploration.
- Share of earnings of associate totalled $5.5 million for the year ended December 31, 2018, representing the equity pick up from the Company's interest in Leagold.
- The Company recorded other operating income of $9.3 million for the year ended December 31, 2018, compared to other expenses of $23.6 million for the year ended December 31, 2017. The change is primarily due to the gains on sale of certain Canadian exploration properties, the Brio Gold transaction and Gualcamayo recorded in the current year, partly offset by increases in provisions. Refer to *Note 6: Divestitures* to the Company's Consolidated Financial Statements for further discussion on the sale transactions.
- Finance costs were $137.4 million for the year ended December 31, 2018, compared to $110.8 million for the year ended December 31, 2017. The increase in finance costs is attributable to the impact of the one-time financing cost of $14.7 million on the early debt redemption that occurred in the first quarter and the non-cash interest expense of $16.0 million related to the financing component of deferred revenue contracts recorded in the current year. Interest expense on outstanding debt remained reasonably consistent with the prior year.
- Other costs generated a gain of $2.5 million in the current year compared to costs of $20.9 million in the prior year. Other costs is comprised primarily of unrealized gains and losses on derivatives and foreign exchange and, given the nature of these accounts, is expected to fluctuate from year to year.

Income Tax Expense

- The Company recorded an income tax expense of $121.0 million for the year ended December 31, 2018 (2017: $113.9 million income tax recovery). The income tax provision reflects a current income tax expense of $138.8 million and a deferred income tax recovery of $17.8 million, compared to a current income tax expense of $239.2 million and a deferred income tax recovery of $353.1 million for the year ended December 31, 2017.
- The effective tax rate is subject to a number of factors including the source of income between different countries, different tax rates in the various jurisdictions, the non-recognition of tax assets, foreign currency exchange movements, mining taxes, changes in tax laws and the impact of specific transactions and assessments. The consolidated effective tax rate was negative 68.4% on the loss before tax for the year ended December 31, 2018, compared to an effective tax rate of 36.5% for the same period in the prior year.
- 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 year ended December 31, 2018 and 2017:
    - 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 purpose of calculating deferred taxes. For the year ended December 31, 2018 and 2017 an expense of $151.9 million and $9.9 million, respectively, was recorded on currency fluctuations previously described.
    - Within a number of the Company's foreign subsidiaries, taxable or deductible foreign exchange gains or losses arise as a result of US Dollar transactions translation into local currency, whereas foreign currency exchange gains or losses that arise as local transaction are translated to US Dollars are not taxable or deductible. For the year ended December 31, 2018, a deductible local foreign exchange loss of $119.7 million was recognized, compared to deductible local foreign exchange loss of $9.2 million recognized in the comparative period.
    - An income tax expense of $33.3 million incurred at the end of the year, as previously described. This is compared to an expense of $149.9 million relating to the settlement of tax disputes in Brazil in the comparative period.
- The deferred tax liabilities relating to the operating mines will reverse in the future, as the assets are depreciated or depleted. The capitalized exploration expenditures on non-producing mineral properties 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 30% in 2018, decreasing to 25% in 2020; Chile, where the statutory tax rate is 27%; 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)		**2018**		2017
Canadian Malartic	**$**	**314.0**	$	333.9
Jacobina	**$**	**168.7**	$	102.2
Chapada	**$**	**68.0**	$	62.0
El Peñón	**$**	**46.1**	$	56.5
Agua Rica	**$**	**266.6**	$	266.5
Exploration potential / other	**$**	**245.9**	$	296.7

- See *Note 13: Income Taxes* to the Company's Consolidated Financial Statements for an explanation 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.

QUARTERLY FINANCIAL SUMMARY

For the three months ended *(In millions of US Dollars, unless otherwise noted)*		**Dec. 31 2018**	Sep. 30, 2018	Jun. 30 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017
Financial results									
Revenue *(i)*	**$**	**483.4**	$ 424.7	$ 435.7	$ 454.7	$ 478.8	$ 493.4	$ 428.1	$ 403.5
Attributable to Yamana equity holders:									
Net (loss) earnings *(ii)*	**$**	**(61.4)**	$ (81.3)	$ 18.0	$ (160.1)	$ (194.4)	$ 45.7	$ (39.9)	$ —
Per share - basic and diluted	**$**	**(0.06)**	$ (0.09)	$ 0.02	$ (0.17)	$ (0.20)	$ 0.05	$ (0.04)	$ —

(i) On January 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers.* In accordance with the transition requirements in IFRS 15, prior period numbers are not restated. The impact to the Company's revenue of applying IFRS 15 in the three months ended December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018 was an increase of $4.2 million, $4.1 million, $2.5 million and $3.0 million, respectively.

(ii) On January 1, 2018, the Company adopted IFRS 9 *Financial Instruments.* In accordance with the transition requirements in IFRS 9, the Company has restated the 2017 comparative periods for certain hedging requirements. Specifically, under IFRS 9, changes in time value on the Company's zero cost collars, which were taken to profit or loss under IAS 39: *Financial Instruments: Recognition and Measurement,* are now recognized in OCI as a cost of hedging rather than in profit or loss. Accordingly, the 2017 comparative periods have been restated for this change.

4. OPERATING SEGMENTS PERFORMANCE

YAMANA MINES

CHAPADA, BRAZIL

Chapada is an open pit gold-copper mine, located northwest of Brasília in Goías state, Brazil.

	For the three months ended December 31,		*For the years ended December 31,*	
Operating and Financial Information	**2018**	2017	**2018**	2017
Operating *(iv)*				
Ore mined *(tonnes)*	**10,025,022**	9,320,161	**33,787,816**	34,163,445
Waste mined *(tonnes)*	**8,350,604**	7,306,962	**31,305,991**	32,832,383
Ore processed *(tonnes)*	**6,064,827**	6,080,611	**22,929,227**	23,000,557
Gold				
Production *(ounces) (iii)*	**40,841**	36,578	**121,003**	119,852
Sales (ounces) *(iii)*	**35,607**	36,789	**116,743**	117,305
Feed grade *(g/t)*	**0.31**	0.30	**0.26**	0.28
Concentrate grade *(g/t)*	**17.21**	17.21	**15.48**	15.40
Recovery rate *(%)*	**67.1**	61.8	**63.3**	57.0
Total cost of sales per ounce sold *(ii)*	**$ 410**	$ 326	**$ 418**	$ 384
Co-product cash costs per ounce produced *(i)*	**$ 294**	$ 291	**$ 334**	$ 334
All-in sustaining co-product costs per ounce produced *(i)*	**$ 349**	$ 327	**$ 399**	$ 385
DDA per ounce sold	**$ 69**	$ 62	**$ 75**	$ 64
Copper				
Production *(millions of pounds)*	**39.0**	34.7	**129.2**	127.3
Sales *(millions of pounds)*	**35.5**	33.2	**123.6**	120.1
Feed grade *(%)*	**0.34**	0.31	**0.31**	0.31
Concentrate grade *(%)*	**23.98**	23.79	**24.10**	23.85
Recovery rate *(%)*	**86.3**	83.5	**82.4**	79.8
Total cost of sales per pound sold *(ii)*	**$ 1.86**	$ 1.67	**$ 1.78**	$ 1.73
Co-product cash costs per pound produced *(i)*	**$ 1.50**	$ 1.51	**$ 1.51**	$ 1.54
All-in sustaining co-product costs per pound produced *(i)*	**$ 1.73**	$ 1.67	**$ 1.76**	$ 1.74
DDA per pound sold	**$ 0.28**	$ 0.28	**$ 0.28**	$ 0.25
Concentrate				
Production *(tonnes)*	**73,830**	66,104	**243,129**	242,126
Sales *(tonnes)*	**70,008**	64,873	**242,496**	242,536
Treatment and refining charges *(millions of $)*	**$ (10.0)**	$ (10.9)	**$ (34.6)**	$ (38.2)
Metal price adjustments related to concentrate revenue *(millions of $)*	**$ (2.8)**	$ (10.7)	**$ (6.8)**	$ (10.1)
Financial *(millions of US Dollars)*				
Revenue	**$ 140.0**	$ 122.0	**$ 475.4**	$ 425.4
Cost of sales excluding DDA	**(75.0)**	(55.9)	**(225.6)**	(215.3)
Gross margin excluding DDA	**$ 65.0**	$ 66.1	**$ 249.8**	$ 210.1
DDA	**(12.3)**	(11.6)	**(43.6)**	(38.1)
Mine operating earnings	**$ 52.7**	$ 54.5	**$ 206.2**	$ 172.0
Capital expenditures				
Sustaining and other	**$ 9.4**	$ 5.6	**$ 35.2**	$ 27.9
Expansionary	**$ 2.4**	$ 3.4	**$ 4.1**	$ 13.4
Exploration	**$ 1.3**	$ 1.6	**$ 4.8**	$ 5.4

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

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

(iii) Contained in concentrate/Payable contained in concentrate.

(iv) Beginning January 1, 2018, silver production and related KPIs for Chapada no longer meet the minimum significance threshold in accordance with the Company's policy.

Chapada annual gold production exceeded expectations in 2018. Underpinned by an 11% increase in gold recovery rate, production was higher compared to 2017 at below guidance costs.

Gold and copper production in the fourth quarter in 2018 also exceeded expectations, driven mainly by higher grades and recoveries as an increased proportion of higher grade fresh ore from Corpo Sul was processed, compared to the previous quarter and the comparative quarter of 2017. The higher production level also improved revenues and mine operating earnings, partly offset by lower gold prices during the quarter.

Planned higher mine development and scheduled maintenance contributed to the increase in sustaining costs for gold and copper. This was partly offset by higher metal production, cost control initiatives implemented and the depreciation of the Brazilian Real against the US Dollar.

Copper grades are expected to remain constant through the guidance period while mill feed grades for gold will decline. This is consistent with mine sequencing as reflected in previously published technical reports. Chapada is mostly a copper mine with significant gold contribution and, as such, gold grades will vary as the mine is sequenced while copper grades will remain more consistent. For 2019, mill feed grades are expected to average 0.21 g/t gold and 0.28% copper and, as is customary for Chapada, production will be weighted to the back half of the year. The Company has various development, optimization and expansion opportunities under review at Chapada that are not included in the 2019 expansionary capital expenditures. The plan for 2019 does, however, consider the continuation of Phase 1, which targets plant optimization for further copper and gold recovery increases in the range of 2 percent for all ore types. Approximately, $9 million of Phase 1 expansionary capital is earmarked for 2019. Results from the ongoing feasibility study for Chapada Phases 2 and 3 are expected in mid 2019 (Refer to *Section 5: Construction, Development and Exploration* of this MD&A for additional details).

Gold and copper mineral reserves increased by 6% and 7%, respectively, over prior year, representing a significant overall improvement over depletion in 2018. Approximately 7,377 metres of drilling were completed at Chapada in the fourth quarter of 2018, in line with plan. The exploration plan focused on expanding the mineral envelopes at the Suruca hanging wall and footwall, Baru NE and Corpo Sul. At Suruca, drilling continues to expand the strike of both the footwall and hanging wall mineralization. At Baru NE, fourth quarter drilling focused on expanding the strike length of the shallow body copper-gold rich mineralization identified in the third quarter. The mineral system remains open to the northeast and will be followed up on in 2019.

EL PEÑÓN, CHILE

El Peñón is a high grade gold-silver underground mine located approximately 160 kilometres southeast of Antofagasta in northern Chile.

	For the three months ended December 31,		For the years ended December 31,	
Operating and Financial Information	**2018**	2017	**2018**	2017
Operating				
Ore mined *(tonnes)*	**270,191**	280,007	**975,379**	1,018,007
Ore processed *(tonnes)*	**310,808**	255,727	**1,103,835**	1,041,200
Gold				
Production *(ounces)*	**37,956**	39,401	**151,893**	160,509
Sales *(ounces)*	**37,864**	34,955	**151,921**	159,149
Feed grade *(g/t)*	**4.04**	5.11	**4.53**	5.05
Recovery rate *(%)*	**93.8**	94.3	**94.1**	95.1
Total cost of sales per ounce sold	**$ 1,270**	$ 1,069	**$ 1,316**	$ 1,089
Co-product cash costs per ounce produced *(i)*	**$ 769**	$ 707	**$ 833**	$ 751
All-in sustaining co-product costs per ounce produced *(i)*	**$ 917**	$ 864	**$ 995**	$ 928
DDA per ounce sold	**$ 501**	$ 354	**$ 462**	$ 325
Silver				
Production *(ounces)*	**1,186,789**	1,052,423	**3,903,961**	4,282,339
Sales *(ounces)*	**1,145,821**	909,205	**3,878,748**	4,264,501
Feed grade *(g/t)*	**142**	152	**131**	148
Recovery rate *(%)*	**84.2**	85.4	**83.6**	86.4
Total cost of sales per ounce sold	**$ 16.07**	$ 14.58	**$ 16.48**	$ 14.57
Co-product cash costs per ounce produced *(i)*	**$ 9.48**	$ 9.19	**$ 10.43**	$ 10.30
All-in sustaining co-product costs per ounce produced *(i)*	**$ 11.31**	$ 11.23	**$ 12.46**	$ 12.77
DDA per ounce sold	**$ 6.27**	$ 4.84	**$ 5.83**	$ 4.34
Financial *(millions of US Dollars)*				
Revenue	**$ 63.0**	$ 60.3	**$ 253.6**	$ 274.0
Cost of sales excluding DDA	**(40.4)**	(33.9)	**(171.0)**	(165.2)
Gross margin excluding DDA	**$ 22.6**	$ 26.4	**$ 82.6**	$ 108.8
DDA	**(26.2)**	(16.8)	**(92.9)**	(70.2)
Mine operating earnings *(loss)*	**$ (3.6)**	$ 9.6	**$ (10.3)**	$ 38.6
Capital expenditures				
Sustaining and other	**$ 7.4**	$ 8.1	**$ 31.8**	$ 38.5
Expansionary	**$ 1**	$ —	**$ 1.1**	$ —
Exploration	**$ 4.7**	$ 2.3	**$ 17.9**	$ 17.8

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

Gold production at El Peñón exceeded guidance in 2018. Gold costs on co-product bases were impacted by the lower silver production and sales that had the effect of proportionally allocating more costs to gold.

Gold and silver production were 6% and 33% higher than the third quarter of 2018, respectively, mainly from higher processing rates. Gold and silver production for the fourth quarter, in comparison to the same period in 2017, were impacted by processing from the lower grade stockpile with a relatively higher proportion of silver than gold. Per unit costs for gold and silver during the quarter were favourably improved from the higher production and the quarterly depreciation of the Chilean Peso relative to the US Dollar, compared to the previous quarter in 2018.

Gold-equivalent production in 2019 is forecast to be in line with production guidance for 2018, with cash costs and AISC expected to be lower to those reported in 2018. Underground mine development activities in the first half of 2019 are expected to increase access to higher gold and silver grades in the second half of 2019, which will afford the operation greater flexibility, including for blending activities. Approximately

56% of the gold and 62% of the silver are expected to be produced in the second half of 2019 with cost metrics commensurately lower in the second half of 2019.

With the total infill drilling in 2018, mineral reserves increased by 5% for gold and 6% for silver, increasing over depletion in 2018. Approximately 26,293 metres of drilling was completed at El Peñón in the fourth quarter of 2018, in line with plan. Exploration work focused primarily on converting inferred mineral resources to measured and indicated mineral resources at Sistema Dorada, Martillo Centro Sur, Aleste SS, Nueva Providencia, Esmeralda and Laguna, and drilling 17 different areas within the mine area to identify new inferred mineral resources. Aleste SS, Laguna and Sistema Dorada had the highest conversion and were the main focus in the fourth quarter, returning significant new mineral resources. The targets for expanding inferred mineral resources were largely known veins tested to depth and along strike; however several new areas of mineralization were also identified. Follow up in 2019 will test these targets to determine their potential to add inferred mineral resources.

CANADIAN MALARTIC (50% interest), CANADA

Canadian Malartic is an open pit gold mine, located in the Abitibi region of Quebec, Canada.

Operating and Financial Information	For the three months ended December 31, 2018	2017	For the years ended December 31, 2018	2017
Operating				
Ore mined *(tonnes)*	**3,467,366**	2,997,727	**13,645,600**	11,771,047
Waste mined *(tonnes)*	**3,619,041**	5,066,884	**14,306,186**	21,075,681
Ore processed *(tonnes)*	**2,541,967**	2,614,712	**10,241,870**	10,178,803
Gold				
Production *(ounces)*	**84,732**	80,743	**348,600**	316,731
Sales *(ounces)*	**89,626**	88,812	**349,923**	315,517
Feed grade *(g/t)*	**1.18**	1.09	**1.20**	1.09
Recovery rate *(%)*	**87.9**	87.8	**88.3**	88.6
Total cost of sales per ounce sold	**$ 975**	$ 995	**$ 967**	$ 1,000
Co-product cash costs per ounce produced *(i)(ii)*	**$ 569**	$ 628	**$ 563**	$ 576
All-in sustaining co-product costs per ounce produced *(i)*	**$ 720**	$ 835	**$ 711**	$ 742
DDA per ounce sold	**$ 388**	$ 364	**$ 394**	$ 410
Financial *(millions of US Dollars)*				
Revenue	**$ 110.2**	$ 115.4	**$ 447.6**	$ 403.1
Cost of sales excluding DDA	**(52.5)**	(56.0)	**(200.4)**	(186.0)
Gross margin excluding DDA	**$ 57.7**	$ 59.4	**$ 247.2**	$ 217.1
DDA	**(34.7)**	(32.4)	**(137.8)**	(129.4)
Impairment of goodwill	**(45.0)**	—	**(45.0)**	—
Mine operating (loss) earnings	**$ (22.0)**	$ 27.0	**$ 64.4**	$ 87.7
Capital expenditures				
Sustaining and other	**$ 11.4**	$ 15.6	**$ 46.4**	$ 48.2
Expansionary	**$ 8.9**	$ 20.2	**$ 31.4**	$ 31.0
Exploration	**$ 0.4**	$ 2.6	**$ 4.0**	$ 10.2

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

(ii) Net of the CAD currency hedge impact for the period.

Canadian Malartic delivered record annual production and exceeded guidance in 2018 at 10% higher production and costs lower than expected and lower than those observed in 2017.

Higher fourth quarter production and revenue, compared to the same period in 2017, was mainly due to higher grades in line with the mining sequence. Costs during the quarter were lower than the comparative quarter of 2017 and lower or in-line with the previous quarter of 2018, benefiting from higher production.

Production and costs were better than expectations at Canadian Malartic in 2018 and should continue in 2019. Production in 2019 is forecast to be 330,000 ounces, in line with plan, with production costs similar to those reported in 2018. The Extension Project is continuing according to plan with contributions from Barnat expected to begin in late 2019 with more meaningful contributions in 2020 and 2021. On a 50% basis, expansionary capex is expected to be $37 million in 2019, of which $34 million is earmarked for the Extension Project. Work continues to focus on the highway 117 road deviation, pit preparation and tailings expansion.

Discussions with four First Nations groups concerning a potential memorandum of understanding continue. As with other community relations efforts at Canadian Malartic, the Company is working collaboratively with stakeholders to establish cooperative relationships that support the long-term potential of the mine.

Gold mineral reserves reflect depletion associated with 2018 production. The Company continues to see encouraging drill results at the East Malartic and Odyssey projects with drilling ongoing to extend and upgrade the mineral resources in these zones. Exploration programs are ongoing to evaluate zones along the Canadian Malartic trend, including the Odyssey, East Malartic, Midway and East Amphi zones. These opportunities have the potential to provide new sources of ore for the Canadian Malartic mill.

JACOBINA, BRAZIL

Jacobina is a complex of underground gold mines located in Bahia state, Brazil.

	For the three months ended December 31,		For the years ended December 31,	
Operating and Financial Information	**2018**	2017	**2018**	2017
Operating				
Ore mined *(tonnes)*	**505,329**	531,034	**2,093,413**	2,007,572
Ore processed *(tonnes)*	**517,953**	509,672	**2,035,214**	1,978,409
Gold				
Production *(ounces)*	**37,071**	34,566	**144,695**	135,806
Sales *(ounces)*	**34,934**	33,695	**141,780**	135,620
Feed grade *(g/t)*	**2.31**	2.09	**2.30**	2.20
Recovery rate *(%)*	**96.2**	97.2	**96.3**	96.3
Total cost of sales per ounce sold	**$ 1,132**	$ 1,027	**$ 967**	$ 1,057
Co-product cash costs per ounce produced *(i)*	**$ 677**	$ 703	**$ 649**	$ 701
All-in sustaining co-product costs per ounce produced *(i)*	**$ 826**	$ 906	**$ 802**	$ 867
DDA per ounce sold	**$ 451**	$ 257	**$ 292**	$ 330
Financial *(millions of US Dollars)*				
Revenue	**$ 44.9**	$ 43.0	**$ 179.4**	$ 170.8
Cost of sales excluding DDA	**(25.8)**	(25.9)	**(95.7)**	(98.6)
Gross margin excluding DDA	**$ 19.1**	$ 17.1	**$ 83.7**	$ 72.2
DDA	**(15.7)**	(8.7)	**(41.4)**	(44.8)
Impairment reversal	**150.0**	—	**150.0**	—
Mine operating earnings	**$ 153.4**	$ 8.4	**$ 192.3**	$ 27.4
Capital expenditures				
Sustaining and other	**$ 5.1**	$ 7.0	**$ 21.0**	$ 21.7
Expansionary	**$ 9.4**	$ 5.7	**$ 20.6**	$ 17.6
Exploration	**$ 1.7**	$ 1.8	**$ 5.9**	$ 5.8

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

Jacobina delivered record annual production and exceeded guidance in 2018. Production was 7% higher than guidance with cost metrics approximately 11% lower and also lower compared to 2017.

Jacobina exceeded production expectations in the fourth quarter of 2018 at 7% higher production, compared to the same quarter in 2017. Higher grades from Canavieiras Central, Canavieiras Sul and João Belo contributed to the higher production and operating earnings.

Costs benefited from the higher production and the depreciation of the local currency, which contributed to higher mine operating earnings. In addition, costs continue to benefit from the ongoing optimization initiatives, the most recent of which was the advanced control system to enhance plant stability. The Company continues to pursue opportunities to increase productivity and reduce costs through improvements relating to mining, plant processing, maintenance and supply chain. A modest investment in 2019 is expected to increase processing capacity further.

The forecast for 2019 is similar to that of 2018 in terms of production and costs while including an additional $8 million of expansionary capex with this attributable to the internalization of development activities. Looking ahead to 2019, with significant underground development work complete and a surface stockpile of approximately 100,000 tonnes grading 2.0 g/t the mine continues to be well positioned to deliver on its production and cost targets.

Jacobina replaced production depletion in 2018 and increased gold mineral reserves by 11%, significantly higher than 2017. Importantly, gold grades in the mineral reserve and mineral resource have trended higher, which was a strategic objective of the 2018 drill program. Approximately 10,630 meters of drilling were completed at Jacobina in the fourth quarter, in line with plan. The focus was primarily infill drilling at João Belo, Canavieiras Sul and Morro de Vento, as well as an expansion of known reefs at Canavieiras Sul and Canavieiras Central. At Canavieiras Sul and Joao Belo, drilling continues to intersect higher than mineral reserve grade mineralization through infill drilling. At Canavieiras Central, drilling testing the down dip extensions returned positive results for Maneira, LVLPC, MU and LU reefs. With these impressive results, Jacobina succeeded at adding over 800,000 inferred mineral resources. At Canavieiras Sul, the exploratory drill holes were designed to test the previously discovered higher-grade zones along the southeast direction, and drilling will continue to test the extent of this zone in 2019.

As previously noted, following the significant increase in mineral reserves and mineral resources, which extends the life of the mine, and other operational improvements in 2018, the impairment taken in 2014 was reversed in 2018.

CERRO MORO, ARGENTINA

Cerro Moro is the Company's newest high-grade underground and open pit gold-silver mine, located in the province of Santa Cruz, Argentina.

	For the three months ended December 31,		*For the years ended December 31,*	
Operating and Financial Information	**2018**	2017	**2018**	2017
Operating				
Ore mined *(tonnes)*	**83,313**	—	**210,644**	—
Waste mined *(tonnes)*	**2,261,670**	—	**6,416,534**	—
Ore processed *(tonnes)*	**85,673**	—	**199,602**	—
Gold				
Production *(pre-commercial ounces)*	**—**	—	**8,625**	—
Production *(commercial ounces)*	**45,066**	—	**84,168**	—
Production *(total ounces)*	**45,066**	—	**92,793**	—
Sales *(ounces)*	**40,016**	—	**68,669**	—
Feed grade *(g/t)*	**17.09**	—	**15.85**	—
Recovery rate *(%)*	**94.2**	—	**93.1**	—
Total cost of sales per ounce sold	**$ 1,072**	$ —	**$ 1,074**	$ —
Co-product cash costs per ounce produced *(i)*	**$ 471**	$ —	**$ 479**	$ —
All-in sustaining co-product costs per ounce produced *(i)*	**$ 611**	$ —	**$ 600**	$ —
DDA per ounce sold	**$ 471**	$ —	**$ 458**	$ —
Silver				
Production *(pre-commercial ounces)*	**—**	—	**333,878**	—
Production *(commercial ounces)*	**2,077,906**	—	**3,785,207**	—
Production *(total ounces)*	**2,077,906**	—	**4,119,085**	—
Sales *(ounces)*	**1,903,652**	—	**2,920,252**	—
Feed grade *(g/t)*	**811**	—	**725**	—
Recovery rate *(%)*	**91.4**	—	**89.4**	—
Total cost of sales per silver ounce sold	**$ 13.03**	$ —	**$ 14.22**	$ —
Co-product cash costs per silver ounce produced *(i)*	**$ 5.78**	$ —	**$ 5.98**	$ —
All-in sustaining co-product costs per silver ounce produced *(i)*	**$ 7.52**	$ —	**$ 7.49**	$ —
DDA per ounce sold	**$ 5.62**	$ —	**$ 6.05**	$ —
Financial *(millions of US Dollars)*				
Revenue	**$ 80.6**	$ —	**$ 126.8**	$ —
Cost of sales excluding DDA	**(41.8)**	—	**(66.1)**	—
Gross margin excluding DDA	**$ 38.8**	$ —	**$ 60.7**	$ —
DDA	**(29.5)**	—	**(49.1)**	—
Mine operating earnings	**$ 9.3**	$ —	**$ 11.6**	$ —
Capital expenditures				
Sustaining and other	**$ 9.4**	$ —	**$ 15.0**	$ —
Expansionary	**$ 2.7**	$ 48.3	**$ 61.3**	$ 172.0
Exploration	**$ 3.0**	$ 2.2	**$ 11.3**	$ 7.7

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

Cerro Moro completed its successful ramp up at costs below guidance, while exceeding 2018 production guidance as throughput and grades increased according to plan. Underground production activity met expectations along with mineral extraction rates and dilution control. Ground stability allowed for larger stopes than originally planned.

Production during the quarter exceeded expectations with a gold feed grade of 17.09 g/t and silver feed grade of 811 g/t being significantly higher than budget. Production exceeded sales by approximately 15,000 ounces of gold and 814,000 ounces of silver, which remained in inventory as at December 31, 2018. Elevated silver grades above plan led to capacity constraints at the mine furnace, resulting in an increase

in gold and silver precipitate. Precipitate inventory levels are expected to be drawn down to normalized levels the first half of 2019. An additional furnace is expected to be installed by mid 2019 and with the sequencing modifications, inventory is expected to normalize at approximately 25% of current levels. At the average prices observed in the fourth quarter, this inventory normalization would add in excess of $25 million to revenue.

Costs during the period benefited from the higher production and the depreciation of the local currency, partly offset by inflation.

Gold-equivalent production for 2019 is expected to be in line with plan and prior guidance. The operation will focus on optimizing the underground mining design and processing practices, building on the successes delivered in 2018, the first six months of commercial production. For 2019, the inclusion of the export tax and historical Bocamina tax add approximately $130 per GEO and $40 per GEO, respectively, to the previously guided costs. The export tax will incrementally affect cash flows and is enacted through 2020. Operational optimization initiatives continue and are expected to offset costs in 2019. Cerro Moro DDA reflects both the costs of construction as well as the historical acquisition costs. DDA per unit at Cerro Moro is also expected to decrease to lower levels as the exploration program advances.

Gold mineral reserves increases were offset by depletion associated with 2018 production at Cerro Moro. In terms of exploration drilling, approximately 9,543 metres were completed at Cerro Moro during the fourth quarter, in line with plan. Drilling in the core mine returned mineralized intercepts at Michelle, Milagros and Tres Lomas. Regional exploration south of the mine area intercepted a wide zone of mineralization at Naty. These zones are expected to undergo further drilling in 2019. Important to note is that the current mineral resources do not consider drilling results for the last four months of the year, which are in the process of being analyzed. The 2019 budget has been increased by 33% over 2018. Funds are expected to be used for an aggressive drill program designed to test major structures with potential to host a significant new mineralized zone, while continuing to generate new targets through multi-disciplinary fieldwork.

MINERA FLORIDA, CHILE

Minera Florida is an underground gold mine located south of Santiago in central Chile.

Operating and Financial Information *(iii)*	For the three months ended December 31, 2018	2017	For the years ended December 31, 2018	2017
Operating ***(ii)***				
Ore mined *(tonnes)*	**211,030**	220,168	**792,706**	801,250
Ore processed *(tonnes)*	**211,452**	228,850	**824,669**	1,033,295
Gold				
Production *(ounces)*	**24,526**	23,540	**81,635**	90,366
Sales *(ounces)*	**23,882**	23,503	**81,449**	90,876
Feed grade *(g/t)*	**3.95**	3.49	**3.42**	3.05
Recovery rate *(%)*	**90.9**	89.9	**90.5**	88.6
Total cost of sales per ounce sold	**$ 1,164**	$ 1,198	**$ 1,398**	$ 1,248
Co-product cash costs per ounce produced *(i)*	**$ 743**	$ 765	**$ 916**	$ 812
All-in sustaining co-product costs per ounce produced *(i)*	**$ 931**	$ 1,011	**$ 1,099**	$ 1,090
DDA per ounce sold *(ii)*	**$ 433**	$ 412	**$ 481**	$ 422
Financial *(millions of US Dollars)*				
Revenue	**$ 29.3**	$ 31.2	**$ 102.6**	$ 123.1
Cost of sales excluding DDA	**(17.5)**	(19.0)	**(74.7)**	(79.5)
Gross margin excluding DDA	**$ 11.8**	$ 12.2	**$ 27.9**	$ 43.6
DDA	**(10.3)**	(9.9)	**(39.2)**	(40.5)
Impairment	**(151.0)**	—	**(151.0)**	—
Mine operating (loss) earnings	**$ (149.5)**	$ 2.3	**$ (162.3)**	$ 3.1
Capital expenditures				
Sustaining and other	**$ 4.4**	$ 5.4	**$ 14.5**	$ 24.6
Expansionary	**$ 10.5**	$ 3.0	**$ 32.2**	$ 17.8
Exploration	**$ 3.9**	$ 3.3	**$ 14.0**	$ 10.2

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

(ii) DDA per ounce is higher as DDA was allocated over a smaller number of ounces compared to the same period in 2017.

(iii) Beginning January 1, 2018, silver production and related KPIs for Minera Florida no longer meet the minimum significance threshold in accordance with the Company's policy.

In line with plan and guidance, production at Minera Florida increased from the previous quarter mainly from the contribution of the higher-grade zones of Pataguas and PVS. Fourth quarter production was higher than the same quarter in 2017, resulting from higher grade and recovery partly offset by lower throughput. With the completion of raise boring activity in the new Aguas Fria concession, which hosts PVS and Pataguas zones, development rates continue to trend higher. As such, looking ahead to 2019, higher mining rates are expected in these zones with overall production expected to improve modestly, as lower production from the historic mining concession provides a partial offset.

All per unit cost metrics improved significantly from the previous quarter in 2018, benefiting from higher production. Several cost containment initiatives planned for 2019 are expected to continue to lower costs overall.

During 2018, the Minera Florida mine experienced lower production at higher-than-expected unit costs. Similar to the approach taken at El Peñón and Jacobina in the past, the focus of the updated life of mine plan at Minera Florida is to right size the operation at a sustainable production level. The focus is to maximize operating margins and to advance mine development and mineral reserve delineation to deliver mine flexibility and scope for future potential production increases, driven by either throughput or grade.

In consideration of the above, at Minera Florida, a non-cash accounting impairment of $151.0 million ($109.1 million after tax) was recognized. Refer to *Section 3: Review of Financial Results* of this MD&A for additional details.

For 2018, total gold mineral reserves reflect depletion associated with 2018 production and an updated block model. Approximately 12,955 meters of drilling were completed at Minera Florida in the fourth quarter, in line with plan. The focus of drilling was to convert inferred mineral resources to measured and indicated mineral resources at PVS, Fantasma and Satelite Fantasma in addition to testing mineral zones for inferred mineral resource expansion at Los Patos and Don Leopoldo. Drilling at Los Patos returned impressive assays extending the zone, which will be followed up further in 2019. In addition, Don Leopoldo was tested at depth, with results confirming mineralization is open at depth. The 2019 budget has declined to $5 million from $14 million and expected to focus on infill drilling to extend mineral reserves. Prior year programs have generative new exploration potential, which is being reviewed in the context of the mine plan updates and optimization efforts. A return to higher exploration spending rates is expected in 2020.

5. CONSTRUCTION, DEVELOPMENT AND EXPLORATION

CONSTRUCTION AND DEVELOPMENT

The following highlights key updates during the fourth quarter of 2018, in respect to certain of the Company's development projects.

CHAPADA, BRAZIL

The Company continues to advance its exploration program with the objective of identifying higher-grade copper and gold opportunities that are near to the Chapada mine, completing infill drilling of the Sucupira and Baru deposits, which would lead to a pit expansion, and advancing district scale targets. Mineralization has been identified along a 15-kilometre trend with numerous prospective areas under consideration for further drilling. Infill drilling in the Baru area is expected to reduce stripping ratios for the Sucupira deposit and drilling on oxide mineralization, such as Hidrotermalito, brings to bear the potential for heap leaching opportunities that could complement the Suruca Oxides Project. Notwithstanding the focus on the exploration potential to discover higher-grade copper and gold areas, the Company has also advanced other projects that are expected to further enhance returns from the Chapada mine.

To this end, the Company has completed studies and evaluations on several of the development opportunities at Chapada and has embarked on a feasibility-level review of a three-phase plan at Chapada. These opportunities range in scope from plant optimization initiatives to enhance copper and gold recoveries, to plant expansions to bring forward cash flows, and pit wall pushbacks to expose higher-grade zones. The study and evaluations include third party design and engineering, estimates of capital expenses, and production and operating cost forecasts.

Given the nature of the opportunities, the projects can be considered on their own or as part of a phased development plan. This flexibility in approach allows the Company to balance the maximization of value at Chapada, with the allocation of capital across the broader Company portfolio.

The Phase 1- Plant Optimization Work with expected recovery improvements in the range of 2% for both metals has been approved. Associated capital expenditures estimated to be approximately $9 million. The Company is continuing to prioritize engineering for long lead-time equipment for Phase 1 and during the fourth quarter, the flotation circuit expansion continued as planned with the installation of six new DFR flotation cells. Commissioning is scheduled for mid-2019.

Engineering is being advanced for Phases 2 and 3, an expansion of the Chapada mill, and pushback of the Chapada pit wall to expose higher grade Sucupira ores, respectively. While review of these projects are progressing through the evaluation process, the Company does not anticipate the allocation of significant expansionary capital for these projects before 2021.

Based on the work completed to date, the Company estimates the phased plan will provide the foundation to sustain annual production in the range of 100,000 to 110,000 ounces of gold (not including contributions to gold production from identified higher-grade areas of Suruca, which is a gold-only ore body) and 150 to 160 million pounds of copper until at least 2034. This represents an opportunity to deliver significant cash flow increases and cash flow returns on invested capital and an increase to the production outlook, as recently disclosed in the Chapada NI 43-101 Technical Report dated March 21, 2018. Further project details are expected to be available in mid-2019 with the completion of the Feasibility Study. A development decision for Phase 2 is expected to follow in 2020.

Suruca - Gold-Only Oxide and Sulphide Development Opportunity

Concurrent with the multi-phase plan for Chapada, development of the gold-only Suruca oxides deposit continues to be evaluated as a standalone heap leach operation, for which a feasibility study level update has been completed. Furthermore, the Suruca Sulphides project has been updated in the 2018 exploration results for these orebodies, resulting in an increase of gold mineral resources. The integrated scenario for Suruca orebodies includes processing of the oxides through a heap leach and processing of the gold-only sulphides through a carbon-in-leach ("CIL") plant located at Chapada. Alternatives to process the sulphide portion of Suruca earlier in the life of mine are currently being contemplated, including an exploration program designed to test further extensions of the sulphide mineralization and metallurgical test work. The Company expects to continue this development program through 2019 in order to build on the results from the 2017 and 2018 programs, which resulted in extensions of the oxide and sulphide deposits

CANADIAN MALARTIC (50% interest), CANADA

The Canadian Malartic Extension Project is continuing according to plan with contributions from Barnat expected to begin in 2019 with more meaningful contributions in 2020. On a 50% basis, expansionary capex is expected to be $37 million, of which $34 million is earmarked for the extension project in 2019. Work continued to focus on the highway 117 road deviation, pit preparation and tailings expansion.

OTHER OPTIMIZATION AND MONETIZATION INITIATIVES

A number of project evaluations are underway with a goal of surfacing value from non-strategic or non-producing assets including Agua Rica, Suyai and Don Sixto, all of which have well-defined delineated mineral reserves and/or mineral resources. Notable progress relating to some of these initiatives include, but are not limited to the following:

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 advance the project and surface value. Considerable effort has been undertaken to advance two development scenarios, one a large-scale open pit integrated operation and the other an initially smaller scale but scalable standalone operation. The large-scale open pit scenario contemplates the integration with the neighboring Alumbrera mine in which the Company holds a 12.5% interest and for which it expects to complete an updated pre-feasibility study during the first half of 2019.

SUYAI, ARGENTINA

The Company previously completed a scoping study that evaluated two options for ore processing, both of which provide favourable project economics. The first considered the construction of CIL processing facility for the on-site production of gold and silver in the form of doré. The second considered the construction of a processing facility for on-site production of gold and silver contained in a high-grade concentrate, which would be shipped abroad for subsequent precious metal recovery. Both approaches considered an identical underground configuration with average annual production expected to be in excess of 200,000 ounces of gold and 300,000 ounces of silver. The Company believes both scenarios address past concerns regarding open pit mining and the development scenario that includes production of an on-site concentrate addresses many of the past concerns regarding the use of cyanide, and would potentially meet provincial regulations currently in place in Chubut. The Company will work with local stakeholders to obtain and sustain its social license should the project progress to a more advanced stage.

The Company continues to pursue development plans and other strategic alternative for the project. Given the extensive amount of work performed to date the existing scoping study could rapidly progress to a feasibility study, allowing for the project to be developed in a short time frame. 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 is evaluating its strategic alternatives in addition to development of the project.

MONUMENT BAY, CANADA

The Monument Bay deposits are hosted in the Stull Lake Greenstone Belt comprised by three volcanic assemblages, ranging in age from 2.85 to 2.71 Ga. Gold and tungsten mineralization occurs along the steeply north dipping Twin Lakes Shear Zone and the AZ Sheer Zone.

In 2018, approximately 16,270 metres of drilling were completed on the Monument Bay project. The focus was testing targets near the Twin Lakes deposit and testing regional targets. In addition, during the period, a new geological interpretation of the deposit was formed and is expected to form the basis for an updated block model and mineral resource estimate. Groundwork is continuing and generating prospects for follow up testing in 2019.

On September 13, 2018, the Company signed an Exploration Agreement with Red Sucker Lake First Nations in relation to the Monument Bay exploration site in Northern Manitoba. This is an important step allowing the Company to solidify a strategic collaboration with this community, as it continues to advance the project.

OTHER

The Company continues to pursue development and strategic 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

Exploration on the most prospective properties is a key to unlocking and creating value for shareholders. The 2018 exploration program focused on finding higher quality ounces, improving mine grade, infill drilling to replace production by upgrading existing mineral resources, and exploring the Yamana property portfolio for new exploration targets. For exploration updates relating to operating mines during the year, refer to *Section 4: Operating Segments Performance* of this MD&A. 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)	**2018**	2017	**2018**	2017
Exploration and evaluation capitalized *(i)*	**$ 18.5**	$ 17.9	**$ 75.4**	$ 82.5
Exploration and evaluation expensed *(ii)*	**3.6**	7.0	**13.0**	21.2
Total exploration and evaluation expenditures	**$ 22.1**	$ 24.9	**$ 88.4**	$ 103.7

(i) Capitalized exploration and evaluation costs are reflected in property, plant and equipment in the Consolidated Balance Sheets as additions to exploration and evaluation assets.

(ii) Expensed exploration and evaluation costs are reported in the Consolidated Statements of Operations for the respective period or year.

6. MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

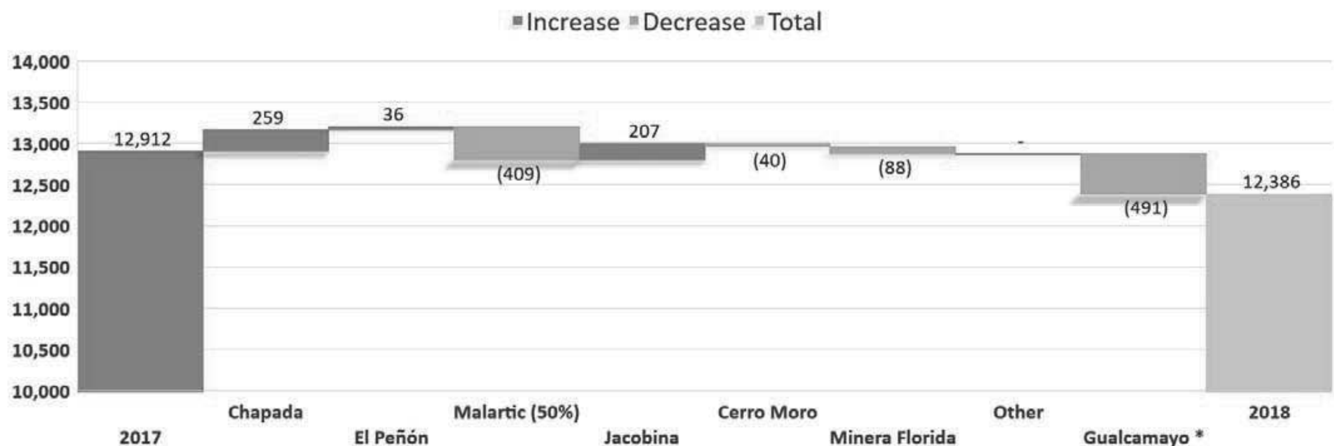
Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101- *Standards of Disclosure for Mineral Projects*, issued by the Canadian Securities Administrators ("NI 43-101"). This National Instrument lays out the standards of disclosure for mineral projects including 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 Sébastien Bernier (Senior Director, Geology and Mineral Resources), who is an employee of Yamana Gold Inc. and a "Qualified Person" as defined by Canadian Securities Administrators' NI 43-101.

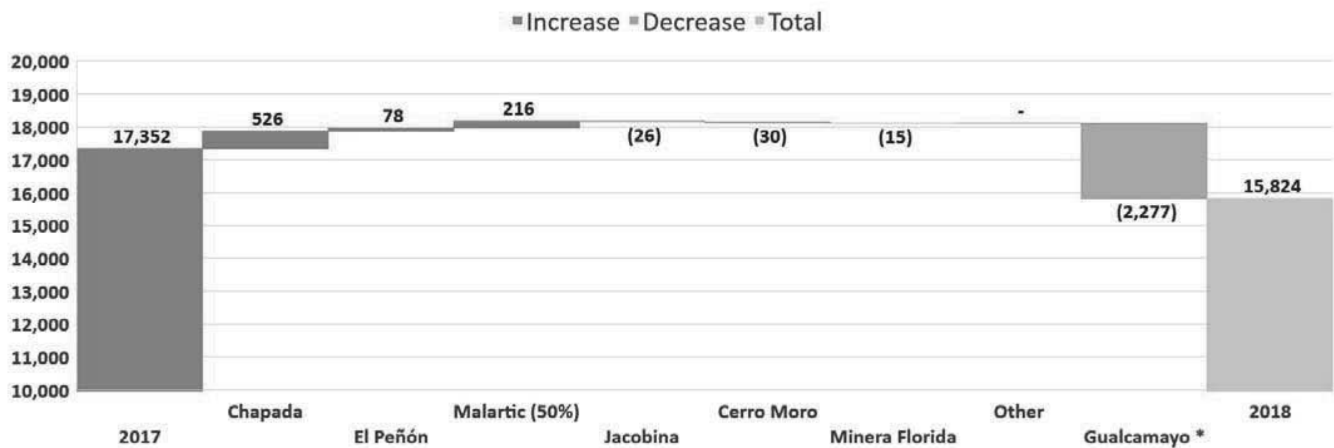
Assumptions for metal prices used in the estimates of mineral reserves and mineral resources for the Company's operating mines and development projects are below. For details, refer to the mineral reserve and mineral resource tables contained in the Company's 2018 annual report.

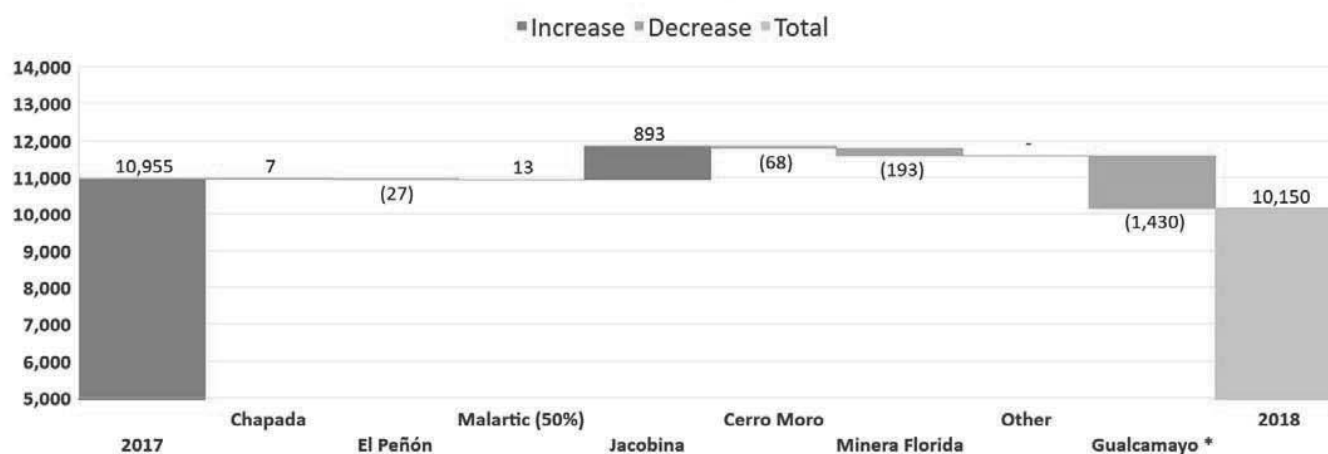
		Mineral reserves		Mineral resources (i)
Gold *(per ounce)*	$	1,250	$	1,600
Silver *(per ounce)*	$	18.00	$	24.00
Copper *(per pound)*	$	3.00	$	4.00

(i) Except for Jacobina ($1,500 per ounce) and Canadian Malartic ($1,200 per ounce).

The Company's mineral reserves and mineral resources as at December 31, 2018 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 2018 annual report available on the Company's website, www.yamana.com.







* *Sold during the year ended December 31, 2018.*

Mineral Reserves & Mineral Resources Estimates *(i)*	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
Proven & probable mineral reserves	**2018**	2017	**2018**	2017	**2018**	2017
Chapada	**4,546**	4,287	**—**	—	**3,707**	3,471
El Peñón	**800**	764	**24,893**	23,578	**—**	—
Canadian Malartic (50%)	**2,780**	3,189	**—**	—	**—**	—
Jacobina	**2,099**	1,892	**—**	—	**—**	—
Cerro Moro	**675**	715	**37,959**	40,723	**—**	—
Minera Florida	**404**	492	**2,976**	3,553	**—**	—
Jeronimo (57%)	**1,082**	1,082	**—**	—	**—**	—
Total proven & probable mineral reserves	**12,386**	12,421	**65,828**	67,854	**3,707**	3,471
Measured & indicated mineral resources						
Chapada	**3,330**	2,804	**—**	—	**2,025**	1,313
El Peñón	**396**	318	**12,904**	9,962	**—**	—
Canadian Malartic (50%)	**869**	653	**—**	—	**—**	—
Jacobina	**3,232**	3,258	**—**	—	**—**	—
Cerro Moro	**208**	238	**15,704**	20,313	**—**	—
Minera Florida	**817**	832	**5,186**	4,916	**—**	—
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	**15,824**	15,075	**37,317**	38,714	**2,025**	1,313
Inferred mineral resources						
Chapada	**616**	609	**—**	—	**781**	252
El Peñón	**933**	960	**32,570**	33,506	**—**	—
Canadian Malartic (50%)	**2,319**	2,306	**—**	—	**—**	—
Jacobina	**1,008**	115	**—**	—	**—**	—
Cerro Moro	**211**	279	**14,139**	14,415	**—**	—
Minera Florida	**1,038**	1,231	**6,093**	6,661	**—**	—
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	**10,150**	9,525	**53,377**	55,157	**781**	252

(i) Table excludes assets sold in 2018, Agua Rica and the Company's interest in Alumbrera and Leagold.

Further information by mine is detailed below.

Chapada, Brazil

As the result of the continued definition and expansion of the Sucupira mineral reserve, immediately adjacent to the main Chapada pit, gold and copper mineral reserves increased by 6% and 7%, respectively, over prior year, representing a significant overall improvement over depletion in 2018. Gold measured and indicated mineral resources increased by 19%, while copper increased by 54% compared to the prior year, following the drilling for extensions of the mineral envelopes at Corpo Sul under the Bois River and Santa Cruz mineral resources, in addition to Sucupira and Baru. Gold inferred mineral resources are unchanged from 2017, while copper increased significantly.

El Peñón, Chile

El Peñón's mineral reserves increased by 5% for gold and 6% for silver, increasing over depletion in 2018. Gold measured and indicated mineral resources increased by 25%, while silver increased by 30% compared to the prior year continuing from numerous secondary vein structures in the east mine area. Lower gold and silver inferred mineral resources reflect conversion to indicated mineral resources.

Canadian Malartic including Odyssey, Canada (50%)

Gold mineral reserves reflect depletion associated with 2018 production at Canadian Malartic. Separately, much of the mineral resource accretion in 2018 is associated with the East Malartic underground. Additional drilling also at East Malartic and Odyssey contributed to the 33% increase in gold measured and indicated mineral resources and the 1% increase in gold inferred mineral resources.

Jacobina, Brazil

Jacobina increased gold mineral reserves by 11% over and above 2018 production depletion. Measured and indicated mineral resources are in line with 2017 and reflect the conversion to mineral reserves. Inferred mineral resources increased by significantly by over 800,000 ounces of gold, despite increasing the cut-off grade from 0.5 g/t to 1.0 g/t. The exploration program at Jacobina also achieved the main goal for the year, which was to identify and define high-grade mineralization close to current infrastructure. Several zones were defined, including down dip of João Belo, Morro do Vento South and the northern portion, Serra do Corrego and Canavieiras Sul. In 2019, the exploratory drilling will continue focusing the extension these high-grade zones, including south extension of João Belo. The definition drilling program will continue in 2019, to increase confidence in reef geometry and fault locations for sectors planned to be mined within the next three years.

Minera Florida, Chile

At Minera Florida, the change in mineral reserves reflect mine depletion. An updated geological model and more conservative design parameters with higher cut-off grades especially around the historic mining areas, resulted in an overall decrease of mineral reserves, albeit with a resulting improved quality. These design parameters also impacted gold measured and indicated mineral resources and inferred mineral resources. Now that the mine has entered the new PVS and Pataguas zones, both of which are the main target of 2019 exploration drilling, the Company expects to deliver on the 2019 guidance.

Cerro Moro, Argentina

At Cerro Moro, increases in gold and silver mineral reserves partially offset depletion associated with 2018 production. The main increases came from the discovery of new high grade, near surface vein Veronica and the extensions of Nini. Also drilling in the core mine area returned mineralized intercepts at Michelle, Milagros and Tres Lomas which will be followed-up upon in 2019. Updated economical parameters with higher cut-off grades for both mineral reserves and mineral resources had the impact of reducing tonnage, but increasing the overall grade. Due to the previous focus of the site on project development, start-up and ramp-up of operations, long-term exploration effort began in 2018 and as result the current mineral resources do not consider drilling results for the last four months of the year. These results are in the process of being analyzed and are expected to provide good quality targets for 2019. This ultimately resulted in 13% lower gold for remaining measured and indicated mineral resources and 24% lower inferred mineral resources. Regional exploration south of the mine area intercepted a wide zone of mineralization at Naty. These zones are expected to undergo further drilling in 2019, as part of the increased exploration budget allocation to the mine.

7. FINANCIAL CONDITION AND LIQUIDITY

BALANCE SHEET REVIEW

As at, *(In millions of US Dollars)*		**December 31, 2018**	December 31, 2017
Cash and cash equivalents	$	**98.5** $	148.9
Current assets (including cash and cash equivalents)		**429.2**	839.4
Non-current assets		**7,583.7**	7,923.9
Total assets	$	**8,012.9** $	8,763.3
Current liabilities (excluding current portion of debt)		**494.5**	670.7
Non-current liabilities (excluding long-term debt)		**1,735.7**	1,787.6
Debt (current and long-term)		**1,758.7**	1,857.7
Total liabilities	$	**3,988.9** $	4,316.0
Equity attributable to Yamana Gold Inc. equity holders		**3,989.3**	4,313.4
Non-controlling interests		**34.7**	133.9
Total equity	$	**4,024.0** $	4,447.3
Working capital *(i)*	$	**(67.2)**$	58.7
Net debt *(ii)*	$	**1,660.2** $	1,708.8

(i) Working capital is defined as the excess of current assets over current liabilities, which includes the current portion of long-term debt and assets and, at December 31, 2017, assets and liabilities held for sale.

(ii) A cautionary note regarding non-GAAP financial measures and their respective reconciliations, as well as additional subtotals in financial statements is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

Total assets were $8.0 billion as at December 31, 2018, 9% lower than as at December 31, 2017, primarily attributable to assets sold during the period. This decrease was partly offset by amounts capitalized in the period, including those related to the completion of the Cerro Moro mine in Argentina; and the associate interest in Leagold Mining Corporation as part of the Brio Gold transaction. The Company's asset base is primarily comprised of non-current assets such as property, plant and equipment and goodwill, reflecting the capital-intensive nature of the mining business and previous growth through acquisitions. Other significant assets include inventories, indirect taxes recoverable (consisting of value added taxes in the jurisdictions in which the Company operates), advances and deposits, and cash and cash equivalents.

Total liabilities as at December 31, 2018 were $4.0 billion, lower by 8% from December 31, 2017, primarily attributable to lower debt resulting from the repayment of several series of the Company's Senior Notes during the year, and lower trade payables following the completion of Cerro Moro and due to the impact of the depreciation of local currencies on foreign currency-denominated liabilities.

Cash and cash equivalents were $98.5 million as at December 31, 2018, compared to $148.9 million as at December 31, 2017. Working capital was *negative* $67.2 million as at December 31, 2018, compared to $58.7 million as at December 31, 2017. Working capital includes the current portion of long-term debt and assets and liabilities of disposal groups held for sale. Accordingly, current assets and current liabilities at December 31, 2017 included all assets and liabilities of Gualcamayo and the Canadian Exploration Properties, as these disposal groups were classified as held for sale at December 31, 2017. Additionally, working capital is being impacted by the current portion of deferred metal sales agreements; however, this effect will decline in future reporting periods with remaining copper deliveries scheduled in March 2019 and June 2019.

Net change in working capital movement was a cash outflow of $162.1 million for the year ended December 31, 2018. Working capital was impacted predominantly by Cerro Moro due to the aforementioned inventory buildup (refer to *Section 4: Operating Segments Performance* of this MD&A), temporary indirect tax credit build-up associated with the commencement of operations, which is expected to be recoverable starting in 2019 and trade payables returning to normal levels following the completion of construction. The remainder of the movement in working capital is associated with:

- Approximately $8.6 million of unsold inventory as the Company awaits resolution on its bailment claim following the Chapter 11 bankruptcy of Republic Metals Corporation;
- General inventory increases at Chapada and Canadian Malartic; and
- Timing of regular trade payments for the Company's operating mines.

The Company also has invested $192.0 million in stockpile inventory classified as other non-current assets as it is not expected to be processed within one year. The funds invested currently do not generate cash flow, but are readily available for processing, and the sale of which, will generate cash flow.

Total debt was $1.8 billion as at December 31, 2018, compared to $1.9 billion as at December 31, 2017. Net debt as at December 31, 2018 was $1.66 billion or 3% lower, compared to $1.71 billion as at December 31, 2017. Following the early redemption of the 2019 notes and the 2018 maturities, the Company's next scheduled maturity fixed maturity debt of $84.1 million is March 2020. Based on its current credit rating, the Company expects that it can refinance the existing long-term debt in similar or more favourable terms to support the execution of the Company's business strategy.

LIQUIDITY

Planned growth, development activities, expenditures, negative working capital and commitments are expected to be sufficiently funded by recent and potential monetization and financing transactions, future operating cash flows and available credit facilities.

As at December 31, 2018, the financial resources available to the Company in meeting its financial obligations include $705.0 million from its revolving credit facility. 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 in June 2023.

For the year ended December 31, 2018, cash flows from operating activities were $404.2 million net of the impact of the $99.5 million deferred revenue recognized in respect of metal sales agreements, some of which had cash payments received in previous periods. Cash flows from operating activities are expected to remain positive and increase in the short-term mainly from the completion of the advanced copper sales agreement, lower capital investments on the completion of Cerro Moro, the sale of inventory build-up and a full year of operations also at Cerro Moro. The Company expects its cash flows from operations will increase organically, subject to prevailing metal prices, in 2019. Refer to *Section 8: Economic Trends, Business Risks and Uncertainties* of this MD&A for a detailed discussion of market price risk.

The Company's near-term financial obligations include repayment obligations within one year of long-term debt of $1.9 million, construction and service contract commitments of $179.6 million, and sustaining capital expenditures of approximately $182.0 million for 2019. The Company budgets for expansionary and exploration capital expenditures, however, are discretionary in nature, allowing management a reasonable degree of flexibility in managing its financial resources. Further information with regards to sustaining capital expenditures can be found in the *Section 1: Highlights and Relevant Updates* of this MD&A and commitments by year can be found below.

The Company's continuous commitment to balance sheet and cost improvements will further strengthen its financial position, and is highlighted by the following initiatives completed or expected in the near-term:

- The sale of Gualcamayo, achieving various corporate objectives, provides both immediate and periodic future payments. Future payments from currently identified opportunities, new discoveries, mine life extensions, and higher metal prices, are expected to provide upside in value in relation to its current carrying value.
- The extension of the revolving credit facility from September 2021 to June 2023 was completed in June 2018 at terms substantially similar to existing terms.
- The completion of the previously announced sale of its 50% indirect interest in certain jointly owned exploration properties of the Canadian Malartic Corporation for cash proceeds of $162.5 million;
- The early redemption of $181.5 million of the 6.97% senior notes due December 2019, which extended the tenor of the Company's fixed term profile at lower average interest rates and improved financial flexibility.
- The receipt of $125.0 million from the copper advanced sales program in exchange for approximately 40.3 million pounds of copper to be delivered in the second half of 2018 and first half of 2019.
- Although the Brio transaction did not bring immediate cash, the combined entity created an impressive mid-tier gold producer with assets in two excellent jurisdictions, a strong production platform, built-in potential for growth and a proven management team well positioned to deliver future value increases. This investment provides the Company with a significant monetization potential.

Additionally, through the completion of the Cerro Moro mine resulting in lower capital expenditures and expected step-change in cash flow in 2019, the Company is well positioned to drive a reduction in net debt and manage its debt repayments.

SOURCES AND USES OF CASH

The following table summarizes cash inflows and outflows for the following periods:

		For the three months ended December 31,		*For the years ended December 31,*	
(In millions of US Dollars)		**2018**	**2017**	**2018**	2017
Cash flows from operating activities	**$**	**114.7**	$ 158.5	**$ 404.2**	$ 484.0
Cash flows from operating activities before net change in working capital *(i)*	**$**	**115.8**	$ 122.3	**$ 566.3**	$ 498.0
Cash flows used in investing activities	**$**	**(91.4)**	$ (196.9)	**$ (329.6)**	$ (644.2)
Cash flows (used in) from financing activities	**$**	**(49.3)**	$ 68.3	**$ (134.3)**	$ 217.9

(i) A cautionary note regarding non-GAAP financial measures is included in *Section 11: Non-GAAP Financial Measures and Additional Subtotals in Financial Statements* of this MD&A.

Operating Activities

Cash flows from operating activities for the year ended December 31, 2018 were $404.2 million, compared to $484.0 million for the year ended December 31, 2017. Cash flows from operating activities before net change in working capital for the year ended December 31, 2018 were $566.3 million, compared to $498.0 million for the year ended December 31, 2017. Cash flows from operating activities were lower mainly due to higher tax payments including incremental payments to Brazilian tax authorities of $101.3 million and the aforementioned net change in working capital of $162.1 million.

Cash flows from operating activities for the three months ended December 31, 2018 were $114.7 million, compared to $158.5 million for the same period ended December 31, 2017. Cash flows from operating activities before net change in working capital for the three months ended December 31, 2018 were $115.8 million, compared to $122.3 million for the three months ended December 31, 2017 mainly due to higher tax payments including incremental payments to Brazilian tax authorities discussed above.

Investing Activities

Cash flows used in investing activities were $329.6 million for the year ended December 31, 2018, compared to $644.2 million for the year ended December 31, 2017. The net cash outflows resulted from the cash capital expenditures mainly arising from the completion of Cerro Moro in the second quarter of 2018 and the continued development of Canadian Malartic; and the build-up of ore stockpiles not scheduled for processing within the next twelve months. Also included in investing activities in 2018 was a $189.9 million net cash inflow from the sale of subsidiaries and other assets.

Cash flows used in investing activities were $91.4 million for the three months ended December 31, 2018, compared to $196.9 million for the same period ended December 31, 2017. The decrease is mainly due to lower capital expenditures given the completion of Cerro Moro during the year.

Financing Activities

Cash flows used in financing activities were $134.3 million for the year ended December 31, 2018, compared to inflows of $217.9 million for the year ended December 31, 2017. Cash flows from financing activities represent the net impact of drawdowns and repayments on the revolving facility, repayment of certain tranches of the Company's senior notes, and the payment of interest on term debt. Cash flows used in financing activities also reflect the lower interest and other finance expenses paid during the year compared to the year ended December 31, 2017.

Cash flows used in financing activities were $49.3 million for the three months ended December 31, 2018, compared to inflows of $68.3 million for the same period ended December 31, 2017. Cash flows from financing activities in both periods represent the net impact of drawdowns and repayments on the revolving facility and the payment of interest on term debt.

CAPITAL RESOURCES

The capital of the Company consists of items included in shareholders' equity, and debt obligations net of cash and cash equivalents as follows:

As at *(In millions of US Dollars)*		**December 31, 2018**		December 31, 2017
Shareholders' equity	**$**	**4,024.0**	$	4,447.3
Debt		**1,758.7**		1,857.7
		5,782.7		6,305.0
Less: Cash and cash equivalents		**(98.5)**		(148.9)
	$	**5,684.2**	$	6,156.1

In order to maintain or adjust its capital structure, the Company may, upon approval from its Board of Directors, issue shares, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, and operating and capital commitments at December 31, 2018, shown on an undiscounted basis:

(In millions of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt					
Repayment of principal	$ 1.9	$ 84.1	$ 748.9	$ 935.6	$ 1,770.5
Interest	82.0	157.5	127.8	69.9	437.2
Mine operating/construction and service contracts and other	179.6	132.3	2.5	—	314.4
Operating leases	2.2	4.3	4.5	3.9	14.9
Decommissioning, restoration and similar liabilities	9.5	27.1	21.5	514.4	572.5
	$ 275.2	**$ 405.3**	**$ 905.2**	**$ 1,523.8**	**$ 3,109.5**

(i) Additionally, as at December 31, 2018, the Company had outstanding letters of credit totalling $57.4 million (C$78.3 million) representing guarantees for reclamation obligations and road construction relating to the Company's share of mining interest in Canadian Malartic, and $13.6 million representing guarantees for reclamation obligations relating to the Company's US properties.

OUTSTANDING SHARE DATA

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. The table below summarizes the Company's common shares and securities convertible into common shares as at the following dates:

As at (thousands)	February 8, 2019	December 31, 2018
Common shares issued and outstanding	**949,732**	**949,342**
Share options outstanding	**1,698**	**1,772**
Restricted share units	**1,923**	**2,284**

8. 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, financial instruments and levels of operating cash flows.

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 and inflation), banking and political conditions, and mining specific factors.

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, 2018, spot gold prices averaged $1,268 per ounce, representing an increase of 1% to $1,259 per ounce in 2017. Prices ranged between $1,178 and $1,355 per ounce and ended the year at $1,279 per ounce.

For the quarter ended December 31, 2018, spot gold prices averaged $1,226 per ounce, representing a decrease of 4%, compared to $1,277 per ounce in the fourth quarter of 2017. Prices ranged between $1,186 and $1,279 per ounce during the fourth quarter of 2018.

Gold prices moved higher in the fourth quarter as US equities and Treasury yields declined, and late cycle fears developed. The US Federal Reserve ("US Fed") increased the US Fed Funds rate by 0.25% in December, as expected, but lowered its forecast to two hikes in 2019, from three. Other central banks have also begun to tighten monetary policy and while higher interest rates 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, which may prove to be supportive for gold. Most governments continue to run fiscal deficits during this period of global economic expansion, which may ultimately leave them with limited flexibility when an economic contraction occurs. This should be a longer-term source of support for gold price. In the short-term, gold prices are likely be driven by the changing sentiment as to the monetary policy path of the US Fed and US Treasury yields, developments on global trade and equity market performance.

Copper Price - Market Update

For the year ended December 31, 2018, spot copper prices averaged $2.96 per pound, representing an increase of 5.8% compared to $2.80 per pound in 2017. Prices ranged between $2.61 and $3.33 per pound and ended the year at $2.70 per pound.

For the quarter ended December 31, 2018, spot copper prices averaged $2.80 per pound, representing a decrease of 9%, compared to $3.09 per pound in the fourth quarter of 2017. Prices ranged between $2.69 and $2.87 per pound in the fourth quarter of 2018.

Copper prices moved lower in the fourth quarter, as trade fears between the US and China continued. In the short term, copper will continue to be impacted by global growth expectations. Over the medium to longer-term, copper prices should be supported by positive fundamentals, as the market moves towards a deficit with supply growth slowing as fewer new mines are expected to begin operations.

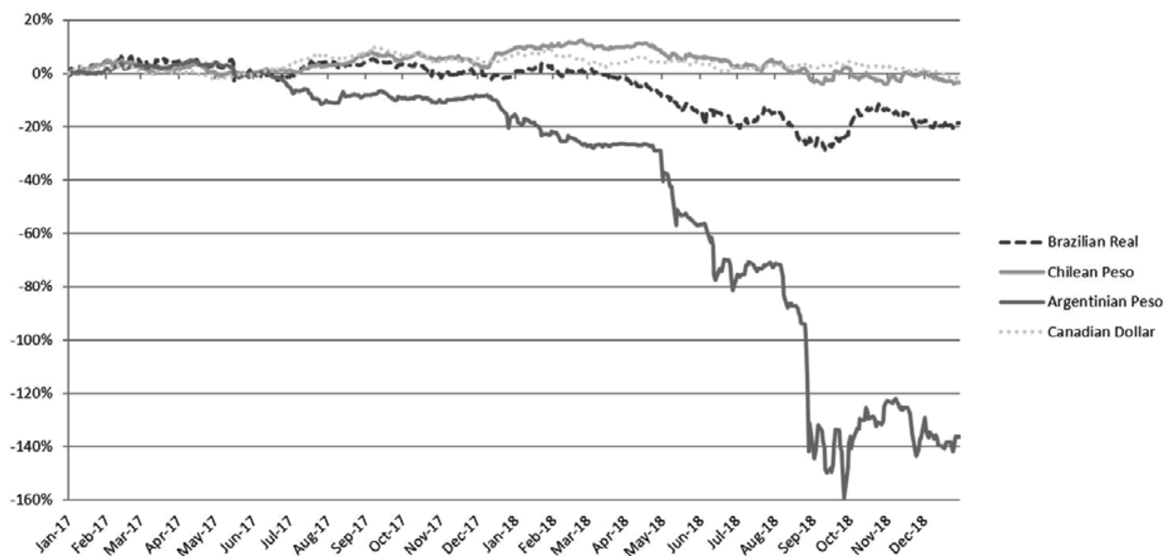
The Company currently uses forward and option contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales. As at December 31, 2018, the Company had 25.7 million pounds of copper forward contracts in place to May 2019 at an average sales price of $2.79 per pound. In addition, as part of the copper advanced sales program for which $125.0 million was received in January 2018, the Company has effectively hedged approximately 16.3 million pounds of copper at $3.26 per pound, to be delivered in the first half of 2019. This production represents approximately 28% of planned production over this period. In the fourth quarter of 2018, 10.7 million pounds of copper were delivered under this program at $3.26 per pound.

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.

US Dollar - Market Update

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



The Canadian Dollar, Argentine Peso and the Chilean Peso all weakened against the US Dollar during the three months ended December 31, 2018, while the Brazilian Real strengthened compared to the previous quarter in 2018. Relative to the same quarter of 2018, all currencies below weakened against the US Dollar. The US Fed increased the Fed Funds rate by 0.25% in December and lowered their expectations for rate hikes in 2019.

	Average Exchange Rate						Period-end Exchange Rate		
	For the three months ended December 31,			*For the years ended December 31,*			*As at December 31,*		
	2018	2017	**% *(i)***	**2018**	2017	**% (i)**	**2018**	2017	**% *(i)***
USD-CAD	**1.3216**	1.2709	4.0%	**1.2961**	1.2981	-0.2%	**1.3637**	1.2571	8.5%
USD-BRL	**3.8112**	3.2504	17.3%	**3.655**	3.1917	14.5%	**3.8745**	3.3085	17.1%
USD-ARG	**37.1153**	17.5464	111.5%	**30.7165**	16.5607	85.5%	**37.6679**	18.6232	102.3%
USD-CLP	**680.55**	633.42	7.4%	**654.63**	649.01	0.9%	**693.60**	615.44	12.7%

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

As at December 31, 2018, the Company had zero-cost collar contracts, which allow the Company to participate in exchange rate movements between two strikes, as follows:

	Average call price *(i)*	**Average put strike price *(i)***	**Total *(ii)***
Brazilian Real to USD			
January 2019 to June 2019	**R$ 3.15**	**R$ 3.47**	**R$ 180 million**
January 2019 to December 2019	**R$ 3.75**	**R$ 4.74**	**R$ 348 million**
July 2019 to December 2019	**R$ 3.75**	**R$ 4.87**	**R$ 135 million**

(i) R$ = Brazilian Reais.

(ii) Evenly split by month.

On February 5 and 7, 2019, the Company entered into forward contracts totalling CLP 56.76 billion (CLP = Chilean Pesos; approximately USD$86.8 million) evenly split by month from February 2019 to December 2019 at a weighted average Chilean Peso to US Dollar forward rate of CLP 652.42 per US Dollar. These forward contracts are expected to cover approximately 50% of the Chilean Peso denominated forecasted operating costs from February 2019 to December 2019.

OTHER FINANCIAL STATEMENT RISKS

Credit and Counterparty 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 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; (vi) refineries contracted that hold and process the Company's precious metals; and (vii) 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. 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, and trade and other receivables, credit risk is represented by the carrying amount on the consolidated balance sheets.

Liquidity and Interest Rate 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 adjusts 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. As part the capital allocation strategy, the Company examines opportunities to divest assets that do not meet the Company's investment criteria. 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.

9. CONTINGENCIES

Litigation and Claims

The Company is currently subject to litigation proceedings as disclosed in *Note 35: Contingencies* to the Company's Consolidated Financial Statements, and may be involved in disputes with other parties in the future that may result in litigation. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company's financial condition, cash flow and results of operations.

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Basis of Preparation

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, 2018.

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, 2018 are disclosed in *Note 4: Critical Judgements and Estimation Uncertainties* to the Company's Consolidated Financial Statements for the year ended December 31, 2018.

11. NON-GAAP FINANCIAL MEASURES AND ADDITIONAL 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 produced on a co-product and by-product basis, for gold and silver;*
- *Co-product cash costs per pound of copper produced;*
- *All-in sustaining costs per ounce produced on a co-product and by-product basis, for gold and silver;*
- *All-in sustaining co-product costs per pound of copper produced;*
- *Net debt;*
- *Net free cash flow;*
- *Average realized price per ounce of gold/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 depletion, depreciation and amortization, plus depletion, depreciation 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. 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.

Beginning January 1, 2018, silver production and related KPIs for Chapada and Minera Florida no longer meet the minimum significance threshold in accordance with the Company's policy.

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, 2018**				For the three months ended December 31, 2017				**For the twelve months ended December 31, 2018**				For the twelve months ended December 31, 2017			
(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) (vii)***	**Total Copper**	Total (incl. Brio Gold)	Total Gold (incl. Brio Gold)	Total Silver *(vi) (vii)*	Total Copper	**Total (incl. Brio Gold)**	**Total Gold (incl. Brio Gold)**	**Total Silver *(vi) (vii)***	**Total Copper**	Total (incl. Brio Gold)	Total Gold (incl. Brio Gold)	Total Silver *(vi)*	Total Copper
Cost of sales excluding DDA *(i)*	$ 266.2	$ 184.6	$ 25.3	$ 56.3	$ 264.7	$ 209.2	$ 9.5	$ 46.0	$ 1,010.1	$ 759.4	$ 65.2	$ 185.5	$ 1,042.4	$ 816.7	$ 48.8	$ 176.9
DDA	130.9	102.5	18.1	10.3	100.8	86.3	4.8	9.7	438.3	361.1	40.7	36.5	426.8	373.7	21.2	31.9
Total cost of sales	$ 397.1	$ 287.1	$ 43.4	$ 66.6	$ 365.5	$ 295.5	$ 14.3	$ 55.7	$ 1,448.4	$ 1,120.5	$ 105.9	$ 222.0	$ 1,469.2	$ 1,190.4	$ 70.0	$ 208.8
DDA	(130.9)	(102.5)	(18.1)	(10.3)	(100.8)	(86.3)	(4.8)	(9.7)	(438.3)	(361.1)	(40.7)	(36.5)	(426.8)	(373.7)	(21.2)	(31.9)
Sales taxes	(1.6)	0.3	(0.9)	(1.0)	—	—	—	—	(25.9)	(16.0)	(2.7)	(7.2)	—	—	—	—
Inventory movement	(10.3)	(7.1)	(1.2)	(2.0)	(5.2)	(6.1)	0.8	0.1	(6.9)	(6.7)	0.5	(0.7)	(14.1)	(12.6)	1.2	(2.7)
Treatment and refining charges *(ii)*	9.8	1.4	—	8.4	10.8	1.6	—	9.2	33.3	4.9	—	28.4	38.2	5.6	0.2	32.4
Commercial, freight and other costs	(4.1)	(0.8)	—	(3.3)	(3.6)	(0.7)	—	(2.9)	(13.4)	(2.7)	—	(10.7)	(13.1)	(2.6)	(0.1)	(10.4)
Total co-product cash cost	$ 260.0	$ 178.4	$ 23.2	$ 58.4	$ 266.7	$ 204.0	$ 10.3	$ 52.4	$ 997.2	$ 738.9	$ 63.0	$ 195.3	$ 1,053.4	$ 807.1	$ 50.1	$ 196.2
G&A, excl., shared-based compensation *(iii)*	21.8	15.2	2.1	4.5	29.5	23.3	1.0	5.2	86.2	63.8	5.5	16.9	99.5	78.8	4.1	16.6
Sustaining capital expenditures *(iv)*	52.5	38.9	5.7	7.9	57.9	50.9	2.3	4.7	187.7	145.3	13.5	28.9	205.6	170.5	12.3	22.8
Exploration and evaluation expense *(iii)*	3.6	1.8	0.2	1.6	6.8	4.6	0.2	2.0	13.1	8.0	0.6	4.5	21.2	14.8	1.0	5.4
Total co-product AISC	$ 337.9	$ 234.3	$ 31.2	$ 72.4	$ 360.9	$ 282.8	$ 13.8	$ 64.3	$ 1,284.2	$ 956.0	$ 82.6	$ 245.6	$ 1,379.7	$ 1,071.2	$ 67.5	$ 241.0
Commercial oz and lb produced		292,484	3,264,695	39,024,996		299,956	1,171,042	34,667,040		1,096,733	7,638,417	129,151,441		1,155,340	5,004,760	127,333,872
Commercial oz and lb sold		284,420	3,049,473	35,509,168		301,513	1,012,898	33,186,233		1,075,214	6,799,000	123,555,941		1,147,204	4,874,809	120,066,492
Cost of sales excl. DDA per oz and lb sold			**$ 8.30**	**$ 1.59**		**$ 694**	**$ 9.42**	**$ 1.39**			**$ 9.59**	**$ 1.50**		**$ 712**	**$ 10.00**	**$ 1.47**
DDA per oz and lb sold			**$ 5.93**	**$ 0.29**		**$ 286**	**$ 4.72**	**$ 0.29**			**$ 5.99**	**$ 0.30**		**$ 326**	**$ 4.35**	**$ 0.27**
Total cost of sales per oz and lb sold		**$ 1,010**	**$ 14.23**	**$ 1.87**		**$ 980**	**$ 13.26**	**$ 1.68**		**$ 1,042**	**$ 15.58**	**$ 1.80**		**$ 1,038**	**$ 13.63**	**$ 1.74**
Co-product cash cost per oz and lb produced			**$ 7.12**	**$ 1.50**		**$ 680**	**$ 8.86**	**$ 1.51**			**$ 8.25**	**$ 1.51**		**$ 699**	**$ 10.01**	**$ 1.54**
Co-product AISC per oz and lb produced			**$ 9.57**	**$ 1.86**		**$ 943**	**$ 11.90**	**$ 1.85**			**$ 10.81**	**$ 1.90**		**$ 927**	**$ 13.48**	**$ 1.89**

Co-product Cash Cost & AISC

For the three months ended December 31, 2018

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Total Gold**	**Brio Gold** (pre-sale)	**Total Gold - Yamana** (incl.Gualcamayo)	**Gualcamayo Gold**	**Total Gold - Yamana Mines (v)**
Cost of sales excluding DDA *(i)*	$ 184.6	$ —	$ 184.6	$ (25.5)	$ 159.1
DDA	102.5	—	102.5	—	102.5
Total cost of sales	$ 287.1	$ —	$ 287.1	$ (25.5)	$ 261.6
DDA	(102.5)	—	(102.5)	—	(102.5)
Sales taxes	0.3	—	0.3	(3.0)	(2.6)
Inventory movement	(7.1)	—	(7.1)	3.9	(3.2)
Treatment and refining charges *(ii)*	1.4	—	1.4	—	1.4
Commercial, freight and other costs	(0.8)	—	(0.8)	—	(0.8)
Total co-product cash cost	$ 178.4	$ —	$ 178.4	$ (24.6)	$ 153.9
G&A, excl., shared-based compensation *(iii)*	15.2	—	15.2	—	15.2
Sustaining capital expenditures *(iv)*	38.9	—	38.9	(3.8)	35.1
Exploration and evaluation expense *(iii)*	1.8	—	1.8	—	1.8
Total co-product AISC	$ 234.3	$ —	$ 234.3	$ (28.4)	$ 206.0
Commercial oz and lb produced			292,484		270,193
Commercial oz and lb sold			284,420		261,929
Cost of sales excl. DDA per oz and lb sold			**$ 649**		**$ 608**
DDA per oz and lb sold			**$ 361**		**$ 391**
Total cost of sales per oz and lb sold			**$ 1,010**		**$ 999**
Co-product cash cost per oz and lb produced			**$ 610**		**$ 570**
Co-product AISC per oz and lb produced			**$ 801**		**$ 763**

For the three months ended December 31, 2017

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	Total Gold	Brio Gold (pre-sale)	Total Gold - Yamana (incl.Gualcamayo)	Gualcamayo Gold	Total Gold - Yamana Mines (v)
Cost of sales excluding DDA *(i)*	$ 209.2	$ (36.6)	$ 172.6	$ (37.1)	$ 135.5
DDA	86.3	(6.8)	79.5	(12.6)	66.9
Total cost of sales	$ 295.5	$ (43.4)	$ 252.1	$ (49.7)	$ 202.4
DDA	(86.3)	6.8	(79.5)	12.6	(66.9)
Sales taxes	—	—	—	—	—
Inventory movement	(6.1)	4.0	(2.1)	(2.8)	(4.9)
Treatment and refining charges *(ii)*	1.6	—	1.6	—	1.6
Commercial, freight and other costs	(0.7)	—	(0.7)	—	(0.7)
Total co-product cash cost	$ 204.0	$ (32.6)	$ 171.4	$ (39.9)	$ 131.5
G&A, excl., shared-based compensation *(iii)*	23.3	(4.7)	18.6	(0.3)	18.3
Sustaining capital expenditures *(iv)*	50.9	(12.0)	38.9	(3.3)	35.6
Exploration and evaluation expense *(iii)*	4.6	(0.1)	4.5	—	4.5
Total co-product AISC	$ 282.8	$ (49.4)	$ 233.4	$ (43.5)	$ 189.9
Commercial oz and lb produced			259,606		214,828
Commercial oz and lb sold			261,057		217,754
Cost of sales excl. DDA per oz and lb sold			**$ 661**		**$ 622**
DDA per oz and lb sold			**$ 305**		**$ 307**
Total cost of sales per oz and lb sold			**$ 966**		**$ 929**
Co-product cash cost per oz and lb produced			**$ 660**		**$ 612**
Co-product AISC per oz and lb produced			**$ 899**		**$ 884**

For the twelve months ended December 31, 2018

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Total Gold**	**Brio Gold** (pre-sale)	**Total Gold - Yamana** (incl.Gualcamayo)	**Gualcamayo Gold**	**Total Gold - Yamana Mines (v)**
Cost of sales excluding DDA *(i)*	$ 759.4	$ (75.3)	$ 684.1	$ (101.3)	$ 582.8
DDA	361.1	(10.0)	351.1	(16.3)	334.8
Total cost of sales	$ 1,120	$ (85.3)	$ 1,035	$ (117.6)	$ 917.6
DDA	(361.1)	10.0	(351.1)	16.3	(334.8)
Sales taxes	(16.0)	—	(16.0)	7.2	(8.8)
Inventory movement	(6.7)	—	(6.7)	2.4	(4.3)
Treatment and refining charges *(ii)*	4.9	—	4.9	—	4.9
Commercial, freight and other costs	(2.7)	—	(2.7)	—	(2.7)
Total co-product cash cost	$ 738.9	$ (75.3)	$ 663.6	$ (91.7)	$ 571.9
G&A, excl., shared-based compensation *(iii)*	63.8	(7.9)	55.9	(0.1)	55.8
Sustaining capital expenditures *(iv)*	145.3	(9.8)	135.5	(10.6)	124.9
Exploration and evaluation expense *(iii)*	8.0	(0.7)	7.3	—	7.3
Total co-product AISC	$ 956.0	$ (93.7)	$ 862.3	$ (102.4)	$ 759.9
Commercial oz and lb produced			1,023,260		930,975
Commercial oz and lb sold			1,004,462		910,485
Cost of sales excl. DDA per oz and lb sold			**$ 681**		**$ 640**
DDA per oz and lb sold			**$ 350**		**$ 368**
Total cost of sales per oz and lb sold			**$ 1,031**		**$ 1,008**
Co-product cash cost per oz and lb produced			**$ 649**		**$ 614**
Co-product AISC per oz and lb produced			**$ 843**		**$ 816**

For the twelve months ended December 31, 2017

(In millions of US Dollars except ounces/pounds and per once/pound amounts)	Total Gold	Brio Gold (pre-sale)	Total Gold - Yamana (incl.Gualcamayo)	Gualcamayo Gold	Total Gold - Yamana Mines (v)
Cost of sales excluding DDA *(i)*	$ 816.7	$ (154.0)	$ 662.7	$ (143.8)	$ 518.9
DDA	373.7	(42.6)	331.1	(53.7)	277.4
Total cost of sales	$ 1,190	$ (196.6)	$ 993.8	$ (197.5)	$ 796.3
DDA	(373.7)	42.6	(331.1)	53.7	(277.4)
Sales taxes	—	—	—	—	—
Inventory movement	(12.6)	3.5	(9.1)	(1.3)	(10.4)
Treatment and refining charges *(ii)*	5.6	—	5.6	—	5.6
Commercial, freight and other costs	(2.6)	—	(2.6)	—	(2.6)
Total co-product cash cost	$ 807.1	$ (150.5)	$ 656.6	$ (145.1)	$ 511.5
G&A, excl., shared-based compensation *(iii)*	78.8	(16.1)	62.7	(0.8)	61.9
Sustaining capital expenditures *(iv)*	170.5	(36.0)	134.5	(6.6)	127.9
Exploration and evaluation expense *(iii)*	14.8	(0.8)	14.0	—	14.0
Total co-product AISC	$ 1,071	$ (203.4)	$ 867.8	$ (152.5)	$ 715.3
Commercial oz and lb produced	582,800		977,315		823,263
Commercial oz and lb sold			971,148		818,468
Cost of sales excl. DDA per oz and lb sold			**$ 682**		**$ 634**
DDA per oz and lb sold			**$ 341**		**$ 339**
Total cost of sales per oz and lb sold			**$ 1,023**		**$ 973**
Co-product cash cost per oz and lb produced			**$ 672**		**$ 621**
Co-product AISC per oz and lb produced			**$ 888**		**$ 869**

Co-product Cash Cost & AISC	For the three months ended December 31, 2018			For the three months ended December 31, 2017				For the twelve months ended December 31, 2018			For the twelve months ended December 31, 2017			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Chapada Total *(vii)***	**Chapada Gold**	**Chapada Copper**	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper	**Chapada Total**	**Chapada Gold**	**Chapada Copper**	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper
Cost of sales excluding DDA *(i)*	$ 68.5	$ 12.2	$ 56.3	$ 55.9	$ 9.7	$ 0.2	$ 46.0	$ 225.6	$ 40.1	$ 185.5	$ 215.3	$ 37.6	$ 0.8	$ 176.9
DDA	12.3	2.5	9.8	11.6	2.3	—	9.3	43.6	8.7	34.9	38.2	7.5	0.2	30.5
Total cost of sales	$ 80.8	$ 14.7	$ 66.1	$ 67.5	$ 12.0	$ 0.2	$ 55.3	$ 269.2	$ 48.8	$ 220.4	$ 253.5	$ 45.1	$ 1.0	$ 207.4
DDA	(12.3)	(2.5)	(9.8)	(11.6)	(2.3)	—	(9.3)	(43.6)	(8.7)	(34.9)	(38.2)	(7.5)	(0.2)	(30.5)
Sales taxes	(1.3)	(0.3)	(1.0)	—	—	—	—	(9.0)	(1.8)	(7.2)	—	—	—	—
Inventory movement	(2.5)	(0.5)	(2.0)	0.1	—	—	0.1	(0.8)	(0.1)	(0.7)	(3.4)	(0.7)	—	(2.7)
Treatment and refining charges *(ii)*	9.8	1.4	8.4	10.8	1.6	—	9.2	33.3	4.9	28.4	38.2	5.6	0.2	32.4
Commercial, freight and other costs	(4.1)	(0.8)	(3.3)	(3.6)	(0.7)	—	(2.9)	(13.4)	(2.7)	(10.7)	(13.1)	(2.6)	(0.1)	(10.4)
Total co-product cash cost	$ 70.4	$ 12.0	$ 58.4	$ 63.2	$ 10.6	$ 0.2	$ 52.4	$ 235.7	$ 40.4	$ 195.3	$ 237.0	$ 39.9	$ 0.9	$ 196.2
G&A, excl., shared-based compensation *(iii)*	0.5	0.1	0.4	—	—	—	—	1.4	0.3	1.1	0.7	0.1	—	0.6
Sustaining capital expenditures *(iv)*	9.4	1.9	7.5	5.6	1.1	—	4.5	35.2	7.0	28.2	27.9	5.5	0.1	22.3
Exploration and evaluation expense *(iii)*	1.4	0.3	1.1	1.1	0.2	—	0.9	3.0	0.6	2.4	2.9	0.6	—	2.3
Total co-product AISC	$ 81.7	$ 14.3	$ 67.4	$ 69.9	$ 11.9	$ 0.2	$ 57.8	$ 275.3	$ 48.3	$ 227.0	$ 268.5	$ 46.1	$ 1.0	$ 221.4
Commercial oz and lb produced		40,841	39,024,996		36,578	71,520	34,667,040		121,003	129,151,441		119,852	252,748	127,333,872
Commercial oz and lb sold		35,607	35,509,168		36,789	47,534	33,186,233		116,743	123,555,941		117,305	129,452	120,066,492
Cost of sales excl. DDA per oz and lb sold		**$ 341**	**$ 1.59**		**$ 264**	**$ 4.16**	**$ 1.39**		**$ 343**	**$ 1.50**		**$ 321**	**$ 5.93**	**$ 1.47**
DDA per oz and lb sold		**$ 69**	**$ 0.28**		**$ 62**	**$ 0.98**	**$ 0.28**		**$ 75**	**$ 0.28**		**$ 64**	**$ 1.18**	**$ 0.25**
Total cost of sales per oz and lb sold		**$ 410**	**$ 1.86**		**$ 326**	**$ 5.14**	**$ 1.67**		**$ 418**	**$ 1.78**		**$ 384**	**$ 7.11**	**$ 1.73**
Co-product cash cost per oz and lb produced		**$ 294**	**$ 1.50**		**$ 291**	**$ 3.25**	**$ 1.51**		**$ 334**	**$ 1.51**		**$ 334**	**$ 3.38**	**$ 1.54**
Co-product AISC per oz and lb produced		**$ 349**	**$ 1.73**		**$ 327**	**$ 3.63**	**$ 1.67**		**$ 399**	**$ 1.76**		**$ 385**	**$ 3.88**	**$ 1.74**

Co-product Cash Cost & AISC	**For the three months ended December 31, 2018**				For the three months ended December 31, 2017				**For the twelve months ended December 31, 2018**				For the twelve months ended December 31, 2017			
(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)*	$ 40.3	$ 29.1	$ 11.2	$ 52.6	$ 33.9	$ 25.0	$ 8.9	$ 56.3	$ 170.9	$ 129.6	$ 41.3	$ 200.4	$ 165.2	$ 121.6	$ 43.6	$ 186.0
DDA	26.2	19.0	7.2	34.8	16.8	12.4	4.4	32.4	92.9	70.3	22.6	137.8	70.2	51.7	18.5	129.4
Total cost of sales	$ 66.5	$ 48.1	$ 18.4	$ 87.4	$ 50.7	$ 37.4	$ 13.3	$ 88.7	$ 263.8	$ 199.9	$ 63.9	$ 338.2	$ 235.4	$ 173.3	$ 62.1	$ 315.4
DDA	(26.2)	(19.0)	(7.2)	(34.8)	(16.8)	(12.4)	(4.4)	(32.4)	(92.9)	(70.3)	(22.6)	(137.8)	(70.2)	(51.7)	(18.5)	(129.4)
Sales taxes	0.1	0.1	—	(4.4)	—	—	—	—	—	—	—	—	—	—	—	—
Inventory movement	—	—	—	—	3.6	2.8	0.8	(5.6)	(3.6)	(3.0)	(0.6)	(4.0)	(0.5)	(1.0)	0.5	(3.7)
Total co-product cash cost	$ 40.4	$ 29.2	$ 11.2	$ 48.2	$ 37.5	$ 27.8	$ 9.7	$ 50.7	$ 167.3	$ 126.6	$ 40.7	$ 196.4	$ 164.7	$ 120.6	$ 44.1	$ 182.3
G&A, excl., shared-based compensation *(iii)*	0.4	0.3	0.1	1.3	0.3	0.2	0.1	1.1	0.6	0.5	0.1	4.7	0.5	0.4	0.1	4.0
Sustaining capital expenditures *(iv)*	7.4	5.3	2.1	11.4	8.1	6.0	2.1	15.6	31.8	24.0	7.8	46.4	38.5	28.1	10.4	48.3
Exploration and evaluation expense *(iii)*	—	—	—	0.2	—	—	—	0.1	—	—	—	0.3	—	(0.1)	0.1	0.3
Total co-product AISC	$ 48.2	$ 34.8	$ 13.4	$ 61.1	$ 45.9	$ 34.0	$ 11.9	$ 67.5	$ 199.7	$ 151.1	$ 48.6	$ 247.8	$ 203.7	$ 149.0	$ 54.7	$ 234.9
Commercial oz produced		37,956	1,186,789	84,732		39,401	1,052,423	80,743		151,893	3,903,961	348,600		160,509	4,282,339	316,731
Commercial oz sold		37,864	1,145,821	89,626		34,955	909,205	88,812		151,921	3,878,748	349,923		159,149	4,264,501	315,517
Cost of sales excl. DDA per oz sold		**$ 770**	**$ 9.80**	**$ 587**		**$ 715**	**$ 9.74**	**$ 634**		**$ 853**	**$ 10.66**	**$ 573**		**$ 764**	**$ 10.22**	**$ 590**
DDA per oz sold		**$ 501**	**$ 6.27**	**$ 388**		**$ 354**	**$ 4.84**	**$ 364**		**$ 462**	**$ 5.83**	**$ 394**		**$ 325**	**$ 4.34**	**$ 410**
Total cost of sales per oz sold		**$ 1,270**	**$ 16.07**	**$ 975**		**$ 1,069**	**$ 14.58**	**$ 995**		**$ 1,316**	**$ 16.48**	**$ 967**		**$ 1,089**	**$ 14.57**	**$ 1,000**
Co-product cash cost per oz produced		**$ 769**	**$ 9.48**	**$ 569**		**$ 707**	**$ 9.19**	**$ 628**		**$ 833**	**$ 10.43**	**$ 563**		**$ 751**	**$ 10.30**	**$ 576**
Co-product AISC per oz produced		**$ 917**	**$ 11.31**	**$ 720**		**$ 864**	**$ 11.23**	**$ 835**		**$ 995**	**$ 12.46**	**$ 711**		**$ 928**	**$ 12.77**	**$ 742**

Co-product Cash Cost & AISC	**For the three months ended December 31, 2018**				For the three months ended December 31, 2017				**For the twelve months ended December 31, 2018**				For the twelve months ended December 31, 2017			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Cerro Moro Total**	**Cerro Moro Gold**	**Cerro Moro Silver**	**Minera Florida Gold *(vii)***	Cerro Moro Total	Cerro Moro Gold	Cerro Moro Silver	Minera Florida Gold	**Cerro Moro Total**	**Cerro Moro Gold**	**Cerro Moro Silver**	**Minera Florida Gold**	Cerro Moro Total	Cerro Moro Gold	Cerro Moro Silver	Minera Florida Gold
Cost of sales excluding DDA *(i)*	$ 38.1	$ 24.0	$ 14.1	$ 17.5	$ —	$ —	$ —	$ 18.5	$ 66.2	$ 42.3	$ 23.9	$ 74.7	$ —	$ —	$ —	$ 75.1
DDA	29.6	18.9	10.7	10.3	—	—	—	9.7	49.2	31.5	17.7	39.2	—	—	—	38.3
Total cost of sales	$ 67.7	$ 42.9	$ 24.8	$ 27.8	$ —	$ —	$ —	$ 28.2	$ 115.4	$ 73.8	$ 41.6	$ 113.9	$ —	$ —	$ —	$ 113.4
DDA	(29.6)	(18.9)	(10.7)	(10.3)	—	—	—	(9.7)	(49.2)	(31.5)	(17.7)	(39.2)	—	—	—	(38.3)
Sales taxes	(1.7)	(0.8)	(0.9)	0.8	—	—	—	—	(7.0)	(4.3)	(2.7)	—	—	—	—	—
Inventory movement	(3.2)	(2.0)	(1.2)	—	—	—	—	(0.4)	2.9	1.8	1.1	0.1	—	—	—	(1.8)
Total co-product cash cost	$ 33.2	$ 21.2	$ 12.0	$ 18.3	$ —	$ —	$ —	$ 18.1	$ 62.1	$ 39.8	$ 22.3	$ 74.8	$ —	$ —	$ —	$ 73.3
G&A, excl., shared-based compensation *(iii)*	0.5	0.3	0.2	0.3	—	—	—	0.1	0.6	0.4	0.2	0.4	—	—	—	0.3
Sustaining capital expenditures *(iv)*	9.5	6.0	3.5	4.3	—	—	—	5.3	15.0	9.6	5.4	14.5	—	—	—	22.9
Exploration and evaluation expense *(iii)*	—	—	—	—	—	—	—	0.4	—	—	—	—	—	—	—	2.0
Total co-product AISC	$ 43.2	$ 27.5	$ 15.7	$ 22.9	$ —	$ —	$ —	$ 23.9	$ 77.7	$ 49.8	$ 27.9	$ 89.7	$ —	$ —	$ —	$ 98.5
Commercial oz produced		45,066	2,077,906	24,526		—	—	23,540		83,149	3,734,456	81,635		—	—	90,366
Commercial oz sold		40,016	1,903,652	23,882		—	—	23,503		68,669	2,920,252	81,449		—	—	90,876
Cost of sales excl. DDA per oz sold		**$ 600**	**$ 7.40**	**$ 731**		**$ —**	**$ —**	**$ 786**		**$ 616**	**$ 8.17**	**$ 917**		**$ —**	**$ —**	**$ 826**
DDA per oz sold		**$ 471**	**$ 5.62**	**$ 433**		**$ —**	**$ —**	**$ 412**		**$ 458**	**$ 6.05**	**$ 481**		**$ —**	**$ —**	**$ 422**
Total cost of sales per oz sold		**$ 1,072**	**$ 13.03**	**$ 1,164**		**$ —**	**$ —**	**$ 1,198**		**$ 1,074**	**$ 14.22**	**$ 1,398**		**$ —**	**$ —**	**$ 1,248**
Co-product cash cost per oz produced		**$ 471**	**$ 5.78**	**$ 743**		**$ —**	**$ —**	**$ 765**		**$ 479**	**$ 5.98**	**$ 916**		**$ —**	**$ —**	**$ 812**
Co-product AISC per oz produced		**$ 611**	**$ 7.52**	**$ 931**		**$ —**	**$ —**	**$ 1,011**		**$ 600**	**$ 7.49**	**$ 1,099**		**$ —**	**$ —**	**$ 1,090**

Co-product Cash Cost & AISC	**For the three months ended December 31, 2018**				For the three months ended December 31, 2017				**For the twelve months ended December 31, 2018**				For the twelve months ended December 31, 2017			
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**Jacobina Gold**	**Gualcamayo Gold**	**Corp. Office & Other Total**	**Corp. Office & Other Gold**	Jacobina Gold	Gualcamayo Gold	Corp. Office & Other Total	Corp. Office & Other Gold	**Jacobina Gold**	**Gualcamayo Gold**	**Corp. Office & Other Total**	**Corp. Office & Other Gold**	Jacobina Gold	Gualcamayo Gold	Corp. Office & Other Total	Corp. Office & Other Gold
Cost of sales excluding DDA *(i)*	$ 23.8	$ 25.5	$ —	$ —	$ 25.9	$ 37.1	$ —	$ —	$ 95.7	$ 101.3	$ —	$ —	$ 98.6	$ 143.8	$ —	$ —
DDA	15.8	—	2.0	1.4	8.7	12.6	2.1	1.6	41.4	16.3	8.0	5.9	44.8	53.7	7.6	5.9
Total cost of sales	$ 39.6	$ 25.5	$ 2.0	$ 1.4	$ 34.6	$ 49.7	$ 2.1	$ 1.6	$ 137.1	$ 117.6	$ 8.0	$ 5.9	$ 143.4	$ 197.5	$ 7.6	$ 5.9
DDA	(15.8)	—	(2.0)	(1.4)	(8.7)	(12.6)	(2.1)	(1.6)	(41.4)	(16.3)	(8.0)	(5.9)	(44.8)	(53.7)	(7.6)	(5.9)
Sales taxes	2.0	3.0	—	—	—	—	—	—	(2.7)	(7.2)	—	—	—	—	—	—
Inventory movement	(0.7)	(3.9)			(1.6)	2.8	—	—	0.9	(2.4)	—	—	(3.3)	1.3	—	—
Total co-product cash cost	$ 25.1	$ 24.6	$ —	$ —	$ 24.3	$ 39.9	$ —	$ —	$ 93.9	$ 91.7	$ —	$ —	$ 95.3	$ 145.1	$ —	$ —
G&A, excl., shared-based compensation *(iii)*	0.4	—	18.6	12.6	—	0.3	23.0	16.9	0.9	0.1	69.4	48.6	0.8	0.8	76.1	56.2
Sustaining capital expenditures *(iv)*	5.1	3.8	1.6	1.1	6.9	3.3	0.8	0.6	21.0	10.6	3.4	2.3	21.7	6.6	2.1	1.5
Exploration and evaluation expense *(iii)*	—	—	2.0	1.3	0.1	—	5.1	3.7	0.2	—	8.9	6.2	0.1	—	15.1	11.1
Total co-product AISC	$ 30.6	$ 28.4	$ 22.2	$ 15.0	$ 31.3	$ 43.5	$ 28.9	$ 21.2	$ 116.0	$ 102.4	$ 81.7	$ 57.1	$ 117.9	$ 152.5	$ 93.3	$ 68.8
Commercial oz and lb produced	37,071	22,291			34,566	44,778			144,695	92,285			135,806	154,052		
Commercial oz and lb sold	34,934	22,491			33,695	43,303			141,780	93,977			135,620	152,679		
Cost of sales excl. DDA per oz and lb sold	**$ 681**	**$ 1,133**			**$ 769**	**$ 858**			**$ 675**	**$ 1,078**			**$ 727**	**$ 942**		
DDA per oz and lb sold	**$ 451**	**$ —**			**$ 257**	**$ 291**			**$ 292**	**$ 174**			**$ 330**	**$ 351**		
Total cost of sales per oz and lb sold	**$ 1,132**	**$ 1,133**			**$ 1,027**	**$ 1,149**			**$ 967**	**$ 1,251**			**$ 1,057**	**$ 1,293**		
Co-product cash cost per oz and lb produced	**$ 677**	**$ 1,102**			**$ 703**	**$ 891**			**$ 649**	**$ 993**			**$ 701**	**$ 942**		
Co-product AISC per oz and lb produced	**$ 826**	**$ 1,271**			**$ 906**	**$ 972**			**$ 802**	**$ 1,109**			**$ 867**	**$ 990**		

Co-product Cash Cost & AISC	**For the three months ended December 31, 2018**		For the three months ended December 31, 2017		**For the twelve months ended December 31, 2018**		For the twelve months ended December 31, 2017	
(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	0.2	0.4	0.1	0.4	0.5	1.6	0.4	1.4
Total cost of sales	$ 0.2	$ 0.4	$ 0.1	$ 0.4	$ 0.5	$ 1.6	$ 0.4	$ 1.4
DDA	(0.2)	(0.4)	(0.1)	(0.4)	(0.5)	(1.6)	(0.4)	(1.4)
Total co-product cash cost	—	—	—	—	—	—	—	—
G&A, excl., shared-based compensation *(iii)*	1.8	4.2	1.0	5.1	5.1	15.8	3.9	16.0
Sustaining capital expenditures *(iv)*	0.2	0.4	—	0.2	0.3	0.8	0.1	0.5
Exploration and evaluation expense *(iii)*	0.2	0.5	0.2	1.1	0.6	2.1	0.8	3.2
Total co-product AISC	$ 2.2	$ 5.1	$ 1.2	$ 6.4	$ 6.0	$ 18.7	$ 4.8	$ 19.7

By-product Cash Cost & AISC	**For the three months ended December 31, 2018**			For the three months ended December 31, 2017			**For the twelve months ended December 31, 2018**			For the twelve months ended December 31, 2017		
(In millions of US Dollars except ounces/pounds and per once/pound amounts)	**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)*	$ 159.1	$ 25.3	$ 56.3	$ 135.4	$ 9.5	$ 46.0	$ 582.8	$ 65.2	$ 185.5	$ 518.9	$ 48.8	$ 176.9
DDA	102.5	18.1	10.3	66.9	4.8	9.7	334.8	40.7	36.5	277.4	21.2	31.9
Total cost of sales	$ 261.6	$ 43.4	$ 66.6	$ 202.3	$ 14.3	$ 55.7	$ 917.6	$ 105.9	$ 222.0	$ 796.3	$ 70.0	$ 208.8
DDA	(102.5)	(18.1)	(10.3)	(66.9)	(4.8)	(9.7)	(334.8)	(40.7)	(36.5)	(277.4)	(21.2)	(31.9)
Sales taxes	(3.2)	(1.2)	(2.0)	—	—	—	(8.7)	(2.7)	(7.2)	—	—	—
Inventory movement	(2.6)	(0.9)	(1.0)	—	—	—	(4.3)	0.5	(0.7)	(10.4)	1.2	(2.7)
Treatment and refining charges *(ii)*	1.4	—	8.4	1.6	—	9.2	4.9	—	28.4	5.6	0.2	32.4
Commercial, freight and other costs	(0.8)	—	(3.3)	(0.7)	—	(2.9)	(2.7)	—	(10.7)	(2.6)	(0.1)	(10.4)
By-product credits from Chapada copper revenue	(91.5)	(14.5)	—	(78.7)	(4.6)	—	(333.9)	(36.6)	—	(291.4)	(19.9)	—
Chapada copper co-product cash cost	50.9	7.5	(58.4)	49.5	2.9	(52.4)	176.6	18.7	(195.3)	183.4	12.8	(196.2)
Total by-product cash cost	$ 113.3	$ 16.2	$ —	$ 107.1	$ 7.8	$ (0.1)	$ 414.7	$ 45.1	$ —	$ 403.5	$ 43.0	$ —
G&A, excl., shared-based compensation *(iii)*	19.1	2.7	—	23.2	1.3	—	71.2	7.0	—	77.4	5.1	—
Sustaining capital expenditures *(iv)*	42.0	6.7	—	40.0	2.6	—	150.9	16.4	—	149.2	13.9	—
Exploration and evaluation expense (iii)	3.2	0.4	—	6.4	0.3	—	11.3	1.0	—	19.1	1.4	—
Total by-product AISC	$ 177.6	$ 26.0	$ —	$ 176.7	$ 12.0	$ (0.1)	$ 648.1	$ 69.5	$ —	$ 649.2	$ 63.4	$ —
Commercial oz and lb produced	270,193	3,264,695		214,828	1,171,042		930,975	7,638,417		823,263	5,004,760	
Commercial oz and lb sold	261,929	3,049,473		217,754	1,012,898		910,485	6,799,000		818,468	4,874,809	
Cost of sales excl. DDA per oz and lb sold	**$ 608**	**$ 8.30**		**$ 622**	**$ 9.42**		**$ 640**	**$ 9.59**		**$ 634**	**$ 10.00**	
DDA per oz and lb sold	**$ 391**	**$ 5.93**		**$ 307**	**$ 4.72**		**$ 368**	**$ 5.99**		**$ 339**	**$ 4.35**	
Total cost of sales per oz and lb sold	**$ 999**	**$ 14.23**		**$ 929**	**$ 13.26**		**$ 1,008**	**$ 15.58**		**$ 973**	**$ 13.63**	
By-product cash cost per oz and lb produced	**$ 420**	**$ 4.99**		**$ 476**	**$ 7.44**		**$ 445**	**$ 5.90**		**$ 490**	**$ 8.58**	
By-product AISC per oz and lb produced	**$ 657**	**$ 7.99**		**$ 800**	**$ 11.05**		**$ 696**	**$ 9.11**		**$ 788**	**$ 12.65**	

(i) Cost of sales includes non-cash items including the impact of the movement in inventory.

(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 (2017 - 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 and Gualcamayo 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 33(b) Operating Segments, Information about Profit or 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.

(vii) Beginning January 1, 2018, silver production and related KPIs for Chapada and Minera Florida no longer meet the minimum significance threshold in accordance with the Company's policy.

RECONCILIATON OF 2018 ACTUALS - CASH COSTS AND AISC PER GEO SOLD

As described in S*ection 2: Core Business, Strategy and Outlook* of this MD&A, beginning January 1, 2019, the Company has adopted the updated version of the Guidance Note on All-in Sustaining Costs. The following tables reconcile 2018 actuals to the revised methodology:

(USD/GEO ounce sold, unless otherwise noted)	Chapada	Canadian Malartic	El Peñón	Cerro Moro	Jacobina	Minera Florida
Cash Costs *(co-product, current methodology, per ounce)*	**$ 334**	**$ 563**	**$ 833**	**$ 479**	**$ 649**	**$ 916**
Production vs. sales	12	6	2	9	5	(4)
Inventory movement and adjustments	4	1	14	75	1	5
Commercial costs	23	—	—	—	1	—
Sales tax	15	—	—	66	19	—
Others	—	3	2	—	—	—
Subtotal	**$ 54**	**$ 10**	**$ 18**	**$ 150**	**$ 26**	**$ 1**
Cash Costs *(co-product, revised methodology)*	**$ 388**	**$ 573**	**$ 851**	**$ 629**	**$ 675**	**$ 917**

(USD/GEO ounce sold, unless otherwise noted)	Chapada	Canadian Malartic	El Peñón	Cerro Moro	Jacobina	Minera Florida
All-in Sustaining Costs *(co-product, current methodology, per ounce produced)*	**$ 399**	**$ 711**	**$ 995**	**$ 600**	**$ 802**	**$ 1,099**
Production vs. sales	15	6	2	38	9	(4)
Inventory movement and adjustments	3	1	13	75	1	4
Commercial costs	23	—	1	—	1	—
Sales tax	15	—	—	66	19	—
G&A stock based comp	—	—	—	—	—	—
Exploration CAPEX	8	12	89	61	41	172
Community social programs	1	—	—	7	—	7
Closure related expenses	8	—	6	1	13	21
Closure depletion	1	—	9	—	5	28
Others	—	2	2	—	—	—
Subtotal	**$ 74**	**$ 21**	**$ 122**	**$ 248**	**$ 89**	**$ 228**
All-in Sustaining *(co-product, revised methodology)*	**$ 473**	**$ 732**	**$ 1,117**	**$ 848**	**$ 891**	**$ 1,327**

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, *(In millions of US Dollars)*		**December 31, 2018**		December 31, 2017
Debt				
Non-current portion	**$**	**1,756.8**	$	1,747.7
Current portion		**1.9**		110.0
Total debt	**$**	**1,758.7**	$	1,857.7
Less: Cash and cash equivalents		**98.5**		148.9
Net Debt	**$**	**1,660.2**	$	1,708.8

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 included in *Section 1: Highlights and Relevant Updates* of this MD&A.

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,	**2018**				2017			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 483.4**	**$ 347.9**	**$ 44.7**	**$ 90.8**	$ 478.8	$ 382.6	$ 17.8	$ 78.4
Treatment and refining charges of concentrate	**10.1**	**1.5**	**—**	**8.6**	10.9	1.7	—	9.2
Sales taxes	**—**	**—**	**—**	**—**	5.5	3.3	—	2.2
Metal price adjustments related to concentrate revenue	**2.8**	**(0.6)**		**3.4**	10.7	0.1	—	10.6
Other adjustments	**(0.1)**	**(0.1)**	**—**	**—**	(0.1)	0.1	—	(0.2)
Gross revenue	**$ 496.2**	**$ 348.7**	**$ 44.7**	**$ 102.8**	$ 505.8	$ 387.8	$ 17.8	$ 100.2
Commercial gold/silver ounces, million pounds of copper sold		**284,420**	**3,065,102**	**35.5**		301,513	1,081,731	33.2
Revenue per gold/silver ounce, pound of copper sold		**$ 1,223**	**$ 14.59**	**$ 2.56**		$ 1,269	$ 16.46	$ 2.36
Average realized price per gold/silver ounce, pound of copper sold		**$ 1,226**	**$ 14.59**	**$ 2.90**		$ 1,286	$ 16.49	$ 3.02

For the year ended December 31,	**2018**				2017			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 1,798.5**	**$ 1,357.5**	**$ 107.6**	**$ 333.4**	$ 1,803.8	$ 1,433.9	$ 86.1	$ 283.8
Treatment and refining charges of concentrate	**34.6**	**4.9**	**—**	**29.7**	38.2	5.6	0.2	32.4
Sales taxes	**—**	**—**	**—**	**—**	18.6	11.5	—	7.1
Metal price adjustments related to concentrate revenue	**6.8**	**0.1**	**—**	**6.6**	10.1	(0.8)	—	10.9
Other adjustments	**0.3**	**0.3**	**—**	**—**	(0.5)	(0.1)	(0.1)	(0.3)
Gross revenue	**$ 1,840.2**	**$ 1,362.8**	**$ 107.6**	**$ 369.7**	$ 1,870.2	$ 1,450.1	$ 86.2	$ 333.9
Commercial gold/silver ounces, million pounds of copper sold		**1,075,214**	**7,000,887**	**123.6**		1,147,204	5,125,689	120.1
Revenue per gold/silver ounce, pound of copper sold		**$ 1,263**	**$ 15.37**	**$ 2.70**		$ 1,250	$ 16.80	$ 2.36
Average realized price per gold/silver ounce, pound of copper sold		**$ 1,267**	**$ 15.37**	**$ 2.99**		$ 1,264	$ 16.83	$ 2.78

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.
- ***Cash flows from operating activities before net change in working capital, normalized due to copper advanced sales program*** *- excludes the impact due to the copper advanced sales program payments and deliveries that results in timing differences between the cash payment and delivery.*

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 associated 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.

12. 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 President 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 President 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 President 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 President 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, 2018. 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, 2018.

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 14, 2019 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, 2018, 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 President 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 judgments 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, 2018 and December 31, 2017 and results of operations for the periods ended December 31, 2018 and December 31, 2017.

This Management's Discussion and Analysis has been prepared as of February 14, 2019. The consolidated financial statements prepared in accordance with IFRS as issued by the 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, 2018 (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, 2017 on file with the Securities Commissions of all of the provinces in Canada and which are included in the 2017 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, timing and possible outcome of pending and outstanding litigation and labour disputes, risks related to enforcing legal rights in foreign jurisdictions, the Company's expectations in connection with the satisfaction of all closing conditions of the aforementioned sale transaction, the completion of the aforementioned sale transaction, the expected use of proceeds discussed herein and delivering value creation over the long term, 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

Scientific and technical information contained in this Management's Discussion and Analysis has been reviewed and approved by Sébastien Bernier (Senior Director, Geology and Mineral Resources). Sébastien Bernier is an employee of Yamana Gold Inc. and a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Readers should refer to the Annual Information Form of the Company for the year ended December 31, 2017 and other continuous disclosure documents filed by the Company since January 1, 2018 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 contained in Industry Guide 7. 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") contained in 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. 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, issuers reporting pursuant to Industry Guide 7 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 reporting pursuant to Industry Guide 7.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Yamana Gold Inc. and subsidiaries ("Yamana Gold Inc." or the "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, 2018, 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, Licensed Public Accountants, in accordance with the 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.

"Daniel Racine"	**"Jason LeBlanc"**
President and *Chief Executive Officer*	*Senior Vice President, Finance and* *Chief Financial Officer*

February 14, 2019

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Yamana Gold Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, cash flows and changes in equity, for each of the two years in the period ended December 31, 2018, and the related notes (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 of December 31, 2018 and 2017, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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, 2018, 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 14, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 audits in accordance with 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 of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

"Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 14, 2019

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, 2018, 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, 2018, 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), the consolidated financial statements as of and for the year ended December 31, 2018 of the Company and our report dated February 14, 2019, expressed an 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 generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

"Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 14, 2019

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)		**2018**	2017 *(Restated) (i)*
Revenue *(Note 7)*	**$**	**1,798.5** $	1,803.8
Cost of sales excluding depletion, depreciation and amortization *(Note 8)*		**(1,010.0)**	(1,042.4)
Gross margin excluding depletion, depreciation and amortization	**$**	**788.5** $	761.4
Depletion, depreciation and amortization		**(438.3)**	(426.8)
Impairment of mining properties and goodwill, net *(Note 12)*		**(149.0)**	(256.9)
Mine operating earnings	**$**	**201.2** $	77.7
Expenses			
General and administrative		**(91.8)**	(113.6)
Exploration and evaluation		**(13.0)**	(21.2)
Share of earnings of associate *(Note 23)*		**5.5**	—
Other operating income (expenses), net *(Note 10(a))*		**9.3**	(23.6)
Impairment of non-operating mining properties *(Note 12)*		**(153.0)**	(99.6)
Operating loss	**$**	**(41.8)**$	(180.3)
Finance costs *(Note 11)*		**(137.4)**	(110.8)
Other income (costs), net *(Note 10(b))*		**2.5**	(20.9)
Loss before taxes	**$**	**(176.7)**$	(312.0)
Current income tax expense *(Note 13)*		**(138.8)**	(239.2)
Deferred income tax recovery *(Note 13)*		**17.8**	353.1
Income tax (expense) recovery	**$**	**(121.0)**$	113.9
Net loss	**$**	**(297.7)**$	(198.1)
Attributable to:			
Yamana Gold Inc. equity holders	**$**	**(284.6)**$	(188.5)
Non-controlling interests		**(13.1)**	(9.6)
Net loss	**$**	**(297.7)**$	(198.1)
Loss per share attributable to Yamana Gold Inc. equity holders *(Note 14)*			
Basic and diluted	**$**	**(0.30)**$	(0.20)
Weighted average number of shares outstanding *(in thousands) (Note 14)*			
Basic and diluted		**949,030**	948,187

(i) The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements.*

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)		**2018**	2017 *(Restated) (i)*
Net loss	$	**(297.7)**	$ (198.1)
Other comprehensive (loss) income, net of taxes			
Items that may be reclassified subsequently to net earnings (loss):			
Available-for-sale financial assets			
- Reclassification adjustments related to available-for-sale financial assets		**—**	4.5
Cash-flow hedges			
- Effective portion of changes in fair value of cash flow hedges		**(15.9)**	5.9
- Reclassification of losses (gains) recorded in earnings		**3.4**	(0.3)
- Tax Impact on fair value of hedging instruments		**(1.4)**	1.3
- Time value of options contracts excluded from hedge relationship		**5.4**	(6.0)
	$	**(8.5)**	$ 5.4
Items that will not be reclassified to net earnings (loss):			
Changes in the fair value of equity investments at FVOCI		**(1.0)**	—
Re-measurement of employee benefit plan		**(1.0)**	1.3
Total other comprehensive (loss) income	$	**(10.5)**	$ 6.7
Total comprehensive loss	$	**(308.2)**	$ (191.4)
Attributable to :			
Yamana Gold Inc. equity holders	$	**(294.4)**	$ (182.8)
Non-controlling interests		**(13.8)**	(8.6)
Total comprehensive loss	$	**(308.2)**	$ (191.4)

(i) The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements.*

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)		**2018**		2017 *(Restated) (i)*
Operating activities				
Loss before taxes	$	**(176.7)**	$	(312.0)
Adjustments to reconcile loss before taxes to net operating cash flows:				
Depletion, depreciation and amortization		**438.3**		426.8
Share-based payments *(Note 30)*		**5.3**		12.6
Other (income) costs, net *(Note 10(b))*		**(2.5)**		20.9
Finance costs *(Note 11)*		**137.4**		110.8
Mark-to-market on financial assets and metal concentrates		**17.6**		(1.5)
Share of earnings of associate *(Note 23)*		**(5.5)**		—
Impairment of mineral properties, net *(Note 12)*		**302.0**		356.5
Amortization of deferred revenue on metal purchase agreements *(Note 26)*		**(99.5)**		(8.6)
Gain on asset disposals		**(74.2)**		—
Other non-cash expenses (recoveries) *(Note 15(d))*		**50.4**		(7.8)
Advanced payments received on metal purchase agreements		**127.8**		6.6
Decommissioning, restoration and similar liabilities paid *(Note 28)*		**(5.3)**		(4.6)
Other payments		**(6.7)**		(6.0)
Cash flows from operating activities before income taxes paid and net change in working capital		**708.4**		593.7
Income taxes paid		**(40.8)**		(19.0)
Payments made to Brazilian tax authorities *(Note 13(e))*		**(101.3)**		(76.7)
Cash flows from operating activities before net change in working capital	$	**566.3**	$	498.0
Net change in working capital *(Note 15(b))*		**(162.1)**		(14.0)
Cash flows from operating activities	$	**404.2**	$	484.0
Investing activities				
Acquisition of property, plant and equipment	$	**(446.9)**	$	(607.5)
Net proceeds on disposal of subsidiaries and other assets		**189.9**		17.5
Acquisition of investments and other assets		**(5.2)**		—
Cash used in other investing activities		**(67.4)**		(54.2)
Cash flows used in investing activities	$	**(329.6)**	$	(644.2)
Financing activities				
Dividends paid *(Note 29(b))*	$	**(19.0)**	$	(18.9)
Interest and other finance expenses paid		**(80.1)**		(103.8)
Financing costs paid on early note redemption *(Note 11)*		**(14.7)**		—
Proceeds from Brio Gold Inc. private placement and rights offering		**—**		71.5
Repayment of term loan and notes payable *(Note 27)*		**(486.5)**		(460.9)
Proceeds from term loan and notes payable *(Note 27)*		**460.0**		730.0
Proceeds from other financing activities		**6.0**		—
Cash flows (used in) from financing activities	$	**(134.3)**	$	217.9
Effect of foreign exchange of non-US Dollar denominated cash and cash equivalents		**3.0**		0.1
(Decrease) Increase in cash and cash equivalents	$	**(56.7)**	$	57.8
Cash and cash equivalents, beginning of year	$	**148.9**	$	97.4
Cash and cash equivalents classified as held for sale, beginning of year	$	**6.3**	$	—
Cash and cash equivalents, end of year	$	**98.5**	$	155.2
Cash and cash equivalents reclassified as held for sale	$	**—**	$	(6.3)
Cash and cash equivalents, excluding amount classified as held for sale, end of year	$	**98.5**	$	148.9

(i) The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements.*

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)		**2018**	2017 *(Restated) (i)*
Assets			
Current assets:			
Cash and cash equivalents *(Note 15(c))*	$	**98.5**	$ 148.9
Trade and other receivables		**24.3**	38.6
Inventories *(Note 18)*		**181.0**	163.5
Other financial assets *(Note 19)*		**7.4**	13.2
Other assets *(Note 20)*		**118.0**	119.4
Assets held for sale *(Note 6)*		**—**	355.8
	$	**429.2**	$ 839.4
Non-current assets:			
Property, plant and equipment *(Note 21)*		**6,696.4**	7,153.2
Goodwill and other intangible assets *(Note 22)*		**399.8**	449.5
Investment in associate (*Note 23)*		**146.0**	—
Deferred tax assets *(Note 13(b))*		**88.5**	97.8
Other financial assets *(Note 19)*		**18.9**	26.1
Other assets *(Note 20)*		**234.1**	197.3
Total assets	$	**8,012.9**	$ 8,763.3
Liabilities			
Current liabilities:			
Trade and other payables *(Note 24)*	$	**294.8**	$ 345.4
Income taxes payable		**32.5**	91.8
Other financial liabilities *(Note 25)*		**62.3**	203.1
Other provisions and liabilities *(Note 26)*		**106.8**	56.7
Liabilities relating to assets held for sale *(Note 6)*		**—**	83.7
	$	**496.4**	$ 780.7
Non-current liabilities:			
Long-term debt *(Note 27)*		**1,756.8**	1,747.7
Decommissioning, restoration and similar liabilities *(Note 28)*		**241.2**	258.2
Deferred tax liabilities *(Note 13(b))*		**1,129.3**	1,147.1
Other financial liabilities *(Note 25)*		**76.0**	85.7
Other provisions and liabilities *(Note 26)*		**289.2**	296.6
Total liabilities	$	**3,988.9**	$ 4,316.0
Equity			
Share capital *(Note 29)*			
Issued and outstanding *949,341,830* common shares (December 31, 2017 - 948,524,667 common shares)	$	**7,636.4**	$ 7,633.7
Contributed surplus		**20.4**	18.0
Accumulated other comprehensive (loss) income		**(16.9)**	2.2
Deficit		**(3,650.6)**	(3,340.5)
Attributable to Yamana Gold Inc. equity holders	$	**3,989.3**	$ 4,313.4
Non-controlling interests *(Note 31)*		**34.7**	133.9
Total equity	$	**4,024.0**	$ 4,447.3
Total liabilities and equity	$	**8,012.9**	$ 8,763.3

(i) The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements.*

Commitments and contingencies *(Notes 21, 34 and 35)*.

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	Contributed surplus *(i)*	Accumulated other comprehensive (loss) income *(i)*	Deficit	Attributable to Yamana equity holders	Non-controlling interests	Total equity
Balance as at January 1, 2017 as previously reported	**$**	**7,630.5 $**	**17.8 $**	**(5.8)$**	**(3,130.3)$**	**4,512.2 $**	**67.8 $**	**4,580.0**
Adjustment from adoption of IFRS 9 *(Note 5)*	$	— $	— $	2.3 $	(2.3)$	— $	— $	—
Restated balance as at January 1, 2017	**$**	**7,630.5 $**	**17.8 $**	**(3.5)$**	**(3,132.6)$**	**4,512.2 $**	**67.8 $**	**4,580.0**
Total comprehensive loss								
Net loss		—	—	—	(188.5)	(188.5)	(9.6)	(198.1)
Other comprehensive income, net of income tax		—	—	5.7	—	5.7	1.0	6.7
	$	— $	— $	5.7 $	(188.5)$	(182.8)$	(8.6)$	(191.4)
Transactions with owners								
Offering of purchase rights of Brio Gold		—	—	—	— **$**	**—**	70.9	**70.9**
Issued on vesting of restricted share units *(Note 29(a))*		2.9	(2.9)	—	— **$**	**—**	—	**—**
Vesting restricted share units		—	3.1	—	— **$**	**3.1**	7.0	**10.1**
Restricted share units cancellation		—	—	—	— **$**	**—**	(3.2)	**(3.2)**
Dividend reinvestment plan *(Note 29(a))*		0.3	—	—	— **$**	**0.3**	—	**0.3**
Dividends *(Note 29(b))*		—	—	—	(19.4)**$**	**(19.4)**	—	**(19.4)**
Restated balance as at December 31, 2017	**$**	**7,633.7 $**	**18.0 $**	**2.2 $**	**(3,340.5)$**	**4,313.4 $**	**133.9 $**	**4,447.3**
Adjustments on initial application of:								
IFRS 15 *(Note 5)*		—	—	—	(16.4)	**(16.4)**	—	**(16.4)**
IFRS 9 *(Note 5)*		—	—	(8.8)	8.8	**—**	—	**—**
Adjusted balance at January 1, 2018		7,633.7	18.0	(6.6)	(3,348.1)	**4,297.0**	133.9	**4,430.9**
Total comprehensive loss								
Net loss	$	— $	— $	— $	(284.6)**$**	**(284.6)**$	(13.1)**$**	**(297.7)**
Other comprehensive loss, net of income tax	$	— $	— $	(9.8)$	— **$**	**(9.8)**$	(0.7)**$**	**(10.5)**
		—	—	(9.8)	(284.6)	(294.4)	(13.8)	(308.2)
Transactions with owners								
Disposal of Brio Gold *(Note 6)*		—	—	—	—	**—**	(101.7)	**(101.7)**
Disposal of part interest in subsidiary *(Note 31)*		—	—	—	—	**—**	16.0	**16.0**
Issued on vesting of restricted share units *(Note 29(a))*		2.3	(2.3)	—	—	**—**	—	**—**
Vesting restricted share units		—	4.7	—	—	**4.7**	0.3	**5.0**
Dividend reinvestment plan *(Note 29(a))*		0.4	—	—	—	**0.4**	—	**0.4**
Dividends *(Note 29(b))*		—	—	—	(19.2)	**(19.2)**	—	**(19.2)**
Balance as at December 31, 2018	**$**	**7,636.4 $**	**20.4 $**	**(16.9)$**	**(3,650.6)$**	**3,989.3 $**	**34.7 $**	**4,024.0**

(i) In the current year the Company is presenting 'Contributed Surplus' and 'Accumulated Other Comprehensive (loss) income' as separate components of equity on the face of the Consolidated Statement of Changes in Equity. In the prior year these items were included in 'Reserves', with further detail provided in the accompanying notes to the Consolidated Financial Statements. This change has also resulted in a consequential change to the equity section of the Consolidated Balance Sheets.

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, 2018 and December 31, 2017
(Tabular amounts in millions of US Dollars, unless otherwise noted)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Yamana Gold Inc. (the “Company” or “Yamana”) is a Canadian-based gold, silver and copper producer with a significant portfolio comprised of operating mines, development stage projects, and exploration and mineral properties throughout the Americas, mainly in Canada, Brazil, Chile and Argentina. Yamana plans to continue to build on this base through expansion and optimization initiatives at existing operating mines, development of new mines, the advancement of its exploration properties and, at times, by targeting other 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, M5J 2J3, Canada. The Company is listed on the Toronto Stock Exchange (Symbol: YRI) and The New York Stock Exchange (Symbol: AUY).

These consolidated financial statements are comprised of the Company, its subsidiaries, and its 50% interest in the Canadian Malartic mine, which is accounted for as a joint operation ("Consolidated Financial Statements").

On May 24, 2018, the Company completed the disposal of its 53.6% controlling interest in Brio Gold Inc. ("Brio Gold") to Leagold Mining Corporation ("Leagold"). Pursuant to the terms of the sale, the Company received 20.5% of Leagold's issued and outstanding shares, which is accounted for as an investment in associate using the equity method. Refer to *Note 6: Divestitures*.

On June 26, 2018, the Company announced that the Cerro Moro mine in Argentina had achieved commercial production.

On October 25, 2018, the Company entered into a definitive purchase agreement to sell its 100% interest in the Gualcamayo mine in Argentina to Mineros S.A. ("Mineros"). Separately, the Company has agreed to grant Mineros an option to acquire up to a 51% interest in the La Pepa project, located in Chile, over an earn-in period of four years (subject to extension for certain unexpected contingencies) and then the remaining 49% interest pursuant to a call option. The sale of the Gualcamayo mine was completed on December 14, 2018. Refer to *Note 6: Divestitures*.

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, 2018.

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*. 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 Dollar"), 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, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these Consolidated Financial Statements are as follows:

(a) Basis of Consolidation

These Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

The principal subsidiaries of the Company as at December 31, 2018 and 2017 were as follows:

			Interest	
Legal Entity	**Mine**	**Country of incorporation**	**2018**	2017
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%
Jacobina Mineração e Comércio Ltda.	Jacobina	Brazil	**100%**	100%
Estelar Resources Ltd.	Cerro Moro	Argentina	**100%***	100%
Minera Florida Ltda.	Minera Florida	Chile	**100%**	100%
Minas Argentinas S.A. *(Note 6)*	Gualcamayo	Argentina	**—%**	100%

*Refer to discussion at *Note 31: Non-controlling interests*.

The Consolidated Financial Statements also include Yamana Gold Ontario in Canada; the Company's 56.7% interest in Agua De La Falda S.A. ("ADLF"), which holds the Jeronimo project in Chile; the Company's 100% interest in Minera Agua Rica Sucursal, which holds the Agua Rica project in Argentina; the Company's 53.6% interest in Brio Gold (up to May 24, 2018 (see *Note 6: Divestitures*)); and the Company's 20.5% interest in Leagold, which is accounted for using the equity method (see (b) below).

(b) Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions. The Company is presumed to have significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee, unless it can be clearly demonstrated that the Company does not have significant influence. The Company concluded that it has significant influence over its investment in Leagold through the level of ownership of voting rights and representation on Leagold's board of directors.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings or losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The total carrying amount of the Company's investments in associates also include any long-term debt interests which, in substance, form part of the Company's net investment. The Company's share of an associate's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized in net earnings during the period. Dividends and repayment of capital received from an associate are accounted for as a reduction in the carrying amount of the Company's investment. Unrealized gains and losses between the Company and its associates are recognized only to the extent of unrelated investors'

interests in the associates. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associates are not eliminated.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating there is a measurable decrease in the estimated future cash flows of the investee's operations. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings/loss in the period in which the reversal occurs.

(c) Joint Arrangement

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing the control. A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The Company's 50% interest in each of Canadian Malartic Corporation and Canadian Malartic GP, the general partnership that holds the Canadian Malartic mine located in Quebec (collectively "Canadian Malartic"), has been accounted for as a joint operation. The Company recognizes its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the Consolidated Financial Statements under the appropriate headings.

(d) Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. The Company recognizes non-controlling interests in an acquired entity, that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value. This decision is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(e) Foreign Currency Translation

The functional and presentation currency of the Company and each of its subsidiaries, associate and joint operation is the US Dollar. In preparing the financial statements of the individual companies, transactions in currencies other than the Company's functional currency ("foreign currencies") are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Income statement items denominated in foreign currencies 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. Foreign exchange gains and losses are included in net earnings (loss). 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.

(f) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in earnings.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(g) Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(h) Impairment and Reversal of Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its mining properties and plant and equipment at the CGU level to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of the impairment loss (if any). 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's CGUs are its significant mine sites and significant development projects. In certain circumstances, where the recoverable amount of an individual asset can be determined, impairment is performed at the individual asset level.

The recoverable amount of a mine site is the greater of its fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In the absence of market related comparative information, FVLCD is estimated as the discounted future after-tax cash flows expected to be derived from a mine site, less an amount for costs to sell estimated based on similar past transactions. When discounting estimated future after-tax cash flows, the Company uses its after-tax weighted average cost of capital. Estimated cash flows are based on expected future production, metal selling prices, operating costs and capital expenditures. If the recoverable amount of a mine site is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. The carrying amount of each mine site includes the carrying amounts of mining properties, plant and equipment, goodwill (if applicable) and related deferred income tax balances, net of the mine site decommissioning and restoration provision. In addition, the carrying amounts of the Company's corporate assets are allocated to the relevant mine sites for impairment purposes. Impairment losses are recognized in the statement of operations in the period in which they are incurred. The allocation of an impairment loss, if any, for a particular mine site to its mining properties and plant and equipment is based on the relative carrying amounts of those assets at the date of impairment.

At each reporting date an assessment is made to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. This reversal is recognized in the consolidated statements of operations and is limited to the carrying value that would have been determined, net of any depreciation, depletion and amortization where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD.

(i) Assets and Liabilities 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 ("FVLCS"). If the FVLCS 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.

(j) Revenue Recognition

On January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). *The Company adopted IFRS 15 using the modified retrospective approach applied to those contracts that were not completed as of January 1, 2018. The cumulative effect of initially applying IFRS 15 has been recognized as an adjustment to the opening deficit at January 1, 2018. Revenue for the year ended December 31, 2018 is accounted for in accordance with the requirements of IFRS 15, while revenue for the year ended December 31, 2017, which was accounted for under the IFRS standards effective to December 31, 2017, has not been restated. The accounting policy below reflects the Company's accounting policy under IFRS 15; however, the only difference in the preparation of the 2017 numbers was that there was no interest recognized on the streaming arrangements.*

The impact to the Company's Consolidated Financial Statements of adopting IFRS 15 is discussed in Note 5: Recent Accounting Pronouncements.

Gold and Silver

The Company sells gold and silver in bullion and doré form to customers, which are all major financial institutions.

Revenue is recognized when control of the gold or silver has transferred to the customer. For bullion sales, this is typically at the point in time when the bullion has been pledged to the customer in writing, which is often at the time it is credited to the metal account of the customer. For doré sales, this is typically at the point in time when the customer has received all required confirmations from the Company, which is at the time the doré is shipped from the mine. Following gold or silver being pledged to a customer or the shipment of doré, the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the metal.

Revenue is measured at the transaction price agreed under the contract and excludes any amounts collected on behalf of third parties. Payment of the transaction price is due immediately when the metal is transferred to the customer. A receivable is recognized when the metal is transferred to the customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Metal Concentrate

The Company sells concentrate from its Chapada mine in Brazil. The concentrate is sold to independent smelting companies for extraction of the metal contents, which are predominantly copper, with small quantities of gold and silver.

Revenue from concentrate sales is recognized when control of the concentrate has transferred to the customer, which is typically upon loading of the concentrate onto the shipping vessel for shipment to the customer. At this point in time, the customer has the significant risks and rewards of ownership of the concentrate, and is committed to accept and pay for the concentrate. Although legal title does not pass until receipt of the first provisional payment, the fact that under the contract the customer has the right to process the concentrate as soon as it is received, indicates that the customer has obtained control of the concentrate prior to the transfer of title - i.e. the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the concentrate.

Concentrate sales include provisional pricing features whereby the price is provisional at the time of sale, with the final sales price based on the market price at a future specified date and the final physical attributes (i.e. quantity of contained metals) of the concentrate determined after further processing and assessment. The price adjustments associated with changes in market price and the physical attributes of the concentrate give rise to variability in the consideration the Company will receive from the customer. The variability associated with the change in market prices is accounted for separately as a derivative.

At the point in time that control of the concentrate transfers to the customer, the Company recognizes revenue and a receivable (the latter, because the Company has determined it has an unconditional right to the consideration). Revenue is measured at the amount the Company expects to be entitled to - being the estimate of the price expected to be received upon final invoice (at the end of the quotational period) using the most recently determined estimate of metal quantity and the estimated forward price. The receivable is measured at fair value through profit or loss, and is marked to market through earnings each period prior to final settlement. The period between provisional and final invoicing is typically 3 to 4 months. The Company presents changes in the fair value of the receivable arising from provisionally priced contracts in the revenue line in the consolidated statement of operations.

Streaming Arrangements and Advanced Metal Sales

From time to time, the Company enters into arrangements with customers pursuant to which, the Company receives consideration in advance of the delivery of metals.

Under advanced metal sales, the Company receives advanced consideration against the delivery of a fixed quantity of a specified metal over a specified period.

The Company has entered into the following advanced metal sales agreements:

- On January 10, 2018, the Company entered into an advanced metal sales agreement pursuant to which, the Company received advanced consideration of $125.0 million in exchange for approximately 40.3 million pounds of copper to be delivered in the second half of 2018 and the first half of 2019.

Under streaming arrangements, the Company receives advanced consideration against the delivery of a portion of future metal production referenced to the mine(s) of the Company specified in the contract. In addition to the advanced consideration, the Company may also receive a cash payment as metals are delivered to the customer.

The Company has entered into the following streaming arrangements:

- On October 27, 2015 the Company entered into three metal purchase agreements with Sandstorm Gold Ltd ("Sandstorm") pursuant to which, the Company received advanced consideration of $170.4 million against future deliveries of silver production related to Cerro Moro, Minera Florida and Chapada, copper production related to Chapada, and gold production related to Agua Rica. In addition to the advanced consideration, the Company receives cash payments equal to 30% of market price at the date of delivery.
- On March 31, 2016, the Company entered into a copper purchase agreement with Altius Minerals Corporation ("Altius"), pursuant to which, the Company received advanced consideration of $61.1 million against future deliveries of copper related to the Company's Chapada mine in Brazil. In addition to the advanced consideration, the Company receives cash payments equal to 30% of the market price at the date of delivery.

The Company recognizes the advanced consideration as deferred revenue and recognizes the amounts in revenue as it satisfies its performance obligations to deliver metal to the customer over the life of the contract. In contracts for the delivery of gold or silver bullion, this is typically at the point in time when the metal is credited to the metal account of the customer. For copper sales, this is at the point in time when the copper, in the form of copper warrants, is delivered to the customer. Following the crediting of gold or silver to a customer's metal account or the delivery of copper warrants, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the metal, and therefore, the ability to direct the use of, and obtain substantially all of the remaining benefits from, the metal.

The Company determines the amortization of deferred revenue to the consolidated statement of operations on a per unit basis. In advanced metal sales arrangements, this is over the fixed number of ounces specified in the contract. In streaming arrangements, the estimated total quantity of metal expected to be delivered to the customer over the term of the contract is used. Subsequent changes to expected deliveries result in an adjustment to revenue in the year of change to retroactively adjust for the new number of ounces or pounds expected to be delivered under the contract.

Where consideration is received in advance of the Company's performance of its obligation, there is an inherent financing component in the transaction. When the period between receipt of consideration and revenue recognition is greater than one year, the Company determines whether the financing component is significant to the contract.

Where a contract is determined to have a significant financing component, the transaction price is adjusted to reflect the financing. The discount rate used in adjusting the promised amount of consideration is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. This rate is not subsequently adjusted for any other changes over the contract term.

The accretion of the interest expense is recognized in the finance expense line in the consolidated statement of operations, unless capitalized to assets under construction in accordance with the Company's policy on capitalized borrowing costs.

The Company estimates the current portion of deferred revenue based on quantities anticipated to be delivered over the next twelve months.

Other Income

Other income 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 income 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.

(k) Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 Financial Instruments ("IFRS 9"). Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- *The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have been restated only for retrospective application of the cost of hedging approach for the time value of option contracts. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings (deficit) and reserves as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39* Financial Instruments: Recognition and Measurement.

- *The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.*
  - *The determination of the business model within which a financial asset is held.*
  - *The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.*
  - *The designation of certain investments in equity instruments not held for trading as at FVOCI.*

- *Changes to hedge accounting policies have been applied prospectively except for the cost of hedging approach for the time value component of options, which has been applied retrospectively to hedging relationships that existed on or were designated after January 1, 2017.*

- *All hedging relationships designated under IAS 39 at December 31, 2017 met the criteria for hedge accounting under IFRS 9 at January 1, 2018 and are therefore regarded as continuing hedging relationships.*

a. Classification and Measurement of Financial Assets and Financial Liabilities

Financial Assets - Policy applicable from January 1, 2018

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI, or FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see b) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Refer to c) below for derivatives designated as hedging instruments.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial Assets - Policy applicable before January 1, 2018

The Company classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available for sale; and
- At FVTPL, and within this category as held for trading; derivative hedging instruments; or designated as at FVTPL

The following accounting policies applied to the subsequent measurement of financial assets:

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss. Refer to c) below for derivatives designated as hedging instruments.
Held-to-maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial Liabilities - Policy applicable before and from January 1, 2018

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See (c) below for financial liabilities designated as hedging instruments.

b. Impairment

Non-derivative financial assets

Policy applicable from January 1, 2018

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the counterparty's credit rating).

For trade receivables that are classified as financial assets at amortized cost, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Policy applicable before January 1, 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its value below its cost.

c. Derivative Instruments and Hedge Accounting

Policy applicable from January 1, 2018

The Company uses derivative financial instruments to hedge its exposure to exchange rate fluctuations on foreign currency operating expenses and capital expenditures.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value is recognized in other comprehensive income, net of tax. For hedged items other than the purchase of non-financial assets, the amounts accumulated in other comprehensive income are reclassified to the consolidated statements of operations when the underlying hedged transaction, identified at contract inception, affects profit or loss. When hedging a forecasted transaction that results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial carrying amount of the asset or liability.

Any ineffective portion of a hedge relationship is recognized immediately in the consolidated statements of operations. The Company has elected to exclude the time value component of options and the forward element of forward contracts from the hedging relationships, with changes in these amounts recorded in other comprehensive income and treated as a cost of hedging. For hedged items other than the purchase of non-financial assets, the cost of hedging amounts is reclassified to the consolidated statements of operations when the underlying hedged transaction affects profit or loss. When hedging a forecasted transaction that results in the recognition of a non-financial asset, the cost of hedging is added to the carrying amount of the non-financial asset.

When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in other comprehensive income up until the time the contracts do not qualify for hedge accounting remain in other comprehensive income. Amounts recognized in other comprehensive income are recognized in the

consolidated statements of operations in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred in the consolidated statements of operations.

If the forecasted transaction is no longer expected to occur, then the amounts accumulated in other comprehensive income are reclassified to the consolidated statement of operations immediately.

Policy applicable before January 1, 2018
The policy applied in the comparative information presented for 2017 is similar to that applied for 2018.

(l) 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 recognizes 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.

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 31: Non-Controlling Interests* for additional details).

(m) 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.

(n) 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.

(o) 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	N/A

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 of disposal 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.

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. The estimated recoverable ounces include proven and probable mineral reserves of the mine and the portion of mineral resources expected to be classified as mineral reserves and economically extracted (which may include mineral resources in each of the measured, indicated and/or inferred mineral resources categories). The percentage of measured, indicated and/or inferred mineral resources, if any, included in the estimated recoverable ounces of a mining property and depleted using the unit-of-production method is determined on a mine-by-mine basis using the current life of mine plan for each mine. 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 (h) *Impairment and Reversal of Impairment of Non-Current Assets* for details 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 necessary to remove overburden and other waste materials in order to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as open pit mine development costs.

During the production phase of a mine, stripping is generally considered to create two distinct benefits: (i) the production of inventory and (ii) improved access to ore that is expected to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a “stripping activity asset,” if the following criteria are met: (a) future economic benefits (that is, improved access to the ore body for future extraction) are probable; (b) the component of the ore body for which access will be improved can be accurately identified; and (c) the costs associated with the improved access can be reliably measured. If any of these criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations occur at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body, which is based on the specific development phases determined when designing the development plan for the pit. This measure is then used as a benchmark to identify the extent to which the stripping activities have created a future benefit. The Company uses the expected volume of waste extracted for a volume of ore production compared with the actual volume extracted for such volume of ore production to calculate each component. The stripping activity asset is then accounted for as an addition to, or an enhancement of, the applicable mine asset, and is presented as part of “Mining properties” in the Company’s Consolidated Balance Sheets.

iv. Assets Under Construction

Assets under construction are capitalized as 'Construction in Progress' until the asset is capable of operating at levels intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sales during this period are offset against costs capitalized. Borrowing costs, including interest, associated with projects that are actively being prepared for production are capitalized to Construction in Progress. 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.

(p) 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.

(q) 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 consolidated 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 ("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 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

When 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 includes 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 indicators of the economic performance of the assets, historical exploration and operating results. Management identified indicators of impairment at Minera Florida, and indicators that a previously recognized impairment at Jacobina may no longer exist as of December 31, 2018. No impairment or impairment reversal indicators were identified as of December 31, 2017, except for the decision to sell Gualcamayo. Refer to *Note 12: Impairment and Reversal of Impairment*.

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, 2018, the Company recognized a net impairment loss of $302.0 million (2017: $356.5 million) in respect of the carrying amounts of certain mineral properties and goodwill. Refer *Note 12: Impairment and Reversal of Impairment.*

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 benefits 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. At December 31, 2018, the carrying amount of stripping costs capitalized and included in mining properties was $257.5 million (December 31, 2017: $355.6 million).

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: Application of Variable Consideration Constraint (applied from January 1, 2018)

Key Sources of Estimation Uncertainty

The Company determines the amortization of deferred revenue to the consolidated statement of operations on a per unit basis using the expected quantity of metal (ounces for gold and silver and pounds for copper) that will be delivered over the term of the contract, which is based on geological reports and the Company's LOM plan at contract inception. As subsequent changes to the expected quantity of metal to be delivered triggers a retrospective adjustment to revenue, management is required to estimate the ounces or pounds to be included in the denominator that will be sufficient such that subsequent changes are not expected to result in a significant revenue reversal. Accordingly, management includes reserves and portion of resources, which management is reasonably confident are transferable to reserves, in the calculation. With this approach, the Company considers that it is highly probable that changes in subsequent reserve and resource estimates will not result in a significant revenue reversal of previously recognized revenue.

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 sheet. 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 agreements, under no circumstances will the delivery obligations be satisfied with cash. Refer to *Note 26: Other Provisions and Liabilities*.

Joint arrangements

Critical Judgements in Applying Accounting Policies

Judgement is required to determine when the Company has joint control of a contractual arrangement, which requires a continuous assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgement is also required to classify a joint arrangement as either a joint operation or a joint venture when the arrangement has been structured through a separate vehicle. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. Specifically, the Company considers the legal form of the separate vehicle, the terms of the contractual arrangement and other relevant facts and circumstances. This assessment often requires significant judgement, and a different conclusion on joint control, or whether the arrangement is a joint operation or a joint venture, may have a material impact on the accounting treatment.

Management evaluated its joint arrangement with Agnico Eagle Mines Limited, whereby both parties acquired 50.0% of the shares of Osisko (now Canadian Malartic) in accordance with the requirements in IFRS 11 *Joint Arrangements*. The Company concluded that the arrangement qualified as a joint operation upon consideration of the following significant factors: (i) The requirement that the joint operators purchase all output from the investee and investee restrictions on selling the output to any third party; (ii) The parties to the arrangement are substantially the only source of cash flow contributing to the continuity of the arrangement; and (iii) If the selling price drops below cost, the joint operators are required to cover any obligations Canadian Malartic cannot satisfy.

Determination of Assets Held for Sale and Discontinued Operations

Critical Judgements in Applying Accounting Policies

Judgement is required 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 ("Gualcamayo"), 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, were presented separately in the Company's consolidated balance sheet under current assets and current liabilities, respectively at December 31, 2017. The sale of both properties was completed in 2018.

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 in 2017, as it was a component of the Company. Given that the Company would continue to operate in Argentina after the disposal of Gualcamayo and following the analysis of quantitative factors, the Company concluded that Gualcamayo was not a separate major line of business or geographical area of operation, thus it was not considered to be a discontinued operation.

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, 2018, such interest and penalties included in tax expense were $35.8 million (2017: $62.6 million). Refer to *Note 13: Income Taxes* 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 35: Contingencies* for further discussion on contingencies.

Inventory Valuation

Key Sources of Estimation Uncertainty

The measurement of inventory including the determination of its net realizable value, especially as it relates to ore in stockpiles, involves the use of estimates. Estimation is required in determining the tonnage, recoverable gold and copper contained therein, and in determining the remaining costs of completion to bring inventory into its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories

Further, in determining the net realizable value of ore in stockpiles, the Company estimates future metal selling prices, production forecasts, realized grades and recoveries, timing of processing, and future costs to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future costs to convert, reductions in the amount of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Company's work-in-process and ore in stockpiles inventory. During the year ended December 31, 2018, the Company recorded a write down of $13.8 million, as a result of the carrying amount of certain inventory exceeding net realizable value (2017: $11.2 million). Refer to *Note 18: Inventories.*

Commencement of Commercial Production

Critical Judgements in Applying Accounting Policies

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of the related mining properties and proceeds from mineral sales are offset against costs capitalized. Recognition of revenue and the depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management. Management considers several factors in determining when a mining property is capable of operating at levels intended by management. Amongst other quantitative and qualitative factors, throughput, mill grades and recoveries were assessed over a reasonable period to make this determination. A factor of 70% of planned output and/or design capacity measures was utilized in determining the appropriate timing. The Company determined that the Cerro Moro mine in Argentina was capable of operating at levels intended by management effective June 26, 2018.

5. RECENT ACCOUNTING PRONOUNCEMENTS

(a) Application of New and Amended Standards and Interpretations

The Company has adopted the following new IFRSs and Interpretations that had an impact on these Consolidated Financial Statements:

i. IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

On January 1, 2018, the Company adopted IFRS 15. IFRS 15 is based on the principle that revenue is recognized when control of a good or service is transferred to a customer. The Company adopted IFRS 15 using the modified retrospective approach applied to those contracts that were not completed as of January 1, 2018. The cumulative effect of initially applying IFRS 15 has been recognized as an adjustment to the opening deficit at January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under IFRS 15, while prior period amounts have not been restated and continue to be reported under the accounting standards in effect for those periods.

The adoption of IFRS 15 did not have a significant impact on the Company's Consolidated Financial Statements, with the exception of adjustments to the metal streaming arrangements as discussed below, and the addition of new disclosures, which are included in *Note 7: Revenue*.

Under IFRS 15, where consideration is received in advance of the Company's performance of its obligation, there is an inherent financing component in the transaction. When the period between receipt of consideration and revenue recognition is greater than one year, the Company is required to determine whether the financing component is significant to the contract. The Company performed this assessment for its metal streaming arrangements with Sandstorm and Altius that existed at the date of initial application of IFRS 15, and determined that the financing component was significant to each of these arrangements.

Accordingly, in accounting for each of the arrangements under IFRS 15, the transaction price is increased by an imputed interest amount and a corresponding amount of interest expense recognized in each period. The Company recorded a net increase of $16.4 million to the opening deficit balance as of January 1, 2018 due to the cumulative impact of adopting IFRS 15, as a result of adjustments to the deferred revenue balances associated with the Company's metal streaming arrangements. The adjustments resulted from a change in draw down rates resulting from the adjustment to the transaction price to reflect the financing component.

The impact of adoption of IFRS 15 on the Company's consolidated statement of operations for the year ended December 31, 2018 and consolidated balance sheet as at December 31, 2018 was as follows:

Consolidated Statement of Operations (extract)

For the year ended December 31, 2018		As reported	Balances without adoption of IFRS 15	Effect of change
Revenue	**$**	**1,798.5 $**	**1,784.7 $**	**13.8**
Gross margin excluding depletion, depreciation and amortization	**$**	**788.5 $**	**774.7 $**	**13.8**
Mine operating earnings	**$**	**201.2 $**	**187.4 $**	**13.8**
Finance costs		(137.4)	(121.4)	(16.0)
Net loss	**$**	**(297.7)$**	**(295.5)$**	**(2.2)**

Consolidated Balance Sheet (extract)

As at December 31, 2018		As reported	Balances without adoption of IFRS 15	Effect of change
Liabilities				
Current liabilities:				
Other provisions and liabilities	$	106.8 $	104.5 $	2.3
Non-current liabilities:				
Other provisions and liabilities	$	289.2 $	272.8 $	16.4
Total liabilities	**$**	**3,988.9 $**	**4.0 $**	**18.7**
Equity				
Deficit	$	(3,650.6)$	(3,632.0)$	(18.6)
Total equity	**$**	**4,024.0 $**	**4,042.6 $**	**(18.6)**
Total liabilities and equity	**$**	**8,012.9 $**	**8,012.8 $**	**0.1**

The above changes are attributable to accounting for the financing component in the Company's streaming arrangements, as discussed above, and the financing component on the advanced copper purchase agreement entered into in January 2018. Refer to *Note 26: Other Provisions and Liabilities*.

i. IFRS 9 *Financial Instruments* ("IFRS 9")

On January 1, 2018, the Company adopted IFRS 9 (2014). IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated with the exception of certain aspects of hedge accounting.

The following summarizes the significant changes in IFRS 9 compared to IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"):

a. Classification and Measurement of Financial Assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Management reviewed and assessed the Company’s existing financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company’s financial assets as regards their classification and measurement:

- Financial assets measured at FVTPL under IAS 39 continue to be measured as such under IFRS 9;
- Financial assets classified as Loans and Receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9;
- Investments in equity securities that were classified as available-for-sale under IAS 39 have been classified at FVOCI, pursuant to the irrevocable election available in IFRS 9. Under IFRS 9, all realized and unrealized gains and losses are recognized permanently in OCI with no reclassification to profit or loss. Accordingly, impairment losses of $8.8 million on equity securities that the Company continued to own at January 1, 2018 that were previously recognized in profit or loss were reclassified from opening deficit to the fair value through OCI reserve on January 1, 2018.

b. Impairment of Financial Assets

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the carrying amounts of the Company's financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of customer default.

c. Hedge Accounting

IFRS 9 changes the requirements for hedge effectiveness and consequently for the application of hedge accounting. The IAS 39 effectiveness test is replaced with a requirement for an economic relationship between the hedged item and hedging instrument, and for the ‘hedged ratio’ to be the same as that used by the entity for risk management purposes. Certain restrictions that prevented some hedging strategies and hedging instruments from qualifying for hedge accounting were removed under IFRS 9. Generally, the mechanics of hedge accounting remain unchanged.

All of the Company’s existing hedging relationships that qualified for hedge accounting under IAS 39 were assessed upon adoption of IFRS 9 and these have continued to qualify for hedge accounting under IFRS 9. The Company also reassessed economic hedges that did not qualify for hedge accounting under IAS 39. IFRS 9 has enabled the Company to apply hedge accounting to copper derivative contracts, thus reducing the volatility of reported net income. These positions previously did not qualify for hedge accounting as component hedging was not permitted under IAS 39.

The Company enters into zero cost collars, which consist of a combination of purchased and written (sold) options to reduce the impact of the variability of the US Dollar amount of foreign currency denominated operating expenditures caused by changes in currency exchange rates. Under IAS 39, the Company separated the intrinsic value and time value of these contracts, designating only the change in intrinsic value as the hedging instrument. As a result, any variability in the intrinsic value was taken to OCI and any variability in the time value was taken to profit or loss. Under IFRS 9, the Company will continue to separate the intrinsic value and time value of these contracts, designating only the change

in intrinsic value as the hedging instrument as allowed under the exception provided in IFRS 9. However, under IFRS 9, changes in time value are recognized in OCI as a cost of hedging rather than in profit or loss, resulting in a reduction in profit or loss volatility. Retrospective application of the cost of hedging approach resulted in a $6.0 million decrease to the unrealized loss on derivatives, included in Other Income (Costs), net in the Consolidated Statement of Operations, and a $6.0 million loss being recognized in OCI in the Consolidated Statement of Comprehensive Loss for the year ended December 31, 2017.

Refer to *Note 3: Significant Accounting Policies* for a description of the new accounting policies applied by the Company as a result of adoption of these new IFRS standards.

ii. Adoption of Other Narrow Scope Amendments to IFRSs and IFRS Interpretations

The Company also adopted other amendments to IFRSs, as well as the Interpretation IFRIC 22 *Foreign Currency Transactions and Advance Consideration,* which were effective for accounting periods beginning on or after January 1, 2018. The impact of adoption was not significant to the Company's Consolidated Financial Statements.

(b) New and Revised IFRSs not yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2018. Pronouncements that are not applicable to the Company have been excluded from this note.

IFRS 16 *Leases* ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which supersedes IAS 17 *Leases* (and related interpretations). IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability are required to be recognized for all leases, with limited exceptions for short-term leases and leases of low value assets.

The Company is close to finalizing its implementation project. It is expected that the Company will record a material balance of lease assets and associated lease liabilities on the consolidated balance sheet at January 1, 2019. In addition to the recognition of additional assets and liabilities on the consolidated balance sheet, it is expected that the adoption of IFRS 16 will result in a decrease in lease expense and a corresponding increase in both depreciation expense and finance charges representing the unwind of the discount on the lease liability. The Company also expects cash flows from operating activities to increase under IFRS 16 as lease payments for substantially all leases will be recorded as financing outflows in the consolidated statement of cash flows as opposed to operating cash flows.

IFRS 16 is effective for the Company from January 1, 2019. The Company will adopt IFRS 16 using the modified retrospective approach, with the cumulative impact of applying IFRS 16 recognized at January 1, 2019. The Company does not intend to bring short-term leases (contracts of 12 months or fewer to run as at January 1, 2019, including reasonably certain options to extend) or low value leases on balance sheet. Costs for these items will continue to be expensed directly to the Consolidated Statement of Operations.

6. DIVESTITURES

(a) Gualcamayo and Related Argentinian Exploration Properties

As part of ongoing strategic and technical reviews of its asset portfolio, in December 2017 the Company committed to a formal plan to dispose of the Gualcamayo mine and related exploration properties in Argentina ("Gualcamayo") and initiated an active program to sell Gualcamayo. 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, was 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 recorded an impairment loss of $356.5 million in relation to Gualcamayo for the year ended December 31, 2017.

On October 25, 2018, the Company entered into a definitive purchase agreement to sell its 100% interest in Gualcamayo to Mineros S.A. ("Mineros") for consideration comprising: (i) $30.0 million in cash, payable at closing; (ii) An additional $30.0 million in cash upon declaration of commercial production of the Deep Carbonates project, which is an undeveloped mineral resource below the existing oxide gold mineralization at Gualcamayo; (iii) A 2% net smelter return royalty ("NSR") at Gualcamayo on metal produced after the initial 396,000 ounces, capped at $50.0 million (excluding products produced from the Deep Carbonates Project); and (iv) A 1.5% uncapped NSR on products produced from the Deep Carbonates project.

Separately, the Company also agreed to grant Mineros an option to acquire up to a 51% interest in the La Pepa project, located in Chile, over an earn-in period of four years (subject to extension for certain unexpected contingencies) and then the remaining 49% interest pursuant to a call option.

As the estimated consideration was lower than the carrying value of Gualcamayo, the Company recorded an impairment loss of $75.0 million in the period ended September 30, 2018.

The sale of the Gualcamayo mine was completed on December 14, 2018. Upon disposal of Gualcamayo on December 14, 2018, the Company recognized a $2.6 million gain, as calculated below.

Gualcamayo was presented in the "Other Mines" reportable operating segment.

(b) Brio Gold

On May 24, 2018, the Company completed the sale of its 53.6% controlling interest in Brio Gold to Leagold Mining Corporation ("Leagold") and received total consideration of $147.6 million. The consideration was comprised of $140.5 million of Leagold common shares ("Leagold Shares"), representing approximately 20.5% of Leagold's issued and outstanding common shares at the closing date and $7.1 million of Leagold share purchase warrants, which entitle the Company to purchase one Leagold Share at a price of C$3.70 for a period of two years from May 24, 2018. The Leagold Shares were measured based on the 3-day volume weighted average trading price of Leagold Shares on the Toronto Stock Exchange ("TSX") as at May 23, 2018, and must be held for a minimum period of 12 months, subject to certain exceptions. The Leagold share purchase warrants were valued using the Black-Scholes option-pricing model.

During the first quarter of 2018, the Company concluded that the assets and liabilities of Brio Gold met the criteria for classification as a disposal group held for sale, and accordingly, the assets and liabilities of Brio Gold were presented separately in the Company's condensed consolidated interim balance sheet as at March 31, 2018 as current assets and current liabilities, respectively. The Company recorded an impairment loss upon initial classification as held for sale, and a further impairment loss at March 31, 2018 to write the carrying amount of the disposal group down to its fair value less costs to sell ("FVLCS") for a combined impairment write down of $181.0 million ($175.0 million net of tax) in the three

months ended March 31, 2018. The FVLCS was estimated based on the consideration expected to be received in the sale transaction using the Leagold share price per the TSX on the dates of the respective write downs, a level 1 input per the fair value hierarchy.

Upon disposal of Brio Gold on May 24, 2018, the Company recognized a $32.0 million gain, as calculated below.

Brio Gold was presented in the "Other Mines" reportable operating segment.

(c) Canadian Exploration Properties

On March 29, 2018, the Company completed the sale of certain jointly owned exploration properties of the Canadian Malartic Corporation ("CMC") including the Kirkland Lake and Hammond Reef properties (the "Canadian Exploration Properties") to Agnico Eagle Mines Limited ("Agnico") for total cash consideration of $162.5 million. The Transaction was structured as a sale of assets by CMC (in which the Company holds a 50% indirect interest) pursuant to which Agnico acquired all of the Company's indirect 50% interest in the Canadian exploration assets of CMC.

At December 31, 2017, the sale was considered highly probable and accordingly, the assets and liabilities of the Canadian Exploration Properties were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively. No impairment loss was recognized on reclassification to held for sale, as the FVLCD was higher than the carrying amount of the assets based on the sale price in the agreement. Upon sale, the Company recognized a gain of $39.0 million, which is included in other operating income (expenses), net in the consolidated statement of operations for the year ended December 31, 2018.

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

The gains on disposal of Gualcamayo and Brio Gold were calculated as below:

		Brio Gold		Gualcamayo
Total consideration including working capital adjustments (net of transaction costs)	**$**	**146.1**	**$**	**82.5**
Net assets sold and derecognized:				
Cash and cash equivalents	$	5.4	$	1.5
Trade and other receivables		1.4		7.5
Inventories		42.0		60.8
Other financial assets		1.5		0.8
Other assets		16.1		11.8
Property, plant and equipment *(i)*		337.7		67.9
Deferred tax assets		5.3		—
Goodwill and intangibles		—		1.4
Trade and other payables		(54.1)		(31.1)
Income taxes payable		(3.3)		—
Other financial liabilities		(19.4)		(1.3)
Other provisions and liabilities		(14.5)		(9.7)
Long-term debt		(73.0)		—
Decommissioning, restoration and similar liabilities		(34.2)		(29.7)
Net assets	**$**	**210.9**	**$**	**79.9**
Other comprehensive Income		4.9		—
Non-controlling interests *(i)*		(101.7)		—
Net assets attributable to Yamana	**$**	**114.1**	**$**	**79.9**
Gain on disposal *(Note 10)*	**$**	**32.0**	**$**	**2.6**

(i) Balances have been reclassified during the period, reflecting an adjustment to balances previously reported in the Company's quarterly financial statements in 2018.

The gains on disposal are included in other operating income (expenses), net in the consolidated statement of operations for the year ended December 31, 2018.

7. REVENUE

The Company has recognized the following amounts relating to revenue in the consolidated statements of operations:

For the years ended December 31,		**2018**		2017
Revenue from contracts with customers *(a)*	**$**	**1,805.3**	$	1,813.9
Revenue from other sources				
Provisional pricing adjustments on concentrate sales		**(6.8)**		(10.1)
	$	**1,798.5**	$	1,803.8

(a) Disaggregation of Revenue from Contracts with Customers

The following table disaggregates revenue from contracts with customers by metal and source mine.

The table also includes a reconciliation of the disaggregated revenue from contracts with customers with disaggregated revenue reported in *Note 33: Operating Segments*.

For the year ended December 31, 2018		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other mines	Total
Gold	**$**	**142.1 $**	**192.6 $**	**444.0 $**	**179.4 $**	**102.6 $**	**83.8 $**	**213.1 $**	**1,357.6**
Silver		**—**	**61.0**	**3.6**	**—**	**—**	**43.0**	**—**	**107.6**
Copper		**340.1**	**—**	**—**	**—**	**—**	**—**	**—**	**340.1**
Total revenue from contracts with customers	**$**	**482.2 $**	**253.6 $**	**447.6 $**	**179.4 $**	**102.6 $**	**126.8 $**	**213.1 $**	**1,805.3**
Provisional pricing adjustments		**(6.8)**	**—**	**—**	**—**	**—**	**—**	**—**	**(6.8)**
Total revenue	**$**	**475.4 $**	**253.6 $**	**447.6 $**	**179.4 $**	**102.6 $**	**126.8 $**	**213.1 $**	**1,798.5**

For the year ended December 31, 2017		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other mines	Total
Gold	$	138.7 $	201.3 $	399.9 $	170.8 $	115.0 $	— $	407.4 $	1,433.1
Silver		2.1	72.7	3.2	—	8.1	—	—	86.1
Copper		294.7	—	—	—	—	—	—	294.7
Total revenue from contracts with customers	$	435.5 $	274.0 $	403.1 $	170.8 $	123.1 $	— $	407.4 $	1,813.9
Provisional pricing adjustments		(10.1)	—	—	—	—	—	—	(10.1)
Total revenue	$	425.4 $	274.0 $	403.1 $	170.8 $	123.1 $	— $	407.4 $	1,803.8

(b) Transaction Price Allocated to the Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue amounts relating to the Company's streaming arrangements and advanced metal sales agreement that will be invoiced and recognized as revenue in future periods. The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

At December 31, 2018 the aggregate amount of the revenue allocated to unsatisfied performance obligations was $280.6 million.

The Company expects to recognize approximately $68.5 million of this revenue over the next 12 months and the remainder (all relating to the streaming arrangements) over periods of 11 to 33 years.

8. COST OF SALES EXCLUDING DEPLETION, DEPRECIATION AND AMORTIZATION

For the years ended December 31,		2018	2017
Contractors and services	$	**316.0** $	307.7
Employee compensation and benefits expenses *(Note 9)*		**229.5**	264.0
Repairs and maintenance		**136.6**	138.6
Power		**62.4**	66.6
Materials and supplies		**286.8**	293.0
Change in inventories, impact of foreign currency, royalties, sales taxes and other		**(21.5)**	(27.5)
Cost of sales excluding depletion, depreciation and amortization	$	**1,010.0** $	1,042.4

9. EMPLOYEE COMPENSATION AND BENEFITS EXPENSES

For the years ended December 31,		2018	2017
Wages and salaries	$	**214.2** $	242.5
Social security, pension and government-mandated programs *(i)*		**96.7**	101.9
Other benefits *(ii)*		**15.4**	18.9
Total employee compensation and benefits expenses	$	**326.3** $	363.4
Less: expensed within general and administrative or exploration and evaluation expenses		**(68.8)**	(79.5)
Less: capitalized to property, plant and equipment		**(28.1)**	(19.9)
Employee compensation and benefit expenses included in cost of sales *(Note 8)*	$	**229.5** $	264.0

(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 $3.7 million (2017: $6.3 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2018, contributions of $7.9 million due in respect of the 2018 reporting period (2017: $9.1 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 30: Share-Based Payments*.

10. OTHER EXPENSES

(a) OTHER OPERATING (INCOME) EXPENSES, NET

For the years ended December 31,		2018	2017
Change in provisions *(i)*	$	**12.9** $	(26.6)
Write-down of other assets		**25.6**	13.4
Gain on sale of subsidiaries *(Note 6)*		**(73.7)**	—
Business transaction costs		**7.2**	2.9
Gain on sale of other assets		**(3.6)**	(5.2)
Mark-to-market gain on deferred share compensation		**—**	(1.7)
Net mark-to-market loss on investments		**9.8**	2.5
Reorganization costs		**10.1**	4.8
Other expenses *(ii)*		**2.3**	33.5
Other operating (income) expenses, net	$	**(9.3)$**	**23.6**

(i) Amount represents the recording (reversal) of certain existing provisions based on management's best estimate of the likely outcome.

(ii) In 2017, other expenses included $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.

(b) OTHER (INCOME) COSTS, NET

For the years ended December 31,		2018	2017 *(Restated) (i)*
Finance income	$	**(2.6)**$	(3.4)
Unrealized (gain) loss on derivatives		**(9.4)**	9.3
Net foreign exchange loss		**9.5**	15.0
Other (income) costs, net	$	**(2.5)**$	20.9

(i) The Company has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information has been restated for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements*.

11. FINANCE COSTS

For the years ended December 31,		2018	2017 *(ii)*
Unwinding of discounts on provisions	$	**16.7** $	20.4
Interest expense on long-term debt		**75.6**	72.7
Financing costs paid on early note redemption		**14.7**	—
Amortization of deferred financing, bank, financing fees and other *(i)*		**30.4**	17.7
Finance costs	$	**137.4** $	110.8

(i) Included in other finance costs for the year ended December 31, 2018 is $16.0 million of non-cash interest expense related to the financing component of deferred revenue contracts. Refer to *Note 5: Recent Accounting Pronouncements.*

(ii) In the current year the Company has reclassified certain items that were previously included in Finance Costs to Other Costs. Comparative numbers have been updated to reflect the change in presentation in the current year.

12. IMPAIRMENT AND REVERSAL OF IMPAIRMENT

Summary of impairments (reversals)

For the year ended December 31, 2018, the Company recorded net impairment losses of $302.0 million (2017: $356.5 million), as summarized in the following table:

		2018					2017		
		Operating mining properties	**Non-operating mining properties**	**Goodwill *(i)***	**Total**		Operating mining properties	Non-operating mining properties	Total
Brio Gold	$	**103.0 $**	**78.0 $**	**— $**	**181.0**	$	— $	— $	—
Gualcamayo		**—**	**75.0**	**—**	**75.0**		256.9	99.6	356.5
Jacobina		**(150.0)**	**—**	**—**	**(150.0)**		—	—	—
Minera Florida		**151.0**	**—**	**—**	**151.0**		—	—	—
Canadian Malartic		**—**	**—**	**45.0**	**45.0**		—	—	—
Net impairment loss	$	**104.0 $**	**153.0 $**	**45.0 $**	**302.0**	$	256.9 $	99.6 $	356.5

(i) The goodwill impairment pertains to Canadian Malartic and is included in the impairment of operating mines line in the consolidated statement of operations.

2018 Indicators of Impairment (Impairment Reversal)

In the fourth quarter of 2018, the Company reviewed its operating mine sites for indicators of impairment or impairment reversal and performed the annual goodwill impairment test. The Company observed an increase in the fair value less costs of disposal ("FVLCD") of the Jacobina mine in Brazil that resulted in a reversal of the impairment loss recorded in 2014, totalling $150.0 million. This reversal was offset by an impairment at Minera Florida of $151.0 million and a $45.0 million impairment of goodwill recorded on the acquisition of the Canadian Malartic mine. No indicators of impairment or impairment reversal were identified for the other operating mine sites.

Jacobina

The Company recorded an impairment of its Jacobina mine in 2014. The impairment was the result of the average processing rate declining to below 4,000 tonnes per day with life of mine plans contemplating a processing rate at less than 60% of capacity. Additionally, the mine experienced dilution controls issues resulting in lower than expected grades and higher costs leading to an impairment charge. Following several years of remediation plans, the Company considered the following factors to be an indicator of reversal of the previous impairment charge:

- A significant increase in mineral reserves and mineral resources for 2018, which both extended the life of the mine and improved the life of mine models.
- A second consecutive year of meaningful improvements, leading to a record production closer to long-term goal of 150,000 ounces per year.
- A reduction in costs to expected levels benefiting from the higher production and continuous cost reduction initiatives.
- Milling rates in excess of 95% of plant capacity reaching a sustainable level, following plant optimization initiatives including the commissioning of the advanced control system in the third quarter, which enhanced plant stability. A modest investment in 2019 is expected to increase processing capacity further.
- During the year, the Company developed underground areas and surface stockpiling, and achieved the goals of one month ahead of ready-to-blast tonnage and additional five months of ready to drill ore.

As a result, an assessment was performed for the Company's Jacobina CGU, and it was determined that the recoverable amount, representing the CGU's FVLCD, exceeded the carrying amount. This resulted in a reversal of the impairment charge recorded in 2014, which was limited to the carrying amount of the Jacobina CGU that would have been determined had no impairment charge been recognized in prior years, net of depletion, depreciation and amortization charges.

Minera Florida

During 2018, the Minera Florida mine experienced lower production at higher than expected unit costs. As part of the Company's annual process, in the fourth quarter of 2018 an updated life of mine ("LOM") plan was developed, the focus of which, was to right-size the operation at a sustainable production level (similar to the approach taken at El Peñón and Jacobina in the past). The focus of the new life of mine plan is to maximize operating margins and to advance mine development and mineral reserve delineation to deliver mine flexibility and scope for future potential production increases, driven by either throughput or grade.

The Company considered the decreased mine profitability resulting from the updated LOM plan and the impact of the LOM plan on the value of exploration potential and land interest; along with the anticipated disposal of certain exploration land holdings of the Minera Florida CGU not contiguous to the area of the mine, to be indicators of impairment.

As a result, an assessment was performed for the Company's Minera Florida CGU, and it was determined that the carrying amount of the CGU exceeded its recoverable amount, representing the CGU's FVLCD. This resulted in a non-cash accounting impairment of $151.0 million being recognized in the consolidated statement of operations.

The optimization of operations also prompted the review of a detailed plan for future exploration during the fourth quarter, both from a budget and a strategic perspective. As the land holdings of the Minera Florida CGU are significant in size and breadth, rationalization of the portfolio presented the opportunity to save on the ongoing maintenance and licensing costs that are currently incurred. The value attributable to the land arose from a purchase price allocation associated with its acquisition.

Canadian Malartic

On June 16, 2014, the Company acquired a 50% interest in the Canadian Malartic mine. Goodwill of $427.6 million was recognized. As a result of the deferred income tax liability recognized in purchase accounting, an additional "gross up" of the fair value of the acquired assets is required, which resulted in the recognition of goodwill. Goodwill is not amortized and may be impaired in future periods, pending the identification of additional mineral reserves and mineral resources. As goodwill is tested annually for impairment and not amortized, unless the mine as a CGU can continuously replenish mineral reserves and mineral resources, it may result in the gradual impairment of goodwill. As at December 31, 2018, the FVLCD of Canadian Malartic exceeded the mine's book value. However, the sum of the carrying value of the Canadian Malartic CGU and goodwill from its acquisition was deemed to be in excess of the FVLCD of the Canadian Malartic CGU by $45.0 million, due to the 2018 mineral depletion. The impairment represents approximately 10% of the total goodwill balance.

Other 2018 Impairments

Gualcamayo

The fair value of the consideration receivable in the transaction with Mineros (refer to *Note 6: Divestitures*), which was in line with more recent market valuations for comparable assets in Argentina, and reflective of the commodity price environment; was approximately $85.0 million. Accordingly, the Company recorded an impairment loss of $75.0 million in the period ended September 30, 2018 to write the carrying amount of the disposal group down to its FVLCS. The Company recognized a gain of $2.6 million upon closing of the sale on December 14, 2018. The gain resulted from movements in Gualcamayo's balance sheet, including taxes, prior to disposal.

Brio Gold

During the first quarter of 2018, the assets and liabilities of Brio Gold were classified as assets and liabilities (a disposal group) held for sale (See *Note 6: Divestitures)*. The Company recorded an impairment loss upon initial classification of Brio Gold as held for sale, and a further impairment loss at March 31, 2018 to write the carrying amount of the disposal group down to its FVLCS for a combined impairment write down of $181.0 million ($175.0 million net of tax) in the three months ended March 31, 2018. The FVLCS was estimated based on the consideration expected to be received in the sale transaction using the Leagold share price per the TSX on the dates of the respective write downs, a level 1 input per the fair value hierarchy.

2017 Indicators of Impairment

Gualcamayo

In the fourth quarter of 2017, the assets and liabilities of the Company's Gualcamayo mine were classified as assets and liabilities (a disposal group) held for sale (see *Note 6: Divestitures)*. 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, was 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 recorded an impairment loss of $356.5 million in relation to Gualcamayo for the year ended December 31, 2017.

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, 2018 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, 2018 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 (2017: $1,300 per ounce), $19.00 per ounce (2017: $19.05 per ounce) and $3.00 per pound (2017: $3.00 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% (2017: 4.50%) 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 depreciation in the long-term rates of the local currencies in which the Company operates.

Sensitivity Analysis

The Company has performed a sensitivity analysis to identify the impact of changes in long-term metal prices and operating costs which are key assumptions that impact the impairment calculations. The Company assumed a 1% change in the metal price assumptions and a 1% change in exchange rate inputs while holding all other assumptions constant. Based on the results of the impairment testing performed, the CGU's sensitivity to changes in these key assumptions appear below. Generally there is a direct correlation between metal prices and industry cost levels as a significant decline in metal prices will often be mitigated by a corresponding decline in industry operating input cost levels. The Company believes that adverse changes in metal price assumptions would impact certain other inputs in the life of mine plans which may offset, to a certain extent, the impact of these adverse exchange rate and metal price changes.

	Change in recoverable value from a 1% change in metal prices	Change in recoverable value from a 1% change in exchange rates
Jacobina	$ 25.5	$ 13.6
Minera Florida	$ 15.3	$ 10.2
Canadian Malartic	$ 40.8	$ 23.9

The model used to determine impairment is 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 future years 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 individual effect of each assumption.

Although these estimates are based on management's best knowledge of the amounts, events or actions, the actual results may differ from these estimates.

13. INCOME TAXES

(a) Income Tax Expense (Recovery)

For the years ended December 31,	**2018**	2017
Current tax expense (recovery)		
Current tax expense in respect of the current year	**$ 97.5**	$ 86.2
Adjustment for prior periods	**35.0**	156.4
Impact of foreign exchange	**3.8**	(3.9)
Interest and penalties	**2.5**	0.5
	$ 138.8	$ 239.2
Deferred tax (recovery) expense		
Deferred tax recovery recognized in the current year	**$ (158.4)**	$ (361.3)
Adjustment for prior periods	**(7.5)**	(5.5)
Impact of foreign exchange	**148.1**	13.7
	$ (17.8)	$ (353.1)
Total income tax expense (recovery)	**$ 121.0**	$ (113.9)

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,		2018		2017 *(Restated) (i)*
Loss before income taxes	$	**(176.7)**	$	(312.0)
Canadian statutory tax rate *(%)*		**26.5%**		26.5%
Expected income tax recovery		**(46.8)**		(82.7)
Impact of higher foreign tax rates *(ii)*		**20.0**		(31.7)
Impact of change in enacted tax rates *(iii), (iv)*		**(5.0)**		(216.8)
Permanent differences		**38.8**		(20.7)
Unused tax losses and tax offsets not recognized in deferred tax assets		**26.4**		53.0
Tax effects of translation in foreign operations		**(119.7)**		(9.2)
True-up of tax provisions in respect of prior years and effects of Brazilian Tax Matters *(Note 13(e))*		**27.5**		150.7
Withholding taxes		**8.7**		10.8
Unrealized foreign exchange		**151.9**		9.9
Mining taxes on profit		**14.3**		14.5
Planned distribution of foreign earnings of the company		**0.9**		9.9
Other		**4.0**		(1.6)
Income tax expense (recovery)	$	**121.0**	$	(113.9)
Income tax expense (recovery) is represented by:				
Current income tax expense	$	**138.8**	$	239.2
Deferred income tax recovery		**(17.8)**		(353.1)
Net income tax expense (recovery)	$	**121.0**	$	(113.9)

(i) The Company has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information has been restated for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements*.

(ii) The Company operates in multiple foreign tax jurisdictions that have tax rates that differ from the Canadian statutory rate.

(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 has been decreasing by 0.1% per year, and over 4 years will decrease 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,		2018		2017
The net deferred income tax assets (liabilities) are classified as follows:				
Deferred income tax assets	$	**88.5**	$	97.8
Deferred income tax liabilities		**(1,129.3)**		(1,147.1)
	$	**(1,040.8)**	$	(1,049.3)

For the year ended December 31, 2018		Opening balance		Recognized in profit or loss		Recognized in OCI		Divestitures		Closing balance
Deductible temporary differences	$	**24.7**	$	**(1.4)**	$	**—**	$	**(7.0)**	$	**16.3**
Amounts related to tax losses		**133.7**		**(26.8)**		**—**		**(1.8)**		**105.1**
Financing costs		**2.6**		**84.8**		**—**				**87.4**
Decommissioning, restoration and similar liabilities		**15.8**		**(0.6)**		**—**		**(4.2)**		**11.0**
Derivative liability		**(1.4)**		**(6.6)**		**—**		**7.1**		**(0.9)**
Property, plant and equipment		**(1,226.0)**		**(30.9)**		**—**		**(3.4)**		**(1,260.3)**
Other		**1.3**		**(0.6)**		**—**		**(0.1)**		**0.6**
Net deferred income tax liabilities	$	**(1,049.3)**	$	**17.8**	$	**—**	$	**(9.3)**	$	**(1,040.8)**

For the year ended December 31, 2017	Opening balance	Recognized in profit or loss	Recognized in OCI	Discontinued operations	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)

A deferred income tax asset in the amount of $82.0 million has been recorded in Canada and $4.1 million in Argentina (2017: $82.1 million in Canada and $7.4 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,	**2018**	2017
Deductible temporary differences (no expiry)	**$ 63.1**	$ 59.0
Tax losses	**342.8**	391.4
	$ 405.9	$ 450.4

Loss carry forwards at December 31, 2018 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2019	$ —	$ 9.8	$ —	$ —	$ —	$ 0.1	**$ 9.9**
2020	—	5.6	—	—	—	0.1	**5.7**
2021	—	16.8	—	—	—	—	**16.8**
2022	—	19.3	—	—	—	—	**19.3**
2023	—	34.8	—	—	—	—	**34.8**
2024 and onwards	401.9	144.9	—	—	—	5.7	**552.5**
Unlimited	1,120.9	3.3	302.0	129.4	—	—	**1,555.6**
	$ 1,522.8	**$ 234.5**	**$ 302.0**	**$ 129.4**	**$ —**	**$ 5.9**	**$ 2,194.6**

(d) Unrecognized Taxable Temporary Differences Associated with Investments and Interests in Subsidiaries

As at December 31, 2018, an aggregate temporary difference of $2.8 billion (2017: $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

An income tax expense of $33.3 million incurred and payable at the end of the year, following an administrative interpretation of relevant tax legislation and approach by Brazilian tax authorities under that tax legislation in December. The expense was unexpected, not consistent with the Company's interpretations of the tax legislation and inconsistent with past practice. The Company has made the payment so as to avoid penalties and interest but in respect of which, the Company is pursuing its legal recourse and remedies.

In the third quarter of 2017, the Company elected to participate in a program to settle all significant outstanding income tax assessments in Brazil and all income tax assessments relating to the Company’s Chapada mine.

The Company paid $76.7 million in the year ended December 31, 2017 and a lump sum of $68.0 million in the first quarter of 2018. 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.

14. LOSS PER SHARE

Loss per share for the years ended December 31, 2018 and 2017 was calculated based on the following:

		2018		2017 *(Restated) (i)*
Attributable to Yamana Gold Inc. equity holders				
Net loss	**$**	**(284.6)**	$	(188.5)

(i) The Company has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information has been restated for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements*.

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (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 period, if dilutive.

The weighted average number of shares used in the calculation of loss per share for the years ended December 31 were based on the following:

	2018	2017
Weighted average number of common shares *(in thousands)* - basic	**949,030**	948,187
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)*	**949,030**	948,187

(i) Effect of dilutive securities - the potential shares attributable to 954 share options (2017: 954 share options) and 1,356,779 restricted share units (2017: 636,774 restricted share units) were anti-dilutive for the years ended December 31, 2018 and December 31, 2017, respectively.

15. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Non-Cash Investing and Financing Transactions

For the years ended December 31,		2018	2017
Interest capitalized to assets under construction *(Note 21)*	$	8.3 $	11.3
Issue of common shares on vesting of restricted share units *(Note 29(a))*	$	2.3 $	2.9

(b) Net Change in Working Capital

For the years ended December 31,		2018	2017
Net (increase) decrease in:			
Trade and other receivables	$	1.7 $	(0.2)
Inventories		(67.0)	(17.8)
Other assets		(28.0)	(35.1)
Net increase (decrease) in:			
Trade and other payables		(39.9)	16.6
Other liabilities		(2.3)	13.8
Movement in above related to foreign exchange		(26.6)	8.7
Net change in working capital *(i)*	$	(162.1)$	(14.0)

(i) Change in working capital is net of items related to Property, Plant and Equipment.

(c) Cash and Cash Equivalents

As at December 31,		2018	2017
Cash at bank	$	96.3 $	146.7
Bank short-term deposits		2.2	2.2
Total cash and cash equivalents *(i)*	$	98.5 $	148.9

(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 Expenses (Recoveries)

For the years ended December 31,		2018	2017
Write off of assets	$	10.7 $	16.4
Revaluation of employees' pension plan		14.3	3.9
Provision on indirect taxes		5.7	(10.8)
Legal expenses (recoveries)		8.8	(33.0)
Other expenses		10.9	15.7
Total non-cash expenses (recoveries)	$	50.4 $	(7.8)

(e) Changes in Liabilities Arising from Financing Activities

	Changes from financing cash flows				Other changes			
	Balance at January 1, 2018	**Debt issued**	**Debt repayments**	**Interest paid**	**Interest expense**	**Capitalized interest**	**Other**	**Balance at December 31, 2018**
Debt	$ 1,857.7 $	460.0 $	(486.5)$	— $	— $	— $	(72.5)$	1,758.7
Accrued interest *(i)*	0.6	—	—	(80.1)	75.6	8.3	(3.8)	0.6
	$ 1,858.3 $	460.0 $	(486.5)$	(80.1) $	75.6 $	8.3 $	(76.3)$	1,759.3

	Changes from financing cash flows			Other changes				
	Balance at January 1, 2017	Debt issued	Debt repayments	Interest paid	Interest expense	Capitalized interest	Other	Balance at December 31, 2017
Debt	$ 1,592.4	$ 730.0	$ (460.9)	$ —	$ —	$ —	$ (3.8)	$ 1,857.7
Accrued interest *(i)*	0.8	—	—	(103.8)	72.7	11.3	19.6	0.6
	$ 1,593.2	**$ 730.0**	**$ (460.9)**	**$ (103.8)**	**$ 72.7**	**$ 11.3**	**$ 15.8**	**$ 1,858.3**

(i) Included in Trade and other payables.

16. FINANCIAL INSTRUMENTS

(a) Financial Assets and Financial Liabilities by Categories

As at December 31, 2018	Financial assets at amortized cost	FVOCI - equity instruments	Mandatorily at FVTPL - others	FV - Hedging Instruments	Other financial liabilities at amortized cost	Total
Financial assets						
Cash and cash equivalents	$ —	$ —	$ 98.5	$ —	$ —	**$ 98.5**
Trade and other receivables	10.3	—	—	—	—	**10.3**
Receivables from provisional copper sales	—	—	14.0	—	—	**14.0**
Investments in equity securities *(i)*	—	9.1	—	—	—	**9.1**
Warrants	—	—	0.5	—	—	**0.5**
Derivative assets - Hedging instruments	—	—	—	1.6	—	**1.6**
Derivative assets - Non-hedge	—	—	2.0	—	—	**2.0**
Other financial assets	13.1	—	—	—	—	**13.1**
Total financial assets	**$ 23.4**	**$ 9.1**	**$ 115.0**	**$ 1.6**	**$ —**	**$ 149.1**
Financial liabilities						
Total debt	$ —	$ —	$ —	$ —	$ 1,758.7	**$ 1,758.7**
Trade and other payables	—	—	—	—	294.8	**294.8**
Derivative liabilities - Hedging instruments	—	—	—	5.9	—	**5.9**
Derivative liabilities - Non-hedge	—	—	0.6	—	—	**0.6**
Other financial liabilities	—	—	—	—	129.9	**129.9**
Total financial liabilities	**$ —**	**$ —**	**$ 0.6**	**$ 5.9**	**$ 2,183.4**	**$ 2,189.9**

(i) Investments in publicly quoted equity securities that are neither subsidiaries nor associates are categorized as FVOCI pursuant to the irrevocable election available in IFRS 9 for these instruments. The Company's portfolio of equity securities is primarily focused on the mining sector. These are strategic investments and the Company considers this classification to be more relevant.

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 $	— $	— **$**	**148.9**
Trade and other receivables		8.1	—	—	—	—	**8.1**
Receivables from provisional copper sales		—	—	30.5	—	—	**30.5**
Investments in equity securities		—	4.6	—	—	—	**4.6**
Warrants		—	—	2.6	—	—	**2.6**
Derivative assets - Hedging instruments		—	—	—	6.8	—	**6.8**
Derivative assets - Non-hedge		—	—	2.5	—	—	**2.5**
Other financial assets		22.8	—	—	—	—	**22.8**
Total financial assets	**$**	**30.9 $**	**4.6 $**	**184.5 $**	**6.8 $**	**— $**	**226.8**
Financial liabilities							
Total debt	$	— $	— $	— $	— $	1,857.7 **$**	**1,857.7**
Trade and other payables		—	—	—	—	345.4	**345.4**
Derivative liabilities - Hedging instruments		—	—	—	5.7	—	**5.7**
Derivative liabilities - Non-hedge		—	—	8.5	—	—	**8.5**
Other financial liabilities		—	—	—	—	164.6	**164.6**
Total financial liabilities	**$**	**— $**	**— $**	**8.5 $**	**5.7 $**	**2,367.7 $**	**2,381.9**

(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) Fair Value Measurements of Financial Assets and Financial Liabilities Measured at Fair Value

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 levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized on the Consolidated Balance Sheets at fair value on a recurring basis were categorized as follows:

	December 31, 2018			December 31, 2017		
	Level 1 input	**Level 2 input**	**Aggregate fair value**	Level 1 input	Level 2 input	Aggregate fair value
Assets						
Cash and cash equivalents	$ **98.5**	$ **—**	$ **98.5**	$ 148.9	$ —	$ 148.9
Receivables from provisional copper sales	**—**	**14.0**	**14.0**	—	30.5	30.5
Investments in equity securities	**9.1**	**—**	**9.1**	4.6	—	4.6
Warrants	**—**	**0.5**	**0.5**	—	2.6	2.6
Derivative related assets	**—**	**3.6**	**3.6**	—	9.3	9.3
	$ **107.6**	$ **18.1**	$ **125.7**	$ 153.5	$ 42.4	$ 195.9
Liabilities						
Derivative related liabilities	$ **—**	$ **6.5**	$ **6.5**	$ —	$ 14.2	$ 14.2
	$ **—**	$ **6.5**	$ **6.5**	$ —	$ 14.2	$ 14.2

At December 31, 2018, there were no financial assets and liabilities measured and recognized at fair value on a non-recurring basis.

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2018. At December 31, 2018, there were no financial assets or liabilities measured and recognized on the Consolidated Balance Sheets at fair value that would be categorized as Level 3 in the fair value hierarchy.

ii) 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.

iii) 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:

		December 31, 2018		December 31, 2017	
	Financial instrument classification	**Carrying amount**	**Fair value *(i)***	Carrying amount	Fair value *(i)*
Debt					
Senior notes	Amortized cost	$ **1,465.3**	$ **1,455.0**	$ 1,754.8	$ 1,751.5

(i) The Company's senior notes are accounted for at amortized cost, using the effective interest method. The fair value required to be disclosed is determined by discounting the future cash flows by a discount factor based on an interest rate of 5%, which reflects the Company's own credit risk.

Management assessed that the fair values of trade and other receivables, trade and other payables, 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.

c) Derivative Instruments ("Derivatives")

Summary of Derivatives at December 31, 2018

	Average call strike price (per USD)	Average put strike price (per USD)	Remaining term	Notional Amount: Cash flow hedge	Notional Amount: Non-hedge	Fair value (USD)
Currency contracts						
Brazilian real option contracts *($R millions) (i)*	R$3.15	R$3.47	January - June 2019	$ **180.0**	$ —	$ **(5.9)**
Brazilian real option contracts *($R millions) (i)*	R$3.75	R$4.74	January - December 2019	**348.0**	—	**1.1**
Brazilian real option contracts *($R millions) (i)*	R$3.75	R$4.87	July - December 2019	**135.0**	—	**0.5**
Commodity contracts	**Average sales price (USD)**					
Copper forward contracts *(millions of pounds) (ii)*	$2.79		January - May 2019	**—**	**25.7**	**2.0**
Other	**Per share value (CAD)**					
DSU contracts *(millions of DSUs) (ii)*	$3.5002		January 2019 - March 2020	**—**	**3.0**	**(0.6)**

(i) The Company has designated zero cost collar option contracts as cash flow hedges for its highly probable forecasted Brazilian Real expenditure requirements. The Company has elected to only designate the change in the intrinsic value of options in the hedging relationships. The change in fair value of the time value component of options is recorded in OCI as a cost of hedging. These cash flow hedges are expected to cover approximately 63% of the Brazilian Real denominated forecasted operating costs from January 2019 to December 2019.

(ii) The Company currently uses forward contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales. As at December 31, 2018, the Company had 25.7 million pounds of copper forward contracts in place to May 2019 at an average sales price of $2.79 per pound. In addition, as part of the copper advanced sales program for which $125.0 million was received in January 2018, the Company has effectively hedged approximately 16.3 million pounds of copper at $3.26 per pound, to be delivered in the first half of 2019 (refer *Note 26: Other Provisions and Liabilities)*. This production represents approximately 28% of planned production over this period.

(iii) 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.

Fair values of Derivatives

At as December 31,	Asset derivatives **2018**	Asset derivatives 2017	Liability derivatives **2018**	Liability derivatives 2017
Derivatives designated as hedging instruments				
Currency contracts	$ **1.6**	$ 6.8	$ **5.9**	$ 5.7
Total derivatives designated as hedging instruments	$ **1.6**	$ 6.8	$ **5.9**	$ 5.7
Derivatives not designated as hedging instruments				
Commodity contracts	**2.0**	1.5	**—**	8.5
DSU contracts	**—**	1.0	**0.6**	—
Total derivatives not designated as hedges	$ **2.0**	$ 2.5	$ **0.6**	$ 8.5
Total derivative instruments *(Note 19 and Note 25)*	$ **3.6**	$ 9.3	$ **6.5**	$ 14.2

Cash Flow Hedge Gains (Losses) in Accumulated Other Comprehensive Income ("AOCI")

	Gain (loss) recognized in cash flow hedge reserve		Gain (loss) reclassified or adjusted from cash flow hedge reserve	
For the year ended December 31,	**2018**	2017	**2018**	2017
Exchange rate risk				
Brazilian real option contracts	**(15.9)**	5.9	**3.4**	(0.3)
	$ (15.9)	$ 5.9	**$ 3.4**	$ (0.3)
Time value of option contracts excluded from hedge relationship	**5.4**	(6.0)	**—**	—
	$ (10.5)	$ (0.1)	**$ 3.4**	$ (0.3)

Gains (Losses) on Non-hedge Derivatives

The net gain (loss) on derivatives not designated as hedging instruments was comprised of the following:

For the years ended December 31,	**2018**	2017
Realized gains (losses)		
Commodity contracts	**6.7**	(27.4)
	$ 6.7	$ (27.4)
Unrealized gains (losses)		
Foreign currency contracts	**$ (0.5)**	$ —
Commodity contracts	**9.8**	(9.4)
DSU contracts	**(1.6)**	1.0
	$ 7.7	$ (8.4)

17. FINANCIAL RISK MANAGEMENT

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, financial instruments and levels of operating cash flows. In particular, financial risks include market risk (including currency risk, commodity price risk and interest rate risk), credit risk, and liquidity risk.

i) 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.

Details of outstanding derivative instruments can be found in *Note 16: Financial Instruments* section (c).

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)	**2018**	2017	**2018**	2017
Brazilian Real	**$ 5.0**	$ 4.0	**$ 1.2**	$ 0.5
Argentine Peso	**$ 1.9**	$ 1.0	**$ —**	$ —
Canadian Dollar	**$ 2.9**	$ 8.1	**$ —**	$ —
Chilean Peso	**$ 5.6**	$ 4.4	**$ —**	$ —

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

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 and inflation), banking and political conditions, and mining specific factors.

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 was comprised of written call and purchased put options with identical characteristics and a range of strike prices that expired over a six month period from January to June 2018. Total notional quantities included under this arrangement amounted to approximately 45 million pounds of copper (approximately 7.5 million pounds per month). The weighted average strike prices of the options were $2.85 per pound and $3.33 per pound for the put and call options, respectively, comprising the boundaries of the collar.

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 was comprised of written call and purchased put options with identical characteristics and a range of strike prices that expired over a six month period from October 2017 to March 2018. Total notional quantities included under this arrangement amounted to 284,200 ounces of gold. The weighted average strike prices of the options were $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, 2018 the Company had $14.0 million (December 31, 2017: $30.5 million) in receivables relating to provisionally priced concentrate sales. For the year ended December 31, 2018, the Company had unrecognized losses of $1.2 million (2017: $4.0 million gain) on receivables relating to provisionally priced concentrate sales.

As at December 31, 2018, the Company has outstanding contracts whereby 25.7 million pounds of copper were purchased at a price of $2.79 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)	**2018**	2017
Gold in concentrate	**$ 0.8**	$ 2.0
Copper in concentrate	**$ 4.8**	$ 5.0
Silver in concentrate	**$ —**	$ —

The change in the average commodity prices will not have an impact on Other Comprehensive Income.

iii. Interest Rate Risk

As at December 31, 2018, 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 swaps as at December 31, 2018.

ii) 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 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; (vi) refineries contracted that hold and process the Company's precious metals; and (vii) 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. 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, and trade and other receivables, 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, 2018	**2018**	2017
Cash and cash equivalents	**$ 98.5**	$ 148.9
Trade and other receivables	**24.3**	38.6
Derivative related assets *(Note 19)*	**3.6**	9.3
Other current and non-current financial assets	**13.1**	22.8
	$ 139.5	$ 219.6

iii) 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 adjusts 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. 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 32: Capital Management*. Contractual maturities relating to long-term debt and operating leases are included in *Note 27: Long-Term Debt and Credit Facilities* and *Note 34: Operating Leases*, respectively.

As at December 31,				**2018**			2017
		Within 1 year	**2 - 3 years**	**4 - 5 years**	**Over 5 years**	**Total**	Total
Accounts payable and accrued liabilities	$	294.8 $	— $	— $	— $	294.8 $	345.4
Debt repayments		1.9	84.1	748.9	935.7	1,770.5	1,872.0
Interest payments on debt		82.0	157.5	127.8	69.9	437.2	484.6
Decommissioning, restoration and similar liabilities *(i)*		9.5	27.1	21.5	514.4	572.5	575.2
	$	**388.2 $**	**268.7 $**	**898.2 $**	**1,520.0 $**	**3,075.0** $	3,277.2

(i) Undiscounted inflated amount of future decommissioning, restoration and similar expenditures expected to take place between 2019 and 2119. Certain obligations related to post closure monitoring and maintenance at the Company's Chilean mines are expected to continue in perpetuity.

18. INVENTORIES

As at December 31,		**2018**	2017
Product inventories	**$**	**55.8** $	35.6
Work in process		**12.6**	14.1
Ore stockpiles		**209.0**	126.6
Materials and supplies		**95.6**	93.7
	$	**373.0** $	270.0
Less: non-current ore stockpiles included in other non-current assets *(Note 20)*		**(192.0)**	(106.5)
	$	**181.0** $	163.5

For the year ended December 31, 2018, a total charge of $13.8 million was recorded to adjust inventory to net realizable value (2017: $11.2 million), which is included in cost of sales excluding depletion, depreciation and amortization.

19. OTHER FINANCIAL ASSETS

As at December 31,		**2018**	2017
Derivative assets *(Note 16)*	**$**	**3.6** $	9.3
Royalty and other receivables		**12.9**	21.0
Investments in financial securities *(i)*		**9.6**	7.2
Other		**0.2**	1.8
	$	**26.3** $	39.3
Current	**$**	**7.4** $	13.2
Non-current		**18.9**	26.1
	$	**26.3** $	39.3

(i) Investments in financial securities include equity securities and warrants with a cost of $25.3 million (December 31, 2017: $16.4 million) and a fair value of $9.6 million (December 31, 2017: $7.2 million).

20. OTHER ASSETS

As at December 31,		**2018**	2017
Non-current portion of ore stockpiles *(Note 18) (i)*	**$**	**192.0** $	106.5
Income tax recoverable and installments		**9.3**	23.1
Tax credits recoverable *(ii)*		**95.2**	118.8
Advances and deposits		**42.9**	53.1
Other long-term advances		**12.7**	15.2
	$	**352.1** $	316.7
Current	**$**	**118.0** $	119.4
Non-current		**234.1**	197.3
	$	**352.1** $	316.7

(i) Non-current ore stockpiles represent material not scheduled for processing within the next twelve months at the Company's Chapada, Jacobina and Canadian Malartic mines. Comparatives, which were previously included in Property, Plant and Equipment, have been reclassified to reflect the change in presentation adopted in the current period. At January 1, 2017, the non-current ore stockpile balance was $28.3 million.

(ii) 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.

21. PROPERTY, PLANT AND EQUIPMENT

	Mining properties					
	Depletable *(ii)*	Non-depletable	Land, building, plant & equipment	Construction in progress *(iii)*	Exploration & evaluation	Total *(i)*
Cost						
At January 1, 2018	**5,527.0**	**1,708.6**	**2,490.4**	**261.6**	**3,449.5**	**13,437.1**
Additions *(iii)*	**148.0**	**130.4**	**64.0**	**58.6**	**14.5**	**415.5**
Reclassifications, transfers and other non cash movements *(iv)*	**313.0**	**(221.3)**	**310.4**	**(320.2)**	**20.2**	**102.1**
Gross cost reclassified as held for sale and disposals	**(608.2)**	**(204.2)**	**(682.1)**	**—**	**3.2**	**(1,491.3)**
At December 31, 2018	**$ 5,379.8**	**$ 1,413.5**	**$ 2,182.7**	**$ —**	**$ 3,487.4**	**$ 12,463.4**
Accumulated depletion, depreciation and amortization ("DDA") and impairment						
At January 1, 2018	**(3,270.9)**	**(786.4)**	**(1,398.5)**	**—**	**(828.1)**	**(6,283.9)**
DDA	**(285.8)**	**—**	**(157.3)**	**—**	**—**	**(443.1)**
Impairment and impairment reversal *(v)*	**99.0**	**—**	**(26.2)**	**—**	**(73.8)**	**(1.0)**
Gross accumulated DDA and impairment eliminated on reclassification as held for sale and disposals	**188.4**	**469.9**	**302.8**	**—**	**—**	**961.1**
At December 31, 2018	**$ (3,269.3)**	**$ (316.5)**	**$ (1,279.2)**	**$ —**	**$ (901.9)**	**$ (5,766.9)**
Carrying amount, December 31, 2018	**$ 2,110.5**	**$ 1,097.0**	**$ 903.5**	**$ —**	**$ 2,585.5**	**$ 6,696.4**

	Mining properties					
	Depletable *(ii)*	Non-depletable	Land, building, plant & equipment	Construction in progress *(iii)*	Exploration & evaluation	Total *(i)*
Cost						
At January 1, 2017	$ 5,860.4	$ 1,708.9	$ 2,745.2	$ 89.6	$ 4,155.3	$ 14,559.4
Additions *(iii)*	231.9	62.7	94.1	172.0	46.8	607.5
Reclassification, transfers and other non-cash movements *(iv)*	146.9	226.3	(29.2)	—	(291.7)	52.3
Gross cost reclassified as held for sale and disposals	(712.2)	(289.3)	(319.7)	—	(460.9)	(1,782.1)
At December 31, 2017	$ 5,527.0	$ 1,708.6	$ 2,490.4	$ 261.6	$ 3,449.5	$ 13,437.1
Accumulated depletion, depreciation and amortization ("DDA") and impairment						
At January 1, 2017	$ (3,569.4)	$ (1,032.7)	$ (1,370.7)	$ —	$ (1,048.5)	$ (7,021.3)
DDA	(224.9)	—	(212.4)	—	—	(437.3)
Impairment *(v)*	(129.7)	(7.5)	(80.4)	—	(138.9)	(356.5)
Gross accumulated DDA and impairment eliminated on reclassification as held for sale and disposals	653.1	253.8	265.0	—	359.3	1,531.2
At December 31, 2017	$ (3,270.9)	$ (786.4)	$ (1,398.5)	$ —	$ (828.1)	$ (6,283.9)
Carrying amount, December 31, 2017	$ 2,256.1	$ 922.2	$ 1,091.9	$ 261.6	$ 2,621.4	$ 7,153.2

(i) In the current year, the Company has enhanced its disclosures to separately identify exploration and evaluation assets and provide further clarity on the movements during the years presented. Comparative balances reflect the change in presentation adopted in the current year.

(ii) At December 31, 2018, the carrying amount of capitalized production phase stripping costs totalled $257.5 million (December 31, 2017: $355.6 million). The following table reconciles the movements in the balance in the respective years:

		2018		2017
Balance, beginning of year	$	**355.6**	$	285.3
Additions		**41.0**		135.2
Amortization		**(32.6)**		(18.2)
Reclassified as held for sale *(Note 6)*		**(106.5)**		(46.7)
Balance, end of year	$	**257.5**	$	355.6

(iii) During the year, the Company recognized capitalized interest of $8.3 million (2017: $11.3 million) related to qualifying capital expenditures at Cerro Moro and had a weighted average borrowing rate of 4.59% and 4.69% during the years ended December 31, 2018 and 2017, respectively.

(iv) Reclassifications, transfers and other non-cash movements includes non-cash additions to PPE and changes in decommissioning, restoration and similar liabilities as noted in *Note 28: Decommissioning, Restoration, and Similar Liabilities.*

(v) During the year, the Company recognized an impairment charge totalling $151.0 million related to Minera Florida and an impairment reversal of $150.0 million related to Jacobina (2017: impairment of $356.5 million related to Gualcamayo). Refer to *Note 12: Impairment and Reversal of Impairment* for additional details.

(vi) In addition to entering into various operational commitments in the normal course of business, the Company had commitments of approximately $17.4 million at December 31, 2018 for construction activities at its sites and projects.

22. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill *(i)*	Other intangible assets *(ii)*	Total
Cost			
At January 1, 2018 and December 31, 2018	**403.7**	**77.6**	**481.3**
Accumulated amortization and impairment			
At January 1, 2018	**—**	**(31.8)**	**(31.8)**
Amortization	**—**	**(4.7)**	**(4.7)**
Impairment *(Note 12)*	**(45.0)**	**—**	**(45.0)**
At December 31, 2018	**(45.0)**	**(36.5)**	**(81.5)**
Net book value at December 31, 2018	**358.7**	**41.1**	**399.8**

	Goodwill *(i)*	Other intangible assets *(ii)*	Total
Cost			
At January 1, 2017	427.7	79.0	506.7
Reclassified as held for sale	(24.0)	(1.4)	(25.4)
At December 31, 2017	403.7	77.6	481.3
Accumulated amortization and impairment			
At January 1, 2017	—	(25.7)	(25.7)
Amortization	—	(6.1)	(6.1)
At December 31, 2017	—	(31.8)	(31.8)
Net book value at 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. 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. At December 31, 2017, the sale was considered highly probable and the exploration properties' assets were reclassified to assets held for sale, including $24.0 million of goodwill allocated to the exploration properties. The sale was completed in March 2018. Refer *Note 6: Divestitures.*

(ii) Other intangible assets primarily comprise capitalized system development costs.

23. INVESTMENT IN ASSOCIATE

Details of the Company's investment in associate are as follows:

					As at December 31, 2018		
Name of Associate	**Principal activity**	**Measurement method**	**Country of incorporation**	**Principal place of business**	**% ownership interest**	**Quoted fair value *(i)***	**Carrying amount**
Leagold Mining Corporation *(i)*	Gold mining	Equity method	Canada	Brazil, Mexico	20.5%	**$ 73.7**	**$ 146.0**

(i) On May 24, 2018, the Company completed the disposal of its 53.6% controlling interest in Brio Gold to Leagold. Pursuant to the terms of the sale, the Company received 20.5% of Leagold's issued and outstanding shares. Refer to *Note 6: Divestitures.* Earnings of Leagold have been included in the earnings of the Company since acquisition.

(ii) The fair value of the Company's interest in Leagold, which is listed on the TSX, was based on the quoted market price at December 31, 2018, which is a Level 1 input in terms of IFRS 13.

For the purposes of applying the equity method of accounting, the consolidated financial statements of Leagold as at September 30, 2018 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2018.

The following table summarizes the change in the carrying amount of the Company's investment in associate:

		2018
Balance as at January 1, 2018	**$**	**—**
Acquisition of interest in Leagold *(Note 6)*		140.5
Company's share of net earnings of Leagold		5.5
Balance as at December 31, 2018	**$**	**146.0**

Summarized financial information in respect of the Company's associate is set out below. The summarized financial information below represents amounts in the associate's consolidated financial statements prepared in accordance with IFRS, adjusted for fair value adjustments at acquisition and differences in accounting policies.

Summarized Consolidated Balance Sheet Information

As at December 31,		**2018**
Current assets	$	190.0
Non-current assets	$	852.2
Total assets		**1,042.1**
Current liabilities		142.4
Non-current liabilities		317.1
Total liabilities	**$**	**459.5**
Net assets	**$**	**582.7**
Company's share of net assets		**119.5**
Goodwill		**26.5**
Carrying Amount	**$**	**146.0**

Summarized Consolidated Statement of Operations Information

For the period from May 24 to December 31,		**2018**
Revenue	**$**	**279.0**
Net earnings	**$**	**26.8**
Company's share of net earnings	**$**	**5.5**

24. TRADE AND OTHER PAYABLES

As at December 31,		**2018**	2017
Trade payables	$	**221.3** $	256.4
Other payables *(i)*		**73.5**	89.0
	$	**294.8** $	345.4

(i) Other payables include dividends, salaries, bonuses, pension, and interest payable, among other accruals.

25. OTHER FINANCIAL LIABILITIES

As at December 31,		**2018**	2017
Royalty payable *(i)*	$	**16.8** $	18.1
Payable related to purchase of mineral interests *(ii)*		**—**	10.8
Severance accrual		**33.9**	32.0
Deferred share units/performance share units liability *(Note 30)*		**18.6**	21.0
Accounts receivable financing credit *(iii)*		**40.6**	54.1
Current portion of long-term debt *(Note 27)*		**1.9**	110.0
Derivative liabilities (*Note 16)*		**6.5**	14.2
Other		**20.0**	28.6
	$	**138.3** $	288.8
Current	$	**62.3** $	203.1
Non-current		**76.0**	85.7
	$	**138.3** $	288.8

(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. Since inception, partial payments of $6.0 million and appreciation of the US Dollar have resulted in the liability being measured at $5.0 million as at December 31, 2018. Also included in Royalty payable is $10.5 million of amounts payable by Canadian Malartic.

(ii) Payable related to purchase of the remaining interests in Agua Fria, which was completed in 2018.

(iii) Accounts receivable financing credit is payable within 30 days from the proceeds on concentrate sales.

26. OTHER PROVISIONS AND LIABILITIES

As at December 31,		**2018**	2017
Other taxes payable	$	**17.4** $	15.8
Provision for repatriation taxes payable *(i)*		**23.8**	22.9
Provision for taxes		**21.9**	25.6
Deferred revenue on metal agreements - Altius (*ii)*		**58.5**	57.5
Deferred revenue on metal agreements - Sandstorm (*iii)*		**169.8**	158.5
Deferred revenue on advanced metal sales - other *(iv)*		**52.3**	—
Other provisions and liabilities *(v)*		**52.2**	73.0
	$	**396.0** $	353.3
Current	$	**106.8** $	56.7
Non-current		**289.2**	296.6
	$	**396.0** $	353.3

(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 $23.8 million (December 31, 2017: $22.9 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:

		2018
Balance as at December 31, 2017	**$**	**57.5**
Adjustment on initial adoption of IFRS 15 *(Note 5)*		3.4
Adjusted balance at January 1, 2018		**60.9**
Recognition of revenue during the year net of interest accretion		(2.4)
	$	**58.5**
Current portion	$	2.1
Non-current portion		56.4
Balance as at December 31, 2018	**$**	**58.5**

(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:

		2018
Balance as at December 31, 2017	**$**	**158.5**
Adjustment on initial adoption of IFRS 15 *(Note 5)*		13.0
Adjusted balance at January 1, 2018		**171.5**
Recognition of revenue during the year net of interest accretion		(1.7)
	$	**169.8**
Current portion	$	14.0
Non-current portion		155.8
Balance as at December 31, 2018	**$**	**169.8**

(iv) On January 10, 2018, the Company entered into an advanced metal sales agreement pursuant to which, the Company received advanced consideration of $125.0 million in exchange for approximately 40.3 million pounds of copper to be delivered in the second half of 2018 and the first half of 2019. The advanced consideration is accounted for as deferred revenue, with revenue recognized as copper is delivered to the counterparty. As the Company received consideration more than a year in advance of completion of delivery, the Company has accounted for the financing component in the transaction. Accordingly, in the year to December 31, 2018, the Company recognized interest expense of $5.3 million, with a corresponding increase to the deferred revenue balance. During the year ended, the Company completed deliveries of copper under the arrangement and recognized revenue of $78.0 million.

(v) Other provisions and liabilities include provisions relating to the short term portion of decommissioning, restoration and similar liabilities, silicosis and other. Decrease during the year reflects, settlements, change in provisions and the depreciation of local currencies.

27. LONG-TERM DEBT AND CREDIT FACILITIES

As at December 31,		**2018**	2017
Senior Notes			
$300 million notes issued December 2017			
4.625% 10-year notes due December 2027		**296.8**	297.5
$500 million notes issued June 2014			
4.95% 10-year notes due July 2024		**496.8**	496.2
$300 million notes issued June 2013			
Series A - 3.64% 5-year notes due June 2018 ($35 million)		**—**	34.9
Series B - 4.78% 10-year notes due June 2023 ($265 million)		**260.4**	260.2
$500 million notes issued March 2012			
Series A - 3.89% 6-year notes due March 2018 ($75 million)		**—**	73.6
Series B - 4.36% 8-year notes due March 2020 ($85 million)		**84.0**	83.9
Series C - 4.76% 10-year notes due March 2022 ($200 million)		**192.1**	192.0
Series D - 4.91% 12-year notes due March 2024 ($140 million)		**135.2**	135.1
$270 million notes issued December 2009			
Series C - 6.97% 10-year notes due December 2019 ($181.5 million)		**—**	181.4
		1,465.3	1,754.8
Revolving Credit Facilities			
$1.0 billion credit facility *(a)*		**291.5**	27.0
$75.0 million credit facility *(b)*		**—**	72.6
Debt from 50% interest in Canadian Malartic		**1.9**	3.3
Total debt *(i)*	**$**	**1,758.7**	1,857.7
Less: current portion of long-term debt *(Note 25)*		**(1.9)**	(110.0)
Long-term debt	**$**	**1,756.8**	1,747.7

(i) Balances are net of transaction costs of $11.8 million, net of amortization (December 31, 2017: $14.3 million).

Senior Notes

The Company's senior notes are unsecured and interest is payable semi-annually. Each series of senior notes is redeemable, in whole or in part, at the Company's option, at any time prior to maturity, subject to make-whole provisions. The senior notes are accreted to the face value over their respective terms.

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.

Revolving Credit Facilities

(a) In June 2018, the Company extended the term of its $1.0 billion revolving credit facility from September 2021 to June 2023, under existing terms and conditions. The revolving credit facility is unsecured and has an interest rate on drawn amounts of LIBOR plus an interest margin of between 1.20% and 2.25% depending on the Company's credit rating, and a commitment fee of between 0.24% and 0.45% depending on the Company's credit rating. During the year the Company drew $460.0 million and repaid $195.0 million on the revolving credit facility.

(b) The $75.0 million revolving facility was entered into by Brio Gold. The Company's interest in Brio Gold was disposed of on May 24, 2018. Refer to *Note 6: Divestitures*.

The senior notes and revolving credit facility are subject to various financial and general covenants. The principal covenants are tangible net worth of at least $2.3 billion; maximum net total debt (debt less cash) to tangible net worth of 0.75; and leverage ratio (net total debt/EBITDA) to be less than or equal to 3.5:1. The Company was in compliance with all covenants as at December 31, 2018.

Scheduled Debt Repayments

		2019	2020	2021	2022	2023	2024 and thereafter	Total
Senior notes	$	— $	84.1 $	— $	192.7 $	261.2 $	935.6 $	1,473.6
$1.0 billion credit facility		—	—	—	—	295.0	— $	295.0
Debt from 50% interest in Canadian Malartic		1.9	—	—	—	—	— $	1.9
	$	**1.9 $**	**84.1 $**	**— $**	**192.7 $**	**556.2 $**	**935.6 $**	**1,770.5**

28. DECOMMISSIONING, RESTORATION AND SIMILAR LIABILITIES

The Company incurs decommissioning, restoration and similar liabilities relating to its operating, inactive and closed mines and development projects. Significant decommissioning and restoration activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and monitoring.

The Company estimates future decommissioning and restoration costs based on the level of current mining activity and estimates of costs required to fulfill the Company's future obligations. Changes in decommissioning and restoration provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates.

At December 31, 2018, the present value of decommissioning and restoration liabilities relating to the Company's mining properties was estimated at $250.3 million (December 31, 2017: $274.3 million) using discount rates specific to the liabilities ranging between 2.14% and 11.41% (December 31, 2017: 1.99% and 16.63%). The undiscounted value of these liabilities was $365.1 million (December 31, 2017: $413.4 million).

The following table reconciles the beginning and ending carrying amounts of the Company's decommissioning and restoration liabilities. The majority of the expenditures are expected to take place between 2019 and 2119. Certain obligations related to post closure monitoring and maintenance at the Company's Chilean mines are expected to continue in perpetuity

		2018	2017
Balance, beginning of year	**$**	**274.3** $	235.6
Accretion expense included in finance costs		**14.9**	26.7
Revisions in estimates and obligations		**31.2**	47.6
Expenditures during the current year		**(5.3)**	(4.6)
Foreign exchange impact		**(30.6)**	(3.9)
Reclassified to liabilities relating to assets held for sale		**(34.2)**	(27.1)
Balance, end of year	**$**	**250.3** $	274.3
Current *(i)*	**$**	**9.1** $	16.1
Non-current		**241.2**	258.2
	$	**250.3** $	274.3

(i) The current portion of decommissioning, restoration and similar liabilities is included in the current portion of *Note 26: Other Provisions and Liabilities*.

Regulatory authorities in certain jurisdictions require that security be provided to cover the estimated decommissioning, restoration and similar obligations. As at December 31, 2018, the Company had outstanding letters of credit in the amount of $57.4 million (C$78.3 million) (December 31, 2017: $18.7 million (C$25.1 million)) representing guarantees for reclamation obligations and road construction relating to the Company's share of mining interest in Canadian Malartic, and $13.6 million representing guarantees for reclamation obligations relating to the Company's US properties. These letters of credit are automatically extended for one year periods from their expiration dates.

29. 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, 2018 (2017: nil).

For the years ended December 31,	**2018**		2017	
Issued and outstanding - 949,341,830 common shares (December 31, 2017 - 948,524,667 common shares):	**Number of common shares** ***(In thousands)***	**Amount** ***(In millions)***	Number of common shares *(In thousands)*	Amount *(In millions)*
Balance, beginning of year	**948,525**	**$ 7,633.7**	947,798	$ 7,630.5
Issued on vesting of restricted share units	**687**	**2.3**	591	2.9
Dividend reinvestment plan *(i)*	**130**	**0.4**	136	0.3
Balance, end of year	**949,342**	**$ 7,636.4**	948,525	$ 7,633.7

(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, 2018, a total of 11,825,042 shares have subscribed to the plan.

(b) Dividends Paid and Declared

For the years ended December 31,	**2018**	2017
Dividends paid	**$ 19.0**	$ 18.9
Dividends declared in respect of the year	**$ 19.2**	$ 19.4
Dividend paid *(per share)*	**$ 0.02**	$ 0.02
Dividend declared in respect of the year *(per share)*	**$ 0.02**	$ 0.02

30. 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,	**2018**	2017
Accrued expense on equity-settled compensation plans	**$ 4.9**	$ 3.3
Accrued expense on cash-settled compensation plans	**0.9**	4.4
Total expense for instruments granted	**$ 5.8**	$ 7.7
Compensation expense for Brio Gold	**0.3**	7.0
Mark-to-market change on cash-settled plans	**(0.8)**	(2.1)
Total expense recognized as compensation expense	**$ 5.3**	$ 12.6

As at December 31,	**2018**	2017
Total carrying amount of liabilities for cash-settled arrangements *(Note 25)*	**$ 18.6**	$ 21.0

The following table summarizes the equity instruments outstanding related to share-based payments.

As at December 31, (In thousands)	**2018**	2017
Share options outstanding *(i), (ii), (iii)*	**1,772**	1,831
Restricted share units ("RSU") *(iv)*	**2,284**	1,474
Deferred share units ("DSU") *(v)*	**4,802**	4,288
Performance share units ("PSU") *(vi)*	**2,457**	2,521

(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 (2017: 24.9 million).

(ii) Share options outstanding at December 31, 2018 had a weighted average exercise price of C$7.80 (December 31, 2017: C$7.75). As at December 31, 2018,1,772,365 share options with a weighted average exercise price of C$7.80 were exercisable (December 31, 2017: 1,662,521 share options with a weighted exercise price of C$8.00).

(iii) During the year ended December 31, 2018, no share options were granted, and 58,851 share options expired.

(iv) During the year ended December 31, 2018, the Company granted 1,676,232 RSUs with a weighted average grant date fair value of C$4.14 per RSU; a total of 687,472 RSUs vested and the Company credited $2.3 million (2017: $2.9 million) to share capital in respect of RSUs that vested during the period. There were a total of 178,931 RSUs cancelled during the year ended December 31, 2018.

(v) During the year ended December 31, 2018, the Company granted 513,713 DSUs and recorded an expense of C$1.9 million. During the first quarter of 2017, 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 3 million DSUs (approximately 80% of outstanding DSUs) at a value of C$3.5002 per share. For the year ended December 31, 2018, the Company recorded a mark-to-market gain on DSUs of $2.4 million and a mark-to-market loss on the DSU hedge of $1.6 million.

(vi) During the year ended December 31, 2018, 1,210,742 PSU units were granted. This PSU plan has an expiry date on December 31, 2020 and had a fair value of C$2.53 per unit at December 31, 2018. There were payouts of 1,296,342 PSU units during the year ended December 31, 2018.

31. NON-CONTROLLING INTERESTS

As at December 31,		**2018**		2017
Agua De La Falda S.A. *(i)*	**$**	**18.7**	$	18.7
Brio Gold Inc. *(ii)*		**—**		115.2
Estelar Resources Ltd *(iii)*		**16.0**		—
	$	**34.7**	$	133.9

(i) The Company holds a 56.7% interest in the Agua De La Falda ("ADLF") project along with Corporación Nacional del Cobre de Chile ("Codelco"). The ADLF project is an exploration project that 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. On May 24, 2018, the Company completed the sale of its 53.6% controlling interest in Brio Gold to Leagold and deconsolidated the subsidiary. Refer to *Note 6: Divestitures.*

(iii) During the second quarter of 2018, the Company entered into an arrangement with Fomento Minero de Santa Cruz S.E. ("FOMICRUZ") pursuant to which, FOMICRUZ is entitled to certain subordinated shares in the legal entity that directly owns Cerro Moro, Estelar Resources Ltd. These subordinated shares entitle FOMICRUZ to a 5% interest in future dividends after the Company's investment in Cerro Moro, which includes construction and development along with acquisition costs, has been recovered in full. As part of the arrangement and as further consideration to the Company, the right to use the land related to the Bahía Laura properties, a significant land package to the west and south west of Cerro Moro, was obtained at an approximate value of $16.0 million.

32. 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 29: Share Capital* and *Note 27: Long-term Debt and Credit Facilities,* respectively, 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.

33. OPERATING SEGMENTS

The Company bases its operating segments on the way information is reported and used by the Company's chief operating decision maker ("CODM"), being the Company's Senior Executive Group. The results of operating segments are reviewed by the CODM in order to make decisions about resources to be allocated to the segments and to assess their performance.

The Company considers each of its individual operating mine sites as reportable segments for financial reporting purposes. In addition to these reportable segments, the Company aggregates and discloses the financial results of other operating segments with similar economic characteristics as reviewed by the CODM, including exploration properties and corporate entities, under "Corporate and Other".

The following changes have been made to the Company's reportable segments since December 31, 2017:

- The Company's Cerro Moro mine, which was included in "Corporate and Other" at December 31, 2017, is now a separate reportable segment. On June 26, 2018, the Company announced that the Cerro Moro mine had achieved commercial production, and the assets associated with Cerro Moro now comprise 13% of the Company's total assets.
- The CODM reviews the results of operating mines that the Company does not intend to manage in the long-term and for which a disposal plan has been initiated, as one operating segment. Accordingly, Gualcamayo and Brio Gold, which were separate reportable operating segments at December 31, 2017 were grouped into one reportable operating segment, "Other Mines" from January 1, 2018. The Company's interests in Brio Gold and Gualcamayo were disposed of on May 24, 2018 and December 14, 2018, respectively. Refer to *Note 6: Divestitures*.

Comparatives have been restated to reflect the change in presentation adopted in the current period.

(a) Information about Assets and Liabilities

		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other Mines *(i)*	Corporate and other *(ii)*	Total
Total assets at December 31, 2018	$	**819.6 $**	**646.3 $**	**1,686.8 $**	**951.7 $**	**305.7 $**	**1,033.6 $**	**— $**	**2,569.2 $**	**8,012.9**
Total liabilities at December 31, 2018	$	**263.9 $**	**158.9 $**	**436.3 $**	**232.0 $**	**92.0 $**	**89.1 $**	**— $**	**2,716.7 $**	**3,988.9**
Capital expenditures for the year ended December 31, 2018	$	**44.1 $**	**50.8 $**	**81.8 $**	**47.5 $**	**60.7 $**	**87.6 $**	**44.2 $**	**30.2 $**	**446.9**

		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other Mines *(i)*	Corporate and other *(ii)*	Total
Total assets at December 31, 2017	$	798.2 $	707.2 $	1,869.6 $	783.3 $	330.0 $	897.6 $	811.3 $	2,566.1 $	8,763.3
Total liabilities at December 31, 2017	$	318.0 $	179.1 $	436.4 $	162.0 $	103.0 $	75.5 $	203.5 $	2,838.5 $	4,316.0
Capital expenditures for the year ended December 31, 2017	$	46.7 $	56.3 $	89.4 $	45.1 $	52.6 $	179.7 $	107.8 $	29.9 $	607.5

(i) Other mines included Brio Gold and Gualcamayo, both of which were disposed of during 2018. Refer to *Note 6: Divestitures.*

(ii) "Corporate and other" includes Agua Rica ($1.1 billion) (2017: $1.1 billion), advanced stage development projects, exploration properties, corporate entities and the Company's investment in associate.

(b) Information about Profit or Loss

For the year ended December 31, 2018		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other mines	Corporate and other	Total
Revenue *(ii)*	**$**	**475.4 $**	**253.6 $**	**447.6 $**	**179.4 $**	**102.6 $**	**126.8 $**	**213.1 $**	**— $**	**1,798.5**
Cost of sales excluding depletion, depreciation and amortization		**(225.6)**	**(171.0)**	**(200.4)**	**(95.7)**	**(74.7)**	**(66.1)**	**(176.5)**	**—**	**(1,010.0)**
Gross margin excluding depletion, depreciation and amortization	**$**	**249.8 $**	**82.6 $**	**247.2 $**	**83.7 $**	**27.9 $**	**60.7 $**	**36.6 $**	**— $**	**788.5**
Depletion, depreciation and amortization		**(43.6)**	**(92.9)**	**(137.8)**	**(41.4)**	**(39.2)**	**(49.1)**	**(26.3)**	**(8.0)**	**(438.3)**
(Impairment) reversal of impairment of mining properties and goodwill		**—**	**—**	**(45.0)**	**150.0**	**(151.0)**	**—**	**(103.0)**	**—**	**(149.0)**
Segment income (loss)	**$**	**206.2 $**	**(10.3)$**	**64.4 $**	**192.3 $**	**(162.3)$**	**11.6 $**	**(92.7)$**	**(8.0)$**	**201.2**
									Other expenses *(i)*	**(377.9)**
									Loss before taxes $	**(176.7)**
									Income tax expense	**(121.0)**
									Net loss $	**(297.7)**

For the year ended December 31, 2017 (restated) (iii)		Chapada	El Peñón	Canadian Malartic	Jacobina	Minera Florida	Cerro Moro	Other mines	Corporate and other	Total
Revenue *(ii)*	$	425.4 $	274.0 $	403.1 $	170.8 $	123.1 $	— $	407.4 $	— $	1,803.8
Cost of sales excluding depletion, depreciation and amortization		(215.3)	(165.2)	(186.0)	(98.6)	(79.5)	— $	(297.8)	— $	(1,042.4)
Gross margin excluding depletion, depreciation and amortization	$	210.1 $	108.8 $	217.1 $	72.2 $	43.6 $	— $	109.6 $	— $	761.4
Depletion, depreciation and amortization		(38.1)	(70.2)	(129.4)	(44.8)	(40.5)	—	(96.2)	(7.6)	(426.8)
Impairment of mining properties		—	—	—	—	—	—	(256.9)	—	(256.9)
Segment income/(loss)	$	172.0 $	38.6 $	87.7 $	27.4 $	3.1 $	— $	(243.5)$	(7.6)$	77.7
									Other expenses *(i)*	(389.7)
									Loss before taxes $	(312.0)
									Income tax recovery	113.9
									Net loss $	(198.1)

(i) Other expenses are comprised of general and administrative expense of $91.8 million (2017: $113.6 million), exploration and evaluation expense of $13.0 million (2017: $21.2 million), share of earnings of associate of $5.5 million (2017: nil), finance costs of $137.4 million (2017: $110.8 million), other operating income of $9.3 million (2017: other operating expenses of $23.6 million), other income of $2.5 million (2017: other costs of $20.9 million), and expenses related to impairment of non-operating mining properties of $153.0 million (2017: $99.6 million).

(ii) Intersegment sales are eliminated in the above information reported to the Company's CODM. For the year ended December 31, 2018, intersegment purchases included $1,704.7 million of gold, silver and copper purchased by the Company's corporate office from the Company's producing mines (2017: $1,585 million) and revenue related to the sale of these metals to third parties was $1,704.7 million (2017: $1,585 million).

(iii) The Company has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information has been restated for certain hedging requirements. Refer to *Note 5: Recent Accounting Pronouncements* for further discussion.

(c) Information about Geographical Areas

Revenue is attributed to regions based on the source location of the product sold.

For the years ended December 31,		2018	2017
Canada	**$**	**447.5** $	403.1
Chile		**356.2**	397.1
Brazil		**748.7**	815.0
Argentina		**246.1**	188.6
Total revenue	**$**	**1,798.5** $	1,803.8

Non-current assets for this purpose exclude deferred tax assets.

As at December 31,		**2018**		2017
Canada	$	**2,092.1**	$	1,962.4
Chile		**1,348.4**		1,541.4
Brazil		**1,704.6**		2,024.8
Argentina		**2,314.9**		2,260.1
United States		**32.6**		37.4
Total non-current assets	$	**7,492.6**	$	7,826.1

(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 products, 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,		**2018**		2017
Customer *(i)*				
1	$	**360.4**	$	384.5
2		**343.9**		267.1
3		**270.5**		—
4		**229.6**		262.7
5		**182.3**		229.9
Total sales to customers exceeding 10% of annual metal sales	$	**1,386.7**	$	1,144.2
Percentage of total metal sales		**77.1%**		63.4%

(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.

34. 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,		**2018**		2017
Within 1 year	$	**2.2**	$	2.5
Between 1 and 5 years		**8.7**		9.9
After 5 years		**3.9**		7.1
	$	**14.8**	$	19.5

The total operating lease payments that were expensed during the year amounted to $2.3 million (2017: $4.0 million).

35. 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 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 $20.0 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 under its Good Neighbor Guide (the "Guide"). In September 2018, the Superior Court introduced an annual revision of the ending date of the class action period and a mechanism for the partial exclusion of class members, allowing the residents to individually settle for a specific period (usually a calendar year) and to opt-out from the class action for such specific period. Both of these judgments were confirmed by the Court of Appeal and the class members will thus continue to have the option to benefit from the Guide. In January 2018, a judgment was rendered in favor of the Partnership, resulting in the removal from the class action of the pre-transaction period, spanning from August 2013 to June 16, 2014, during which the Canadian Malartic mine was not operated by the Partnership. The plaintiff did not seek leave to appeal this decision and will rather add new allegations in an attempt to recapture the pre-transaction period. 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 began on October 1, 2018, but no judgment has been rendered so far. 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.

36. RELATED PARTY TRANSACTIONS

(a) Related Parties and Transactions

The Company's related parties include its subsidiaries, associate, 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. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no other related party transactions for the years ended December 31, 2018 and 2017.

(b) Compensation of Key Management Personnel

Key management personnel compensation comprises:

For the years ended December 31,		**2018**		2017
Short-term employee benefits *(i)*	**$**	**14.9**	$	20.6
Post-employment benefits	**$**	**1.9**	$	3.4
Termination benefits	**$**	**3.7**	$	—
Share-based payments *(ii)*	**$**	**4.7**	$	14.1
	$	**25.2**	$	38.1

(i) Short-term employee benefits include salaries, bonuses payable within 12 months of the balance sheet date and other annual employee benefits.

(ii) Relates to share option, RSU, DSU and PSU grants. Balances exclude the periodic fair value adjustment on the DSUs.

Given the classification of the Company's interest in Brio Gold as a disposal group held for sale during the first quarter of 2018, the Company re-examined the classification of key management personnel for 2018 and determined that the roles which have the authority and responsibility for planning, directing and controlling the activities of the Company are the Board of Directors and members of the Company's Senior Executive Group, comprising the Chief Executive Officer and the Company's senior vice presidents. The Company determined that, effective January 1, 2018 Brio Gold executives and officers and other management personnel outside of the Senior Executive Group are not key management personnel. Had key management personnel been determined on the same basis in 2017, short-term employee benefits, post-employment benefits and share-based payment compensation would have been $15.3 million, $1.9 million, and $6.1 million, respectively, for total compensation of $23.3 million.

37. SUBSEQUENT EVENTS

On February 5 and 7, 2019, the Company entered into forward contracts totalling CLP 56.76 billion (CLP = Chilean Pesos; approximately USD$86.8 million) evenly split by month from February 2019 to December 2019 at a weighted average Chilean Peso to US Dollar forward rate of CLP 652.42 per US Dollar.

These forward contracts are expected to cover approximately 50% of the Chilean Peso denominated forecasted operating costs from February 2019 to December 2019.

38. 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, 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, 2018 and December 31, 2017 and the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows for the years ended December 31, 2018 and December 31, 2017. 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, 2018	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 67.6	$ 14.2	$ 16.7	$ —	$ 98.5
Trade and other receivables	14.6	4.1	5.6	—	24.3
Inventories	6.6	86.7	87.7	—	181.0
Other financial assets	3.6	—	3.8	—	7.4
Other assets	2.4	43.5	72.1	—	118.0
Assets held for sale	—	—	—	—	—
Intercompany receivables	—	101.8	180.2	(282.0)	—
	$ 94.8	**$ 250.3**	**$ 366.1**	**$ (282.0)**	**$ 429.2**
Non-current assets:					
Property, plant and equipment	73.7	2,555.1	4,067.6	—	6,696.4
Goodwill and other intangible assets	31.6	4.0	364.2	—	399.8
Investment in associate	4,824.0	494.1	—	(5,172.1)	146.0
Deferred tax assets	72.6	9.4	6.5	—	88.5
Other financial assets	9.9	1.9	7.1	—	18.9
Other assets	—	137.5	96.6	—	234.1
Intercompany receivables	1,069.9	1,193.2	—	(2,263.1)	—
Total assets	**$ 6,176.5**	**$ 4,645.5**	**$ 4,908.1**	**$ (7,717.2)**	**$ 8,012.9**
Liabilities					
Current liabilities:					
Trade and other payables	$ 61.1	$ 145.9	$ 87.8	$ —	$ 294.8
Income taxes payable	—	25.3	7.2	—	32.5
Other financial liabilities	5.9	42.8	13.6	—	62.3
Other provisions and liabilities	59.6	15.5	31.7	—	106.8
Liabilities relating to assets held for sale	—	—	—	—	—
Intercompany payables	282.0	—	—	(282.0)	—
	$ 408.6	**$ 229.5**	**$ 140.3**	**$ (282.0)**	**$ 496.4**
Non-current liabilities:					
Long-term debt	1,756.8	—	—	—	1,756.8
Decommissioning, restoration and similar liabilities	—	144.3	96.9	—	241.2
Deferred tax liabilities	2.3	325.8	801.2	—	1,129.3
Other financial liabilities	19.5	32.3	24.2	—	76.0
Other provisions and liabilities	—	60.2	229.0	—	289.2
Intercompany payables	—	1,731.2	531.9	(2,263.1)	—
Total liabilities	**$ 2,187.2**	**$ 2,523.3**	**$ 1,823.5**	**$ (2,545.1)**	**$ 3,988.9**
Equity					
Equity attributable to Yamana Gold Inc. equity holders	$ 3,989.3	$ 2,122.2	$ 3,049.9	$ (5,172.1)	$ 3,989.3
Non-controlling interests	—	—	34.7	—	34.7
Total equity	**$ 3,989.3**	**$ 2,122.2**	**$ 3,084.6**	**$ (5,172.1)**	**$ 4,024.0**
Total liabilities and equity	**$ 6,176.5**	**$ 4,645.5**	**$ 4,908.1**	**$ (7,717.2)**	**$ 8,012.9**

As at December 31, 2017(i)	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 98.2	$ 16.8	$ 33.9	$ —	$ 148.9
Trade and other receivables	24.4	10.5	3.7	—	38.6
Inventories	11.8	77.7	74.0	—	163.5
Other financial assets	2.6	—	10.6	—	13.2
Other assets	3.1	67.2	49.1	—	119.4
Assets held for sale	—	—	355.8	—	355.8
Intercompany receivables	—	91.9	53.2	(145.1)	—
	$ 140.1	**$ 264.1**	**$ 580.3**	**$ (145.1)**	**$ 839.4**
Non-current assets:					
Property, plant and equipment	24.4	2,575.4	4,553.4	—	7,153.2
Goodwill and other intangible assets	34.8	5.4	409.3	—	449.5
Investment in associate	4,558.3	539.1	—	(5,097.4)	—
Deferred tax assets	73.0	14.7	10.1	—	97.8
Other financial assets	17.3	3.5	5.3	—	26.1
Other assets	—	105.5	91.8	—	197.3
Intercompany receivables	1,486.1	1,277.6	—	(2,763.7)	—
Total assets	**$ 6,334.0**	**$ 4,785.3**	**$ 5,650.2**	**$ (8,006.2)**	**$ 8,763.3**
Liabilities					
Current liabilities:					
Trade and other payables	$ 53.4	$ 148.7	$ 143.3	$ —	$ 345.4
Income taxes payable	—	87.1	4.7	—	91.8
Other financial liabilities	121.4	54.5	27.2	—	203.1
Other provisions and liabilities	1.0	9.3	46.4	—	56.7
Liabilities relating to assets held for sale	—	—	83.7	—	83.7
Intercompany payables	145.1	—	—	(145.1)	—
	$ 320.9	**$ 299.6**	**$ 305.3**	**$ (145.1)**	**$ 780.7**
Non-current liabilities:					
Long-term debt	1,673.2	—	74.5	—	1,747.7
Decommissioning, restoration and similar liabilities	—	143.6	114.6	—	258.2
Deferred tax liabilities	5.5	307.2	834.4	—	1,147.1
Other financial liabilities	21.0	29.4	35.3	—	85.7
Other provisions and liabilities	—	69.5	227.1	—	296.6
Intercompany payables	—	1,742.9	1,020.8	(2,763.7)	—
Total liabilities	**$ 2,020.6**	**$ 2,592.2**	**$ 2,612.0**	**$ (2,908.8)**	**$ 4,316.0**
Equity					
Equity attributable to Yamana Gold Inc. equity holders	$ 4,313.4	$ 2,193.1	$ 3,019.5	$ (5,212.6)	$ 4,313.4
Non-controlling interests	—	—	18.7	115.2	133.9
Total equity	**$ 4,313.4**	**$ 2,193.1**	**$ 3,038.2**	**$ (5,097.4)**	**$ 4,447.3**
Total liabilities and equity	**$ 6,334.0**	**$ 4,785.3**	**$ 5,650.2**	**$ (8,006.2)**	**$ 8,763.3**

(i) Comparatives in respect of certain balances have been reclassified to conform to the change in presentation adopted in the current period, including the removal of certain assets as guarantors following their respective sales. Additionally, certain balances previously included as Guarantors Subsidiaries have been recast as they relate to Canadian Malartic General Partnership, a Non-Guarantor.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2018		Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Revenue	$	1,654.0 $	1,382.8 $	803.5 $	(2,041.8)$	1,798.5
Cost of sales excluding depletion, depreciation and amortization		(1,631.2)	(970.2)	(466.3)	2,057.7	(1,010.0)
Gross margin excluding depletion, depreciation and amortization	**$**	**22.8 $**	**412.6 $**	**337.2 $**	**15.9 $**	**788.5**
Depletion, depreciation and amortization		(7.8)	(216.8)	(213.7)	—	(438.3)
Impairment of mining properties and goodwill, net		**—**	(1.0)	(148.0)	—	(149.0)
Mine operating earnings/(loss)		**15.0**	**194.8**	**(24.5)**	**15.9**	**201.2**
Expenses *(i)*						
General and administrative		(50.4)	(19.6)	(21.8)	—	(91.8)
Exploration and evaluation		(0.9)	(5.3)	(6.8)	—	(13.0)
Share of earnings of associate		(293.8)	(45.0)	(0.5)	344.8	5.5
Other operating income (expenses), net		19.2	(31.1)	21.2	—	9.3
Impairment of non-operating mining properties		—	—	(153.0)	—	(153.0)
Operating earnings (loss)		**(310.9)**	**93.8**	**(185.4)**	**360.7**	**(41.8)**
Finance costs		(109.0)	(286.5)	(222.4)	480.5	(137.4)
Other income (costs), net		126.6	130.8	225.6	(480.5)	2.5
(Loss)/income before taxes		**(293.3)**	**(61.9)**	**(182.2)**	**360.7**	**(176.7)**
Current income tax expense		(6.8)	(89.5)	(42.5)	—	(138.8)
Deferred income tax recovery		2.4	(24.7)	40.1	—	17.8
Income tax (expense) recovery		(4.4)	(114.2)	(2.4)	—	(121.0)
Net loss	**$**	**(297.7)$**	**(176.1)$**	**(184.6)$**	**360.7 $**	**(297.7)**
Attributable to:						
Yamana Gold Inc. equity holders		(297.7)	(176.1)	(171.5)	360.7	(284.6)
Non-controlling interests		—	—	(13.1)	—	(13.1)
Net loss		**(297.7)**	**(176.1)**	**(184.6)**	**360.7**	**(297.7)**
Total other comprehensive income	**$**	**(10.5)$**	**— $**	**(0.7)$**	**0.7 $**	**(10.5)**
Total comprehensive loss	**$**	**(308.2)$**	**(176.1)$**	**(185.3)$**	**361.4 $**	**(308.2)**

(i) Balances are net of intercompany movements in the respective classifications which are eliminated on consolidation.

For the year ended December 31, 2017 (ii)		**Yamana Gold Inc. (parent)**	**Guarantor subsidiaries**	**Non-guarantors**	**Eliminations and reclassifications**	**Consolidated**
Revenue	$	1,555.6 $	1,367.3 $	816.3 $	(1,935.4)$	1,803.8
Cost of sales excluding depletion, depreciation and amortization		(1,536.5)	(932.3)	(502.8)	1,929.2	(1,042.4)
Gross margin excluding depletion, depreciation and amortization	**$**	**19.1 $**	**435.0 $**	**313.5 $**	**(6.2)$**	**761.4**
Depletion, depreciation and amortization		(6.5)	(193.2)	(227.1)	—	(426.8)
Impairment of mining properties and goodwill, net		**—**	—	(256.9)	—	(256.9)
Mine operating earnings/(loss)		**12.6**	**241.8**	**(170.5)**	**(6.2)**	**77.7**
Expenses *(i)*						
General and administrative		(50.9)	(5.7)	(57.0)	—	(113.6)
Exploration and evaluation		(0.9)	(9.8)	(10.5)	—	(21.2)
Share of earnings of associate		(176.6)	(2.8)	—	179.4	—
Other operating income (expenses), net		(4.3)	(19.0)	(0.3)	—	(23.6)
Impairment of non-operating mining properties		—	—	(99.6)	—	(99.6)
Operating earnings (loss)		**(220.1)**	**204.5**	**(337.9)**	**173.2**	**(180.3)**
Finance costs		(115.6)	(128.1)	(210.7)	343.6	(110.8)
Other income (costs), net		108.3	77.3	129.8	(336.3)	(20.9)
(Loss)/income before taxes		**(227.4)**	**153.7**	**(418.8)**	**180.5**	**(312.0)**
Current income tax expense		(3.9)	(189.0)	(46.3)	—	(239.2)
Deferred income tax recovery		33.2	(18.5)	338.4	—	353.1
Income tax (expense) recovery		29.3	(207.5)	292.1	—	113.9
Net loss	**$**	**(198.1)$**	**(53.8)$**	**(126.7)$**	**180.5 $**	**(198.1)**
Attributable to:						
Yamana Gold Inc. equity holders		(198.1)	(53.8)	(117.1)	180.5	(188.5)
Non-controlling interests		—	—	(9.6)	—	(9.6)
Net loss		**(198.1)**	**(53.8)**	**(126.7)**	**180.5**	**(198.1)**
Total other comprehensive income	**$**	**6.7 $**	**— $**	**1.0 $**	**(1.0)$**	**6.7**
Total comprehensive loss	**$**	**(191.4)$**	**(53.8)$**	**(125.7)$**	**179.5 $**	**(191.4)**

(i) Balances are net of intercompany movements in the respective classifications which are eliminated on consolidation.

(ii) Comparatives in respect of certain balances have been reclassified to conform to the change in presentation adopted in the current period, including the removal of certain assets as guarantors following their respective sales. Additionally, certain revenues and expenses previously included as Guarantors Subsidiaries have been recast as they relate to Canadian Malartic General Partnership, a Non-Guarantor. This had no impact to net earnings (loss).

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2018		Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Operating activities						
Loss before taxes	$	(293.3)$	(62.0)$	(182.0)$	360.6 $	(176.7)
Adjustments to reconcile earnings before taxes to net operating cash flows:						
Depletion, depreciation and amortization		7.8	216.8	213.7	—	438.3
Share-based payments		4.7	—	0.6	—	5.3
Other (income) costs, net		(126.6)	(130.8)	(225.6)	480.5	(2.5)
Finance costs		109.0	286.5	222.4	(480.5)	137.4
Mark-to-market on financial assets and metal concentrates		17.6	—	—	—	17.6
Share of earnings of associate		293.8	45.0	0.5	(344.8)	(5.5)
Impairment of mineral properties, net		—	1.0	301.0	—	302.0
Amortization of deferred revenue on metal purchase agreements		(72.7)	—	(26.8)	—	(99.5)
Gain on asset disposals		(39.1)	—	(35.1)	—	(74.2)
Other non-cash (recoveries)/expenses		2.5	37.8	10.1	—	50.4
Advanced payments received on metal purchase agreements		127.8	—	—	—	127.8
Decommissioning, restoration and similar liabilities paid		—	(2.8)	(2.5)	—	(5.3)
Other payments		—	—	(6.7)	—	(6.7)
Cash flows from operating activities before income taxes paid and net change in working capital	**$**	**31.5 $**	**391.5 $**	**269.6 $**	**15.8 $**	**708.4**
Income taxes paid		(0.1)	(13.4)	(27.3)	—	(40.8)
Payments made to Brazilian tax authorities		—	(101.3)	—	—	(101.3)
Cash flows from operating activities before net change in working capital	**$**	**31.4 $**	**276.8 $**	**242.3 $**	**15.8 $**	**566.3**
Net change in working capital		(26.6)	(46.4)	(89.1)	—	(162.1)
Intercompany movement in operations		118.2	(9.4)	(108.8)	—	—
Cash flows from operating activities	**$**	**123.0 $**	**221.0 $**	**44.4 $**	**15.8 $**	**404.2**
Investing activities						
Acquisition of property, plant and equipment	$	(14.4)$	(203.1)$	(229.4)$	— $	(446.9)
Net proceeds on disposal of subsidiaries and other assets		4.3	—	185.6	—	189.9
Acquisition of investments and other assets		(3.9)	—	(1.3)	—	(5.2)
Cash used in other investing activities		—	(37.0)	(30.4)	—	(67.4)
Cash flows used in investing activities	**$**	**(14.0)$**	**(240.1)$**	**(75.5)$**	**— $**	**(329.6)**
Financing activities						
Dividends paid	$	(19.0)$	— $	— $	— $	(19.0)
Interest and other finance expenses paid		(80.1)	—	—	—	(80.1)
Financing costs paid on early note redemption		(14.7)	—	—	—	(14.7)
Proceeds from Brio Gold Inc. private placement and rights offering		—	—	—	—	—
Repayment of term loan and notes payable		(486.5)	—	—	—	(486.5)
Proceeds from term loan and notes payable		460.0	—	—	—	460.0
Proceeds from other financing activities		6.0	—	—	—	6.0
Proceeds (repayments) of intercompany financing activities		(5.6)	15.2	6.2	(15.8)	—

Cash flows (used in) from financing activities	**$**	**(139.9)$**	**15.2 $**	**6.2 $**	**(15.8)$**	**(134.3)**
Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents		0.3	1.3	1.4	—	3.0
(Decrease) Increase in cash and cash equivalents	$	(30.6)$	(2.6)$	(23.5)$	— $	(56.7)
Cash and cash equivalents, beginning of year	$	98.2 $	16.8 $	33.9 $	— $	148.9
Cash and cash equivalents, classified as held for sale, beginning of year	$	— $	— $	6.3 $	— $	6.3
Cash and cash equivalents, end of year	$	67.6 $	14.2 $	16.7 $	— $	98.5
Cash and cash equivalents reclassified as held for sale	$	— $	— $	— $	— $	—
Cash and cash equivalents, excluding amounts classified as held for sale, end of year	**$**	**67.6 $**	**14.2 $**	**16.7 $**	**— $**	**98.5**

For the year ended December 31, 2017 (i)		Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Operating activities						
Loss before taxes	$	(227.3)$	153.7 $	(418.9)$	180.5 $	(312.0)
Adjustments to reconcile earnings before taxes to net operating cash flows:						
Depletion, depreciation and amortization		6.5	193.2	227.1	—	426.8
Share-based payments		7.2	—	5.4	—	12.6
Other (income) costs, net		(108.3)	(77.3)	(129.8)	336.3	20.9
Finance costs		115.6	128.1	210.7	(343.6)	110.8
Mark-to-market on financial assets and metal concentrates		(1.5)	—	—	—	(1.5)
Share of earnings of associate		176.6	2.8	—	(179.4)	—
Impairment of mineral properties, net		—	—	356.5	—	356.5
Amortization of deferred revenue on metal purchase agreements		—	—	(8.6)	—	(8.6)
Gain on asset disposals		—	—	—	—	—
Other non-cash expenses (recoveries)		—	16.6	(24.4)	—	(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 payments		—	—	(6.0)	—	(6.0)
Cash flows from operating activities before income taxes paid and net change in working capital	**$**	**(24.6)$**	**413.4 $**	**211.1 $**	**(6.2)$**	**593.7**
Income taxes paid		—	(3.0)	(16.0)	—	(19.0)
Payments made to Brazilian tax authorities		—	(76.7)	—	—	(76.7)
Cash flows from operating activities before net change in working capital	**$**	**(24.6)$**	**333.7 $**	**195.1 $**	**(6.2)$**	**498.0**
Net change in working capital		7.6	(47.7)	(2.4)	28.5	(14.0)
Intercompany movement in operations		(51.8)	(15.3)	67.1	—	—
Cash flows from operating activities	**$**	**(68.8)$**	**270.7 $**	**259.8 $**	**22.3 $**	**484.0**
Investing activities						
Acquisition of property, plant and equipment	$	(2.4)$	(206.6)$	(398.5)$	— $	(607.5)
Net proceeds on disposal of subsidiaries and other assets		17.5	—	—	—	17.5
Acquisition of investments and other assets		—	—	—	—	—
Cash used in other investing activities		—	(54.2)	—	—	(54.2)
Cash flows used in investing activities	**$**	**15.1 $**	**(260.8)$**	**(398.5)$**	**— $**	**(644.2)**
Financing activities						
Dividends paid	$	(18.9)$	— $	— $	— $	(18.9)
Interest and other finance expenses paid		(103.8)	—	—	—	(103.8)
Financing costs paid on early note redemption		—	—	—	—	—
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 from other financing activities		—	—	—	—	—
Proceeds (repayments) of intercompany financing activities		(26.2)	(4.9)	53.4	(22.3)	—
Cash flows (used in) from financing activities	**$**	**116.7 $**	**(4.9)$**	**128.4 $**	**(22.3)$**	**217.9**
Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents		0.1	(6.6)	6.6	—	0.1

(Decrease) Increase in cash and cash equivalents	$ 63.1	$ (1.6)	$ (3.7)	$ —	$ 57.8
Cash and cash equivalents, beginning of year	$ 35.1	$ 18.4	$ 43.9	$ —	$ 97.4
Cash and cash equivalents, classified as held for sale, beginning of year	$ —	$ —	$ —	$ —	$ —
Cash and cash equivalents, end of year	$ 98.2	$ 16.8	$ 40.2	$ —	$ 155.2
Cash and cash equivalents reclassified as held for sale	$ —	$ —	$ (6.3)	$ —	$ (6.3)
Cash and cash equivalents, excluding amounts classified as held for sale, end of year	**$ 98.2**	**$ 16.8**	**$ 33.9**	**$ —**	**$ 148.9**

(i) Comparatives in respect of certain balances have been reclassified to conform to the change in presentation adopted in the current period, including the removal of certain assets as guarantors following their respective sales. Additionally, certain cash flow activities previously included as Guarantors Subsidiaries have been recast as they relate to Canadian Malartic General Partnership, a Non-Guarantor.

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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

Board of Directors

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

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

Andrea Bertone[(1)]
Company Director

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

Robert Gallagher[(3)(4)]
Company Director

Richard Graff[(1)]
Lead Director

Kimberly Keating[(2)]
Company Director

Nigel Lees[(2)]
Company Director

Peter Marrone*
Executive Chairman

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

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

Senior Management

Peter Marrone
Executive Chairman

Daniel Racine
President and Chief Executive Officer

Jason LeBlanc
Senior Vice President,
Finance and Chief Financial Officer

Yohann Bouchard
Senior Vice President, Operations

Richard Campbell
Senior Vice President,
Human Resources

Gerardo Fernandez
Senior Vice President,
Corporate Development

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainable
Development

Henry Marsden
Senior Vice President, Exploration

Steve Parsons
Senior Vice President,
Investor Relations and
Corporate Communications

Sofia Tsakos
Senior Vice President,
General Counsel and
Corporate Secretary

* 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

Shareholder Information

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUY

Capitalization *(as at December 31, 2018)*

Common Shares (basic): 949.3 million
Restricted Share Units: 2.0 million
Options: 1.8 million
Common Shares (fully diluted): 953.4 million

2018 Common Share Trading Information

Stock Exchange	Ticker	Closing price	High	Low	Average Daily Volume
TSX	YRI-T	C$3.21	C$4.69	C$2.66	4,719,660
NYSE	AUY	US$2.36	US$3.80	US$2.00	12,075,218

Dividends

Yamana currently pays a quarterly dividend of US $0.005 per share

2018 Dividend Schedule		Anticipated 2019 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 29, 2018	April 13, 2018	March 29, 2019	April 12, 2019
June 29, 2018	July 13, 2018	June 28, 2019	July 12, 2019
September 28, 2018	October 12, 2018	September 30, 2019	October 15, 2019
December 28, 2018	January 11, 2019	December 31, 2019	January 14, 2020

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

200 Bay Street
Royal Bank Plaza, North Tower
Suite 2200
Toronto, Ontario
M5J 2J3
Phone: 416-815-0220
Fax: 416-815-0021

Annual General Meeting

Thursday, May 2, 2019
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

Illustration: Eunice Joaquin

Printed in Canada

YAMANAGOLD

www.yamana.com